
CONTENTS

COMPANY INFORMATION	2
VISION AND MISSION STATEMENT	3
NOTICE OF ANNUAL GENERAL MEETING	4
DIRECTORS' REPORT	5
KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEAR	9
STATEMENT OF COMPLIANCE	10
(WITH THE CODE OF CORPORATE GOVERNANCE)	
REVIEW REPORT TO THE MEMBERS	12
ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	
AUDITORS' REPORT	13
BALANCE SHEET	15
PROFIT & LOSS ACCOUNT	16
STATEMENT OF COMPREHENSIVE INCOME	17
STATEMENT OF CHANGES IN EQUITY	18
STATEMENT OF CASH FLOWS	19
NOTES TO THE FINANCIAL STATEMENTS	20
PATTERN OF SHAREHOLDING	41
FORM OF PROXY	43



COMPANY INFORMATION

CHAIRMAN/CHIEF EXECUTIVE	Mr. Khawar Almas Khawaja
DIRECTORS	Mr. Khawar Almas Khawaja Mr. Dilshad Ali Mrs. Nighat Khawar Mrs. Zulaibia Andleeb Mr. Muhammad Alamgir Mr. Abid Hussain Mr. Basim Dilshad
AUDIT COMMITTEE	
Chairman	Mr. Abid Hussain
Member	Mr. Khawar Almas Khawaja
Member	Mr. Basim Dilshad
CHIEF FINANCIAL OFFICER	Miss. Sana Ashfaq
COMPANY SECRETARY	Mr. Ralph Nazir Ullah
LEGAL ADVISOR	Mr. Javaid Hussain Shah (Javaid Shah Law Firm)
AUDITORS	HLB Ijaz Tabussum & Co. Chartered Accountants Lahore.
INTERNAL AUDITORS	Awan & Co. Chartered Accountants Lahore.
SHARES REGISTRAR	Corplink(Pvt) Ltd. Lahore
BANKERS	National Bank of Pakistan Standard Chartered Bank Ltd. Bank Alfalah Limited. Meezan Bank Limited. Habib Metropolitan Bank Ltd.
REGISTERED OFFICE	Changa Manga Road, Wan Adhan Pattoki, Kasur.
TELEFAX	049-4528188
TELEPHONE	049-4528177, 049-4528099
E.MAIL	accounts@hamid-textile.com sales@hamid-textile.com corporate@hamid-textile.com



VISION

To be one of the leaders in textile sector by producing quality products according to Customer's specification.

MISSION

- Our mission is to continuously improve our products and serve our customers.
- Provide quality products and services to our customers mainly engaged in the manufacturing of textile products and made-ups.
- Keeping pace with the rapidly changing technology by continuous balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Provide a professional open and participation environment to our dedicated employee for developing their potential and team performance.
- Protecting the environment and contribution towards the economic strength of the country and function as a good corporate citizen.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 29th Annual General Meeting of Hamid Textile Mills Limited will be held on Monday October 31, 2016 at 11:00 A.M at registered office of the Company, Changa Manga Road, Wan Adhan, Pattoki, Kasur to transact the following business:-

ORDINARY BUSINESS

1. To confirm the Minutes of 28th Annual General Meeting of the shareholders held on Saturday, October 31, 2015.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2016 together with the Directors and Auditors reports thereon.
3. To appoint auditors and fix their remuneration M/S HLB IJAZ TABUSSUM & CO. Chartered Accountants Lahore, being eligible offer themselves as auditors for the next financial year ending June 30, 2017.
4. Directors election is going to be held on this AGM to elect the seven directors as fixed by board of directors for the term of three years, commencing from October 31, 2016 in accordance with the provisions of section 178 of the Companies ordinance 1984.

The following directors are retiring from the office.

- | | |
|-----------------------------|--------------------------|
| 1) Mr. Khawar Almas Khawaja | 2) Mrs. Nighat Khawar |
| 3) Mr. Dilshad Ali | 4) Mrs. Zulaibia Andleeb |
| 5) Mr. Muhammad Alamgir | 6) Mr. Basim Dilshad |
| 7) Mr. Abid Hussain | |

All the retiring directors are consenting for re-election.

5. To transact any other business with the permission of the Chairman

By Order of the Board

Ralph Nazir Ullah
Company Secretary

Lahore
October 07, 2016

Notes:

1. The share transfer books of the Company will remain closed from October 24, 2016 to October 31, 2016 (both days inclusive)
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her. Proxy in order to be effective must be received at the company registered office not less than 48 hours before the meeting and must be duly stamped, signed and witnessed through their original CNIC/Passport and providing a copy their.
3. Proxy in order to be effective must be received at the company registered office not less than 48 hours before the meeting and must be duly stamped, signed and witnessed through their original CNIC/Passport and providing a copy their.
 - (i) Shareholders are advised to notify any change on their address.

DIRECTORS' REPORT OF THE MEMBERS

The board of directors of your company is pleased to present the 29th Annual Report and Audited Financial Statement of the Company for the year ended on June 30, 2016 along with auditors' report thereon.

PERFORMANCE OF THE COMPANY

The salient feature of the company operational performance for the year under review is summarized as follow:

	2016 Rupees	2015 Rupees
Sales	90,100,736	178,751,304
Gross Profit/(Loss)	(17,685,862)	(4,580,648)
Operating Loss	(27,477,387)	(15,277,640)
Finance Cost	(259,524)	(323,120)
Profit/ (Loss) before taxation	(27,718,331)	(15,521,566)
Taxation	19,899,724	11,884,058
Profit/ (Loss) after taxation	(7,818,607)	(3,637,508)
Earnings/ (Loss) per share-basic	(0.59)	(0.27)

The company has achieved turnover Rs. 90.100 million as compared with last financial year turnover of Rs. 178.751 million. The turnover decreased by 50% as compared with the last year. The decrease in sales due to declined demand of yarn and fabric in export market and as well as in domestic market. However, the overall performance of the company was not satisfactory due to the captioned below reasons:-

- The overall country's textile sector's export declined by 7.42% during the just concluded fiscal year as compared to last fiscal year of 2014-15, company's manufacturing facility consist on spinning and weaving it is witnessed that the export of yarn declined by 31% and cotton cloth's export declined by 18%, our company mainly deals in coarse count of yarn and canvas fabric and it recorded declined in their export by 43.33% during the fiscal year. The local demand also effected due to above stated reason.
- Domestically Pakistan is facing the problems of shortage of electricity, gas and the deteriorating law and order situation. The unscheduled and scheduled load shedding has major impact on cost of input which remains high along with increase in tariff rates obstructed the viability of the textile industry as the exporters are unable to meet their commitments, and are unable to compete on competitive prices in foreign market.
- Significant decline in domestic sales caused by increase in imports of yarn from China, India and Bangladesh by the domestic buyer, one of the reason behind this is that the foreign supplier's cost of manufacturing is lower than domestic manufacturer , as their governments facilitates their manufacturers in all ways and although import duty has been increased by our government as compared to last fiscal year on such imported products, but on the other hand their government offered export rebates to their manufacturers, thus created oversupply of yarn and fabric in domestic market thus squeezing the margin across the board.
- The spinning section of the mill was closed for about 2 months, due to closure of section, the productivity reduced by 31%
- The working capital facilities granted by the banks which were expired and the same were not renewed by the banks. Due to shortage of working capital faced by the company, the company



could not operated at optimum production capacity level. However, company during the year was shifted to its operation by procuring raw material as compared with using conversion basis option last year.

The overall performance of the company was not satisfactory due to the above stated facts coupled with energy crises prevailing in the country. However, keeping in view the financial constraints and other factors beyond the management control, the management has opted for alternate plan to make the unit operative.

FUTURE PROSPECTS:

In the current scenario, the revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country.

Pakistan is the fourth largest producer and third largest consumer of cotton, in addition to being one of the largest exporter of cotton yarn in the world. Cotton sector along-with textile and apparel industry, account for 11 percent of the country GDP and 57 percent of the country's export value, while employing 45 percent of the industrial work force. An Important sector for the local economy and future prospects for country linked with the progress of textile chain, hence, will remain in focus for all stakeholders.

Declining exports and uncertain political and security situation are big challenges for the government. Despite several positive steps, including interest rate reduction, zero- rating of textile sector, the overall impact of these on economy at large remain to be seen in short, the current macro- economic scenario is not very amicable. Further, slump in overseas high- street demand also remains a cause of concern.

To counter this challenging economic situation, cost effectiveness, niche marketing, product and customer development are the essential tools to remain competitive domestically and internationally. The efforts on marketing side especially focused on international brands and technical textiles, will ensure increased revenue and better margin. On the cost side, better supply-chain management for raw materials and innovation in production processes shall remain pivotal parts of the strategy. The current order book of the company is healthy and therefore, the management is confident that the company shall be able to improve its operational performance, going forward.

The prices of textile products in general are expected to remain stable. The cost and availability of energy remains the biggest challenge for the company. Higher inflation in the Country is another cause of concern resulting in increase in cost of production and damaging the competitiveness of local product in the international market.

The business outlook is very challenging due to persistent energy crises in the country and law and order prevailing uncertainty. The operation of the textile mill without proper working capital facilities is a difficult task and to overcome such financial constraints, the management has been working operational on both its own production as well as partially on conversion basis to avoid cash losses. The management expects that with this alternate option, the company would be able to operate the mill at a maximum capacity to satisfy the customers.

Further, the management is contributing funds for working capital through its sources as without successful negotiation for settlement of existing loaning with the major lender National Bank of Pakistan for restructuring or payment thereof, no working capital facilities from any bank can be arranged. The management is confident and hopeful that the efforts for restructuring and renewal of the financial limits would be succeeded in next foreseeable future and then, the operation of the mill shall be run on optimum production capacity level.



The management of the company is determined to turn the unit as viable, operative and profitable unit by improving cost effective measures and cost saving efforts in future.

AUDITORS' REPORT QUALIFICATIONS:-

I. Going Concern Assumption

The auditors have issued adverse audit opinion for the going concern assumption by stating the factors which may raise significant doubts about the company's ability to continue as going concern; we hereby submit that the factors enumerated as above, are temporary and management is making concentrated efforts to reverse the same and this is event from the financial results that the company achieve gross profit margin without considering the accounting depreciation is 13.48% as compared with last year 15.75%. The company is very much alive and is continuously operating despite non renewal of working capital limits from the bank. The company's the overall assets against total liability exceeds by Rs. 248 million which means that the company will be able to discharge its liabilities, whereas, the bank principal liability is Rs.74.185 million and therefore, once the settlement is achieved with the NBP and the account becomes regular, the company shall be able to arrange the working capital as well from any bank or financial institution.

CODE OF CORPORATE GOVERNANCE

As required by the Code of Corporate Governance the Directors are pleased to report that;

- a) The financial statements, prepared by the management fairly present its state of affairs, the result of its operations cash flows and changes in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparing financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is designed, strongly emphasized and has been effectively implemented and monitored.
- f) There are no significant doubts upon the company's ability to continue as a going concern, however, uncertain circumstances are discussed in note 1.2 of notes to the accounts. The company has sound potentials to continue as going concern.
- g) There has been no material departure from the best practices of Code of Corporate Governance, as defined in the listing regulations.
- h) We have prepared and circulated Statement of Ethics and Business Strategy among directors and employees.
- i) The company has sustained loss during the year therefore has not declared any dividend or bonus for the year.
- j) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding except as disclosed in the accounts.



- k) No trade in shares of **Hamid Textile Mills Ltd** has been carried out by its directors, CEO, CFO, Company secretary and their spouses and minor children during the year.
- l) Key operating ratios and financial results of the company for the last six years are annexed.
- m) The company operates an un-funded gratuity scheme for its employees.
- n) During the year Nine board meetings were held. Attendance by each director is appended below:-

Name of Director	Number of Meetings Attended
1. Mr. Khawar Almas Khawaja	06
2. Mr. Muhammad Shahzad Sharif	01
3. Mrs. Nighat Khawar	06
4. Mr. Muhammad Alamgir	06
5. Mr. Muhammad Idrees	05
6. Mr. Abid Hussain	08
7. Mr. Mian Haseeb Iftikhar	01
8. Mr. Dilshad Ali	06
9. Mrs. Zulaibia Andleeb	06
10. Mr. Basim Dilshad	01

AUDIT COMMITTEE

The audit committee comprising of following members:-

Mr. Abid Hussain	Chairman
Mr. Khawar Almas Khawaja	Member
Mr. Basim Dilshad	Member

AUDITORS

The auditors of the company M/s HLB Ijaz Tabussum & Co. Chartered Accountants, Lahore retire and being eligible offer themselves for re-appointment for the year ending June 30, 2017.

PATTERN OF SHAREHOLDING

The pattern of shareholding for the year ending June 30, 2016 is annexed to this report.

VOTE OF THANKS

The directors wish to place on record their appreciation of the hard work and efforts made by the workers and staff and look forward that they will continue to make their best contribution in the future of the company.

On behalf of Board

Dilshad Ali

Director

Date: October 07, 2016



KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Profit and Loss account	2016	2015	2014	2013	2012	2011
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Sales	90,100,736	178,751,304	251,941,812	136,879,520	116,766,735	313,790,748
Cost of sales	(107,786,598)	(183,331,952)	(250,581,826)	(136,491,952)	(125,296,669)	(325,482,164)
Gross Profit/(Loss)	(17,685,862)	(4,580,648)	1,359,986	387,568	(8,529,934)	(11,691,416)
Operating Expenses						
- Distribution cost	(262,692)	(460,715)	(607,172)	(255,803)	(771,862)	(2,790,629)
- Administrative expenses	(9,528,833)	(10,236,277)	(9,316,039)	(9,681,573)	(9,492,144)	(11,173,383)
- Other operating expenses	-	-	-	-	-	-
	(9,791,525)	(10,696,992)	(9,923,211)	(9,937,376)	(10,264,006)	(13,964,012)
Other Operating income	18,580				204,562	19,835
Operating Profit/ (Loss)	(27,458,807)	(15,277,640)	(8,563,225)	(9,549,808)	(18,589,378)	(25,635,593)
Finance cost	(259,524)	(323,120)	(1,263,565)	(2,846,590)	(10,715,589)	(12,272,227)
	(259,524)	(323,120)	(1,263,565)	(2,846,590)	(10,715,589)	(12,272,227)
Profit/(Loss) before derecognition of financial liabilities	(27,718,331)	(15,600,760)	(9,826,790)	(12,396,398)	(29,304,966)	(37,907,820)
Derecognition of financial liabilities	-	-	-	12,833,838	4,974,048	26,695,379
Profit/(Loss) before taxation	(27,718,331)	(15,600,760)	(9,826,790)	437,440	(24,330,918)	(11,212,441)
Taxation	19,899,724	11,884,058	(23,577,198)	71,624,390	(1,276,783)	(3,138,106)
Profit/(Loss) after taxation	(7,818,607)	(3,716,703)	(33,403,989)	72,061,829	(25,607,701)	(14,350,547)
Balance Sheet						
Share Capital	132,716,000	132,716,000	132,716,000	132,716,000	132,716,000	132,716,000
Accumulated loss	(255,206,176)	(264,146,890)	(278,841,312)	(264,024,031)	(479,686,920)	(460,957,769)
Net worth	(122,490,176)	(131,430,890)	(146,125,312)	(131,308,031)	(346,970,920)	(328,241,769)
Long term liabilities	52,994,278	74,248,886	78,678,297	60,197,547	233,890,194	236,881,615
Current liabilities	193,902,146	204,513,165	218,070,824	194,272,304	258,149,099	249,238,125
	246,896,424	278,762,051	296,749,121	254,469,851	492,039,293	486,119,740
Property, plant and equipment	415,700,484	445,743,474	482,466,874	514,787,145	231,716,091	245,239,714
Long term deposits	-	-	-	-	-	-
Current assets	77,349,815	87,240,458	71,607,727	30,432,331	44,187,227	50,351,753
	493,050,300	532,983,932	554,074,601	545,219,476	275,903,318	295,591,467
Key Financial Ratios						
Gross profit/(Loss) ratio (%)	(19.63)	(2.56)	0.54	0.28	(7.31)	(3.73)
Operating profit ratio (%)	(30.48)	(8.5)	(3.40)	(6.98)	(16.10)	(8.18)
Net profit/(Loss) ratio (%)	(8.68)	(2.08)	(13.26)	52.65	(21.93)	(4.57)
Current ratio	0.40	0.43	0.33	0.16	0.17	0.20
Leverage (Total liabilities/Net worth)	(2.02)	(2.12)	(2.03)	(1.94)	(1.42)	(1.48)
Earning per share (Rs./share)	(0.59)	(0.28)	(2.52)	5.43	(1.93)	(1.08)



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19 of listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

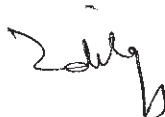
Category	Names
Executive Directors	Mr. Khawar Almas Khawaja Mr. Dilshad Ali
Non-Executive Directors	Mrs. Nighat Khawar Mrs. Zulaibia Andleeb Mr. Muhammad Alamgir Mr. Basim Dilshad
Independent Director	Mr. Abid Hussain

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. Five directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. Three Casual vacancies occurred in the Board of Directors of the Company during the financial year ended on June 30, 2016.
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 decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by CEO and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. During the year no new appointment of CFO, Internal Auditor and Legal Advisor, except for Company secretary & share registrar. The remuneration of the above officers was as per company policy approved by the board.
10. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.



11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Directors, CEO and Executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The Board has formed an audit committee. It comprises three members, majority of them are non-executive directors and the chairman of the committee is also Independent-director.
15. The meeting of the audit committee held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have formed and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. It comprises three members, of whom one is non-executive director and the chairman of the committee is a non-executive director
17. The Board has set-up an effective internal audit function and appointed M/s Awan & Co, Chartered Accountants Lahore to perform the function.
18. The statutory auditors of the company has confirmed that they have been given a satisfactory rating under the quality 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 the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).
19. The statutory auditors or the person 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.
20. 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.
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
22. We confirm that all other material principles contained in the CCG have been complied with.

Dated: October 07, 2016


On behalf of the Board
Director



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **HAMID TEXTILE MILLS LIMITED** ("the Company") for the year ended 30, June 2016, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee place before the Board of Directors for their consideration and approval 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were taken at arms' 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2016.

HLB IJAZ TABUSSUM & CO.

Chartered Accountants

Engagement Partner:

Muhammad Aslam Tabussum

Dated: October 07, 2016

Place: Lahore



Auditors' Report to the Members

We have audited the annexed balance sheet of HAMID TEXTILE MILLS LIMITED as at June 30, 2016 and the related Profit and Loss account, statement of comprehensive income, statement of cash flows 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 purpose of our audit.

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

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

- I. Company is earning gross loss and net loss before tax amounting to RS. = 17.686 million & RS. = 27.718 million respectively thus causing a net capital deficiency of Rs.122.490 million. Current liabilities have exceeded the current assets by RS. = 116.552 million. Borrowing Facility from National Bank Limited expired since 2008 has neither been amended nor re-scheduled ever since. Furthermore company did not provide us any plan till date of this report which could satisfy us that it has any design/ plan to functionally revive the Company. The said conditions indicate a material uncertainty which may cast a significant doubt on the Company's ability to continue as going concern, whereas despite of all these negative facts the financial statement are prepared on going concern basis, as explained in note 1.2 to the accounts.

Except for the contents of the preceding paragraph and the extent to which these affect the annexed financial statements:-

- (a) In our opinion, proper books of accounts 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) Owing to the significance of matters as discussed in our observation in paragraphs above, 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 cash flows, statement of comprehensive income and statement of changes in equity together with the notes forming part thereof do not give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the losses, its cash flows and the changes in equity for the year then ended; and
- (d) In our opinion, no zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

matabussum;

HLB IJAZ TABUSSUM & CO.
Chartered Accountants

Dated: October 07, 2016
Place: Lahore

Audit Engagement Partner:
Muhammad Aslam Tabussum (FCA)



BALANCE SHEET AS AT JUNE 30, 2016

ASSETS	Note	JUNE, 30 2016 Rupees	JUNE, 30 2015 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	415,700,484	445,743,474
CURRENT ASSETS			
Stores, spares and loose tools	5	10,795,012	9,147,992
Stock in trade	6	36,658,518	12,728,436
Trade debts	7	22,629,949	58,370,376
Loans and advances	8	3,497,025	1,837,072
Trade deposits and short term prepayments	9	202,308	784,569
Tax refunds due from the Government	10	1,833,731	1,710,635
Cash and bank balances	11	1,733,273	2,661,378
		<u>77,349,816</u>	<u>87,240,458</u>
		<u>493,050,300</u>	<u>532,983,932</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
15,000,000 shares (2015: 15,000,000) of Rs. 10/= each		<u>150,000,000</u>	<u>150,000,000</u>
Issued subscribed and paid up capital	12	132,716,000	132,716,000
Accumulated loss		(255,206,176)	(264,146,890)
		(122,490,176)	(131,430,890)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	13	368,644,052	385,652,771
NON-CURRENT LIABILITIES			
Long term loan from Banking Companies - secured	14	-	-
Long term loan from related parties - unsecured	15	41,247,563	43,088,615
Deferred liabilities	16	11,746,715	31,160,271
		52,994,278	74,248,886
CURRENT LIABILITIES			
Trade and other payables	18	80,142,606	87,816,145
Accrued mark-up	19	34,839,787	34,839,787
Short term borrowings	20	26,362,402	28,099,882
Current & overdue portion of long term liabilities	21	52,557,351	53,757,351
		193,902,146	204,513,165
CONTINGENCIES AND COMMITMENTS	22	-	-
		<u>493,050,300</u>	<u>532,983,932</u>

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

Statement under section 241(2) of Companies Ordinance 1984

At the time of the meeting of the board of directors the Chief Executive was not in Pakistan, as such these financial statements, as approved by board of directors, have been signed by two directors


 DIRECTOR


 DIRECTOR



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	JUNE 2016 Rupees	JUNE 2015 Rupees
Sale - (Net)	23	90,100,736	178,751,304
Cost of sales	24	<u>(107,786,598)</u>	<u>(183,331,952)</u>
Gross Profit/(Loss)		(17,685,862)	(4,580,648)
- Distribution Cost	25	262,692	460,715
- Administrative Expenses	26	9,528,833	10,236,277
		<u>(9,791,525)</u>	<u>(10,696,992)</u>
Operating loss		(27,477,387)	(15,277,640)
Other income	27	18,580	79,194
Finance Cost	28	<u>(259,524)</u>	<u>(323,120)</u>
		(27,718,331)	(15,521,566)
Taxation	29	<u>19,899,724</u>	<u>11,884,058</u>
(Loss)/ profit after taxation carried to statement of comprehensive income		<u><u>(7,818,607)</u></u>	<u><u>(3,637,508)</u></u>
(Loss) / Earning Per Share - Basic	30	<u><u>(0.59)</u></u>	<u><u>(0.27)</u></u>

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	JUNE 2016 Rupees	JUNE 2015 Rupees
PROFIT / (LOSS) FOR THE PERIOD	(7,818,608)	(3,637,508)
Items that will not be reclassified to profit or loss		
Gain / (Loss) on remeasurement of staff retirement benefit obligation	(249,397)	533,909
	(249,397)	533,909
Items that may be reclassified subsequently to profit or loss:		
Incremental Depreciation on revalued assets	25,012,822	26,564,212
Related deferred tax	(8,004,103)	(8,766,190)
	17,008,719	17,798,022
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8,940,714	14,694,423

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Accumulated Loss	Surplus on Revaluation of Fixed Assets	Total
(Amounts in Rupees)				
Balance as at July 01, 2014	132,716,000	(278,841,313)	403,450,793	257,325,480
Total Comprehensive income for the year (restated)	-	14,694,423	-	14,694,423
De-recognition of Financial Liability	-	-	-	-
Revaluation Surplus	-	-	-	-
Incremental Depreciation effect (net of deferred tax)			(17,798,022)	(17,798,022)
Balance as on June 30, 2015	132,716,000	(264,146,890)	385,652,771	254,221,881
Total Comprehensive income for the year	-	8,940,714	-	8,940,714
Incremental Depreciation effect (net of deferred tax)			(17,008,719)	(17,008,719)
Balance as on June 30, 2016	132,716,000	(255,206,176)	368,644,052	246,153,876

Statement under section 241(2) of Companies Ordinance 1984

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 DIRECTOR


 DIRECTOR



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/ profit before taxation		(27,718,331)	(15,521,566)
ADJUSTMENTS			
Depreciation		30,061,570	33,727,594
Provision/ (Reversal) for gratuity		1,386,060	1,531,121
Profit on disposal of fixed assets		(18,580)	(79,194)
Finance cost		259,524	323,120
		<u>31,688,574</u>	<u>35,502,641</u>
Operating profit before adjustment of working capital		3,970,243	19,981,075
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(1,647,020)	420,932
Stock in trade		(23,930,082)	(3,813,297)
Trade debts		35,740,427	(12,079,754)
Loans and advances		(1,659,952)	3,199,111
Trade deposits and short term prepayments		582,261	(39,075)
Tax refunds due from the Government		(123,096)	(916,461)
		<u>8,962,538</u>	<u>(13,228,543)</u>
Increase/(decrease) in current liabilities:			
Trade and other payables		(6,419,188)	(12,443,806)
Cash generated from operations		<u>6,513,593</u>	<u>(5,691,274)</u>
Gratuity paid		(248,281)	(60,000)
Finance Cost		(259,525)	(323,120)
Taxes paid		(2,155,359)	(749,204)
Net cash generated from operating activities		<u>3,850,427</u>	<u>(6,823,598)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Asset		(1,412,821)	-
Disposal proceeds of Fixed Asset		1,412,821	3,075,000
Net cash (outflow) from investing activities		<u>-</u>	<u>3,075,000</u>
C. CASH FLOW FROM FINANCING ACTIVITIES			
Short term loan from related parties - unsecured		(1,737,480)	(2,152,162)
Long term loan from related parties - unsecured		(1,841,052)	8,304,948
Repayment of Finance Lease (overdue)		(1,200,000)	-
Net cash outflow from financing activities		<u>(4,778,532)</u>	<u>6,152,786</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(928,105)	2,404,188
Cash and cash equivalents at the beginning of the year		<u>(21,858,920)</u>	<u>(24,263,108)</u>
Cash and cash equivalents at the end of the year	31	<u><u>(22,787,025)</u></u>	<u><u>(21,858,920)</u></u>

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DIRECTOR


DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

I. THE COMPANY AND ITS ACTIVITIES

- 1.1 **Hamid Textile Mills Limited** (the “Company”) was incorporated in Pakistan on April, 09, 1987 as a Private Limited Company and was subsequently converted on February 15, 1988 into Public Limited Company under the Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange in Pakistan. The registered office of the Company at Changa Manga Road, Wan Adhan, Tehsil Pattoki, district Kasur. The principal business of the company is to manufacture yarn and grey cloth, which are marketed within and outside Pakistan. The Company’s manufacturing activities are located at Wan Adhan, Tehsil Pattoki, Distt. Kasur.
- 1.2 The financial statement of the company for the year ended June 30, 2016 reflected Profit/(loss) after taxation Rs.(7.818) million (2015: Rs.(3.637) million), and as of that date it has accumulated losses of Rs. 255.206 million (2015: Rs. 264.147 Million) which has resulted in net capital deficiency of Rs. 122.490 million (2015: Rs. 131.430 Million), its current liabilities exceeds its current asset by Rs116.552 million (2015: 117.272 Million). The company financial facilities stand expired which are not renewed and the company is unable to ensure the timely repayments of the debts owing to financial constraints due to the squeezed working capital facilities. These conditions indicates the existence of material uncertainty which may cast significant doubts about the Company's ability to continue as going concern.

As the operation of the company remains operative for the whole year and its total assets exceeds its total liabilities by Rs. 248 million as on the balance sheet date, and therefore, the company will be able to liquidates its liabilities in normal course of business. However, the management is making concentrated efforts to revive the unit into viable operations and the management feels that with the elimination of the energy crises and with the reduction of KIBOR to 6.4% by the SBP management would be successful in negotiating the settlement with the banks for restructuring and renewal of the financial facilities. So, the mill would be made operative and will revive the equity of the shareholders. However, these financial statements have been prepared under the going concern basis without any adjustment to assets and liabilities as the management expects that these factors are temporary, will be reverse in foreseeable future and the unit could be operative.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention and on accrual basis except recognition of the staff retirement benefits at present value and as modified by the revaluation of building and plant and machinery and as stated in notes 3.1 & 3.3. These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimate and to exercise judgments in the process of applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements. The estimates and judgments are continually evaluated and are based on historical experience 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:



2.4 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 an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

2.5 Provision for doubtful debts

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

2.6 Functional and presentation currency

These financial statements are prepared and presented in Pakistani rupees, which is the company's functional and presentation currency.

2.7 Changes / Amendments in Accounting Standards

Standards, interpretations and amendments to published accounting standards that are effective in the current year

The Company has adopted the following revised standards, amendments and interpretations of IFRSs which became effective for the current year effective date January 01, 2015 : (But some of them are not relevant to the company)

- IFRS 10 Consolidated Financial Statements.
- IFRS 11 Joint Arrangements.
- IFRS 12 Disclosure of Interests in Other Entities.
- IFRS 13 Fair Value Measurement.
- IAS 27 Separate Financial Statements (Revised 2011)
- IAS 28 Investments in Associates and Joint Ventures (revised 2011)

2.8 Amendments/ Improvements to Accounting Standards not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation

	Effective date(annual periods beginning on or after)
IFRS 5 Non Current Assets Held for sale & Discontinued operations.	January 01, 2016
IFRS 7 Financial Instruments Disclosure (Improvements) .	January 01, 2016
IFRS 12 Disclosure of Interest in other Entities - Amendments regarding the application of the consolidation exception.	January 01, 2016
IFRS 14 Regulatory Deferral Accounts, to recognize regulatory deferred accounts balances arise from rate - regulated activities.	January 01, 2016



IAS 1	Presentation of financial statements - Amendments resulting from the disclosure initiative.	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of amortization.	January 01, 2016
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative.	January 01, 2017
IAS 12	Income Tax - Amendments regarding the recognition of deferred tax assets for unrealized Losses.	January 01, 2017
IFRS 2	Share Base Payments - Amendments to clarify the classification measurement of share base payments transactions.	January 01, 2018
IFRS 15	Revenue from Contracts with Customer (Superseded IAS 11) to recognize revenue for the transfer of promised goods or services to the customer under the contract .	
IFRS 16	Leases (Superseding IAS 17) To report all lease assets and lease liabilities on the balance sheet, initially measured at the present value of future lease payments as it eliminated classification of lease as operating or Finance Leases for lessee.	January 01, 2019

2.9 Standards, Interpretations and amendments to approved accounting standards that are not yet effective

The following new standards and interpretation have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by Securities and Exchange Commission of Pakistan.

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

The managements anticipates that the adoption of the above standards and amendments in future periods will have no material impact on the company's financial statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

"Company operate an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. Gratuity is based on employees' last drawn salary. Provisions are to cover the obligations under the scheme on the basis of actuarial valuation and are charged to Statement of profit and Loss . The most recent valuation was carried out on June 30, 2015 using the "Projected Unit Credit Method". The amount recognized on balance sheet represents the present value of defined benefit obligation. Actuarial gains or loss are recognized immediately in other comprehensive income as required by IAS 19 -(Revised) Employee Benefits. The details of the scheme are referred to in note 16 to the financial statements. The latest actuarial valuation was carried out as at 30 June 2016."



3.2 Taxation

Current

The charge for current tax is based on taxable income at current tax rates after considering the rebates and tax credits available, if any.

Deferred

"The company accounts for deferred taxation using the balance sheet liability method on all major temporary differences arising between the carrying value of assets and liabilities in the financial statements and corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences which are likely to reverse in the foreseeable future. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognized as income or expense in the profit and loss account except when it relates to items that are credited or charged to equity where it is included in equity."

3.3 Property, plant, equipment and depreciation

Owned

These are stated at cost or revalued amount less accumulated depreciation except free hold land and capital work-in-progress, which are stated at cost. Cost comprises acquisition and other directly attributable costs.

Land, building and plant and machinery have been valued on the basis of revaluation carried out on June 30, 2013 (Note 4). Depreciation is charged to profit and loss account applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life at the rate specified in the Note 4. I.

Depreciation on additions during the year is charged on pro-rata basis when the asset is available for use.

Similarly the depreciation on deletion is charged on pro-rata up to the period when the asset is derecognized.

The assets residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Gains and losses on disposal of property, plant & equipment are included in income in the year the assets are disposed off. Normal repair and maintenance and replacement is charged to income as and when incurred while major renewals and improvements are capitalized.

Depreciation on revaluation of property, plant & equipment has been charged in accordance with section 235 of the Companies Ordinance, 1984 as notified by SRO 45 (I)/2003 dated January 13, 2003.

Assets subject to Finance Lease

"The company accounts for assets under finance lease by recording the assets and the related liability. The amounts are determined on the basis of the lower of fair value of the assets and the present value of minimum lease payments. Financial charges are charged to profit and loss account using the internal rate of return method. Depreciation is charged at the rate as specified in the note 4. I, so as to write off the assets over their useful lives in view of certainty of ownership of the assets at the end of the lease term. The security deposit paid against lease arrangements will be adjusted at the end of the lease term."

3.4 Impairment of assets

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the estimated recoverable amount of that asset is



determined and impairment losses are recognized in the profit and loss account, for the difference between recoverable and carrying amount.

3.5 Stores ,spares and loose tools

These are valued at lower of moving average cost and net realizable value, except items in transit, which are stated at cost plus other charges incurred thereon up to balance sheet date.

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 the sale.

3.6 Stock in trade

"These are valued at lower of cost and net realizable value except waste, which are valued at contract price. Cost is determined as under:

Raw material	Moving average cost.
Work in process and finished goods	Prime cost plus estimated production overheads.

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 the sale."

3.7 Revenue recognition

Export sales are accounted for on shipment basis and resultant exchange differences on realization of export proceeds are adjusted in profit and loss statement. Local sale are recorded on dispatch of goods to the customer. Export rebate is accounted for on accrual basis.

3.8 Provision

A provision is recognized in the financial statements when company has 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 obligation and a reliable estimate of the amount can be made.

3.9 Trade debts and other receivables

These are carried at original invoice amount less an estimate made for doubtful receivables based on review of the outstanding amounts individually at year end. Bad debts are written off when identified.

3.10 Financial instruments

Financial assets and liabilities are recognized at cost, which is fair value of the consideration given or received at the time when the company becomes a party to the contractual provisions of the instrument. The company de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial assets or portion of financial asset. While a financial liability or part of financial liability is de-recognized from the balance sheet when, and only when, it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on recognition and settlement of financial assets and liabilities is included in net profit or loss in the period in which it arises.

3.11 Long term deposits

These are stated at cost which represents the fair value of the consideration paid.

3.12 Trade and other payables

Liabilities for trade and other payable are measured at cost which is the fair value of consideration to be paid in future for goods and services



3.13 Borrowing cost

Borrowing costs are recognized as an expense in which these are incurred except to the extent these are directly attributable to acquisition, construction or production of qualifying assets, where these are added to the cost of those assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use/sale.

3.14 Foreign currency transaction

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing at the date of transaction or on the date when fair values are determined. All exchange difference are taken to profit and loss account.

3.15 Off setting of financial assets and liabilities

Financial assets and liabilities are off set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at book value which approximates their fair values. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with bank on current, saving and deposit accounts, short term bank borrowings and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to in significant risk of change in value.

3.17 Related party transaction and transfer pricing

Transaction and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

Parties are said to be related if they able to influence the operating and financial decisions of the company and vice versa.



4.1 Property plant & equipment-Tangible

Particulars	2015-2016									
	COST/REVALUED AMOUNT				RATE %	DEPRECIATION				W.D.V.
	As on 01-07-2015	Additions (Deletions)	Revaluation Surplus	As on 30-06-2016		As on 01-07-2015	For the Period	Adjustments	As on 30-06-2016	AS AT 30-06-2016
Owned:										
Land	75,000,000	-	-	75,000,000	-	-	-	-	-	75,000,000
Building	191,198,496	-	-	191,198,496	5	49,774,941	7,071,178	-	56,846,119	134,352,377
Plant & Machinery	405,047,160	-	-	405,047,160	10	181,709,616	22,333,754	-	204,043,370	201,003,790
Tools & Equipment	1,503,568	-	-	1,503,568	10	1,361,110	14,246	-	1,375,356	128,212
Tube well & Pumps	331,921	-	-	331,921	10	307,419	2,450	-	309,869	22,052
Furniture & Fixture	2,530,932	-	-	2,530,932	10	2,112,053	41,888	-	2,153,941	376,991
Office Equipment	3,180,132	-	-	3,180,132	10	2,291,440	88,869	-	2,380,309	799,823
Vehicles	2,815,401	1,412,821	-	2,815,401	20	2,417,203	98,220	(18,580)	2,496,843	318,558
		(1,412,821)								
	681,607,610	-	-	681,607,610		239,973,782	29,650,605	(18,580)	269,605,807	412,001,803

Assets subject to finance lease

Plant & Machinery	21,166,521	-	-	21,166,521	10	17,056,875	410,965	-	17,467,840	3,698,681
June 30, 2016	702,774,131	-	-	702,774,131		257,030,657	30,061,570	(18,580)	287,073,647	415,700,484
JUNE 30, 2015	707,082,831	(4,308,700)	-	702,774,131		224,615,957	33,727,594	(1,312,894)	257,030,657	445,743,474

Particulars	2014-2015									
	COST/REVALUED AMOUNT				RATE %	DEPRECIATION				W.D.V.
	As on 01-07-2014	Additions (Deletions)	Revaluation Surplus	As on 30-06-2015		As on 01-07-2014	For the Period	Adjustments	As on 30-06-2015	AS AT 30-06-2015
Owned:										
Land	75,000,000	-	-	75,000,000	-	-	-	-	-	75,000,000
Building	191,198,496	-	-	191,198,496	5	42,331,596	7,443,345	-	49,774,941	141,423,555
Plant & Machinery	405,047,160	-	-	405,047,160	10	156,894,333	24,815,283	-	181,709,616	223,337,544
Tools & Equipment	1,503,568	-	-	1,503,568	10	1,345,281	15,829	-	1,361,110	142,458
Tube well & Pumps	331,921	-	-	331,921	10	304,696	2,723	-	307,419	24,502
Furniture & Fixture	2,530,932	-	-	2,530,932	10	2,065,511	46,542	-	2,112,053	418,879
Office Equipment	3,180,132	-	-	3,180,132	10	2,192,696	98,744	-	2,291,440	888,692
Vehicles	7,124,101	(4,308,700)	-	2,815,401	20	2,881,596	848,501	(1,312,894)	2,417,203	398,198
	685,916,310	(4,308,700)	-	681,607,610		208,015,709	33,270,967	(1,312,894)	239,973,782	441,633,828
Assets subject to finance lease										
Plant & Machinery	21,166,521	-	-	21,166,521	10	16,600,248	456,627	-	17,056,875	4,109,646
JUNE 30, 2015	707,082,831	(4,308,700)	-	702,774,131		224,615,957	33,727,594	(1,312,894)	257,030,657	445,743,474



4.1.1 Depreciation is allocated as under:	2016	2015
	Rupees	Rupees
Cost of sales	29,832,593	32,733,807
Administrative expenses	228,977	993,787
	<u>30,061,570</u>	<u>33,727,594</u>

4.1.2 Revaluation of land, building on freehold land and plant & machinery was carried out by M/s Surval registered valuers by Pakistan Banks Association using the market value ascertained from the real estate agents in that area as on June 30, 2013 that produced a revaluation surplus of Rs. 295,191,006/-. Revaluation of land, building on freehold land and plant and machinery as on June 30, 2010 was carried out by M/s Spell Vision, registered surveyors and valuation consultants using market method and produced a revaluation surplus of Rs. 76,542,748/-.

4.1.3 Movement in revaluation surplus represents the incorporation of effect of incremental depreciation in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 45(I)/2003 dated January 13, 2003, which allowed adjustment of depreciation attributable to the incremental value, arising on revaluation of fixed assets for the current and prior years against the surplus on revaluation and unappropriated profit / accumulated loss through statement of changes in equity.

4.1.4 Revaluation between plant & machinery owned and leased has been apportioned on the basis of written down value as on June 30, 2013 before the revaluation.

4.1.5 Had there been no revaluation, the original cost, accumulated depreciation, and book value of revalued class of property, plant & equipment would have been as follows:

Description	COST AS AT	ADDITIONS/ (DELETION)	COST AS AT	ACCUMULATED DEPRECIATION	BOOK VALUE AS
	01-07-2015		30-06-2016		30-06-2016
Building	71,835,757	-	71,835,757	60,553,073	11,282,684
Plant & Machinery	330,553,738	-	330,553,738	287,203,374	43,350,364
Plant & Machinery-Leased	18,000,000	-	18,000,000	16,179,091	1,820,909
	<u>420,389,495</u>	-	<u>420,389,495</u>	<u>363,935,539</u>	<u>56,453,956</u>

Description	COST AS AT	ADDITIONS/ (DELETION)	COST AS AT	ACCUMULATED DEPRECIATION	BOOK VALUE AS
	01-07-2014		30-06-2015		30-06-15
Building	71,835,757	-	71,835,757	59,959,248	11,876,509
Plant & Machinery	330,553,738	-	330,553,738	282,386,667	48,167,071
Plant & Machinery-Leased	18,000,000	-	18,000,000	15,976,768	2,023,232
	<u>420,389,495</u>	-	<u>420,389,495</u>	<u>358,322,683</u>	<u>62,066,812</u>

4.1.6 Detail of fixed assets

Particulars	Quantity	Cost	Acc. Depreciation	Book Value	Sale Proceed	Gain on Disposal
Honda City	1	1,412,821	18,580	1,394,241	1,412,821	18,580
Total	1	<u>1,412,821</u>	<u>18,580</u>	<u>1,394,241</u>	<u>1,412,821</u>	<u>18,580</u>

4.1.7 The Disposal transaction is held with related parties on arm's length basis



	2016 Rupees	2015 Rupees
5. STORES, SPARES AND LOOSE TOOLS		
Stores and spares	10,795,012	9,147,992
No stores, spares and loose tools were in transit at the balance sheet date.		
No stores, spares and loose tools were held for capitalization at the balance sheet date.		
6. STOCK IN TRADE		
Raw material	14,148,948	6,930,057
Work-in-process	2,293,955	1,013,190
Finished goods	20,215,615	4,785,189
	<u>36,658,518</u>	<u>12,728,436</u>
No stock in trade was in transit at the balance sheet date.		
7. TRADE DEBTS - Unsecured		
Considered good-Unsecured.	<u>22,629,949</u>	<u>58,370,376</u>
8. LOANS AND ADVANCES		
Advances - considered good (Unsecured)		
To employees	870,362	884,194
To suppliers	2,626,663	952,878
	<u>3,497,025</u>	<u>1,837,072</u>
8.1 No amount was due from chief executive and director as at balance sheet date (2015 : Nil).		
9. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits:		
Security deposits	200,000	356,985
Advance against others	-	205,477
Prepaid insurance	2,308	222,107
	<u>202,308</u>	<u>784,569</u>
10. TAX REFUNDS DUE FROM THE GOVERNMENT		
Sales tax refundable	<u>1,833,731</u>	<u>1,710,635</u>
11. CASH AND BANK BALANCES		
Cash in hand	4,616	115
Cash at bank (Current accounts in Pak Rupees)	1,728,657	2,661,263
	<u>1,733,273</u>	<u>2,661,378</u>
12. SHARE CAPITAL		
Authorized:		
15,000,000 (2015:15,000,000) ordinary shares of Rs.10/= each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up:		
13,271,600 (2015: 13,271,600) ordinary shares of Rs.10/= each fully paid in cash	<u>132,716,000</u>	<u>132,716,000</u>
13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Opening balance:		
Land freehold	69,626,022	69,626,022
Building on freehold land	131,797,073	136,365,311
Plant and machinery	181,593,390	194,633,859
Plant and machinery leased	2,636,286	2,825,601
	<u>385,652,771</u>	<u>403,450,793</u>
Add: Assets revalued during the year surplus on assets		
Land freehold	-	-
Building on freehold land	-	-
Plant and machinery - owned	-	-
Plant and machinery - leased	-	-
	<u>-</u>	<u>-</u>



Adjustments	2016	2015
	Rupees	Rupees
Depreciation on the incremental value arising on Revaluation of property, plant and equipment:		
Current year:		
Building on freehold land	(6,589,854)	(6,818,266)
Plant and machinery	(18,159,339)	(19,463,386)
Plant and machinery leased	(263,629)	(282,560)
	(25,012,822)	(26,564,212)
Related Deferred tax liability	8,004,103	8,766,190
	<u>368,644,052</u>	<u>385,652,771</u>

Revaluation of building, freehold land and plant and machinery as on June 30, 2013 produced a revaluation surplus of Rs. 295,191,006/- was credited to surplus on revaluation of fixed assets. Revaluation was carried out by Surval., registered surveyors and valuation consultants using market value method.

Revaluation of building on freehold land and plant and machinery as on June 30, 2010 produced a revaluation surplus of Rs.76,542,748/- which is credited to surplus on revaluation of fixed assets account. Revaluation was carried out by independent valuers M/s Spell Vision, registered surveyors and valuation consultants using market value method for revaluation of assets.

Movement in Revaluation Surplus represents the incorporation of incremental depreciation in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 45(I)/2003 dated January 13, 2003, which allowed adjustment of depreciation attributable to incremental value, arising on revaluation of fixed assets for the current and prior years against the surplus on revaluation and unappropriated Profit/Accumulated loss through statement of changes in equity.

14. LONG TERM LOANS FROM BANKING COMPANIES: (Secured)

National Bank of Pakistan			
Demand finance - I	14.1	17,857,143	17,857,143
Demand finance - II	14.2	29,531,250	29,531,250
		47,388,393	47,388,393
Samba Bank Limited (formerly Crescent commercial bank limited)	14.3	2,276,402	2,276,402
		<u>49,664,795</u>	<u>49,664,795</u>
Current portion			
National Bank of Pakistan			
Current portion	21	-	-
Overdue portion	21	47,388,393	47,388,393
		47,388,393	47,388,393
Samba Bank Limited (formerly Crescent commercial bank limited)-overdue	21	2,276,402	2,276,402
		<u>49,664,795</u>	<u>49,664,795</u>
	14.4	-	-

14.1 Demand Finance-I

The limit under this facility is Rs.25.000 Million (2014: Rs.25.000 Million). Principal amount to be paid in 20 quarterly installments of Rs.892,857/- each for a period of 5 years starting from June 30, 2007 to March 31, 2012 through internal cash generation of the company. Principal installments for the quarters ended on 30-06-2007, 30-09-2007, 31-12-2007 and 31-03-2008 to be paid on immediate basis and markup on this facility to be paid from the date of transfer of Management i.e. 06-02-2008 by the company and its incoming directors. Markup is at SBP's discount rate with a floor of 7.5% p.a (2012: SBP's discount rate with a floor of 7.5% p.a) payable quarterly. In case of default by the company in repayment of installments on due dates, Markup @ 3 months KIBOR + 3% (2008: Markup @ 3 months KIBOR + 3%) will be charged on the principal amount of installment for the period from due date till its repayment by the company to NBP. This facility was utilized to swap the long term loans of Bankers Equity Limited.



14.2 Demand Finance-II

The limit under this facility is Rs.35.000 Million (2014: Rs.35.000 Million). Balance principal to be paid in 27 quarterly installments of Rs.1,093,750/- each for a period of 6.75 years starting from March 31, 2007 to September 30, 2013 through internal cash generation of the company. Principal installments of the quarters ended on 31-03-2007, 30-06-2007, 30-09-2007, 31-12-2007 & 31-03-2008 to be paid on immediate basis and markup on this facility to be paid from the date of transfer of Management i.e. 06-02-2008 by the company and its incoming directors. Markup is at SBP's discount rate with a floor of 7.5% p.a (2012: SPB's discount rate with a floor of 7.5% p.a) payable quarterly. In case of default by the company in repayment of installments on due dates, Markup @ 3 months KIBOR + 3% (2009: Mark-up @ 3 months KIBOR + 3%) will be charged on the principal amount of installment for the period from due date till its repayment by the company to NBP. This facility was utilized for expansion in existing spinning unit and import of parts for up gradation of weaving unit.

The above mentioned Demand Finance-I and II facilities are secured against the following:

- First charge of Rs.220.000 Million on all the present/future fixed assets of the company.
- First pari passu charge of Rs.220.000 Million over all current assets of the company.
- Personal guarantees of directors of the company.

- 14.3 The company has entered into Supplemental Lease Agreement with Samba Bank Limited (Formerly Crescent commercial bank limited) for the settlement of liability for which consent decree has also been obtained from the Banking Court, Lahore on November 04, 1999. Under the agreement the liability has to be settled in the following manner:

Total outstanding liability is as follows:

	2016 Rupees	2015 Rupees
Samba Bank Limited (formerly Crescent commercial bank limited)	2,276,402	2,276,402

The company has provided 309,550 shares valued at Rs.8/- per share as security for this amount. In terms of the consent decree the total amount of Rs.2,476,402/- will be paid by the company within 42 months that is on or before March 31, 2003 for the release of these shares. The company is in the process of rescheduling and has paid Rs.0.200 Million so far against the settlement of the liability.

15 LONG TERM LOAN FROM RELATED PARTIES - UNSECURED

Loan from Sponsors/Members	15.1	41,247,563	43,088,615
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15.1 This represents unsecured, interest free arrangement by the sponsors/members of the company. These are not repayable in the foreseeable future.

16 DEFERRED LIABILITIES

Provision for Deferred Tax	16.1	1,843,542	22,644,274
Staff retirement benefits - Gratuity	16.2	9,903,173	8,515,997
		<u>11,746,715</u>	<u>31,160,271</u>

16.1 PROVISION FOR DEFERRED TAXATION

Taxable Temporary difference			
Accelerated Tax Depreciation Allowance		100,561,913	113,846,854
Provision for gratuity		(3,118,895)	(2,790,479)
Total Taxable Difference		<u>97,443,018</u>	<u>111,056,375</u>
Effect of Accumulated Tax Losses		95,599,476	88,412,101
		<u>1,843,542</u>	<u>22,644,274</u>

16.2 Staff retirement benefits (defined benefit plans)

The amounts recognized in the balance sheet are as follows:

Present value of defined benefit obligation (Note 16.3)	9,903,173	8,424,341
Benefit Payable	-	91,656
Liability as at 30 June 2016	<u>9,903,173</u>	<u>8,515,997</u>



		2016 Rupees	2015 Rupees
Net Liability as at 01 July 2015	16.3	8,424,341	7,487,129
Charge to profit and loss account (Note 16.4)		1,386,060	1,531,121
Benefit Payable		-	-
Payments		(156,625)	(60,000)
Experience adjustment		321,256	-
Actuarial (Gains)/Losses from change in financial assumption		(71,859)	(533,909)
Liability as at 30 June 2016		<u>9,903,173</u>	<u>8,424,341</u>
16.3 Present value of defined benefit obligation			
Present value of defined benefit obligations		8,424,341	7,487,129
Current service cost		572,322	543,051
Interest cost		813,738	988,070
Benefit paid		(156,625)	(60,000)
Experience adjustment		321,256	-
Actuarial (Gains)/Losses from change in financial assumption		(71,859)	(533,909)
		<u>9,903,173</u>	<u>8,424,341</u>
16.4 Charge to profit and loss account:			
Current service cost		572,322	543,051
Interest cost		813,738	988,070
		-	-
		<u>1,386,060</u>	<u>1,531,121</u>
16.5 Total Remeasurment Chargeable in other Comprehensive Income			
Actuarial (gains)/losses from changes in demographic assumptions		-	-
Actuarial (gains)/losses from changes in financial assumptions		(71,859)	-
Experience adjustments		321,256	(533,909)
Total remeasurements chargeable in OCI		<u>249,397</u>	<u>(533,909)</u>

The latest actuarial valuation for gratuity scheme was carried out on June 30, 2016 by M/s Nauman Associates under Projected Unit Credit Method, using the following significant assumptions for valuation of the scheme:

Discount rate	7.25% p.a	9.75% p.a
Expected rate of salary increase in future years	6.25 % p.a	8.75 % p.a
Average expected remaining working life time of employees	8 Years	9 Years

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This arrangement was made with Samba bank limited (Formerly Crescent Commercial Bank Limited) . The period of lease repayment has expired and the entire liability is overdue as at June 30, 2015 as follows:

Overdue as at June 30, 2015		6,368,958	6,368,958
Year ending June 30, 2014		-	-
Overdue (2012 & 2013)		-	-
		6,368,958	6,368,958
Less: Financial charges overdue		2,276,402	2,276,402
Present value of minimum lease payment		4,092,556	4,092,556
Less: Current portion:			
		4,092,556	4,092,556
Less: Repayments during the year	17.1	(1,200,000)	-
Current portion		2,892,556	4,092,556
Overdue portion		2,892,556	4,092,556



The reconciliation of minimum lease payments and their present values is as follows:

	Minimum lease payments (MLP)	Minimum lease payments (MLP)	Present value of minimum lease payments	Present value of minimum lease payments
	June 2016	June 2015	June 2016	June 2015
Overdue	6,368,958	6,368,958	2,892,556	4,092,556
Due with in one year	-	-	-	-
Due more than one year but less than five years	-	-	-	-
	<u>6,368,958</u>	<u>6,368,958</u>	<u>2,892,556</u>	<u>4,092,556</u>

The lease was rescheduled on March 2004 on the revised terms as under:

The rate of interest used as discounting factor, implicit in lease is 35% (2014: 35%) per annum. Rentals are payable on monthly basis starting from September 2004. Taxes, repairs and insurance costs are to be borne by the lessee. Purchase options are available to the Company after payment of last installment and on surrender of lease deposits at the end of lease period. In case the lessee fails to pay the rentals on due dates, the lessee shall pay additional mark-up @ Rs. 1/- per thousand per day. It is secured against demand Promissory Notes amounting to Rs. 16.303 million, trust receipt for the total value of Financed Machinery, personal guarantees of Directors and Pledge of 174,000 shares of the Company.

	2016 Rupees	2015 Rupees	
18 TRADE AND OTHER PAYABLES			
Creditors	27,793,099	31,574,957	
Accrued expenses	15,152,966	17,277,041	
Advances from customers	11,844,585	1,113,208	
Other payable	24,538,172	35,782,804	
Income tax payable	813,784	2,068,135	
	<u>80,142,606</u>	<u>87,816,145</u>	
19 ACCRUED MARK-UP			
Accrued mark-up	34,839,787	34,839,788	
	<u>34,839,787</u>	<u>34,839,788</u>	
19.1	Accrued mark-up derecognized during the year represents mark-up payable on loans from National Bank of Pakistan.		
19.1	The break-up of accrued mark-up is as follows:		
	On liabilities against assets subject to finance lease	2,163,459	2,163,459
	On long term loans from banking company	29,876,434	29,876,434
	On short term borrowings from banking company	2,799,894	2,799,894
	<u>34,839,787</u>	<u>34,839,787</u>	
20 SHORT TERM BORROWINGS			
From Banking Company: (SECURED)			
National Bank of Pakistan			
Trust receipt	20.1	19,848,336	19,848,336
Cash finance (Pledge)	20.2	4,671,962	4,671,962
		24,520,298	24,520,298
From related party (Director): (Unsecured)	20.3	1,842,104	3,579,584
		<u>26,362,402</u>	<u>28,099,882</u>



- 20.1 It has been obtained from National Bank of Pakistan (NBP) for working capital requirements of the company and represents 30 days facility available upto Rs.20.000 Million (2014: Rs.20.000 Million). It is secured against Trust receipt, First charge of Rs.220.000 Million on all the present/future fixed assets of the company, First pari passu charge of Rs.220.000 Million over all current assets of the company and personal guarantees of directors of the company. It carries mark up at the rate of 6 months Ask KIBOR + 2.00% p.a. with floor of 7.50% p.a. (2014: 6 months Ask KIBOR + 2.00% with a floor of 7.5% p.a and no cap) payable on quarterly basis. The credit limit has expired on 31-12-2008. While company continues to repay the principal amount along with the interest charged thereon.
- 20.2 It has been obtained from National Bank of Pakistan (NBP) for working capital requirements of the company and is available upto Rs.40.600 Million (2014: Rs.40.600 Million). It is secured against Lien on export LCs/firm contracts/orders in case of availment of packing finance, pledge of cotton bales, cotton yarn and grey cloth and personal guarantees of directors of the company. It carries mark up at the rate of 6 months Ask KIBOR + 2.00% p.a. with floor of 7.50% p.a. (2014: 6 months Ask KIBOR + 2.00% with a floor of 7.5% p.a) payable on quarterly basis. The credit limit has expired on 31-12-2008.
- 20.3 It is unsecured and interest free loan from sponsor/directors.

21 CURRENT & OVERDUE PORTION OF LONG TERM LIABILITIES-(SECURED)

		2016 Rupees	2015 Rupees
Current:			
Long term loans from banking companies			
- National Bank of Pakistan	14	-	-
- Liability against assets subject to finance lease	17	-	-
Overdue:			
Long term loans from banking companies			
- National Bank of Pakistan	14	47,388,393	47,388,393
- Samba Bank Limited- Formerly (Crescent Commercial Bank Limited)	14	2,276,402	2,276,402
		49,664,795	49,664,795
Liability against assets subject to finance lease	17	2,892,556	4,092,556
		<u>52,557,351</u>	<u>53,757,351</u>
		<u>52,557,351</u>	<u>53,757,351</u>

22 CONTINGENCIES AND COMMITMENTS

Contingencies:

- (a) Samba bank limited (Formerly: Crescent Commercial Bank Limited) has filed suit against the company before the Honorable Banking Court, Lahore for recovery of Rs 14,156,202/- as overdue lease rentals, late payment charges and other receivables. The Bankers Equity Limited has also filed a suit against Hamid textile Mills Limited. The company is in the process of rescheduling and has not incorporated mark-up, late payment charges and other recoverable in the books as the management is of the view that these charges would be waived off.
- (b) The Company has filed suits against E.O.B.I, Social Security Institution and Cotton cess (committee) , before the Honorable civil court, high court and labor court against the aggregate disputed recovery for Rs.10,165,416.The company has not incorporated this amount in the books as the management is of the view that this amount would be waived off.
- (c) The company passed order u/s 122(1) of the income tax ordinance, 2001 for the tax year 2003 in which depreciation loss of Rs: 177.527 million were ignored . The company preferred appeal which pending before ATIR and the likely outcome would be in favor of the company.
- (d) Turnover tax under section 113 of the income tax ordinance 2001 is payable for the tax 2012 Rupees = 833,456/- 2011 Rupees 2,012,606 making aggregate demand of Rupees 2,846,062 is not paid with the return while filing the income tax return for the respective tax years.



- (e) The National Bank of Pakistan has filed suit against the Company before the Honorable Lahore High Court, Lahore for recovery of Finances
- (f) The company's passed order u/s 122(1)/122(5) read with section 122(9)/177 of the Income Tax Ordinance, 2001 for the tax year 2014 in which raised demand Rupees 38,295,313/- the company preferred appeal which is pending before CIR (Appeal) and likely outcome would be in favour of the company.

Commitments:

There are no Commitments as at June 30, 2016 (2015: Nil).

		2016 Rupees	2015 Rupees
23 SALES			
Fabric		19,660,893	91,592,373
Yarn		62,818,474	80,131,889
Conversion income		5,910,668	6,057,825
Waste		1,710,701	969,217
		<u>90,100,736</u>	<u>178,751,304</u>
24 COST OF SALES			
Raw material consumed	24.1	29,194,212	71,520,716
Salaries, wages and other benefits	24.2	20,869,603	32,861,612
Fuel and power		35,121,486	40,345,184
Stores and spares consumed		7,484,387	6,995,192
Doubling and sizing charges		21,259	-
Repair and maintenance		92,592	225,081
Traveling and Conveyance		308,870	295,540
Other overheads	24.3	1,572,787	1,156,924
Depreciation	4.1.1	29,832,593	32,733,807
		<u>124,497,789</u>	<u>186,134,056</u>
Work-in-process			
Opening stock		1,013,190	1,104,390
Closing stock		(2,293,955)	(1,013,190)
		<u>(1,280,765)</u>	<u>91,200</u>
Cost of goods manufactured		<u>123,217,024</u>	<u>186,225,256</u>
Finished goods			
Opening stock		4,785,189	1,891,885
Closing stock		(20,215,615)	(4,785,189)
		<u>(15,430,426)</u>	<u>(2,893,304)</u>
		<u>107,786,598</u>	<u>183,331,952</u>
24.1 Raw material consumed			
Opening stock		6,930,057	5,918,864
Add: Purchases including expenses		36,413,103	72,531,909
Available for consumption		<u>43,343,160</u>	<u>78,450,773</u>
Less: Closing stock		(14,148,948)	(6,930,057)
		<u>29,194,212</u>	<u>71,520,716</u>
24.2			
S: Salaries, wages and benefits include Rs. 1,021,917/ (2015: 915,000) in respect of staff retirement benefits.			
24.3			
These figures have been regrouped for the fair presentation of the financial statements.			
25 DISTRIBUTION COST			
Freight, clearing and forwarding		81,600	260,715
Travelling		-	200,000
Others		181,092	-
		<u>262,692</u>	<u>460,715</u>
25.1			
Salaries and benefits include Rs. Nil (2015 Nil) in respect of staff retirement benefits.			



		2016 Rupees	2015 Rupees
26 ADMINISTRATIVE EXPENSES			
Directors' remuneration		1,650,000	1,600,000
Salaries and benefits	26.1	3,619,924	3,307,049
Travelling and conveyance		343,510	200,491
Entertainment		217,095	399,667
Printing and stationery		136,399	107,866
Communication		306,360	292,679
Repairs and maintenance		433,256	447,308
Rent, rates and taxes		1,048,900	1,168,115
Electricity, sui gas and water		417,450	487,438
Fee and subscription		187,495	211,300
Legal and professional charges		503,100	673,000
Advertisement		37,900	23,500
Auditors' remuneration	26.2	304,500	290,000
General		93,968	34,076
Depreciation		228,976	993,788
		<u>9,528,833</u>	<u>10,236,277</u>

26.1 Salaries and benefits include Rs. 272,487 (2015: Rs.616,121) in respect of staff retirement benefits.

26.2 AUDITORS' REMUNERATION

Statutory audit	262,500	250,000
Half Year Review	42,000	40,000
	<u>304,500</u>	<u>290,000</u>

27 OTHER INCOME

Profit on disposal of fixed assets	18,580	79,194
	<u>18,580</u>	<u>79,194</u>

28 FINANCE COST

Bank charges	259,524	323,120
	<u>259,524</u>	<u>323,120</u>

29 TAXATION

Current		901,007	1,787,513
Provision for deferred tax	29.1	(20,800,731)	(13,671,571)
	29.2	<u>(19,899,724)</u>	<u>(11,884,058)</u>

29.1 Minimum tax liability has been provided for in these accounts based on liability worked out under section 113 of the Income Tax Ordinance, 2001 (2015: Provision of section 113 was applicable under the Income Tax Ordinance, 2001). The Income Tax Returns of the company have been filed upto Tax year 2015.

29.2 Deferred tax liability due to accelerated tax depreciation allowance is Rs. 11,032,121/- (2015: Rs. 11,319,172).

Deferred tax asset due to brought forward tax losses and gratuity is Rs.95,296,865/- (2015: Rs. 8,8412,101/-) and Rs.3,118,895/- (2015: Rs. 2,790,479) respectively.



		2016 Rupees	2015 Rupees
30 EARNING / (LOSS) PER SHARE			
30.1 Earning / (loss) per share - Basic			
Net Profit / (loss) after taxation	(Rupees)	(7,818,607)	(3,637,508)
Weighted average number of ordinary shares	(No. of shares)	13,271,600	13,271,600
	(Rupees)	<u>(0.59)</u>	<u>(0.27)</u>

30.2 Earning per share - Diluted

There is no dilution effect on the basic earning/(loss) per share of the company.

31 CASH AND CASH EQUIVALENTS

Cash and bank balances	11	1,733,273	2,661,378
Short term borrowings from banking company	20	(24,520,298)	(24,520,298)
		<u>(22,787,025)</u>	<u>(21,858,920)</u>

32 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel. Amounts due to / from related parties are shown in the relevant notes to the financial statements. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Long term loan from related parties - net (Note No.15)	41,247,563	43,088,615
Due to related party (Director) - net (Note No.20.3)	1,842,104	3,579,584

32.1 Disposal of fixed assets transactions with related parties(Chief executive) are carried out during the year (Note No.4.1.7) and disposal proceeds are adjusted against long term loan from related parties (Note No.15)

All transactions with related parties are at an arm's length.

33 PLANT CAPACITY AND PRODUCTION

WEAVING

Looms installed	Nos.	60	60
Looms worked	Nos.	30	38
Production at normal capacity converted to 50 picks - 3 shifts per day	Sq. Mtrs.	3,888,000	3,888,000
Actual production at normal capacity converted to 50 picks - 1 (2015: 2) shifts per day	Sq. Mtrs.	561,600	950,400

SPINNING

Rotors installed	Nos.	1,176	1,176
Rotors worked for the year	Nos.	576	768
Rated capacity converted to 10 count based on 3 shifts per day	Lbs.	6,600,043	6,600,043
Actual production converted to 10 count based on 2 (2015: 2) shifts per day	Lbs.	2,088,013	2,496,615

- It is difficult to determine precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, rotors' speed, twists, width and construction of cloth woven etc. It also vary according to pattern of production.



- Weaving unit of the company has produced less than normal cloth due to the fact that third party cloth was produced on conversion basis as the market demand of yarn is comparatively better, while production of yarn has been decreased. Production was highly dependent on the availability of orders. Moreover, some looms remained closed due to technical faults which have now been removed.
- Average number of workers for the year 132 202

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of Chief Executive, Directors and Executives by the company as remuneration, allowances and perquisites is as follows:

PARTICULARS	CHIEF EXECUTIVE		DIRECTOR	
	JUNE 2016 RUPEES	JUNE 2015 RUPEES	JUNE 2016 RUPEES	JUNE 2015 RUPEES
Managerial remuneration	1,650,000	1,500,000	453,000	600,000
	1,650,000	1,500,000	453,000	600,000

Remuneration is paid only to Chief Executive and to one director only.

- 34.1 Some of the Directors and Executives of the Company are provided free use of Company maintained car and telephone.
34.2 No meeting fee has been paid to Directors for attending meetings of Board of Directors.

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

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

Risk management is carried out by the Board of Directors, which 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 and liquidity risk.

(a) Market risk

(i) Currency risk

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is not exposed to any currency risk as it does not have any foreign debtors and creditors.

(ii) Other price risk

It is 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 other price risk.

(iii) Interest rate risk

It represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.



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

	2016	2015
	Rupees	Rupees
Floating rate instruments		
Financial liabilities:		
Long term loans	-	-
Short term borrowings	24,520,298	24,520,298
Financial assets	-	-

(b) Credit risk

It is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent maximum exposure to credit risk and at the reporting date these are as follows:

Trade debts	22,629,949	58,370,376
Loans and advances	3,497,024	1,837,072
Trade deposits	202,308	784,569
Bank balances	1,728,657	2,661,263

The aging of the trade debts that are past due but not impaired at the reporting date is as follows:

Upto 1 month	9,314,521	37,791,017
1 to 6 months	9,886,982	12,518,215
6 to 12 months	990,547	920,369
More than 12 months	2,434,899	7,140,775
	<u>22,626,949</u>	<u>58,370,376</u>

There are no trade debts to be written off during the year (2015: NIL/-), however efforts are made to recover the debts more than six months old.

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

	Rating			2016	2015
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	-	-
Bank Alfalah Limited	A1+	AA	PACRA	72,441	1,376
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,636,115	914,906
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	7,565
Meezan Bank	A-1+	AA	JCR-VIS	20,101	1,737,416
				<u>1,728,657</u>	<u>2,661,263</u>

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 7.

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

(c) Liquidity risk

It is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity by arranging sufficient cash balances from directors and financial institutions to ensure availability of sufficient funds to meet its liabilities when due. The following are the contractual maturities of financial liabilities, including interest payments:



2016			
Carrying amount	Contractual cash flows	Upto one year	After one year
(Amount in rupees)			

FINANCIAL LIABILITIES

Long term loans from banking companies	-	-	-	-
Liability against asset subject to finance lease	2,892,556	6,368,958	6,368,958	-
Trade and other payables	80,142,606	80,142,606	80,142,606	-
Accrued markup	34,839,787	34,839,787	34,839,787	-
Short term borrowings	26,362,402	26,362,402	26,362,402	-
	144,237,351	147,713,753	147,713,753	-

2015			
Carrying amount	Contractual cash flows	Upto one year	After one year
(Amount in rupees)			

FINANCIAL LIABILITIES

Long term loans from banking companies	-	-	-	-
Liability against asset subject to finance lease	4,092,556	6,368,958	6,368,958	-
Trade and other payables	87,816,145	87,816,145	87,816,145	-
Accrued markup	34,839,788	34,839,788	34,839,788	-
Short term borrowings	28,099,882	28,099,882	28,099,882	-
	154,848,370	157,124,772	157,124,772	-

The contractual cash flows relating to above liabilities have been calculated on the basis of mark-up rates effective on June 30, 2016. The rates of interest/markup have been disclosed in Note No. 17, 18 and 19, 20 to these financial statements.

35.2 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.

35.3 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

(Amounts in rupees)

PARTICULARS	2016						
	INTEREST BEARING			NON INTEREST BEARING			TOTAL
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	
Financial Assets							
Loans and Receivables							
Trade debts	-	-	-	22,629,949	-	22,629,949	22,629,949
Loan and advances	-	-	-	3,497,025	-	3,497,025	3,497,025
Trade deposits	-	-	-	202,308	-	202,308	202,308
Cash and bank balances	-	-	-	1,733,273	-	1,733,273	1,733,273
	-	-	-	28,062,555	-	28,062,555	28,062,555
Financial Liabilities at amortized cost							
Long term loans	-	-	-	-	41,247,563	41,247,563	41,247,563
Liability against asset subject to finance lease	2,892,556	-	2,892,556	-	-	-	2,892,556
Trade and other payables	-	-	-	80,142,606	-	80,142,606	80,142,606
Accrued mark-up	-	-	-	34,839,787	-	34,839,787	34,839,787
Short term borrowings	26,362,402	-	26,362,402	-	-	-	26,362,402
	29,254,958	-	29,254,958	114,982,393	41,247,563	156,229,956	185,484,914
On balance sheet gap	(29,254,958)	-	(29,254,958)	(86,919,839)	(41,247,563)	(128,167,402)	(157,422,360)



PARTICULARS	2015						TOTAL
	INTEREST BEARING			NON INTEREST BEARING			
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	
Financial Assets							
Loans and Receivables							
Trade debts	-	-	-	58,370,376	-	58,370,376	58,370,376
Loan and advances	-	-	-	1,837,072	-	1,837,072	1,837,072
Trade deposits	-	-	-	784,569	-	784,569	784,569
Cash and bank balances	-	-	-	2,661,378	-	2,661,378	2,661,378
	-	-	-	63,653,395	-	63,653,395	63,653,395
Financial Liabilities at amortized cost							
Long term loans	-	-	-	-	43,088,615	43,088,615	43,088,615
Liability against asset subject to finance lease	4,092,556	-	4,092,556	-	-	-	4,092,556
Trade and other payables	-	-	-	87,816,145	-	87,816,145	87,816,145
Accrued mark-up	-	-	-	34,839,788	-	34,839,788	34,839,788
Short term borrowings	28,099,882	-	28,099,882	-	-	-	28,099,882
	32,192,438	-	32,192,438	122,655,932	43,088,615	165,744,547	197,936,985
On balance sheet gap	(32,192,438)	-	(32,192,438)	(59,002,537)	(43,088,615)	(102,091,152)	(134,283,590)

36. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt. Consistent with others in 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 the total capital employed. Borrowings represents long term financing and short term borrowings obtained by the Company as referred to in Note No. 14, 18 and 19. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

As on the balance sheet date, the gearing ratio of the Company was as under:

		2016	2015
Borrowings	Rupees	120,167,316	124,945,848
Total equity	Rupees	(122,490,176)	(131,430,890)
Total capital employed	Rupees	(1,786,320)	(6,485,042)
Gearing ratio	%	(98.10)	(95.07)

37. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on 7th October, 2016 by the board of directors of the company.

38. GENERAL

Corresponding figures have been re-arranged/re-grouped, wherever necessary, for the purpose of comparison.

Figures are rounded off to nearest Rupee.

Statement under section 241(2) of Companies Ordinance 1984

At the time of the meeting of the board of directors the Chief Executive was not in Pakistan, as such these financial statements, as approved by board of directors, have been signed by two directors


DIRECTOR


DIRECTOR



PATTERN OF SHAREE HOLDING AS AT JUNE 30, 2016

NO.OF SHARE HOLDERS	CATEGORIES OF SHARE HOLDER		SHARES HELD	PERCENTAGE
	FROM	TO		
12	1	100	1,200	0.01
225	101	500	109,200	0.82
10	501	1,000	10,000	0.08
12	1,001	5,000	34,400	0.26
2	5,001	10,000	14,800	0.11
1	10,001	15,000	10,500	0.08
1	15,001	20,000	18,000	0.14
1	35,001	40,000	37,000	0.28
1	40,001	45,000	42,100	0.32
1	45,001	50,000	50,000	0.38
1	55,001	60,000	55,900	0.42
1	75,001	80,000	79,900	0.60
1	80,001	85,000	84,200	0.63
1	90,001	95,000	95,000	0.72
15	95,001	100,000	1,463,000	11.02
1	800,001	805,000	801,350	6.04
1	820,001	825,000	820,300	6.18
1	835,001	840,000	839,040	6.32
1	910,001	915,000	913,900	6.89
1	1,170,001	1,175,000	1,171,410	8.83
1	1,185,001	1,190,000	1,187,900	8.95
1	2,450,001	2,455,000	2,455,000	18.50
1	2,975,001	2,980,000	2,977,500	22.44
293			13,271,600	100.00

CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
Directors, Chief Executive officer and their spouse and minor children	2,459,000	18.53
Associated Companies, undertaking and related parties	-	-
NIT and ICP	42,100	0.32
Banks, Development Financial Institution, non banking Financial Institutions	2,977,500	22.44
Insurance Companies	146,000	1.10
Modarabas and Mutual Funds	913,900	6.89
Share holders holding 10%	5,432,500	40.93
General Public		
a. Local	6,733,100	50.73
b. Foregin	-	-
Others (to be specified)	-	-



**DETAIL PATTERN OF SHAREHOLDING
AS PER REQUIREMENT OF
CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2016**

S.NO	NAME	NO. OF SHARES HELD	PERCENTAGE %
1	Directors, Chief Executive Officer, and their spouse and minor children (Name wise)		
	Mr.Khawar Almas Khawaja	1	2,455,000
	Mr.Dilshad Ali	1	500
	Mrs. Nighat Khawar	1	1,000
	Mrs. Zulaibia Andleeb	1	500
	Mr. Basim Dilshad	1	500
	Mr. Abid Hussain	1	500
	Mr. Muhammad Alamgir	1	1,000
		7	2,459,000
2	Associated Companies, undertaking and related parties		
3	NIT and ICP		
	Investment Corporation of Pakistan	1	42,100
4	Public Sector Companies and Corporations	-	-
5	Banking Financial Institutions, Non Banking Financial Institutions Insurance Companies, Modarabas and Mutual Funds		
	Bankers Equity Ltd	1	2,977,500
	Insurance Companies	2	146,000
	First Hajvery Modarba	1	913,900
6	General Public	281	6,733,100
	Total	293	13,271,600
7	Shareholders Holding 10% or more		
	Bankers Equity Ltd		2,977,500



FORM OF PROXY

I/We, Mr./Miss/Mrs. _____

S/o, D/o, W/o Mr. _____ of _____

in the district of being member (s) of **HAMID TEXTILE MILLS LIMITED** and holding ordinary shares, as per Registered Folio No. _____ hereby appoint Mr./Miss/Mrs. _____

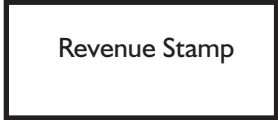
S/o, D/o, W/o, _____ As per Registered Folio No. _____ of _____ (failing him/her)

S/o, D/o, W/o, _____ of _____

as per Registered Folio No. _____ as my/our Proxy in my absence to attend for me and on my/our behalf at the Annual General Meeting of the Company to be held at registered office of the Company, Changa Manga, Road, Wan Adhan, Pattoki, Kasur on Monday October 31, 2016 at 11:00 a.m and at any adjournment thereof.

Signed this _____ day of October, 2016

Member's Signature



(Witness) _____



Signature

Notes:

1. Revenues stamp of Rs.5/- to be affixed.
2. A member entitled to attend at the Annual General Meeting of the Company is entitled to appoint a proxy instead of him/her. No person shall act as proxy (except for corporation) unless he is entitled to present on this own.
3. The instrument appointing a proxy should be signed by the member(s) so or by him/her attorney duly authorized in writing, If the member is a corporation its common seal should be affixed to the instrument.
4. This proxy form, duly completed, must be deposited at the Company's Registered Office not later than 48 hours before the time of holding the meeting and through their original CNIC/Passport and Providing a copy thereon.
5. The signature on the instrument of proxy must agree with the specimen signature recorded with the company A proxy must be a member of the Company.