KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

M/S. GUL AHMED HOLDINGS (PRIVATE) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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M/S. GUL AHMED HOLDINGS (PRIVATE) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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AUDITORS' REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Gul Ahmed Holdings (Private) Limited (the Holding Company) and its subsidiary companies (together referred to as Group) as at June 30, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company and the Subsidiary Company Gul Ahmed Textile Mills Limited. The financial statements of the subsidiaries, Gul Ahmed International Limited (FZC), GTM (Europe) Limited and GTM USA Corp have been audited by the other firms of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such subsidiaries, is based solely on the report of such other auditors. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the international standards on auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements present fairly the financial position of Soorty Enterprises (Pvt.) Limited and its subsidiary companies as at June 30, 2015 and the results of their operations for the year then ended.

Kreston Hyder Bhimji & Co.
KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shaikh Mohammad Tanvir

Karachi: 23 SEP 2015

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Gul Ahmed Holdings (Private) Limited
Consolidated Balance Sheet
As at June 30, 2015

	Note	2015	2014
		-----Rs. 000s-----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	806	806
Reserves	5	4,626,761	4,618,634
Unappropriated profit		351,009	3,464
		4,978,576	4,622,904
Non-controlling interest		2,402,959	2,230,715
		7,381,535	6,853,619
NON-CURRENT LIABILITIES			
Long term financing	6	2,407,732	2,239,239
Deferred liabilities			
Deferred taxation - net	7	356,354	338,936
Staff retirement benefits	8	48,833	44,816
		405,187	383,752
CURRENT LIABILITIES			
Trade and other payables	9	5,393,392	6,428,520
Accrued mark-up/profit	10	206,481	177,164
Short term borrowings	11	8,838,174	7,829,770
Advance from Director	12	1,000	-
Current maturity of long term financing	6	714,008	694,706
		15,153,055	15,130,160
CONTINGENCIES AND COMMITMENTS	13		
		25,347,509	24,606,770

	Note	2015	2014
		-----Rs. 000s-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	9,049,142	8,217,907
Intangible assets	15	15,834	24,020
Long term loans and advances	16	12,859	11,901
Long term deposits		93,572	81,034
		9,171,407	8,334,862
CURRENT ASSETS			
Stores, spare parts and loose tools	17	699,062	855,530
Stock-in-trade	18	11,461,198	12,129,702
Trade debts	19	2,152,073	1,482,683
Loans and advances	20	349,247	404,734
Short term prepayments		114,964	95,018
Other receivables	21	331,399	346,027
Tax refunds due from Government	22	750,196	655,664
Income tax refundable-payments less provision		181,730	177,812
Cash and bank balances	23	136,233	124,738
		16,176,102	16,271,908
		25,347,509	24,606,770

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive

Director

Gul Ahmed Holdings (Private) Limited
Consolidated Profit and Loss Account
For the Year ended June 30, 2015

	Note	2015	For the period ended 30, June 2014
		------Rs. 000s-----	
Sales	24	34,217,319	304,517
Cost of sales	25	27,787,984	254,218
Gross profit		6,429,335	50,299
Preliminary expenses written off		-	26
Distribution cost	26	2,644,798	25,962
Administrative expenses	27	1,791,367	14,390
Other operating expenses	28	185,397	941
		4,621,562	41,319
		1,807,773	8,980
Other income	29	343,095	7,138
Operating profit		2,150,868	16,118
Finance cost	30	1,360,449	6,696
Profit before taxation		790,419	9,422
Provision for taxation	31	177,399	2,527
Profit after taxation		613,020	6,895
Attributable to:			
Equity holders of GAHPL		413,075	4,526
Non-controlling interest		199,945	2,369
		613,020	6,895
Earnings per share - basic and diluted (Rs.)	32	5,122.46	56.13

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive

Director

Gul Ahmed Holdings (Private) Limited
Consolidated Statement of Comprehensive Income
For the Year ended June 30, 2015

	2015	For the period ended 30, June 2014
	------Rs. 000s------	
Profit after taxation	613,020	6,895
Other comprehensive income		
Items that will not be reclassified to profit and loss account subsequently		
Remeasurement loss on defined benefit plan	(16,437)	(32)
Tax effect on remeasurement loss	2,022	4
	(14,415)	(28)
Items that may be reclassified to profit and loss account subsequently		
Exchange difference on translation of foreign indirect subsidiaries	10,270	78
Total comprehensive income	608,875	6,944
Attributable to:		
Equity holders of GAHPL	410,280	4,559
Non-controlling interest	198,595	2,385
	608,875	6,944

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive

Director

Gul Ahmed Holdings (Private) Limited
Consolidated Cash Flow Statement
For the Year ended June 30, 2015

	Note	2015	For the period ended 30, June 2014
		-----Rs. 000s-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		790,419	9,422
Adjustments for:			
Depreciation	14.1.1	968,706	7,648
Amortisation	15.1	13,703	78
Provision for gratuity	8.2	33,531	321
Finance cost	30	1,360,449	6,696
Provision for slow moving/obsolete items	17.1	10,645	221
Provision for doubtful debts	19.2	29,825	246
Property, plant and equipment scrapped	28	1,510	146
Gain on sale of short term investments	29	(5,983)	-
Dividend income	29	(406)	-
Net gain on sale of property, plant and equipment		(8,050)	(682)
		2,403,930	14,674
Cash flows from operating activities before adjustments of working capital		3,194,349	24,096
Changes in working capital:			
(Increase)/decrease in current assets			
Stores, spare parts and loose tools		145,823	3,347
Stock-in-trade		668,504	50,329
Trade debts		(699,215)	47,355
Loans and advances		55,487	8,831
Short term prepayments		(19,946)	5,880
Other receivables		14,628	(1,448)
Tax refunds due from Government - Net		159,476	(2,098)
		324,757	112,196
Increase in current liabilities			
Trade and other payables		(1,035,890)	12,353
		(711,133)	124,549
		2,483,216	148,645
Adjustments for			
Gratuity paid	8.1	(45,951)	(375)
Finance cost paid		(1,331,132)	(7,449)
Income tax paid		(415,885)	(4,733)
Increase in long term loans and advances		(958)	(58)
Increase in long term deposits		(12,538)	(217)
		(1,806,464)	(12,332)
Net cash generated from operating activities		676,752	136,313
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment	14.1 & 14.2	(1,865,002)	(23,287)
Addition to intangible assets	15	(5,517)	(4)
Proceeds from sale of property, plant and equipment		71,601	1,251
Dividend Income		406	-
Short term investments made during the year		(519,473)	-
Proceeds from sale of short term investments		525,456	-
Net cash used in investing activities		(1,792,529)	(22,040)

Gul Ahmed Holdings (Private) Limited
Consolidated Cash Flow Statement
For the Year ended June 30, 2015

	Note	June 2015	For the period ended 30, June 2014
		------Rs. 000s-----	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		873,209	7,983
Repayments of long term financing		(685,414)	(6,693)
Advance from Director	12	1,000	-
Proceeds from issue of shares		-	806
Dividend paid		(80,197)	-
Net cash generated from financing activities		108,598	2,096
Exchange difference on translation of foreign subsidiaries		10,270	78
Net (decrease)/increase in cash and cash equivalents		(996,909)	116,447
Cash and cash equivalents - at the beginning of the year		(7,705,032)	(7,821,479)
Cash and cash equivalents - at the end of the year	34	(8,701,941)	(7,705,032)

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive

Director

Gul Ahmed Holdings (Private) Limited
Consolidated Statement of Changes in Equity
For the Year ended June 30, 2015

	Share Capital	Capital Reserve	Exchange difference on translation of foreign subsidiaries	Statutory Reserve	Un-appropriated profit	Total	Non-Controlling Interest	Total
	---Rs. 000s---							
Shares issued during the year	806	-	-	-	-	806	-	806
Capital reserve on acquisition of shares of subsidiary	-	4,617,538	-	-	-	4,617,538	-	4,617,538
Share of NCI in the net assets of subsidiay on acquisition of shares of subsidiary	-	-	-	-	-	-	2,228,330	2,228,330
Total comprehensive income for the period								
Profit for the period	-	-	-	-	4,526	4,526	2,369	6,895
Other comprehensive income	-	-	53	-	(19)	34	16	50
	-	-	53	-	4,507	4,560	2,385	6,945
Transfer to statutory reserve	-	-	-	1,043	(1,043)	-	-	-
Balance as at June 30, 2014	806	4,617,538	53	1,043	3,464	4,622,904	2,230,715	6,853,619
Final Dividend for the year ended June 30, 2014	-	-	-	-	(54,607)	(54,607)	(26,352)	(80,959)
Total comprehensive income for the year								
Profit for the year	-	-	-	-	413,075	413,075	199,945	613,020
Other comprehensive income	-	-	6,927	-	(9,723)	(2,796)	(1,349)	(4,145)
	-	-	6,927	-	403,352	410,279	198,596	608,875
Transfer to statutory reserve	-	-	-	1,200	(1,200)	-	-	-
Balance as at June 30, 2015	806	4,617,538	6,980	2,243	351,009	4,978,576	2,402,959	7,381,535

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive

Director

Gul Ahmed Holdings (Private) Limited
Notes to the Consolidated Financial Statements
For the Year ended June 30, 2015

1 LEGAL STATUS AND ITS OPERATIONS

1.1 Gul Ahmed Group ("the Group") comprises the following:
- Gul Ahmed Holdings (Private) Limited (The Holding Company)
- Gul Ahmed Textile Mills Limited (Direct Subsidiary)
- Gul Ahmed International Limited (FZC) - UAE (Indirect Subsidiary)
- GTM (Europe) Limited - UK (Indirect Subsidiary)
- GTM USA Corp. - USA (Indirect Subsidiary)

Gul Ahmed Holdings (Private) Ltd is a Private Limited Company incorporated on 14th April, 2014 under the Companies Ordinance, 1984. The Company has been incorporated to carry on business of Holding Company and make other investments. The registered office of the Company is situated at Plot No.82, Main National Highway, Landhi, Karachi.

Gul Ahmed Holdings (Private) Limited (The Holding Company) has been established and beneficially owned by the four major shareholders (Mr. Mohomed Bashir and his three sons Mr. Zain Bashir, Mr. Ziad Bashir and Mr. Mohammed Zaki Bashir as sponsors) of Gul Ahmed Textile Mills Limited (GATML) who had transferred their shares in one direction (as envisaged in Section 59B(7) of the Income Tax Ordinance 2001) after obtaining approval of the Securities and Exchange Commission of Pakistan (SECP) for group formation. Consequently the Company now owns 67.45% shares of GATML and has become the holding company of GATML.

Gul Ahmed Textile Mills Limited (GATML) was incorporated on 1s April 1953 in Pakistan as a private limited company, converted subsequently into public limited company on 7th January 1955. GATML is listed on all the Stock Exchanges of Pakistan. GATML is composite textile mill and is engagegd in the manufacture and sale of textile products. Its registered office is situated at Plot No. 82, Main National Highway, Landhi, Karachi.

Gul Ahmed International Limited (FZC) -UAE is a wholly owned subsidiary of Gul Ahmed Textile Mills Limited, GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC) - UAE and GTM USA Corp. is a wholly owned subsidiary of GTM (Europe) Limited. All these indirect subsidiaries are engaged in trading of textile related products.

Details of Subsidiaries

	Date of Incorporation	Percentage of Holding	Country of Incorporation
Gul Ahmed Textile Mills Limited	April 01, 1953	67.45%	Pakistan
Gul Ahmed International Limited FZC - Indirect subsidiary	November 27, 2002	67.45%	U.A.E
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	67.45%	U.K
GTM USA Corp. - Indirect subsidiary	March 19, 2012	67.45%	U.S.A

1.2 Basis of consolidation

These financial statements comprise the financial statements of the Group.

Subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the Holding Company or power to govern the financial and operating policies over the subsidiary and is excluded from consolidation from the date of disposal or cessation of control.

The assets and liabilities of the subsidiary companies have been consolidated on a line-by-line basis and the carrying value of investment held by the Company is eliminated against the subsidiary's share capital. All intra-group balances and transactions are eliminated.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

Non-controlling interest in the net assets and profit or loss of subsidiaries are identified and reported separately from the Holding Company's ownership interest.

Since the Holding Company became the parent company of GATML from June 27, 2014 therefore the comparative figures of the Subsidiary have been consolidated from that date. Assets and liabilities of the Subsidiary's consolidated accounts for the period ended June 30, 2014 had been added on a line-by-line basis; whereas the comparative figures of subsidiary relating to movement in balances, profit and loss account, cash flow statement and statement of changes in equity had been calculated and incorporated based on the weightage of three days proportion of difference the figures of audited consolidated financial statements of June 30, 2014 and consolidated financial information of period ended March 31, 2014 except remeasurement gains which are prorated based on 365 days.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These consolidated financial statements comprise of consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with notes thereon and have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

These consolidated financial statements have been prepared following accrual basis of accounting except for cash flow statement.

2.2 Statement of compliance

These consolidated 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.

2.3 Functional and presentation currency

These consolidated financial statements have been prepared in Pak Rupees, which is the Group's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand, unless otherwise stated.

2.4 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. 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 involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the Group's financial statements, are as follows:

Defined benefit plan

Actuarial assumptions have been adopted as disclosed in note no. 8 to the financial statements for valuation of defined benefit obligations.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

Useful lives , pattern of economic benefits and impairments

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

Intangibles

The Group reviews appropriateness of useful life. Further, where applicable, an estimate of recoverable amount of intangible asset is made for possible impairment on an annual basis.

Provision for obsolescence and slow moving spare parts and loose tools

Provision for obsolescence and slow moving spare parts is based on parameters set out by management.

Stock-in-trade

The Group reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated currently prevailing selling price/market price less estimated expenditures to make the sales.

Provision against trade debts, advances and other receivables

The Group reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis. While determining provision the Group considers financial health, market information, ageing of receivables, credit worthiness, credit rating, past records and business relationship.

Taxation

The Group takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note no. 3.5 of these consolidated financial statements. Deferred tax calculation has been made based on estimate of expected future ratio of export income and local sales based on past history.

2.5 Adoption of new and revised standards and interpretations

(a) New and amended standards and interpretations became effective:

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. Impact of these standards, interpretations and amendments on Group's financial statements are mentioned below against the respective standards or interpretations.

IAS 19 'Employee Benefits': Employee contributions - A practical approach

The amendment clarifies that how contributions from employees or third parties, that are linked to service, should be attributed to period of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendments are relevant only to the defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendment does not have any impact on the Group's consolidated financial statements.

IAS 32 'Financial Instruments: Presentation' - Offsetting financial assets and financial liabilities

The amendment updates the application guidance to clarify some of the requirements for offsetting the financial assets and financial liabilities on the balance sheet date. The amendment clarifies that right of set-off must not be contingent on a future event. It must also be legally enforceable for all counter parties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The Group's current accounting treatment is already in line with the requirements of this amendment.

IAS 36 'Impairment of Assets' - Recoverable amount disclosures for non-financial assets

These narrow-scope amendments to IAS 36 'Impairment of Assets' reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment has no impact on the Group's consolidated financial statements.

IAS 39 'Financial Instruments: Recognition and Measurement' - Novation of derivatives and continuation of hedge accounting

The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The amendment does not have significant impact on the Group's consolidated financial statements.

IFRIC 21 'Levies'

IFRIC 21 is an interpretation of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The amendment has no impact on the Group's consolidated financial statements.

(b) Amendments to standards as a result of Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles became effective:

Amendments to the following standards as a result of annual improvements to the International Financial Reporting Standards issued by IASB. Impact of these amendments on Group's financial statements are mentioned below against the respective standards.

KPMG

IFRS 2 'Share-based Payment'

IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also separately clarifies how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition. The amendment has no impact on the Group's consolidated financial statements.

IFRS 3 'Business Combinations'

These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves. The amendment has no impact on the Group's consolidated financial statements.

IFRS 8 'Operating Segments'

This amendment explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition, this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities. The Group's current disclosures are already in line with the requirements.

IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets'

The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. The amendment is not relevant to the Group's consolidated financial statements.

IAS 24 'Related Party Disclosures'

This standard has been amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amount charged to the reporting entity is required. The amendment is not relevant to the Group's consolidated financial statements.

IAS 40 'Investment Property'

This standard has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. The amendment is not relevant to the Group's consolidated financial statements.

(c) Standards, Interpretations and Amendments not yet effective:

The following standards, amendments and interpretations of approved accounting standards that have been published that are mandatory to the Group's accounting period beginning on or after the dates mentioned below:

KPMG Co

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' (Effective for annual periods beginning on or after January 01, 2016)

This amendment introduces severe restrictions on the use of revenue-based amortization for intangible assets and explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. It is unlikely that the standard will have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Bearer Plants (Effective for annual periods beginning on or after January 01, 2016)

Bearer plants are now in the scope of IAS 16 for measurement and disclosure purposes. Therefore, a Company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less cost to sell under IAS 41. A bearer plant is a plant that is used in the supply of agricultural produce, is expected to bear produce for more than one period, and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. This standard is not relevant to the Group's consolidated financial statements.

IAS 27 (Revised 2011) – 'Separate Financial Statements' (Effective from accounting period beginning on or after January 01, 2016)

Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement, or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. It is unlikely that the standard will have any significant impact on the Group's consolidated financial statements.

IAS 28 (Revised 2011) – 'Investments in Associates and Joint Ventures' (Effective from accounting period beginning on or after January 01, 2016)

This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is not relevant to the Group's consolidated financial statements.

(d) **Amendments to standards as a result of annual improvements to IFRSs 2012–2014 cycle that are not yet effective:**

Amendments to the following standards as a result of annual improvements to the International Financial Reporting Standards issued by IASB that are not yet effective. Impact of these amendments on Group's financial statements are mentioned below against the respective standards.

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' - Changes in methods of disposal (Effective from accounting period beginning on or after January 01, 2016)

The amendment adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The amendment is prospective and it is unlikely that the standard will have any significant impact on the Group's consolidated financial statements.

IFRS 7 'Financial Instruments: Disclosures' (Effective from accounting period beginning on or after January 01, 2016)

The amendments adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. The amendment also clarifies that the additional disclosure required by the amendment to IFRS 7, 'Disclosure - Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective. It is unlikely that the standard will have any significant impact on the Group's consolidated financial statements.

IAS 19 'Employee Benefits' - Discount rate regional market issue (Effective from accounting period beginning on or after January 01, 2016)

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is currency that the liabilities are denominated in, is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, Government bonds in that relevant currency should be used. The amendment is retrospective but limited to the earliest period presented. It is unlikely that the standard will have any significant impact on the Group's consolidated financial statements.

IAS 34 'Interim Financial Reporting' - Disclosure of information 'elsewhere in the interim financial report' (Effective from accounting period beginning on or after January 01, 2016)

This amendment clarifies what is meant by the reference in the standard to 'Disclosure of information elsewhere in the interim financial report'. The amendment also amends IAS 34 to require cross-reference from the interim financial statements to the location of that information. This amendment is retrospective. This amendment will only effect the disclosure in Group's consolidated interim financial statements.

(e) New Standards issued by IASB and notified by SECP but not yet effective:

Following new standards issued by IASB have been adopted by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan through SRO 633(1) / 2014 dated July 10, 2014 and will be effective for annual periods beginning on or after January 01, 2015.

IFRS 10 'Consolidated Financial Statements'

This is a new standard that replaces the consolidation requirements in SIC - 12 Consolidation: Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements. The proposed standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess. The standard only affects the disclosure in the Group's consolidated financial statements.

IFRS 11 'Joint Arrangements'

This is a new standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangements, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities. It is unlikely that the standard will have any impact on the Group's consolidated financial statements.

IFRS 12 'Disclosure of Interest in Other Entities'

This is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard may result in additional disclosures in the Group's consolidated financial statement.

IFRS 13 'Fair Value Measurement'

This standard applies to IFRSs that require or permit fair value measurement or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The standard defines fair value on the basis of an 'exit-price' notion and uses 'a fair value hierarchy', which results in market-based, rather than entity-specific measurement. It is unlikely that the standard will have any significant impact on the Group's consolidated financial statements.

(f) **New Standards issued by IASB but not yet been notified by SECP:**

International Financial Reporting Standards (IFRSs)		IASB effective date for annual periods beginning on or after
IFRS 1	- First Time Adoption of IFRS	January 1, 2013
IFRS 9	- Financial Instruments	January 1, 2018
IFRS 14	- Regulatory Deferral Accounts	January 1, 2016
IFRS 15	- Revenue from Contracts with Customers	January 1, 2017

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions and translation

All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date or as fixed under contractual arrangements.

All non-monetary items are translated into Pak Rupees at the rates on date of transaction or on the date when fair values are determined.

Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction or as fixed under contractual arrangement.

Foreign exchange gains and losses on translation are recognized in the profit and loss account.

For the purposes of consolidation, income and expense items of the foreign subsidiaries are translated at annual average exchange rate. All monetary and non monetary assets and liabilities are translated at the exchange rate prevailing at the balance sheet date except for share capital which is translated at historical rate. Exchange differences arising on the translation of foreign subsidiaries are recognized under translation reserve in Consolidated reserves until the disposal of interest in such subsidiaries.

3.2 Staff retirement benefits

Defined benefit plan

The Group operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are payable to employees on completion of the prescribed qualifying period of service under the scheme. Actuarial valuation is conducted periodically using the "Projected Unit Credit Method" and the latest valuation was carried out as at June 30, 2015. The results of valuation are summarized in note no. 8.

EYHPE

Current service cost, past service cost and interest cost are recognized in profit and loss account. Actuarial gains and losses arising at each valuation date are recognized immediately in other comprehensive income.

Defined contribution plan

The Subsidiary Company operates a recognized provident fund scheme for its eligible employees to which equal monthly contribution is made by the Subsidiary Company and its employees at the rate of 8.33% of the basic salary. The Subsidiary Company's contribution is charged to profit and loss account.

3.3 Accumulated employee compensated absences

The Subsidiary Company provides for compensated absences for all eligible employees in the period in which those are earned in accordance with the rules of the Group.

3.4 Provisions and contingencies

Provisions are recognized when the Group has present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Group takes into account the current Income Tax laws and decisions taken by the Taxation Authorities.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

3.6 Borrowings

Borrowings are recorded at the amount of proceeds received net of transaction cost incurred, and are subsequently recorded at amortized cost using the effective interest rate method.

3.7 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

3.8 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.9 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except leasehold land which is stated at cost.

Depreciation is charged on all depreciable assets using reducing balance method except for structure on lease hold land / rented property and specific office equipment's (i.e. I.T. equipment's and mobile phones) which are depreciated at straight line method. These assets are depreciated at rates specified in the note no. 14.1. Depreciation is charged on additions on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its disposal. Depreciation is charged on the assets even if the assets are idle. No amortization is provided on lease hold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

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

Gains and losses on disposal of operating assets are included in profit and loss account.

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less impairment ,if any. Cost represents expenditure incurred on property, plant and equipment in the course of construction, acquisition, installation, development and implementation. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets starts operation.

3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the assets on a systematic basis to income by applying the straight line method at the rate specified in note no. 15.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets' fair value less costs to sell and value in use.

3.11 Investment at fair value through profit and loss

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

These are investments designated as held-for-trading at the inception. Investments under this category are classified in current assets. These investments are initially recorded at fair value and are remeasured at each reporting date. Gains or losses arising from changes in the fair value are recognised in profit and loss account in the period in which they arise. Gains or losses on disinvestments are also recognised in profit and loss account.

3.12 Loans and receivables

Financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. These are measured at amortised cost less impairment, if any.

3.13 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at moving average cost less provision for slow moving / obsolete items. Goods-in-transit are valued at invoice/purchase amount plus other costs incurred thereon up to balance sheet date.

3.14 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued at lower of weighted average cost and net realisable value. Waste products are valued at net realisable value. Cost of raw materials and trading stock comprises of the invoice value plus other charges incurred thereon. Cost of work-in-process and finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads. Items in transit are stated at cost comprising invoice value and other incidental charges incurred thereon upto the balance sheet date.

Net realisable value signifies the estimated selling prices in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

3.14 Trade debts

Trade debts are carried at original invoice amount. Export trade debts are translated into Pak Rupees at the rates ruling on the balance sheet date or as fixed under contractual arrangements. Debts considered irrecoverable are written off and provision is made for debts considered doubtful.

3.15 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on following basis:

- Sale is recognised when the goods are dispatched to the customer and in case of export when the goods are shipped. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.

- Profit on deposits with banks is recognised on time proportion basis taking into account the amount outstanding and rates applicable thereon.

- Duty draw back on export sales is recognized on an accrual basis at the time of export sale.

- Processing charges are recorded when processed goods are delivered to customers and invoices raised.

- Dividend income is recognised when the right to receive the payment is established.

- Mark-up on loans and advances to employees is recognized on the effective yield method. Under effective yield method, amortized cost of a financial asset is computed and related mark-up income is allocated over the relevant period.

3.16 Financial Instruments

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

Any gain or loss on subsequent measurement of the financial asset, except for available-for-sale investments, is charged / credited to the profit and loss account.

3.17 Derecognition

Financial assets are derecognised when the Group looses control of the contractual rights that comprise the financial asset. The Group looses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group surrenders those rights. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on derecognition of financial asset is also included / credited to the profit and loss account.

3.18 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Group considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognised as expense in profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

Non-Financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount of such assets is estimated. Recoverable amount is higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognised as expense in the profit and loss account for the amount by which asset's carrying amount exceeds its recoverable amount.

Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets of the unit on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.19 Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with interest and exchange rate fluctuations. Derivative financial instruments are, that do not qualify for hedge accounting, carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of the derivative financial instruments is taken to the profit and loss account.

3.20 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Group has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.21 Cash and cash equivalents

For the purpose of consolidated cash flow statement, the cash and cash equivalents comprises cash in hand and balances with banks on current, savings and deposit accounts, less short-term borrowings.

3.22 Dividend and appropriation to reserves

Final dividend distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders at the Annual General Meeting, while the interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors. Appropriations of profit are reflected in the statement of consolidated changes in equity in the period in which such appropriations are approved.

3.23 Segment reporting

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

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

			2015	2014
			------Rs. 000s-----	

4 SHARE CAPITAL

4.1 Authorised capital

Number of Shares				
100,000	100,000	Ordinary shares of Rs.10 each	1,000	1,000

4.2 Issued, subscribed and paid-up capital

Number of Shares				
80,640	80,640	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	806	806

5 RESERVES

Capital Reserve	5.1	4,617,538	4,617,538
Exchange difference on translation of foreign subsidiary		6,980	53
Statutory Reserve		2,243	1,043
		4,626,761	4,618,634

5.1 This represents the reserve created in respect of the recognition of the investment in subsidiary equal to the share of net assets of Gul Ahmed Textile Mills Limited as on June 27, 2014 i.e. the date on which 123,314,552 were transferred by four major shareholders as described in note no 1. Since the Holding Company has become Parent by virtue of the transfer of the shares to Company by four major shareholders of the Gul Ahmed Textile Mills Limited (GATML), who are also beneficial owners of the Company so the transaction between the owners of the Company and Company in their capacity as owners of the entity, without issuance of shares by the Company to its shareholders for transferring their investment in GTML to satisfy one-way transfer, is treated and recorded as Capital Reserve and directly credited into equity.

6 LONG TERM FINANCING - SECURED

	Note	2015	2014
		------Rs. 000s-----	
From Banking Companies			
Related party	6.1	491,414	598,511
Other banks	6.2	2,630,326	2,335,434
		3,121,740	2,933,945
Current portion shown under current liabilities		(714,008)	(694,706)
Total		2,407,732	2,239,239

Particulars	Note	Number of installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2015	2014
					----Rs. 000s----	
6.1 Related party						
Habib Metropolitan Bank Limited Loan 1						
a) Under LTF-EOP scheme	6.4, 6.6, 6.7	12 half yearly March-2010	678	7.00% p.a. payable quarterly	678	2,047
b) Under LTF-EOP scheme		12 half yearly April-2010	2,038	7.00% p.a. payable quarterly	2,038	6,123
Habib Metropolitan Bank Limited Loan 2 Under LTF-EOP scheme	6.4, 6.6, 6.7	12 half yearly November-2010	19,417	7.00% p.a. payable quarterly	38,830	77,665
Habib Metropolitan Bank Limited Loan 3 Under LTFF scheme	6.4, 6.6, 6.8	16 half yearly February-2012	2,719	10.00% p.a. payable quarterly	24,462	29,900
Habib Metropolitan Bank Limited Loan 4 Under LTFF scheme	6.4, 6.6, 6.8	16 half yearly March-2012	2,504	10.00% p.a. payable quarterly	22,537	27,545
Habib Metropolitan Bank Limited Loan 5 Under LTFF scheme	6.4, 6.6, 6.8	16 half yearly June-2012	4,212	10.25% p.a. payable quarterly	37,889	46,313
Habib Metropolitan Bank Limited Loan 6 Under LTFF scheme	6.4, 6.6, 6.8	16 half yearly July-2012	1,800	10.25% p.a. payable quarterly	16,030	21,644
Habib Metropolitan Bank Limited Loan 7 Under LTFF scheme	6.4, 6.6, 6.8	10 half yearly December-2013	3,328	11.20% p.a. payable quarterly	23,968	26,624
Habib Metropolitan Bank Limited Loan 8 Under LTFF scheme	6.4, 6.6, 6.8	10 half yearly January-2014	970	12.70% p.a. payable quarterly	6,781	8,721
Habib Metropolitan Bank Limited Loan 9 Under LTFF scheme	6.4, 6.6, 6.8	10 half yearly February-2014	1,342	12.70% p.a. payable quarterly	9,388	12,077
Habib Metropolitan Bank Limited Loan 10 Under LTFF scheme	6.4, 6.6, 6.8	10 half yearly June-2014	9,618	12.70% p.a. payable quarterly	67,320	80,562
Habib Metropolitan Bank Limited Loan 11 Under LTFF scheme	6.4, 6.6, 6.8	10 half yearly August-2014	1,357	12.70% p.a. payable quarterly	10,856	13,570
Habib Metropolitan Bank Limited Loan 12 Under LTFF scheme	6.4, 6.6, 6.8	10 half yearly September-2014	3,392	12.70% p.a. payable quarterly	27,136	33,920
Habib Metropolitan Bank Limited Loan 13 Under LTFF scheme	6.4, 6.6, 6.8	10 half yearly October-2014	158	12.70% p.a. payable quarterly	1,259	1,579
Habib Metropolitan Bank Limited Loan 14 Under LTFF scheme	6.4, 6.6, 6.8	10 half yearly August-2015	2,959	11.40% p.a. payable quarterly	29,590	29,590
Habib Metropolitan Bank Limited Loan 15 Under LTFF scheme	6.4, 6.6, 6.8	10 half yearly September-2015	13,089	11.40% p.a. payable quarterly	136,885	136,885
Habib Metropolitan Bank Limited Loan 16	6.4, 6.6, 6.8	10 half yearly April-2016	3,776	11.40% p.a. payable quarterly	37,755	37,755
		Total from related party			493,424	598,521

Particulars	Note	Number of installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2015	2014
					----Rs. 000s----	
6.2 Other Banks						
Allied Bank Limited Loan Under LTFF scheme	6.5, 6.8	32 quarterly July-2010	9,256	10.00% p.a. payable quarterly	111,081	148,104
Askari Bank Limited Loan 1 Under LTFF scheme	6.4, 6.8	20 quarterly October-2016	8,346	8.50 % p.a. payable quarterly	166,920	-
Askari Bank Limited Loan 2 Under LTFF scheme	6.4, 6.8	20 quarterly December-2016	2,930	8.50 % p.a. payable quarterly	58,578	-
Askari Bank Limited Loan 3 Under LTFF scheme	6.4, 6.8	20 quarterly March-2017	1,066	8.50 % p.a. payable quarterly	21,325	-
AlBaraka Bank (Pakistan) Limited Loan	6.4	20 quartely March-2016	7,780	Average three months KIBOR Ask rate + 1.10% payable quartely	155,600	-
Bank Al-Habib Limited Loan 1 Under LTF-EOP scheme	6.4, 6.7	12 half yearly December-2008	2,315	7.00% p.a. payable quarterly	-	4,627
Bank Al-Habib Limited Loan 2 Under LTFF scheme	6.3, 6.4, 6.8	8 half yearly December-2013	17,159	12.60% p.a. payable quarterly	68,629	102,947
Bank Al-Falah Limited Loan 1	6.4	9 half yearly July-2014	1,147	Average six months KIBOR Ask rate + 1.25% payable half yearly	8,031	10,325
Bank Al-Falah Limited Loan 2	6.4	9 half yearly August-2014	1,472	Average six months KIBOR Ask rate + 1.25% payable half yearly	10,308	13,252
Bank Al-Falah Limited Loan 3	6.4	9 half yearly September-2014	8,172	Average six months KIBOR Ask rate + 1.25% payable half yearly	57,203	73,547
Bank Al-Falah Limited Loan 4	6.4	9 half yearly October-2014	10,285	Average six months KIBOR Ask rate + 1.25% payable half yearly	71,997	92,567
Bank Al-Falah Limited - Loan 5 Islamic Banking	6.4	09 half yearly March-2014	9,439	Average six months KIBOR Ask rate + 1.25% payable half yearly	56,633	75,511
Bank Al-Falah Limited - Loan 6 Islamic Banking	6.4	09 half yearly April-2014	6,457	Average six months KIBOR Ask rate + 1.25% payable half yearly	38,747	51,662
Faysal Bank Limited Loan 1 Under LTFF scheme	6.4, 6.8	10 Half Yearly January-2014	6,720	12.70% p.a. payable quarterly	47,040	60,480
Faysal Bank Limited Loan 2 Under LTFF scheme	6.4; 6.8	10 half yearly January-2014	3,850	12.70% p.a. payable quarterly	26,950	34,650
Faysal Bank Limited Loan 3 Under LTFF scheme	6.4, 6.8	10 half yearly April-2014	672	12.70% p.a. payable quarterly	4,698	6,042
Faysal Bank Limited Loan 4 Under LTFF scheme	6.4, 6.8	10 half yearly June-2014	241	12.70% p.a. payable quarterly	1,687	2,169
Faysal Bank Limited Loan 5 Under LTFF scheme	6.4, 6.8	10 half yearly July-2014	846	12.70% p.a. payable quarterly	6,768	8,460
Faysal Bank Limited Loan 6 Under LTFF scheme	6.4, 6.8	10 half yearly September-2014	10,970	12.70% p.a. payable quarterly	87,760	109,700
Habib Bank Limited Loan 1 a) Under State Bank of Pakistan (SBP) scheme of Long Term Finance - Export Oriented Projects (LTF-EOP)	6.2, 6.7	12 half yearly June-2010	5,411	7.00% p.a. payable quarterly	5,411	16,245

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2015	2014
					----Rs. 000s----	
b) Under LTF-EOP scheme		12 half yearly November-2010	4,450	7.00% p.a. payable quarterly	8,903	17,803
Habib Bank Limited Loan 2 Under LTF-EOP scheme	6.3, 6.7	12 half yearly December-2010	2,571	7.00% p.a. payable quarterly	5,142	10,284
Habib Bank Limited Loan 3 Under LTF-EOP scheme	6.3, 6.7	12 half yearly February-2010	9,511	7.00% p.a. payable quarterly	9,511	28,531
Habib Bank Limited Loan 4 Under LTF-EOP scheme	6.3, 6.7	12 half yearly January-2010	776	7.00% p.a. payable quarterly	776	2,332
Habib Bank Limited Loan 5 a) Under LTF-EOP scheme	6.3, 6.7	12 half yearly January-2010	1,691	7.00% p.a. payable quarterly	1,691	5,091
b) Under LTF-EOP scheme		12 half yearly February-2010	136	7.00% p.a. payable quarterly	136	414
Habib Bank Limited Loan 6 Under State Bank of Pakistan (SBP) Scheme of Long Term Financing Facility (LTFF)	6.3, 6.8	16 half yearly July-2011	11,054	10.00% p.a. payable quarterly	88,434	110,542
Habib Bank Limited Loan 7 Under LTFF scheme	6.3, 6.8	16 half yearly August-2011	562	10.00% p.a. payable quarterly	4,499	5,623
Habib Bank Limited Loan 8 Under LTFF scheme	6.3, 6.8	16 half yearly October-2011	709	10.00% p.a. payable quarterly	5,678	7,096
Habib Bank Limited Loan 9 Under LTFF scheme	6.3, 6.8	16 half yearly March-2012	277	10.00% p.a. payable quarterly	2,493	3,045
Habib Bank Limited Loan 10 Under LTFF scheme	6.3, 6.8	16 half yearly August-2012	3,538	10.25% p.a. payable quarterly	35,398	42,470
Habib Bank Limited Loan 11 Under LTFF scheme	6.3, 6.8	20 quarterly September-2016	5,804	9.00% p.a. payable quarterly	116,050	-
Habib Bank Limited Loan 12 Under LTFF scheme	6.3, 6.8	20 quarterly November-2016	1,098	9.00% p.a. payable quarterly	21,950	-
HSBC Bank Middle East Limited Loan 1 a) Under LTF-EOP scheme	6.4, 6.7	12 half yearly October-2010	2,883	7.00% p.a. payable quarterly	-	11,534
b) Under LTF-EOP scheme		12 half yearly November-2010	1,038	7.00% p.a. payable quarterly	-	4,149
HSBC Bank Middle East Limited Loan 2 Under LTF-EOP scheme	6.4, 6.7	12 half yearly December-2010	1,838	7.00% p.a. payable quarterly	-	7,353
HSBC Bank Middle East Limited Loan 3 Under LTF-EOP scheme	6.4, 6.7	12 half yearly February-2010	875	7.00% p.a. payable quarterly	-	2,623
HSBC Bank Middle East Limited Loan 4 Under LTF-EOP scheme	6.4, 6.7	12 half yearly March-2010	844	7.00% p.a. payable quarterly	-	2,532
MCB Bank Limited Loan 1 Under LTFF scheme	6.5, 6.8	10 half yearly March-2017	17,412	8.25% p.a. payable quarterly	174,050	-
MCB Bank Limited Loan 2 Under LTFF scheme	6.5, 6.8	10 half yearly April-2017	2,417	8.25% p.a. payable quarterly	24,251	-
MCB Bank Limited Loan 3 Under LTFF scheme	6.5, 6.8	10 half yearly April-2017	5,773	8.25% p.a. payable quarterly	57,730	-
MCB Bank Limited Loan 4	6.5	10 quarterly March-2017	1,486	Average three months KIBOR Ask rate +2.25% payable quarterly	14,860	

Particulars	Note	Number of installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2015	2014
					——Rs. 000s——	
National Bank of Pakistan Loan 1	6.5	25 quarterly September-2009	4,000	Average three months KIBOR Ask rate + 1.00% payable quarterly	4,000	20,000
National Bank of Pakistan Loan 2 Under LTFF scheme	6.4, 6.5, 6.8	16 quarterly September-2011	2,350	10.40% p.a. payable quarterly	2,350	11,755
National Bank Of Pakistan Loan 3 Under LTFF scheme	6.4, 6.5, 6.8	20 quarterly January-2014	3,190	10.90% p.a. payable quarterly	44,660	57,420
National Bank Of Pakistan Loan 4 Under LTFF scheme	6.4, 6.5, 6.8	20 quarterly May-2014	801	10.90% p.a. payable quarterly	12,015	15,219
National Bank Of Pakistan Loan 5 Under LTFF scheme	6.4, 6.5, 6.8	20 quarterly April-2014	6,009	10.90% p.a. payable quarterly	90,135	114,171
NIB Bank Limited Loan 1 Under LTFF scheme	6.5, 6.8	16 quarterly June-2014	2,827	10.90% p.a. payable quarterly	31,099	42,407
NIB Bank Limited Loan 2 Under LTFF scheme	6.5, 6.8	16 quarterly March-2014	829	10.90% p.a. payable quarterly	6,791	11,607
NIB Bank Limited Loan 3 Under LTFF scheme	6.5, 6.8	16 quarterly August-2014	498	10.90% p.a. payable quarterly	5,968	7,960
NIB Bank Limited Loan 4	6.5	16 quarterly March-2014	829	Average three months KIBOR Ask rate + 1.50% payable quarterly	8,120	11,607
NIB Bank Limited Loan 5	6.5	16 quarterly June-2014	2,827	Average three months KIBOR Ask rate + 1.50% payable quarterly	31,099	42,408
NIB Bank Limited Loan 6 Under LTFF scheme	6.5, 6.8	16 quarterly September-2014	1,289	10.90% p.a. payable quarterly	15,480	20,640
NIB Bank Limited Loan 7 Under LTFF scheme	6.5, 6.8	16 quarterly November-2014	301	10.90% p.a. payable quarterly	3,924	4,830
NIB Bank Limited Loan 8 Under LTFF scheme	6.5, 6.8	16 quarterly February-2015	3,220	10.90% p.a. payable quarterly	45,090	51,530
NIB Bank Limited Loan 9 Under LTFF scheme	6.5, 6.8	16 quarterly March-2015	2,016	10.90% p.a. payable quarterly	28,234	32,266
NIB Bank Limited Loan 10 Under LTFF scheme	6.5, 6.8	16 quarterly April-2015	538	10.90% p.a. payable quarterly	8,072	8,610
NIB Bank Limited Loan 11 Under LTFF scheme	6.5, 6.8	16 quarterly May-2015	1,324	10.90% p.a. payable quarterly	19,864	21,190
NIB Bank Limited Loan 12	6.5	16 quarterly June-2015	168	Average three months KIBOR Ask rate + 1.50% payable quarterly	2,527	2,695
NIB Bank Limited Loan 13 Under LTFF scheme	6.5, 6.8	16 quarterly June-2015	2,037	10.90% p.a. payable quarterly	30,568	32,605
NIB Bank Limited Loan 14 Under LTFF scheme	6.5, 6.8	16 quarterly October-2015	803	10.90% p.a. payable quarterly	12,850	12,850
Standard Chartered Bank Loan 1 Under LTFF scheme	6.5, 6.8	8 Half Yearly October-2012	2,995	11.10% p.a. payable quarterly	5,990	11,980
Standard Chartered Bank Loan 2 Under LTFF scheme	6.5, 6.8	8 Half Yearly November-2012	21,886	11.10% p.a. payable quarterly	43,784	87,557

Particulars	Note	Number of installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2015	2014
					----Rs. 000s----	
United Bank Limited Loan 1 Under LTF-EOP scheme	6.5, 6.7	12 half yearly April-2010	931	7.00% p.a. payable quarterly	931	2,793
United Bank Limited Loan 2 Under LTFF scheme	6.5, 6.8	16 half yearly November-2010	363	10.00% p.a. payable quarterly	2,176	2,902
United Bank Limited Loan 3 Under LTFF scheme	6.5, 6.8	10 half yearly December-2012	1,319	10.50% p.a. payable quarterly	5,276	7,915
United Bank Limited Loan 4 Under LTFF scheme	6.5, 6.8	12 half yearly December-2011	557	10.50% p.a. payable quarterly	2,234	3,348
United Bank Limited Loan 5 Under LTFF scheme	6.5, 6.8	12 half yearly January-2012	128	10.50% p.a. payable quarterly	644	900
United Bank Limited Loan 6 Under LTFF scheme	6.5, 6.8	12 half yearly February-2012	741	10.50% p.a. payable quarterly	3,708	5,150
United Bank Limited Loan 7 Under LTFF scheme	6.5, 6.8	12 half yearly April-2012	3,680	11.20% p.a. payable quarterly	18,432	25,800
United Bank Limited Loan 8 Under LTFF scheme	6.5, 6.8	19 half yearly November-2011	7,441	11.20% p.a. payable quarterly	81,857	96,739
United Bank Limited Loan 9 Under LTFF scheme	6.5, 6.8	19 half yearly December-2011	5,916	11.20% p.a. payable quarterly	65,072	76,905
United Bank Limited Loan 10	6.5	12 half yearly September-2013	269	Average six months KIBOR Ask rate + 1.00% payable half yearly	2,150	2,687
United Bank Limited Loan 11	6.5	12 half yearly October-2013	1,235	Average six months KIBOR Ask rate + 1.00% payable half yearly	9,883	12,353
United Bank Limited Loan 12	6.5	12 half yearly December-2013	5,892	Average six months KIBOR Ask rate + 1.00% payable half yearly	47,133	58,916
United Bank Limited Loan 13 Under LTFF scheme	6.5, 6.8	12 half yearly January-2014	259	12.70% p.a. payable quarterly	2,338	2,856
United Bank Limited Loan 14 Under LTFF scheme	6.5, 6.8	12 half yearly March-2014	1,525	11.20% p.a. payable quarterly	13,727	16,776
United Bank Limited Loan 15	6.5	12 half yearly January-2014	11,913	Average six months KIBOR Ask rate + 1.00% payable half yearly	107,213	131,037
United Bank Limited Loan 16 Under LTFF scheme	6.4, 6.8	10 half yearly July-2017	1,802	8.00% p.a. payable quarterly	18,020	-
United Bank Limited Loan 17 Under LTFF scheme	6.4, 6.8	10 half yearly August-2017	398	6.50% p.a. payable quarterly	3,985	-
United Bank Limited Loan 18 Under LTFF scheme	6.4, 6.8	10 half yearly September-2017	215	6.50% p.a. payable quarterly	2,150	-
United Bank Limited Loan 19 Under LTFF scheme	6.4, 6.8	10 half yearly October-2017	102	6.50% p.a. payable quarterly	1,020	-
United Bank Limited Loan 20	6.4	10 half yearly	2,385	Average six months payable quarterly	23,850	-
United Bank Limited Loan 21 Under LTFF scheme	6.4, 6.8	10 half yearly December-2017	89	6.50% p.a. payable quarterly	890	-

Particulars	Note	Number of installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2015	2014
					——Rs. 000s——	
Samba Bank Limited Loan 1 Under LTFF scheme	6.5, 6.8	9 half yearly May-2015	17,245	10.90% p.a. payable quarterly	137,955	155,200
Samba Bank Limited Loan 2 Under LTFF scheme	6.5, 6.8	9 half yearly June-2015	4,456	10.90% p.a. payable quarterly	35,644	40,100
		Total from other banks			2,620,386	2,335,434

6.3 These loans are secured by first pari passu charge over present and future property, plant and equipment of the Subsidiary Company and equitable mortgage over land and building.

6.4 These loans are secured by charge over specified machinery.

6.5 These loans are secured by way of pari passu charge over the property, plant and equipment of the Subsidiary Company.

6.6 Habib Metropolitan Bank Limited is an associated company by virtue of common directorship.

6.7 Grace period of one year in payment of principal outstanding under LTF-EOP facilities was allowed by the banks as per State Bank of Pakistan SMEFD circular No. 01 dated January 22, 2009.

6.8 The financing availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years from the date when financing was availed. However, where financing facilities have been provided for a period of upto five years maximum grace period shall not exceed one year as per State Bank of Pakistan MFD Circular No. 07 dated December 31, 2007.

	2015	2014
	------Rs. 000s-----	
7 DEFERRED TAXATION - NET		
Balance at beginning of the year / period	338,936	338,679
Charged to profit and loss account	19,440	261
Charged to other comprehensive income	(2,022)	(4)
	356,354	338,936
Deferred tax arises in respect of :		
Taxable temporary difference		
Accelerated tax depreciation allowance	392,121	371,552
Provision for income of subsidiaries	9,209	8,221
	401,330	379,773
Deductible temporary differences		
Provision for gratuity	(5,408)	(5,185)
Provision for doubtful debts	(24,388)	(22,094)
Provision for slow moving items	(12,432)	(11,860)
Unused tax losses	(2,748)	(1,698)
	(44,976)	(40,837)
	356,354	338,936

7.1 Deferred taxation has been calculated only to the extent of those temporary differences which do not relate to income falling under the Final Tax Regime of the Income Tax Ordinance, 2001.

8 STAFF RETIREMENT BENEFITS

8.1 Reconciliation of the present value of defined benefit obligation/Movement in liability

	2015	2014
Opening balance	44,816	44,838
Charge for the year / period	33,531	321
Remeasurement loss chargeable in other comprehensive income	16,437	32
Benefits paid during the year / period	(45,951)	(375)
Closing balance	48,833	44,816

8.2 Charge for the year/period recognized in profit and loss account

	2015	2014
Current service cost	29,734	294
Past Service Cost	1,458	-
Interest cost	2,339	27
	33,531	321

8.3 Significant actuarial assumptions used

Following significant actuarial assumptions were used for the valuation:

	2015	2014
Discount rate used	9.75 % p.a	13.25 % p.a
Expected increase in salary for year end obligation	8.75 % p.a	12.25 % p.a
Average expected remaining working life time of employees	9 years	8 years
Mortality rates	SLIC 2001-2005 Set back 1 Year	SLIC 2001-2005 Set back 1 Year

8.4 Past service cost has arisen due to change in plan (eligible payment days) for certain employees of the Subsidiary Company.

8.5 General Description

The scheme provides retirement benefits to all its eligible employees who are not part of the provident fund scheme and who have attained the minimum qualifying period. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2015. The disclosure is based on information included in that actuarial report.

8.6 Sensitivity Analysis

Year end sensitivity analysis (+- 100 bps) on Defined Benefit Obligation as presented by actuary in the report

	2015	2014
Discount Rate + 100 bps	40,225	36,571
Discount Rate - 100 bps	48,442	43,028
Salary increase + 100 bps	48,442	43,152
Salary increase - 100 bps	40,162	36,409

9 TRADE AND OTHER PAYABLES

		Note	2015	2014
			------Rs. 000s------	
Creditors	- Due to related parties		11,793	11,284
	- Others		3,841,765	4,793,637
			3,853,558	4,804,921
Murabaha		9.1	-	358,202
Accrued expenses		9.2	1,139,057	811,813
Advance from customers			274,889	254,778
Workers' profit participation fund		9.3	49,498	84,102
Workers' welfare fund		9.4	15,986	53,634
Unclaimed dividend			1,274	512
Taxes withheld			25,627	35,351
Payable to employees' provident fund			2,158	9,016
Others			31,345	16,195
			5,393,392	6,428,520

9.1 Murabaha is secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. Unavailed murabaha facility at the year end was Rs. Nil (2014: Rs. 150 million) and the limit is interchangeable with Istisna. Murabaha facilities mature within 12 months, it includes accrued profit of Rs. Nil (2014: Rs. 4.202 million). The effective rate of profit ranges from 7.5% to 11.09% (2014: 9.15% to 11.28%).

9.2 Accrued expenses include infrastructure cess amounting to Rs. 94.2 million (2014: Rs. 72.48 million). The Subsidiary Company along with other Petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi. However, in view of the uncertainties in such matters, full amount has been expensed out in these financial statements.

9.3 Workers' profit participation fund

	2015	2014
	------Rs. 000s------	
Opening balance	84,102	83,548
Allocation for the year / period	42,069	554
Interest for the year / period	7,429	-
	133,600	84,102
Payments made during the year	(84,102)	-
Closing balance	49,498	84,102

9.3.1 The Subsidiary Company retains Workers' Profit Participation Fund for its business operations till the date of allocation to the workers. Interest is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilized by the Holding Company till the date of allocation / payment to workers.

9.4 The Holding Company along with other petitioners have challenged the constitutionality of the amendments brought into Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008. The Honorable Sindh High Court has given the decision in favor of the Government. The Holding Company has filed an appeal in the Supreme Court of Pakistan against the above decision. However, in view of the uncertainties in such matters, full amount has been expensed out in the consolidated financial statements.

10 ACCRUED MARK-UP/PROFIT

	2015	2014
	------Rs. 000s------	
Mark-up on long term financing	71,540	75,169
Mark-up/profit on short term borrowings	134,941	101,995
	206,481	177,164

10.1 Accrued mark-up includes mark-up due to following related parties:

	2015	2014
Long term financing		
Habib Metropolitan Bank Limited - associated company	14,205	16,701
Short term borrowings		
Habib Metropolitan Bank Limited - associated company	1,729	1,918
Silk Bank Limited - associated company	7,182	-
	8,911	1,918
	23,116	18,619

11 SHORT TERM BORROWINGS - SECURED

	Note	2015	2014
		------Rs. 000s-----	
Short term bank borrowings			
Foreign currency		967,746	5,212,442
Local currency		7,077,400	2,510,700
	11.1	8,045,146	7,723,142
Short term running finance		793,028	106,628
		8,838,174	7,829,770

11.1 Short term bank borrowing includes istisna amounting to Rs. 2,209 million (2014: Rs. 580 million) in local currency and Rs. Nil (2014: Rs. 1,959 million) in foreign currency.

11.2 Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts, other receivables and pledge over cotton. Unavailed facility at the year end was Rs. 7,004 million (2014: Rs. 6,162 million). The facility for short term finance matures within twelve months. Short term borrowings include following from related parties:

	2015	2014
	------------Rs. 000s------------	
Habib Metropolitan Bank Limited - associated company	183,551	614,563
Silk Bank Limited - associated company	475,000	-
	658,551	614,563

11.3 Foreign currency mark-up/profit rates range from 1.15% to 2.00% (2014: 0.84% to 3.75%) per annum. Local currency mark-up/profit rates range from 5.75% to 13.23% (2014: 8.95% to 13.38%) per annum.

12 ADVANCE FROM DIRECTOR

	2015	2014
	1,000	-

12.1 This represents unsecured and markup free finance provided by a director in order to meet the short term funding requirements of the holding company.

13 CONTINGENCIES AND COMMITMENTS

13.1 The subsidiary company - GATML owns and possesses a plot of land measuring 44 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 64 million. The GATML holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Sindh High Court by some claimants who claim to be the owners, as this land was previously sold to them and subsequently resold to the GATML. The claim of the alleged owners is fictitious. The GATML is confident that its title to the land is secure and accordingly no provision in this behalf has been made in these consolidated financial statements.

13.2 The subsidiary company - GATML has filed a suit in the Honorable Sindh High Court for recovery of Rs. 33.409 million (2014: Rs. 33.409 million) against sale of property included in other receivables note no. 21. The Groups management and its legal counsel are of the opinion that the case will be decided in the Gul Ahmed Textile Mills Limited's favor and as such no provision has been made there against.

13.3 The subsidiary company - GATML has filed a Petition in the Honorable Sindh High Court against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upholding the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs.50.827 million (2014: Rs.50.827 million). This demand had been raised after lapse of more than two years although the records and books of the GATML were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the GATML. No provision has been made there against in these consolidated financial statements as the GATML is confident of the favorable outcome of the Petition.

13.4 The subsidiary company - GATML has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent of Rs.10 million (2014: Rs. 10 million) and against which part payment of Rs. 2.57 million has been made. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the Holding Company. No provision has been made there against in these consolidated financial statements as the GATML is confident of the favorable outcome of the Petition. Also refer note no.20.1

13.5 On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby GIDC rates of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The matter regarding levy of the GIDC prior to promulgation of the GIDC Act, 2015 is presently subjudice. GATML (the subsidiary) along with several other companies has filed a suit in the Honorable Sindh High Court challenging the increase in GIDC through the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015. The Honorable Sindh High Court has issued stay against recovery of the GIDC under the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015 and hence GATML (the subsidiary) has not paid GIDC under the above referred laws. Further as the GATML is confident that the case will be decided in favor of the Appellants hence no provision in respect of the GIDC Act, 2011 and GIDC Ordinance, 2014 is made in these consolidated financial statements amounting to Rs.868.221 million (2014: Rs. 344.210 million).

However as a matter of abundant prudence amount payable under the GIDC Act 2015 commencing from May 22, 2015 to the balance sheet date amounting to Rs. 44.473 million has been provided in these consolidated financial statements.

13.6 The subsidiary company - GATML has filed a suit in the Honorable Sindh High Court for recovery of Rs. 17.851 million (2014: Rs. 17.851 million) against a customer for the sale of fabric included in trade debts note no. 19. However, in view of the uncertainties in such matters, full provision has been made in the consolidated financial statements.

13.7 During the year, the subsidiary company, GATML, has issued 25% bonus shares for the year ended June 30, 2014. 30,828,638 shares were receivable by GAHPL from GTML. The Government, through Finance Act 2014, has imposed 5% income tax on bonus shares. The Company along with several other shareholders has filed a suit in the Honorable Sind High Court, challenging the legality of tax on bonus shares. The Honorable Sind High Court, after giving stay on recovery of the tax, subsequently had given the decision in the favor of the Government. The Holding Company has then filed an appeal in the Division Bench of Honorable Sind High Court against the above decision. The Division Bench has issued stay against the recovery of the above tax. The Holding Company is confident that the case will be decided in the favor of the Appellants hence no provision in respect of tax on bonus shares has been made in these financial statements which amounts to Rs. 79,599,546 (5% of Bonus shares: 1,541,432 @ Rs.51.64 per share) and the holding percentage of GAHPL in GTML is assumed to remain unchanged.

13.8 Guarantees

(a) Rs. 656 million (2014: Rs. 636 million) against guarantees issued by banks which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 588 million (2014: Rs. 567million).

(b) Post dated cheques Rs. 462 million (2014 : Rs. 535 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.

(c) Bills discounted amounted to Rs. 1,858 million (2014: Rs. 2,927 million).

(d) Corporate guarantee of Rs. 96.873 million (2014: Rs. 109.398 million) has been issued to a bank by the subsidiary company - GATML in favor of indirect subsidiary company - GTM (Europe) Limited - UK..

13.9 Commitments

(a) The Group is committed for capital expenditure as at June 30, 2015 of Rs. 1,335 million (2014: Rs. 469 million)

(b) The Group is committed for non capital expenditure items under letters of credits as at June 30, 2015 of Rs. 2,000 million (2014: Rs. 2,221 million)

(c) The Group is committed to minimum rental payments for each of the following period as follows:

	Note	2015	2014
		-----Rs. 000s-----	
Not more than one year		408,079	323,120
More than one year but not more than five years		1,486,287	1,242,552
More than five years		939,586	730,377
		2,833,952	2,296,049

14 PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
Operating assets	14.1	8,711,930	7,720,611
Capital work in progress (CWIP)	14.2	337,212	497,296
		9,049,142	8,217,907

14.1 Operating fixed assets

	Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
		Rs. 000s						
Movement in net book value (NBV) during the year ended June 30, 2015								
Opening net book value (NBV)		227,564	1,000,544	5,941,828	51,176	158,654	340,845	7,720,611
Direct additions (at Cost)		-	164,370	205,838	6,355	42,507	93,683	512,753
Transfer from CWIP		-	518,654	984,818	66	8,795	-	1,512,333
Disposal at NBV	14.1.2	-	-	(46,279)	(58)	(856)	(16,358)	(63,551)
Scraped at NBV					(501)	(1,009)		(1,510)
Depreciation charge	14.1.1	-	(363,854)	(681,355)	(6,828)	(37,405)	(79,264)	(968,706)
Closing net book value		227,564	1,519,714	6,404,850	50,210	170,686	338,906	8,711,930
Net book value as at June 30, 2015								
Cost		227,564	2,928,849	13,033,494	112,553	480,095	735,800	17,518,355
Accumulated depreciation		-	(1,409,135)	(6,628,644)	(62,343)	(309,409)	(396,894)	(8,806,425)
Net book value		227,564	1,519,714	6,404,850	50,210	170,686	338,906	8,711,930
Net carrying value basis period ended June 30, 2014								
Opening net book value of subsidiary as at acquisition date		227,564	1,001,102	5,946,896	51,344	158,704	340,079	7,725,689
Direct additions - at cost		-	526	678	-	374	1,708	3,286
Transfer from CWIP		-	2,028	11,675	48	379	-	14,130
Disposal at NBV		-	-	(189)	-	(63)	(318)	(570)
Scrapped at NBV		-	-	-	(91)	(55)	-	(146)
Depreciation charge		-	(1,084)	(5,557)	(77)	(306)	(624)	(7,648)
Closing net book value		227,564	1,000,544	5,941,828	51,176	158,654	340,845	7,720,611
Gross carrying value basis as at June 30, 2014								
Cost		227,564	2,245,825	11,889,117	106,691	430,658	658,475	15,558,330
Accumulated depreciation		-	(1,245,281)	(5,947,289)	(55,515)	(272,004)	(317,630)	(7,837,719)
Net book value		227,564	1,000,544	5,941,828	51,176	158,654	340,845	7,720,611
Depreciation rate % per annum		-	10	10	10 to 12	15 to 30	20	

14.1.1 Depreciation charge for the year/period has been allocated as follows:

	Note	2015	2014
		Rs. 000s	
Cost of goods manufactured	25.1	758,913	6,079
Distribution cost	26	106,228	655
Administrative expenses	27	103,565	914
		968,706	7,648

KHGS

14.1.2 Details of operating assets sold

Particulars of assets	Cost	Written down value	Sale proceeds	Mode of Disposal	Particulars of Buyers
	----------	Rs. 000s	----------		
Plant and machinery					
Ring Spinning	36,211	6,557	2,783	Negotiation	Haji Shahabuddin Faisalabad
Ring Spinning	26,949	8,828	4,000	Negotiation	Ishaq Textile Mills Ltd 1088/2, Jail Road Faisalabad.
Ring Spinning	2,535	73	1,265	Negotiation	M. Akram Engineering Works Flat # B-7, Vip City House North Karachi ,Karachi.
Ring Spinning	5,721	1,611	1,000	Negotiation	Noorabad Textile Mills (Private) Limited D-148, Noorabad S.I.T.E. Karachi.
Ring Spinning	63,623	19,922	9,000	Negotiation	Sally Textile Mills Ltd 4-F, Gulberg, Lahore.
Quilting Machine	1,622	422	455	Negotiation	Ittehad Sewing Machine Ind. Shop # 240, Madina Market Garden Road, Karachi.
Margassa Plant	16,692	8,609	24,867	Negotiation	Simco Spinning & Textile Limited House No. 122/2, Dohs Baridhara, Dhaka , Bangladesh.
Air Compressor	300	261	400	Negotiation	M.S. Industrial Engineering Main Shahra-e-Faisal, Karachi.
Office equipment					
Stabilizer	290	53	50	Negotiation	Al-Hamd Furniture Liaquatabad, Karachi.
Vehicles					
Honda City - BBH-638	1,713	1,519	1,590	Negotiation	Mr. Gul Dad House No. HK-679, KPT Building, Karachi.
Toyota Corolla - AVM-729	1,565	609	1,050	Company Policy	Mr. Mian Farhan Panhyar - Employee House No. C-61,Block-12 Gulistan-E-Johar, Karachi.
Toyota Corolla - ASV-549	1,388	432	1,000	Negotiation	Mr. Adnan Hassan Khan House # A-908, Block-12 Gulberg, Karachi.
Toyota Corolla - AQE-711	1,161	289	650	Negotiation	Mr. Muhammad Farhan House # A-209, Block-4 Gulshan-E-Iqbal, Karachi.
Honda City - AKN-395	1,487	723	1,100	Company Policy	Mr. Muhammad Iqbal Shaikh - Employee House # B-292, Block-2, Gulistan-E-Johar, Karachi.
Suzuki Mehran - AQX-440	432	86	173	Company Policy	Mr. Tariq Kalam - Employee House # B-494, Sector 11-A North Karachi, Karachi.

Particulars of assets	Cost	Written down value	Sale proceeds	Mode of Disposal	Particulars of Buyers
	------	Rs. 000s	------		
Suzuki Mehran - APC-693	398	79	162	Company Policy	Mr. Afroz Hussain - Employee House # A-749,Muhammadi Dera Malir-15, Karachi.
Suzuki Mehran - ARK-703	489	122	197	Company Policy	Mr. Syed Adil Raza Alam - Employee House # H-403,Block-13 Gulistan-E-Johar, Karachi
Suzuki Alto - AQU-340	537	107	215	Company Policy	Mr. Nadeem Akhter - Employee House # R-4882,Sector No 10 North Karachi, Karachi
Suzuki Alto - ARH-036	636	158	257	Company Policy	Mr. Abdul Wahab - Employee House # C-64,Wahdat Colony, Qasimabad, Hyderabad
Suzuki Alto - AKU-265	512	64	431	Negotiation	Mr. Syed Muhammad Taufiq House # B-150, Block-6, Gulshan-E-Iqbal, Karachi.
Suzuki Cultus - ARH-087	766	387	641	Negotiation	Mr. Syed Muhammad Taufiq House # B-150, Block-6, Gulshan-E-Iqbal, Karachi
Suzuki Alto - AUE-635	697	267	530	Negotiation	Mr. Noman Hassan Khan House No. A-908, Block-12, Gulburg Town, Karachi.
Suzuki Cultus - AWE-825	948	453	740	Negotiation	Mr. Noman Hassan Khan House No. A-908, Block-12, Gulburg Town, Karachi.
Suzuki Cultus - AQW-329	662	130	261	Company Policy	Mr. Arshad Mehmood Khan - Employee House # A-66, Alfalah Society Malir Halt, Karachi.
Toyota Corolla - ASV-541	1,427	437	960	Negotiation	Mr. Mohsin House # A-45, Block-4, New Dhoraji Colony, Gulshan-E-Iqbal Karachi.
Suzuki Mehran - ASM-840	512	157	390	Negotiation	Mr. Ashraf Ali House # L-412, Block-5, North Karachi, Karachi.
Honda City - ARF-459	1,070	252	431	Negotiation	Mr. Sadiq Iqbal Siddiqui House No A-1066, Quaidabad Bin Qasim, Karachi
Honda Civic - AUP-068	2,053	732	1,150	Company Policy	Mr. Muhammad Omer - Employee House # 13/11,Khayaban-E-Badban, D.H.A., Karachi.
Suzuki Mehran - ARK-851	484	110	194	Company Policy	Mr. Mustafa Fakhruddin Ali - Employee Flat # 24, Al Noor Arcade, Saddar, Karachi.
Suzuki Cultus - AQY-753	703	128	546	Negotiation	Mr. Adnan Hassan Khan House # A-908, Block-12 Gulburg Town, Karachi.
Honda Civic - BBW-898	2,506	2,213	2,220	Negotiation	Mr. Shakeel Ahmed Memon House # 201, Sangrila Garden, Soldier Bazar, Karachi

Particulars of assets	Cost	Written down value	Sale proceeds	Mode of Disposal	Particulars of Buyers
	-----------	Rs. 000s	-----------		
Toyota Corolla - ASV-904	1,427	405	1,000	Company Policy	Mr. Muhammad Arif - Employee House # B-145, Block 12, Gulistan-E-Johar, Karachi
Suzuki Bolan - CS-3435	483	93	300	Negotiation	Mr. Muhammad Rehman Shair Paow Colony Landhi, Karachi.
Suzuki Alto - AWN-541	984	462	510	Negotiation	Mr. Shafqat Flat # M-16, Khayaban-E-Ittehad, D.H.A, Karachi.
Daihatsu Cuore - ASK-870	747	224	299	Company Policy	Ms. Rubina Saeed - Employee House # D-23, Shate-27, Model Colony, Karachi.
Suzuki Mehran - AUF-063	546	205	369	Negotiation	Mr. Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi.
Suzuki Cultus - ATT-226	864	260	686	Negotiation	Mr. Sultan Hassan Khan House No. A-908/12, F.B. Area, Karachi.
Suzuki Alto - ASY-349	824	248	671	Negotiation	Mr. Sultan Hassan Khan House No. A-908/12, F.B. Area, Karachi.
Toyota Corolla - ARW-748	1,872	409	887	Negotiation	Mr. Muhammad Arif House No. B-30, 11-C/1, North Karachi, Karachi.
Honda City - ARJ-766	1,090	243	701	Negotiation	Mr. Sultan Hassan Khan House No. A-908/12, F.B. Area, Karachi.
Suzuki Cultus - ARP-694	836	179	335	Negotiation	Mr. Muhammad Jawed House # D-9, Block No. 16, Gulshan-E-Iqbal, Karachi.
Honda Civic - ASM-306	1,867	500	747	Negotiation	Mr. Mohiuddin House # 42/6, Street No. 7, Muslimabad, Karachi.
Suzuki Cultus - ASW-674	824	221	330	Company Policy	Mr. Rashid Ahmed - Employee House # B-29, Sector 31-D, Korangi, Karachi.
Honda City - ARB-480	1,058	227	424	Company Policy	Mr. Shahbaz Zahid Butt - Employee House # 1, Azadi Chowk, Ravi Road, Lahore.
Toyota Corolla - ARW-675	1,351	290	540	Company Policy	Mr. Muhammad Tahir - Employee Deh 50 Dad, Shahdadpoor Road Liaqatabad, Nawab Shah.
Suzuki Mehran - BAL-391	731	548	633	Insurance Claim	M/s. EFU General Insurance Ltd.

Particulars of assets	Cost	Written down value	Sale proceeds	Mode of Disposal	Particulars of Buyers
	-----------	Rs. 000s	-----------		
Toyota Corolla - BAL-159	1,819	1,362	1,773	Insurance Claim	M/s. EFU General Insurance Ltd.
Suzuki Mehran - BBP-887	734	603	738	Insurance Claim	M/s. EFU General Insurance Ltd.
Written down value below Rs. 50,000 each					
- Vehicle	2,213	625	1,000	Negotiation	Various
- Others	4,663	862	950	Negotiation	Various
2015	181,032	63,551	71,601		

14.1.3 Details of net gain on disposal of property, plant and equipment

	Note	2015	2014
		----------- Rs. 000s	-----------
Other income - gain on disposal of property, plant and equipment	25	28,631	717
Other operating expenses - loss on disposal of property, plant and equipment	28	(20,581)	(30)
		8,050	687

14.2 Capital work in progress

	2015 Machinery and store items held for capitalisation	2015 Civil Work	2015 Other assets	2015 Total	2014 Machinery and store items held for capitalisation	2014 Civil Work	2014 Other assets	2014 Total
	Rs. 000s							
Cost as at start	341,999	153,887	1,410	497,296	337,756	151,949	1,720	491,425
Capital expenditure incurred during the year/period	897,405	444,818	10,026	1,352,249	15,918	3,966	117	20,001
Transferred to property, plant and equipment	(984,818)	(518,654)	(8,861)	(1,512,333)	(11,675)	(2,028)	(427)	(14,130)
Cost as at close	254,586	80,051	2,575	337,212	341,999	153,887	1,410	497,296

15 INTANGIBLE ASSETS

	Note	2015 Computer Software	2015 Trade Marks	2015 Total	2014 Total
		Rs. 000s			
Computer Software					
Net carrying value basis as at June 30					
Opening net book value		20,365	3,655	24,020	24,094
Additions (at cost)		2,447	3,070	5,517	4
Amortisation charge	15.1	(11,331)	(2,372)	(13,703)	(78)
Closing net book value		11,481	4,353	15,834	24,020
Gross carrying value basis as at June 30					
Cost		167,938	16,833	184,771	179,254
Accumulated amortisation	15.2	(156,457)	(12,480)	(168,937)	(155,234)
Net book value		11,481	4,353	15,834	24,020
Amortization is charged using straight line method over a period of:		5 years	10 years		

15.1 Amortisation charge has been allocated as follows:

	Note	2015	2014
Distribution cost	26	41	5
Administrative expenses	27	13,662	73
		13,703	78

15.2 This includes cost of Rs. 138.92 million in respect of assets which are fully amortized but are still in use of the Group.

16 LONG TERM LOANS AND ADVANCES

	Note	2015	2014
Considered good - Secured			
- Due from executives (other than CEO and Directors)		20,725	15,680
- Due from non-executive employees		1,424	1,594
		22,149	17,274
Current portion being receivable within twelve months following the balance sheet date			
- Due from executives		(9,029)	(5,119)
- Due from non-executive employees		(261)	(254)
	20	(9,290)	(5,373)
		12,859	11,901

16.1 Loans and advances have been given for the purchase of cars, motorcycles and household equipments and housing assistance in accordance with the terms of employment and are repayable in monthly installments. These loans are secured against cars, outstanding balance of retirement benefits and / or guarantees of two employees.

Included in these are loans of Rs. 8.137 million (2014: Rs. 9.730 million) to executives and Rs. 0.475 million (2014: Rs. 0.535 million) to non-executives which carry no interest. The balance amount carries mark-up ranging from 7% to 14% (2014: 9% to 14%). Interest free long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these consolidated financial statements.

16.2 Reconciliation of carrying amount of loans to executives

	2015	2014
	Rs. 000s	
Opening balance	15,680	15,542
Disbursement during the year / period	11,569	157
Transfer from non-executive to executive employees	36	-
Recovered during the year / period	(6,560)	(19)
Closing balance	20,725	15,680

16.3 The maximum aggregate amount due from executives at the end of any month during the year/period was Rs. 20.725 million (2014: Rs. 15.680 million).

	Note	2015	2014
		------Rs. 000s------	
17 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		433,310	575,990
Spare parts		362,328	365,951
Loose tools		4,463	3,983
		800,101	945,924
Provision for slow moving/obsolete items	17.1	(101,039)	(90,394)
		699,062	855,530

17.1 Movement in provision for slow moving/obsolete items

	2015	2014
Opening balance	90,394	90,173
Charge for the year/period	10,645	221
Closing balance	101,039	90,394

18 STOCK-IN-TRADE

	Note	2015	2014
Raw materials	18.1	2,076,097	2,926,027
Work-in-process		237,034	329,995
Finished goods	18.2	9,148,067	8,873,680
		11,461,198	12,129,702

18.1 Raw materials amounting to Rs.Nil (2014:Rs. Nil) has been pledged with the banks as at balance sheet date.

18.2 Finished goods include stock of waste valuing Rs. 38 million (2014: Rs. 30 million) determined at net realizable value.

	Note	2015	2014
		------Rs. 000s------	
19 TRADE DEBTS			
Export debtors - secured			
- Considered good		1,026,236	676,438
Local debtors - unsecured			
- Considered good	19.1	1,125,837	806,245
- Considered doubtful		198,210	168,385
		1,324,047	974,630
		2,350,283	1,651,068
Provision for doubtful trade debts	19.1.1	(198,210)	(168,385)
		2,152,073	1,482,683

19.1 Includes amount due from related parties as under:

	2015	2014
Swisstex Chemicals (Private) Limited- Associated company	1,427	-

19.1.1 The maximum aggregate month end balance due from related parties during the year/period was Rs. 1.8 million (2014: Nil).

19.1.2 Aging analysis of the amounts due from related parties is as follows

	Upto 1 month	1-6 months	More than 6 months	As at June 2015
	------Rs. 000s------			
Swisstex Chemicals (Private) Limited	1,427	-	-	1,427

19.2 Movement in provision for doubtful trade debts

	2015	2014
	------Rs. 000s------	
Opening balance	168,385	168,139
Charge for the year/period	29,825	246
Closing Balance	198,210	168,385

20 LOANS AND ADVANCES

	Note	2015	2014
		——Rs. 000s——	
Considered good			
Current portion being receivable within twelve months following the balance sheet date			
- Executives		9,029	5,119
- Other employees		261	254
	16	9,290	5,373
Advances to suppliers	20.1 & 20.2	339,957	399,361
		349,247	404,734

20.1 This includes amount of Rs. 2.57 million (2014: Rs. 2.57million) paid to Nazir Sindh High Court, Karachi in compliance with the Order of the Honourable Sindh High Court in respect of ground rent suit as mentioned in Note 13.4.

20.2 Advances to suppliers includes following to related parties - Rs. Nil (2014: Rs. 3.44 million) with Arwen Tech (Private) Limited and Rs. Nil (2014: Rs. 1.32 million) with Win Star (Private) Limited.

21 OTHER RECEIVABLES

	Note	2015	2014
		——Rs. 000s——	
Duty drawback		225,195	152,716
Duty drawback local taxes and levies		-	7,777
Mark-up rate subsidy receivable		6,918	6,918
Receivable against sale of property	13.2	33,409	33,409
Fair value of forward exchange contracts		18,762	-
Others	21.1	47,115	145,207
		331,399	346,027

21.1 This includes Rs. Nil (2014: Rs. 105.251 million) in respect of Gas Infrastructure Development Cess (GIDC) paid as stated in note no 13.5

22 TAX REFUNDS DUE FROM GOVERNMENT

		2015	2014
Sales tax		538,928	485,588
Income tax		211,268	170,076
		750,196	655,664

23 CASH AND BANK BALANCES

	Note	2015	2014
Cash in hand		11,312	7,088
Balances with banks in current accounts			
- Local currency		105,427	106,050
- Foreign currency		19,494	11,600
	23.1	124,921	117,650
		136,233	124,738

23.1 Bank balances include amounts held by related parties as under:

	2015	2014
Habib Metropolitan Bank Limited - associated company	15,785	3,504
Silk Bank Limited - associated company	2,936	3,504
	18,721	7,008

24 SALES

	Note	2015	For the period ended June 30, 2014
		------Rs. 000s------	
Local		12,266,853	103,623
Export			
Direct export		21,155,202	183,037
Indirect export		693,290	16,957
		21,848,492	199,994
Duty drawback		214,121	1,941
		34,329,466	305,558
Brokerage and commission		(112,147)	(1,041)
		34,217,319	304,517

24.1 Sales are exclusive of sales tax amounting to Rs. 443.367 million (2014: Rs. 3.429 million).

25 COST OF SALES

	Note	2015	For the period ended June 30, 2014
		------Rs. 000s------	
Opening stock of finished goods		8,873,680	8,878,069
Cost of goods manufactured	25.1	21,782,823	183,958
Purchases and processing charges		6,279,548	65,871
		36,936,051	9,127,898
Closing stock of finished goods		(9,148,067)	(8,873,680)
		27,787,984	254,218

25.1 Cost of goods manufactured

	Note	2015	2014
Raw materials consumed	25.2	9,425,068	83,819
Stores, spare parts and loose tools consumed		3,908,439	36,020
Staff cost	27.1	4,645,142	33,887
Fuel, power and water		2,005,092	15,479
Insurance		137,082	766
Repairs and maintenance - net of insurance claim		775,533	9,263
Depreciation	14.1.1	758,913	6,079
Other manufacturing expenses		150,889	1,006
Cost of samples shown under distribution cost		(116,296)	(1,373)
		21,689,862	184,946
Work-in-process			
Opening stock		329,995	329,007
Closing		(237,034)	(329,995)
		92,961	(988)
		21,782,823	183,958

25.2 Raw materials consumed

	2015	2014
Opening stock	2,926,027	2,972,955
Purchases during the year/period	8,575,138	36,891
Closing stock	(2,076,097)	(2,926,027)
	9,425,068	83,819

26 DISTRIBUTION COST

	Note	2015	For the period ended June 30, 2014
		------Rs. 000s------	
Staff cost	27.1	663,209	2,373
Freight and shipment expenses		787,085	5,003
Insurance		26,843	282
Advertisement and publicity		812,109	11,438
Participation in exhibition		40,208	579
Cost of samples transferred from cost of goods manufactured		116,296	1,373
Rent, rates and taxes		429,251	3,352
Depreciation	14.1.1	106,228	655
Amortization	15.1	41	5
Export development surcharge		51,708	435
Other expenses		91,826	493
		2,644,798	25,962

27 ADMINISTRATIVE EXPENSES

	Note	2015	2014
Staff cost	27.1	627,664	4,607
Rents, rates and taxes		126,675	716
Repairs and maintenance		68,861	479
Vehicle up keep and maintenance		136,978	1,235
Utilities		129,377	1,012
Conveyance and traveling		161,146	1,476
Printing and stationery		94,641	488
I.T expenses		38,412	423
Postage and telecommunication		85,122	727
Legal and consultancy fees		55,186	828
Depreciation	14.1.1	103,565	914
Amortisation	15.1	13,662	73
Auditors' remuneration	27.2	4,199	158
Donations	27.3	14,951	3
Insurance		75,138	130
Provision for doubtful trade debts		29,825	246
Provision for slow moving/obsolete items		10,645	221
Other expenses		123,110	654
		1,791,367	14,390

27.1 Staff Cost

	Cost of sales 2015	Cost of sales 2014	Distribution cost 2015	Distribution cost 2014	Administrative 2015	Administrative 2014	Total 2015	Total 2014
	------Rs. 000s------							
Salaries, wages & benefits	4,509,153	32,711	645,994	4,873	604,635	4,447	5,759,782	42,031
Retirement benefits								
- Gratuity	31,717	321	-	-	-	-	31,717	321
- Contribution to provident fund	55,277	358	16,121	121	20,188	140	91,586	619
	86,994	679	16,123	121	20,188	140	123,305	940
- Staff compensated absences	48,995	497	1,086	9	2,841	20	52,922	526
	4,645,142	33,887	663,209	5,003	627,664	4,607	5,936,009	43,497

27.2 Auditors' remuneration

	2015	For the period ended June 30, 2014
	------Rs. 000s------	
Audit fee	1,375	150
Audit fee - Foreign Subsidiaries	2,021	-
Review fee of half yearly accounts	110	-
Fee for consolidation of holding and subsidiaries	165	2
Review fee of statement of compliance with code of corporate governance	55	1
Other certification fees	57	2
Sindh sales tax on services at 6% (2014: 5%)	96	-
Out of pocket expenses	345	3
	4,199	158

27.3 Donation includes donation to the following organizations in which a director is / was a trustee:

Name of Director	Interest in Donee	Name of Donee		
Mohomed Bashir	Trustee (upto February 2014)	Fellowship fund for Pakistan	1,980	3
Mohomed Bashir	Trustee	Habib University Foundation	6,000	-
			7,980	3

	Note	2015	ended June 30, 2014
		------Rs. 000s------	
28 OTHER OPERATING EXPENSES			
Workers' profit participation fund		42,069	554
Workers' welfare fund		15,986	211
GIDC paid in preceding years written off		105,251	-
Loss on sale of property, plant and equipment		20,581	30
Property, plant and equipment scrapped		1,510	146
		185,397	941
29 OTHER INCOME			
Income from financial assets			
Mark-up on loans and advances		1,116	16
Gain on sale of short term investments		5,983	-
Dividend income		406	-
Net exchange gain on forward contracts		18,762	-
Exchange gain on realisation of export receivables		185,585	4,202
		211,852	4,218
Income from non-financial assets			
Gain on sale of property, plant and equipment		28,631	712
Scrap sales		20,595	132
		49,226	844
Others			
Unclaimed liability written back		82,017	2,076
		343,095	7,138
30 FINANCE COST			
Mark-up on long term financing	30.1	334,286	2,396
Mark-up on short term borrowings	30.2 & 30.3	882,483	1,541
Profit on murabaha		22,491	554
Interest on workers' profit participation fund		7,429	-
Bank charges and commission		113,760	2,205
		1,360,449	6,696

30.1 Includes mark-up on long term financing charged by related parties as under:			
Habib Metropolitan Bank Limited - associated company		60,720	565
30.2 Includes mark-up on short term borrowings from related parties as under:			
Habib Metropolitan Bank Limited - associated company		14,365	124
Silk Bank Limited - associated company		14,259	-
		28,624	124

30.3 It includes exchange loss of Rs. 224 million (2014: exchange gain of Rs. 1.896 million) on short term borrowings in foreign currency.

	Note	2015	For the period ended June 30, 2014
		------Rs. 000s------	
31 PROVISION FOR TAXATION			
Current			
- for the year/period		234,155	1,983
- prior		(76,196)	283
		157,959	2,266
Deferred		19,440	261
	31.1	177,399	2,527

31.1 Reconciliation between accounting profit and tax expense

Provision for current taxation has been made on the basis of minimum tax on turnover under section 113, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001. Accordingly, reconciliation of tax expense with the accounting profit has not been prepared.

	Note	2015	ended June 30, 2014
		------Rs. 000s------	
32 EARNINGS PER SHARE - basic and diluted			
Profit for the year/period		413,075	4,526
Weighted average number of shares		80,640	80,640
Earnings per share (Rs.)		5,122.46	56.13

The Group has the following reportable business segments:

i) Holding Company — To acquire shares of subsidiary company and to act as holding company.

ii) Gul Ahmed Textile Mills Ltd (GATML) - Subsidiary
- Spinning — Production of different qualities of yarn using both natural and artificial fibers.
- Processing — Production of greig fabric, its processing into various types of fabrics for sale as well as manufacture and sale of madeups and home textile products.

iii) Overseas Subsidiaries of GATML — These subsidiaries are also in the textile business retailing product to the ultimate customers, imported from parent Company.

Transactions among the business segments are recorded at cost.

33.1 Segment profitability

	Gul Ahmed Holding (Pvt) Ltd.		Spinning		Processing		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		GTM USA Corp.		Elimination Of Inter Segment Transactions		Total	
	June 2015	For the period ended June 30, 2014	June 2015	For the period ended June 30, 2014	June 2015	For the period ended June 30, 2014	June 2015	For the period ended June 30, 2014	June 2015	For the period ended June 30, 2014	June 2015	For the period ended June 30, 2014	June 2015	For the period ended June 30, 2014	June 2015	For the period ended June 30, 2014
	Rs. 000s															
Sales	-	-	8,738,059	73,368	25,514,646	273,071	786,737	4,568	287,446	1,050	265,384	1,031	(5,300,288)	(54,617)	36,217,319	364,517
Cost of sales	-	-	8,278,029	70,200	23,860,186	249,080	625,864	3,200	190,726	63	181,792	80	(5,281,619)	(54,350)	27,787,842	274,219
Gross profit	-	-	479,030	3,068	1,654,450	40,000	187,835	1,368	96,720	987	83,592	951	12,560	(267)	8,429,316	90,298
Distribution and administrative expenses	1,449	281	272,279	2,518	3,832,263	23,130	128,837	1,152	75,651	1,096	81,987	800	-	-	6,490,158	40,219
Profit/(loss) before tax and before charging the following	(1,209)	(281)	207,051	4,496	1,822,387	5,477	58,511	136	(5,957)	231	1,697	151	12,560	(267)	1,939,170	9,923
Other operating expenses															168,397	962
Other income															(343,038)	(7,138)
Finance cost															1,382,449	8,050
															1,206,791	486
Profit before taxation															785,419	9,437
Taxation															127,368	2,327
Profit after taxation															613,029	6,805

33.2 Segment assets and liabilities

	Gul Ahmed Holding (Pvt) Ltd.		Spinning		Processing		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		GTM USA Corp.		Unallocated		Elimination of inter segment transaction		Total Company	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Rs. 000s																	
Assets	4,817,818	4,820,756	4,824,581	5,134,090	17,181,840	26,175,066	478,801	609,213	215,001	18,615	39,069	33,845	2,750,482	2,636,722	(4,817,446)	(5,618,811)	30,247,308	24,608,772
Liabilities	1,155	150	3,980,711	2,032,123	8,073,840	3,860,773	251,306	189,225	2,198	7,578	854	2,087	3,880,772	3,851,562	-	-	17,880,974	17,751,330

33.3 Unallocated items represent those assets and liabilities which are common to all segments and investment in subsidiary.

33.4 Information about major customers

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 13,027 million (2014: 286.69 million).

33.5 Information by geographical area

	Revenue		Non-current assets	
	June 2015	For the period ended June 30, 2014	2015	2014
	Rs. 000			
Pakistan	12,847,996	100,032	9,156,586	8,322,853
Germany	5,567,692	43,666	-	-
United Kingdom	3,769,699	15,416	2,106	2,018
China	1,657,174	5,494	-	-
United States	2,969,100	24,227	4,418	72
Netherland	2,082,832	24,715	-	-
France	2,011,317	20,975	-	-
Brazil	793,811	11,200	-	-
United Arab Emirates	169,988	5,538	8,297	9,919
Other Countries	4,347,710	53,253	-	-
Total	34,217,319	304,516	9,171,407	8,334,862

34 CASH AND CASH EQUIVALENTS

	Note	2015	2014
		Rs. 000	
Cash and bank balances	23	136,233	124,738
Short term borrowings	12	(8,838,174)	(7,829,770)
		(8,701,941)	(7,705,032)

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	June 2015				For the period ended June 30, 2014			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Managerial remuneration	8,200	6,150	504,361	518,711	46	70	3,263	3,385
House rent allowance	3,280	2,460	201,745	207,485	18	31	1,305	1,354
Other allowances	1,003	627	90,054	91,734	5	8	437	450
Contribution to provident fund	683	513	33,723	34,919	4	6	196	206
	13,166	9,800	829,883	852,849	73	121	5,201	5,395
Number of persons	1	1	413	415	2	4	314	320

35.1 The Chief Executive, Directors and certain Executives are provided with free use of Company maintained cars and are also covered under Group's Health Insurance Plan along with their dependents.

35.2 The Chief Executive of the subsidiary is also provided with free residential telephones.

35.3 Aggregate amount charged in the accounts for the year for meeting fee to four Non Executive Directors and the Chairman of the subsidiary was Rs. 2.2 million (2014: five Non Executive Directors and Chairman Rs. 6,575).

35.4 Executive of subsidiary means an employee other than the Chief Executive and Executive Directors, whose basic salary exceeds five hundred thousand rupees in a financial year of the Company and Senior Executive Staff of subsidiaries.

36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise subsidiaries, associated companies, companies where directors also hold directorship, directors of the Group and key management personnel. The Group in the normal course of business carries out transactions with various related parties.

Relationship with the Group	Nature of Transactions	June 2015	For the period ended June 30, 2014
		------Rs. 000s-----	
Associated companies and others related parties	Purchase of goods	48,931	683
	Sale of goods	3,124	32
	Rent paid	9,900	59
	Fees paid	1,500	-
	Commission earned	5,532	22
	Donation paid	7,980	-
	Bills discounted	3,174,522	37,004
	Commission/Bank charges paid	34,051	849
	Mark-up/interest charged	89,344	612
	GATML's contribution to provident fund	91,588	668
	Dividend paid	147	-

Relationship with the Group	Nature of Out standing Balances	June 2015	June 2014
Associated companies and others related parties	Deposit with bank	18,721	3,504
	Borrowing from bank	1,149,965	1,213,072
	Bank guarantee	587,583	567,241
	Trade & other payable	11,793	11,284
	Trade debts	1,427	-
	Accrued mark up	23,116	18,619
	Advances to suppliers	-	4,763
	Advance from Director	1,000	-
	Loans to key management personnel & executives	20,725	15,680
	Payable to employees' provident fund	2,158	9,016

There are no transactions with directors of the Group and key management personnel other than under the terms of employment. Loan and remuneration of the key management personnel are disclosed in Note no. 16 and 35 respectively.

Related parties status of outstanding receivables and payable as at June 30, 2015 are also included in respective notes to the consolidated financial statements.

37 CAPACITY AND PRODUCTION

	Unit	June 2015			For the period ended June 30,2014		
		Capacity	Production (000s)	Working	Capacity	Production (000s)	Working
Cloth	Sq. meters (50 Picks converted)	159,205	103,461	3 shifts	1,124	658	3 shifts
Yarn	Kgs. (20 Counts converted)	46,970	33,929	3 shifts	422	297	3 shifts

Increase in production of cloth is due to installation of new airjet looms hence increase in capacity. Production of yarn is lower due to variation in production mix due to production of high value items and various technical factors.

38 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the Group as at June 30, 2015 are as follows

	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
	Maturity up to one Year	Maturity after one Year	Sub total	Maturity up to one Year	Maturity after one Year	Sub total	
	--Rs. in 000--						
Financial assets							
Loans and receivables							
Loans and advances	6,588	6,969	13,557	2,702	5,890	8,592	22,149
Long term deposits	-	-	-	-	93,572	93,572	93,572
Trade debts	-	-	-	2,152,073	-	2,152,073	2,152,073
Other receivables	-	-	-	99,286	-	99,286	99,286
Cash and bank balances	-	-	-	136,233	-	136,233	136,233
	6,588	6,969	13,557	2,390,294	99,462	2,489,756	2,503,313
Financial liabilities							
At Amortised cost							
Long term financing	714,008	2,407,732	3,121,740	-	-	-	3,121,740
Short term borrowings	8,838,174	-	8,838,174	-	-	-	8,838,174
Trade and other payables	49,498	-	49,498	4,996,047	-	4,996,047	5,045,545
Accrued interest	-	-	-	206,481	-	206,481	206,481
Advance from director	-	-	-	-	1,000	1,000	1,000
	9,601,680	2,407,732	12,009,412	5,202,528	1,000	5,203,528	17,212,940
Off balance sheet items							
Guarantees	-	-	-	752,945	-	752,945	752,945
Bills discounted	-	-	-	1,858,208	-	1,858,208	1,858,208
Commitments	-	-	-	3,742,586	2,425,873	6,168,459	6,168,459
	-	-	-	6,353,739	2,425,873	8,779,612	8,779,612

Financial assets and liabilities of the Group as at June 30, 2014 are as follows

	Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
	Maturity up to one Year	Maturity after one Year	Sub total	Maturity up to one Year	Maturity after one Year	Sub total	
	Rs. in 000						
Financial assets							
Loans and receivables							
Loans and advances	2,293	4,716	7,009	3,080	7,185	10,265	17,274
Long term deposits	-	-	-	-	81,034	81,034	81,034
Trade debts	-	-	-	1,482,683	-	1,482,683	1,482,683
Other receivables	-	-	-	68,895	-	68,895	68,895
Cash and bank balances	-	-	-	124,738	-	124,738	124,738
	2,293	4,716	7,009	1,679,396	88,219	1,767,615	1,774,624
Financial liabilities							
At Amortised cost							
Long term financing	694,706	2,239,239	2,933,945	-	-	-	2,933,945
Short term borrowings	7,829,770	-	7,829,770	-	-	-	7,829,770
Trade and other payables	442,304	-	442,304	5,626,262	-	5,626,262	6,068,566
Accrued interest	-	-	-	177,164	-	177,164	177,164
	8,966,780	2,239,239	11,206,019	5,803,426	-	5,803,426	17,009,445
Off balance sheet items							
Guarantees	-	-	-	1,279,730	-	1,279,730	1,279,730
Bills discounted	-	-	-	2,927,723	-	2,927,723	2,927,723
Commitments	-	-	-	3,012,647	1,972,929	4,985,576	4,985,576
	-	-	-	7,220,100	1,972,929	9,193,029	9,193,029

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

The Group's activities exposes it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out under policies and principles approved by the management. All treasury related transactions are carried out within the parameters of these policies and principles.

The information about the Group's exposure to each of the above risk, the Group's objectives, policies and procedures for measuring and managing risk, and the Group's management of capital, is as follows;

39.1 Market risks

Market risk is the risk that the fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Currency risk, interest rate risk and other price risk. The Group is exposed to currency risk and interest rate risk only.

a Currency risk

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

Exposure to foreign currency risk

The Group is exposed to foreign currency risk arising from foreign exchange fluctuations due to the following financial assets and liabilities:

	2015	2014
	USD 000s	USD 000s
Trade debts	10,126	6,885
Cash and bank balances	192	118
Borrowings from financial institutions	(9,549)	(53,223)
Trade and other payables	(20,582)	(24,851)
Net exposure	(19,813)	(71,071)

The Group manages foreign currency risk through obtaining forward covers and due monitoring of the exchange rates and net exposure to mitigate the currency risk.

Foreign currency commitments outstanding at year end are as follows:

	2015	2014
	'000s	
USD	19,276	23,098
EURO	1,510	539
JPY	324,013	180,560
CHF	6,035	27
GBP	13	-

The following significant exchange rates were applied during the year:

Rupee per USD		
Average rate	101.35	98.35
Reporting date rate	101.45 / 101.25	98.45 / 98.25

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2015 would have increased/decreased the equity and profit/loss after tax by Rs. 67 million (2014: 226 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2014.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b **Interest/mark-up rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest/mark-up rates. The Group has long term finance and short term borrowings at fixed and variable rates.

The Group is mainly exposed to interest/mark-up/profit rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option" which can be exercised upon any adverse movement in the underlying interest rates.

Financial assets include balances of Rs. 14 million (2014: Rs. 7 million) which are subject to interest rate risk. Financial liabilities include balances of Rs. 12,009 million (2014: Rs. 11,206 million) which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities are given in respective notes.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2015, if interest rates on long term financing would have been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs 5.38 million (2014: Rs 3.95 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2015, if interest rates on short term borrowings would have been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs. 74.1 million (2014: Rs. 35.1 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Fair value sensitivity analysis for fixed rate instruments

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

b Other price risk

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

39.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

Group's operating activities exposes it to credit risks arising mainly in respect of loans and advances, trade debts, deposits, other receivables and cash at bank. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2015	2014
		Rs. 000s	
Loans and advances	16	22,149	17,274
Long term deposits		93,572	81,034
Trade debts	19	2,152,073	1,482,683
Other receivables		99,286	68,895
Bank balances	23	124,921	117,650
		2,492,001	1,767,536

The Group manages credit risk as follows:

Loans and advances

These loans are due from employees and are secured against vehicles, outstanding balance of provident fund and retirement dues of the relevant employee. In addition the Group obtains guarantees by two employees against each disbursement made on account of loans and these are up to the extent of loans outstanding as at the date of default. The guarantor will pay the outstanding amount if the counter party will not meet its obligation.

The Group actively pursues for the recovery of these and the Group does not expect these employees will fail to meet their obligations. Hence no impairment allowance is made.

Trade debts

Trade debts are due from local and foreign customers. The Group manages credit risk interalia by setting out credit limits in relation to individual customers and/or by obtaining advance against sales and/or through letter of credits and /or by providing for doubtful debts.

Export debts are secured under irrevocable letter of credit, document acceptance, cash against documents and other acceptable banking instruments.

The Group actively pursues for the recovery of the debt and based on past experience and business relationship and credit worthiness of these customers, the Group does not expect these customers will fail to meet their obligations except for some doubtful debtors against which adequate allowance for impairment have been made in these consolidated financial statements.

The Group has established an allowance for the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts. This allowance is based on the management assessment of a specific loss component that relates to individually significant exposures. The movement in allowance for impairment in respect of trade debts during the year can be assessed by reference to note no.19.

Aging of trade debts is as follows:

	2015	2014
	Rs. 000s	
1 to 6 months	2,064,983	1,440,828
6 months to 1 year	71,558	16,492
1 year to 3 years	15,532	25,363
	2,152,073	1,482,683

The Group believes that no impairment allowance is necessary in respect of trade debts that are past due other than the amount provided.

Other receivables

The Group believes that no impairment allowance is necessary in respect of receivables that are past due. The Group is actively pursuing for the recovery and the Group does not expect that the recovery will be made soon and can be assessed by reference to note no. 21.

Bank balances

The Group limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating.

The bank balances along with credit ratings are tabulated below:

	2015	2014
	Rs. 000s	
AAA	27,860	18,105
AA+	19,820	4,173
AA	24,789	21,149
A+	47,633	57,725
A	896	6,303
A-	3,105	49
AA-	818	10,146
	124,921	117,650

Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates.

The management believes that there are no financial assets that are impaired except against which provision has been made as a matter of prudence.

39.3 Liquidity risk

Liquidity risk represents the risk where the Group will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with their maturities disclosed in respective notes and in note no. 38.

The Group manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At June 30, 2015, the Group has Rs. 15,824 million (2014: Rs. 14,492 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 7,004 million (2014: Rs. 6,312 million) and also has Rs. 125 million (2014: Rs.117 million) being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

39.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The carrying values of all the financial assets and liabilities reflected in these consolidated financial statements approximate their fair values except those which are described in respective notes.

39.5 Capital risk management

The primary objectives of the Group when managing capital are to safeguard the Group'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.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group's strategy is to maintain leveraged gearing. The gearing ratios as at June 30, 2015 and 2014 were as follows:

	2015	2014
	Rs. 000s	
Total borrowings	11,959,914	10,763,715
Cash and bank	(136,233)	(124,213)
Net debt	11,823,681	10,639,502
Total equity	7,381,535	6,853,194
Total equity and debt	19,205,216	17,492,696
Gearing ratio (%)	61.6%	60.8%

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk and borrowing cost..

40 PROVIDENT FUND RELATED DISCLOSURES

Following is the information base on latest financial statements of the fund:

	Note	2015	2014
		Rs. 000s	
		Un-audited	Un-audited
Size of the fund - Total assets (Rs. 000s)		730,275	602,870
Cost of investments made (Rs. 000s)		587,130	520,170
Percentage of investments made		80.40%	86.28%
Fair value of investments (Rs. 000s)	40.1	682,100	558,618

40.1 The break-up of fair value of investment is:

	2015		2014	
	Un-audited		Un-audited	
	Rs. 000s	---%---	Rs. 000s	---%---
Shares in listed companies	77,530	11.37%	35,953	6.44%
Government securities	413,662	60.64%	189,041	33.84%
Debt securities	85,700	12.56%	110,401	19.76%
Mutual funds	74,198	10.88%	134,588	24.09%
Balance in saving accounts	31,010	4.55%	88,635	15.87%
	682,100	100.00%	558,618	100.00%

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

41 NUMBER OF PERSONS

Number of persons employed as on year end were 13,422 (2014: 12,850) and average number of employee during the year was 12,937 (2014: 12,715).

42 EVENT AFTER BALANCE SHEET DATE

42.1 Through the Finance Act, 2015 income tax has been levied at the rate of 10% on undistributed reserves where such reserves of a Company are in excess of its paid up capital and the Holding Company derives profits for a tax year but does not distribute cash dividend equal to at least 40% of its after tax profits or 50% of paid up capital, which ever is lower, within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognized when the prescribed time period for distribution of dividend expires.

43 DATE OF AUTHORIZATION

These Consolidated Financial Statements were authorized for issue on September 23 2015 by the Board of Directors of the Holding Company.

44 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Executive

Director