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COMPANY INFORMATION

BOARD OF DIRECTORS:

CHIEF EXECUTIVE:

DIRECTORS:

MR. ZAHID ANWAR

MRS. RUKHSANA BEGUM

CH. GHULAM MURTAZA BUTTAR

MR. UMER FAROOQ

MR. AFTAB YOUNUS

MR. ALI RAZA ZAFAR

MR. RIAZ AHMED

AUDIT COMMITTEE:

CHAIRMAN:

MEMBER:

MEMBER:

CH. GHULAM MURTAZA BUTTAR

MR. AFTAB YOUNUS

MR. RIAZ AHMED

HUMAN RESOURCES & REMUNERATION COMMITTEE:

CHAIRMAN:

MEMBER:

MEMBER:

MR. UMER FAROOQ

MR. ZAHID ANWAR

CH. GHULAM MURTAZA BUTTAR

COMPANY SECRETARY:

MR. KHALID JABBAR

CHIEF FINANCIAL OFFICER:

MR. ALLAH DITTAH

HEAD OF INTERNAL AUDIT:

MR. NAVEED AKHTAR

AUDITORS:

HYDER BHIMJI & COMPANY
CHARTERED ACCOUNTANTS

BANKS:

AL BARAKA BANK (PAKISTAN) LIMITED
JS BANK LIMITED
NATIONAL BANK OF PAKISTAN
UNITED BANK LIMITED
DUBAI ISLAMIC BANK

LEGAL ADVISOR:

MR. ZIA-UL-HAQ (ADVOCATE)

REGISTERED OFFICE:

JK HOUSE, 32-W, SUSAN ROAD,
MADINA TOWN, FAISALABAD

SHARE REGISTRAR OFFICE:

NATIONAL BIZ MANAGEMENT (PVT) LTD.
PLOT NO. 2-C, MEZZANINE FLOOR, BADAR
COMMERCIAL AREA, STREET NO. 9,
PHASE-V(Ext.), D. H. A., KARACHI

MILLS:

32-KM, SHEIKHUPURA RAOD, FAISALABAD

WEB SITE:

www.asimtextile.com

VISION

TO TURN AROUND THE COMPANY INTO A PROFITABLE UNDERTAKING THROUGHOUT ITS LIFE AND TO BE A MARKET LEADER BY BEING THE BEST LEADER BY BEING THE BEST.

MISSION

TO PROVIDE FINE QUALITY PRODUCTS OF ITS CUSTOMERS AND BRING THE COMPANY INTO PROFIT TO INCREASE SHAREHOLDERS' WEALTH

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the members of Asim Textile Mills Limited will be held at registered office of the company JK House, 32-W, Susan Road, Madina Town, Faisalabad at 9:30 AM on 31.10.2013 to transact the following business :-

- 1 To confirm the minutes of the Annual General Meeting held on 31.10.2012.**
- 2 To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2013 together with the Directors' and Auditor's reports thereon.**
- 3 To appoint auditors for the year ending June 30, 2014 and fix their remuneration. The retiring auditors M/S Hyder Bhimji & Co. chartered accountants being eligible offered themselves for reappointment.**
- 4 To transact any other business with the permission of the chair.**

FOR AND ON BEHALF OF THE BOARD

FAISALABAD: 08.10.2013

Company Secretary

NOTES:

- 1. The share transfer books of the company will remain closed from 25.10.2013 to 31.10.2013 (both days inclusive).**
- 2. A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for the meeting.**
- 3. CDC shareholders are requested to bring with them their National Identification Cards along with participants ID and their account number at the time of Annual General Meeting in order to facilitate identification. In case of a corporate entity, a certified copy of the resolution passed by the Board of Directors/valid power of attorney with the specimen signatures of the nominee be produced at the time of meeting.**
- 4. Members are requested to immediately notify the change in their addresses, if any.**

DIRECTORS' REPORT TO THE MEMBERS

Your directors feel pleasure in presenting the 24th annual report with audited financial statements of the Company for the year ended June 30, 2013.

OPERATING RESULTS:

	(Rupees in thousand)	
	Year ended June 30, 2013	Year ended June 30, 2012
Profit before taxation	104,064	36,776
Taxation	2,656	7,538
	-----	-----
Profit after taxation	101,408	29,238
	=====	=====
Earning per share – basic (Rupee)	<u>6.68</u>	<u>1.93</u>

Synopsis of financial year 2013:

- Gross earnings improved to 125.195 million from 44.750 million during last year due to better operations in financial year 2013.
- Operational costs increased by 67.71% (Increased from 16.649 million to 27.922 million during the year under review).
- Sales revenue increased by 7.12% due to increased demand in local market.

The reason of increase in profit is due to increase in prices of yarn because our product fetches better prices in the market due to quality improvement and market conditions.

COURT CASES:

There is no material change in position of on going litigation and other matters related to court as reported in the Directors' report to the share holders for the year ended June 30, 2012.

AUDITOR'S REPORT:

Auditors have draw attention to the notes 20.1 to the financial statements.

In directors' opinion our court cases are based on strong legal grounds and are likely to be decided in Company's favour.

OUTSTANDING STATUTORY PAYMENT:

There is no outstanding statutory payment due on account of taxes, duties, levies and charges except of normal and routine nature.

FUTURE PROSPECTS:

Your Company has performed well in this financial year despite the negative factors like energy crisis, poor law and order and inflation etc. Management is working on the quality improvement to hold better position in the market. We are quite optimistic about the future of Company thought it could not be isolated from the current situation of country but we are trying to minimize negative impact of market.

COMPLIANCE TO GOOD GOVERNANCE, SOCIAL AND ENVIRONMENTAL REQUIREMENTS

Your company is committed to fulfill its responsibilities towards good governance, social and environmental responsibilities. The management has maintained safe environment in all its operations.

The Company has established implemented and maintained systems in compliance with the requirements of international standards and achieved third party certification for the following product/management systems standards:

ISO 9001:2008

Quality Management Systems

CONTRIBUTION TO NATIONAL EXCHENQUER

Your company has contributed Rs.8 million to the national exchequer in shape of direct and indirect taxes.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

Under a defined and documented criteria in line with national and international laws people are recruited and hired. This is demonstrated at all level beyond any racism, cast, sex or religion and respects human rights, ethics and standards.

To keep work friendly environment company has setup procedures, rules and regulations which regulate employment guidance. The operations of the company were carried out keeping in view the dignity, respect, support and protection as per national and international standards set to meet the working environments.

AUDITORS:

The present auditors M/s. Hyder Bhimji & Co., Chartered Accountants retire and being eligible offered themselves for reappointment for the next year. The audit committee has also recommended their name for reappointment.

PATTERN OF SHAREHOLDING:

Pattern of shareholding as on June 30, 2013 is annexed.

NUMBER OF BOARD MEETINGS HELD:

Four board meetings were held during the year ended on 30.06.2013. Attendance by each director is given below:-

Name of Director	No of Meetings Attended
Mr. Zahid Anwar (CEO)	4
Mrs. Rukhsana Begum	4
Ch. Ghulam Murtaza Buttar	4
Mr. Umer Farooq	4
Mr. Aftab Younus	3
Mr. Ali Raza	4
Mr. Riaz Ahmad	3

AUDIT COMMITTEE:

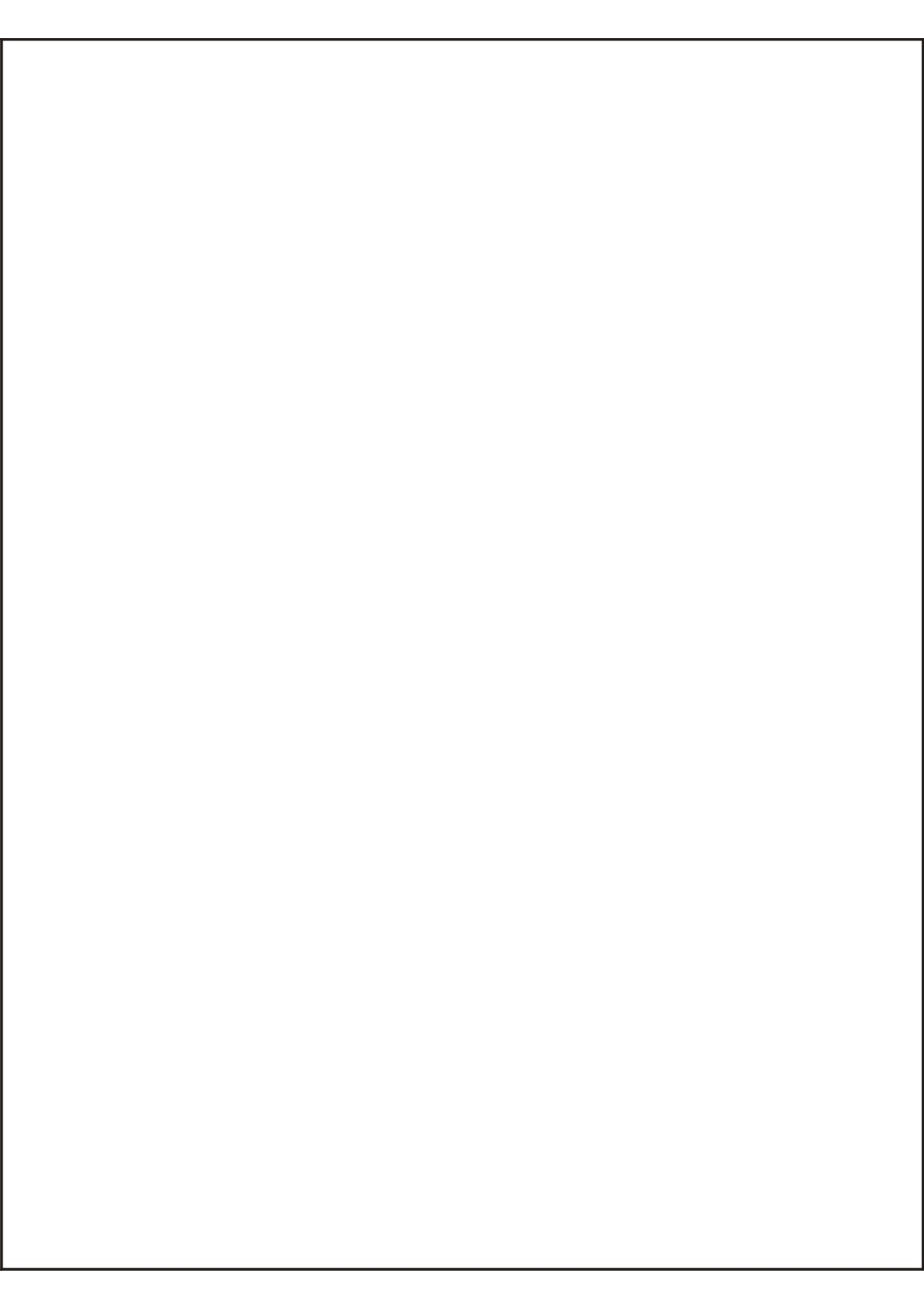
The Board in compliance with the Code of Corporate Governance has established an audit committee comprising of the following members:

Ch. Ghulam Murtaza Buttar	-	Chairman
Mr. Aftab Younus	-	Member
Mr. Riaz Ahmad	-	Member

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance to listing regulations of Stock Exchanges and as required under the Companies Ordinance, 1984, your directors are pleased to report as under:

1. The financial statements prepared by the management of your Company present fairly and accurately the state of its affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the company have been maintained.



POST BALANCE SHEET EVENT:

There is no significant post balance sheet event which warrants mention.

KEY FINANCIAL HIGHLIGHTS:

Financial data of the last six years is annexed.

ACKNOWLEDGEMENT:

The management would like to place on record its deep appreciation for the continuous support of its shareholders, customers and employees and expect to get the same cooperation in the future.

**Dated: October 08, 2013
Faisalabad.**

On behalf of the Board

**Zahid Anwar
Chief Executive**

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi, Islamabad and Lahore Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the code in the following manners:-

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

Category	Names
Independent Directors:	Ch. Ghulam Murtaza Buttar
Executive Directors:	Mr. Zahid Anwar Mrs. Rukhsana Begum
Non-Executive Directors:	Mr. Umer Farooq Mr. Aftab Younus Mr. Ali Raza Zafar Mr. Riaz Ahmed

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All director of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved and amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings along with agenda and working papers are circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified on clause (xi) of CCG, some of the directors of the Company are exempted from the requirement of directors' training program and the rest of the directors to be trained within specified time.
10. The directors' report for this year has been prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the CCG.
14. The Board has formed an audit committee. It comprises of three members, all are non-executive directors.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Board has formed and HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
17. The Board has set-up an effective internal audit function. The audit staff are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidance on code of ethics as adopted by institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchanges.
21. Material/price sensitive information has been disseminated among all market participants at one through stock exchanges.
22. We confirm that all other material principles enshrined in the CCG have been complied with.

ZAHID ANWAR
CHIEF EXECUTIVE3

OCTOBER 08, 2013

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	2012	2011	2010	2009	2008	2007
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
FINANCIAL POSITION						
Paid up capital	151.770	151.770	151.770	151.770	151.770	151.770
Fixed assets (cost)	257.248	630.916	610.699	594.997	594.728	593.607
Accumulated depreciation	271.458	251.802	231.829	212.158	191.911	170.611
Current assets	201.542	165.402	122.441	82.109	122.804	76.919
Current liabilities	242.552	244.174	236.019	229.507	247.016	222.128
INCOME						
Sales	1,054.932	1,094.821	832.727	650.364	629.924	535.836
Other income	8.676	1.940	1.251	1.455	-	-
Pre-tax profit/(loss)	36.776	44.574	27.161	(33.877)	2.426	(2.692)
Taxation (credit)/charge	(7.539)	(6.049)	(0.332)	4.025	1.429	1.819
STATISTICS AND RATIOS						
Pre-tax profit/(loss) to sales %	3.49	4.07	3.26	(5.21)	0.39	(0.50)
Pre-tax profit/(loss) to capital %	24.23	29.37	17.90	(22.32)	1.60	(1.77)
Current Ratio	1:0.83	1:0.68	1 : 0.52	1 : 0.36	1 : 0.50	1 : 0.35
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Earning after tax per share (Rs.)	1.93	2.54	1.77	(1.97)	0.25	(0.06)
Cash dividend %	-	-	-	-	-	-
Break-up value per share (Rs.)	(18.27)	(20.74)	(23.76)	(26.00)	(24.53)	(25.31)

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

We have reviewed the Statement of Compliance with the best practices (“the Statement”) contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of **Asim Textile Mills Limited** (“the Company”) to comply with the Listing Regulation No.35 of the Karachi Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulations of Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

DATE: OCTOBER 08, 2013
FAISALABAD

HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Khan Muhammad

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ASIM TEXTILE MILLS LIMITED** ("the Company") as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and further in accordance with the accounting policies consistently applied.
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its comprehensive income, 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 attention to the members towards note 20.1 to the financial statements which indicate that the Company has filed a suit against Faysal Bank Limited for charging illegal profits against the principles of Islamic Banking and that the balances as appearing in these financial statements has also not been confirmed by the Bank. Although, the management of the company is affirmative that the case will be decided in company's favor, the ultimate outcome of the matter cannot presently be determined with any degree of certainty.

DATE: OCTOBER 08, 2013
FAISALABAD

HYDER BHIMJI & CO.
Chartered Accountants
Engagement partner: Khan Muhammad

BALANCE SHEET AS AT JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	371,419,451	387,152,221
Long term deposits	6	<u>11,046,184</u>	<u>8,353,684</u>
		382,465,635	395,505,905
CURRENT ASSETS			
Stores and spares	7	9,626,213	9,095,028
Stock in trade	8	95,091,358	39,932,752
Trade debts	9	3,873,914	-
Advances, prepayment and other receivables	10	9,018,862	5,923,992
Short term investment	11	9,338,298	17,986,798
Tax refunds due from Government	12	11,006,169	8,492,767
Cash and bank balances	13	<u>165,529,175</u>	<u>120,111,214</u>
		303,483,989	201,542,551
TOTAL ASSETS		<u>685,949,624</u>	<u>597,048,456</u>
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 ordinary shares of Rs.10 each		<u>175,000,000</u>	<u>175,000,000</u>
Issued, subscribed and paid up capital			
15,177,000 ordinary shares of Rs. 10 each, fully paid in cash		151,770,000	151,770,000
Accumulated loss		<u>(320,958,821)</u>	<u>(429,064,292)</u>
		(169,188,821)	(277,294,292)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	14	142,987,060	148,941,435
NON CURRENT LIABILITIES			
Long term financing	15	415,046,998	415,046,998
Deferred liabilities	16	<u>64,677,880</u>	<u>67,802,070</u>
		479,724,878	482,849,068
CURRENT LIABILITIES			
Trade and other payables	17	35,721,376	45,363,906
Accrued mark up	18	194,161,422	194,161,422
Short term borrowing	19	2,543,709	2,543,709
Provision for taxation		-	483,208
		<u>232,426,507</u>	<u>242,552,245</u>
CONTINGENCIES AND COMMITMENTS	20	-	-
TOTAL EQUITY AND LIABILITIES		<u>685,949,624</u>	<u>597,048,456</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
Sales - net	21	1,130,025,767	1,054,932,445
Cost of sales	22	1,004,830,726	1,010,182,188
Gross profit		125,195,041	44,750,257
Operating expenses			
Administrative expenses	23	22,285,943	12,835,601
Other operating expenses	24	5,477,068	3,352,151
Finance cost	25	159,352	461,991
		27,922,363	16,649,743
		97,272,678	28,100,514
Other income	26	6,791,618	8,675,833
Profit before taxation		104,064,296	36,776,347
Taxation	27	2,656,378	7,538,560
Profit for the year		101,407,918	29,237,787
Earnings per share - Basic	28	6.68	1.93

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013**

	2013 Rupees	2012 Rupees
Profit for the year after taxation	101,407,918	29,237,787
Other comprehensive income for the year		
Unrealized income on changes in fair value of investment	743,178	1,766,714
Total comprehensive income for the year	<u>102,151,096</u>	<u>31,004,501</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		104,064,296	36,776,347
Adjustments for:			
Depreciation		18,516,195	19,654,706
Profit on deposit accounts		(6,176,178)	(5,554,031)
Profit on short term investment		(608,322)	(1,210,667)
Workers' welfare fund		-	756,971
Workers' profit participation fund		5,477,068	1,975,438
Finance cost		159,352	461,991
Operating cash flows before working capital changes		<u>121,432,411</u>	<u>52,860,755</u>
Changes in working capital			
(Increase)/decrease in current assets			
Stores and spares		(531,185)	(4,914,200)
Stock in trade		(55,158,606)	12,162,723
Trade debts		(3,873,914)	7,865,281
Advances, prepayment and other receivables		(2,807,951)	4,801,981
Tax refunds due from Government		(1,527,927)	(4,049,203)
Increase/(decrease) in current liabilities			
Trade and other payables		(13,144,160)	388,423
		<u>(77,043,743)</u>	<u>16,255,005</u>
Cash generated from operations		<u>44,388,668</u>	<u>69,115,760</u>
Finance cost paid		(36,290)	(86,195)
Taxes paid		(7,192,467)	(10,365,069)
Staff retirement gratuity paid		(56,784)	(1,141,685)
Workers' profit participation fund Paid		(2,098,500)	(4,496,863)
Workers' welfare fund paid		-	(1,105,342)
Net cash generated from operating activities		<u>35,004,627</u>	<u>51,920,606</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property, plant and equipment		(2,783,425)	(7,388,108)
Profit on deposit accounts		5,889,259	5,351,070
Short term investment		8,648,500	12,022,619
Profit on short term investment		1,351,500	2,977,381
Long term deposits		(2,692,500)	(884,338)
Net cash generated from investing activities		<u>10,413,334</u>	<u>12,078,624</u>
Net increase in cash and cash equivalents	(a+b)	45,417,961	63,999,230
Cash and cash equivalents at the beginning of the year		<u>120,111,214</u>	<u>56,111,984</u>
Cash and cash equivalents at the end of the year	13	<u><u>165,529,175</u></u>	<u><u>120,111,214</u></u>

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Share capital</u>	<u>Accumulated loss</u>	<u>Total</u>
	[R U P E E S]		
Balance as at July 01, 2011	151,770,000	(466,536,982)	(314,766,982)
Incremental depreciation on revalued property, plant and equipment for the year	-	9,951,059	9,951,059
Tax effect on incremental depreciation	-	(3,482,870)	(3,482,870)
Total comprehensive income for the year	-	31,004,501	31,004,501
Balance as at June 30, 2012	<u>151,770,000</u>	<u>(429,064,292)</u>	<u>(277,294,292)</u>
Incremental depreciation on revalued property, plant and equipment for the year	-	9,021,781	9,021,781
Tax effect on incremental depreciation	-	(3,067,406)	(3,067,406)
Total comprehensive income for the year	-	102,151,096	102,151,096
Balance as at June 30, 2013	<u>151,770,000</u>	<u>(320,958,821)</u>	<u>(169,188,821)</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. THE COMPANY AND ITS OPERATIONS

The Company is limited by shares and incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are quoted at Karachi, Islamabad and Lahore stock exchanges. The principal business of the Company is manufacturing and sale of yarn. The Mill is situated at Tehsil Jaranwala, District Faisalabad in the Province of Punjab and the registered office of the Company is situated at JK House, 32-W, Susan Road, Madina Town, Faisalabad.

2. STATEMENT OF COMPLIANCE

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

2.2 Standards, Interpretations and amendments to published approved accounting standards adopted during the year

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), which became effective during the year but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

2.3 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective

There were certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2013, but are considered not to be relevant or have any significant effect on the company's operations, other than presentation / disclosures and are, therefore, not disclosed in these financial statements.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

		IASB Effective date (periods beginning on or after)
IFRS-9	Financial Instruments	January 01, 2015
IFRS-10	Consolidated Financial Statements	January 01, 2013
IFRS-11	Joint Arrangements	January 01, 2013
IFRS-12	Disclosure of Interest in Other Entities	January 01, 2013
IFRS-13	Fair Value Measurement	January 01, 2013
IFRIC-21	Levies	January 01, 2014

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except property, plant and equipment referred in note 4.3 are carried at revalued amounts. The company's significant accounting policies are stated in note 4. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of setting up and 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of the management assumptions, judgement and estimates in these financial statements are as follows:

Taxation	(Note : 4.2)
Useful life of the depreciable assets	(Note : 4.3)
Contingencies	(Note : 4.7)
Store and spares	(Note : 4.8)
Provision for doubtful debts on account receivable	(Note : 4.10)

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the subsequent years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

The Company changed its policy for staff retirement benefits as on 31st March, 2008 from staff retirement gratuity to provident fund and staff retirement gratuity up to that date is stated on termination basis.

At present the Company operates an approved Provident Fund Scheme covering all its permanent employees. Equal monthly contributions are made, both by the Company, and the employees, to the fund at the rate of 8.33% of the basic salary. The Company's contribution to the fund is recognized as expense for the year.

4.2 Taxation

Current Taxation

Under normal law

The current taxation is computed on the basis of profit for the year adjusted for fiscal purposes after taking into account the tax credit or rebate, if any or minimum tax u/s 113 of the Income Tax Ordinance, 2001.

Under presumptive tax regime

Taxation in relation to export of goods under section 154 read with section 169 is provided on the basis of Presumptive Tax Regime in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred Taxation

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

4.3 Property, plant and equipment

Operating assets

Operating fixed assets except land and capital work in progress are stated at cost / revalued amounts less accumulated depreciation and impairment, if any. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Free hold land is stated at revalued amount and capital work in progress is stated at historical cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of the property, plant and equipment is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the reducing balance method so as to write off the historical cost of the assets over their expected useful life at the rates mentioned in property, plant and equipment note - 5.1.

Depreciation on additions during the year is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Gains and losses on disposal of property, plant and equipment are included in current income.

Capital work in progress is shown at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.4 Surplus on revaluation of property, plant and equipment

The surplus arising on revaluation of these assets is credited to the Surplus on revaluation of property, plant and equipment" account shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance 1984. The Company has adopted the following accounting treatment of depreciation on revalued assets in accordance with the provisions of the above said section:

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

An amount equal to incremental depreciation for the year net of deferred taxation is transferred from Surplus on Revaluation of Fixed Assets account" to accumulated profits/losses through Statement of Changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.5 Trade and other payables

Liabilities in respect of trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether or not billed to the Company.

4.6 Provisions

A provision is recognized when the Company has a present, legal or constructive obligation as a result of a past event when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.7 Contingencies

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

4.8 Stores and spares

These are valued at lower of moving (monthly weighted) average cost and net realizable value except items-in-transit which are valued at cost accumulated to the balance sheet date. Stores, spares and loose tools are regularly reviewed by the management to assess their net realizable value (NRV). Provision is made for slow moving and obsolete store items when so identified

4.9 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw material - At factory	Annual average cost
- In Transit	Invoice value plus direct charges in respect thereof.
Work in process and finished goods	Prime cost including a proportion of production overheads.
Wastes	At net realizable value

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

4.10 Trade and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future. Balances considered bad are written off when identified.

4.11 Short term investment

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available -for -sale.

Subsequent to initial recognition at cost, these are measured at fair value. The Company uses latest stock exchange quotations to determine the fair value of quoted investments. Gain or losses on available for sale investments are recognized directly in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

4.12 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (functional and presentation currency) at the rates of exchange approximating those appearing on the dates of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevalent on the balance sheet date. All exchange differences arising from foreign currency transactions/ translations are charged to profit and loss account.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

4.14 Related party transactions and transfer pricing

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method

4.15 Revenue recognition

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

Revenue from sales of goods is recognized when the significant risks and rewards of the ownership of the goods have been passed to the customer usually when goods are delivered/ dispatched and title has passed

Profit on short term investment is recognized on the time-apportioned basis.

4.16 Borrowing costs

Borrowing costs to the extent of borrowing costs that are directly attributable to the acquisition or construction 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 profit and loss account in the period of incurrence.

4.17 Dividend and other appropriations

Dividend is recognized as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

4.18 Financial Instruments

Financial assets are long term deposits, long term advances, trade debtors, advances & other receivables and cash and bank balances. These are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred; and the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term loans & finances, short term loans & borrowing and trade payables. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

4.19 Impairment

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount by charging the impairment loss against profit and loss account for the year.

4.20 Offsetting of financial assets and financial liabilities

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

5. PROPERTY, PLANT AND EQUIPMENT	Note	2013	2012
		Rupees	Rupees
Operating fixed assets	5.1	371,419,451	385,790,031
Capital Work in Progress	5.4	-	1,362,190
		<u>371,419,451</u>	<u>387,152,221</u>

5.1 OPERATING FIXED ASSETS

DESCRIPTION	2013				DEPRECIATION			W . D . V	Rate %
	COST / REVALUATION			As at June 30, 2013	As at July 1, 2012	For the year	As at June 30, 2013	As at June 30, 2013	
	As at July 1, 2012	Addition/ (deletion)	Surplus / (deficit) on revaluation						
Freehold land	39,206,400	-	-	39,206,400	-	-	-	39,206,400	-
Building on freehold land	100,136,763	-	-	100,136,763	23,650,844	3,824,296	27,475,140	72,661,623	5
Plant and machinery	492,513,580	-	-	492,513,580	232,897,580	12,980,800	245,878,380	246,635,200	5
Electric installations	13,966,869	2,113,490	-	16,080,359	8,966,869	655,787	9,622,656	6,457,703	10
Furniture, fixtures & office equipments	3,227,625	-	-	3,227,625	1,530,315	169,731	1,700,046	1,527,579	10
Vehicles	7,840,873	2,032,125	-	9,872,998	4,100,295	881,199	4,981,494	4,891,504	20
Factory Equipment	355,750	-	-	355,750	311,926	4,382	316,308	39,442	10
Total 2013	657,247,860	4,145,615	-	661,393,475	271,457,829	18,516,195	289,974,024	371,419,451	

DESCRIPTION	2012				DEPRECIATION			W . D . V	Rate %
	COST / REVALUATION			As at June 30, 2012	As at July 1, 2011	For the year	As at June 30, 2012	As at June 30, 2012	
	As at July 1, 2011	Addition/ (deletion)	Surplus / (deficit) on revaluation						
Freehold land	9,801,667	-	29,404,733	39,206,400	-	-	-	39,206,400	-
Building on freehold land	52,263,600	-	47,873,163	100,136,763	22,144,909	1,505,935	23,650,844	76,485,919	5
Plant and machinery	544,201,826	5,747,360	(57,435,606)	492,513,580	216,361,899	16,535,681	232,897,580	259,616,000	5
Electric installations	13,423,102	79,793	463,974	13,966,869	8,470,254	496,615	8,966,869	5,000,000	10
Furniture, fixtures & office equipments	3,028,860	198,765	-	3,227,625	1,353,853	176,462	1,530,315	1,697,310	10
Vehicles	7,840,873	-	-	7,840,873	3,165,151	935,144	4,100,295	3,740,578	20
Factory Equipment	355,750	-	-	355,750	307,057	4,869	311,926	43,824	10
Total 2012	630,915,678	6,025,918	20,306,264	657,247,860	251,803,123	19,654,706	271,457,829	385,790,031	

5.2 Depreciation charge for the year has been allocated as under;

	2013 Rupees	2012 Rupees
Cost of sales	17,465,265	18,543,100
Administrative expenses	1,050,930	1,111,606
	<u>18,516,195</u>	<u>19,654,706</u>

5.3 Had there been no revaluation, the related figures of freehold land, building on freehold land, plant and machinery and electric installations as at June 30 would have been as follows.

	2013		
	Cost	Accumulated depreciation	Written down value
	[R U P E E S]		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	31,296,694	9,334,306
Plant and machinery	401,713,397	262,283,172	139,430,225
Electric installations	15,616,385	9,576,593	6,039,792
	<u>462,022,782</u>	<u>303,156,459</u>	<u>158,866,323</u>
	2012		
	Cost	Accumulated depreciation	Written down value
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	30,805,415	9,825,585
Plant and machinery	401,713,397	254,944,739	146,768,658
Electric installations	13,502,895	8,966,869	4,536,026
	<u>459,909,292</u>	<u>294,717,023</u>	<u>165,192,269</u>

5.4 Capital work in progress**Electric Installations**

The movement in this account is as follows :

	Opening Balance	Additions / Adjustment	Transfer to fixed assets	Closing Balance
	[R U P E E S]			
	1,362,190	751,300	(2,113,490)	-
2013	<u>1,362,190</u>	<u>751,300</u>	<u>(2,113,490)</u>	<u>-</u>
2012	<u>-</u>	<u>1,362,190</u>	<u>-</u>	<u>1,362,190</u>

	Note	2013 Rupees	2012 Rupees
6. LONG TERM DEPOSITS			
Security deposits			
- Sui Gas		8,266,056	5,611,056
- WAPDA		2,734,078	2,734,078
- WASA		8,550	8,550
- CDC		37,500	-
		<u>11,046,184</u>	<u>8,353,684</u>
7. STORES AND SPARES			
Stores		4,311,528	4,234,306
Spares		5,314,685	4,860,722
		<u>9,626,213</u>	<u>9,095,028</u>
8. STOCK IN TRADE			
Raw material		42,522,854	28,241,240
Work in process		7,693,160	7,648,957
Finished goods		44,875,344	4,042,555
		<u>95,091,358</u>	<u>39,932,752</u>
9. TRADE DEBTS			
Considered good			
Local - unsecured		3,873,914	-
10. ADVANCES, PREPAYMENT AND OTHER RECEIVABLES			
Advances to suppliers-considered good		7,434,479	5,392,544
Advances to employees		776,433	51,000
Prepaid insurance		211,746	107,950
Accrued profit on deposits accounts		596,204	309,285
Others		-	63,213
		<u>9,018,862</u>	<u>5,923,992</u>
11. SHORT TERM INVESTMENT			
Available for sale			
NAFA Government Securities Liquid Fund	11.1	9,338,298	17,986,798
11.1 These have been valued by using published net asset value (NAV) as at 30th June, the number of units held by the Company are 930,303.9687 units (2012: 1,789,321.6726 units).			
12. TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax receivable		10,020,694	8,492,767
Income tax refundable		985,475	-
		<u>11,006,169</u>	<u>8,492,767</u>
13. CASH AND BANK BALANCES			
Cash in hand		106,205	66,783
Cash at bank			
In current accounts	13.1	991,077	398,463
In deposit accounts	13.2	164,431,893	119,645,968
		<u>165,422,970</u>	<u>120,044,431</u>
		<u>165,529,175</u>	<u>120,111,214</u>

13.1 It includes US\$. 1000/- (2012: US\$.1000/-) and SAR. 2,461/- (2012: SAR.2,461/-)

13.2 Deposits with commercial banks yield profit at the rate of 5% to 10.5% (2012: 5% to 11%)

	2013 Rupees	2012 Rupees
14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance as on July 01,	148,941,435	135,103,360
Surplus on revaluation created during the year	-	20,306,264
	<u>148,941,435</u>	<u>155,409,624</u>
Incremental depreciation on revalued property, plant and equipment for the year	(9,021,781)	(9,951,059)
Related effect of deferred tax liability	3,067,406	3,482,870
	<u>(5,954,375)</u>	<u>(6,468,189)</u>
Balance as on June 30,	<u>142,987,060</u>	<u>148,941,435</u>

First revaluation of building on freehold land and plant and machinery was carried out as on September 30, 1995 by an independent valuer M/s Iqbal A. Nanjee & Co. Lahore on the basis of depreciated replacement values.

Second revaluation of free hold land, building on freehold land and plant and machinery has been carried out on September 30, 2000 by an independent valuer Inspectorates Corporation International (Pvt) Ltd, Lahore and the same has been verified by SBP's approved auditors on the basis of depreciated replacement values.

Third revaluation of free hold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2012 by an independent valuer M/s Nizamy Associates, Faisalabad on the basis of depreciated replacement values.

	Note	2013 Rupees	2012 Rupees
15. LONG TERM FINANCING			
Loan from banking companies - secured			
Morabaha finance			
Morabaha - I	15.1	340,901,898	340,901,898
Morabaha - II	15.2	74,145,100	74,145,100
		<u>415,046,998</u>	<u>415,046,998</u>

15.1 It represents morabaha finance created by Faysal Bank Limited by converting various morabaha finances into long term morabaha-I at an interest rate of 13% per annum.

15.2 It represents an interest free morabaha finance by Faysal Bank Limited by converting various unpaid markups into long term non-profit morabaha-II.

15.3 The above mentioned morabaha finances are secured against the first charge of Rs. 505 million on fixed assets and personal guarantees of directors and Chief Executive of the Company.

15.4 The Company is not repaying the morabaha finances as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The bank has also filed a counter suit praying for a decree to be passed in its favor for a sum of Rs. 454,502 million against the defendants jointly and severally, with cost of funds at the rate of 20% or as certified by State Bank of Pakistan from date of default and 20% liquidated damages plus service charges and all costs, charges, expenses payable or to be incurred by the plaintiff bank till the final payment / realization of the afore-mentioned amount. The facts and status of the litigations are further explained in note 20.1. Accordingly, the current portion of these morabaha finances has not been transferred to current liabilities as the amount of liability and related current portion is dependent upon the decision of the above stated cases.

	Note	2013 Rupees	2012 Rupees
16. DEFERRED LIABILITIES			
Deferred taxation	16.1	63,107,543	66,174,949
Staff retirement gratuity	16.2	1,570,337	1,627,121
		<u>64,677,880</u>	<u>67,802,070</u>

16.1 DEFERRED TAXATION

Balance as on July 01,	66,174,949	69,657,819
Adjusted during the year	(3,067,406)	(3,482,870)
Balance as on June 30,	<u>63,107,543</u>	<u>66,174,949</u>

Provision for deferred taxation is based on temporary differences arising on surplus on revaluation of property, plant and equipment. The Company being prudent has not accounted for net deferred tax asset on net deductible temporary differences amounting to Rs. 17.112 million (2012: Rs.1.656 million) comprising accelerated tax depreciation, recognized losses and staff retirement benefits, due to the uncertainty with regard to availability of future taxable profits of the Company against which the unused tax losses and unused tax credits can be utilized.

	Note	2013 Rupees	2012 Rupees
16.2 STAFF RETIREMENT GRATUITY			
Balance as on July 01,		1,627,121	2,768,806
Paid during the year		(56,784)	(1,141,685)
Balance as on June 30,		<u>1,570,337</u>	<u>1,627,121</u>
16.3 The liability of deferred tax has been computed by applying the tax rate of 34% as reduced by the finance act 2013 from 35%.			
17. TRADE AND OTHER PAYABLES			
Trade creditors		15,499,081	14,848,415
Accrued expenses		10,195,194	12,646,895
Advances from customers		3,204,988	14,878,340
Due to directors		1,166,170	927,452
Withholding tax payable		27,091	87,366
Sale tax withheld payable		151,784	-
Workers' profit participation fund	17.1	5,477,068	1,975,438
		<u>35,721,376</u>	<u>45,363,906</u>
17.1 Workers' profit participation fund			
At the beginning of the year		1,975,438	4,121,067
Interest on funds utilized in the Company's business		123,062	375,796
		<u>2,098,500</u>	<u>4,496,863</u>
Allocation for the year		5,477,068	1,975,438
		<u>7,575,568</u>	<u>6,472,301</u>
Less: Amount paid for the year		(2,098,500)	(4,496,863)
		<u>5,477,068</u>	<u>1,975,438</u>
18. ACCRUED MARK UP			
Accrued markup on secured morabaha finance	18.1	<u>194,161,422</u>	<u>194,161,422</u>
18.1 The company has ceased the payment of markup since July 01, 2006, as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 20.1			
19. SHORT TERM BORROWING			
Banking company			
Interest free bank overdraft - unsecured	19.1	<u>2,543,709</u>	<u>2,543,709</u>
19.1 The company has ceased repayment of the overdraft as it has filed a suite against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 20.1.			
20. CONTINGENCIES AND COMMITMENTS			
Contingencies			
20.1 The company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.			
The bank has also filed a counter suite for recovery of Rs. 454.502 million in the Honorable Lahore High Court, Lahore along with cost of funds, etc., pending adjudication at the terminal date. The cost of the fund in the instant case cannot be determined with reasonable degree of certainty at this point in time, in view of the dispute in the recovery amount as well as undetermined rate of cost and period of default. Due to litigations, the Bank is not responding and confirming the balance to the company.			
The management of the company as well as its legal advisors are of the opinion that these cases are based and being contested on strong legal grounds and are likely to be decided in Company's favor. Accordingly, mark ups on these lending are not being accrued as referred to in notes 15, 18 and 19 of these financial statements, particularly in view of the fact that the total liability already booked in this regard is much more than that to be decided by the court.			
20.2 During the year, the Company has not acknowledged a liability amounting to Rs. 2,081,286/- of Workers Welfare Fund in the light of the decision of Honorable High Court Lahore dated 24 August 2011 whereby the Honorable High Court Lahore has struck down amendments regarding Workers Welfare Fund Ordinance, 1971 introduced through Finance Act 2006 and 2008 as being unconstitutional. However, the department has filed an appeal against the decision, which is still pending for adjudication.			

	Note	2013 Rupees	2012 Rupees
21. SALES - NET			
Yarn sales			
Local		1,119,990,868	1,043,270,365
Waste sales			
Local		10,077,117	11,675,080
		<u>1,130,067,985</u>	<u>1,054,945,445</u>
Less: Commission		(42,218)	(13,000)
		<u>1,130,025,767</u>	<u>1,054,932,445</u>
22. COST OF SALES			
Raw material consumed	22.1	793,725,074	801,007,615
Stores and spares consumed		21,279,289	17,836,656
Packing material consumed		16,779,965	17,027,414
Salaries, wages and benefits		78,504,196	57,418,289
Provident fund contribution		2,346,418	1,803,606
Fuel and power		111,058,341	89,751,870
Repairs and maintenance		1,810,972	703,883
Insurance		2,095,396	1,808,705
Depreciation	5.2	17,465,265	18,543,100
General expenses		642,802	463,631
		<u>1,045,707,718</u>	<u>1,006,364,769</u>
Work in process			
Balance as on July 01,		7,648,957	11,375,577
Balance as on June 30,		(7,693,160)	(7,648,957)
		<u>(44,203)</u>	<u>3,726,620</u>
Cost of goods manufactured		1,045,663,515	1,010,091,389
Finished goods			
Balance as on July 01,		4,042,555	4,133,354
Balance as on June 30,		(44,875,344)	(4,042,555)
		<u>(40,832,789)</u>	<u>90,799</u>
		<u>1,004,830,726</u>	<u>1,010,182,188</u>
22.1 RAW MATERIAL CONSUMED			
Balance as on July 01,		28,241,240	36,586,544
Purchases		808,006,688	792,662,311
		<u>836,247,928</u>	<u>829,248,855</u>
Balance as on June 30,		(42,522,854)	(28,241,240)
		<u>793,725,074</u>	<u>801,007,615</u>
23. ADMINISTRATIVE EXPENSES			
Staff salaries and benefits		6,920,192	5,952,294
Provident fund contribution		257,406	263,336
Postage and telecommunication		345,562	349,676
Electricity and water		120,916	273,867
Printing and stationery		59,891	48,858
Travelling and conveyance		96,808	1,080,768
Entertainment		175,916	100,588
Fees and subscription		1,481,434	246,993
Legal and professional		652,556	621,452
Rent, rate and taxes	23.1	8,293,411	119,550
Vehicle, running and maintenance		1,907,644	1,502,894
Auditors' remuneration	23.2	320,000	320,000
Insurance		369,643	601,527
Advertisement		10,260	26,190
Depreciation	5.2	1,050,930	1,111,606
Others		223,374	216,002
		<u>22,285,943</u>	<u>12,835,601</u>

23.1 It includes Rs. 8,016,421/- sale tax paid into Government treasury to avail sale tax amnesty in terms of SRO. 179(I)/2013 dated 7th March, 2013.

	Note	2013 Rupees	2012 Rupees
23.2 AUDITORS' REMUNERATION			
Statutory audit		250,000	250,000
Half yearly review		50,000	50,000
Out of pocket expenses		20,000	20,000
		<u>320,000</u>	<u>320,000</u>
24. OTHER OPERATING EXPENSES			
Workers' welfare fund		-	756,971
Workers' profit participation fund		5,477,068	1,975,438
Balance written off		-	619,742
		<u>5,477,068</u>	<u>3,352,151</u>
25. FINANCE COST			
Interest on workers' profit participation fund		123,062	375,796
Bank charges and commission		36,290	86,195
		<u>159,352</u>	<u>461,991</u>
26. OTHER INCOME			
Income from financial assets			
Profit on deposit accounts		6,176,178	5,554,031
Profit on short term investment		608,322	1,210,667
Exchange gain on foreign currency translation		7,118	29,982
Income from non-financial assets			
Balances written back		-	1,881,153
		<u>6,791,618</u>	<u>8,675,833</u>
27. TAXATION			
Current	27.1	5,684,298	10,715,022
Deferred		(3,067,406)	(3,482,870)
Prior year		39,486	306,408
		<u>2,656,378</u>	<u>7,538,560</u>
27.1 In view of the available tax losses, provision for current taxation is based on turnover under Section 113 of the Income Tax Ordinance, 2001. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of turnover taxation.			
27.2 Reconciliation of tax expense and accounting profit has not been presented in these financial statements due to the reason discussed in note 27.1 above.			
28. EARNINGS PER SHARE-BASIC			
Profit for the year (Rupees)		<u>101,407,918</u>	<u>29,237,787</u>
Weighted average number of ordinary shares outstanding during the year		<u>15,177,000</u>	<u>15,177,000</u>
Earnings per share-basic (Rupees)		<u>6.68</u>	<u>1.93</u>
There is no dilutive effect on the basic earnings per share of the Company.			
29. REMUNERATION TO DIRECTORS			
No remuneration is paid to the Chief Executive and directors during the year; however Chief Executive Officer is provided with free use of Company maintained car.			
No meeting fee has been paid to any director of the Company for attending the board meetings.			
No employee of the company falls within the definition of executive as defined in the 4th schedule to the Companies Ordinance, 1984.			

30. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and other key management personnel. Amounts due from and due to related parties, if any, are shown under relevant notes to financial statements. Remuneration of Chief Executive Officer, Directors and Executives is explained in Notes 28. There is no other significant transactions with related parties.

Transactions with related parties undertaken during the year were as follows:-

	Note	2013 Rupees	2012 Rupees
Post employment benefit		5,207,648	4,185,801
Loan from directors		1,600,000	-
Repayment to directors		1,361,282	232,831

There were no transactions with key management personnel except those covered under their terms of employment.

31. PLANT CAPACITY AND PRODUCTION

	2013	2012
Number of spindles installed	22,320	22,320
Number of spindles worked	22,320	22,320
Number of shifts worked per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	9,682,858	9,211,725
Actual production of yarn after conversion into 20/s count (Kgs)	8,338,396	8,520,465

Reasons for shortfall

The short fall in actual production during the year when compared with capacity is mainly on account of:

- Temporary closure of business for maintenance and or unfavorable market conditions of the product.
- The actual production is planned to meet the market demand and orders in hand.

32. EMPLOYEES PROVIDENT FUND TRUST

	2013	2012
The following information is based on latest un-audited financial statements of the fund:		
Size of the fund (Rupees)	<u>9,583,696</u>	<u>7,216,931</u>
Cost of investment made (Rupees)	<u>8,186,793</u>	<u>6,755,386</u>
Percentage of investment made (%)	<u>85</u>	<u>94</u>
Fair value of investment (Rupees)	<u>9,618,248</u>	<u>7,490,125</u>

32.1 The breakup of fair value of investments is:

	2013		2012	
	Rupees	% of full	Rupees	% of full
NAFA Govt. Securities	9,356,455	97.28	7,459,739	99.59
Bank balances	261,793	2.72	30,386	0.41
	<u>9,618,248</u>	<u>100</u>	<u>7,490,125</u>	<u>100</u>

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

33. NUMBER OF EMPLOYEES

The average number of employees for the year ended June 30,2013 were 568 (2012: 556) and number of employees as at June 30,2013 were 571 (2012: 566)

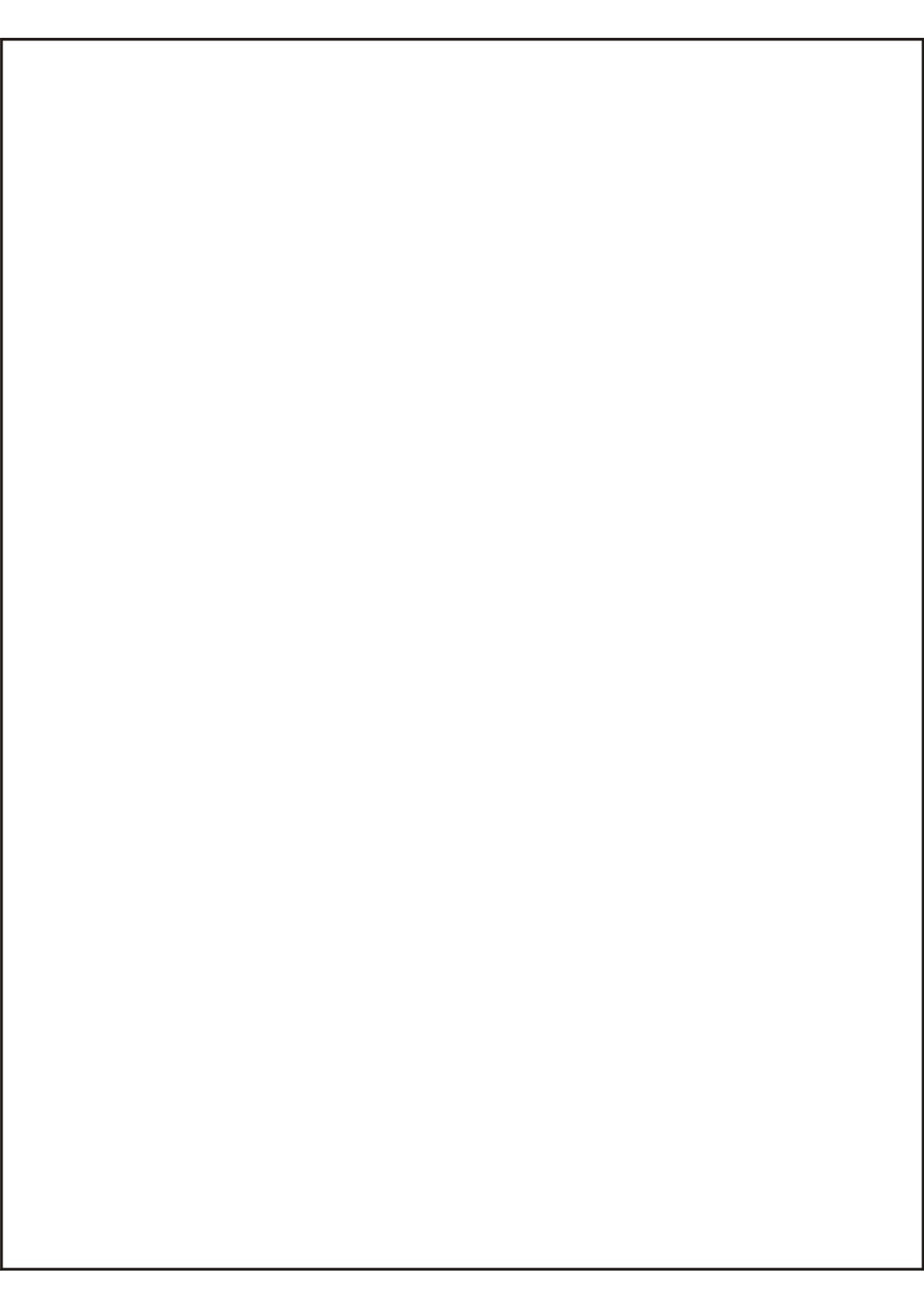
34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

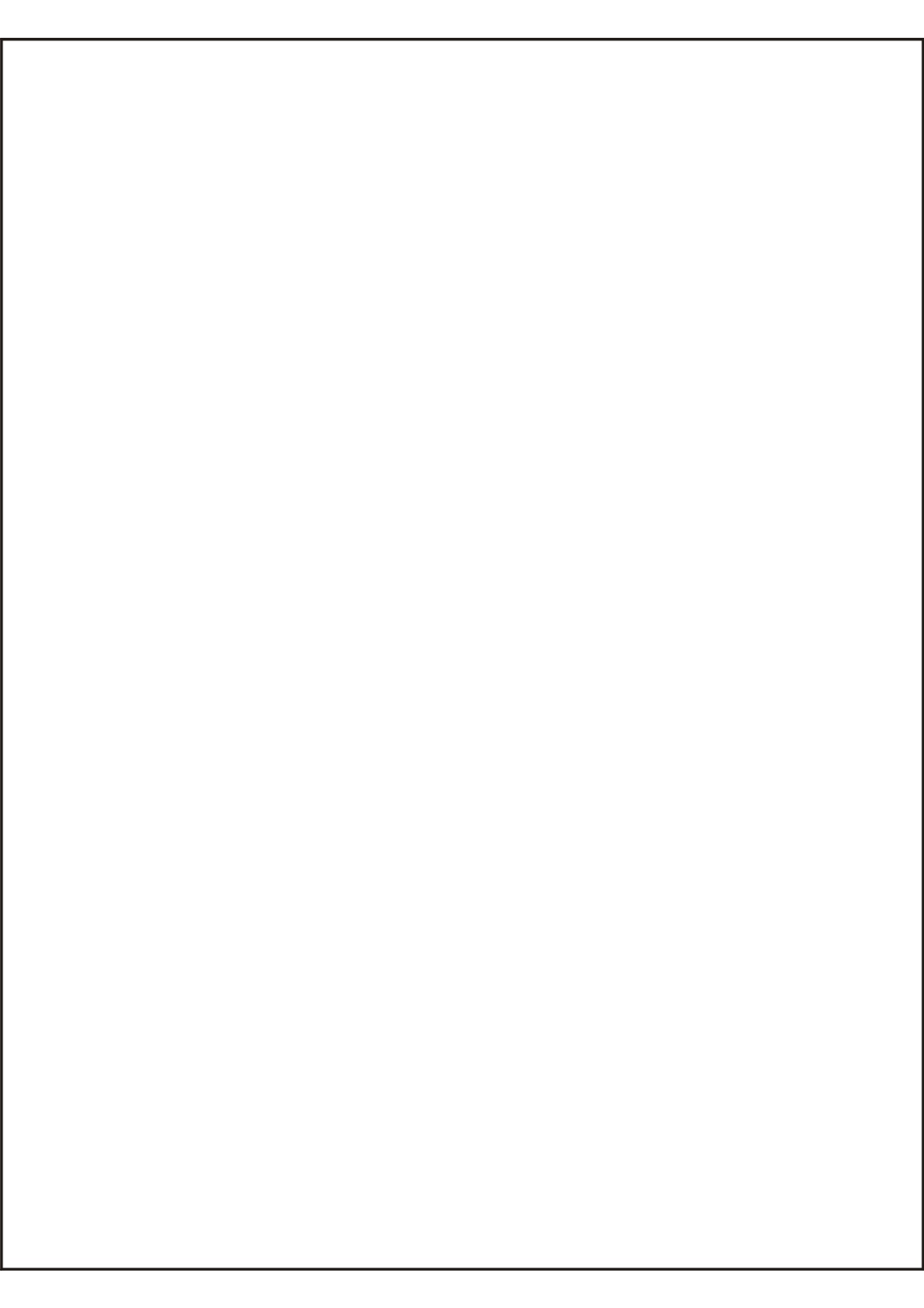
34.1 Financial assets and liabilities

Financial assets and liabilities of the company are as follows:-

	June 30, 2013						Total
	Interest/mark-up bearing			Non Interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
R U P E E S							
Financial assets							
At fair value through profit and loss							
- Investment (NAFA Government Securities)	-	-	-	9,338,298	-	9,338,298	9,338,298
Loans and receivables							
Long term deposits	-	8,266,056	8,266,056	-	2,780,128	2,780,128	11,046,184
Trade debts	-	-	-	3,873,914	-	3,873,914	3,873,914
Advances, prepayment and other receivables	596,204	-	596,204	211,746	-	211,746	807,950
Cash and bank balances	164,431,893	-	164,431,893	1,097,282	-	1,097,282	165,529,175
	165,028,097	8,266,056	173,294,153	14,521,240	2,780,128	17,301,368	190,595,521
Financial liabilities							
At amortised cost							
Long term finances	-	340,901,898	340,901,898	-	74,145,100	74,145,100	415,046,998
Trade and other payables	-	-	-	26,860,445	-	26,860,445	26,860,445
Interest accrued on long term financing	-	-	-	194,161,422	-	194,161,422	194,161,422
Short term borrowing	-	-	-	2,543,709	-	2,543,709	2,543,709
	-	340,901,898	340,901,898	223,565,576	74,145,100	297,710,676	638,612,574
Excess of financial liabilities over financial assets	165,028,097	(332,635,842)	(167,607,745)	(209,044,336)	(71,364,972)	(280,409,308)	(448,017,053)

	June 30, 2012						Total
	Interest/mark-up bearing			Non Interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
R U P E E S							
Financial assets							
At fair value through profit and loss							
- Investment (NAFA Government Securities)	-	-	-	17,986,798	-	17,986,798	17,986,798
Loans and receivables							
Long term deposits	-	5,611,056	5,611,056	-	2,742,628	2,742,628	8,353,684
Trade debts	-	-	-	-	-	-	-
Advances, prepayment and other receivables	309,285	-	309,285	171,163	-	171,163	480,448
Cash and bank balances	119,645,968	-	119,645,968	465,246	-	465,246	120,111,214
	119,955,253	5,611,056	125,566,309	18,623,207	2,742,628	21,365,835	146,932,144
Financial liabilities							
At amortised cost							
Long term finances	-	340,901,898	340,901,898	-	74,145,100	74,145,100	415,046,998
Trade and other payables	-	-	-	28,422,762	-	28,422,762	28,422,762
Interest accrued on long term financing	-	-	-	194,161,422	-	194,161,422	194,161,422
Short term borrowing	-	-	-	2,543,709	-	2,543,709	2,543,709
	-	340,901,898	340,901,898	225,127,893	74,145,100	299,272,993	640,174,891
Excess of financial liabilities over financial assets	119,955,253	(335,290,842)	(215,335,589)	(206,504,686)	(71,402,472)	(277,907,158)	(493,242,747)





FORM - 34
PATTERN OF SHAREHOLDING AS ON 30.06.2013

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
85	1	100	8,500
2,319	101	500	1,107,800
30	501	1,000	28,300
31	1,001	5,000	83,800
7	5,001	10,000	59,400
1	10,001	15,000	15,600
1	55,001	60,000	63,200
1	60,001	65,000	58,300
1	140,001	145,000	143,200
1	240,001	245,000	244,400
2	245,001	250,000	500,000
1	865,001	870,000	855,600
1	995,001	1,000,000	1,006,900
2	1,515,001	1,520,000	3,033,800
1	1,885,001	1,890,000	1,891,800
1	2,085,001	2,090,000	2,088,100
1	3,985,001	3,990,000	3,988,300
2,486			15,177,000

NOTE: The slabs not applicable have not been shown.
(*) The shareholder holds 10% or more shares

Categories of Shareholders	Number of shareholders	Shares Held	Holding Percentage
Individuals.	2,472	6,861,200	45.208
(*) N. I. T.	1	1,784,300	11.757
I. C. P.	1	55,100	0.363
(*) Mr. Zahid Anwar (CEO/Director)	1	3,988,300	26.279
(*)Mrs. Rukhsana Begum (Director)	1	2,088,100	13.758
Ch. Ghulam Murtaza Buttar (Director)	1	500	0.003
Mr. Umer Farooq (Director)	1	500	0.003
Mr Aftab Younus (Director)	1	500	0.003
Mr. Ali Raza Zafar (Director)	1	500	0.003
Mr. Riaz Ahmed (Director)	1	500	0.003
Inkage consultants(pvt)Ltd	1	500	0.003
N.H. Holding (pvt)Ltd	1	1,000	0.007
Faysal Bank Limited	1	139,200	0.917
Saudi Pak Ind & Inv (pvt)Ltd	1	13,400	0.088
The Bank of Punjab	1	243,400	1.604
	2,486	15,177,000	100.000

STATEMENT SHOWING SHARES BOUGHT AND SOLD BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSE AND MINOR CHILDREN FROM 1-07-2012 TO 30-06-2013.

Name	Designation	Shares	
		Bought	Sold
NILL	NILL	NILL	NILL

ANNUAL GENERAL MEETING

FORM OF PROXY

IMPORTANT

This Form of Proxy, in order to be effective, must be deposited duly completed at the Company's Registered Office JK House, 32-W Susan Road, Madina Town, Faisalabad, not less than 48 hours before the time of holding the meeting.

A proxy must be a member of the Company. Signature should agree with the specimen registered with the company.

Please quote Registered Folio Number

I/We _____
of _____
being a member of the Asim Textile Mills Limited _____ and holder
of _____ ordinary shares, hereby appoint
_____ of _____

who is also a member of the company as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at registered office of the Company, JK House, 32-W, Susan Road, Madina Town, Faisalabad, on 31.10.2013 at 9:00 a.m. or at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2013

Signed by the said _____ in the presence of _____

Date:

(Member's Signature)

Place

(Witness's Signature)

Affix Rs. 5/-
revenue stamp which
must be cancelled
either by signature
over it or by some
other means