58th ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2015

CONTENTS

COMPANY'S INFORMATION

BOARD OF DIRECTORS

CHAIRMAN: & CHIEF EXECUTIVE:	**Mian Habib Ullah**
DIRECTORS:	Mr. Shahid Aziz (Nominee of NIT) Mr. Hussain Ahmed Ozgen Mr. Hussain Ahmad Qureshi Syed Obaid ul Haq Rao Khalid Pervaiz Mr. Shahid Hussain

AUDIT COMMITTEE

CHAIRMAN:	Mr. Hussain Ahmad Qureshi
MEMBERS:	Mr. Shahid Aziz Syed Obaid ul Haq

HUMAN RESOURCE &
REMUNERATION COMMITTEE:

CHAIRMAN:	Mr. Hussain Ahmad Ozgen
MEMBERS:	Mr. Shahid Aziz Rao Khalid Pervaiz

ACTING COMPANY SECRETARY & CHIEF FINANCIAL OFFICER	Rao Khalid Pervaiz
BANKERS:	Faysal Bank Limited Silk Bank Limited Meezan Bank Ltd. Habib Metropolitan Bank MCB Bank Limited
AUDITORS:	M/S Riaz Ahmed & Company Chartered Accountants 2-A, ATS Centre, 30-West, Fazal ul Haq Road, Blue Area Islamabad
LEGAL ADVISER:	M/S Hassan & Hassan Advocates PAAF Building , 7-D, Kashmir Egerton Road, Lahore.
REGISTRAR:	Corplink (Pvt) Ltd. Wings Arcade, 1-K, Commercial Model Town, Lahore.
REGISTERED OFFICE & MILLS AT:	Industrial Area Westridge , Rawalpindi Telephone: 051-5181981, 5181977-78 Fax: 051-5181979 E-mail:dmtm@dmtextile.com.pk E-mail:dmtextilemills@yahoo.com Website: www.dmtextile.com.pk

VISION STATEMENT

We D. M. Textile Mills Ltd. aim at seeing our mills to be a good manufacturing unit producing high quality yarn by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customers' satisfaction. We wish to play an honourable role in the spinning sector by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

- To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive standard quality environment.
- To make strenuous efforts to enhance profitability of the company ensuring a fair return to the investors, shareholders and employees of the company.
- To exercise maximum care for improvement of standard of quality of our products by employing a team of highly skilled technicians and professional managers.
- To strive hard to explore / develop new markets for the sale of our products in export and local markets.
- To improve customers' satisfaction level by adhering strictly to standard quality requirement of our customers in local and export markets and by improving communications with customers for receiving prompt feed back about quality standard of our products.
- To attend for the prompt resolution of customers' complaints by taking timely corrective measures to redress the quality complaints.
- To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.
- To make comprehensive arrangements for the training of our workers / technicians.
- To improve team work, sense of transparency, creativity in our professionals and technical personnel.

Habib Ullah
Chief Executive

Hussasin Ahmad Qureshi
Director

Rawalpindi Dated: October 09, 2015

STATEMENT OF ETHICS AND BUSINESS PRACTICES

D M Textile Mills Limited has laid down the following Ethics and Business Practices , the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these Ethics and Business Practices is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. **Conflict of interest.**

All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

a) In effecting the purchases for the company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the company or buying its products.
b) The staff members should not engage in any outside business while serving the company.
c) Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.
d) If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. **Confidentiality**

All staff members are required not to divulge any secrets / informations of the company to any outsider even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. **Kickbacks**

All staff members are strictly forbidden not to accept any favour, gifts or kick backs from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. **Proper Books of Accounts.**

All funds, receipts and disbursements should be properly recorded in the books of accounts of the company. No false or fictitious entries should be made or misleading statements pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

5. **Relationship with Government officials, suppliers, buyers and agents etc.**

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult with the management.

6. **Health and Safety**

Every staff member is required to take care of his health and safety and of those working with him. The management is responsible for keeping its staff members insured as per government rules and regulations.

7. **Environment**

To preserve and protect the environment, all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities and strive continuously to improve environmental awareness and protections.

8,. **Alcohol and Drugs etc.**

All types of gambling and betting at the company's work place are strictly forbidden. Also taking of any alcohols or drugs inside the work places is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

9. **Coordination among staff members to maintain Discipline.**

All staff members will work in close coordination with their co-workers, superiors and colleagues. Every member will cooperate with other members so that the company's work is carried out effectively and efficiently. All cases of non-cooperation among staff members should be reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

10. **Workplace harassment**

All members of the staff will provide an environment that is free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

Habib Ullah
Chief Executive

Hussasin Ahmad Qureshi
Director

Rawalpindi Dated: October 09, 2015

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing regulations of the Karachi, Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Executive Directors	Mian Habib Ullah
	Hussain Ahmad Qureshi
	Rao Khalid Pervaiz
Non-Executive Directors	Syed Obaid ul Haq
	Shahid Hussain
Independent Directors	Hussain Ahmad Ozgen
	Shahid Aziz

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. One casual vacancy occurred on the Board of Directors of the Company during the year which was filled by the Directors within the prescribed period.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met atleast once for every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The Minutes of the meeting were appropriately recorded and circulated.

9. The Board has been provided with detailed in house briefings and information package to acquaint them with the CCG, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of the shareholders.

10. The Board has approved appointment of Chief Financial Officer (CFO) and Company Secretary including remuneration and terms and conditions of employment.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and Acting CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors.

16. The meetings of the Audit Committee were held atleast once for every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of three members and the chairman of the committee is an independent director.

18. The Board has set up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, executives and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

FOR AND ON BEHALF OF THE BOARD

Mian Habib Ullah
Chief Executive

Hussasin Ahmad Qureshi
Director

Dated: October 09, 2015

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at factory premises at industrial area, Westridge, Rawalpindi, **on Saturday, October 31, 2015,** at **05:00 PM,** to transact the following business:

1. To confirm the Minutes of the last Annual General Meeting
2. To receive, consider and adopt the annual audited accounts of the company for the year ended June 30, 2015 together with directors' and auditors' reports thereon.
3. To appoint auditors and fix their remuneration.
4. To transact any other business with the permission of the chair.

By the order of the Board

Date: October 09, 2015

Rao Khalid Pervaiz
Acting Company Secretary

Notes:

1. The members' register will remain closed from 24 October 2015 to 31 October 2015 (both days inclusive). Transfers received at Share Registrar Office, Corplink (Pvt) Ltd, Wings Arcade, 1-K Commercial, Model Town, Lahore or our registered office by the close of business on 23rd October, 2015 will be entertained.
2. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding the meeting.
3. Shareholders are requested to immediately notify the change in address, if any.
4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

   a. For attending the meeting

      i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

ii). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting

B. For appointing proxies

i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.

ii). The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv). The proxy shall produce his original CNIC or original passport at the time of the meeting.

v). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Rawalpindi

Date: October 09, 2015

DIRECTORS' REPORT

Dear Shareholders,

The Directors welcome you to the 58th Annual General Meeting of D.M. Textile Mills Ltd and present audited accounts and annual report of the company for the year ended June 30, 2015 along with Auditors' Report thereon.

1. Net Profit/(Loss)

During the year the company earned a net profit of Rs. 53.478 Million as compared to previous year net profit of Rs. 139.418 Million which is mainly due to the gain on settlement with NIB Bank Ltd.

Due to continuous market recession, energy crises and high inflation costs the Mills could not resume its production process.

2- Comparative financial results are given below:

	Rupees in Thousand	
Year Ended on	**30-06-2015**	**30-06-2014**
Gross Sales	3,574	428,822
Cost of Sales	(23,354)	(406,944)
Gross Profit/(Loss)	(19,779)	21,877
Gross Profit/(Loss) Rate (%)	(553.41%)	5.10%
Selling, Admin & Other operating Expenses	(15,276)	(15,491)
Other Operating Income	121,551	150,817
Financial and Other Charges	(43,798)	(15,331)
Provision for Taxation	10,781	(2,453)
Profit / (Loss) after taxation	53,478	139,418
Basic Earning/(Loss) per share in Rs	17.52	45.67
Breakup Value per share in Rs	182.04	164.53

3- Production Results.

Year Ended		**30-06-2015**	**30-06-2014**
Actual production yarn	Kgs	-	1,438,482
Converted production yarn 20's	Kgs	-	3,559,449

4- Debt Servicing

During the period final settlement agreement with M/s NIB Bank Limited has been reached. Further Mian Habib Ullah CEO of the company is in the process of negotiating with other debt provider companies and banks so as to reduce the financial liabilities of the company.

5- Dividend

The Directors have not recommended any dividend due to accumulated loss.

6- Directors have granted specific approval for the following transactions/ adjustments mentioned in the financial statements:

	Rupees
Property, plant and equipment cost of disposal	57,808,982
Provision for slow moving stores, spare parts and loose tools	632,734
Provision for doubtful debts	443,638
Long outstanding receivables written off	96,373
Long outstanding liabilities written back	300,000
Related party transactions as disclosed in financial statements	

Directors have also granted general approval for following transactions in the financial statements.

a. Approval of expenditures including Capital expenditure.

b. Advances given in note 21

7- Statement on Corporate and Financial Reporting Frame Work

a) The financial statements prepared by the management of the Company, present fairly the state of affairs, the results of its operations, cash flow and changes in equity.

b) Company has maintained proper books of accounts.

c) In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments.

d) International Accounting standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) Key Operating and Financial Data for the last six years in summarized form and is annexed to the Annual Report.

i) There are no overdue taxes and levies as on June 30, 2015 except reported in note No. 13 under contingencies and commitments in the balance sheet.

j) Pattern of Shareholding and Additional information is also annexed to the Annual Report.

k) During the year under review trading in shares of company by Directors, Chief Executive, Chief Financial Officer / Company Secretary, their spouses and minor children was as under:

S.No.	Name of Directors	Sale	Purchase
01	Mr. Hussain Ahmad Qureshi (CDC)	157,500	-
02	Mr. Shahid Hussain (CDC)	-	23,600
03	Mr. Hussain Ahmed Ozgen	151,030	-

l) During the year four meetings of the Board of Directors were held. Attendance by each director is as follows:

Name of Directors	No. of Meetings attended
Mian Habib Ullah	4
Mr. Shahid Aziz (Nominee of NIT)	4
Hussain Ahmed Ozgen	1
Ch Mohammad Yasin	1 (resigned on 14/02/2015)
Mr. Shahid Hussain	1 (co-opted on 23/02/2015)
Mr. Hussain Ahmed Qureshi	4
Syed Obaid-ul-Haq	2
Rao Khalid Pervaiz	4

Directors who could not attend Board Meetings due to illness or other engagements were granted leave of absence in accordance with the law.

m) Messrs. Corplink (Private) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore are our share registrar under section 204-A of the companies ordinance 1984

8- Future Prospects & Plans

Due to energy & marketing crises and high inflation costs, the Mills has temporarily suspended its production process. The management is trying to avail suppliers' credit for raw material to resume the operations of the Mills.

9- Auditors

The retiring Auditors M/s. Riaz Ahmad & Company Chartered Accounts being eligible offer themselves for re-appointment.

10- Remarks on Auditors' Report & Review Report to the members:

(Quote: 1)

As at 30 June 2015 the company's accumulated loss was Rupees 5.100 million. As of the date, the company's current liabilities exceeded its current assets by Rupees 118.439 million. Financing from banking companies and liabilities against assets subject to finance lease includes overdue amounts. The company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed during the year due to non-supply of captive power gas and shortage of working capital. As at the reporting date, the company had a few employees. The mill could not resume operations till the date of this report. The management of the company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis.

(Unquote: 1)

It is clarified that company's accumulated loss has been reduced considerably. The management has successfully settled its entire outstanding loans due towards M/s. NIB Bank Ltd during the financial year (Note 5.1). Further, the management is trying its level best to negotiate with other debt provider companies including banks for rescheduling and restructuring of loans and is hopeful to settle amicably. Due to the settlement reached/to be reached with the debt providers, the Management has prepared the accounts on going concern basis.

(Quote: 2)

As more fully explained in Note 15 to the financial statements, the company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the company's name due to the want of completion of legal formalities. Directions were given for transferring the property in the name of the company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007. SECP also ordered to calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million if invested with any scheduled bank, on daily product basis in the relevant period and directed that this amount be deposited proportionately, in the company's account, by directors who are penalized under the order. The Chief Executive Officer of the company filed an appeal before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the Chief Executive Officer (CEO) at the fixed floor price of Rupees 75 million. The Lahore High Court, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer/alienate the property/undertaking of the company in any form or manner whatsoever. We could not ensure compliance with the above stated directions and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property.

(Unquote:2)

As stated by the Auditors, the property could not be transferred in the name of the Company due to the want of completion of legal formalities. CEO filed an appeal before the Lahore High Court Rawalpindi Bench against the above mentioned SECP Order. The Honourable Court in its Order dated 26-10-2009 issued notices to respondents and meantime suspended the operation of the SECP Order. Keeping in view the financial position of the company and the legal formalities, the Board of Directors discussed this issue several times and finally decided to offer the first right of refusal to the CEO at fixed floor price of Rs.75 Million. As a result the company gained Rs.20.148 Million; and this long outstanding issue was resolved with approval of the members of the company. Later on 06-02-2015, the Honourable Court while granting adjournment directed “Meanwhile, the property/undertaking of the company shall not be transferred/alienated in any form or manner whatsoever.” The matter is still pending adjudication before the Honourable Court. We do not agree with the auditors' observation as the Board and members of the company had granted approval for the transaction.

(Quote: 3)

in our opinion and to the best of our information and according to the explanations given to us, because of the effects of matters discussed in paragraph (i) and (ii) above, 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 do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and do not give a true and fair view of the state of the company's affairs as at 30 June 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and.

(Unquote: 3)
The Board of Directors is of the view that the company follows the approved accounting standards as applicable in Pakistan and the accounts do give a true and fair view of the state of company's affairs as at 30 June 2015 in the light of the facts stated above.
(Quote:4)
No director of the company has obtained certification under Directors' Training Programme in contravention of clause xi of the Code;
(Unquote: 4)
The Company is passing through severe financial problems and can not afford high costs of Director's Training. However, the Board of Directors do have plan to arrange training programme as soon as the Company is in position to do so.
(Quote:5)
The Chairman of the Board of Directors and Chief Executive Officer of the company are the same persons which is in contravention of clause vi of the Code;
(Unquote: 5)
The requirement of the Code of Corporate Governance will be complied with after next election of Directors.
(Quote:6)
Audit committee meeting was not held in first quarter of financial year in contravention of clause (xxvii) of the Code;
(Unquote: 6)
First quarter of the financial year was ended on 30-09-2014. Meeting of the audit committee was held after finalizing the accounts on 25-10-2015.
(Quote:7)
Head of Internal Audit does not fulfill the qualification criteria mentioned in clause xiv of the Code; and
(Unquote: 7)
The company is making efforts to fulfill the requirement. However, professionals are not willing to join the Company due to various reasons.

11- Acknowledgment

The directors wish to place on record their acknowledgment for the cooperation extended by the financial institutions. Appreciation is also due to the employees of the company for their hard work and devoted efforts for the betterment of the company.

For and behalf of the Board of Directors

Mian Habib Ullah
Chief Executive

Hussasin Ahmad Qureshi
Director

Rawalpindi: October 09, 2015

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **D.M. Textile Mills Limited** for the year ended 30 June 2015 to comply with the requirements of listing regulations of the Karachi and Islamabad Stock Exchanges, where the Company is listed.

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

As 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.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

- No director of the company has obtained certification under Directors' Training Programme in contravention of clause (xi) of the Code;

- The Chairman of the Board of Directors and Chief Executive Officer of the company are same persons which is in contravention of clause (vi) of the Code;

- Audit committee meeting was not held in first quarter of financial year in contravention of clause (xxvii) of the Code;

- Head of Internal Audit does not fulfill the qualification criteria mentioned in clause (xiv) of the Code; and

- The Company has not complied with the corporate and financial reporting requirements of the Code. The financial statements of the Company have not been prepared in accordance with approved accounting standards as applicable in Pakistan. Therefore, the financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended.

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: October 09, 2015

Islamabad

AUDITORS' REPORT TO THE MEMBERS

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

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

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

(i) As at 30 June 2015, the company's accumulated loss was Rupees 5.100 million. As of that date, the company's current liabilities exceeded its current assets by Rupees 118.439 million. Financing from banking companies and liabilities against assets subject to finance lease include overdue amounts. The company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed during the year due to non-supply of captive power gas and shortage of working capital. As at the reporting date, the company had a few employees. The mill could not resume operations till the date of this report. The management of the company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis.

(Ii) As more fully explained in Note 15 to the financial statements, the company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the company's name due to the want of completion of legal formalities. Directions were given for transferring the property in the name of the company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007. SECP also ordered to calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million if invested with any scheduled bank, on daily product basis in the relevant period and directed that this amount be deposited proportionately, in the company's account, by directors who are penalized under the order. The Chief Executive Officer of the company filed an appeal before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the Chief Executive Officer (CEO) at the fixed floor price of Rupees 75 million. The Lahore High Court, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer / alienate the property / undertaking of the company in any form or manner whatsoever. We could not ensure compliance with the above stated directions and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property.

(a) Except for the effects of matters discussed in paragraphs (i) and (ii) above, in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) Except for the effects of matters discussed in paragraph (i) and (ii) above, in our opinion:

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

ii. the expenditure incurred during the year was for the purpose of the company's business; and

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

(c) in our opinion and to the best of our information and according to the explanations given to us, because of the effects of matters discussed in paragraph (i) and (ii) above, 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 do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and do not give a true and fair view of the state of the company's affairs as at 30 June 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: October 09, 2015
Islamabad

BALANCE SHEET AS

	NOTE	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (2014: 5,000,000) ordinary shares of Rupees 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up share capital	3	30,524,290	30,524,290
Accumulated loss		(5,100,495)	(100,060,680)
Total equity		25,423,795	(69,536,390)
Surplus on revaluation of property, plant and equipment - net of deferred income tax	4	530,254,047	571,747,498
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	60,707,691
Liabilities against assets subject to finance lease	6	-	-
Employees' retirement benefit	33	9,951,359	8,970,509
Deferred income tax liability	7	51,845,415	65,080,451
Deferred mark-up	8	-	1,453,503
		61,796,774	136,212,154
CURRENT LIABILITIES			
Trade and other payables	9	88,940,451	100,053,371
Accrued mark-up	10	19,889,996	54,868,148
Short term borrowings	11	24,410,377	29,376,132
Current portion of non-current liabilities	12	2,112,034	14,725,469
		135,352,858	199,023,120
Total liabilities		197,149,632	335,235,274
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		752,827,474	837,446,382

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

CHIEF EXECUTIVE

AT 30 JUNE 2015

	NOTE	2015 Rupees	2014 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	696,187,775	774,198,872
Advance against property	15	-	-
Long term investments	16	-	-
Due from related party	17	15,302,370	13,918,838
Long term deposits		24,423,761	24,440,861
		735,913,906	812,558,571
CURRENT ASSETS			
Stores, spare parts and loose tools	18	5,694,603	7,340,467
Stock-in-trade	19	401,553	3,875,196
Trade debts	20	-	567,120
Advances	21	259,185	344,887
Short term deposits	22	2,000,000	2,000,000
Other receivables	23	7,110,246	7,709,920
Short term investments	24	1,142,000	2,915,763
Cash and bank balances	25	305,981	134,458
		16,913,568	24,887,811
TOTAL ASSETS		752,827,474	837,446,382

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 Rupees	2014 Rupees
SALES	26	3,574,459	428,822,118
COST OF SALES	27	(23,354,271)	(406,944,124)
GROSS (LOSS) / PROFIT		(19,779,812)	21,877,994
DISTRIBUTION COST	28	(1,069,525)	(2,070,928)
ADMINISTRATIVE EXPENSES	29	(12,403,260)	(12,790,306)
OTHER EXPENSES	30	(1,803,105)	(630,600)
		(15,275,890)	(15,491,834)
		(35,055,702)	6,386,160
OTHER INCOME	31	121,551,311	150,817,982
PROFIT FROM OPERATIONS		86,495,609	157,204,142
FINANCE COST	32	(43,798,836)	(15,331,443)
PROFIT BEFORE TAXATION		42,696,773	141,872,699
TAXATION	34	10,781,110	(2,453,985)
PROFIT AFTER TAXATION		53,477,883	139,418,714
EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)	35	17.52	45.67

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	2015 Rupees	2014 Rupees
PROFIT AFTER TAXATION	53,477,883	139,418,714
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	(671,809)	(1,164,451)
Related deferred tax	214,979	384,269
	(456,830)	(780,182)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive loss for the year - net of tax	(456,830)	(780,182)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	53,021,053	138,638,532

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	36	(15,518,860)	20,109,030
Finance cost paid		(1,218,293)	(2,343,436)
Deferred mark-up paid		(1,820,000)	(1,820,000)
Income tax paid		(2,645,559)	(481,070)
Gratuity paid		(387,600)	(1,002,620)
Net decrease / (increase) in long term deposits		17,100	(158,815)
Net cash (used in) / generated from operating activities		(21,573,212)	14,303,089
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		28,135,600	-
Capital expenditure on property, plant and equipment		-	(1,272,800)
Due from related party		-	8,809,981
Net cash from investing activities		28,135,600	7,537,181
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(991,940)	(9,636,215)
Repayment of long term financing		(433,170)	(11,000,000)
Short term borrowings - net		(4,965,755)	(1,524,484)
Net cash used in financing activities		(6,390,865)	(22,160,699)
Net increase / (decrease) in cash and cash equivalents		171,523	(320,429)
Cash and cash equivalents at the beginning of the year		134,458	454,887
Cash and cash equivalents at the end of the year		305,981	134,458

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

CHIEF EXECUTIVE

DIRECTOR

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

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL EQUITY
	(Rupees)		
Balance as at 30 June 2013	30,524,290	(241,357,152)	(210,832,862)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,657,940	2,657,940
Profit for the year	-	139,418,714	139,418,714
Other comprehensive loss for the year	-	(780,182)	(780,182)
Total comprehensive income for the year ended 30 June 2014	-	138,638,532	138,638,532
Balance as at 30 June 2014	30,524,290	(100,060,680)	(69,536,390)
Surplus on revaluation realised on disposal of land	-	39,481,745	39,481,745
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,457,387	2,457,387
Profit for the year	-	53,477,883	53,477,883
Other comprehensive loss for the year	-	(456,830)	(456,830)
Total comprehensive income for the year ended 30 June 2015	-	53,021,053	53,021,053
Balance as at 30 June 2015	30,524,290	(5,100,495)	25,423,795

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

CHIEF EXECUTIVE

DIRECTOR

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

1. **THE COMPANY AND ITS OPERATIONS**

D.M. Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and listed on Karachi and Islamabad Stock Exchanges in Pakistan. Its registered office is situated at Westridge, Rawalpindi. The Company is engaged in the business of manufacturing, sale and trading of cotton, polyester, viscose and blended yarn.

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 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 property, plant and equipment and certain financial instruments which are carried at their fair values.

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, 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 an 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.

Defined benefit plan

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

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.

Provisions for doubtful debts

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

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

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

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

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

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

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

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

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

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

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

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to 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 derecognition 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 13 'Fair Value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

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

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. However, the amendments are not expected to have a material impact on the Company's financial statements.

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

g) **Standard and amendments to published standards that are not yet effective and not considered relevant to the Company**

There are other 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.

2.2 **Employee benefit**

The Company operates unfunded unapproved gratuity scheme for permanent employees of the Company, payable on cessation of employment. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to gratuity benefits.

2.3 **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.

2.4 **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.

2.5 **Property, plant, equipment and depreciation**

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss.

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.

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

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.

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.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 14. The depreciation on additions is charged from the date the asset is available for use and on deletion up to the date when asset is de-recognized. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

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 the profit and loss account in the year the asset is de-recognized.

2.6 **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 initially measured 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.

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.

2.7 **Inventories**

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable 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 cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

(i) For raw materials: Weighted average basis.

(ii) For work-in-process and finished goods: Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.8 **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.

2.9 **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.

2.10 **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.

2.11 **Trade and other payables**

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

2.12 **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.

2.13 **Share capital**

Ordinary shares are classified as share capital.

2.14 **Revenue recognition**

Revenue from different sources is recognized as under:

a) Revenue from sale of goods is recognized on dispatch of goods to customers.

b) Rental income is recognized on accrual basis.

c) Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.15 **Financial instruments**

Financial instruments carried on the balance sheet include due from related party, investments, deposits, trade debts, 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 the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for “financial instrument at fair value through profit or loss” which are initially measured 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

Impairment

a) **Financial assets**

A financial asset is considered to be impaired if objective evidence indicate 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 except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.16 **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.

2.17 **Off setting**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a 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.

3 **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2015 (Number of shares)	2014 (Number of shares)		NOTE	2015 Rupees	2014 Rupees
2,952,429	2,952,429	Ordinary shares of Rupees 10 each fully paid-up in cash		29,524,290	29,524,290
100,000	100,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares		1,000,000	1,000,000
3,052,429	3,052,429			30,524,290	30,524,290

4 **SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX**

	2015 Rupees	2014 Rupees
Opening balance	571,747,498	573,920,088
Deferred tax adjustment due to change in tax rate	445,681	485,350
Surplus on revaluation realised on disposal of land	(39,481,745)	-
Transferred to accumulated loss in respect of incremental depreciation charged during the year	(3,613,804)	(3,967,074)
Related deferred income tax liability	1,156,417	1,309,134
	(2,457,387)	(2,657,940)
	530,254,047	571,747,498

5 **LONG TERM FINANCING**

	NOTE	2015 Rupees	2014 Rupees
Financing from banking companies - secured	5.1	-	72,207,691
Less: Current portion shown under current liabilities	12	-	11,500,000
		-	60,707,691

5.1 During the year, the Company has entered into settlement agreement with NIB Bank Limited. Pursuant to the agreement, outstanding liabilities have been settled against 06 kanal piece of land of the Company. The Company has the Buy Back Option during the buy back period of three years to buy back the property from the bank at market value prevailing at that time. Further, both the Bank and the Company have withdrawn all the pending litigations against each other.

		NOTE	2015 Rupees	2014 Rupees
6	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Future minimum lease payments		658,531	1,658,531
	Less: Unamortized finance charges		-	(8,060)
	Present value of future minimum lease payments		658,531	1,650,471
	Less: Current portion shown under current liabilities	12	658,531	1,650,471
			-	-

6.1 Its represents last instalment payable to the lessor under the settlement agreement. In case of default in payment by the Company the lessor may cancel the settlement agreement. Consequently, the lessor will be entitled to recover outstanding amount as per books of ledger. Taxes, repairs and insurance cost are to be borne by the Company. Its is secured against charge on leased assets and personal guarantees of sponsor directors.

7 **DEFERRED INCOME TAX LIABILITY**

This comprises of following :

	2015 Rupees	2014 Rupees
Taxable temporary differences		
Accelerated tax depreciation	30,704,824	33,847,330
Surplus on revaluation of property, plant and equipment	13,105,334	14,707,431
Liabilities against assets subject to finance lease	11,564,131	19,488,620
	55,374,289	68,043,381
Deductible temporary differences		
Provision for gratuity	(3,184,435)	(2,960,268)
Provision for doubtful debts	(202,475)	-
Provision for slow moving stores, spare parts and loose tools	(141,964)	-
Overdue mark-up of leased liability	-	(2,662)
	(3,528,874)	(2,962,930)
	51,845,415	65,080,451

7.1 Deferred income tax asset of Rupees 78.164 million (2014: Rupees 43.566 million) has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not be probably available against which the temporary differences can be utilized.

8 **DEFERRED MARK-UP**

	NOTE	2015 Rupees	2014 Rupees
Deferred mark-up - long term financing	8.1	1,453,503	3,028,501
Less : Current portion shown under current liabilities	12	1,453,503	1,574,998
		-	1,453,503

8.1 MCB Bank Limited deferred payment of capitalized mark-up of Rupees 12.455 million repayable in twenty seven equal quarterly installments of Rupees 455,000 and one installment of Rupees 170,000 in the end commenced from 01 September 2009, after repayment of original demand finance. The deferred mark-up has been stated at present value using effective interest rate of 10%. Deferred mark-up is secured against charge over fixed assets amounting to Rupees 51.288 million.

9 **TRADE AND OTHER PAYABLES**

	2015 Rupees	2014 Rupees
Creditors - un-secured	53,655,086	68,244,370
Advances from customers	2,003,717	2,086,340
Accrued liabilities	24,568,561	22,136,587
Withholding tax payable	6,035,140	6,061,127
Unclaimed dividend	144,947	144,947
Security deposit	2,533,000	1,380,000
	88,940,451	100,053,371

10 **ACCRUED MARK-UP**

	2015 Rupees	2014 Rupees
Long term financing	-	22,912,261
Liabilities against assets subject to finance lease	-	8,060
Short term borrowings	19,889,996	31,947,827
	19,889,996	54,868,148

11 **SHORT TERM BORROWINGS**

	NOTE	2015 Rupees	2014 Rupees
From banking companies - secured			
Demand finances	11.1	17,544,006	17,544,006
From related parties - unsecured and non-interest bearing			
Chief Executive Officer (C.E.O.)	11.2	4,016,371	4,682,126
Others - unsecured			
Interest bearing	11.3	1,850,000	6,150,000
Non-interest bearing	11.2	1,000,000	1,000,000
		24,410,377	29,376,132

11.1 These represent demand finance facilities obtained from Faysal Bank Limited (formally The Royal Bank of Scotland Limited). These are secured against registered hypothecation charge of Rupees 50 million, second supplement agreement of hypothecation on all future and current assets, stocks of raw material, work in process, finished goods, plant and machinery, equipment tools and stores and spares. Rates of mark-up on these finances range from 12.66% to 15% (2014: 15% to 20%) per annum.

11.2 These are interest free and unsecured loans. Repayment terms and other conditions of these loans are yet to be finalized.

11.3 Rates of mark up on these loans range from 16% to 20% (2014: 14.43% to 20%) per annum. Repayment terms and other conditions of these loans are yet to be finalized.

	NOTE	2015 Rupees	2014 Rupees
12 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing:			
Current		-	9,500,000
Over due		-	2,000,000
	5	-	11,500,000
Finance leases:			
Over due	6	658,531	1,650,471
Deferred mark-up:			
Current	8	1,453,503	1,574,998
		2,112,034	14,725,469

13 **CONTINGENCIES AND COMMITMENTS**

13.1 **Contingencies**

(a) Sui Northern Gas Pipelines Limited (SNGPL) Islamabad demanded arrears of Rupees 10.405 million for the period from November 2006 to November 2007 due to doubt on accuracy of meter. The Company filed a case in the Court of Senior Civil Judge Islamabad on 18 December 2007. SNGPL encashed the bank guarantee amounting to Rupees 15.293 million issued to it by NIB Bank Limited on behalf of the Company. However, Civil Judge Islamabad has rejected SNGPL claim for excessive billing vide order dated 18 December 2012. SNGPL filed appeal before Additional District and Session Judge, Islamabad who remanded back the case to Civil Judge, Islamabad, where the case is still pending. No provision has been made in these financial statements as the Company is hopeful for favourable outcome of the case.

(b) The Company filed an appeal before Lahore High Court, Rawalpindi Bench against the recovery of electricity duty amounting to Rupees 19.07 million on self generation charged by Electric Inspector Islamabad Region. The Court has issued notices to the respondents to file comments. Pending the outcome of this case no provision has been made in these financial statements as the Company, based on advice of legal advisor, is hopeful for favorable outcome.

(c) The Company filed an appeal before Lahore High Court, Rawalpindi Bench, against demand of property tax amounting to Rupees 5.51 million raised by Inspector Military Lands and Cantonments, Rawalpindi. Being aggrieved on decision of Lahore High Court, Rawalpindi Bench, the Company filed appeal before the Supreme Court of Pakistan, whereby, the case has been remanded back to Lahore High Court, Rawalpindi Bench. No provision has been made in these financial statements the Company is hopeful for favorable outcome.

(d) For the tax year 2010, assessment order dated 20 February 2011 was passed under section 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue, whereby demand of tax amounting to Rupees 4.223 million was created. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the case was decided in favour of the Company. However, the department has filed appeal against decision of Commissioner Inland Revenue (Appeals) before Appellate Tribunal Inland Revenue who remanded back the case to the assessing officer. No provision has been made in these financial statements as the Company is hoping a favourable outcome.

(e) Faysal Bank Limited filed a suit before Banking Court Islamabad against the Company for recovery of outstanding loans and other charges amounting to Rupees 21.270 million. The suit is pending adjudication before Banking Court Islamabad.

(f) On 26 January 2006, Collector of Customs (Appraisement) directed the Company to pay duties and taxes amounting to Rupees 19.41 million against import of textile machinery during 2001 to 2004. The Company applied to Member Legal, Central Board of Revenue Islamabad to allow relief by payment of custom duty @ 5% of dutiable value of machinery amounting to Rupees 3.49 million under amnesty scheme announced by the Federal Government. Central Board of Revenue allowed relief to the Company under the amnesty scheme. The Company paid Rupees 3.49 million to the Custom Department. However, being aggrieved, Collector of Custom filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal, which was decided in favour of the Company. Collector of Customs, Appraisement filed special custom reference before Sindh High Court, Karachi against the order of Customs, Excise and Sales Tax Appellate Tribunal where the case is still pending. No provision of the remaining amount of Rupees 15.92 million has been made in these financial statements as the Company is hopeful for favourable outcome.

(g) Guarantee of Rupees 7.140 million (2014: Rupees 7.140 million) has been given by the banks of the Company to Islamabad Electric Supply Company against sanction of load.

	2015 Rupees	2014 Rupees
13.2 **Commitments**	Nil	Nil

14 Property, Plant and Equipment

	Owned									Leased		
	Freehold land	Buildings on freehold land	Non factory building	Plant and machinery	Electric Installations	Factory equipment	Furniture, fixtures and office equipment	Vehicles	Total	Plant and machinery	Total	Grand Total
	Rupees											
At 30 June 2013												
Cost / revalued amount	542,000,000	85,120,378	49,004,235	301,018,798	29,236,760	18,344,299	2,744,965	11,092,948	1,038,562,383	91,749,875	91,749,875	1,130,312,258
Accumulated depreciation	-	(56,456,359)	(24,213,258)	(193,521,779)	(17,280,700)	(11,816,235)	(2,163,867)	(9,036,852)	(314,489,050)	(27,847,881)	(27,847,881)	(342,336,931)
Net book value	542,000,000	28,664,019	24,790,977	107,497,019	11,956,060	6,528,064	581,098	2,056,096	724,073,333	63,901,994	63,901,994	787,975,327
Year ended 30 June 2014												
Opening net book value	542,000,000	28,664,019	24,790,977	107,497,019	11,956,060	6,528,064	581,098	2,056,096	724,073,333	63,901,994	63,901,994	787,975,327
Additions	-	-	-	1,080,300	31,000	161,500	-	-	1,272,800	-	-	1,272,800
Depreciation charge	-	(2,866,402)	(1,239,549)	(5,418,917)	(1,197,152)	(662,806)	(58,110)	(411,219)	(11,854,155)	(3,195,100)	(3,195,100)	(15,049,255)
Closing net book value	542,000,000	25,797,617	23,551,428	103,158,402	10,789,908	6,026,758	522,988	1,644,877	713,491,978	60,706,894	60,706,894	774,198,872
At 30 June 2014												
Cost / revalued amount	542,000,000	85,120,378	49,004,235	302,099,098	29,267,760	18,505,799	2,744,965	11,092,948	1,039,835,183	91,749,875	91,749,875	1,131,585,058
Accumulated depreciation	-	(59,322,761)	(25,452,807)	(198,940,696)	(18,477,852)	(12,479,041)	(2,221,977)	(9,448,071)	(326,343,205)	(31,042,981)	(31,042,981)	(357,386,186)
Net book value	542,000,000	25,797,617	23,551,428	103,158,402	10,789,908	6,026,758	522,988	1,644,877	713,491,978	60,706,894	60,706,894	774,198,872
Year ended 30 June 2015												
Opening net book value	542,000,000	25,797,617	23,551,428	103,158,402	10,789,908	6,026,758	522,988	1,644,877	713,491,978	60,706,894	60,706,894	774,198,872
Transfers												
Cost / revalued amount	-	-	-	36,638,000	-	-	-	-	36,638,000	(36,638,000)	(36,638,000)	-
Accumulated depreciation	-	-	-	(14,220,412)	-	-	-	-	(14,220,412)	14,220,412	14,220,412	-
	-	-	-	22,417,588	-	-	-	-	22,417,588	(22,417,588)	(22,417,588)	-
Disposals:												
Cost / revalued amount	(39,489,982)	-	-	(52,833,698)	-	-	-	-	(92,323,680)	-	-	(92,323,680)
Accumulated depreciation	-	-	-	27,816,865	-	-	-	-	27,816,865	-	-	27,816,865
	(39,489,982)	-	-	(25,016,833)	-	-	-	-	(64,506,815)	-	-	(64,506,815)
Depreciation charge	-	(2,579,762)	(1,177,571)	(5,096,053)	(1,078,991)	(602,676)	(52,299)	(328,975)	(10,916,327)	(2,587,955)	(2,587,955)	(13,504,282)
Closing net book value	502,510,018	23,217,855	22,373,857	95,463,104	9,710,917	5,424,082	470,689	1,315,902	660,486,424	35,701,351	35,701,351	696,187,775
At 30 June 2015												
Cost / revalued amount	502,510,018	85,120,378	49,004,235	285,903,400	29,267,760	18,505,799	2,744,965	11,092,948	984,149,503	55,111,875	55,111,875	1,039,261,378
Accumulated depreciation	-	(61,902,523)	(26,630,378)	(190,440,296)	(19,556,843)	(13,081,717)	(2,274,276)	(9,777,046)	(323,663,079)	(19,410,524)	(19,410,524)	(343,073,603)
Net book value	502,510,018	23,217,855	22,373,857	95,463,104	9,710,917	5,424,082	470,689	1,315,902	660,486,424	35,701,351	35,701,351	696,187,775
Annual rate of depreciation (%)	-	10	5	5	10	10	10	20		5		

14.1 Depreciation charge for the year has been allocated as follows:

	NOTE	2015 Rupees	2014 Rupees
Cost of sales	27	11,945,437	13,340,377
Administrative expenses	29	1,558,845	1,708,878
		13,504,282	15,049,255

14.2 The revaluation of property, plant and equipment was carried out by an independent valuer Messrs. K.S. Ahmad & Company (Private) Limited as on 30 June 2012 on the basis of depreciated replacement value method. Had there been no revaluation, the cost, accumulated depreciation and book value of revalued property, plant and equipment would have been as follows:

Description	2015			2014
	Historical cost	Accumulated depreciation	Book value	Book value
Freehold land	104,808	-	104,808	113,044
Buildings on free hold land	43,190,483	34,253,444	8,937,039	8,937,040
Non factory building	12,505,284	6,347,365	6,157,919	6,080,099
Plant and machinery	209,627,690	132,719,328	76,908,362	86,275,274
Factory equipment	13,565,771	9,925,658	3,640,113	1,578,422
Electric installations	9,332,153	8,186,271	1,145,883	3,134,648
Furniture, fixtures and office equipment	2,312,105	1,895,503	416,602	416,603
Vehicles	9,656,160	8,394,584	1,261,576	1,947,176
	300,294,454	201,722,152	98,572,302	108,482,306

14.3 Detail of property, plant and equipment, exceeding the book value of Rupees 50,000 disposed off during the year is as follows:

Detail of property, plant and equipment, exceeding the book value of Rupees 50,000 disposed off during the year is as follows:

Description	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds/ adjustment	Gain	Mode of disposal	Particulars of purchaser
	--------------------	----------	Rupees	----------	--------------------		
Owned							
Freehold land	39,489,982	-	39,489,982	109,087,244	69,597,262	Negotiation	NIB Bank Limited
Plant and machinery:							
Ring frame EJM128	16,195,698	13,596,453	2,599,245	3,135,600	536,355	Negotiation	Mr. Abdul Hafeez
Generator	18,319,000	7,013,993	11,305,007	13,000,000	1,694,993	Negotiation	Star Textile Mills, Karachi
Generator	18,319,000	7,206,419	11,112,581	12,000,000	887,419	Negotiation	J.A Textile Mills, Faisalabad
	92,323,680	27,816,865	64,506,815	137,222,844	72,716,029		

15 **ADVANCE AGAINST PROPERTY**

It represents receivable from C.E.O against sale of property. An amount of Rupees 51.150 million was given by the Company as advance against purchase of aforesaid property. The property could not be transferred in the Company's name due to the want of completion of legal formalities. With reference to this advance, the Director (Enforcement) of Securities and Exchange Commission of Pakistan (SECP) vide his Order dated 29 November 2007 imposed a penalty of Rupees 100,000 on each of the director except one (nominee NIT) of the Company for contravention of Section 196(2j) of the Companies Ordinance, 1984. Further directions were given under section 473 for transferring the property in the name of the Company within thirty days from the Order date. The Chief Executive Officer (C.E.O) of the Company filed a revision application with the Appellate Bench of SECP under section 484 of the Companies Ordinance, 1984 against this Order on 10 January 2008, where the Appellate Bench decided not to interfere with the impugned order.

The C.E.O also filed an appeal under section 485 of the Companies Ordinance, 1984 read with Section 34 of the Securities and Exchange Commission of Pakistan Act, 1997 before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said impugned order. The Lahore High Court, Rawalpindi Bench, in its interim order dated 06 February 2015, has granted adjournment with the directions not to transfer / alienate the property / undertaking of the Company meanwhile.

The Board of Directors in the meeting held on 23 April 2014, after getting valuation at forced sale value of Rupees 72.007 million of said property from NAKMS Associates (Private) Limited, resolved that the right in property along with fixtures and fittings to be offered to the C.E.O on the basis of "first right of refusal" at the fixed floor price of Rupees 75.00 million. The Board further decided that an amount of Rupees 48.570 million be adjusted from interest free loan given by C.E.O and his close family members to the Company and the balance amount to be paid in three equal annual installments of Rupees 8.810 million commencing from 01 May 2015. Accordingly, agreement has been made between the Company and the C.E.O under the directions given by the Board of Directors of the Company.

		NOTE	2015 Rupees	2014 Rupees
16	**LONG TERM INVESTMENTS - Held to Maturity**			
	Defense saving certificates		-	950,721
	Term deposit receipts		-	643,000
			-	1,593,721
	Less : Current portion shown under current assets	24	-	1,593,721
			-	-

17 **DUE FROM RELATED PARTY**

It represents receivable from C.E.O against sale of property as more fully explained in Note 15. It carries no interest and is repayable in three years. In accordance with IAS 39 'Financial Instruments: Recognition and Measurement' this has been stated at present value using the discount rate of 9.94% per annum and the difference between the carrying amount and present value of expected future cash flows has been included in profit and loss account.

The maximum amount due from C.E.O at the end of any month during the year was Rupees 17.620 million (2014: Rupees 26.430 million).

		NOTE	2015 Rupees	2014 Rupees
18	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		495,402	1,458,691
	Spare parts		5,792,648	5,842,488
	Loose tools		39,287	39,288
			6,327,337	7,340,467
	Less: Provision against slow moving items	18.1	(632,734)	-
			5,694,603	7,340,467
18.1	**Provision against slow moving items**			
	As at 01 July		-	-
	Add: Provision for the year	30	632,734	-
	As at 30 June		632,734	-
19	**STOCK-IN-TRADE**			
	Raw material		401,553	1,838,677
	Work-in-process		-	128,995
	Finished goods		-	1,907,524
			401,553	3,875,196

19.1 Stock in trade costing Rupees 0.478 million (2014: Rupees 3.247 million) is valued at net realizable value.

19.2 The aggregate amount of write down of inventories to net realizable value recognized as an expense during the year was Rupees 0.077 million (2014: Rupees 0.592 million).

		NOTE	2015 Rupees	2014 Rupees
20	**TRADE DEBTS - Unsecured**			
	Considered good		-	567,120
	Considered doubtful		436,040	-
	Provisions for doubtful debts	20.1	(436,040)	-
			-	567,120
20.1	**Provision for doubtful debts**			
	As at 01 July		-	-
	Add: Provision for the year	30	443,638	-
	Written off during the year		(7,598)	-
	As at 30 June		436,040	-

As at 30 June 2015 trade debts of Rupees Nil (2014: 567,120) are past due but not impaired. Trade debts relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of the these trade debts is as follows:

	2015 Rupees	2014 Rupees
Up to 1 month	-	103,038
1 to 6 months	-	303,171
More than 6 months	-	160,911
	-	567,120

		NOTE	2015 Rupees	2014 Rupees
21	**ADVANCES**			
	Considered good:			
	Employees - interest free		67,783	90,709
	Advances to suppliers		191,402	254,178
			259,185	344,887

22 **SHORT TERM DEPOSITS**

It represents amount recoverable from Messrs Fauji Foundation. The amount is considered good as the Court decided the case in favour of the Company on 10 June 1999. Fauji Foundation however, filed appeal before Honorable Lahore High Court, Rawalpindi Bench, against the aforesaid order, and provided bank guarantee of Rupees 2 million to the Court. Honorable Lahore High Court remanded the case to the Civil Court who decided against the Company. The Company has filed petition in Lahore High Court, Rawalpindi Bench, where the case is still pending.

		NOTE	2015 Rupees	2014 Rupees
23	**OTHER RECEIVABLES**			
	Considered good:			
	Advance income tax		3,239,839	2,387,549
	Sales tax refundable		3,700,740	5,096,330
	Export rebate and claims		134,667	134,667
	Others		35,000	91,374
			7,110,246	7,709,920
24	**SHORT TERM INVESTMENTS**			
	Held to maturity			
	Term deposit certificates		-	100,000
	Fixed deposit certificate	24.1	1,142,000	1,222,042
	Current maturity of long-term investments	16	-	1,593,721
			1,142,000	2,915,763

24.1 This represents fixed deposit certificate of Habib Metropolitan Bank Limited for a period of one year. Return on this certificate will be paid on maturity at the effective rate of 8.50% per annum. It is under lien with the bank against guarantee given on behalf of the Company.

		NOTE	2015 Rupees	2014 Rupees
25	**CASH AND BANK BALANCES**			
	With banks:			
	On saving accounts	25.1	6,076	11,260
	On current accounts		19,731	54,292
			25,807	65,552
	Cash in hand		280,174	68,906
			305,981	134,458

25.1 The balances in saving accounts carry interest at the rate of 6.75% (2014: 7.50%) per annum.

		NOTE	2015 Rupees	2014 Rupees
26	**SALES**			
	Local sales		3,629,499	440,605,092
	Less : Sales tax		55,040	11,782,974
			3,574,459	428,822,118
27	**COST OF SALES**			
	Raw materials consumed	27.1	-	257,606,991
	Stores, spare parts and loose tools consumed		50,037	11,420,297
	Salaries, wages and other benefits		3,311,431	41,552,808
	Fuel and power		2,273,476	62,199,555
	Insurance		41,374	47,982
	Packing material consumed		-	7,462,810
	Repair and maintenance		2,106,024	1,448,055
	Other factory overheads		152,849	814,473
	Depreciation	14.1	11,945,437	13,340,377
			19,880,628	395,893,348
	Work-in-process			
	Opening stock		128,995	6,520,035
	Closing stock		-	(128,995)
			128,995	6,391,040
	Cost of goods manufactured		20,009,623	402,284,388
	Finished goods			
	Opening stock		1,907,524	6,567,260
	Closing stock		-	(1,907,524)
			1,907,524	4,659,736
	Cost of sales - own manufactured goods		21,917,147	406,944,124
	Cost of raw material sold		1,437,124	-
	Cost of sales		23,354,271	406,944,124

		NOTE	2015 Rupees	2014 Rupees
27.1	**Raw materials consumed**			
	Opening stock		1,838,677	3,091,993
	Add : Purchases during the year		-	256,353,675
			1,838,677	259,445,668
	Cost of raw material sold		(1,437,124)	-
	Less : Closing stock		(401,553)	(1,838,677)
			-	257,606,991
28	**DISTRIBUTION COST**			
	Salaries, and other benefits		851,430	1,097,731
	Outward freight and handling		18,095	958,997
	Commission to selling agents		200,000	14,200
			1,069,525	2,070,928
29	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits		4,972,131	5,964,684
	Rent, rates and taxes		2,508,264	1,068,000
	Printing and stationery		219,312	276,530
	Postage and telephone		349,290	460,040
	Traveling and conveyance		487,426	493,276
	Vehicles' running		1,092,015	1,402,911
	Entertainment		278,957	300,373
	Advertisement		79,380	94,590
	Legal and professional		629,300	730,990
	Fees and subscription		228,340	290,034
	Depreciation	14.1	1,558,845	1,708,878
			12,403,260	12,790,306
30	**OTHER EXPENSES**			
	Auditors' remuneration	30.1	595,000	535,000
	Donations	30.2	35,360	95,600
	Provision for doubtful debts	20.1	443,638	-
	Provision for slow moving stores, spare parts and loose tools	18.1	632,734	-
	Long outstanding receivables written off		96,373	-
			1,803,105	630,600
30.1	**Auditors' remuneration**			
	Audit fee		455,000	455,000
	Half yearly review		55,000	55,000
	Tax advisory services		60,000	-
	Other certification		25,000	25,000
			595,000	535,000

30.2 There is no interest of any directors or there spouses in donees' fund.

		NOTE	2015 Rupees	2014 Rupees
31	**OTHER INCOME**			
	Income from financial assets			
	Profit on deposits with banks		2,203	4,940
	Return on held to maturity investments		574,247	139,913
	Gain on settlement of borrowings	5.1	40,000,967	126,997,676
	Effect of fair value adjustment on due from related party		1,383,532	-
	Long outstanding liabilities written back		300,000	490,577
			42,260,949	127,633,106
	Income from non-financial assets			
	Gain on settlement of advance against property	15	-	20,148,876
	Gain on sale of property, plant and equipment	14.3	72,716,029	-
	Rental income		6,574,333	3,036,000
			79,290,362	23,184,876
			121,551,311	150,817,982
32	**FINANCE COST**			
	Mark-up on:			
	Long term financing		40,647,259	7,773,931
	Liabilities against assets subject to finance lease		-	214,388
	Deferred mark-up		245,002	393,130
	Short term borrowings		2,880,572	6,371,461
			43,772,833	14,752,910
	Bank charges and commissions		26,003	578,533
			43,798,836	15,331,443

	NOTE	2015 Rupees	2014 Rupees

33 **EMPLOYEES' RETIREMENT BENEFIT**

The latest actuarial valuation was carried out as at 30 June 2015, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

	2015 Rupees	2014 Rupees
Balance sheet obligation for gratuity		
Present value of unfunded defined benefit obligation	9,951,359	8,970,509
Movement in liability recognized in the balance sheet		
At the beginning of the year	8,970,509	8,158,433
Current service cost	341,258	337,699
Interest cost	355,383	312,546
Charge to other comprehensive income	671,809	1,164,451
Benefit paid during the year	(387,600)	(1,002,620)
At the end of the year	9,951,359	8,970,509
Amount recognized in profit and loss account		
Current service cost	341,258	337,699
Interest cost for the year	355,383	312,546
	696,641	650,245
Changes in present value of defined benefit obligations		
Present value of defined benefit obligations	8,970,509	8,158,433
Current service cost	341,258	337,699
Interest cost for the year	355,383	312,546
Benefits paid during the year	(387,600)	(1,002,620)
Remeasurement due to change in demographic assumptions	-	(3,904)
Remeasurement due to experience adjustment	671,809	1,168,355
	9,951,359	8,970,509
Allocation of charge for the year		
Cost of sales	162,911	152,061
Distribution cost	242,220	226,088
Administrative expenses	291,510	272,096
	696,641	650,245
Principal actuarial assumptions used		
Discount rate	9.50%	12.00%
Expected rate of increase in salary	8.50%	11.00%
Average expected remaining working life of employees	10 Year	9 Year

Experience adjustment on plan unfunded liabilities:

2015	2014	2013	2012	2011
----	----	----	Rupees	----
-	1,168,355	(149,097)	881,334	-

Sensitivity analysis

Discount Rate + 1 %	3,883,055	2,873,854
Discount Rate - 1 %	4,485,764	3,422,402
Salary growth rate + 1 %	4,485,764	3,422,402
Salary growth rate - 1 %	3,878,206	2,869,546

The expected gratuity expense for next financial year is Rupees 737,394.

34 **TAXATION**

	NOTE	2015	2014
Current year			
Current	34.1	(1,793,269)	(4,288,221)
Deferred		12,574,379	1,834,236
		10,781,110	(2,453,985)

34.1 Provision for current tax represents tax on rental income (2014: turnover tax) because of gross loss for the year and in view of available tax losses of Rupees 244.263 million (2014: Rupees 132.017 million). Consequently, tax expense reconciliation is not being presented.

35 **EARNINGS PER SHARE - BASIC AND DILUTED**

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

		2015	2014
Profit attributable to ordinary shares - restated	(Rupees)	53,477,883	139,418,714
Weighted average number of ordinary shares	(Numbers)	3,052,429	3,052,429
Earnings per share - restated	(Rupees)	17.52	45.67

	NOTE	2015 Rupees	2014 Rupees
36 CASH (USED IN) / GENERATED FROM OPERATIONS			
Profit before taxation		42,696,773	141,872,699
Adjustments for non-cash charges and other items:			
Depreciation		13,504,282	15,049,255
Provision for gratuity		696,641	650,245
Provision for doubtful debts		443,638	-
Provision for slow moving stores, spare parts and loose tools		632,734	-
Gain on settlement of advance against property		-	(20,148,876)
Gain on sale of property, plant and equipment		(72,716,029)	-
Effect of fair value adjustment on due from related party		(1,383,532)	
Long outstanding receivables written off		96,373	-
Finance cost		43,798,836	15,331,443
Gain on settlement of borrowings		(40,000,967)	(126,997,676)
Long outstanding liabilities written back		(300,000)	(490,577)
Working capital changes	36.1	(2,987,609)	(5,157,483)
		(15,518,860)	20,109,030

	2015 Rupees	2014 Rupees
36.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	1,013,130	(1,103,553)
Stock in trade	3,473,643	12,304,092
Trade debts	123,482	(567,120)
Short term investments	1,773,763	(832,542)
Advances	(10,671)	103,025
Other receivables	1,451,964	(29,674)
	7,825,311	9,874,228
Decrease in trade and other payables	(10,812,920)	(15,031,711)
	(2,987,609)	(5,157,483)

37 **REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS**

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive officer and directors of the Company are as follows:

	Chief Executive Officer		Directors	
	2015	2014	2015	2014
	----------Rupees----------			
Managerial remuneration	2,400,000	2,400,000	724,140	724,140
Allowances				
Utilities	24,235	24,235	76,740	76,740
Other allowances	91,008	91,008	-	-
	2,515,243	2,515,243	800,880	800,880
Number of persons	**1**	**1**	**2**	**2**

37.1 The Company also provides to Chief Executive Officer free use of the Company's maintained car, residential telephone, medical facility and residence to two directors.

37.2 The aggregate amount charged in the financial statements in respect of directors' meeting fee paid to 1 (2014:1) director was Rupees 20,000 (2014: Rupees 25,000).

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

38 **TRANSACTIONS WITH RELATED PARTIES**

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

	2015	2014
Close family members of C.E.O.		
Loan adjusted / paid	-	3,870,000
Mian Habib Ullah - C.E.O.		
Loan obtained during the year	7,243,100	24,507,350
Adjustment / payment against outstanding balance	7,908,855	70,031,890

39 PLANT CAPACITY AND ACTUAL PRODUCTION

	(Numbers)	
Spindles installed	16,200	21,960
	(Kilograms)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1095 shifts (2014: 1095 shifts)	7,942,022	10,765,852
Actual production converted into 20s count based on 3 shifts per day for 1095 shifts (2014: 867 shifts)	-	3,559,449

The mill remained closed during the year due to compulsory electricity and captive power gas load shedding.

40 NUMBER OF EMPLOYEES

	2015	2014
Number of employees as on 30 June	29	29
Average number of employees during the year	29	310

41 FINANCIAL RISK MANAGEMENT

41.1 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.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. 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 and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk as it has no receivables and payables denominated in foreign

(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 instrument traded in the market. The Company is not exposed to equity and commodity price risks.

(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 has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained 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:

	2015 Rupees	2014 Rupees
Fixed rate instruments		
Financial assets		
Term deposit receipts	-	743,000
Defense saving certificates	-	950,721
Fixed deposit certificate	1,142,000	1,222,042
Financial liabilities		
Short term borrowings	8,665,603	12,965,603
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	6,076	11,260
Financial liabilities		
Short term borrowings	10,728,403	10,728,403

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 107,223 (2014: Rupees 107,171) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates 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:

	2015 Rupees	2014 Rupees
Investments	1,142,000	2,915,763
Due from related party	15,302,370	13,918,838
Deposits	26,423,761	26,440,861
Trade debts	-	567,120
Advances	67,783	90,709
Other receivables	35,000	91,374
Bank balances	25,807	65,552
	42,996,721	44,090,217

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

	Rating			2015	2014
	Short term	Long term	Agency	Rupees	Rupees
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,022	24,522
Askari Bank Limited	A1+	AA	PACRA	2,027	1,996
Bank Alfalah Limited	A1+	AA	PACRA	1,256	8,857
Habib Bank Limited	A-1+	AAA	JCR-VIS	753	298
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,266	3,380
MCB Bank Limited	A1+	AAA	PACRA	6,332	215
Faysal Bank Limited	A1+	AA	PACRA	917	917
Silk Bank Limited	A-2	A-	JCR-VIS	3,110	10,912
The Bank of Khyber	A-1	A	PACRA	-	983
Meezan Bank Limited	A-1+	AA	JCR-VIS	6,124	13,472
				25,807	65,552
Investments					
Silk Bank Limited - Term deposit receipts	A-2	A -	JCR-VIS	-	743,000
Habib Metropolitan Bank Limited - Fixed deposit certificate	A1+	AA+	PACRA	1,142,000	1,222,041
Defence Saving Certificates	A-1+	AAA	JCR-VIS	-	950,722
				1,142,000	2,915,763
				1,167,807	2,981,315

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 20.

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

(c) **Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through sponsors' support. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2015.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 years
	-----------------					
Non-derivative financial liabilities:						
Long term financing	-	-	-	-	-	-
Lia biliti es	658,531	658,531	658,531	-	-	-
Deferred mark-up	1,453,503	1,535,000	910,000	625,000	-	-
Trade and other payables	80,901,594	80,901,594	80,901,594	-	-	-
Short term borrowings	24,410,377	24,410,377	24,410,377	-	-	-
Accrued mark-up	19,889,996	19,889,996	19,889,996	-	-	-
	127,314,001	127,395,498	126,770,498	625,000	-	-

Contractual maturities of financial liabilities as at 30 June 2014.

	Carrying amount	Contractual cash flows	6 months or less	6-12 month	1-2 Year	More than 2 years
	-----------------					
Non-derivative financial liabilities:						
Long term financing	72,207,691	110,087,244	7,000,000	4,500,000	9,500,000	89,087,244
Lia biliti es	1,650,471	1,658,531	1,658,531	-	-	-
Deferred mark-up	3,028,501	3,355,000	910,000	910,000	1,535,000	-
Trade and other payables	91,905,904	91,905,904	91,905,904	-	-	-
Short term borrowings	29,376,132	29,376,132	29,376,132	-	-	-
Accrued mark-up	54,868,148	54,868,148	54,868,148			
	253,036,847	291,250,959	185,718,715	5,410,000	11,035,000	89,087,244

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 5, 6 and 11 to these financial statements.

41.2 **Fair values of financial assets and liabilities**

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

41.3 **Financial instruments by categories**

	Loans and receivables	Held to maturity	Total
	--------------- Rupees ---------------		
As at 30 June 2015			
Assets as per balance sheet			
Investments	-	1,142,000	1,142,000
Due from related party	15,302,370	-	15,302,370
Deposits	26,423,761	-	26,423,761
Trade debts	-		-
Advances	67,783	-	67,783
Other receivables	35,000	-	35,000
Cash and bank balances	305,981	-	305,981
	42,134,895	1,142,000	43,276,895

	Financial liabilities at amortized cost
Liabilities as per balance sheet	-----------Rupees-----------
Long term financing	-
Liabilities against assets subject to finance lease	658,531
Deferred mark-up	1,453,503
Accrued mark-up	19,889,996
Short term borrowings	24,410,377
Trade and other payables	80,901,594
	127,314,001

As at 30 June 2014	Loans and receivables	Held to maturity	Total
	--------------------Rupees--------------------		
Assets as per balance sheet			
Investments	-	2,915,763	2,915,763
Due from related party	13,918,838		13,918,838
Deposits	26,440,861	-	26,440,861
Trade debts	567,120	-	567,120
Advances	90,709	-	90,709
Other receivables	91,374	-	91,374
Cash and bank balances	134,458	-	134,458
	41,243,360	2,915,763	44,159,123

	Financial liabilities at amortized cost
	-----------Rupees-----------
Liabilities as per balance sheet	
Long term financing	72,207,691
Liabilities against assets subject to finance lease	1,650,471
Deferred mark-up	3,028,501
Accrued mark-up	54,868,148
Short term borrowings	29,376,132
Trade and other payables	91,905,904
	253,036,847

41.4 **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 issue new shares or sell assets to reduce debt.

42 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 09, 2015 by the Board of Directors of the Company.

43 **CORRESPONDING FIGURES**

No significant reclassifications of corresponding figures have been made.

44 **GENERAL**

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE

DIRECTOR

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **0000947**

2. Name of the Company **D.M. TEXTILE MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30/06/2015**

4. No. of Shareholders	------Shareholding------ From	To	Total Shares Held
165	1	100	8,525
79	101	500	22,849
31	501	1,000	25,950
35	1,001	5,000	79,147
11	5,001	10,000	80,239
1	10,001	15,000	11,558
4	15,001	20,000	72,289
5	20,001	25,000	116,247
2	30,001	35,000	63,475
1	35,001	40,000	40,000
3	40,001	45,000	127,423
2	65,001	70,000	135,026
1	80,001	85,000	81,030
1	85,001	90,000	85,950
1	95,001	100,000	100,000
1	130,001	135,000	130,124
2	135,001	140,000	275,652
1	150,001	155,000	150,016
1	175,001	180,000	177,648
2	300,001	305,000	564,775
1	330,001	335,000	331,614
1	370,001	375,000	372,892
351			**3,052,429**

5. Categories of shareholders	**Share held**	**Percentage**
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	1,025,317	33.5902%
5.2 Associated Companies, undertakings and related parties.	0	0.0000%
5.3 NIT and ICP	262	0.0086%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,474	0.0483%
5.5 Insurance Companies	0	0.0000%
5.6 Modarabas and Mutual Funds	331,614	10.8639%
5.7 Share holders holding 10% or more	968,014	31.7129%
5.8 General Public	1,654,477	54.2020%
5.9 Others (to be specified)		
Joint Stock Companies	7,430	0.2434%
Pension Funds	30,775	1.0082%
Others	1,080	0.0354%

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2015

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	CDC -TRUSTEE NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	331,614	10.8639
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. HABIB ULLAH	636,400	20.8490
2	MR. HUSSAIN AHMAD QURESHI	20,189	0.6614
3	SYED UBED UL HAQ	66,826	2.1893
4	RAO KHALID PERVAIZ	177,648	5.8199
5	MR. SHAHID HUSSAIN	23,600	0.7732
6	MR. HUSSAIN AHMED OZGEN	654	0.0214
7	MR. SHAHID AZIZ (NIT NOMINEE)	--	--
8	MRS. RIFFAT HABIB W/O HABIB ULLAH	100,000	3.2761
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		32,249	1.0565
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. HABIB ULLAH	636,400	20.8490
2	CDC -TRUSTEE NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	331,614	10.8639
3	MR. SAMI ULLAH	301,267	9.8697
4	RAO KHALID PERVAIZ	177,648	5.8199

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	MR. HUSSAIN AHMAD QURESHI (CDC)	157,500	-
2	MR. SHAHID HUSSAIN (CDC)	-	23,600
3	MR. HUSSAIN AHMED OZGEN	151,030	-

KEY OPERATING AND FINANCIAL DATA

(Rupees in 000)

Period ended	30 June					
Particulars	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Assets employed						
Fixed Assets	696,188	774,198	787,975	821,976	863,162	910,723
Advance against property	-	-	51,150	51,150	51,150	51,150
Due from related party	15,302	13,918	-	-	-	-
Long term deposits/investments	24,440	24,440	24,282	24,828	34,772	44,169
Current assets	16,913	24,887	38,890	35,540	73,107	79,355
Total assets employed	**752,843**	**837,443**	**902,297**	**933,495**	**1,022,191**	**1,085,397**
Financed by:						
Shareholder's equity	25,424	(69,536)	(210,833)	(180,016)	(113,458)	(61,782)
Surplus on revaluation of fixed assets	530,254	571,747	573,920	576,267	561,788	573,662
	555,678	502,211	363,087	396,251	448,330	511,880
Long Term Financing	-	60,708	-	-	-	-
Long term liabilities	9,951	8,970	8,158	8,115	61,111	89,624
Deferred liabilities	51,845	66,533	70,813	66,818	85,968	109,600
Current liabilities	135,353	199,023	460,239	462,312	426,782	374,293
Total funds invested	**197,149**	**335,234**	**539,210**	**537,244**	**573,861**	**573,517**
Profit & (Loss)						
Turn over	3,574	428,822	44,346	27,242	831,952	982,345
Gross profit/Loss)	(19,779)	21,878	(22,200)	(26,096)	(14,193)	78,496
Operating profit/(loss)	86,496	157,204	(2,791)	(28,002)	(43,878)	59,654
Finance charges	(43,798)	(15,331)	(24,851)	(30,207)	(36,217)	(43,870)
Profit/(loss) before taxation	42,697	141,573	(27,642)	(58,209)	(80,095)	15,784
Profit/(loss) after taxation	534,778	139,419	(33,792)	(70,854)	(63,550)	15,796
Extra ordinary items	-	-	-	-	-	-
Net profit/(loss)	**534,778**	**139,419**	**(33,792)**	**(70,854)**	**(63,550)**	**15,796**
Actual production (M Kgs)	-	1.438	0.158	-	3.054	4.824
Converted into 20's (M Kgs)	-	3.559	0.409	-	7.270	11.703
Earning/(loss) per share	17.52	45.67	(11.07)	(23.21)	(20.82)	5.17
Spindles installed Nos.	16,200	21,960	21,960	24,840	24,840	31,632
Spindles worked Nos.	-	16,115	16,822	-	20,160	29,669
Shifts per day	-	3	3	-	3	3

PROXY FORM

I/We____

of____

in the district ______________________________ being a member of **D.M Textile Mills Limited**

and holder of ____ ordinary shares as

(Number of Shares)

per share Register Folio No. ____Here

appoint____of_________________

another member of the company of failing him______________________________________

of____

another member of the Company as my / our proxy to vote of me / us on my / our behalf at the Annual General Meeting of the Company to be held on Saturday, October 31, 2015 at 5:00p.m or at any adjournment thereof.

Signed this ______________________________day of ______________________________2015

1. Witness:

    Signature __________________

    Name __________________

    Address __________________

Affix Revenue Stamps of Rs. 5/-

2. Witness:

    Signature __________________

    Name __________________

    Address __________________

____

Signature of Member

Shareholder's Folio No._____________

CDC A/c No.______________________

NIC No.													

Note:

1. Proxies, in order to be effective, must be received at the company's Registered Office, Westridge, Rawalpindi. not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. CDC Shareholders are requested to br ing with them their National Identity Cards along with the Participants' ID numbers and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.