HUSSAIN GROUP

Bringing perfection to quality

Annual Report 2013

HUSSAIN MILLS LIMITED

بسم الله الرحمن الرحيم

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Company Information

Board of Directors	Mr. Muhammad Ismail (Chief Executive) Mr. Umar Farooq Sheikh Mr. Hussain Ahmad Fazal Mr. Mushtaq Ahmad Mst. Ghazala Nasreen Mr. Sajjad Shakoor Mr. Sarfraz Hassan
Chief Financial Officer	Mushtaq Ahmad
Auditors	Tariq Ayub Anwar & Co. Chartered Accountants
Bankers	Askari Bank Limited Allied Bank Limited National Bank of Pakistan Habib Bank Limited Soneri Bank Limited MCB Bank Limited Pak Oman Investment Co. Ltd. Bank Islami Pakistan Ltd. Faysal Bank Limited Al-Baraka Bank Pakistan Limited

Offices:

Karachi:	Room # 808, 8th Floor, Saima Trade Tower-B, I.I. Chundrigar Road, Karachi. Ph. No. 92-21-2217328-9
Multan (Unit-1&3)	Fazalabad, Vehari Road, Opp. Timber Market, Multan. Ph. No. 92-61-6527238, 6528245, 6760524 Fax No. 92-61-6526487, 6526572 Web Site: www.hussaingroup.com Multan (Unit-2) 35-KM Bahawalpur Road, Near Adda Muhammad Pur, Multan.
Multan (Unit-4)	Qadir Pur Rawan Bypass, Khanewal Road, Multan. Ph. NO. 92-61-4578866-7
Kabir Wala (Unit-5)	17-KM Mauza Kohi Wala, Kabirwala, Khanewal.

Directors' Report To The Shareholders

The Directors feel pleasure in presenting 35th Annual Report together with Audited Financial Statements of the Company for the Year ended 30th June, 2013 along with Auditors' Report thereon.

Proposed Dividends:

During the current year dedicated efforts of the directors enabled your Company to make a bumper before tax profit amounting to Rs. 32 Crores and your Directors are pleased to recommend a cash dividend @ Rs. 2.00 per share (20%) for the year ended 30th June, 2013.

In the past, the management of your Company followed the earning retention model for implementation of its expansion and acquisition plans, mostly without requiring funds from the shareholders. The strategy of the management has splendidly been successful enabling the Company to add three spinning mills comprising 58,440 spindles and one weaving unit comprising 130 state of the art air jet looms. Management also hired certain production capacities in order to quickly respond to massive increase in immediate demand of the products of the Company. Simultaneously, the Company stepped forward proactively towards the value addition of its products. The policy of the managements enabled the Company to increase sales to a tune of Rs. 15,764/- Million in current year as compared to Rs. 13,843/- Million in previous year, and added huge to the asset base of the Company, thus adding to the wealth of the shareholders, enormously.

However, mainly aggrieved from the management's earning retention policy, certain shareholders having around 41.28% equity interest in the Company, moved a petition in the Sindh High Court, Karachi, wherein they sought inter alia the winding up of the Company.

With the continued support of the majority of the shareholders (58.72%), its bankers and creditors and customers, the Company is overwhelmingly contesting this petition which is an effort of jeopardizing the rights and will of the majority shareholders of the Company. The legal counsel of the Company is highly confident to defeat the petition as being baseless and without any merit.

Operational Performance

During the year under review, the Company's performance has been outstanding. Briefs of financial results given below will give you a quick look of the current year's performance of the Company with comparison of the previous year:

	2013 Rupees	2012 Rupees
Sales	15,764,216,623	13,843,782,833
Gross Profit	1,650,242,341	1,735,312,176
Operating Profit	948,534,992	1,174,231,678
Finance Cost	(626,517,360)	(648,987,786)
Profit before Tax	322,017,632	525,243,892
Profit after Tax	**283,488,860**	**369,364,416**
Earning Per Share	15.07	19.64

The financial year under review was a year of substantial profit thanks to the efficient management team of the Company.

The Company recorded strong growth in sales which increased to Rs. 15.764 billion giving an increase amounting to Rs. 1.920 billion (13.87%) as compared to sales amounting to Rs. 13.844 million in the preceding year. However, owing to unstable government policies, particularly in respect of energy (Electricity and Sui Gas) through massive increase in tariff and load shedding, gross margin slightly stepped down to 10.47% as compared to 12.53% in previous year . Several times the Company was left with only option to keep its wheel moving by using "Diesel Produced Energy", the most expensive source of energy production and that alone wiped out a substantial pie of profit and contributed mainly towards a decline in the net margin of the Company to 2.04 % as compared to 3.79% in previous year. By using efficient utilization of financial resources and marginalized finance pricing, the management succeeded in curtailing finance cost of the Company to 3.97% of the Sales as compared to 4.69% in previous year.

Earning per share for the year ended 30th June, 2013 has been Rs. 15.07 as against Rs. 19.64 of the preceding year and decrease mainly has been resulted from higher cost of production and power shut downs.

Operational Review

Like the preceding year, the financial year 2013 was again a blend of pressure and opportunities i.e. high increase in energy tariff coupled with unscheduled load shedding, political uncertainty, etc. The role of the management is quite creditable in attaining remarkable results for the Company in such a hard time to industry in the Country. The management endeavoured its maximum to procure quality cotton from local and international markets at favourable prices and acquire profitable local and export orders.

General Market Scenario and Future Prospects:

2014 will be a challenging financial year in the backdrop of depreciating Rupee, declining foreign exchange reserves and political uncertainty. Focus will be on maintaining the growth momentum. Efforts are also underway to target new market segments and to improve efficiency and productivity.

There is no second opinion on the issue that good quality cotton is essential for the entire textile industry, i.e. ginning / spinning to value added goods. It is very discouraging to note that being an agricultural country we are still lacking in producing cotton to such an extent to meet demand of our industry comfortably. Our textile industry which contributes overwhelmingly toward economic activities of the country will remain a stake unless influx of good quality of cotton in abundance is ensured in the local market.

Load shedding of electricity and sui gas is another burning issue in general for the entire country and in particular for the textile industry. This industry is operated round the clock, throughout the year where load shedding even for as short period as eye blinking causes heavy financial loss to the sector. Government should adopt sound policies to curb this issue in a flash in the betterment of textile sector and Pakistan.

Financial Statements

M/S Tariq Ayub, Anwar and Co. Chartered Accountants audited the financial statements of the company and issued clean audited report in this respect for the financial year that comes to an end on June 30, 2013 and the same is annexed to the financial statements. However, the matter emphasized in this report has already been explained and addressed in preceding paragraph for proposed dividend.

Auditors

The retiring auditors M/s Tariq Ayub, Anwar and Co. chartered Accountants retire and being eligible, have offered themselves for re-appointment. The board recommended their re-appointment as external auditors until the conclusion of the next Annual General Meeting. Said chartered accountants are a member firm of Clarkson Hyde International world wide and are on the panel of the State Bank of Pakistan and have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan.

Expansion Plan

Looking at the current situation of market and in view of unpredictable and unfavourable policies of the government where cost of financing and production is increasing rapidly the Board will refrain from expansion for some time. However, normal BMR will remain to continue as and when required.

Acknowledgment

Your directors record with admiration, the hard work of the company's executives, managers, technicians and workers who worked energetically to meet the goals set before them. Your directors also extended their appreciation to the company's bankers, valued customers, suppliers, shareholders and government authorities for the cooperation extended by them during the year.

For and on behalf of the Board

sd/-

LAHORE:
5TH OCTOBER, 2013

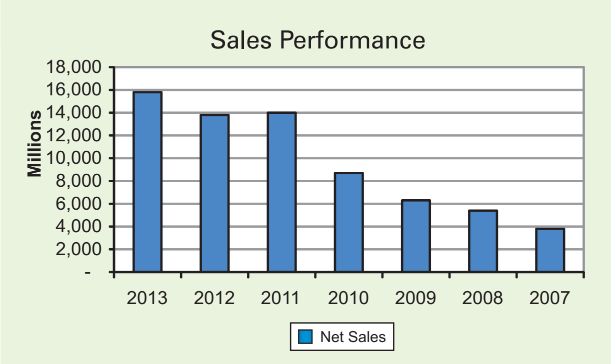
Mohammad Ismail
Chief Executive

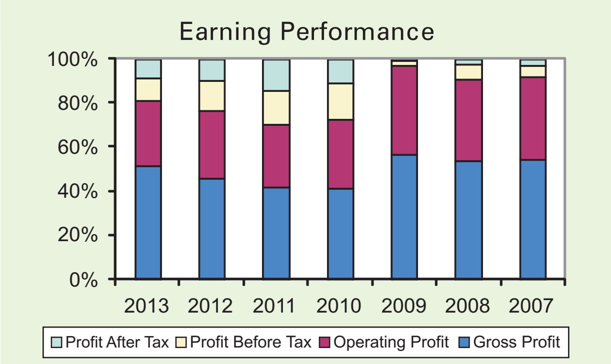
FINANCIAL HIGHLIGHTS

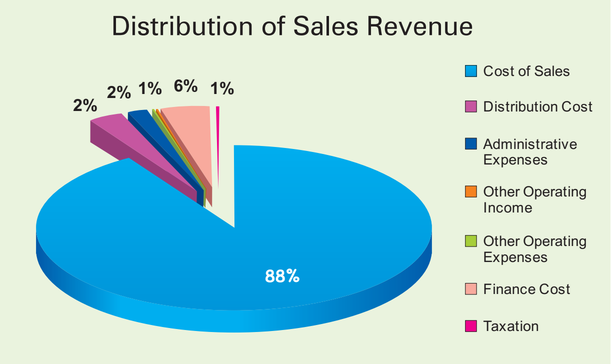
Six Year Growth at Glance

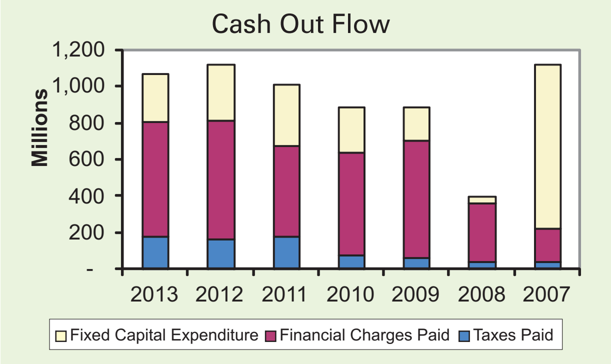
PARTICULARS	Year 30th June, 2013	2012	2011	2010	2009	2008
Profit and Loss						
Net Sales	15,764,216,623	13,843,782,833	13,976,822,318	8,695,516,488	6,253,776,491	5,392,224,041
Gross Profit	1,650,242,341	1,735,312,176	1,616,317,418	1,591,134,741	1,006,899,871	673,963,859
Operating Profit	948,534,992	1,174,231,678	1,113,581,346	1,200,314,948	722,272,842	466,866,082
Profit Before Tax	322,017,632	525,243,892	595,636,837	632,703,699	48,590,111	82,578,920
Profit After Tax	283,488,860	369,364,416	575,729,030	432,870,714	10,687,878	35,012,376
Cash Out Flows						
Taxes Paid	173,266,147	161,643,265	175,456,298	69,590,225	56,781,883	37,714,858
Financial Charges Paid	630,420,236	650,573,182	495,936,004	566,803,516	645,368,872	318,667,722
Fixed Capital Expenditure	261,396,460	301,827,847	337,536,607	245,275,172	181,911,038	35,156,783
Balance Sheet						
Current Assets	5,749,081,598	5,215,010,339	3,835,328,189	3,700,803,054	3,333,607,647	2,982,785,169
Current Liabilities	5,837,600,775	5,205,456,482	3,924,929,241	3,271,374,802	3,229,024,162	3,141,774,473
Operating Fixed Assets - Owned	5,289,036,660	5,263,190,435	5,394,691,901	4,258,404,902	3,794,569,153	3,797,735,853
Total Assets	11,382,031,097	10,830,022,489	9,434,095,210	8,265,017,304	7,394,097,896	7,027,046,305
Long Term Loans and Finances	840,489,667	1,051,615,026	1,361,139,967	1,482,665,993	1,643,560,501	1,373,065,708
Shareholders' Equity	2,658,208,889	2,329,440,586	1,917,781,078	1,158,873,548	677,856,047	615,945,623
Financial Ratios						
Current Ratio	0.98	1.00	0.98	1.13	1.03	0.95
Gearing Ratio (%age)	69.12	0.71	0.71	0.79	0.87	0.85
Gross Profit Ratio (%age)	10.47	12.53	11.56	18.30	16.10	12.50
Net Profit Ratio (%age)	0.021	0.030	0.045	0.055	0.010	0.65
Return on Capital Employed (%age)	1.51	1.96	3.06	2.30	0.06	5.68
Earning Per Share	15.07	19.64	30.61	23.03	0.57	1.86
Production Machines						
Spinning Section						
Spindles Installed	93,720	93,720	93,720	76,440	76,440	76,440
Spindles Worked	93,720	93,720	93,720	76,440	76,440	76,440
Number of Rotors Installed	-	-	2,000	2,000	2,000	2,000
Number of Rotors Worked	-	-	2,000	2,000	2,000	2,000
No. of Shifts Worked per Day	3	3	3	3	3	3
Installed Capacity at 20/s Count (Kgs.)	34,330,606	34,880,573	31,139,671	30,513,554	30,513,554	32,894,703
Actual Production converted into 20/s Count (Kgs.)	20,996,992	23,276,824	24,539,948	22,969,510	22,674,377	24,703,924
Weaving Section						
Number of Looms Installed	210	210	130	120	120	103
Number of Looms Worked	210	210	130	120	120	103
Number of Shifts Worked per day	3	3	3	3	3	3
Installed Capacity at 50 Picks - (Sq. Meter)	48,754,207	48,754,207	42,381,432	29,471,525	29,471,525	24,477,256
Actual Production converted into 50 Picks - (Sq. Meter)	26,616,461	25,912,353	26,295,716	23,571,213	23,112,011	19,846,243

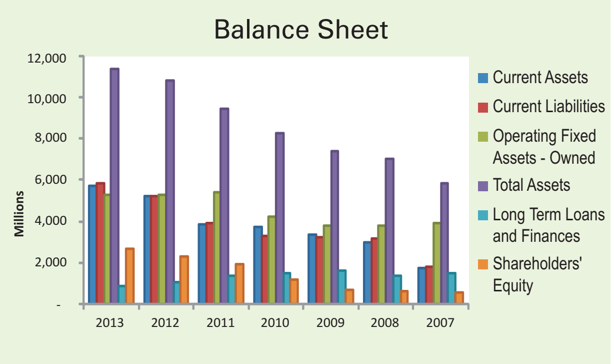
FINANCIAL HIGHLIGHTS

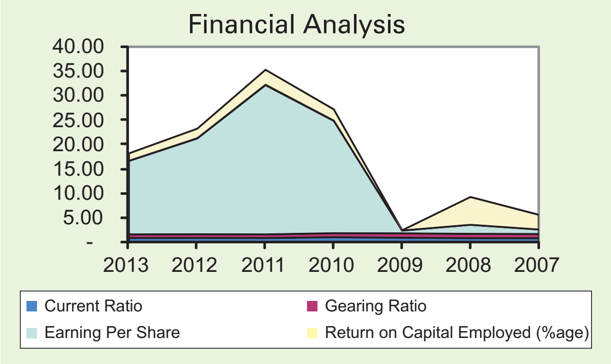


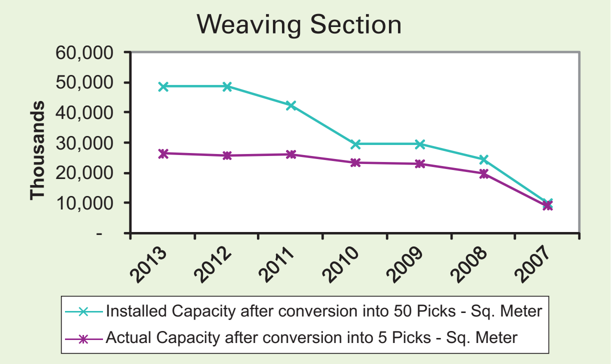


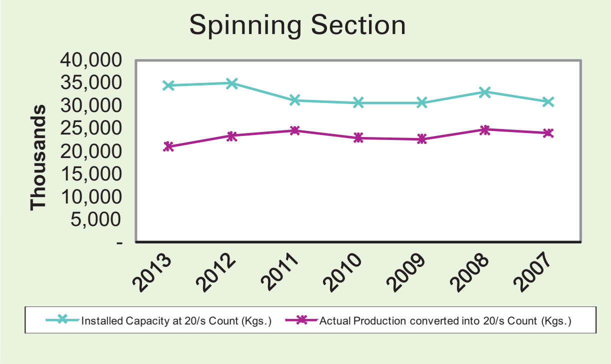












AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of HUSSAIN MILLS LIMITED as at 30th June, 2013 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the Year then ended and we state that we have obtained all the information and the explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

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

We conduct our audit in accordance with the Auditing Standards as applicable in Pakistan. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said Statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said Statements. An audit also includes assessing the Accounting Policies and significant Estimates made by the Management, as well as, evaluating the overall presentation of the above said Statements. We believe that our audit provides a reasonable basis for our Opinion and, after due verification, we report that:

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

b) in our opinion;
   i) the Balance Sheet and the Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the Books of Account and are further in accordance with Accounting Policies consistently applied.

   ii) the Expenditure incurred during the Year was for the purpose of Company's business; and

   iii) the Business Conducted, Investments made and the Expenditure incurred during the Year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Cash Flow Statement and the Statement of Changes in Equity, together with the Notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 30th June, 2013 and of the Profit, its Cash Flows and Changes in Equity for the Year then ended; and

d) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion we draw your attention to the fact that the Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel of the suit are confident to defeat the petition being baseless and without any merit.

TARIQ AYUB, ANWAR & CO.
CHARTERED ACCOUNTANTS
AUDIT ENGAGEMENT PARTNER: NAVEED MUKHTAR RANA

Lahore:
5th October, 2013

BALANCE SHEET

AS AT 30TH JUNE, 2013

	Note	2013 Rupees	2012 Rupees
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized capital			
40,000,000 (2012: 40,000,000) Ordinary Shares of Rs.10 each		400,000,000	400,000,000
Issued, Subscribed & Paid Up Capital	4	188,102,570	187,102,570
Capital Reserves		129,738,223	129,738,223
Un-appropriated Profit		2,340,368,096	2,011,599,793
		2,658,208,889	2,329,440,586
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	5	1,826,339,264	1,871,350,747
NON CURRENT LIABILITIES			
Long Term Finances	6	840,489,667	1,051,615,026
Liabilities against Assets subject to Finance Lease	7	101,983,610	115,190,638
Deferred Liabilities	8	117,408,892	256,969,010
		1,059,882,169	1,423,774,674
CURRENT LIABILITIES			
Trade & Other Payables	9	559,022,737	298,719,591
Accrued Interest & Mark-up	10	132,770,082	136,672,958
Short Term Borrowings	11	4,757,273,729	4,307,669,034
Current Portion of Long Term Liabilities	12	388,534,227	462,394,899
		5,837,600,775	5,205,456,482
CONTINGENCIES & COMMITMENTS	13	-	-
		11,382,031,097	10,830,022,489
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	5,527,529,794	5,506,347,112
Intangible Assets	15	2,187,893	4,375,785
Long term Investments	16	12,468,222	12,200,366
Long Term Loans & Advances	17	41,696,000	45,568,000
Long Term Deposits & Prepayments	18	49,067,590	46,520,887
		5,632,949,499	5,615,012,150
CURRENT ASSETS			
Stores, Spares and Loose Tools	19	154,042,021	106,968,054
Stock in Trade	20	3,524,741,119	3,149,925,276
Trade Debts	21	1,554,821,390	1,699,297,457
Loans & Advances	22	148,296,842	81,572,927
Trade Deposits & Short Term Prepayments	23	956,961	645,526
Interest Accrued	24	307,426	351,344
Other Receivables	25	98,455,000	50,457,150
Short Term Investments	26	1,753,500	373,100
Tax Refunds Due from Government Departments	27	85,121,429	48,002,195
Cash and Bank Balances	28	180,585,910	77,417,310
		5,749,081,598	5,215,010,339
		11,382,031,097	10,830,022,489

The annexed Notes from 1 to 44 form an integral part of these Financial Statements.

Lahore:
5th October, 2013

sd/-
(Hussain Ahmad Fazal)
Director

sd/-
(Muhammad Ismail)
Chief Executive

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE, 2013

	Note	2013 Rupees	2012 Rupees
SALES	29	15,764,216,623	13,843,782,833
COST OF SALES	30	(14,113,974,282)	(12,108,470,657)
GROSS PROFIT		1,650,242,341	1,735,312,176
DISTRIBUTION COST	31	(431,381,926)	(305,195,692)
ADMINISTRATIVE EXPENSES	32	(272,845,910)	(216,999,529)
OTHER OPERATING EXPENSES	33	(17,000,785)	(41,408,873)
		(721,228,621)	(563,604,094)
OPERATING PROFIT before Other Income		929,013,720	1,171,708,082
OTHER INCOME	34	19,521,272	2,523,596
OPERATING PROFIT after Other Income		948,534,992	1,174,231,678
FINANCE COST	35	(626,517,360)	(648,987,786)
NET PROFIT FOR THE YEAR before Taxation		322,017,632	525,243,892
TAXATION	36	(38,528,772)	(155,879,476)
NET PROFIT FOR THE YEAR after Taxation		283,488,860	369,364,416
OTHER COMPREHENSIVE INCOME:			
Un-realized Gain/(Loss) on Re-Measurement of fair value of investments held for sale		267,960	(821,228)
Transferred from Surplus on Revaluation of Fixed Assets in Respect of Incremental Depreciation	5	45,011,483	43,116,320
Total Other Comprehensive Income		45,279,443	42,295,092
TOTAL COMPREHENSIVE INCOME		328,768,303	411,659,508
EARNING PER SHARE - BASIC AND DILUTED	38	15.07	19.64

The annexed Notes from 1 to 44 form an integral part of these Financial Statements

Lahore:
5th October, 2013

sd/-
(Hussain Ahmad Fazal)
Director

sd/-
( )
Chief Executive

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE, 2013

	2013 Rupees	2012 Rupees
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Profit before Taxation	322,017,632	525,243,892
Adjustment for:		
Provision for Gratuity	33,354,854	16,787,326
Workers' (Profit) Participation Fund	16,948,296	28,210,299
Workers Welfare Fund	(10,751,795)	10,751,795
Depreciation	237,819,946	236,421,259
Balances Written off	-	462,186
(Profit)/Loss on Disposal of Fixed Assets	(1,682,339)	1,906,105
Dividend Income	(65,000)	-
Interest Income	(420,722)	(480,234)
Return on Bank Deposits	(5,499,888)	(262,460)
Amortization of Intangible Asset	2,187,892	2,187,892
Gain on Investments	(513,504)	(1,696,104)
Finance Cost	626,517,360	648,987,786
	897,895,100	943,275,850
	1,219,912,732	1,468,519,742
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES		
(Increase)/Decrease in Current Assets		
Stores, Spares and Loose Tools	(47,073,967)	(19,723,614)
Stock in Trade	(374,815,843)	(1,339,896,917)
Trade Debtors	144,476,067	(634,821,785)
Loans and Advances	(66,723,915)	513,336,344
Trade Deposits and Short Term Prepayments	(311,435)	413,437
Other Receivables	(89,674,174)	(16,098,438)
Increase/(Decrease) in Current Liabilities		
Trade and Other Payables	271,565,149	(88,803,551)
	(162,558,118)	(1,585,594,524)
Cash Generated from/(Used In) Operations	1,057,354,614	(117,074,782)
Income Tax Paid	(173,266,147)	(161,643,265)
Finance Cost Paid	(630,420,236)	(650,573,182)
Gratuity Paid	(22,868,712)	(27,108,682)
Workers' (Profit) Participation Fund Paid	(28,210,299)	(31,989,089)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	202,589,220	988,389,000
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Interest Income	464,640	522,720
Return on Bank Deposits	5,499,888	262,460
Dividend Received	65,000	-
Fixed Capital Expenditure	(261,396,460)	(301,827,847)
Proceeds from Disposal of Operating Fixed Assets	4,076,171	31,160,119
Proceeds from Long Term Investments	104	31,151
Short Term Investments	(866,896)	2,100,079
Long Term Loan Recovered	3,872,000	3,872,000
Long Term Deposits and Prepayments	(2,546,703)	(9,338,825)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(250,832,256)	(273,218,143)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Long Term Finances - net	(253,399,177)	(378,217,427)
Finance Lease Liabilities	(6,637,712)	91,201,481
Loan from Directors/Sponsors	(38,156,170)	39,533,775
Short term Borrowings	449,604,695	1,401,808,819
NET CASH INFLOW FROM FINANCING ACTIVITIES	151,411,636	1,154,326,648
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	103,168,600	(107,280,495)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	77,417,310	184,697,805
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	180,585,910	77,417,310

The annexed Notes from 1 to 44 form an integral part of these Financial Statements.

Lahore:
5th October, 2013

sd/-
(Hussain Ahmad Fazal)
Director

sd/-
(Muhammad Ismail)
Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE, 2013

PARTICULARS	PAID-UP SHARE CAPITAL	CAPITAL RESERVES			UN-APPRO-PRIATED PROFIT	TOTAL
		PREMIUM ON SHARES ISSUED	MERGER RESERVE	TOTAL		
	RUPEES					
Balance as at 30th June, 2011	188,102,570	3,352,334	126,385,889	129,738,223	1,599,940,285	1,917,781,078
Profit for the Year 2012	-	-	-	-	369,364,416	369,364,416
Other Comprehensive Income	-	-	-	-	42,295,092	42,295,092
Total Comprehensive Income for the Year ended 30th June, 2012	-	-	-	-	411,659,508	411,659,508
Balance as at 30th June, 2012	188,102,570	3,352,334	126,385,889	129,738,223	2,011,599,793	2,329,440,586
Profit for the Year 2013	-	-	-	-	283,488,860	283,488,860
Other Comprehensive Income	-	-	-	-	45,279,443	45,279,443
Total Comprehensive Income for the Year ended 30th June, 2013	-	-	-	-	328,768,303	328,768,303
Balance as at 30th June, 2013	188,102,570	3,352,334	126,385,889	129,738,223	2,340,368,096	2,658,208,889

The annexed Notes from 1 to 44 form an integral part of these Financial Statements.

Lahore:
7th October, 2011

sd/-
(Hussain Ahmad Fazal)
Director

sd/-
( )
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2013

1 STATUS AND NATURE OF BUSINESS

Hussain Mills Limited ("the Company") was incorporated in Pakistan on 31st March, 1980 as a Public Limited Company under the Companies Act 1913 (Now Companies Ordinance, 1984). This is an unquoted Company which is principally engaged in manufacturing/purchase and sale of Yarn and Fabric. The manufacturing units of the Company are located in the vicinity of Multan. The Registered office of the Company is situated at Saima Trade Tower-B, I I Chundrigar Road, Karachi.

2. BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These Financial Statements have been prepared as going concern under the historical cost convention except for revaluation/re-measurement as indicated in Note 5.2, 16.2 and 26, without any adjustment of Inflation or Current Values, if any, using, except for Cash Flow Statement, Accrual basis of Accounting.

2.2 STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the 'Ordinance') and approved accounting standards as applicable in Pakistan. Approved accounting standards for Economically Significant Entities (ESEs) 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 CHANGES TO STANDARDS, INTERPRETATIONS AND PUBLISHED APPROVED ACCOUNTING STANDARDS

Standards, interpretations and amendments that are effective in current year and are relevant to the Company

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July, 2012:

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI) (effective for annual periods beginning on or after 01 July, 2012). Items that could be reclassified (or recycled) to profit or loss at a future point in time would be presented separately from items that will never be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

Standards, interpretations and amendments that are effective in current year but not relevant to the Company

There are other new interpretations and amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July, 2012 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

Standards, interpretations and amendments that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July, 2013 or later periods:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January, 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The clarifying amendments to IAS 32 are effective for annual periods beginning on or after 01 January 2014. However, these amendments are not expected to have a material impact on the Company's financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January, 2015). It addresses the classification, measurement and recognition of financial assets and financial liabilities. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IAS 1 (Amendment), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July, 2013). The main change resulting from this amendment is the requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. However, this amendment is not expected to have a material impact on the Company's financial statements.

IAS 16 (Amendment), 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January, 2013). This amendment requires that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. However, this amendment is not expected to have a material impact on the Company's financial statements.

IAS 19 'Employee Benefits'. The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefits obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Net asset: recognised in profit or loss and calculated by applying the discount rate at the beginning of each reporting period to the net define benefit liability or asset at the beginning of that reporting period, taking into account any changes in the net define benefit liability (asset) during the period as a result of contribution and benefit payment. The amendments are effective for accounting periods of the company beginning on or after 01 July, 2013. The amendments to IAS 19 require retrospective application. Based on the preliminary assessment, the application of the amendments will not have material impact on the retain earnings of the company due to recognition of current cumulative unrecognised actuarial losses next year.

Standards, interpretations and amendments that are not yet effective and not considered relevant to the Company

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July, 2013 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with the approved accounting standards and application of the Company's significant accounting policies stated in Note 3, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances, Following are the areas where various assumptions and estimates are significant to the Company's Financial Statements or where judgment was exercised in application of accounting policies are as follows:

(i) Employees Retirement Benefits	(Note 3.1)
(ii) Taxation	(Note 3.2)
(iii) Useful Life of Assets and Depreciation/Amortization	(Note 3.5)
(iv) Financial Instruments and Investments	(Note 3.14)

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

These Financial Statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

2.6 FIGURES are rounded off to the nearest Rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 STAFF RETIREMENT BENEFITS

The Company operates an unfunded Gratuity Scheme covering all eligible Employees of the Company who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover the obligation and charged to income currently in accordance with actuarial recommendation. The projected unit credit method is based on assumptions stated in Note 8.3

3.2 TAXATION

Current

Charge for Taxation is based on taxable income if any, at the current rates of tax after taking into account available tax credits and tax rebates, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred:

Deferred Tax is recognized using balance sheet liability method in respect of all taxable temporary timing differences between the amounts used for financial reporting purpose and amounts used for taxation purposes. However, Deferred Tax is not provided if it can be established with reasonable accuracy that these differences will not reverse in the foreseeable future.

The Company recognizes deferred tax assets on all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated using rates that are expected to apply to the period when these differences are expected to 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 where deferred tax arises on the items credited or charged directly to the equity, in which case it is included in equity.

3.3 FOREIGN CURRENCY TRANSLATIONS

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the spot rate. All non-monetary items are translated into Pak Rupees exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Exchange gain/losses due to exchange fluctuations on principal loans are capitalized as part of the cost of machinery acquired out of the proceeds of such Foreign Currency Loans. All other exchange differences are taken to the Profit and loss.

3.4 BORROWING COST

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period of incurrence.

Investment income earned on the temporary investment of specific borrowings spend their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.5 PROPERTY, PLANT AND EQUIPMENT

These are stated at Cost less accumulated Depreciation and impairment, if any, except Freehold Land, Buildings, Plant and Machinery and Capital work-in-Progress. Buildings on freehold land

and Plant and Machinery are stated at re-valued amount less accumulated Depreciation thereon. Freehold Land and Capital Work-in- Progress are stated at Re-Valued Amount and Cost, respectively. Cost, in relation to Capital Work in Progress, consists of expenditure incurred in respect of Fixed Assets in the course of their construction, installation and acquisition.

Cost of certain items of Plant and Machinery consists of historical cost and exchange fluctuations on foreign currency loans utilized for acquisition thereof. Borrowing Costs pertaining to erection / construction period are capitalized as part of the historical cost.

Depreciation is charged to income applying the reducing balance method to write-off the Cost, capitalized Exchange Fluctuations and Borrowing Costs over the estimated remaining useful life of the assets. The useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these items of Fixed Assets. Rates of Depreciation are stated in Note 14.2. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively. Gains/losses on disposal of Fixed Assets are taken to Profit and Loss Account.

Depreciation on major additions to the Fixed Assets is charged from the month in which Fixed Asset is put to use or becomes operational while no depreciation is charged for the month in which Fixed Asset is disposed off.

Minor Repairs and Maintenance are charged to Income, as and when incurred. Major Renewals and Replacements are capitalized and the Assets so replaced, if any, other than those retained as stand by, are retired.

3.6 ASSETS SUBJECT TO FINANCE LEASE

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of lease are accounted for as liabilities. Financial charges are allocated to the accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged at the rates stated in Note 14.2 applying the reducing balance method to write-off the Cost of the Asset over its estimated remaining useful life in view of certainty of ownership of Assets at the end of the lease period.

Financial Charges and Depreciation on leased Assets are charged to Income currently.

3.7 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income on straight line basis during the estimated useful life of assets. The useful life is reviewed periodically to ensure that it is consistent with the expected pattern of economic benefits.

Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/ loss on disposal of intangible assets are taken to profit and loss account.

3.8 INVESTMENTS AND OTHER FINANCIAL ASSETS

Financial Assets in the scope of IAS 39: "Financial Instruments - Recognition and Measurement", are classified as either Financial Assets at Fair Value through Profit and Loss, Loans and Receivables, Held to Maturity Investments and Held for Sale Financial Assets as appropriate.

When Financial Assets are recognized initially, they are measured at fair value, plus, in the case of Investments not at Fair Value through Profit or Loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and where allowed and appropriate revalue these designation at each financial year end.

All regular way purchases and sales of Financial Assets are recognized on the trade date i.e. the date the Company commits to purchase the Asset. Regular way purchases or sales are purchases/sales of Financial Assets that require delivery of Assets within the period generally established by regulation or convention in the Market place.

Investment at fair value through profit or loss

Financial Assets classified as held for trading are included in this category. Financial Assets are classified as held for trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

Held to Maturity Investments

Investment with fixed or determinable payments and fixed maturity are classified as held to maturity when the Company has the positive intention and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently measured at amortized cost using effective interest rate method. Gains or Losses on investments held-to-maturity are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

Loans and Receivables

These are non derivative Financial Assets with Fixed or Determinable payments that are not Quoted in an Active market. Such assets are carries at amortized cost using the effective interest method. Gains and Losses are Recognized in Income when the Loans and Receivables are De-recognized or impaired, as well as through the amortization process.

Held for sale Financial Assets

Financial Assets intended to be held for an indefinite period of time, which may by sold in response to need for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognized at fair value plus transaction cost and subsequently re-measured at fair value. Gains and losses arising from re-measurement at fair value is recognized in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

The fair value of investments that are actively traded in organized financial markets is determined by reference to Quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

The un-recognized gain on re-measurement of investments at fair value is not available for distribution. This will be transferred to Profit and Loss Account on de-recognition of Investments.

De-recognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. These investments are accounted for in accordance with IAS-39 "Financial Instruments: Recognition and Measurement".

3.9 STORES, SPARES AND LOOSE TOOLS

These are valued at moving average Cost less allowance for obsolete and slow moving items. Stores-in-transit are valued at Cost accumulated to the Balance Sheet date.

3.10 STOCK - IN - TRADE are valued as follows:

Particulars	Mode of Valuation
Raw Materials:	
At mills	At the Lower of Cost and Net Realizable Value
In-transit	At Cost Accumulated to the Balance Sheet' date.
Work-in-Process:	At Raw Material Cost and Conversion Cost appropriate to the Stage of Completion.
Finished Goods	At the Lower of Cost and Net Realizable Value.
Waste	At Realizable Value.
Other Stocks	At Cost

Cost in relation to Work-in-Process and Finished Goods represents the annual average Manufacturing Cost which consists of Prime Cost and appropriate Production Overheads.

Net Realizable Value signifies the Selling Price in the ordinary course of business less Cost necessary to be incurred to effect such Sale.

3.11 REVENUE RECOGNITION:

Sales are recorded on dispatch of goods to the Customers. Processing Charges are recorded when Goods are delivered to Customers and Invoices are raised. Return on Investments and Deposits are recorded on time proportion basis. Dividend Income is recognized when right to receive is established. Interest/Mark up is recognized as this becomes due.

3.12 TRADE DEBTS, ADVANCE TO SUPPLIERS AND OTHER RECEIVABLES

These are carried at original invoice amount less estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in values.

3.14 FINANCIAL INSTRUMENTS

Recognition and Measurements

Financial instruments are recognized at fair value when the Company becomes party to the contractual provisions of the instruments by the following trade date accounting. Any gain or loss on the subsequent measurement is charged to the profit and loss account. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the enterprise looses the control over contractual right that comprises the financial asset or a portion of financial asset. While a financial liability or a part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e., when the obligation specified in contract is discharged, cancelled or expired.

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item, if any.
Financial assets are long term investments, trade debts, deposits, loans and advances, other receivables, short term investments and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term financing, short term financing and trade and other payables.

Off-setting of Financial Assets and Financial Liabilities
A financial asset and financial liability is offset against each other and the net amount is reported in the Balance Sheet, if the Company has a legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the assets and settle the liability simultaneously.

3.15 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, whether billed to the Company or not.

3.16 PROVISIONS
A Provision is recognized in the Balance Sheet when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.17 IMPAIRMENT
The carrying amounts of the Company's Assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the Asset's recoverable amount is estimated and Impairment Losses are recognized in the Profit and Loss Account.

3.18 CONTINGENCIES AND COMMITMENTS
Unless these are actual liabilities these are not incorporated in the Financial Statements.

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

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

The Company has two reportable business segments. Spinning (producing different quality of yarn using natural fibbers). Weaving (producing different quality of grey fabric using cotton yarn).

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL represents Ordinary Shares of Rs.10 each and comprises of:

2013	2012		2013	2012
Number of Shares			Rupees	Rupees
17,024,093	17,024,093	Fully paid in Cash	170,240,930	170,240,930
1,760,809	1,760,809	Issued as fully paid Bonus Shares	17,608,090	17,608,090
25,355	25,355	Issued against Consideration Other than Cash	253,550	253,550
18,810,257	18,810,257		188,102,570	188,102,570

The Honourable Sindh High Court, Karachi, vide its interim order dated 1st February, 2013, has restrained the management of the Company from changing the composition of the shareholding of the Company .

		2013 Rupees	2012 Rupees
5 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS			
5.1 This is made up as follows:			
Balance at beginning of the year			
Land - Freehold		1,002,158,584	1,002,158,584
Buildings - on Freehold Land		312,599,939	326,820,669
Plant and Machinery		556,592,224	604,009,603
		1,871,350,747	1,932,988,856
Resulted from Revaluation during the Year		-	(18,521,789)
		1,871,350,747	1,914,467,067
Incremental Depreciation on Revaluation (Net of Deferred Tax) transferred to Comprehensive Income	(Note 5.3)	(45,011,483)	(43,116,320)
		1,826,339,264	1,871,350,747

5.2 The Company re-valued its entire class of certain assets as at 28th January, 2003. The Revaluation was carried-out by independent Values, M/S Hamid Mukhtar and Co., Lahore and has been duly certified by M. Yousaf Adil Saleem and Co., Chartered Accountants. and on 30th June, 2007, again, the Company had carried out revaluation of aforesaid assets through M/S BFA (Private) Limited, Multan. Subsequently, on 30th June, 2010, again, the Company carried out revaluation of aforesaid assets through M/S Maricon Consultants (Private) Limited, Multan.

5.3 The incremental depreciation charged for the period on re-valued assets has been transferred to Other Comprehensive Income (un-appropriated profit) to record realization of Surplus to the extent of incremental depreciation to comply with the requirement of Section 235 of the Companies Ordinance, 1984 and further notification of SECP to clarify the treatment of Surplus arising on revaluation of Fixed Assets.

		2013 Rupees	2012 Rupees
6 LONG TERM FINANCES			
6.1 These Comprise of:			
Secured from Banking Companies/ Financial Institutions	(Note 6.2)	587,775,372	760,744,561
Unsecured from Related Parties	(Note 6.12)	252,714,295	290,870,465
		840,489,667	1,051,615,026

6.2 **LONG TERM FINANCING FROM BANKING COMPANIES AND FINANCIAL INSTITUTIONS** represents secured Term Finances which have been obtained from:

		2013 Rupees	2012 Rupees
Askari Commercial Bank Limited	(Note 6.3)	95,043,067	166,981,598
Soneri Bank Limited	(Note 6.4)	121,159,546	163,250,556
Pak Oman Investment Company Limited	(Note 6.5)	8,000,000	24,000,000
Allied Bank Limited	(Note 6.6)	66,531,140	154,501,476
Bank Islami Pakistan Limited	(Note 6.7)	-	26,000,000
Faysal Bank Limited	(Note 6.8)	-	34,468,743
MCB Bank Limited	(Note 6.9)	12,172,140	24,344,280
National Ban of Pakistan	(Note 6.10)	128,133,326	167,197,908
Bank of Khyber Limited	(Note 6.11)	156,736,153	-
		587,775,372	760,744,561

In addition to securities indicated under respective finances, these are secured by way of Joint Pari Passu Charge amounting to Rs. 3,836.333 Million (2012: Rs. 3,890.333 Million) over Fixed Assets and Personal Guarantees of the Sponsoring Directors of the Company, except other wise stated.

6.3 **TERM FINANCES FROM ASKARI BANK LIMITED** is made up as follows:

		2013	2012
Balance at beginning of the Year		166,981,598	222,614,057
Add: Disbursement during the Year		-	31,100,000
		166,981,598	253,714,057
Less:			
Payments during the Year		-	7,221,488
Current Portion Shown under Current Liabilities	(Note 12.2)	71,938,531	79,510,971
		71,938,531	86,732,459
Balance at end of the Year		95,043,067	166,981,598

These have been obtained for the import of Plant and Machinery for BMR/Expansion of Spinning Section. These are repayable over a period from 30th September, 2013 to 1st March, 2019, in 1 to 10 equal half yearly instalments.

These are secured by way of Joint Pari Passu Charge amounting to Rs. 1,475 Million (2012: Rs. 1,475 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company. These carry mark-up ranging from 10.63% to 14.50% (2012: 13.02% to 16.30%) per annum for DF/TF and SBP rate (5.00%) + 2.00% (2012: SBP rate (5.00%) + 2.00%) per annum for LTF-EOP, payable semi annually.

6.4 **TERM FINANCES FROM SONERI BANK LIMITED** is made up as follows:

		2013	2012
Balance at beginning of the Year		163,250,556	49,000,000
Add: Disbursement during the Year		-	160,000,000
		163,250,556	209,000,000
Less:			
Payments made during the Year		25,591,010	16,453,939
Current Portion Shown under Current Liabilities	(Note 12.2)	16,500,000	29,295,505
		42,091,010	45,749,444
Balance at the end of the Year		121,159,546	163,250,556

These are secured by way of Joint Pari Passu Charge amounting to Rs. 620 Million (2012: Rs. 158 to 580 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company and specific charge amounting to Rs. 130 Million (2012: Rs. 102 Million) over 17 Air Jet Looms installed at Weaving Unit of the Company located at Qadirpur Rawn Bypass, Multan. This is repayable over a period from 2nd August, 2013 to 30th September, 2018, in 1 to 16 equal quarterly instalments. This carries mark-up ranging from 11.36% to 14.50% (2012: 12.70% to 16.30%) per annum, payable semi annually.

6.5 TERM FINANCE FROM PAK OMAN INVESTMENT COMPANY LIMITED is made up as follows:

		2013 Rupees	2012 Rupees
Balance at beginning of the Year		24,000,000	40,000,000
Less: Current Portion Shown under Current Liabilities	(Note 12.2)	16,000,000	16,000,000
Balance at end of the Year		8,000,000	24,000,000

This is secured by way of Joint Pari Passu Charge amounting to Rs. 96 Million (2012: Rs. 96 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company. This is repayable over a period from 7th September, 2013 to 7th December, 2014, in 6 equal quarterly instalments. This carries mark-up ranging from 12.49% to 15.03% (2012: 14.96% to 16.77%) per annum, payable quarterly.

6.6 TERM FINANCES FROM ALLIED BANK LIMITED is made up as follows:

Balance at beginning of the Year		154,501,476	257,471,800
Less: Current Portion Shown under Current Liabilities	(Note 12.2)	87,970,336	102,970,324
Balance at end of the Year		66,531,140	154,501,476

These are secured by way of Joint Pari Passu Charge amounting to Rs. 570 Million (2012: Rs. 664 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company and specific charge amounting to Rs. 94 Million (2012: Rs. 94 Million) over Generator installed at Weaving Unit of the Company located at Qdirpur Rawn Bypass, Multan. This is repayable over a period from 2nd July, 2013 to 4th April, 2015, in 1 to 12 equal quarterly instalments. This carries mark-up ranging from 11.63% to 14.31% (2012: 13.05% to 15.28%) per annum for DF and SBP rate (5%) + 2% (2012: SBP rate (5%) + 2%) per annum for LTF-EOP, payable quarterly.

6.7 TERM FINANCE FROM BANK ISLAMI PAKISTAN LIMITED is made up as follows:

Balance at beginning of the Year		26,000,000	101,250,000
Less: Current Portion Shown under Current Liabilities	(Note 12.2)	26,000,000	75,250,000
		-	26,000,000

This is secured by way of Joint Pari Passu Charge amounting to Rs. 333.333 Million (2012: Rs. 333.333 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company. This is repayable over a period from 1st July, 2013 to 1st October, 2013, in 4 monthly instalments. This carries mark-up ranging from 11.44% to 14.39% (2012: 14.26% to 16.04%) per annum, payable monthly.

		2013 Rupees	2012 Rupees

6.8 TERM FINANCE FROM FAYSAL BANK LIMITED is made up as follows:

Balance at beginning of the Year		34,468,743	103,406,235
Less: Current Portion Shown under Current Liabilities	(Note 12.2)	34,468,743	68,937,492
Balance at end of the year		-	34,468,743

This is secured by way of Joint Pari Passu Charge amounting to Rs. 450 Million (2012: Rs. 450 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company. This is repayable on 22nd November, 2013. This carries Mark-up ranging from 11.52% to 14.00% (2012: 13.93% to 15.69%) per annum payable semi annually.

6.9 TERM FINANCE FROM MCB BANK LIMITED is made up as follows:

Balance at beginning of the Year		24,344,280	36,516,420
Less: Current Portion Shown under Current Liabilities	(Note 12.2)	12,172,140	12,172,140
Balance at end of the Year		12,172,140	24,344,280

This has been obtained to finance acquisition of a Gas Generator. This is secured by way of 1st exclusive charge on Gas Generator amounting to Rs. 74 Million (2012: Rs. 74 Million) and personal guarantees of the directors of the Company. This is repayable over a period from 21st October, 2013 to 21st April, 2015, in 4 equal half yearly instalments. This carries Mark-up ranging from 11.36% to 14.00% (2012: 10.40% to 15.80%) per annum, payable semi annually.

6.10 TERM FINANCES FROM NATIONAL BANK OF PAKISTAN is made up as follows:

Balance at beginning of the Year		167,197,908	-
Add: Disbursement during the Year		-	200,637,490
		167,197,908	200,637,490
Less: Current Portion Shown under Current Liabilities	(Note 12.2)	39,064,582	33,439,582
Balance at end of the Year		128,133,326	167,197,908

These are secured by way of Joint Pari Passu Charge amounting to Rs. 292 Million (2012: Rs. 292 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company . This is repayable over a period from 20th July, 2013 to 20th January, 2018, in 5 to 10 equal half yearly instalments. This carries Mark-up ranging from 12.60% to 14.06% (2012: 12.60% to 15.78%) per annum, payable quarterly.

6.11 TERM FINANCE FROM THE BANK OF KHYBER is made up as follows:

Disbursement during the Year		180,315,604	-
Less: Current Portion Shown under Current Liabilities	(Note 12.2)	23,579,451	-
Balance at end of the Year		156,736,153	-

This is secured by way of first exclusive hypothecation charge amounting to Rs. 320 Million on the Machinery imported through Bank of Khyber for installation at Unit I and Unit V of the Company, ranking charge amounting to Rs. 267 Million by way of constructive MODTD on all the present and future Land and Building of Unit I and Unit V of the Company. This is repayable over a period from 5th March, 2014 to 5th September, 2017, in 8 equal half yearly instalments. This carries Mark-up ranging from 11.78% to 12.90% per annum, payable quarterly.

		2013 Rupees	2012 Rupees

6.12 **LONG TERM FINANCING FROM RELATED PARTIES** pertains to the directors of the Company and comprise of:

		2013 Rupees	2012 Rupees
Markup Bearing	(Note 6.13)	51,652,561	51,950,833
Markup Free		201,061,734	238,919,632
	(Note 6.14)	252,714,295	290,870,465

6.13 This represents the Cash Finance facility from Soneri Bank Limited, sanctioned to a director of the Company and is subject to Markup @ 13.50% (2012: 13.50%) per annum, which is born by the Company.

6.14 These are unsecured and are repayable at the option of the Company. These include an amount of Rs. 215 Million (2012: Rs. 215 Million) which has been subordinated to the Banks against Long Term Financing availed by the Company.

7 **LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE** is made up as follows:

	2013 Rupees	2012 Rupees
Liability Due for the year ended 30th June:		
2012	-	31,439,382
2013	44,235,465	33,237,781
2014	41,283,984	28,204,738
2015	35,878,013	22,798,767
2016	23,888,786	21,841,334
2017	21,841,334	21,841,334
2018	21,841,330	21,841,330
Gross Minimum Lease Payments	188,968,912	181,204,666
Less: Payments during the Year	44,235,465	31,439,382
	144,733,447	149,765,284
Less: Future Period:		
Financial Charges	4,904,390	2,465,700
Insurance Charges	720,754	1,553,569
	5,625,144	4,019,269
Present Value of Gross Minimum Lease Payments	139,108,303	145,746,015
Less: Current Portion Shown under Current Liabilities	37,124,693	30,555,377
	101,983,610	115,190,638

The reconciliation between Gross Minimum Lease Payments, future Financial Charges and present value of Minimum Lease Payments is as follows:

	2013 Rupees	2012 Rupees
GROSS MINIMUM LEASE PAYMENTS		
Not later than one Year	41,283,984	33,716,353
Later than one Year but not later than five Years	103,449,463	26,065,317
Later than Five Years	-	2,508,000
	144,733,447	62,289,670
PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Not later than one Year	37,124,693	5,668,424
Later than one Year but not later than five Years	101,983,610	45,555,188
Later than Five Years	-	3,320,922
	139,108,303	54,544,534

The Company entered into the Finance Lease agreements with various Financial Institutions to acquire Machinery and Motor Vehicles. The implicit Mark-up rate used to discount the minimum lease payments ranges from 11.63% to 14.25% (2012: 14.20% to 22.05%) per annum. These are secured against Title of the Leased Assets and Personal Guarantees of the Directors of the Company. The Company avails the option to purchase the Assets at the end of respective lease terms.

		2013 Rupees	2012 Rupees
8 DEFERRED LIABILITIES:			
8.1 These comprise of			
Deferred Taxation	(Note 8.2)	81,263,795	231,310,055
Staff Retirement Benefits	(Note 8.3)	36,145,097	25,658,955
		117,408,892	256,696,010

8.2 **DEFERRED TAXATION** is in respect of the following temporary differences:

	2013	2012
Taxable Temporary Differences		
Accelerated Depreciation	296,271,637	395,325,099
Export Debtors	11,843,320	13,216,063
Deductible Temporary Differences		
Staff Gratuity	(3,208,728)	(3,101,775)
Unused Tax Losses	(94,394,721)	(107,219,178)
Turnover Tax	(137,797,696)	(97,660,392)
Lease Liability	8,549,983	30,750,238
	81,263,795	231,310,055

8.3 **STAFF RETIREMENT BENEFITS** represent Gratuity and is made up as follows:

	2013	2012
Balance at beginning of the Year	25,658,955	35,980,311
Expense for the Year	33,354,854	16,787,326
Payments made during the Year	(22,868,712)	(27,108,682)
Present Value of Defined Benefit Obligation	36,145,097	25,658,955

CHARGE FOR THE YEAR in respect of this benefit comprises of:

	2013	2012
Current Service Cost	33,354,854	11,777,240
Interest Cost	-	4,317,637
Actuarial Losses Recognized	-	692,449
	33,354,854	16,787,326

ALLOCATION OF CHARGE FOR THE YEAR is as follows:

	2013	2012
Cost of Goods Manufactured	27,904,466	13,003,641
Administrative Expenses	5,450,388	3,783,685
	33,354,854	16,787,326

Historical information is as follows:

	2013	2012	2011	2010	2009
Charge of Gratuity	33,354,854	16,787,326	25,266,617	18,247,456	18,492,569

RECONCILIATION of the amount recognized in Balance Sheet is as follows:

	2013	2012
Present value of defined benefit obligation	36,145,097	25,658,955

MOVEMENT IN PRESENT VALUE of Defined benefit Obligation

	2013	2012
Defined Benefit Obligation at the Beginning of the Year	25,658,955	35,980,311
Current Service Cost	33,354,854	11,777,240
Interest Cost	-	4,317,637
Actuarial (Gain)/Losses - arise	-	692,449
Benefit Paid during the Year	(22,868,712)	(27,108,682)
Defined benefit Obligation at the end of the Year	36,145,097	25,658,955

PRINCIPAL ACTUARIAL ASSUMPTIONS

The actuarial valuation of Gratuity was conducted on 30th June, 2012 in accordance with IAS 19 "Employees Benefits" by using Projected Unit Credit Method. Following significant assumptions, were used for the actuarial valuation:

	2013	2012
PRINCIPAL ACTUARIAL ASSUMPTIONS		
Discount Rate	13%	13%
Expected Rate of Salary Increase	12%	12%
Average Expected Remaining Working Life of Employees	6 Years	6 Years

		2013 Rupees	2012 Rupees
9 TRADE AND OTHER PAYABLES			
9.1 These comprise of:			
Creditors		161,066,668	81,753,625
Accrued Liabilities		209,241,233	106,919,753
Advance from Customers		125,492,198	42,276,237
Income Tax Withheld		9,728,939	2,391,690
Unclaimed Dividend		107,090	107,090
Retention Money		1,138,815	652,726
Workers' (Profit) Participation Fund	(Note 9.2)	16,948,296	28,210,299
Other Liabilities		35,299,498	36,408,171
		559,022,737	298,719,591
9.2 **WORKERS' (PROFIT) PARTICIPATION FUND** is made up as follows:			
Balance at beginning of the Year		28,210,299	31,989,089
Less: Payments during the Year		28,210,299	31,989,089
Add: Allocation for the Year		16,948,296	28,210,299
Balance at end of the Year		16,948,296	28,210,299
10 ACCRUED INTEREST AND MARK-UP relates to:			
Long Term Finances		21,753,657	30,305,511
Short Term Borrowings		102,674,941	99,155,245
Lease Finance		3,418,087	4,626,782
Workers' (Profit) Participation Fund		4,923,397	2,585,420
		132,770,082	136,672,958

11 SHORT TERM BORROWINGS

11.1 These secured borrowings have been obtained from Commercial Banks / Financial institutions and comprise of:

Pre/Post-Shipment Advance	(Note 11.2)	1,796,023,399	2,093,784,456
Cash/Running Finances	(Note 11.2)	2,925,214,840	2,208,257,254
Overdraft	(Note 11.3)	36,035,490	5,627,324
		4,757,273,729	4,307,669,034

11.2 These facilities have been obtained from various Commercial Banks with sanctioned limits aggregating Rs. 8.492 Billion (2012: Rs. 5.900 Billion), The aggregate facilities are secured by a joint pari passu hypothecation charge on all present and future current assets of the Company including Stock in Trade, Trade Debts, Lien on Export Bills and Personal Guarantees of the Working Directors of the Company. The expiry dates of the facilities range during the period from 30th November, 2013 to 31st July, 2014. These facilities carry Mark up rates ranging from 1.50% to 14.14% (2012: 1.95% to 15.41%) per annum.

11.3 This represents the cheques issued in excess of the available balances in Current Accounts of the Banks of the Company, which have not been presented for payment by 30th June, 2013.

		2013 Rupees	2012 Rupees
12 CURRENT PORTION OF LONG TERM LIABILITIES			
12.1 These comprise of:			
Current Portion of Long Term Finances	(Note 12.2)	351,409,534	431,839,522
Current Portion Lease Liabilities	(Note 7)	37,124,693	30,555,377
		388,534,227	462,394,899

12.2 CURRENT PORTION OF LONG TERM FINANCES is made up as follows:

	2013 Rupees	2012 Rupees
Balance at beginning of the Year	431,839,522	460,998,233
Add: Transferred from Long Term Portion	353,284,793	417,576,014
	785,124,315	878,574,247
Less: Payments made during the Year	433,714,781	446,734,725
Balance at end of the Year	351,409,534	431,839,522

13 CONTINGENCIES AND COMMITMENTS

13.1 CONTINGENCIES

A case of the Company is pending for decision by Honourable Sind High Court, Karachi, against the imposition of a levy by the Excise and Taxation Officer, Karachi, amounting to Rs. 59.644 Million (2012: Rs. 50.644 Million), on imports of the Company , which has been recognised in the financial statements of the Company.

Company has filed a petition in the Islamabad High Court, Islamabad, vide No. 2710 of 2012 challenging levy of Gas Infrastructure Development Cess (GIDC) amounting to Rs. 12,709,344/-, which has not been recognised in these Financial Statements. Presently the recovery of the GIDC has been stayed by the Honourable Islamabad High Court. The legal counsel of the Company is pretty sure to win this case in favour of the Company.

Letters of Guarantee issued by the Banks on behalf of the Company in favour of:

	2013 Rupees	2012 Rupees
Sui Northern Gas Pipelines Limited	62,235,300	138,084,700
Excise and Taxation	5,000,000	50,644,299
Multan Electric Company	7,625,000	-
State Bank of Pakistan	-	581,395
	74,860,300	189,310,394
Turnover Tax available for adjustment against Tax under Normal Law	137,797,696	97,660,392

13.2 COMMITMENTS

Outstanding Letters of Credit for:

	2013 Rupees	2012 Rupees
Capital Expenditure	153,620,709	77,233,422
Raw Material	38,181,753	59,736,013
	191,802,462	136,969,435

14 PROPERTY, PLANT AND EQUIPMENT

14.1 These comprise of:

		2013 Rupees	2012 Rupees
Operating Fixed Assets	14.2	5,524,457,259	5,496,794,273
Capital Work in Progress	14.5	3,072,535	9,552,839
		5,527,529,794	5,506,347,112

14.2 OPERATING FIXED ASSETS are made up as follows:

PARTICULARS	COST / REVALUATION: AT BEGINNING OF THE YEAR	ADDITIONS	DELETIONS	REVALUATION SURPLUS /(DEFICIT)	AT END OF THE YEAR	RATE %	DEPRECIATION: TO BEGINNING OF THE YEAR	ON MERGER ACQUISITION	ON DELETIONS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	WRITTEN DOWN AT END OF THE YEAR
30TH JUNE, 2013												
OWNED ASSETS												
LAND - Freehold												
Cost	75,739,593	-	-	-	75,739,593	-	-	-	-	-	-	75,739,593
Revaluation Surplus	1,021,149,307	-	-	-	1,021,149,307	-	-	-	-	-	-	1,021,149,307
	1,096,888,900	-	-	-	1,096,888,900		-	-	-	-	-	1,096,888,900
BUILDINGS - on Freehold Land												
Cost -Factory	396,206,582	8,599,093	-	-	404,805,675	5	134,797,313	-	-	13,241,459	148,038,772	256,766,903
Cost -Non Factory	220,717,550	27,582,450	-	-	248,300,000	5	71,148,545	-	-	7,782,261	78,930,806	169,369,194
Revaluation Surplus	597,211,780	-	-	-	597,211,780	5	105,583,278	-	-	24,581,426	130,164,704	467,047,076
	1,214,135,912	36,181,543	-	-	1,250,317,455		311,529,136	-	-	45,605,146	357,134,282	893,183,173
PLANT AND MACHINERY												
Cost	2,810,896,071	182,132,699	-	-	2,993,028,770	5	969,834,627	-	-	95,582,573	1,065,417,200	1,927,611,570
Revaluation Surplus	1,099,794,706	-	-	-	1,099,794,706	5	326,375,603	-	-	38,670,956	365,046,559	734,748,147
	3,910,690,777	182,132,699	-	-	4,092,823,476		1,296,210,230	-	-	134,253,529	1,430,463,759	2,662,359,717
POWER HOUSE	496,562,415	4,647,737	-	-	501,210,152	5	62,122,781	-	-	21,904,937	84,027,718	417,182,434
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	-	2,325,374	10	1,456,966	-	-	86,840	1,543,806	781,568
LABORATORY EQUIPMENT	53,705,091	20,017,306	-	-	73,722,397	10	31,432,002	-	-	3,228,175	34,660,177	39,062,220
ELECTRIC INSTALLATION	173,883,230	262,100	-	-	174,145,330	5	55,952,895	-	-	5,900,884	61,853,779	112,291,551
TARPULINE	739,107	-	-	-	739,107	10	458,287	-	-	28,082	486,369	252,738
TUBE WELL	7,993,559	880,000	-	-	8,873,559	10	4,086,743	-	-	412,683	4,499,426	4,374,133
FURNITURE AND FIXTURE	31,716,209	958,186	-	-	32,674,395	10	13,733,588	-	-	1,833,980	15,567,568	17,106,827
OFFICE EQUIPMENT	16,499,967	539,314	-	-	17,039,281	10	8,979,037	-	-	789,497	9,768,534	7,270,747
VEHICLES	76,110,336	4,202,530	7,555,164	-	72,757,702	20	41,379,542	-	5,529,549	6,977,744	42,827,737	29,929,965
FIRE FIGHTING EQUIPMENT	6,127,605	-	-	-	6,127,605	10	3,377,741	-	-	274,987	3,652,728	2,474,877
TELEPHONE	6,411,941	-	-	-	6,411,941	10	3,292,082	-	-	311,986	3,604,068	2,807,873
ARMS AND AMMUNITION	101,350	-	-	-	101,350	10	7,103	-	-	9,425	16,528	84,822
AIR CONDITIONERS AND REFRIGERATORS	804,414	-	-	-	804,414	10	397,287	-	-	40,713	438,000	366,414
TOOLS AND EQUIPMENT	5,206,611	-	-	-	5,206,611	10	2,296,943	-	-	290,967	2,587,910	2,618,701
	7,099,902,798	249,821,415	7,555,164	-	7,342,169,049		1,836,712,363	-	5,529,549	221,949,575	2,053,132,389	5,289,036,660
LEASED ASSETS												
PLANT AND MACHINERY	244,497,071	-	-	-	244,497,071	20	26,189,083	-	-	10,915,399	37,104,482	207,392,589
POWER HOUSE	2,470,000	-	-	-	2,470,000	5	240,825	-	-	111,459	352,284	2,117,716
VEHICLES	17,251,950	18,055,349	548,487	-	34,758,812	20	4,185,275	-	180,270	4,843,513	8,848,518	25,910,294
	264,219,021	18,055,349	548,487	-	281,725,883		30,615,183	-	180,270	15,870,371	46,305,284	235,420,599
	7,364,121,819	267,876,764	8,103,651	-	7,623,894,932		1,867,327,546	-	5,709,819	237,819,946	2,099,437,673	5,524,457,259
30TH JUNE, 2012												
OWNED ASSETS												
LAND - Freehold												
Cost	97,682,933	-	21,943,340	-	75,739,593	-	-	-	-	-	-	75,739,593
Revaluation Surplus	1,021,149,307	-	-	-	1,021,149,307	-	-	-	-	-	-	1,021,149,307
	1,118,832,240	-	21,943,340	-	1,096,888,900		-	-	-	-	-	1,096,888,900
BUILDINGS - on Freehold Land												
Cost -Factory	389,426,307	6,780,275	-	-	396,206,582	5	121,366,049	-	-	13,431,264	134,797,313	261,409,269
Cost -Non Factory	204,217,638	16,499,912	-	-	220,717,550	5	63,852,245	-	-	7,296,300	71,148,545	149,569,005
Revaluation Surplus	597,211,780	-	-	-	597,211,780	5	79,708,094	-	-	25,875,184	105,583,278	491,628,502
	1,190,855,725	23,280,187	-	-	1,214,135,912		264,926,388	-	-	46,602,748	311,529,136	902,606,776
PLANT AND MACHINERY												
Cost	2,764,232,157	91,964,809	45,300,895	-	2,810,896,071	5	913,134,584	-	37,987,844	94,687,887	969,834,627	1,841,061,444
Revaluation Surplus	1,118,316,495	-	-	(18,521,789)	1,099,794,706	5	285,669,335	-	-	40,706,268	326,375,603	773,419,103
	3,882,548,652	91,964,809	45,300,895	(18,521,789)	3,910,690,777		1,198,803,919	-	37,987,844	135,394,155	1,296,210,230	2,614,480,547
POWER HOUSE	480,188,613	16,373,802	-	-	496,562,415	5	39,916,530	-	-	22,206,251	62,122,781	434,439,634
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	-	2,325,374	10	1,360,477	-	-	96,489	1,456,966	868,408
LABORATORY EQUIPMENT	53,705,091	-	-	-	53,705,091	10	28,957,214	-	-	2,474,788	31,432,002	22,273,089
ELECTRIC INSTALLATION	173,473,230	410,000	-	-	173,883,230	5	49,760,421	-	-	6,192,474	55,952,895	117,930,335
TARPULINE	739,107	-	-	-	739,107	10	427,085	-	-	31,202	458,287	280,820
TUBE WELL	7,993,559	-	-	-	7,993,559	10	3,652,651	-	-	434,092	4,086,743	3,906,816
FURNITURE AND FIXTURE	24,941,054	6,775,155	-	-	31,716,209	10	12,113,822	-	-	1,619,766	13,733,588	17,982,621
OFFICE EQUIPMENT	16,187,757	312,210	-	-	16,499,967	10	8,118,671	-	-	860,366	8,979,037	7,520,930
VEHICLES	76,684,584	4,621,215	5,195,463	-	76,110,336	20	35,953,832	-	2,851,310	8,277,020	41,379,542	34,730,794
FIRE FIGHTING EQUIPMENT	6,127,605	-	-	-	6,127,605	10	3,072,200	-	-	305,541	3,377,741	2,749,864
TELEPHONE	6,411,941	-	-	-	6,411,941	10	2,945,431	-	-	346,651	3,292,082	3,119,859
ARMS AND AMMUNITION	6,130	95,220	-	-	101,350	10	5,448	-	-	1,655	7,103	94,247
AIR CONDITIONERS AND REFRIGERATORS	804,414	-	-	-	804,414	10	352,051	-	-	45,236	397,287	407,127
TOOLS AND EQUIPMENTS	5,206,611	-	-	-	5,206,611	10	1,973,646	-	-	323,297	2,296,943	2,909,668
	7,047,031,687	143,832,598	72,439,698	(18,521,789)	7,099,902,798		1,652,339,786	-	40,839,154	225,211,731	1,836,712,363	5,263,190,435
LEASED ASSETS												
PLANT AND MACHINERY	100,000,000	144,497,071	-	-	244,497,071	5	18,501,743	-	-	7,687,340	26,189,083	218,307,988
POWER HOUSE	2,470,000	-	-	-	2,470,000	5	123,500	-	-	117,325	240,825	2,229,175
VEHICLES	12,545,856	6,628,998	1,922,904	-	17,251,950	20	1,237,636	-	457,224	3,404,863	4,185,275	13,066,675
	115,015,856	151,126,069	1,922,904	-	264,219,021		19,862,879	-	457,224	11,209,528	30,615,183	233,603,838
	7,162,047,543	294,958,667	74,362,602	(18,521,789)	7,364,121,819		1,672,202,665	-	41,296,378	236,421,259	1,867,327,546	5,496,794,273

14.3 **DISPOSAL OF OPERATING PROPERTY, PLANT AND EQUIPMENT** comprises of:

	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	PROCEEDS	GAIN / (LOSS)	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
	30TH JUNE, 2013						
VEHICLES							
Honda Civic MNU - 295	895,464	870,522	24,942	300,000	275,058	Negotiation	Mr Muhammad Wasim Afzal, House no. 235, Shah Rukne Alam Colony, Block-E, Multan
Honda Accord NK-467	2,009,116	848,651	1,160,465	1,500,000	339,535	Negotiation	Zulfiqar Ali, House no. 314, M.A Jinnah Town, Lahore
Toyota Corolla MLJ 735	1,049,160	851,138	198,022	400,000	201,978	Negotiation	Mr Awais Manzoor, House no. 03, St.no. 03, Sadatt Colony, Block no. 14, Sargodha
Toyota Corolla MLA-81	1,325,880	1,159,046	166,834	400,000	233,166	Negotiation	Mr Ali Tahir, House no. 536, Gulgashat Colony Multan
Honda Civic MLB-57	1,004,314	877,941	126,373	350,000	223,627	Negotiation	Mr Usman Majeed, House no. 03, St. no. 430/11-C, Waqas Town, Near Chungi no. 01, Multan
Suzuki Cultus MLH-5908	600,950	498,027	102,923	300,000	197,077	Negotiation	Shahabudin Ahmad Awan, Azeem Cars, Old Bahawalpur Road, Multan
Suzuki Cultus-MNA-07-4823	600,000	423,053	176,947	300,000	123,053	Negotiation	Ch. Muhammad Afzal, House # 1266/5 Lakr Mandi Colony, Multan
Honda CD-70 MNK 9995-13	70,280	1,171	69,109	67,000	(2,109)	Insurance Claim	Efu General Insurance Limited, Multan Division
Suzuki Mehran-MN-10-1673	548,487	180,270	368,217	459,171	90,954	Insurance Claim	Orix Leasing Pakistan Limited, Multan Division
30th June, 2013 (Rupees):	8,103,651	5,709,819	2,393,832	4,076,171	1,682,339		
	30TH JUNE, 2012						
LAND - Freehold	21,943,340	-	21,943,340	20,000,000	(1,943,340)	Negotiation	Sarwer Majeed S/O Muhammad Bashir, 85-Nayab Sector, New Airport, Lahore Cantt.
PLANT AND MACHINERY							
Ring Frame, Blow Room etc	35,689,936	29,754,191	5,935,745	3,000,000	(2,935,745)	Negotiation	Shibli Textile Traders, Darul Ahsan Town, Fasialabad
Murata No. 7-11 Mach Coner	9,610,959	8,233,653	1,377,306	3,821,410	2,444,104	Negotiation	M/S Taban Ris Sepahan Company, Iran
VEHICLES							
Toyota Corolla MNA-08-4237	1,409,230	889,731	519,499	600,000	80,501	Negotiation	Khuram Aman Farooqi, Old Bahawalpur Road, Hose # 5-S, Gulistan Colony, Multan
Honda CD-70 MNN-10-9511	66,139	19,254	46,885	60,000	13,115	Insurance Claim	EFU Insurance Company (Pvt.) Limited, Ground Floor Rajpot Centre Tareen Road, Multan
Toyota Corolla MNA-07-3422	1,092,480	794,160	298,320	390,000	91,680	Negotiation	Sh. Farooq Enterprises, Bloom Field School Link Bosan Road, Multan
Honda Civic MNA-4428	1,468,104	977,014	491,090	600,000	108,910	Negotiation	Saad Farooq Cotton Ginner, Shahnal Station, Lodhran
Honda Civic MN-11-2122	1,922,904	457,224	1,465,680	1,578,709	113,029	Leased Car Stolan	Meezan Bank Limited, Highcourt Road, Multan
Honda Civic MLG-3000	1,003,800	130,494	873,306	970,000	96,694	Negotiation	Mr. Ashraf S/O Haji Muhammad Yamin, House # 112-C Mumtazabad, Multan
Honda CD-70 MNM-11-4688	66,745	15,871	50,874	60,000	9,126	Insurance Claim	EFU Insurance Company (Pvt.) Limited, Ground Floor Rajpot Centre Tareen Road, Multan
Honda CG-125 MNR-10-6684	88,965	24,786	64,179	80,000	15,821	Insurance Claim	EFU Insurance Company (Pvt.) Limited, Ground Floor Rajpot Centre Tareen Road, Multan
30th June, 2012 (Rupees):	74,362,602	41,296,378	33,066,224	31,160,119	(1,906,105)		

14.4 **DEPRECIATION ALLOWANCE** provided for the Year has been allocated as follows:

		2013 RUPEES	2012 RUPEES
Cost of Goods Manufactured	(Note 30.2)	222,376,367	221,182,062
Administrative Expenses	(Note 32.1)	15,443,579	15,239,197
		237,819,946	236,421,259

		2013 Rupees	2012 Rupees
14.5 CAPITAL WORK IN PROGRESS comprises of:			
Factory Buildings		1,175,981	6,249,671
Non Factory Buildings		1,896,554	269,518
Plant and Machinery		-	9,362
Sui Gas Pipeline		-	3,024,288
		3,072,535	9,552,839

15 INTANGIBLE ASSETS

15.1 This represents Cost of Computer Software (ERP System) and is made up as follows:

		2013 Rupees	2012 Rupees
Balance at beginning of the Year		4,375,785	6,563,677
Less: Amortized during the Year	(Note 15.2)	2,187,892	2,187,892
Balance at end of the Year		2,187,893	4,375,785

15.2 Amortization charge for the year on Intangible Assets has been allocated to Administrative Expenses.

16 LONG TERM INVESTMENTS

16.1 These comprise of:

		2013 Rupees	2012 Rupees
Investments Held for Sale	(Note 16.2)	12,208,794	11,940,834
Investment Held to Maturity	(Note 16.3)	259,428	259,532
		12,468,222	12,200,366

16.2 INVESTMENT HELD FOR SALE are not intended to be sold in next 12 months and comprise of:

Quoted Companies	**2013**	**2012**	2013 Rupees	2012 Rupees
Fatima Enterprises Limited			6,536,572	6,536,572
No. of Ordinary Shares of Rs.10 each	829,808	829,808		
Per Share Quoted Price at Year End	14.30	14.30		
Mubarak Textile Mills Limited			182,700	182,700
No. of Ordinary Shares of Rs.10 each	66,000	66,000		
Per Share Quoted Price at Year End	5.19	1.13		
Cost at end of the Year			6,719,272	6,719,272
Fair Value Adjustment			5,489,522	5,221,562
Fair Value at end of the Year			12,208,794	11,940,834

The current quoted Price of the share of Fatima Enterprises Limited (FEL) represents the last trading price on 21st March, 2013, when the trading of shares of this FEL has been suspended by Karachi Stock Exchange.

16.3 INVESTMENT HELD TO MATURITY

Term Finance Certificates issued by Bank Al-Habib Limited on 7th March, 2007 having Redeemable Value amounting to Rs. 7,736.75 per certificate with maturity date of 7th February, 2015 carrying Mark-up @ 6 month KIBOR + 1.95% (2012: 6 month KIBOR + 1.95%) per annum.

17 LONG TERM LOANS AND ADVANCES

These represent the unsecured amount advanced by the Company to Sui Northern Gas Pipelines Limited, to meet the cost of Gas Pipeline to be laid for supply of Gas to the weaving unit of the Company at Qadir Pur Rawan, Khanewal Road, Multan. This is recoverable in 12 years (including two years grace period) commencing from 28th September, 2007, in 08 equal annual instalments. This is subject to a Return @ 1.5% (2012: 1.5%) per annum, receivable annually.

		2013 Rupees	2012 Rupees
18 LONG TERM DEPOSITS AND PREPAYMENTS comprise of:			
18.1 These Comprise of:			
Deposits		24,067,590	21,520,887
Pre-Payments	(Note 18.2)	25,000,000	25,000,000
		49,067,590	46,520,887

18.2 This represents a payment against the manufacturing facilities utilized by the Company which is adjustable towards the end of the respective lease term.

	2013 Rupees	2012 Rupees
19 STORES, SPARES AND LOOSE TOOLS comprise of:		
Stores	84,827,376	54,871,813
Spares	69,101,435	51,809,461
Loose Tools	113,210	286,780
	154,042,021	106,968,054
20 STOCK IN TRADE comprise of:		
Raw Material	2,836,734,878	2,696,280,012
Work in Process	135,227,998	110,366,445
Finished Goods	552,778,243	343,278,819
	3,524,741,119	3,149,925,276

21 TRADE DEBTS

		2013 Rupees	2012 Rupees
21.1 These are in respect of:			
Export - Secured	(Note 21.2)	1,184,331,952	1,321,606,273
Local - Unsecured Considered Good	(Note 21.3)	370,489,438	377,691,184
		1,554,821,390	1,699,297,457

21.2 Secured Debtors represent Foreign Bills under collection against Letters of Credit which are secured against Bank Guarantees.

	2013 Rupees	2012 Rupees
21.3 Past Due but un-impaired Debtors Included Therein	4,243,523	4,122,822

These relate to various independent customers from whom there is no recent history of default. The age of these debtors is More than 6 Months.

22 LOANS AND ADVANCES

		2013 Rupees	2012 Rupees
22.1 These are unsecured but are considered good by the management and comprise of:			
Advances to:			
Employees against Salaries	(Note 22.2)	4,470,743	6,312,905
Suppliers of Goods and Services		46,666,801	47,493,661
Immature Letters of Credit	(Note 22.3)	93,416,283	22,849,126
Guarantee Margin		3,743,015	4,917,235
		148,296,842	81,572,927

	2013 Rupees	2012 Rupees
22.2 Include therein amounts due from Executives	2,186,824	5,377,222

22.3 These comprise of Opening Charges, Bank Charges and Cost of Documents.

23 TRADE DEPOSITS & SHORT TERM PRE-PAYMENTS comprise of:

	2013	2012
Security Deposits	388,526	388,526
Short Term Pre-Payments	568,435	257,000
	956,961	645,526

24 ACCRUED INTEREST relates to Interest Recoverable from Sui Gas.

25 OTHER RECEIVABLES comprise of:

	2013	2012
Sales Tax	73,696,298	48,941,216
Insurance Claims	11,880,778	212,460
Others	12,877,924	1,303,474
	98,455,000	50,457,150

26 SHORT TERM INVESTMENTS comprise of:

Held for Trading	**2013**	**2012**		
Fauji Cement Limited			1,366,576	451,588
No. of Ordinary Shares	100,000	65,000		
Per Share Quoted Price at Year End	13.29	5.74		
Lafarage Pakistan Limited			439,413	-
No. of Ordinary Shares	50,000			
Per Share Quoted Price at Year End	8.49			
Cost at end of the Year			1,805,989	451,588
Fair Value Adjustment			(52,489)	(78,488)
Fair Value at end of the Year			1,753,500	373,100

27 TAX REFUNDS DUE FROM GOVERNMENT DEPARTMENTS relates to

	2013	2012
Income Tax.	43,445,105	48,002,195
Sales Tax	41,676,324	-
	85,121,429	48,002,195

28 CASH & BANK BALANCES

28.1 These comprise of:

		2013	2012
Cash in Hand		4,117,310	1,640,668
Cash with Banks in:			
Current Accounts		42,006,555	50,358,378
Saving Accounts	(Note 28.2)	19,870	418,264
Deposit Accounts	(Note 28.3)	134,442,175	25,000,000
		176,468,600	75,776,642
		180,585,910	77,417,310

28.2 Saving Accounts are subject to return ranging from 4.00% to 5.25% (2012: 6.00% to 7.25%) per annum.

28.3 These Term Deposit Receipt (TDRs) are subject to return ranging from 8.50% to 12.50% (2012: 7.00% to 12.50%) per annum.

		2013 Rupees	2012 Rupees
29 SALES comprises of:			
Local Sales:			
Goods		3,924,112,524	4,618,922,840
Waste		73,070,190	154,214,469
Processing income		1,232,349	8,295,156
Total Local Sales		3,998,415,063	4,781,432,465
Export Sales:			
Direct Export			
Goods		10,871,457,367	7,806,908,299
Waste		99,202,120	63,946,289
Indirect Export - Goods		681,563,634	1,104,163,638
		11,652,223,121	8,975,018,226
Exchange Rate Gain		110,157,360	87,331,089
Export Rebate		3,421,079	1,053
Total Export Sales		11,765,801,560	9,062,350,368
		15,764,216,623	13,843,782,833

30 COST OF SALES

		2013 Rupees	2012 Rupees
30.1 This is made up as follows:			
Finished Goods at beginning of the year		343,278,819	485,399,122
Add: Cost of Goods:			
Manufactured	(Note 30.2)	12,269,065,199	11,041,523,571
Purchased		2,064,852,507	924,826,783
		14,333,917,706	11,966,350,354
		14,677,196,525	12,451,749,476
Finished Goods at end of the year		563,222,243	343,278,819
		14,113,974,282	12,108,470,657

		2013 Rupees	2012 Rupees
30.2 COST OF GOODS MANUFACTURED is made up as follows			
Work in process at beginning of the year		110,366,445	131,643,095
Raw Material Consumed	(Note 30.3)	9,495,575,492	8,947,640,592
Packing Material Consumed		169,786,008	140,386,126
Stores Consumed		337,920,584	259,282,159
Salaries, Wages & Benefits		686,649,028	486,329,872
Power and Fuel		1,058,211,520	846,217,101
Insurance		25,072,211	21,079,377
Repair and Maintenance		18,749,376	28,547,676
Processing Charges		220,429,054	16,714,511
Manufacturing Hire Charges		48,000,000	48,000,000
Depreciation	(Note 14.4)	222,376,367	221,182,062
Other Manufacturing Expenses		11,157,112	4,867,445
		12,404,293,197	11,151,890,016
Work in Process at end of the Year		135,227,998	110,366,445
		12,269,065,199	11,041,523,571

		2013 Rupees	2012 Rupees
30.3 RAW MATERIAL CONSUMED is made up as follows:			
Balance at beginning of the Year		2,696,280,012	1,192,986,142
Add: Purchases including Expenses		9,636,030,358	10,450,934,462
Available for Consumption		12,332,310,370	11,643,920,604
Balance at end of the Year		2,836,734,878	2,696,280,012
		9,495,575,492	8,947,640,592
31 DISTRIBUTION COST comprises of:			
Local Freight, Octroi and Other Charges		84,259,204	61,939,883
Sea Freight		96,400,340	73,365,411
Cleaning and Forwarding Expenses		17,451,794	15,166,220
Commission on:			
Local Sales		12,366,574	23,066,568
Export Sales		145,657,638	96,117,819
Insurance		4,425,618	2,462,033
Bill of Lading Charges		3,040,984	1,906,783
Export Development Surcharge		25,268,114	17,815,816
Quality Claim		9,685,166	3,928,114
Sales Promotion Expenses		23,103,946	4,065,607
Others Expenses		9,722,548	5,361,438
		431,381,926	305,195,692
32 ADMINISTRATIVE EXPENSES			
32.1 These comprise of			
Directors' Remuneration		4,320,000	3,420,000
Staff Salaries & Benefits		149,916,094	111,928,339
Printing & Stationery		791,458	702,945
Communication		5,872,939	6,158,819
Sui Gas & Water Charges		1,520,886	1,320,988
Electricity		3,400,023	2,088,733
Insurance		3,960,199	4,744,459
Travelling & Conveyance		26,603,445	32,004,077
Entertainment		4,964,882	3,880,280
Rent, Rates & Taxes		1,713,158	476,666
Vehicle Running & Maintenance		8,405,784	7,530,189
Repair & Maintenance		11,997,856	3,573,268
Fees & Subscriptions		2,479,948	2,109,866
Legal & Professional Charges		4,447,632	1,940,104
Auditors' Remuneration	(Note 32.2)	830,000	825,000
Advertisement & Publicity		4,344,281	574,050
ISO Expenses		2,691,470	3,353,149
Charity & Donations		7,496,570	4,803,563
Newspapers and Periodicals		196,726	110,138
Amortization of Intangible Asset	(Note 15)	2,187,892	2,187,892
Depreciation	(Note 14.4)	15,443,579	15,239,197
General Expenses		9,261,088	8,027,807
		272,845,910	216,999,529
32.2 AUDITORS' REMUNERATION relates to:			
Company's Statutory audit		800,000	800,000
Workers' (Profit) Participation Fund Audit		30,000	25,000
		830,000	825,000

		2013 Rupees	2012 Rupees
33 OTHER OPERATING EXPENSES comprise of:			
Loss on Re-Measurement of Investment	(Note 26)	52,489	78,488
Balances Written Off		-	462,186
Loss on Disposal of Operating Fixed Assets		-	1,906,105
Workers (Profit) Participation Fund		16,948,296	28,210,299
Workers Welfare Fund		-	10,751,795
		17,000,785	41,408,873

34 OTHER INCOME

34.1 This comprises of:

Fine Penalties and Claims		12,913	56,557
Sale of Salvage		29,400	28,241
Gain on Investment		513,504	1,696,104
Interest Income		420,722	480,234
Return on Bank Deposits		5,499,888	262,460
Gain on Disposal of Operating Fixed Assets		1,682,339	-
Dividend Income		65,000	-
WWF Written Back	(Note 34.2)	10,751,795	-
Creditors Written Back		545,711	-
		19,521,272	2,523,596

34.2 This had been recognised as a result of amendments introduced to Worker Welfare Fund (WWF) Ordinance 1971 through Finance acts 2006 and 2008, wherein WWF has had to be worked out on Accounting Profit and PTR receipts of Income Tax Ordinance, 2001. However, the impugned amendments have subsequently been declared unconstitutional and therefore struck down by the Honourable Lahore High Court, Lahore.

35 FINANCE COST comprises of:

Interest / Mark-up on:		
Short Term Borrowings	411,854,988	375,171,582
Long Term Finance	119,126,394	168,699,296
Worker's (Profit) Participation Fund	2,337,977	2,585,420
Lease Finance Charges	22,462,905	18,715,859
Exchange Loss on Foreign Currency Finance	17,941,940	39,628,952
Bank Charges and Commission	52,793,156	44,186,677
	626,517,360	648,987,786

36 TAXATION

36.1 This relates to:

Current Taxation		
Current Year	159,165,588	131,255,926
Prior Years - Current Taxation	29,409,444	28,555,225
	188,575,032	159,811,151
Deferred Taxation	(150,046,260)	(3,931,675)
	38,528,772	155,879,476

36.2 In view of available Tax Losses, Current Taxation represents tax levied on Turnover U/S 113 on Local Sale and Final Tax U/S 169 deducted on export (direct/indirect) proceeds realized during the Year.

36.3 Income Tax Assessments of the Company up to Tax Year 2013 have either been Finalized or the Income Tax Returns were filed under self assessment scheme in accordance with the provisions of Income Tax Ordinance, 2001, hence deemed to be assessed as declared.

36.4 Numerical reconciliation between the effective tax and the applicable tax is not given as, in presence of available tax losses, the entire income of the Company is liable to the Presumptive Tax only.

37 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on 5th October, 2013 has proposed a cash dividend of Rs. 2 per share (20%) in respect of the year ended 30th June, 2013. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of this appropriation which will be accounted for subsequent to the year end.

38 EARNING PER SHARE (EPS)	2013 Rupees	2012 Rupees
38.1 Basic Earning per Share		
After Tax Profit for the Year	283,488,860	369,364,416
	NO. OF SHARES	
Weighted Average Number of Ordinary Shares outstanding during the Year	18,810,257	18,810,257
	RUPEES	
Basic Earning per Share	15.07	19.64

38.2 Diluted Earning per Share

There is no dilution effect on the basic earning per share as the Company has no such commitments.

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Executive means an employee whose basic salary exceeds Rs. 500,000 (2012: Rs. 500,000) per year. The aggregate amount charged in the account for the year for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company is as follows:

	2013 RUPEES		
	Chief Executive	Director	Executives
PARTICULARS			
Managerial Remuneration	654,000	3,300,000	43,348,804
House Rent allowance	264,000	-	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	3,517,121
	1,020,000	3,300,000	46,865,925
NUMBER OF PERSONS	1	1	57

	2012 RUPEES		
	Chief Executive	Director	Executive
PARTICULARS			
Managerial Remuneration	654,000	1,656,000	44,306,033
House Rent allowance	264,000	744,000	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	3,594,786
	1,020,000	2,400,000	47,900,819
NUMBER OF PERSONS	1	1	56

In addition to above Chief Executive, Director and certain Executives are provided with Company maintained vehicles.

40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 Financial assets and liabilities of the Company are as follows:

	2013 RUPEES						
	Mark-Up Bearing			Non Mark-Up Bearing			Total
	Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after one Year	Sub-Total	
Financial Assets							
Long Term Investments	-	-	-	12,208,794	259,428	12,468,222	12,468,222
Long Term Loan	-	41,696,000	41,696,000	-	-	-	41,696,000
Long Term Deposits	-	-	-	-	24,067,590	24,067,590	24,067,590
Trade Debtors	-	-	-	1,554,821,390	-	1,554,821,390	1,554,821,390
Loans and Advances	-	-	-	54,880,559	-	54,880,559	54,880,559
Trade Deposits	-	-	-	956,961	-	956,961	956,961
Interest Accrued	-	-	-	307,426	-	307,426	307,426
Short Term Investments	-	-	-	1,753,500	-	1,753,500	1,753,500
Dues with Government Dep't.	-	-	-	85,121,429	-	85,121,429	85,121,429
Other Receivables	-	-	-	98,455,000	-	98,455,000	98,455,000
Cash and Bank Balances	134,462,045	-	134,462,045	46,123,865	-	46,123,865	180,585,910
	134,462,045	41,696,000	176,158,045	1,854,628,924	24,327,018	1,878,955,942	2,055,113,987
Financial Liabilities							
Long Term Financing	351,409,534	587,775,372	939,184,906	-	-	-	939,184,906
Trade and Other Payables	-	-	-	559,022,737	-	559,022,737	559,022,737
Interest and Mark up accrued	132,770,082	-	132,770,082	-	-	-	132,770,082
Short Term Finances	4,757,273,729	-	4,757,273,729	-	-	-	4,757,273,729
	5,241,453,345	587,775,372	5,829,228,717	559,022,737	-	559,022,737	6,388,251,454
On Balance Sheet Gap	(5,106,991,300)	(546,079,372)	(5,653,070,672)	1,295,606,187	24,327,018	1,319,933,205	(4,333,137,467)

	2012 RUPEES						
	Mark-Up Bearing			Non Mark-Up Bearing			Total
	Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after one Year	Sub-Total	
Financial Assets							
Long Term Investments	-	-	-	11,940,834	259,532	12,200,366	12,200,366
Long Term Loan	-	45,568,000	45,568,000	-	-	-	45,568,000
Long Term Deposits	-	-	-	-	21,520,887	21,520,887	21,520,887
Trade Debtors	-	-	-	1,699,297,457	-	1,699,297,457	1,699,297,457
Loans and advances	-	-	-	58,723,801	-	58,723,801	58,723,801
Trade Deposits	-	-	-	645,526	-	645,526	645,526
Interest Accrued	-	-	-	351,344	-	351,344	351,344
Short Term Investments	-	-	-	373,100	-	373,100	373,100
Dues with Government Dep't.	-	-	-	48,002,195	-	48,002,195	48,002,195
Other Receivables	-	-	-	50,457,150	-	50,457,150	50,457,150
Cash and Bank Balances	25,418,264	-	25,418,264	51,999,046	-	51,999,046	77,417,310
	25,418,264	45,568,000	70,986,264	1,921,790,453	21,780,419	1,943,570,872	2,014,557,136
Financial Liabilities							
Long Term Financing	431,839,522	760,744,561	1,192,584,083	-	-	-	1,192,584,083
Trade and Other Payables	-	-	-	298,719,591	-	298,719,591	298,719,591
Interest and Mark up accrued	136,672,958	-	136,672,958	-	-	-	136,672,958
Short Term Finances	4,307,669,034	-	4,307,669,034	-	-	-	4,307,669,034
	4,876,181,514	760,744,561	5,636,926,075	298,719,591	-	298,719,591	5,935,645,666
On Balance Sheet Gap	(4,850,763,250)	(715,176,561)	(5,565,939,811)	1,623,070,862	21,780,419	1,644,851,281	(3,921,088,530)

40.2 FINANCIAL RISK FACTORS

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

Risk management is carried out by Board of Directors of the Company. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

a) Market Risk

(i) Currency Risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and other currencies. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and amounts receivables/ payables from / to the foreign entities. The Company exposure to currency risk was as follows:

	2013 USD	2012 USD	2013 Rupees	2012 Rupees
Trade Debts	11,964,292	11,166,421	1,184,331,952	1,321,606,273
Advances from Customers	(460,603)	(107,543)	(43,434,282)	(9,411,787)
Net Exposure	11,503,689	11,058,878	1,140,897,670	1,312,194,486

The following significant exchange rates have been applied:

	Average Rate		Reporting Rate	
	2013	2012	2013	2012
USD to PKR	96.64	102.94	98.95	94.30

Sensitivity Analysis:

At reporting date, if the PKR had strengthened by 10% (2012: 10%) against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors and outstanding letter of credits.

Effect on Profit & Loss		
Trade Debts	118,433,195	132,160,627
Trade and Other Payables	(4,343,428)	(941,179)
Short Term Borrowings as FE-25 Export Loan	(179,602,340)	(209,378,446)
Accrued Markup on FE 25 Export Loans	(2,484,623)	(2,285,063)
Net Exposure	(67,997,196)	(80,444,060)

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on Profit / (Loss) for the year and assets / liabilities of the Company.

ii) 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 rate risk or currency risk), Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

	2013	2012
Reporting date all index points	14,988	9,708

		Changes in KSE all Index	Effect on Profit Before Tax (Rupees)	Effects on Other Comprehensive Income (Rupees)
Available-for-sale investments	2013	+10%	-	1,220,879
		-10%	-	(1,220,879)
	2012	+10%	-	1,194,083
		-10%	-	(1,194,083)
Held for trading investments	2013	+10%	175,350	-
		-10%	(175,350)	-
	2012	+10%	37,310	-
		-10%	(37,310)	-

(iii) Interest Rate Risk

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

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

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

	Effective Percentage		Carrying Amount	
Financial Liabilities	2013	2012	2013	2012
Fixed Rate Instruments				
Long Term Financing	7.00 - 12.70	7.00 - 12.70	356,944,715	496,055,545
Variable Rate Instruments				
Long Term Financing	10.63 - 15.03	10.40 - 16.77	582,240,191	696,528,538
Short Term Borrowings	1.50 - 14.14	1.95 - 15.41	4,757,273,729	4,307,669,034

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

'The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

		Changes in Interest Rate	Effect on Profit Before Tax Rupees
Bank balances - deposit accounts			
	2013	+1.50	2,016,931
		-1.50	(2,016,931)
	2012	+1.50	381,274
		-1.50	(381,274)
Long term financing	2013	+2.00	(11,644,804)
		-2.00	11,644,804
	2012	+2.00	(13,930,571)
		-2.00	13,930,571
Liabilities against assets subject to finance lease			
	2013	+2.00	(2,782,166)
		-2.00	2,782,166
	2012	+2.00	(2,914,920)
		-2.00	2,914,920
Short term borrowings			
	2013	+2.00	(95,145,475)
		-2.00	95,145,475
	2012	+2.00	(86,153,381)
		-2.00	86,153,381

b) **Credit Risk**

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

	2013 Rupees	2012 Rupees
Investments	14,221,722	12,573,466
Loans and Advances	8,213,758	11,230,140
Deposits	24,456,116	21,909,413
Trade Debts	1,554,821,390	1,699,297,457
Other Receivables	12,877,924	1,303,474
Bank Balances	176,468,600	75,776,642
	1,791,059,510	1,822,090,592

Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored and shipments to foreign customers are covered by letters of credit.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

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

	Rating			2013	2012
	Short Term	Long Term	Agency	Rupees	Rupees
Al Baraka Bank (Pakistan) Ltd.	A1+	A	JCR-VIS	-	17,302
Allied Bank Limited	A1+	AA+	PACRA	20,428	20,428
Askari Bank Ltd.	A1+	AA	PACRA	2,073,528	10,842,504
Bank Al-Habib Limited	A1+	AA+	PACRA	187,682	41,990
Bank Alfallah Ltd.	A1+	AA	PACRA	49,479	339,074
Bank Islami Pakistan Ltd.	A1	A	PACRA	381,089	381,089
The Bank of Khyber	A-2	A	JCR-VIS	38,541,572	20,079,797
Faysal Bank Ltd.	A1+	AA	PACRA	62,966	118,844
Habib Bank Ltd.	A-1+	AA+	JCR-VIS	116,908	422,590
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	1,479,905	6,200,127
KASB Bank Ltd.	A3	BBB	PACRA	61,267	61,267
MCB Bank Ltd.	A1+	AA+	PACRA	623,978	55,478
Meezan Bank Ltd.	A-1+	AA	JCR-VIS	608,779	657,708
National Bank of Pakistan	A-1+	AAA	JCR-VIS	43,808	10,879,045
NIB Bank Ltd.	A1+	AA-	PACRA	44,972	16,871
Silk Bank Ltd.	A-2	A-	JCR-VIS	-	-
Soneri Bank Ltd.	A1+	AA-	PACRA	129,934,807	25,024,190
Standard Chartered Bank	A1+	AAA	PACRA	188,190	374,059
The Bank of Punjab	A1+	AA-	PACRA	29,365	223,029
United Bank Ltd.	A-1+	AA+	JCR-VIS	2,019,877	21,250
				176,468,600	75,776,642

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

c) Liquidity Risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of founding through an adequate amount of committed credit facilities. At 30 June 2013, the Company had Rs. 8,493 (2012: Rs. 10,532) Million available borrowings limits from financial institutions and Rs. 180,673,951/- (2012: Rs. 77,417,310/-) cash and bank balances. Further, the Company has a positive working capital position at the year end and management believes the liquidity risk too low. Following are the maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Financial Liabilities Maturities as at 30th June, 2013:

	Carrying Amount	6 Month or Less	6-12 Month	1-2 Years	More than 2 Years
	----------------------	----------------------	Rupees	----------------------	----------------------
Long Term Financing	939,184,906	67,468,743	38,462,451	184,009,865	649,243,847
Trade and Other Payables	559,022,737	410,006,573	149,016,164	-	-
Short Term Borrowings	4,757,273,729	2,854,364,237	1,902,909,492	-	-

Financial Liabilities Maturities as at 30th June, 2012:

	Carrying Amount	6 Month or Less	6-12 Month	1-2 Years	More than 2 Years
	----------------------	----------------------	Rupees	----------------------	----------------------
Long Term Financing	1,192,584,083	382,441,924	204,843,670	326,033,510	279,264,979
Trade and other Payables	298,719,591	218,977,600	79,741,991	-	-
Short Term Borrowings	4,307,669,034	2,584,601,420	1,723,067,614	-	-

40.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.

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

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

During the reporting year ended 30th June 2013 and 2012, there were no inter level transfers and at the year end the Company held the following financial instruments carried at fair value, which all fall under level 1:

	2013	2012
Assets measured at fair value		
Held for trading		
Equity shares	1,753,500	373,100
Available-for-sale financial assets		
Equity shares	12,208,794	11,940,834
	13,962,294	12,313,834

There were no liabilities measured at fair value as at 30 June 2013.

40.4 FINANCIAL INSTRUMENTS BY CATEGORIES

As at 30th June 2013

Assets as per Balance Sheet

	Cash and Cash Equivalents	Loans and Advances	Fair Value through Profit and Loss	Available for Sale	Held to Maturity
	---------------------Rupees---------------------				
Investments	-	-	1,753,500	12,208,794	259,428
Loans and Advances	-	8,213,758	-	-	-
Deposits	-	24,456,116	-	-	
Trade Debts	-	1,554,821,390	-	-	-
Other Receivables	-	12,877,924	-	-	-
Cash and Bank Balances	180,585,910	-	-	-	
	180,585,910	**1,600,369,188**	**1,753,500**	**12,208,794**	**259,428**

Liabilities as per Balance Sheet

	Financial Liabilities at Amortized Cost
	Rupees
Long Term Financing	1,191,899,201
Accrued Mark-up	132,770,082
Short Term Borrowings	4,757,273,729
Trade and Other Payables	559,022,737
	6,640,965,749

As at 30th June 2012

Assets as per Balance Sheet

	Cash and Cash Equivalents	Loans and Advances	Fair Value through Profit and Loss	Available for Sale	Held to Maturity
	---------------------Rupees---------------------				
Investments	-	-	373,100	11,940,834	259,532
Loans and Advances	-	11,230,140	-	-	-
Deposits	-	21,909,413	-	-	
Trade Debts	-	1,699,297,457	-	-	-
Other Receivables	-	1,303,474	-	-	-
Cash and Bank Balances	77,417,310	-	-	-	
	77,417,310	**1,733,740,484**	**373,100**	**11,940,834**	**259,532**

Liabilities as per Balance Sheet

	Financial Liabilities at Amortized Cost
Long Term Financing	1,483,454,548
Accrued Mark-up	136,672,958
Short Term Borrowings	4,307,669,034
Trade and Other Payables	298,719,591
	6,226,516,131

40.5 CAPITAL RISK MANAGEMENT

The Company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce to cost of capital.

In orders to maintain or adjust the capital structure, the Company may adjust the amount through return capital to shareholders through repurchase of shares, right issue, issue new shares, obtain loan from sponsors or sell assets to reduce debt.

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. The ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in Note 6 and 11 respectively. The capital employed includes 'Total Equity' as shown in the balance sheet plus 'External Borrowings' and 'Loan from Directors and Sponsors'.

	2013 Rupees	2012 Rupees
The gearing ratio of the Company as on the balance sheet date was as follows:		
External Borrowings	5,696,458,635	5,500,253,117
Loan from Directors and Sponsors	252,714,295	290,870,465
Total Debt	5,949,172,930	5,791,123,582
Total Equity	2,658,208,889	2,329,440,586
Total Capital Employed	8,607,381,819	8,120,564,168
Gearing Ratio	69.12%	71.31%

41 SEGMENT REPORTING

41.1 REPORTABLE SEGMENTS

The Company's reportable segments are as follows:
- Spinning segment - production of different quality of yarn using natural and artificial fibers
- Weaving segment - production of different quality of gray fabric using yarn.

Information regarding the Company's reportable segments is presented below:

41.2 SEGMENTS REVENUE AND RESULTS

Following is an analysis of the Company's revenue and results by reportable segments

	Spinning	Weaving	Elimination of Inter Segment Transaction	Total
	----------Rupees----------			
For the year ended 30 June 2013				
Sales	11,206,819,405	3,363,920,304	1,193,476,914	15,764,216,623
Cost of Sales	(9,781,600,448)	(3,138,896,920)	(1,193,476,914)	(14,113,974,282)
Gross Profit	1,425,218,957	25,023,384	-	1,650,242,341
Allocated Income and Expenses				
Distribution Cost	(368,750,987)	(62,630,939)	-	(431,381,926)
Administrative Expenses	(207,966,611)	(62,366,636)	-	(270,333,247)
Other Operating Income	18,977,497	543,775	-	19,521,272
	(557,740,101)	(124,453,800)	-	(682,193,901)
Profit before tax and unallocated expenses	867,478,856	100,569,584	-	968,048,440
Unallocated Expenses:				
Administrative Expenses				(2,512,663)
Other operating expenses				(17,000,785)
Finance cost				(626,517,360)
Taxation				(38,528,772)
				(684,559,580)
Profit after Taxation				283,488,860

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3 to the financial statements. Administrative expenses are apportioned on the basis of actual expenses incurred for the segments. Finance cost relating to long term loan is also allocated on the basis of purpose of loan for which it is obtained. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

41.3 GROSS REVENUE FROM MAJOR PRODUCTS AND SERVICES

	2013 Rupees	2012 Rupees
Yarn Export Sale	10,539,507,091	7,696,107,306
Fabric Export Sale	1,013,513,910	1,157,160,602
Waste Export Sale	99,202,120	63,946,289
Yarn Local Sale	2,308,261,637	3,578,189,506
Fabric Local Sale	1,615,850,887	1,040,733,334
Waste Local Sale	73,070,190	154,214,469
	15,649,405,835	13,690,351,506

	2013 Rupees	2012 Rupees

41.4 GEOGRAPHICAL INFORMATION

(a) The Company's gross revenue percentage from external customers by geographical location is detailed below:

	2013	2012
Domestic	26.70	42.89
Asia	69.47	51.65
Europe	3.69	5.00
Australia	0.00	0.01
America	0.10	0.45
Africa	0.04	0.00
	100	100

(b) All non-current assets of the Company as at 30 June 2013 are located and operating in Pakistan.

41.5 SEGMENT ASSETS AND LIABILITIES

(a) Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

For the year ended 30 June 2013	Spinning	Weaving	Total
	------------------ Rupees ------------------		
Total assets for reportable segments	9,093,821,390	1,899,442,650	10,993,264,040
Unallocated assets:			
Other Receivables			98,455,000
Cash and bank balances			180,585,910
Other Corporate assets			109,726,147
Total assets as per consolidated balance sheet			11,382,031,097
Total liabilities for reportable segments	9,957,144,854	1,617,708,997	11,574,853,851
Unallocated liabilities:			
Other Corporate liabilities			(192,822,754)
Total liabilities as per consolidated balance sheet			11,382,031,097

(b) For the purpose of monitoring segment performance and allocating resources between segment operating property, plant and equipment is allocated to reportable segments and all other assets are held under unallocated corporate assets; and

long term loan is allocated to reportable segment and all other liabilities (i.e.) surplus on revaluation of fixed assets, deferred liabilities, trade and other payables, short term borrowings and accrued mark up are held under allocated corporate liabilities.

42 NUMBER OF EMPLOYEES

	2013	2012
Number of employees including contractual employees at end of the Year	3,414	3,724
Average number of employees including contractual employees during the Year	3,361	3,789

	2013 Rupees	2012 Rupees
43 PLANT CAPACITY AND ACTUAL PRODUCTION		
Ring Spinning Sections		
Owned Capacity		
Number of Spindles Installed	76,440	76,440
Number of Spindle Shifts Worked	3	3
Installed Capacity at 20/S Count (Kgs.) 365 Days	28,000,763	28,000,763
Actual Production of All Counts (Kgs.)	29,738,314	31,198,628
Actual Production Converted into 20/S Count (Kgs.)	19,076,061	21,189,887
Leased Capacity		
Number of Spindles Installed	17,280	17,280
Number of Spindles Shifts Worked	3	3
Capacity at 20/S Count (Kgs.) 365 Days	6,329,843	6,329,843
Actual Production of All Counts (Kgs.)	4,255,947	4,255,947
Actual Production Converted into 20/S Count (Kgs.)	1,920,931	1,920,931
Weaving Section		
Owned Capacity		
Number of Looms Installed	130	130
Number of Looms Shifts Worked	3	3
Capacity at 50 picks/inch (Meters) - 365 days	31,287,622	31,287,622
Actual Production of All picks/inch	21,435,536	20,058,846
Actual Production Converted into 50 picks/inch	26,616,461	25,912,353
Leased Capacity		
Number of Looms Installed	80	80
Number of Looms Worked	None	None
Capacity at 50 picks/inch (Meters) - 365 days	17,466,585	17,466,585
Actual Production	-	-

It is difficult to describe precisely the production capacity in Spinning/Weaving Mills since it fluctuates widely depend on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular Year. The reason for under utilization of available capacity is attributable to normal Repair and Maintenance, Power failures and count changes.

44 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements have been authorized for issue by the Board of Directors of the Company on 5th October, 2013.

	sd/-	sd/-
Lahore:	**(Hussain Ahmad Fazal)**	**(Muhammad Ismail)**
5th October, 2013	Director	Chief Executive