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COMPANY INFORMATION

CHAIRMAN:	MR. MOHAMMAD SAEED
CHIEF EXECUTIVE OFFICER:	MR. AMJAD SAEED
DIRECTORS:	MRS. ROBINA AMJAD MR. OMER SAEED MR. AHSAN SAEED MR. KHIZER SAEED MR. MUHAMMAD ASIF (NOMINEE NT)
AUDIT COMMITTEE:	
CHAIRMAN	MR. MUHAMMAD SAEED
MEMBER	MR. AHSAN SAEED
MEMBER	MR. MUHAMMAD ASIF
H.R. & REMUNERATION COMMITTEE:	
CHAIRMAN	MR. AHSAN SAEED
MEMBER	MR. MUHAMMAD SAEED
MEMBER	MR. KHIZER SAEED
CHIEF FINANCIAL OFFICER:	MR. M. PERVAIZ AKHTAR
COMPANY SECRETARY:	MR. MUHAMMAD NADEEM
SHARE REGISTRAR:	M/S CONSULTING ONE (PVT) LTD 478-D, PEOPLES COLONY NO-1, FAISALABAD
AUDITORS:	M/S RIAZ AHMAD & COMPANY. CHARTERED ACCOUNTANTS
BANKERS:	BANK AL-FALAH LIMITED ALBARAKA BANK (PAKISTAN) LTD BANK AL-HABIB LTD HABIB METROPOLITAN BANK THE BANK OF PUNJAB
REGISTERED OFFICE :	ROOM NO 404 & 405, 4 TH FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI www.idealism.com
FACTORY:	35-KM SHEIKHUPURA ROAD, TEHSIL JARANWALA, DISTT. FAISALABAD.

MISSION

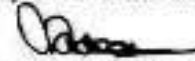
To be a foremost Company receptive to the needs of our customers, acknowledge for consistently providing fine quality products and services by understanding the customers behaviours and preparing fully to meet the challenges of global market and to maximize profit by making best efforts in production planning, quality of products and making strategies.

NOTICE OF MEETING

Notice is hereby given that the 27th Annual General Meeting of **Ideal Spinning Mills Limited** will be held at Haji A. H. Muslim Gymkhana, Aiwaz-e-Sadar Road, behind Shaheen Complex, Karachi on October 31, 2015 at 10.00 a.m. to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on October 31, 2014.
2. To receive consider and adopt the Audited Financial Statements of the company for the year ended June 30, 2015 together with Directors' and Auditors' report thereon.
3. To appoint Auditors for the year 2015-2016 and fix their remuneration. The present Auditor **M/S RIAZ AHMED & COMPANY** chartered Accountants, being eligible have offered themselves for reappointment.
4. To transact any other business with the permission of the chair.

By order of the board



MUHAMMAD NADEEM
Company Secretary

Dated: October 07, 2015
KARACHI

NOTES:

1. The Share transfer books of the company will remain closed from October 22, 2015 to November 01, 2015 (both days inclusive) transfers received at shares registrar M/S CONSULTING ONE (PVT) LTD, 478-D, Peoples colony No:1 Faisalabad at the close of business hours on 21st October, 2015 will be treated in time.
2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf, provided such proxy is also a member.
3. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notary public certified copy of such power of attorney, in order to be valid, must be deposited with the Company's registrar, M/S CONSULTING ONE (PVT) LTD, not later than 48 hours before the time of holding the meeting.
4. CDC Account holders will in addition have to follow under mentioned guidelines as laid down in circular NO:1 dated January 26, 2000 of the securities & exchange commission of Pakistan for attending the meeting.
 - In case of individuals: the account holder or sub account holder and/or the person whose securities are registered on CDS; and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original identity card(NIC) or original passport of attending the meeting. The members are also required bring their participants' I.D. number and account numbers in CDS.
 - 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 meeting.
5. Submission of copy of CNIC (Mandatory)
The securities and exchange commission of Pakistan (SECP) vide their SRO779(i) 2011 dated August 18,2011 has directed the Company to print your CNIC number on your Dividend Warrants and if your CNIC is not available in our records. Your dividend warrants will not be issued/dispatched to you. In order to Comply with the regulatory requirement, you are requested to kindly send photocopy of your CNIC to your participants/investor account services or to us (in case of physical share holding) immediately to Company's Share Registrar, M/S CONSULTING ONE (PVT) LTD.
6. Transmission of Annual financial statements through E.MAIL:
SECP vide SRO 787(1)/2014 dated September 08,2014 has provided an option to receive audited financial statements electronically through e.mial. Hence, members who hold shares in physical form and are interested in receiving the annual reports electronically in future are required to submit their e.mail addresses and consent for electronic transmission to the shares registrar of the Company. CDC share holders are requested to submit their e.mail address and consent directly to their broker(Participant)/CDC investor account services.
7. In compliance with SECP notification No.634(1) 2014 dated July 10,2014, the audited financial statements and reports of the Company for year ended June 30, 2015 are being placed on the Company's website:www.idealism.com for the information and review of share holders.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors feel pleasure in presenting 27th Annual report with Audited Financial Statements of the company for the year ended 30 June 2015.

FINANCIAL RESULTS

2015

2014

(RUPEES IN THOUSAND)

SALES	2,368,403	2,282,646
COST OF SALES	(2,268,785)	(2,125,895)
GROSS PROFIT	99,618	156,751
DISTRIBUTION COST	(19,329)	(18,886)
ADMINISTRATIVE EXPENSES	(84,172)	(79,955)
OTHER EXPENSES	(2,792)	(1,040)
	(106,293)	(99,881)
	(6,675)	56,870
OTHER INCOME	724	387
(LOSS) / PROFIT FROM OPERATIONS	(5,951)	57,257
FINANCE COST	(43,286)	(40,535)
(LOSS) / PROFIT BEFORE TAXATION	(49,237)	16,722
TAXATION	14,150	(12,540)
(LOSS) / PROFIT AFTER TAXATION	(35,087)	4,182
(LOSS) / EARNINGS PER SHARE		
BASIC AND DILLATED (Rupees)	(3.54)	0.42

Pakistan textile industry is going through one of the toughest period in the decades. The global recession which has hit the global textile is not only the cause of concern but several internal issues such as hike in electric tariff, energy crisis, devaluation of currency, increasing cost of input, political instability and internal disputes also effect textile sector badly. The high cost of production resulting from an instant rise in energy has been primary cause of concern for industry.

Due to all these factors earnings of the company goes to negative zone resultantly suffered after tax loss of Rs.35,087 million as compared to profit of Rs.4,182 Million for the corresponding period of last year.

FUTURE PROSPECTS

At present Pakistan may miss cotton production target for the year 2015-2016 owing to multiple factors including reduction in cultivation area and long spell of hot weather during the growing period of cotton crop. Resultantly prices of raw cotton are increasing whereas due to depressed market sentiments prices of yarn are not appropriate with material cost. All the other factors which are discussed above are continued to exist.

Considering the facts cited above the management of the Company has an opinion that financial results for the coming year will be in the same direction as for the period under review.

The company is going through gradual BMR phase in order to replace old machinery with new.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are nominal and routine nature.

RETIREMENT BENEFITS FUNDS:

The Company operates un-funded gratuity scheme for its employees as reflected in the financial statements.

AUDITORS

The present auditor M/S RIAZ AHMAD & CO. Chartered Accountants, being eligible offered themselves for re-appointment for the year 2015-2016.

PATERN OF SHAREHOLDING

Pattern of share holding as on 30 June, 2015 is annexed.

RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable un-controlled price method. The company has complied with best practices on transfer pricing as contained in listing regulations of Stock Exchanges of Pakistan.

NO. OF BOARD MEETING HELD

During the year under review (4) meetings of Board of Directors held. Attendance by each director is appended here under:

Name of Directors	Attendance
Mr. Muhammad Saeed	4
Mr. Amjad Saeed	4
Mrs. Rubina Amjad	4
Mr. Omer Saeed	4
Mr. Ahsan Saeed	2
Mr. Khizer Saeed	3
Mr. Muhammad Asif	4

- Directors who did not attend the above meetings were granted leave of absence by the Board of Directors.

AUDIT COMMITTEE

The Board in compliance with the Code of Corporate Governance has established an audit committee comprising the following members:

Mr. Muhammad Saeed	Chairman
Mr. Ahsan Saeed	Member
Mr. M.ASIF (NTI)	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board in compliance with the Code of Corporate Governance has established a human resource and remuneration committee comprising the following members:

Mr. Ahsan Saeed	Chairman
Mr. Muhammad Saeed	Member
Mr. Khizer Saeed	Member

APPROPRIATIONS:

The Board of Directors recommended nil dividend for its shareholders due to tight liquidity position.

CORPORATE GOVERNANCE

The statement of compliance of best practices of Corporate Governance is annexed

CORPORATE AND FINANCIAL REPORTING FRAME WORK


In compliance with listing regulations of stock exchanges and as required under the Companies Ordinance, 1984. Your directors are pleased to state as under:

1. The financial statements prepared by the management of your company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. There is no doubt upon the company's ability to continue as a going concern.
6. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
7. Key operating and financial data of last six years in summarized form is annexed.

ACKNOWLEDGEMENT

The Board places on record its appreciation for loyalty and devotion to work, by staff and workers for the company. The relationship between management and workers remained very cordial and we hope that these will further improve in the years to come.

On Behalf of the Board


Amjad Saeed
Chief Executive Officer
October 07, 2015

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in the Listing Regulations of the Stock Exchanges of Pakistan 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 (The Board). At present the board includes:

Independent Director

i) Muhammad Asif

Executive Directors

i) Amjad Saeed

ii) Omer Saeed

Non-Executive Directors

i) Muhammad Saeed

ii) Mrs. Rubina Amjad

iii) Ahsan Saeed

iv) Khizer Saeed

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

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

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

4. No Causal vacancy was occurred in the Board during the year ended 30 June 2015.

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, other executive and non-executive directors, have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met once in each quarter during the year ended 30 June 2015 including once in every quarter to approve the financial statements of the Company. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

9. The Company arranged training program for its directors having experience of less than fifteen years on the Board during the year.

10. The Board has approved appointment of CFO/Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for the year ended 30 June 2015 has been prepared in compliance with the requirements of the CCG and it fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by the CEO and CFO before approval by 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, who are non-executive directors including the Chairman of the Committee and one of them is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, who are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set-up an effective internal audit function. The audit staff is suitably qualified and experienced for the purpose and is conversant with the policies and procedure of the company and is involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
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.

By order of the Board



Aijaz Saeed

Chief Executive Officer

Date: October 07, 2015

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	2015	2014	2013	2012	2011	2010
	(Rupees in Millions)					
<u>FINANCIAL POSITION</u>						
Paid up capital	99.200	99.200	99.200	99.200	99.200	99.200
Fixed assets at cost	1293.655	1190.969	1,131.876	1,074.401	976.467	958.828
Fixed assets (Lease) at cost	-	-	-	-	65.15	65.15
Accumulated depreciation	727.884	666.864	616.867	566.967	524.937	482.349
Current assets	445.661	431.919	362.242	316.139	350.218	234.918
Current liabilities	459.719	425.248	364.785	324.926	357.044	285.017
<u>INCOME</u>						
Sales	2,368.403	2,282.646	1,981.874	2,015.151	2,374.878	1,475.987
Other income	0.724	0.387	1.436	4.23	1.66	1.00
Pre tax Profit/ (loss)	(49.237)	16.722	44.723	44.29	178.00	117.02
Taxation	14.150	(12.540)	(13.969)	(15.76)	(84.84)	(39.08)
<u>STATISTICS AND RATIOS</u>						
Pre tax profit/ (loss) to sales %	(2.08)	0.73	2.26	2.20	7.50	7.93
Pre tax profit/ (loss) to capital %	(49.63)	16.86	45.08	44.64	179.43	117.96
Current ratio	1.97	1:1.02	1:0.99	1:0.97	1:0.98	1:0.82
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Earnings after tax per share (Rs.)	-3.54	0.42	3.10	2.88	9.39	7.86
Cash dividend %	-	-	-	-	7.50	-
Break up value per share (Rs.)	27.27	26.08	25.92	22.82	20.13	10.74

**REVIEW REPORT TO THE MEMBERS ON THE 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 **IDEAL SPINNING MILLS LIMITED** ("the Company") for the year ended 30 June 2015 to comply with the requirements of Listing Regulations of the respective Stock Exchanges where the Company is listed.

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Riaz Ahmad & Co.

Name of engagement partner:
Liaqat Ali Panwar

Date: October 07, 2015.

FAISALABAD

AUDITORS' REPORT TO THE MEMBERS

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

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the loss, its comprehensive loss, 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

Riaz Ahmad & Co.

Name of engagement partner:
Liaqat Ali Panwar
Date: October 07, 2015.
FAISALABAD

BALANCE SHEET AS AT 30 JUNE 2015

	NOTE	2015 (RUPEES IN THOUSAND)	2014 (RUPEES IN THOUSAND)	NOTE	2015 (RUPEES IN THOUSAND)	2014 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital						
20 000 000 (2014: 20 000 000) ordinary shares of Rupees 10 each		200,000	200,000			
Issued, subscribed and paid up share capital						
9 920 000 (2014: 9 920 000) ordinary shares of Rupees 10 each fully paid in cash		99,200	99,200			
Reserves	3	171,327	159,607			
Total equity		270,527	258,807			
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term financing	4	247,987	199,644			
Deferred income tax liability	5	62,791	92,205			
Staff retirement gratuity	6	27,126	18,907			
CURRENT LIABILITIES						
Trade and other payables	7	144,198	136,076			
Accrued mark-up	8	9,489	9,170			
Short term borrowings	9	252,337	214,449			
Current portion of long term financing	4	39,576	49,653			
Provision for taxation		14,139	15,900			
Total liabilities		459,719	425,248			
CONTINGENCIES AND COMMITMENTS	10	797,823	736,004			
TOTAL EQUITY AND LIABILITIES		1,028,150	994,611			
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	11	619,812	559,824			
Long term loans	12	51	729			
Long term deposits and prepayments	13	2,626	2,639			
		622,489	562,892			
CURRENT ASSETS						
Stores, spare parts and loose tools	14	29,226	23,432			
Stock-in-trade	15	229,141	234,507			
Trade debts	16	117,215	77,640			
Loans and advances	17	30,013	39,334			
Short term deposit and prepayments	18	298	122			
Other receivables	19	15,092	24,678			
Cash and bank balances	20	24,676	32,206			
		445,661	431,819			
TOTAL ASSETS		1,068,150	994,611			

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


AMIR SAEED
CHIEF EXECUTIVE OFFICER


AMIR SAEED
DIRECTOR

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

	NOTE	2015 (RUPEES IN THOUSAND)	2014
SALES	21	2,368,403	2,282,646
COST OF SALES	22	<u>(2,268,785)</u>	<u>(2,125,895)</u>
GROSS PROFIT		99,618	156,751
DISTRIBUTION COST	23	<u>(19,329)</u>	<u>(18,886)</u>
ADMINISTRATIVE EXPENSES	24	<u>(84,172)</u>	<u>(79,955)</u>
OTHER EXPENSES	25	<u>(2,792)</u>	<u>(1,040)</u>
		<u>(106,293)</u>	<u>(99,881)</u>
		(6,675)	56,870
OTHER INCOME	26	<u>724</u>	<u>387</u>
(LOSS) / PROFIT FROM OPERATIONS		(5,951)	57,257
FINANCE COST	27	<u>(43,286)</u>	<u>(40,535)</u>
(LOSS) / PROFIT BEFORE TAXATION		<u>(49,237)</u>	<u>16,722</u>
TAXATION	28	<u>14,150</u>	<u>(12,540)</u>
(LOSS) / PROFIT AFTER TAXATION		<u>(35,087)</u>	<u>4,182</u>
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	29	<u>(3.54)</u>	<u>0.42</u>

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR

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

**2015 2014
(RUPEES IN THOUSAND)**

(LOSS) / PROFIT AFTER TAXATION (35,087) 4,182

OTHER COMPREHENSIVE INCOME

Items that will not be reclassified subsequently to profit or loss:

Experience adjustment on defined benefit plan	-	(3,509)
Deferred income tax related to experience adjustment	-	1,012
	-	(2,497)

Items that may be reclassified subsequently to profit or loss	-	-
---	---	---

Other comprehensive loss for the year - net of deferred income tax	-	(2,497)
--	---	---------

TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(35,087)	1,685
--	----------	-------

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 (RUPEES IN THOUSAND)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	55,389	80,808
Finance cost paid		(42,891)	(40,153)
Income tax paid		(14,945)	(19,274)
Staff retirement benefits paid		(5,899)	(4,167)
Workers' profit participation fund paid		(1,008)	(2,561)
Net decrease / (increase) in long term loans		678	(196)
Net (increase) / decrease in long term deposits and prepayments		(87)	122
Net cash (used in) / generated from operating activities		(8,763)	14,579
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(123,344)	(103,400)
Proceeds from sale of property, plant and equipment		1,610	9,450
Profit on bank deposits received		6	59
Net cash used in investing activities		(121,728)	(93,891)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		144,931	69,773
Repayment of long term financing		(59,858)	(26,510)
Short term borrowings - net		37,888	16,562
Net cash from financing activities		122,961	59,825
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,530)	(19,487)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		32,206	51,693
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 20)		24,676	32,206

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


AMIR SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR

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

	SHARE CAPITAL	RESERVES		TOTAL	TOTAL EQUITY
		CAPITAL	REVENUE		
		EQUITY PORTION OF SHAREHOLDER'S S LOAN	UNAPPROPRIATED PROFIT		
RUPEES IN THOUSAND					
Balance as at 30 June 2013	99,200	-	157,922	157,922	257,122
Profit for the year	-	-	4,182	4,182	4,182
Other comprehensive loss for the year	-	-	(2,497)	(2,497)	(2,497)
Total comprehensive income for the year	-	-	1,685	1,685	1,685
Balance as at 30 June 2014	99,200	-	159,607	159,607	258,807
Loss for the year	-	-	(35,087)	(35,087)	(35,087)
Other comprehensive loss for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	(35,087)	(35,087)	(35,087)
Transaction with owners:					
Equity portion of shareholder's loan	-	46,807	-	46,807	46,807
Balance as at 30 June 2015	99,200	46,807	124,520	171,327	270,527

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


AMIR SAEED
CHIEF EXECUTIVE OFFICER


AMIR SAEED
DIRECTOR

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

1. THE COMPANY AND ITS OPERATIONS

Ideal Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 08 June 1989 under the Companies Ordinance, 1984 and listed on Karachi and Lahore Stock Exchanges in Pakistan. Its registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi. The factory is located at Tehsil Jaranwala, District Faisalabad in the Province of Punjab. The principal activity of the Company is manufacturing and sale of yarn and cloth.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for the recognition of staff retirement benefits on the basis of actuarial valuation.

c) Critical accounting estimates and judgments

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

Useful lives, patterns of economic benefits and impairments

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

Inventories

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

Taxation

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

Provision for doubtful debts

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

Employees retirement benefits

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Changes in these assumptions in future years may effect the liability / asset under these plans in those years.

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 19 (Amendment) 'Employee Benefits' (effective for annual periods beginning on or after 01 July 2014). This amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employees service, for example, employee contributions that are calculated according to a fixed percentage of salary.

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

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

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

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IAS 24 'Related Party Disclosures', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. The amendments to IFRS 8 require an entity to disclose the judgments made by the management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. Further, the amendment to IFRS 8 clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

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

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 de-recognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 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 recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their 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) Standards 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 Property, plant, equipment and depreciation

Operating fixed assets

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

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 assets over their estimated useful lives at the rates given in Note 11.1. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions upto the month preceding the disposal when the asset is de-recognized. The residual values and useful lives 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.

2.3 Impairment

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account.

2.4 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.

2.5 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 stated at invoice amount plus other charges paid thereon.

Stock-in-trade

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

- | | |
|--|---|
| (i) For raw materials: | Weighted average cost. |
| (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 stated at net realizable value.

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

2.6 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.

2.7 Staff retirement benefit

The Company operates unfunded gratuity scheme for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made in the books of account on the basis of actuarial computation. Latest actuarial valuation has been made as at 30 June 2014 by the consulting actuaries using Projected Unit Credit Actuarial Cost Method.

2.8 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.

2.9 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.

2.10 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.

2.11 Financial instruments

Financial instruments carried on the balance sheet include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long term financing, 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 instruments at fair value through profit or loss" which are measured initially at fair value.

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

2.12 Borrowings

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

2.13 Trade and other receivables

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

2.14 Trade and other payables

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

2.15 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.

2.16 Foreign currencies

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

2.17 Revenue recognition

Revenue from different sources is recognized as under:

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

2.18 Segment reporting

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

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

The Company has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibres) and Weaving (Producing different quality of greige fabric using yarn).

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

		2015	2014
		(RUPEES IN THOUSAND)	
3. RESERVES:			
Composition of reserves is as follows:			
Capital reserve			
Equity portion of shareholder's loan (Note 3.1)		46,807	-
Revenue reserve			
Unappropriated profit		124,520	159,607
		<u>171,327</u>	<u>159,607</u>

- 3.1 Loan from Sponsor Director has been recognized at amortized cost using discount rate of 9.01% per annum. The resulting change has been charged to equity portion of shareholder's loan.

4.

LONG TERM FINANCING

2015
(RUPEES IN THOUSAND)

Secured:			
From banking companies (Note 4.1)	120,826		74,532
Unsecured:			
From director's accounts (Note 4.2)	156,759		172,716
	<u>287,585</u>		<u>247,247</u>
Less: Current portion shown under current liabilities	26,578		40,853
	<u>261,007</u>		<u>206,394</u>

4.1 From banking companies

LENDER	2015	2014	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPAYING	INTEREST PAYABLE	SECURITY
(RUPEES IN THOUSAND)							
The Bank of Punjab	-	4,592	3 Month KIBOR + 2.0%	Last installment was paid on 02 July 2014.	Quarterly	Quarterly	Joint joint part pass charge over present and future fixed assets of the Company for Rupees 203 million and personal guarantee of the Chief Executive Officer of the Company.
Bank Alfalah Limited	8,000	11,887	3 Month KIBOR + 2%	Twelve equal quarterly installments commenced on 02 May 2013 and ending on 01 February 2016.	Quarterly	Quarterly	First joint part pass charge over fixed assets of the Company for Rupees 224 million.
The Bank of Punjab	85,894	48,875	3 Month KIBOR + 2%	Sixteen equal quarterly installments commenced on 30 June 2016 and ending on 31 March 2018.	Quarterly	Quarterly	First joint part pass charge for Rupees 134 million over present and future fixed assets of the Company including land, building and machinery out of total first joint part pass charge for Rupees 195 million. Exclusive first charge over specific plant and machinery of the Company for Rupees 20 million and personal guarantee of the Chief Executive Officer of the Company.
The Bank of Punjab	3,790	11,398	3 Month KIBOR + 2%	Six equal quarterly installments commenced on 30 June 2014 and ending on 30 December 2015.	Quarterly	Quarterly	First joint part pass charge over present and future fixed assets of the Company including land, building and machinery out of total first joint part pass charge for Rupees 195 million and personal guarantee of the Chief Executive Officer of the Company.
Bank Alfalah Limited	26,112	-	3 Month KIBOR + 2%	Sixteen equal quarterly installments to be commenced on 29 June 2018 and ending on 28 March 2020.	Quarterly	Quarterly	First joint part pass charge over fixed assets of the Company for Rupees 224 million.
	<u>138,865</u>	<u>74,532</u>					

4.2

From director's accounts

These represent unsecured interest free loans obtained from director's sponsors of the Company and are repayable after 30 June 2018. There have been no payment of amortized cost under (4.2-3). Financial Instruments Recognition and Measurement using discount rate of 9.01% per annum. The resulting difference has been transferred to equity and is being allocated over the remaining term of the loan as referred to in Note 3.1.

2015 **2014**
(RUPEES IN THOUSAND)

5. DEFERRED INCOME TAX LIABILITY

This comprises of the following:

Taxable temporary difference

Differences in tax and accounting bases of assets

103,819

96,646

Deductible temporary differences

Staff retirement gratuity

(8,427)

(4,441)

Tax losses

(32,601)

-

(41,028)

(4,441)

62,791

92,205

6. STAFF RETIREMENT GRATUITY

Balance as at 01 July

18,907

9,571

Charge for the year (Note 6.2)

14,118

9,994

Retirement benefits paid

(5,899)

(4,167)

Experience adjustment recognized in other comprehensive income

-

3,509

Balance as at 30 June

27,126

18,907

6.1 Movement in the net liability recognized

Opening balance

18,907

9,571

Add: Charge for the year (Note 6.2)

14,118

9,994

Experience adjustment recognized in other comprehensive income

-

3,509

33,025

23,074

Less: Paid during the year

5,899

4,167

27,126

18,907

6.2 Charge for the year

Current service cost

12,075

9,021

Interest cost

2,043

973

14,118

9,994

6.3 Principal actuarial assumptions

Discount factor used (% per annum)

13.25%

13.25%

Expected rate of increase in salaries (% per annum)

12.25%

12.25%

Expected remaining working life time of employees (years)

5

5

6.4 Trend Information

	2015	2014	2013	2012	2011
-----RUPEES IN THOUSAND-----					

Present value of defined benefit obligation

27,126

18,907

9,571

8,165

8,984

Experience adjustment on obligation

-

(3,509)

(302)

(2,028)

-

2015 **2014**
(RUPEES IN THOUSAND)

7. TRADE AND OTHER PAYABLES

Creditors (Note 7.1)	81,371	76,221
Accrued liabilities	48,663	48,259
Advances from customers	12,883	8,795
Income tax deducted at source	212	161
Sales tax deducted at source	584	825
Unclaimed dividend	485	485
Workers' profit participation fund (Note 7.2)	-	912
Workers' welfare fund	-	418
	<u>144,198</u>	<u>136,076</u>

7.1 This includes amounts in aggregate of Rupees 6.023 million (2014: Rupees 4.959 million) due to associated undertakings.

7.2 Workers' profit participation fund

Balance as on 01 July	912	2,365
Interest for the year (Note 27)	96	196
Provision for the year	-	912
	<u>1,008</u>	<u>3,473</u>
Less: Payments during the year	1,008	2,561
Balance as on 30 June	<u>-</u>	<u>912</u>

7.2.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

8. ACCRUED MARK-UP

Long term financing	2,434	2,168
Short term borrowings	7,035	7,002
	<u>9,469</u>	<u>9,170</u>

9. SHORT TERM BORROWINGS

From banking companies - secured

Cash finances (Note 9.1 and 9.4)	115,570	131,334
Running finances (Note 9.2 and 9.4)	79,964	46,890
Other short term finances (Note 9.3 and 9.4)	56,803	36,225
	<u>252,337</u>	<u>214,449</u>

- 9.1 These form part of total credit facility of Rupees 400 million (2014: Rupees 450 million). Rate of mark-up ranges from 10.00% to 12.16% (2014: 10.93% to 12.17%) per annum.
- 9.2 These form part of total credit facility of Rupees 90 million (2014: Rupees 80 million). Rate of mark-up ranges from 9.95% to 12.19% (2014: 10.93% to 12.13%) per annum.
- 9.3 These form part of total credit facility of Rupees 395 million (2014: Rupees 90 million). Rate of mark-up ranges from 8.76% to 13.19% (2014: 11.96% to 12.44%) per annum.
- 9.4 These finances are secured against joint pari passu charge over fixed and current assets, pledge of stocks and lien on import / export documents. These are further secured by the personal guarantee of the directors of the Company.

10. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 18.605 million (2014: Rupees 18.605 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and to Faisalabad Electric Supply Company against electricity connection.
- ii) The Company is contingently liable for Rupees 0.601 million on account of Sindh infrastructure cess not acknowledged in view of pending appeal before appellate authorities. The related provision is not made in these financial statements in view of favourable outcome of the appeal.
- iii) Post dated cheques of Rupees Nil (2014: Rupees 0.529 million) are issued to customs authorities in respect of duties on imported material availed on the basis of consumption. If documents are not provided on due dates, cheques issued as security shall be encashable.

b) Commitments

- i) Letters of credit for capital expenditure are of Rupees 30.462 million (2014: Rupees 38.232 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 39.691 million (2014: Rupees Nil).

11. PROPERTY PLANT AND EQUIPMENT

	2015 (RUPEES IN THOUSAND)	2014
Operating fixed assets (Note 11.1)	565,771	524,105
Capital work-in-progress (Note 11.2)	54,041	35,519
	<u>619,812</u>	<u>559,624</u>

11.1 OPERATING FIXED ASSETS

	Freehold land	Buildings on freehold	Plant and machinery	Stand-by equipment	Electric installations	Factory equipment	Office equipment	Computers	Electric appliances	Furniture and fixtures	Vehicles	Total
RUPRES IN THOUSAND												
Cost	3,372	154,977	833,708	33,901	41,343	8,612	1,853	8,313	4,708	1,238	41,404	1,131,878
Accumulated depreciation	-	(52,485)	(167,113)	(16,541)	(23,652)	(3,833)	(833)	(2,925)	(2,301)	(831)	(18,036)	(316,602)
Net book value	3,372	102,492	666,595	17,360	17,691	4,779	1,020	5,388	2,407	407	23,368	815,276
Year ended 30 June 2014												
Opening net book value	3,372	76,109	344,368	14,590	20,571	2,079	818	1,404	2,402	366	23,368	616,008
Additions	-	-	91,770	8,506	2,068	200	-	181	328	11	12,307	14,389
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	(15,296)	(15,296)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	6,003	6,003
Depreciation charge	-	(7,811)	(38,436)	(3,345)	(2,157)	(313)	(82)	(481)	(245)	(11)	(9,293)	(49,293)
Closing net book value	3,372	68,481	379,918	21,122	21,384	2,566	736	1,104	2,484	356	22,152	624,105
At 30 June 2014												
Cost	3,372	154,977	865,447	40,306	44,200	7,102	1,853	9,474	5,036	1,247	36,505	1,100,989
Accumulated depreciation	-	(60,060)	(193,520)	(16,187)	(22,851)	(4,148)	(917)	(4,370)	(2,940)	(871)	(18,353)	(238,641)
Net book value	3,372	94,917	671,927	24,119	21,349	2,954	936	5,104	2,096	376	22,152	862,348
Year ended 30 June 2015												
Opening net book value	3,372	68,481	379,918	21,122	21,384	2,566	736	1,104	2,484	356	22,152	624,105
Additions	-	-	80,233	3,197	-	-	-	-	536	-	8,919	104,852
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	(2,136)	(2,136)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	1,172	1,172
Depreciation charge	-	(8,820)	(41,096)	(2,203)	(2,136)	(284)	(14)	(331)	(221)	(37)	(6,803)	(52,502)
Closing net book value	3,372	60,661	428,072	22,115	19,248	2,682	722	773	2,263	319	24,152	569,771
At 30 June 2015												
Cost	3,372	154,977	977,697	43,506	44,200	7,102	1,853	9,474	5,578	1,247	45,216	1,200,655
Accumulated depreciation	-	(94,316)	(349,625)	(19,391)	(24,952)	(4,461)	(911)	(4,571)	(2,821)	(911)	(21,066)	(427,894)
Net book value	3,372	60,661	628,072	24,115	19,248	2,641	942	4,903	2,757	336	24,152	772,761
Annual rate of depreciation (%)	-	10	10	6	50	16	10	30	10	10	30	

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

	2015	2014
	(RUPEES IN THOUSAND)	
Cost of sales (Note 22)	55,866	51,096
Administrative expenses (Note 24)	6,327	4,904
	<u>62,192</u>	<u>56,000</u>

11.1.2 Detail of operating fixed assets disposed of during the year is as follows:

Description	Qty.	Nos	(RUPEES IN THOUSAND)					Mode of disposal	Particulars of purchasers	
			Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain			
Vehicles										
Honda VT11E-11-300	1		2,076	1,119	957	1,800	843	Insurance claim	KGI Insurance Limited	
Suzuki Motorcycle 2077	1		60	53	7	10	3	Negotiation	Mr. Muhammad Amin, Ahmedabad, Faisalabad	
			2,136	1,172	964	1,810	846			

11.2 Capital work-in-progress

	2015	2014
	(RUPEES IN THOUSAND)	
Buildings on freehold land	17,712	-
Plant and machinery	36,329	35,319
	<u>54,041</u>	<u>35,319</u>

2015 **2014**
(RUPEES IN THOUSAND)

12. LONG TERM LOANS

Considered good:

Executive - secured (Note 12.1 and Note 12.2)

Other employees - secured (Note 12.2)

-	100
141	1,481
<u>141</u>	<u>1,581</u>

Less: Current portion shown under current assets (Note 17)

Executive

Other employees

-	100
90	752
90	852
<u>51</u>	<u>729</u>

12.1 Reconciliation of carrying amount of loans to executive:

Balance as on 01 July

Less: Repayments

Balance as on 30 June

100	230
100	130
<u>-</u>	<u>100</u>

12.1.1 Maximum aggregate balance due from executive at the end of any month during the year was Rupees 0.100 million (2014: Rupees 0.220 million).

12.2 These represent loans given to executive and other employees for meeting their personal expenditure and are secured against balance to the credit of employees in the staff retirement gratuity. These are recoverable in equal monthly installments.

12.3 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

13. LONG TERM DEPOSITS AND PREPAYMENTS

Security deposits

Prepayments

2,539	2,539
321	122
<u>2,860</u>	<u>2,661</u>

Less: Current portion shown under current assets (Note 18)

234	122
<u>2,626</u>	<u>2,539</u>

14. STORES, SPARE PARTS AND LOOSE TOOLS

Stores

Spare parts

Loose tools

16,016	9,846
13,080	13,467
130	119
<u>29,226</u>	<u>23,432</u>

	2015	2014
	(RUPEES IN THOUSAND)	
15. STOCK-IN-TRADE		
Raw materials (Note 15.1)	123,161	77,079
Work-in-process	18,174	16,547
Finished goods (Note 15.2)	87,806	140,881
	<u>229,141</u>	<u>234,507</u>

15.1 Raw materials include stock in transit of Rupees 14.107 million (2014: Rupees Nil).

15.2 Finished goods include stock in transit of Rupees Nil (2014: Rupees 2.292 million).

15.3 Stock-in-trade of Rupees 0.663 million (2014: Rupees 123.214 million) is being carried at net realizable value.

15.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees Nil (2014: Rupees 3.634 million).

16. TRADE DEBTS

Considered good:

Secured	16,412	-
Unsecured:		
- Related party (Note 16.1)	-	154
- Others (Note 16.2)	100,803	77,486
	<u>117,215</u>	<u>77,640</u>

16.1 This represented amount due from Lily Fabrics, a related party. As at 30 June 2014, this amount was past due but not impaired. The ageing analysis was as follows:

More than 6 months	<u>-</u>	<u>154</u>
--------------------	----------	------------

16.2 As at 30 June 2015, trade debts due from other than related parties of Rupees 66.490 million (2014: Rupees 15.510 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

Upto 1 month	26,039	9,568
1 to 6 months	36,678	1,672
More than 6 months	3,773	4,270
	<u>66,490</u>	<u>15,510</u>

2015 **2014**
(RUPEES IN THOUSAND)

17. LOANS AND ADVANCES

Considered good:

Employees - interest free

– Executives

424

-

– Other employees:

 Against expenses

97

796

 Against salary

1,424

16

1,521

812

1,945

812

Current portion of long term loans (Note 12)

90

852

Advances to suppliers / contractors (Notes 17.1)

4,699

12,368

Letters of credit

329

272

Income tax

22,950

25,030

30,013

39,334

17.1 These include Rupees 0.139 million (2014: Rupees Nil) due from Ideal Rice Industries (Private) Limited, a related party.

18. SHORT TERM DEPOSIT AND PREPAYMENTS

Deposit

40

-

Prepayments

24

122

Current portion of long term deposits and prepayments

234

-

298

122

19. OTHER RECEIVABLES

Considered good:

Sales tax refundable

15,018

24,428

Export rebate

74

75

Insurance claim

-

175

15,092

24,678

20. CASH AND BANK BALANCES

With banks:

On current accounts

23,630

31,447

On PLS saving accounts (Note 20.1)

30

35

23,660

31,482

Cash in hand

1,016

724

24,676

32,206

20.1 Rate of profit on bank deposits was 3.10% to 3.25% (2014: 3.75%) per annum.

	2015 (RUPEES IN THOUSAND)	2014
21. SALES		
Local (Note 21.1)	2,296,912	2,210,563
Export (Note 21.2)	71,460	72,023
Export rebate	31	60
	<u>2,368,403</u>	<u>2,282,646</u>
21.1 Local		
Yarn	1,954,207	2,010,032
Waste	12,871	16,765
Sizing income	15,045	7,072
Conversion income	358,362	218,003
Others	1,866	-
	<u>2,342,351</u>	<u>2,251,872</u>
Less: Sales tax	45,439	41,309
	<u>2,296,912</u>	<u>2,210,563</u>
21.2	Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 0.421 million (2014: Rupees 1.354 million) has been included in export sales.	
22. COST OF SALES		
Raw materials consumed (Note 22.1)	1,548,468	1,642,863
Salaries, wages and other benefits (Note 22.2)	190,113	172,511
Stores, spare parts and loose tools consumed	58,066	57,600
Packing materials consumed	31,939	28,905
Sizing materials consumed	26,747	21,393
Outside processing / conversion charges	12,468	1,648
Repair and maintenance	4,617	4,709
Fuel and power	246,028	240,566
Insurance	3,721	3,632
Other factory overheads	257	999
Depreciation (Note 11.1.1)	55,865	51,096
	<u>2,178,289</u>	<u>2,225,922</u>
Work-in-process		
Opening stock	16,547	12,480
Closing stock	(18,174)	(16,547)
	<u>(1,627)</u>	<u>(4,067)</u>
Cost of goods manufactured	<u>2,176,662</u>	<u>2,221,855</u>
Finished goods		
Opening stock	140,881	42,629
Closing stock	(87,806)	(140,881)
	<u>53,075</u>	<u>(98,252)</u>
Cost of sales - purchased for resale	<u>39,048</u>	<u>2,292</u>
	<u>2,268,785</u>	<u>2,125,895</u>

	2015	2014
	(RUPEES IN THOUSAND)	
22.1 Raw materials consumed		
Opening stock	77,079	129,788
Add: Purchased during the year	1,594,550	1,590,154
	1,671,629	1,719,942
Less: Closing stock	123,161	77,079
	1,548,468	1,642,863
22.2		
Salaries, wages and other benefits include staff retirement gratuity amounting to Rupees 11.383 million (2014: Rupees 7.866 million).		
23. DISTRIBUTION COST		
Outward freight and handling	2,073	1,578
Commission to selling agents	14,431	16,229
Salaries and other benefits	229	112
Vehicles' running	6	20
Travelling and accommodation	1,978	734
Postage and telephone	117	65
Fee and subscription	376	23
Entertainment	2	4
Insurance	11	71
Printing and stationery	7	30
Others	99	20
	19,329	18,886
24. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 24.1)	36,176	35,548
Directors' remuneration	3,225	3,615
Rent, rates and taxes	1,335	507
Legal and professional	16	117
Insurance	1,404	1,262
Traveling and conveyance	4,777	5,122
Vehicles' running	10,009	10,119
Entertainment	9,718	7,898
Auditors' remuneration (Note 24.2)	575	550
Advertisement	48	251
Postage and telephone	2,916	2,465
Electricity, gas and water	1,851	1,929
Printing and stationery	2,224	1,670
Repair and maintenance	1,010	451
Fee and subscription	1,782	1,628
Miscellaneous	779	1,919
Depreciation (Note 11.1.1)	6,327	4,904
	84,172	79,955

- 24.1** Salaries and other benefits include staff retirement gratuity of Rupees 2.735 million (2014: Rupees 2.220 million).

	2015	2014
	(RUPEES IN THOUSAND)	
24.2 Auditors' remuneration		
Audit fee	500	500
Half yearly review	75	50
	<u>575</u>	<u>550</u>

25. OTHER EXPENSES

Workers' profit participation fund	-	912
Trade debts written off	2,651	47
Loans and advances written off	-	63
Donations (Note 25.1)	141	18
	<u>2,792</u>	<u>1,040</u>

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

26. OTHER INCOME

Income from financial assets

Profit on deposits with banks	6	18
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Income from non-financial assets

Gain on sale of property, plant and equipment	646	157
Reversal of workers' welfare fund	-	212
Scrap sales	72	-
	<u>718</u>	<u>369</u>
	<u>724</u>	<u>387</u>

27. FINANCE COST

Mark-up on:

Long term financing	10,015	4,084
Short term borrowings	31,434	34,200
Interest on workers' profit participation fund (Note 7.2)	96	196
Bank charges and commission	1,741	2,055
	<u>43,286</u>	<u>40,535</u>

	2015 (RUPEES IN THOUSAND)	2014
28. TAXATION		
Charge for the year:		
Current (Note 28.1)	14,139	15,900
Prior year adjustment	<u>1,125</u>	<u>(4,694)</u>
	15,264	11,206
Deferred	(29,414)	1,334
	<u>(14,150)</u>	<u>12,540</u>

- 28.1** Provision for current taxation represents minimum tax on local sales and tax deducted against export sales under the relevant provisions of the Income Tax Ordinance, 2001. Tax losses available as at 30 June 2015 are Rupees 101.877 million (2014: Rupees Nil) including unabsorbed depreciation. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented, being impracticable.

29. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the (loss) / basic earnings per share which is based on:

	2015	2014
(Loss) / profit for the year (Rupees in thousand)	<u>(35,087)</u>	<u>4,182</u>
Weighted average number of ordinary shares (Numbers)	<u>9,920,000</u>	<u>9,920,000</u>
(Loss) / earnings per share (Rupees)	<u>(3.54)</u>	<u>0.42</u>

30. CASH GENERATED FROM OPERATIONS

(Loss) / profit before taxation	(49,237)	16,722
Adjustment for non-cash charges and other items:		
Depreciation	62,192	56,000
Gain on sale of property, plant and equipment	(646)	(157)
Provision for staff retirement gratuity	14,118	9,994
Profit on deposits with banks	(6)	(18)
Finance cost	43,286	40,535
Trade debts written off	2,651	47
Loans and advances written off	-	63
Reversal of workers' welfare fund	-	(212)
Provision for workers' profit participation fund	-	912
Working capital changes (Note 30.1)	(16,969)	(43,078)
	<u>55,389</u>	<u>80,808</u>

2015 2014
(RUPEES IN THOUSAND)

30.1 Working capital changes

(Increase) / decrease in current assets		
- Stores, spare parts and loose tools	(5,794)	3,819
- Stock-in-trade	5,366	(49,610)
- Trade debts	(42,226)	(26,713)
- Loans and advances	7,241	(6,726)
- Short term deposit and prepayments	(176)	158
- Other receivables	9,586	3,557
	<u>(26,003)</u>	<u>(75,515)</u>
Increase in trade and other payables	9,034	32,437
	<u>(16,969)</u>	<u>(43,078)</u>

31. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

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

	Chief Executive Officer		Director		Executives	
	2015	2014	2015	2014	2015	2014
	-----RUPEES IN THOUSAND-----					
Managerial remuneration	1,200	1,200	919	1,200	8,807	4,474
Allowances						
House rent	540	540	414	540	4,478	2,013
Utilities	60	60	17	60	911	-
Contribution to provident fund	-	-	-	-	-	28
	<u>1,800</u>	<u>1,800</u>	<u>1,350</u>	<u>1,800</u>	<u>14,196</u>	<u>6,515</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>9</u>	<u>7</u>

31.1 Chief Executive Officer, Director and certain executives are provided with Company maintained vehicles and are entitled to reimbursement of travelling expenses, electricity, gas and water bills.

31.2 Aggregate amount charged in the financial statements for meeting fee to one director was Rupees 75,000 (2014: Rupees 5,000).

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

32. NUMBER OF EMPLOYEES

	2015 (NUMBER OF PERSONS)	2014
Number of employees as on 30 June	1 004	1 045
Average number of employees during the year	1 020	1 032

33. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies / undertakings, other related parties 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 is as follows:

	2015 (RUPEES IN THOUSAND)	2014
Associated companies / undertakings:		
Fuel and power purchased	2,129	12,194
Purchase of goods	1,372	153
Purchase of services	12,073	-
Other related parties		
Loans obtained from directors	71,800	9,500
Loans repaid to directors	41,000	-
Company's contribution to Employees' Provident Fund Trust	-	92

34. PLANT CAPACITY AND ACTUAL PRODUCTION

		2015	2014
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1 095 shifts (2014: 1 095 shifts)	(Kgs.)	6 987 629	6 987 629
Actual production converted to 20s count based on 3 shifts per day for 1 095 shifts (2014: 1 095 shifts)	(Kgs.)	6 686 413	6 713 370
Weaving			
100 % plant capacity at 60 picks based on 3 shifts per day for 1 095 shifts (2014: 1 095 shifts)	(Sq.Mtr.)	21 407 986	18 712 577
Actual production converted to 60 picks based on 3 shifts per day for 1 095 shifts (2014: 1 095 shifts)	(Sq.Mtr.)	18 196 788	16 115 289

34.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity of Weaving segment is mainly due to gas supply shut down and normal maintenance.

35. SEGMENT INFORMATION

	Spinning		Weaving		Elimination of Inter-segment transactions		Total - Company	
	2015	2014	2015	2014	2015	2014	2015	2014
(RUPEES IN THOUSAND)								
Sales	1,972,856	2,034,848	401,684	292,388	(6,147)	(44,390)	2,368,403	2,282,846
Cost of sales	(1,920,260)	(1,932,160)	(354,672)	(238,125)	6,147	44,390	(2,268,785)	(2,125,895)
Gross profit	52,596	102,488	47,022	54,263	-	-	99,618	156,751
Distribution cost	(13,573)	(13,436)	(5,756)	(5,450)	-	-	(19,329)	(18,886)
Administrative expenses	(63,854)	(58,770)	(20,318)	(21,185)	-	-	(84,172)	(79,955)
	(77,427)	(72,206)	(26,074)	(26,635)	-	-	(103,501)	(98,841)
	(24,831)	30,282	20,948	27,628	-	-	(3,883)	57,910
Other income	724	268	-	119	-	-	724	387
Finance cost	(39,907)	(36,567)	(3,379)	(3,868)	-	-	(43,286)	(40,535)
(Loss) / profit before taxation and unallocated expenses	(64,014)	(6,017)	17,569	23,779	-	-	(46,445)	17,762
Unallocated expenses:								
Other expenses							(2,792)	(1,040)
Taxation							14,150	(12,540)
(Loss) / profit after taxation							(35,087)	4,182

35.1 Reconciliation of reportable segment assets and liabilities

Spinning		Weaving		Total - Company	
2015	2014	2015	2014	2015	2014

(RUPEES IN THOUSAND)

Total assets for reportable segments	750,308	670,611	317,842	324,200	1,068,150	994,811
Total liabilities for reportable segments	543,382	411,758	177,311	216,141	720,693	627,899
Unallocated liabilities:						
Provision for taxation					14,139	15,900
Deferred income tax liability					62,791	92,205
Total liabilities as per balance sheet					797,623	736,004

35.2 Geographical Information

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

	2015	2014
	(RUPEES IN THOUSAND)	
Europe	27,858	72,083
Asia	10,518	-
America	33,114	-
Pakistan	2,296,912	2,210,563
	<u>2,368,403</u>	<u>2,282,646</u>

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

35.4 Revenue from major customers

There was no major customer of both of the segments of the Company during the year (2014: Nil).

36. FINANCIAL RISK MANAGEMENT

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

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from United States Dollar (USD). The Company's exposure to currency risk was as follows:

	2015	2014
Trade debts - USD	161,694	-

Following exchange rates were applied during the year:

Rupees per US Dollar

Average rate	101.39	102.70
Reporting date rate	101.50	98.55

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on (loss) / profit after taxation for the year would have been Rupees 0.820 million (2014: Rupees Nil) lower / higher, mainly as a result of exchange gain / loss on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(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 commodity price risk.

(iii) Interest rate risk

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

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

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

	2015 (RUPEES IN THOUSAND)	2014
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	30	35
Financial liabilities		
Long term financing	130,806	76,532
Short term borrowings	252,337	214,449

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

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, (loss) / profit after taxation for the year would have been Rupees 3.831 million higher / lower (2014: Rupees 2.709 million lower / higher), mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet date were outstanding for the whole year.

(b) Credit risk

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

	2015 (RUPEES IN THOUSAND)	2014 (RUPEES IN THOUSAND)
Loans and advances	1,989	1,597
Deposits	2,579	2,539
Trade debts	117,215	77,640
Other receivables	-	175
Bank balances	23,660	31,482
	<u>145,443</u>	<u>113,433</u>

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 IN THOUSAND)	
Banks					
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	151	52
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	209	2,154
Meezan Bank Limited	A-1+	AA	JCR-VIS	718	303
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,371	5,223
MCB Bank Limited	A1+	AAA	PACRA	2,837	3,012
Allied Bank Limited	A1+	AA+	PACRA	37	222
United Bank Limited	A-1+	AA+	JCR-VIS	41	712
Faysal Bank Limited	A1+	AA	PACRA	1,144	40
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,060	187
Habib Bank Limited	A-1+	AAA	JCR-VIS	53	1,237
Askari Bank Limited	A-1+	AA	JCR-VIS	24	2,695
Bank Alfalah Limited	A1+	AA	PACRA	62	7,375
Bank Al-Habib Limited	A1+	AA+	PACRA	52	4
The Bank of Punjab	A1+	AA-	PACRA	14,853	8,208
Bank Islami Pakistan Limited	A1	A+	PACRA	1	17
Soneri Bank Limited	A1+	AA-	PACRA	22	14
The Bank of Khyber	A-1	A	JCR-VIS	25	27
				23,660	31,482

The Company's exposure to credit risk related to trade debts is disclosed in Note 16.

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 counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2015, the Company had Rupees 632.663 million (2014: Rupees 405.551 million) available borrowing limits from financial institutions and Rupees 24.801 million (2014: Rupees 32.206 million) cash and bank balances. Management believes the liquidity risk to be low. Followings are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables 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 years	More than 2 years
RUPEES IN THOUSAND						
Non-derivative financial liabilities:						
Long term financing	287,563	305,500	28,597	13,734	39,194	223,975
Trade and other payables	130,519	130,519	130,519	-	-	-
Accrued mark-up	9,469	9,469	9,469	-	-	-
Short term borrowings	252,337	258,541	258,541	-	-	-
	<u>679,888</u>	<u>704,029</u>	<u>427,126</u>	<u>13,734</u>	<u>39,194</u>	<u>223,975</u>

Contractual maturities of financial liabilities as at 30 June 2014:

Non-derivative financial liabilities:						
Long term financing	249,297	264,253	15,811	39,522	172,804	38,116
Trade and other payables	124,965	124,965	124,965	-	-	-
Accrued mark-up	9,170	9,170	9,170	-	-	-
Short term borrowings	214,449	241,036	132,404	109,532	-	-
	<u>597,881</u>	<u>640,324</u>	<u>282,350</u>	<u>149,054</u>	<u>172,804</u>	<u>38,116</u>

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 4 and Note 9 to these financial statements.

Carrying amount of long term financing as at 30 June 2015 includes overdue installments of principal amounting to Rupees 7.268 million (2014: Rupees 6.492 million).

36.2 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.

36.3 Financial instruments by categories

	Loans and receivables	
	2015	2014
(RUPEES IN THOUSAND)		
Assets as per balance sheet		
Loans and advances	1,989	1,597
Deposits	2,579	2,539
Trade debts	117,215	77,640
Other receivables	-	175
Cash and bank balances	24,676	32,206
	<u>146,459</u>	<u>114,157</u>
Financial liabilities at amortized cost		
	2015	2014
(RUPEES IN THOUSAND)		
Liabilities as per balance sheet		
Long term financing	287,563	249,297
Trade and other payables	130,519	124,965
Accrued mark-up	9,469	9,170
Short term borrowings	252,337	214,449
	<u>679,888</u>	<u>597,881</u>

36.4 Offsetting financial assets and financial liabilities

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

36.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represents long term financing and short term borrowings obtained by the Company as referred to in Note 4 and Note 9 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

		2015	2014
Borrowings	(Rupees in thousand)	539,900	463,746
Total equity	(Rupees in thousand)	270,527	258,807
Total capital employed	(Rupees in thousand)	<u>810,427</u>	<u>722,553</u>
Gearing ratio	(Percentage)	<u>65.62</u>	<u>64.18</u>

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

37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on October 07, 2015 by the Board of Directors of the Company.

38. CORRESPONDING FIGURES

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

39. GENERAL

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


AMIR SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR

**PATTERN OF SHAREHOLDINGS
AS ON 30- 06-2015**

TYPE OF SHARE HOLDERS		NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD
1	100	628	53792
101	500	670	293892
501	1000	89	83668
1001	5000	95	243020
5001	10000	13	102050
10001	20000	6	87306
20001	25000	1	22000
25001	30000	1	30000
30001	40000	3	110274
40001	45000	2	81000
45001	55000	1	52000
60001	65000	1	60176
85001	115000	2	212200
160001	175000	1	174678
310001	660000	3	1595042
660001	770000	3	2148000
840001	940000	5	4570902
TOTAL =====>>		1,524	9,920,000

Categories of Shareholding
As at June 30, 2015

Categories of Shareholding	Numbers	Shares held	Percentage (%)
Associated companies, Undertakings and Related Parties NIT and ICP	6	721684	7.28
Directors, Chief Executive & their Spouse and Adult Children			
Mr. Muhammad Saeed Sheikh (Chairman)	2	936646	9.44
Spouse and Adult Children	2	212200	2.14
Mr. Amjad Saeed (Chief Executive)	2	936878	9.44
Adult Children	1	931300	9.39
Mrs. Rubina Amjad (Director)	2	930000	9.38
Mr. Umar Saeed (Director)	2	935000	9.43
Mr. Khizar Saeed (Director)	1	935000	9.43
Mr. Ahsan Saeed (Director)	1	930876	9.38
Executives			
Public Sector Companies and Corporations			
Banks, Development Finance Institutions,	1	369	0.00
Non - Banking Finance Institutions,			
Joint Stock Companies	7	32900	0.33
Insurance Companies, Modaraba and Mutual Funds			
Individuals	1497	2417147	24.37
Others			
Total	1524	9920000	100.00

Statement showing shares bought and sold by directors, CEO, CFO,
Company secretary and the minor family members
from 01 July 2014 to 30 June 2015

S.NO	Name	Designation	Shares bought	Shares sold
1	Mr. Mohammad Saeed Sheikh	Chairman		
2	Mr. Amjad Saeed	Chief Executive		
3	Mrs. Rubina Amjad	Director		
4	Mr. Omer Saeed	Director		
5	Mr. Khizar Saeed	Director		
6	Mr. Ahsan Saeed	Director		
7	Muhammad Asif	Director NIT		
8	Mr. M. Pervaiz Akhtar	Chief Financial Officer		
9	Mr. Muhammad Nadeem	Company Secretary		

IDEAL SPINNING MILLS LIMITED
Room No. 404-405, 4th Floor, Business Centre,
Mumtaz Hassan Road, Karachi.

PROXY FORM

I/We _____ of _____
_____ being member(s) of IDEAL SPINNING MILLS LIMITED holding
_____ ordinary shares as per Registered Folio/CDC A/c No. _____
hereby appoint _____ Folio/CDC Account No. _____
of _____ CNIC/Passport No. _____ or failing whom
_____ Folio/CDC Account No. _____ of _____
CNIC/Passport No. _____ of _____ (being member of the
Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the
27th Annual General Meeting of the Company to be held on October 31, 2015 and/or any
adjournment thereof.

Signed this _____ day of _____ 2015.

Witnesses:

1. Signature _____
Name _____
Address _____
CNIC _____

Signature on
Rs.5/-
Revenue Stamps

Signature _____

2. Signature _____
Name _____
Address _____
CNIC _____

(Signature must agree with the specimen
signature registered with the Company)

CNIC or Passport No. _____

Notes:

1. This form of proxy, duly completed and signed, must be deposited at the Company's Registered Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the Member is a Corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a Member.

For CDC Account Holders/Corporate Entities:

In addition to the above, following requirements have to be met:

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC or passport Numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- (iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.