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 Hasan
Chief Financial Officer	Mushtaq Ahmad
Auditors	Amin Mudassar & 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 The Bank of Khyber

Offices:

Karachi:	Room # 808, 8th Floor, Saima Trade Tower-B, I.I. Chundrigar Road, Karachi.
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

It is my honour that on behalf of the Board of Directors, I am going to present the 36th Annual Report and audited financial statements, setting out the detailed financial results of the company for the financial year ended on 30th June, 2014.

Our Performance:

The company's performance remained satisfactory during the year under review. The key business results achieved in 2014 are divulged below for you to gather crux information over the performance of the company in a quick look:

	2014 Rupees	2013 Rupees
Sales	13,772,309,581	15,764,216,623
Gross Profit	1,289,415,796	1,650,242,341
Operating Profit	658,766,800	948,534,992
Finance Cost	(538,463,528)	(626,517,360)
Profit before Tax	120,303,272	322,017,632
Profit after Tax	24,054,370	283,488,860
Earning per Share	1.28	15.07

The financial year under review observed a massive cut down in prices of cotton that left dampening impacts on the prices of yarn too which sharply slept down to erode away a large chunk of profitability of the company. But it is the beauty of business that every day is not Sunday & every night has its dawn. Another factor that played very negative role in shrinking the profitability of your company was the exchange rate that suddenly came down and translated our export business into very low local currency. Despite all these threats we honored our commitment of making cash dividend as committed last year. We are also committed to cover the required & desired results in following financial year with pragmatic approach & surpass expectations of all stakeholders. The company recorded substantial growth in sales in the year under review although slightly lagged behind the last year. Genuinely, it caused the gross profit & operating profit step down because of reasons cited above, further shared as unstable government policies, particularly in the fields of energy (Electricity & Gas, through increase in tariff & load shedding). Several times the company was left with only option to run its wheel through “Diesel produced energy”, the most expensive source of energy production and that alone wiped out the gross profit of the company marginally.

It is good to see the company succeeded in curtailing its finance cost with respect to preceding year by thanks to prudent use of good package of credit exposure. As highlighted above, last year the finance cost was 3.98% of the sale that came down to 3.90% during the financial year under review.

Operational Review:

The financial year 2014 was a blend of pressure i.e. highly increases in tariff of energy & transportation with nerves taking load shedding in either field of energy, political uncertainty, etc. But the management endeavored its best in attaining some acceptable results for the company in such a hard time for industry.

Future outlook & Strategy:

We foresee Financial Year 2015 as a challenging one in the backdrop of depreciating Rupee, declining foreign exchange reserves and continuous terrorism in the country. Focus would be posted in recouping the momentum of growth. Efforts have been planned to penetrate into new market segments and to improve efficiency and productivity of the company.

It is stated with great surety that cotton of good qualities plays very imperative role in the entire textile products i.e. ginning / spinning to value added goods. It is very discouraging to note that being an agricultural country we are still behind in producing cotton to such an extent to meet demand of our industry comfortably. Again stated, the prosperity of our textile industry which contributes significantly towards the economic growth of the country would remain at the mercy of good quality cotton.

As usual, Load shedding of electricity & gas is another hot issue for the entire country in general and for the textile industry in particular. This industry is run 24/7 throughout the year where as minimal load shedding as eye blinking causes irreparable financial loss to it. The government should take surgical steps to eradicate the cancer of load shedding within least possible time for larger interests of Pakistan.

Financial Statements:

M/s Amin, Mudassar & 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, 2014 and the same is annexed to the financial statements.

Auditors:

The present auditors M/s Amin, Mudassar & Co., Chartered Accountants retire & being eligible offer themselves for reappointment. The board recommended their re-appointment as external auditors until the conclusion of the next Annual General Meeting. Said chartered accountants are on the panel of the State Bank of Pakistan and have been given an acceptable rating under the quality control review program of the Institute of Chartered Accountants of Pakistan.

Expansion Plan:

In view of unpredictable & unfavorable policies of the government where cost of financing & production is increasing swiftly, it seems irrational to predict any definite conclusion about the expansion plan of the company in future. However, normal BMR will remain continue as and when required.

Acknowledgment:

On behest of your directors, we register with admiration, the hard work of the company's executives, managers, technicians & workers who worked energetically to meet the goals set before them. Yours directors also extend 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
8th November, 2014

Hussain Ahmad Fazal
Director

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **HUSSAIN MILLS LIMITED** as at 30th June, 2014 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 except for the changes as stated in note 3.1 with which we concur;

   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, 2014 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.

The Financial Statements for the Year ended 30th June, 2013 were audited by another firm of Chartered Accountants who issued audit report dated 5th October, 2013. The aforesaid auditors' expressed an unqualified opinion on the Financial Statements, with following emphasis of matter paragraph as stated by us in the following paragraph.

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 are confident to defeat the petition being baseless and without merit.

CHARTERED ACCOUNTANTS
AUDIT ENGAGEMENT PARTNER: MUHAMMAD AMIN
LAHORE: 8TH NOVEMBER, 2014

BALANCE SHEET

As at 30th June, 2014

	NOTE	2014 RUPEES	2013 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital:			
40,000,000 (2013: 40,000,000) Ordinary Shares of Rs.. 10 each		400,000,000	400,000,000
Issued, Subscribed and Paid-up Capital	4	188,102,570	188,102,570
Capital Reserves		129,738,223	129,738,223
Un-appropriated Profit		2,371,941,586	2,340,368,096
		2,689,782,379	2,658,208,889
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	5	1,775,024,274	1,826,339,264
NON CURRENT LIABILITIES			
Long Term Finances	6	720,852,703	840,489,667
Liabilities against Assets subject to Finance Lease	7	69,767,856	101,983,610
Deferred Liabilities	8	101,436,503	117,408,892
		892,057,062	1,059,882,169
CURRENT LIABILITIES			
Trade and Other Payables	9	460,079,032	559,022,737
Accrued Interest and Mark-up	10	104,220,333	132,770,082
Short Term Borrowings	11	3,639,819,039	4,757,273,729
Current Portion of Long Term Liabilities	12	328,578,446	388,534,227
		4,532,696,850	5,837,600,775
CONTINGENCIES AND COMMITMENTS	13	-	-
		9,889,560,565	11,382,031,097
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	14	5,471,381,023	5,527,529,794
Intangible Assets	15	-	2,187,893
Long Term Investments	16	12,400,138	12,468,222
Long Term Loans and Advances	17	37,824,000	41,696,000
Long Term Deposits and Prepayments	18	49,278,237	49,067,590
		5,570,883,398	5,632,949,499
CURRENT ASSETS			
Stores, Spares and Loose Tools	19	292,348,919	154,042,021
Stock in Trade	20	2,635,673,821	3,524,741,119
Trade Debts	21	837,634,473	1,554,821,390
Loans and Advances	22	63,033,663	148,296,842
Trade Deposits and Short Term Pre-payments	23	870,063	956,961
Interest Accrued	24	263,508	307,426
Other Receivables	25	126,364,619	98,455,000
Short Term Investments	26	5,399,100	1,753,500
Tax Refunds Due from Government Departments	27	92,894,848	85,121,429
Cash and Bank Balances	28	264,194,153	180,585,910
		4,318,677,167	5,749,081,598
		9,889,560,565	11,382,031,097

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

Sd/-	**Sd/-**
(Hussain Ahmad Fazal)	**(Mohammad Ismail)**
Director	**Chief Executive**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2014

	NOTE	2014 RUPEES	2013 RUPEES
SALES	29	13,772,309,581	15,764,216,623
COST OF SALES	30	(12,482,893,785)	(14,113,974,282)
GROSS PROFIT		1,289,415,796	1,650,242,341
DISTRIBUTION COST	31	(372,884,329)	(431,381,926)
ADMINISTRATIVE EXPENSES	32	(257,135,684)	(272,845,910)
OTHER OPERATING EXPENSES	33	(6,383,527)	(17,000,785)
		(636,403,540)	(721,228,621)
OPERATING PROFIT before Other Income		653,012,256	929,013,720
OTHER INCOME	34	5,754,544	19,521,272
OPERATING PROFIT after Other Income		658,766,800	948,534,992
FINANCE COST	35	(538,463,528)	(626,517,360)
NET PROFIT FOR THE YEAR before Taxation		120,303,272	322,017,632
TAXATION	36	(96,248,902)	(38,528,772)
NET PROFIT FOR THE YEAR after Taxation		24,054,370	283,488,860
OTHER COMPREHENSIVE INCOME:			
Un-realized Gain on Re-measurement of Defined Benefit Obligation (Net of Deferred Tax)		446,862	-
Un-realized (Loss)/Gain on Re-measurement of Fair Value of Investments Held for Sale		(67,980)	267,960
		378,882	267,960
TOTAL COMPREHENSIVE INCOME		24,433,252	283,756,820
EARNING PER SHARE - Basic and Diluted	37	1.28	15.07

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

Sd/-
(Hussain Ahmad Fazal)
Director

Sd/-
(Mohammad Ismail)
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 2014

	2014 RUPEES	2013 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	120,303,272	322,017,632
Adjustment for:		
Provision for Gratuity	30,611,516	33,354,854
Workers' (Profit) Participation Fund	6,331,751	16,948,296
Workers' Welfare Fund	-	(10,751,795)
Depreciation	238,848,547	237,819,946
Re-Measurement on Investments	51,776	-
Loss on Disposal of Fixed Assets	(738,142)	(1,682,339)
Dividend Income	(131,781)	(65,000)
Interest Income	(362,642)	(420,722)
Return on Bank Deposits	(3,203,490)	(5,499,888)
Amortization of Intangible Asset	2,187,893	2,187,892
Gain on Investments	(1,199,382)	(513,504)
Finance Cost	538,463,528	626,517,360
	810,859,574	897,895,100
	931,162,846	1,219,912,732
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES		
(Increase)/Decrease in Current Assets		
Stores, Spares and Loose Tools	(138,306,898)	(47,073,967)
Stock in Trade	889,067,298	(374,815,843)
Trade Debtors	717,186,917	144,476,067
Loans and Advances	85,263,179	(66,723,915)
Trade Deposits and Short Term Prepayments	86,898	(311,435)
Other Receivables	13,766,705	(89,674,174)
Increase/(Decrease) in Current Liabilities		
Trade and Other Payables	(105,275,456)	271,565,149
	1,461,788,643	(162,558,118)
Cash Generated From Operations	2,392,951,489	1,057,354,614
Income Tax Paid	(160,620,527)	(173,266,147)
Finance Cost Paid	(567,013,277)	(630,420,236)
Gratuity Paid	(31,215,161)	(22,868,712)
Workers' (Profit) Participation Fund Paid	-	(28,210,299)
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,634,102,524	202,589,220
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	406,560	464,640
Return on Bank Deposits	3,203,490	5,499,888
Dividend Received	(37,488,733)	65,000
Fixed Capital Expenditure	(226,300,860)	(261,396,460)
Proceeds from Disposal of Operating Fixed Assets	37,784,988	4,076,171
Proceeds from Long Term Investments	104	104
Short Term Investments	(2,497,994)	(866,896)
Long Term Loan Recovered	3,872,000	3,872,000
Long Term Deposits and Prepayments	(210,647)	(2,546,703)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(221,231,092)	(250,832,256)
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Finances - net	(179,458,096)	(253,399,177)
Finance Lease Liabilities	(32,997,218)	(6,637,712)
Loan from Directors/Sponsors	646,815	(38,156,170)
Short Term Borrowings	(1,117,454,690)	449,604,695
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(1,329,263,189)	151,411,636
NET INCREASE IN CASH AND CASH EQUIVALENTS	83,608,243	103,168,600
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	180,585,910	77,417,310
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	264,194,153	180,585,910

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

Sd/-
(Hussain Ahmad Fazal)
Director

Sd/-
(Mohammad Ismail)
Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE, 2014

PARTICULARS	PAID-UP SHARE CAPITAL	CAPITAL RESERVES			UN-APPR-OPRIATED PROFIT	TOTAL
		PREMIUM ON SHARES ISSUED	MERGER RESERVE	TOTAL		
	RUPEES					
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**
Total Comprehensive Income for the Year ended 30th June, 2013	-	-	-	-	283,756,820	283,756,820
Incremental Depreciation on Revaluation of Fixed Assets	-	-	-	-	45,011,483	45,011,483
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**
Final Dividend on Ordinary Shares @ 2% for the Year ended 30th June, 2013	-	-	-	-	(37,620,514)	(37,620,514)
Total Comprehensive Income for the Year ended 30th June, 2014	-	-	-	-	24,433,252	24,433,252
Incremental Depreciation on Revaluation of Fixed Assets	-	-	-	-	44,760,752	44,760,752
Balance as at 30th June, 2014	**188,102,570**	**3,352,334**	**126,385,889**	**129,738,223**	**2,371,941,586**	**2,689,782,379**

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

Sd/-
(Hussain Ahmad Fazal)
Director

Sd/-
(Mohammad Ismail)
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2014

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 AMENDMENTS TO PUBLISHED APPROVED STANDARDS 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, 2013:

IFRS 7 (Amendments) '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 Standard Board undertaking a joint project to address the difference in their respective accounting standards regarding offsetting of financial instruments. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

On 17 may 2012, IASB issued annual improvements to IFRS: 2009-2011 cycle, incorporating amendments to five IFRS more specifically in IAS 1 'Presentation of Financial statements' and IAS 32 'financial instruments: presentation' that are considered relevant to the company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. the application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

There are other standards, new interpretation and amendments to published standards 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.

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

Following standards, interpretation and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2014 or later periods:

IFRS 9 'financial instruments' (effective for annual period beginning on or after 01 January 2018). A finalized version if IFRS 9 which contain accounting requirements for financial instrument, replacing IAS 39 'Financial instrument and recognition and measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduce an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have accrued before a credit loss is recognized. it introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. the requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39. the management of the company is in the process of evaluation the impacts of the aforesaid standards on the company's financial statements.

IFRS 10 'consolidated financial statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'joint Arrangements', IFRS 12 'Disclosure of Interests in Other entities', IAS 27 (revised 2011)' consolidated and separate financial statements' and IAS 28 (revised 2011) 'investments in Associates'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and the basis is control. the definition of control includes three elements : Power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 'Consolidated and separate financial statements' that address when and how an investor should prepare consolidated financial statements and replaces standing interpretations committee (SIC) 12 'consolidation-Special purpose Entities' in its entirety. the management of the company is in the process of evaluating the impacts of the aforesaid standard on the company's financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2015) provide additional transition relief in by limiting the requirements to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding periods.

IFRS 12 ' Disclosures of interests in other entities' (effective for annual periods beginning on or after 21 January 2015). This standards includes that disclosures requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicle and other off-balance sheet vehicles. this standard is not expected to have a material impact on the company's financial statements.

IFRS 13 ' Fair value measurement' (effective for annual periods on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosures 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 standards is not expected to have a material impact on the company's financial statements.

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer: identify the performance obligation in the contracts; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. guidance is provided on topics such as the point in which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the company is in the process of evaluating the impacts of the aforesaid standards on the company's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning or after 01 January 2014) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in relevant subsidiary in the same way its consolidated and separate financial statements. the management of the company is in the process of evaluating the impacts of the aforesaid amendments on the company's financial statements.

IAS 16 (Amendments) ' Financial instruments: presentation' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset in not appropriate for property, plant and equipment; and as guided that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the company's financial statements.

IAS 32' (Amendments) 'Financial instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of the collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are not expected to have a material impact on the company's financial statements.

IAS 36 (amendments) 'impairment of Asset' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on company's financial statements.

On 12 December 2013, IASB issued Annual improvements to IFRSs:2011-2013 cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating segments' and IFRS 13 'Fair value measurement', which are considered relevant to the company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the company's financial statements and have therefore not been analyzed in detail.

on 12 December 2013, IASB issued annual improvements to IFRSs:2011-2013Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'fair Value Measurement', that is considered relevant to the company's financial statements. These amendments are effective for annual periods beginning on or after 01july 2014. these amendments are unlikely to have a significant impact on the company's financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for levy imposed a government, both for levies that are accounted for in accordance with IAS 37 'Provision, Contingent Liabilities and contingent Assets' and those where the timing and amount of the levy is certain. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the company's statements.

Standards and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the company's financial statements and are therefore not detailed in these financial statements.

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 3.15)

2.5 CORRESPONDING FIGURES

Corresponding Figures have been rearranged and reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison.

2.6 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.7 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 IAS-19 "EMPLOYEE BENEFITS"

During the year, in accordance with IAS-19 "Employee Benefits" (revised), the Company has changed its accounting policy in respect of recognition of actuarial gains and losses, past service costs and expected return on plan assets, whereby with effect from current year, the Company has recognized actuarial gains and losses immediately in other comprehensive income; immediately recognized all past service costs profit and loss account, and replaced interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset. This change has removed the corridor method and eliminated the ability for the Company to recognize all changes in the defined benefit obligation and in plan assets in profit and loss, which was previously allowed under IAS 19.

The change has been accounted for in accordance with IAS 19 - "Employee Benefits" (Revised) and IAS 8 - "Accounting Policies, Change in Accounting Estimates and Errors". In accordance with requirements of IAS 8 ,Company has applied the change in accounting policy retrospectively and IAS 1- "Presentation of Financial Statements" (Revised).

The financial statements does not require any adjustment as there was no un-recognized actuarial gains/losses pertaining to Employee Benefits in prior years.

The adoption of the above amendments did not have any affect on these financial statements.

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 gains/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 Account.

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 STOCKS - 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 STAFF RETIREMENT BENEFITS

The Company operates an unfunded Gratuity Scheme covering all the employees of the Company with minimum qualifying period of service as defined under the respective scheme. Provision is made annually on the basis of actuarial valuation. The most recent actuarial valuation was carried out as at June 30, 2014 using the Projected Unit Credit Method. Actuarial gains and losses are recognized in accordance with the recommendations of the actuary. Further, the management of the company could not determine the expected payments in next period reasonably.

Principal Actuarial Assumptions	**2014**	**2013**
Discount Rate	13.25%	13.00%
Expected rate of eligible salary increase in future years	12.25%	12.00%

3.12 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.

3.13 TRADE DEBTS, ADVANCES 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 CONTINGENCIES AND COMMITMENTS

Unless these are actual liabilities these are not incorporated in the Financial Statements.

3.20 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:

2014	2013		2014	2013
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 Honorable Sindh High Court, Karachi, vide its interim order dated 1st February, 2014, has restrained the management of the Company from changing the composition of the shareholding of the Company .

5 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS

5.1 This is made up as follows:

	2014 RUPEES	2013 RUPEES
Balance at beginning of the Year		
Land - Freehold	1,002,158,584	1,002,158,584
Buildings - on Freehold Land	298,000,031	312,599,939
Plant and Machinery	526,180,649	556,592,224
	1,826,339,264	1,871,350,747
Realized on Plant & Machinery Disposed Off during the Year	(6,554,238)	-
Incremental Depreciation on Revaluation (Net of Deferred Tax) transferred to Comprehensive Income (Note 5.3)	(44,760,752)	(45,011,483)
	1,775,024,274	1,826,339,264

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 Statement of Changes in Equity 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.

		2014 RUPEES	2013 RUPEES

6 LONG TERM FINANCES

6.1 These Comprise of:

		2014 RUPEES	2013 RUPEES
Secured from Banking Companies/Financial Institutions	(Note 6.2)	467,491,593	587,775,372
Unsecured from Related Parties	(Note 6.13)	253,361,110	252,714,295
		720,852,703	840,489,667

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

		2014 RUPEES	2013 RUPEES
Askari Bank Limited	(Note 6.3)	61,957,061	95,043,067
Soneri Bank Limited	(Note 6.4)	198,568,536	121,159,546
Pak Oman Investment Company Limited	(Note 6.8)	-	8,000,000
Allied Bank Limited	(Note 6.9)	-	66,531,140
MCB Bank Limited	(Note 6.10)	-	12,172,140
National Bank of Pakistan	(Note 6.11)	89,068,744	128,133,326
The Bank Of Khyber	(Note 6.12)	117,897,252	156,736,153
		467,491,593	587,775,372

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 (2013: Rs. 3,836.333 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:

		2014 RUPEES	2013 RUPEES
Balance at beginning of the Year		95,043,067	166,981,598
Less: Current Portion Shown under Current Liabilities	(Note 12.2)	33,086,007	71,938,531
Balance at end of the Year		61,957,061	95,043,067

These have been obtained for the import of Plant and Machinery for BMR/Expansion of Spinning Section. These are repayable over a period from 28th July, 2014 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 (2013: Rs. 1,475 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company. These carry mark-up ranging from 10.34% to 12.60% (2013: 10.63% to 14.50%) per annum for LTFF/TF and SBP rate (5.00%) + 2.00% (2013: SBP rate (5.00%) + 2.00%) per annum for LTF-EOP, payable semi annually.

6.4 FINANCES FROM SONERI BANK LIMITED comprise of:

		2014 RUPEES	2013 RUPEES
Term Finance	(Note 6.5)	177,568,536	89,659,546
Demand Finance	(Note 6.6)	21,000,000	31,500,000
	(Note 6.7)	198,568,536	121,159,546

6.5 TERM FINANCE FROM SONERI BANK LIMITED is made up as follws:

		2014 RUPEES	2013 RUPEES
Balance at beginning of the Year		89,659,546	121,250,556
Add: Disbursement during the Year		150,000,000	-
		239,659,546	121,250,556
Less:			
Payments made during the Year		7,500,000	25,591,010
Current Portion Shown under Current Liabilities	(Note 12.2)	54,591,010	6,000,000
		62,091,010	31,591,010
Balance at the end of the Year		177,568,536	89,659,546

6.6 DEMAND FINANCE FROM SONERI BANK LIMITED is made up as follws:

		2014 RUPEES	2013 RUPEES
Balance at beginning of the Year		31,500,000	42,000,000
Less: Current Portion Shown under Current Liabilities	(Note 12.2)	10,500,000	10,500,000
Balance at the end of the Year		21,000,000	31,500,000

6.7 These are secured by way of Joint Pari Passu Charge amounting to Rs. 620 Million (2013: Rs. 620 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company and specific charge amounting to Rs. 130 Million (2013: Rs. 130 Million) over 17 Air Jet Looms installed at Weaving Unit of the Company located at Qadirpur Rawn Bypass, Multan and Specific Charge of Rs. 200 Million over (03) three Draw Frames and (10) ten Cards installed at Unit - 01. This is repayable over a period from 2nd August, 2014 to 13th February, 2019, in 4 to 19 equal quarterly instalments. This carries mark-up ranging from 11.56% to 12.70% (2013: 11.36% to 14.50%) per annum, payable semi annually.

			2014 RUPEES	2013 RUPEES
6.8	**TERM FINANCE FROM PAK OMAN INVESTMENT COMPANY LIMITED** is made up as follows:			
	Balance at beginning of the Year		8,000,000	24,000,000
	Less: Current Portion Shown under Current Liabilities	(Note 12.2)	8,000,000	16,000,000
	Balance at end of the Year		-	8,000,000

This has been secured by way of Joint Pari Passu Charge amounting to Rs. 96 Million (2013: Rs. 96 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company. This is repayable over a period from 7th September, 2014 to 7th December, 2014, in 2 equal quarterly instalments. This carries mark-up ranging from 12.49% to 13.16% (2013: 12.49% to 15.03%) per annum, payable quarterly.

6.9	**TERM FINANCES FROM ALLIED BANK LIMITED** is made up as follows:			
	Balance at beginning of the Year		66,531,140	154,501,476
	Less: Current Portion Shown under Current Liabilities	(Note 12.2)	66,531,140	87,970,336
	Balance at end of the Year		-	66,531,140

These have been secured by way of Joint Pari Passu Charge amounting to Rs. 570 Million (2013: Rs. 570 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company and specific charge amounting to Rs. 94 Million (2013: 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 15th August, 2014 to 4th April, 2015, in 2 to 12 equal quarterly instalments. This carries mark-up ranging from 9.70% to 14.40% (2013: 11.63% to 14.31%) per annum for DF and SBP rate (5%) + 2% (2013: SBP rate (5%) + 2%) per annum for LTF-EOP, payable quarterly.

6.10	**TERM FINANCE FROM MCB BANK LIMITED** is made up as follows:			
	Balance at beginning of the Year		12,172,140	24,344,280
	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

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 (2013: Rs. 74 Million) and personal guarantees of the directors of the Company. This is repayable over a period from 21st October, 2014 to 21st April, 2015, in 2 equal half yearly instalments. This carries Mark-up ranging from 11.62% to 12.11% (2013: 11.36% to 14.00%) per annum, payable semi annually.

6.11	**TERM FINANCES FROM NATIONAL BANK OF PAKISTAN** is made up as follows:			
	Balance at beginning of the Year		128,133,326	167,197,908
	Less: Current Portion Shown under Current Liabilities	(Note 12.2)	39,064,582	39,064,582
	Balance at end of the Year		89,068,744	128,133,326

These are secured by way of Joint Pari Passu charge amounting to Rs. 292 Million (2013:Rs. 292 Million), over Fixed Assets and Personal Guarantees of the Directors of the Company . This is repayable over a period from 20th July, 2014 to 20th January, 2018, in 3 to 8 equal half yearly instalments. This carries Mark-up ranging from 11.09% to 12.70% (2013: 12.60% to 14.06%) per annum, payable quarterly.

	2014 RUPEES	2013 RUPEES
6.12 TERM FINANCE FROM THE BANK OF KHYBER is made up as follows:		
Balance at beginning of the Year	156,736,153	180,315,604
Add: Disbursement during the Year	8,320,000	-
	165,056,153	180,315,604
Less: Current Portion Shown under Current Liabilities	47,158,901	23,579,451
Balance at end of the Year	117,897,252	156,736,153

This is secured by way of first exclusive hypothecation charge amounting to Rs. 320 Million (2013: Rs. 320 Million) over the Machinery imported through Bank of Khyber, ranking charge amounting to Rs. 267 Million (2013: Rs. 267 Million) by way of constructive MODTD on all the present and future Land and Building of the Company. This is repayable over a period from 5th September, 2014 to 5th September, 2017, in 7 equal half yearly instalments. This carries Mark-up ranging from 12.56% to 12.67% (2013: 11.78% to 12.90%) per annum, payable quarterly.

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

		2014	2013
Markup Bearing	(Note 6.14)	51,652,562	51,652,561
Markup Free		201,708,548	201,061,734
	(Note 6.15)	253,361,110	252,714,295

6.14 This represents the Cash Finance facility to amounting to Rs. 54 Million (2013: Rs. 54 Million) from Soneri Bank Limited, sanctioned to a director of the Company and is subject to Markup ranging from 10% to 11.50% (2013: 13.50%) per annum, which is born by the Company.

6.15 These are unsecured and are repayable at the option of the Company. These include an amount of Rs. 215 Million (2013: Rs. 215 Million) which has been subordinated to the Banks against Long Term Financing availed by the Company.

7 <u>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</u> is made up as follows:

	2014	2013
Liability due for the year ended 30th June :		
2013	-	44,235,465
2014	43,091,758	41,283,984
2015	38,026,660	35,878,013
2016	25,924,804	23,888,786
2017	22,257,809	21,841,334
2018	21,841,330	21,841,330
Gross Minimum Lease Payments	151,142,361	188,968,912
Less: Payments during the Year	43,091,758	44,235,465
	108,050,603	144,733,447
Less: Future Period:		
Financial Charges	1,880,472	4,904,390
Insurance Charges	93,815	720,754
	1,974,287	5,625,144
Present Value of Gross Minimum Lease Payments	106,076,316	139,108,303
Less: Current Portion Shown under Current Liabilities	36,308,460	37,124,693
	69,767,856	101,983,610

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

GROSS MINIMUM LEASE PAYMENTS

	2014	2013
Not later than one Year	38,026,660	41,283,984
Later than one Year but not later than five Years	70,023,943	103,449,463
Later than Five Years	-	-
	108,050,603	144,733,447

		2014 RUPEES	2013 RUPEES
PRESENT VALUE OF MINIMUM LEASE PAYMENTS			
Not later than one Year		36,308,460	37,124,693
Later than one Year but not later than five Years		69,767,856	101,983,610
Later than Five Years		-	-
		106,076,316	139,108,303

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 11.31% to 12.36% (2013: 11.63% to 14.25%) 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.

8 DEFERRED LIABILITIES

		2014 RUPEES	2013 RUPEES
8.1 These comprise of			
Deferred Taxation	(Note 8.2)	66,417,386	81,263,795
Staff Retirement Benefits	(Note 8.3)	35,019,117	36,145,097
		101,436,503	117,408,892

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

	2014 RUPEES	2013 RUPEES
Taxable Temporary Differences		
Accelerated Depreciation	259,279,649	296,271,637
Export Debtors	5,917,280	11,843,320
Lease Liability	586,046	8,549,983
Deductible Temporary Differences		
Staff Gratuity	(5,059,952)	(3,208,728)
Unused Tax Losses	(16,325,914)	(94,394,721)
Turnover Tax	(177,979,723)	(137,797,696)
	66,417,386	81,263,795
Balance at beginning of the Year	81,263,795	231,310,055
Add: Charge for the Year:		
Profit and Loss Account	(14,921,882)	(150,046,260)
Other Comprehensive Income	75,473	-
	(14,846,409)	(150,046,260)
	66,417,386	81,263,795

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

	2014 RUPEES	2013 RUPEES
Balance at beginning of the Year	36,145,097	25,658,955
Expense for the Year	30,611,516	33,354,854
Actuarial Gains due to Experience Adjustment	(522,335)	-
Transfers to Accrued Liabilities	(1,758,805)	-
Payments made during the Year	(29,456,356)	(22,868,712)
Present Value of Defined Benefit Obligation	35,019,117	36,145,097

ALLOCATION OF CHARGE FOR THE YEAR is as follows:

	2014 RUPEES	2013 RUPEES
Cost of Goods Manufactured	25,315,928	27,904,466
Administrative Expenses	5,295,588	5,450,388
	30,611,516	33,354,854

Historical information is as follows:

	2014	2013	2012	2011	2010
Charge for Gratuity	30,611,516	33,354,854	16,787,326	25,266,617	18,247,456

	2014 RUPEES	2013 RUPEES
RECONCILIATION of the amount recognized in Balance Sheet is as follows:		
Present value of defined benefit obligation	35,019,117	36,145,097
MOVEMENT IN PRESENT VALUE of Defined benefit Obligation		
Defined Benefit Obligation at the beginning of the Year	36,145,097	25,658,955
Current Service Cost	25,912,653	30,019,190
Interest on Defined Benefit Obligation	4,698,863	3,335,664
Benefit Paid during the Year	(29,456,356)	(22,868,712)
Benefit due but not Paid during the Year	(1,758,805)	-
Recognized is Other Comprehensive Income	(522,335)	-
Defined benefit Obligation at the end of the Year	35,019,117	36,145,097
CHARGE FOR THE YEAR in respect of this benefit comprises of:		
Current Service Cost	25,912,653	30,019,190
Net Interest on Net Defined Benefit Liability (Asset)	4,698,863	3,335,664
	30,611,516	33,354,854

PRINCIPAL ACTUARIAL ASSUMPTIONS

The actuarial valuation of Gratuity was conducted on 30th June, 2014 in accordance with IAS 19 "Employees Benefits" by using Projected Unit Credit Method. Following significant assumptions, were used for the actuarial valuation:

PRINCIPAL ACTUARIAL ASSUMPTIONS	2014	2013
Discount Rate	13.25%	13.00%
Expected Rate of Salary Increase	12.25%	12.00%
Average Expected Remaining Working Life of Employees	7 Years	6 Years

SENSITIVITY ANALYSIS AS AT 30TH JUNE, 2014

	DISCOUNT RATE + 1%	DISCOUNT RATE - 1%	SALARY INCREASE + 1%	SALARY INCREASE - 1%
PVDBO	18,775,168	24,030,640	24,030,640	18,736,861

9 TRADE AND OTHER PAYABLES

9.1 These comprise of:

		2014	2013
Creditors		206,595,861	161,066,668
Accrued Liabilities		147,876,119	209,241,233
Advance from Customers		73,757,663	125,492,198
Income Tax Withheld		4,531,147	9,728,939
Unclaimed Dividend		107,090	107,090
Retention Money		890,027	1,138,815
Workers' (Profit) Participation Fund	(Note 9.2)	23,280,047	16,948,296
Other Liabilities		3,041,078	35,299,498
		460,079,032	559,022,737

9.2 WORKERS' (PROFIT) PARTICIPATION FUND is made up as follows:

	2014	2013
Balance at beginning of the Year	16,948,296	28,210,299
Less: Payments during the Year	-	28,210,299
Add: Allocation for the Year	6,331,751	16,948,296
Balance at end of the Year	23,280,047	16,948,296

10 ACCRUED INTEREST AND MARK-UP relates to:

	2014	2013
Long Term Finances	13,307,301	21,753,657
Short Term Borrowings	80,897,852	102,674,941
Lease Finance	2,973,246	3,418,087
Workers' (Profit) Participation Fund	7,041,934	4,923,397
	104,220,333	132,770,082

		2014 RUPEES	2013 RUPEES

11 SHORT TERM BORROWINGS

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

		2014 RUPEES	2013 RUPEES
Pre/Post-Shipment Advance	(Note 11.2)	1,413,193,624	1,796,023,399
Cash/Running Finances	(Note 11.2)	2,189,195,444	2,925,214,840
Overdraft	(Note 11.3)	37,429,971	36,035,490
		3,639,819,039	4,757,273,729

11.2 These facilities have been obtained from various Commercial Banks with sanctioned limits aggregating Rs. 8.571 Billion (2013: Rs. 8.492 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, 2014 to 31st July, 2015. These facilities carry Mark up rates ranging from 1.25% to 12.44% (2013: 1.50% to 14.14%) 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, 2014.

12 CURRENT PORTION OF LONG TERM LIABILITIES

12.1 These comprise of:

		2014 RUPEES	2013 RUPEES
Current Portion of Long Term Finances	(Note 12.2)	292,235,217	351,409,534
Current Portion Lease Liabilities	(Note 7)	36,343,229	37,124,693
		328,578,446	388,534,227

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

	2014 RUPEES	2013 RUPEES
Balance at beginning of the Year	351,409,534	431,839,522
Add: Transferred from Long Term Portion	271,103,779	353,284,793
	622,513,313	785,124,315
Less: Payments made during the Year	330,278,096	433,714,781
Balance at end of the Year	292,235,217	351,409,534

13 CONTINGENCIES AND COMMITMENTS

13.1 CONTINGENCIES

A case of the Company is pending for decision by Honorable Sind High Court, Karachi, against the imposition of a levy by the Excise and Taxation Officer, Karachi, amounting to Rs. 61.644 Million (2013: Rs. 59.644 Million), on imports of the Company , which has been recognized in the financial statements of the Company.

Company has filed a petition in the Islamabad High Court, Islamabad, vide No. 2710 of 2013 challenging levy of Gas Infrastructure Development Cess (GIDC) amounting to Rs. 12,709,344/-, which has not been recognized in these Financial Statements. Presently the recovery of the GIDC has been stayed by the Honorable 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:

	2014 RUPEES	2013 RUPEES
Sui Northern Gas Pipelines Limited	106,975,300	106,975,300
Excise and Taxation	61,644,299	59,644,299
Multan Electric Company	9,770,600	7,625,000
	178,390,199	174,244,599
Turnover Tax available for adjustment against Tax under Normal Law	177,979,723	117,627,231

13.2 COMMITMENTS

Outstanding Letters of Credit for:

	2014 RUPEES	2013 RUPEES
Capital Expenditure	15,385,599	153,620,709
Raw Material	-	38,181,753
	15,385,599	191,802,462

14 PROPERTY, PLANT AND EQUIPMENT

14.1 These comprise of:

		2014 RUPEES	2013 RUPEES
Operating Fixed Assets	(Note 14.2)	5,469,478,334	5,524,457,259
Capital Work in Progress	(Note 14.5)	1,902,689	3,072,535
		5,471,381,023	5,527,529,794

14.2 OPERATING FIXED ASSETS are made up as follows:

30TH JUNE, 2014

PARTICULARS	COST / REVALUATION: AT BEGINNING OF THE YEAR	ADDITIONS	TRANSFERS TO/(FROM)	DELETIONS	AT END OF THE YEAR	RATE %	DEPRECIATION: TO BEGINNING OF THE YEAR	ON TRANSFERS	ON DELETIONS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	WRITTEN DOWN AT END OF THE YEAR
OWNED ASSETS												
LAND - Freehold												
Cost	94,730,316	-	-	30,257,000	64,473,316	-	-	-	-	-	-	64,473,316
Revaluation Surplus	1,002,158,584	-	-	-	1,002,158,584	-	-	-	-	-	-	1,002,158,584
	1,096,888,900	-	-	30,257,000	1,066,631,900		-	-	-	-	-	1,066,631,900
BUILDINGS - on Freehold Land												
Cost -Factory	500,777,666	4,782,861	-	-	505,560,527	5	157,699,319	-	-	17,333,274	175,032,593	330,527,934
Cost -Non Factory	309,752,681	11,555,243	-	-	321,307,924	5	84,619,165	-	-	11,305,063	95,924,228	225,383,696
Revaluation Surplus	439,787,108	-	-	-	439,787,108	5	114,815,798	-	-	16,248,565	131,064,363	308,722,745
	1,250,317,455	16,338,104	-	-	1,266,655,559		357,134,282	-	-	44,886,902	402,021,184	864,634,375
PLANT AND MACHINERY												
Cost	3,076,749,817	192,605,003	100,000,000	20,332,747	3,349,022,073	5	1,073,580,002	26,447,823	12,711,062	108,182,030	1,195,498,793	2,153,523,280
Revaluation Surplus	1,016,073,659	-	-	11,547,097	1,004,526,562	5	356,883,757	-	7,218,693	32,779,448	382,444,512	622,082,050
	4,092,823,476	192,605,003	100,000,000	31,879,844	4,353,548,635		1,430,463,759	26,447,823	19,929,755	140,961,478	1,577,943,305	2,775,605,330
POWER HOUSE	501,210,152	2,046,375	-	-	503,256,527	5	84,027,718	-	-	20,880,995	104,908,713	398,347,814
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	-	2,325,374	10	1,543,806	-	-	78,157	1,621,963	703,411
LABORATORY EQUIPMENT	73,722,397	-	-	-	73,722,397	10	34,660,177	-	-	3,906,222	38,566,399	35,155,998
ELECTRIC INSTALLATION	174,145,330	6,027,998	-	-	180,173,328	5	61,853,779	-	-	5,715,045	67,568,824	112,604,504
TARPULINE	739,107	-	-	-	739,107	10	486,369	-	-	146,077	632,446	106,661
TUBE WELL	8,873,559	-	-	-	8,873,559	10	4,499,426	-	-	467,344	4,966,770	3,906,789
FURNITURE AND FIXTURE	32,674,395	845,151	-	-	33,519,546	10	15,567,568	-	-	1,746,621	17,314,189	16,205,357
OFFICE EQUIPMENT	17,039,281	87,500	-	-	17,126,781	10	9,768,534	-	-	1,673,293	11,441,827	5,684,954
VEHICLES	72,757,702	1,186,347	2,008,790	5,887,183	70,065,656	20	42,827,737	877,029	4,493,188	5,327,881	44,539,459	25,526,197
FIRE FIGHTING EQUIPMENT	6,127,605	1,070,427	-	-	7,198,032	10	3,652,728	-	-	282,119	3,934,847	3,263,185
TELEPHONE	6,411,941	-	-	-	6,411,941	10	3,604,068	-	-	228,711	3,832,779	2,579,162
ARMS AND AMMUNITION	101,350	583,400	-	-	684,750	10	16,528	-	-	30,417	46,945	637,805
AIR CONDITIONERS AND REFRIGERATORS	804,414	-	-	-	804,414	10	438,000	-	-	36,641	474,641	329,773
TOOLS AND EQUIPMENT	5,206,611	-	-	-	5,206,611	10	2,587,910	-	-	261,870	2,849,780	2,356,831
	7,342,169,049	220,790,305	102,008,790	68,024,027	7,596,944,117		2,053,132,389	27,324,852	24,422,943	226,629,773	2,282,664,071	5,314,280,046
LEASED ASSETS												
PLANT AND MACHINERY	244,497,071	-	(100,000,000)	-	144,497,071	20	37,104,482	(26,447,823)	-	6,692,021	17,348,680	127,148,391
POWER HOUSE	2,470,000	3,803,000	-	-	6,273,000	5	352,284	-	-	232,653	584,937	5,688,063
VEHICLES	34,758,812	2,877,401	(2,008,790)	-	35,627,423	20	8,848,518	(877,029)	-	5,294,100	13,265,589	22,361,834
	281,725,883	6,680,401	(102,008,790)	-	186,397,494		46,305,284	(27,324,852)	-	12,218,774	31,199,206	155,198,288
	7,623,894,932	227,470,706	-	68,024,027	7,783,341,611		2,099,437,673	-	24,422,943	238,848,547	2,313,863,277	5,469,478,334

30TH JUNE, 2013

PARTICULARS	COST / REVALUATION: AT BEGINNING OF THE YEAR	ADDITIONS	TRANSFERS TO/(FROM)	DELETIONS	AT END OF THE YEAR	RATE %	DEPRECIATION: TO BEGINNING OF THE YEAR	ON TRANSFERS	ON DELETIONS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	WRITTEN DOWN AT END OF THE YEAR
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 EQUIPMENTS	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	5	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

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, 2014				
LAND - Freehold							
Land	30,257,000	-	30,257,000	31,510,988	1,253,988	Negotiation	Sarwer Hameed S/o Abdul Majeed H # 13, Mehran Block Allama Iqbal Town, Lahore
PLANT AND MACHINERY							
Ring Spinning Frame,EJM-128	25,325,606	19,929,755	5,395,851	2,500,000	(2,895,851)	Negotiation	Shangi P &F Import & Export Co. China.
VEHICLES							
Honda City MNA-09-2951	1,238,075	823,931	414,144	1,300,000	885,856	Negotiation	Premier Insurance, 162-Shadman II, Lahore
Hyundai Santro FDY-7972	360,000	329,935	30,065	150,000	119,935	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Dad Colony, Multan
Honda CD-70 (MNM-9319)	24,485	24,379	106	4,000	3,894	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Dad Colony, Multan
Yamaha 100 CC (MNU-2778)	65,120	63,770	1,350	6,000	4,650	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Dad Colony, Multan
Yamaha 100 CC (MNT-4114)	58,475	57,506	969	6,000	5,031	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Dad Colony, Multan
Yamaha 100 CC (MLC-9804)	63,135	56,897	6,238	10,000	3,762	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Dad Colony, Multan
Honda CG 125 (MNY-9814)	79,780	74,736	5,044	16,000	10,956	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Dad Colony, Multan
Honda CD 70 (MNZ-9703)	68,500	63,494	5,006	17,000	11,994	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Dad Colony, Multan
Honda Motor Cycle CG-125 MLD-7863	73,395	64,499	8,896	27,000	18,104	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Dad Colony, Multan
Yamaha Motor Cycle MLH-9615	63,008	55,071	7,937	15,000	7,063	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Dad Colony, Multan
Coure MLA-1881 CX 847 CC	473,650	429,503	44,147	340,000	295,853	Negotiation	Miss Sidrha Afzal D/o Muhammad Afzal, Street no. 10, Imam Din Town, Tehsil Khanewal
Honda Civic MNA-09-1191	1,825,034	1,280,803	544,231	1,040,000	495,769	Negotiation	Mr. Muhammad Shafi, Shah Rukhne Alam, Multan
Suzuki Cultus MLM-6391	606,600	489,610	116,990	450,000	333,010	Negotiation	Mr. Murad Ali, Iqbal Chowk New Multan, Multan
Suzuki Cultus, MLE-9987	717,975	613,044	104,931	283,000	178,069	Negotiation	Mr. Waqar Ahmed Awan, 9 No. Boosan road, Multan
Honda M. Cycle, MNQ-8485	88,965	40,346	48,619	75,000	26,381	Negotiation	Premier Insurance, 162-Shadman II, Lahore
Yamaha M.Cycle MNN-12-2849	80,986	25,664	55,322	35,000	(20,322)	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Dad Colony, Multan
30th June, 2014 (Rupees):	61,469,789	24,422,943	37,046,846	37,784,988	738,142		
			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, Sadat 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		

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

		2014 RUPEES	2013 RUPEES
Cost of Goods Manufactured	(Note 30.2)	223,655,406	222,376,367
Administrative Expenses	(Note 32.1)	15,193,141	15,443,579
		238,848,547	237,819,946
		-	

		2014 RUPEES	2013 RUPEES
14.5 CAPITAL WORK IN PROGRESS comprises of:			
Factory Buildings		-	1,175,981
Non Factory Buildings		1,886,389	1,896,554
Vehicle		16,300	-
		1,902,689	3,072,535

15 INTANGIBLE ASSETS

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

Balance at beginning of the Year		2,187,893	4,375,785
Less: Amortized during the Year	(Note 15.2)	2,187,893	2,187,892
Balance at end of the Year		-	2,187,893

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:

Investments Held for Sale	(Note 16.2)	12,140,814	12,208,794
Investment Held to Maturity	(Note 16.3)	259,324	259,428
		12,400,138	12,468,222

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

Quoted Companies	**2014**	**2013**		
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	4.16	5.19		
Cost at end of the Year			6,719,272	6,719,272
Fair Value Adjustment			5,421,542	5,489,522
Fair Value at end of the Year			12,140,814	12,208,794

The current quoted Price of the share of Fatima Enterprises Limited (FEL) represents the last trading price on 21st March, 2014, 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% (2013: 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 Rawn, Khanewal Road, Multan. This is recoverable in 12 years (including two years grace period) commencing from 28th September, 2007, in 07 equal annual instalments. This is subject to a Return @ 1.5% (2013: 1.5%) per annum, receivable annually.

18 LONG TERM DEPOSITS AND PREPAYMENTS comprise of.

18.1 These Comprise of:

Deposits		39,778,237	24,067,590
Pre-Payments	(Note 18.2)	9,500,000	25,000,000
		49,278,237	49,067,590

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.

		2014 RUPEES	2013 RUPEES
19 STORES, SPARES AND LOOSE TOOLS comprise of:			
Stores		179,092,408	84,827,376
Spares		113,198,315	69,101,435
Loose Tools		58,196	113,210
		292,348,919	154,042,021
20 STOCK IN TRADE comprise of:			
Raw Material		2,025,375,043	2,836,734,878
Work in Process		118,007,853	135,227,998
Finished Goods		492,290,925	552,778,243
		2,635,673,821	3,524,741,119
21 TRADE DEBTS			
21.1 These are in respect of:			
Export - Secured	(Note 21.2)	591,727,961	1,184,331,952
Local - Unsecured Considered Good		245,906,512	370,489,438
		837,634,473	1,554,821,390

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

		2014 RUPEES	2013 RUPEES
22 LOANS AND ADVANCES			
22.1 These are unsecured but are considered good by the management and comprise of:			
Advances to:			
Employees against Salaries and Expenses	(Note 22.2)	3,088,496	4,470,743
Suppliers of Goods and Services		44,901,304	46,666,801
Immature Letters of Credit	(Note 22.3)	11,193,568	93,416,283
Guarantee Margin		3,850,295	3,743,015
		63,033,663	148,296,842
22.2 Included therein amounts due from Executives.		1,535,494	2,186,824

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

		2014 RUPEES	2013 RUPEES
23 TRADE DEPOSITS AND SHORT TERM PRE-PAYMENTS comprise of:			
Security Deposits		388,526	388,526
Short Term Pre-Payments		481,537	568,435
		870,063	956,961

24 ACCRUED INTEREST relates to Interest Recoverable from Sui Northern Gas Pipelines Limited.

		2014 RUPEES	2013 RUPEES
25 OTHER RECEIVABLES comprise of:			
Sales Tax		109,241,371	73,696,298
Insurance Claims		2,182,989	11,880,778
Others		14,940,259	12,877,924
		126,364,619	98,455,000

	2014	2013	2014 RUPEES	2013 RUPEES
26 SHORT TERM INVESTMENTS comprise of:	**2014**	**2013**		
Held for Trading				
Fauji Cement Limited			-	1,366,576
No of Ordinary Shares	-	100,000		
Per Share Quoted Price at Year End	-	13.29		
Lafarge Pakistan Limited			-	439,413
No of Ordinary Shares	-	50,000		
Per Share Quoted Price at Year End	-	8.49		
National Bank of Pakistan			615,781	-
No of Ordinary Shares	10,000	-		
Per Share Quoted Price at Year End	62.23	-		
Pakistan Petroleum Limited			4,500,363	-
No of Ordinary Shares	20,000	-		
Per Share Quoted Price at Year End	224.34	-		
Fatima Fertilizer Company Limited			334,732	-
No of Ordinary Shares	10,000	-		
Per Share Quoted Price at Year End	29.00	-		
Cost at end of the Year			5,450,876	1,805,989
Fair Value Adjustment			(51,776)	(52,489)
Fair Value at end of the Year			5,399,100	1,753,500

27 TAX REFUNDS DUE FROM GOVERNMENT DEPARTMENTS relates to

	2014 RUPEES	2013 RUPEES
Income Tax	92,894,848	43,445,105
Sales Tax	-	41,676,324
	92,894,848	85,121,429

28 CASH AND BANK BALANCES

28.1 These comprise of:

		2014 RUPEES	2013 RUPEES
Cash in Hand		5,737,331	4,117,310
Cash with Banks in:			
Current Accounts		222,390,454	42,006,555
Saving Accounts	(Note 28.2)	66,368	19,870
Deposit Accounts	(Note 28.3)	36,000,000	134,442,175
		258,456,822	176,468,600
		264,194,153	180,585,910

28.2 Saving Accounts are subject to return ranging from 4.25% to 5.50% (2013: 4.00% to 5.25%) per annum.

28.3 These Term Deposit Receipt (TDRs) are subject to return ranging from 8.50% to 12.50% (2013: 8.50% to 12.50%) per annum.

29 SALES comprises of:

	2014 RUPEES	2013 RUPEES
Local Sales:		
Goods	5,968,849,819	3,924,112,524
Waste	61,382,998	73,070,190
Processing income	-	1,232,349
Total Local Sales	6,030,232,817	3,998,415,063
Export Sales:		
Direct Export		
Goods	7,556,734,695	10,871,457,367
Waste	94,209,959	99,202,120
Indirect Export - Goods	-	681,563,634
	7,650,944,654	11,652,223,121
Exchange Rate Gain	91,132,110	110,157,360
Export Rebate	-	3,421,079
Total Export Sales	7,742,076,764	11,765,801,560
	13,772,309,581	15,764,216,623

		2014 RUPEES	2013 RUPEES
30 COST OF SALES			
30.1 This is made up as follows:			
Finished Goods at beginning of the Year		552,778,243	343,278,819
Add: Cost of Goods:			
Manufactured	(Note 30.2)	11,506,138,531	12,269,065,199
Purchased		916,267,936	2,064,852,507
		12,422,406,467	14,333,917,706
		12,975,184,710	14,677,196,525
Finished Goods at end of the Year		492,290,925	563,222,243
		12,482,893,785	14,113,974,282
30.2 COST OF GOODS MANUFACTURED is made up as follows:			
Work in Process at beginning of the Year		135,227,998	110,366,445
Raw Material Consumed	(Note 30.3)	8,725,311,528	9,495,575,492
Packing Material Consumed		170,444,384	169,786,008
Stores Consumed		339,658,361	337,920,584
Salaries, Wages and Benefits		642,066,090	686,649,028
Power and Fuel		1,244,225,945	1,058,211,520
Insurance		28,914,270	25,072,211
Repair and Maintenance		23,885,392	18,749,376
Processing Charges		26,648,244	220,429,054
Manufacturing Hire Charges		48,000,000	48,000,000
Depreciation	(Note 14.4)	223,655,406	222,376,367
Other Manufacturing Expenses		16,108,766	11,157,112
		11,624,146,384	12,404,293,197
Work in Process at end of the Year		118,007,853	135,227,998
		11,506,138,531	12,269,065,199
30.3 RAW MATERIAL CONSUMED is made up as follows:			
Balance at beginning of the Year		2,836,734,878	2,696,280,012
Add: Purchases including Expenses		7,913,951,693	9,636,030,358
Available for Consumption		10,750,686,571	12,332,310,370
Balance at end of the Year		2,025,375,043	2,836,734,878
		8,725,311,528	9,495,575,492
31 DISTRIBUTION COST comprises of:			
Local Freight, Octroi and Other Charges		38,810,481	84,259,204
Sea and Trailer Freight		92,607,958	96,400,340
Clearing and Forwarding Expenses		15,905,428	17,451,794
Commission on:			
Local Sales		11,219,356	12,366,574
Export Sales		177,796,985	145,657,638
Insurance		2,528,953	4,425,618
Bill of Lading Charges		2,291,147	3,040,984
Export Development Surcharge		19,422,075	25,268,114
Quality Claim		1,524,317	9,685,166
Sales Promotion Expenses		3,251,110	23,103,946
Others Expenses		7,526,519	9,722,548
		372,884,329	431,381,926

		2014 RUPEES	2013 RUPEES
32 ADMINISTRATIVE EXPENSES			
32.1 These comprise of:			
Directors' Remuneration		4,620,000	4,320,000
Staff Salaries and Benefits		146,456,153	149,916,094
Printing and Stationery		762,487	791,458
Communication		5,020,976	5,872,939
Sui Gas and Water Charges		1,825,693	1,520,886
Electricity		2,857,034	3,400,023
Insurance		5,161,155	3,960,199
Travelling and Conveyance		26,101,219	26,603,445
Entertainment		4,330,431	4,964,882
Rent, Rates and Taxes		1,152,975	1,713,158
Vehicle Running and Maintenance		10,237,210	8,405,784
Repair and Maintenance		8,091,434	11,997,856
Fees and Subscriptions		1,207,209	2,479,948
Legal and Professional Charges		3,153,177	4,447,632
Auditors' Remuneration	(Note 32.2)	825,000	830,000
Advertisement and Publicity		5,041,322	4,344,281
ISO Expenses		4,517,016	2,691,470
Charity and Donations		3,012,434	7,496,570
Newspapers and Periodicals		135,936	196,726
Amortization of Intangible Asset	(Note 15)	2,187,893	2,187,892
Depreciation	(Note 14.4)	15,193,141	15,443,579
General Expenses		5,245,789	9,261,088
		257,135,684	272,845,910
32.2 AUDITORS' REMUNERATION relates to:			
Company's Statutory Audit		800,000	800,000
Workers' (Profit) Participation Fund Audit		25,000	30,000
		825,000	830,000
33 OTHER OPERATING EXPENSES comprises of:			
Loss on Re- Measurement of Investment	(Note 26)	51,776	52,489
Loss on Disposal of Operating Fixed Assets		-	-
Workers' (Profit) Participation Fund		6,331,751	16,948,296
		6,383,527	17,000,785
34 OTHER INCOME comprises of:			
Fine, Penalties and Claims		117,007	12,913
Sale of Salvage		2,100	29,400
Gain on Investment		1,199,382	513,504
Interest Income		362,642	420,722
Return on Bank Deposits		3,203,490	5,499,888
Gain on Disposal of Operating Fixed Assets		738,142	1,682,339
Dividend Income		131,781	65,000
WWF Written Back		-	10,751,795
Creditors Written Back		-	545,711
		5,754,544	19,521,272
35 FINANCE COST comprises of:			
Interest/Mark-up on:			
Short Term Borrowings		388,074,662	411,854,988
Long Term Finance		105,790,539	119,126,394
Worker's (Profit) Participation Fund		2,118,537	2,337,977
Lease Finance Charges		3,873,939	22,462,905
Exchange (Gain) Loss on Foreign Currency Finances		(9,290,074)	17,941,940
Bank Charges and Commission		47,895,925	52,793,156
		538,463,528	626,517,360

	2014 RUPEES	2013 RUPEES

36 TAXATION

36.1 This relates to:

	2014 RUPEES	2013 RUPEES
Current Taxation		
Current Year	123,644,540	159,165,588
Prior Years	(12,473,756)	29,409,444
	111,170,784	188,575,032
Deferred Taxation	(14,921,882)	(150,046,260)
	96,248,902	38,528,772

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 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 has not been provided as the entire taxation of the Company comprises of Presumptive Tax only.

37 EARNING PER SHARE (EPS)

37.1 Basic Earning per Share

	2014	2013
After Tax Profit for the Year	24,054,370	283,488,860
	NUMBER OF SHARES	
Weighted Average Number of Ordinary Shares Outstanding during the Year	18,810,257	18,810,257
	R U P E E S	
Basic Earning per Share	1.28	15.07

37.2 Diluted Earning per Share

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

38 TRANSACTIONS WITH RELATED PARTIES have been disclosed in the relevant notes to the financial statements.

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Executive means an employee whose basic salary exceeds Rs. 500,000 (2013: 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:

	2014 RUPEES		
PARTICULARS	**Chief Executive**	**Director**	**Executives**
Managerial Remuneration	654,000	3,600,000	42,539,535
House Rent allowance	264,000	-	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	4,253,953
	1,020,000	3,600,000	46,793,488
NUMBER OF PERSONS	**1**	**1**	**56**

	2013 RUPEES		
PARTICULARS	**Chief Executive**	**Director**	**Executives**
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**

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:

	2014 RUPEES						
	Mark-Up Bearing			Non Mark-Up Bearing			
	Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after one Year	Sub-Total	Total
Financial Assets							
Long Term Investments	-	-	-	12,140,814	259,324	12,400,138	12,400,138
Long Term Loan	-	37,824,000	37,824,000	-	-	-	37,824,000
Long Term Deposits	-	-	-	-	39,778,237	39,778,237	39,778,237
Trade Debtors	-	-	-	837,634,473	-	837,634,473	837,634,473
Loans and Advances	-	-	-	51,840,095	-	51,840,095	51,840,095
Trade Deposits	-	-	-	870,063	-	870,063	870,063
Interest Accrued	-	-	-	263,508	-	263,508	263,508
Short Term Investments	-	-	-	5,399,100	-	5,399,100	5,399,100
Dues with Government Dep't.	-	-	-	92,894,848	-	92,894,848	92,894,848
Other Receivables	-	-	-	126,364,619	-	126,364,619	126,364,619
Cash and Bank Balances	36,066,368	-	36,066,368	228,127,785	-	228,127,785	264,194,153
	36,066,368	**37,824,000**	**73,890,368**	**1,355,535,305**	**40,037,561**	**1,395,572,866**	**1,469,463,234**
Financial Liabilities							
Long Term Financing	292,235,217	467,491,593	759,726,810	-	-	-	759,726,810
Trade and Other Payables	-	-	-	460,079,032	-	460,079,032	460,079,032
Interest and Mark up accrued	104,220,333	-	104,220,333	-	-	-	104,220,333
Short Term Finances	3,639,819,039	-	3,639,819,039	-	-	-	3,639,819,039
	4,036,274,589	**467,491,593**	**4,503,766,182**	**460,079,032**	**-**	**460,079,032**	**4,963,845,214**
On Balance Sheet Gap	**(4,000,208,221)**	**(429,667,593)**	**(4,429,875,814)**	**895,456,273**	**40,037,561**	**935,493,834**	**(3,494,381,980)**

	2013 RUPEES						
	Mark-Up Bearing			Non Mark-Up Bearing			
	Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after one Year	Sub-Total	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)**

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:

	2014 USD	2013 USD	2014 RUPEES	2013 RUPEES
Trade Debts	6,052,741	11,964,292	591,727,961	1,184,331,952
Advances from Customers	(482,523)	(460,603)	(47,729,933)	(43,434,282)
Net Exposure	5,570,218	11,503,689	543,998,028	1,140,897,670

The following significant exchange rates have been applied:

	AVERAGE RATE		REPORTING RATE	
	2014	2013	2014	2013
USD to PKR	98.34	96.64	98.75	98.95

Sensitivity Analysis:

At reporting date, if the PKR had strengthened by 10% (2013: 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.

	2014 RUPEES	2013 RUPEES
Effect on Profit and Loss		
Trade Debts	59,172,796	118,433,195
Trade and Other Payables	(4,772,993)	(4,343,428)
Short Term Borrowings as FE-25, Export Loan	(141,319,362)	(179,602,340)
Accrued Mark-up on FE 25, Export Loans	(1,253,078)	(2,484,623)
Net Exposure	(88,172,637)	(67,997,196)

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.

	2014	2013
Reporting date all index points	21973	14988

		Changes in KSE all Index	Effects on Profit Before Tax	Effects on Other Comprehensive Income
			(Rupees)	
Available-for-sale investments				
	2014	+10%	-	1,214,081
		-10%	-	(1,214,081)
	2013	+10%	-	1,220,879
		-10%	-	(1,220,879)
Held for trading investments	2014	+10%	539,910	-
		-10%	(539,910)	-
	2013	+10%	175,350	-
		-10%	(175,350)	-

(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	**2014**	**2013**	**2014**	**2013**
Fixed Rate Instruments				
Long Term Financing	7.00 - 12.70	7.00 - 12.70	228,571,420	356,944,715
Variable Rate Instruments				
Long Term Financing	9.70 - 13.16	10.63 - 15.03	531,155,390	582,240,191
Short Term Borrowings	1.25 - 12.44	1.50 - 14.14	3,639,819,039	4,757,273,729

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	Effects on Profit Before Tax (Rupees)
Bank balances - deposit accounts			
	2014	+1.50	540,996
		-1.50	(540,996)
	2013	+1.50	2,016,931
		-1.50	(2,016,931)
Long term financing			
	2014	+2.00	(10,623,108)
		-2.00	10,623,108
	2013	+2.00	(11,644,804)
		-2.00	11,644,804
Liabilities against assets subject to finance lease			
	2014	+2.00	(2,121,526)
		-2.00	2,121,526
	2013	+2.00	(2,782,166)
		-2.00	2,782,166
Short term borrowings	2014	+2.00	(72,796,381)
		-2.00	72,796,381
	2013	+2.00	(95,145,475)
		-2.00	95,145,475

(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:

	2014 RUPEES	2013 RUPEES
Investments	17,799,238	14,221,722
Loans and Advances	6,938,791	8,213,758
Deposits	40,166,763	24,456,116
Trade Debts	837,634,473	1,554,821,390
Other Receivables	14,940,259	12,877,924
Bank Balances	258,456,822	176,468,600
	1,175,936,346	1,791,059,510

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 Trade Debts at the Balance Sheet Date are Unsecured.
The aging of Trade Debts at the Balance Sheet Date is as follows:

	2014 RUPEES	2013 RUPEES
Past due 1 to 60 days	580,276,350	1,077,111,927
Past due 60 to 120 days	252,061,334	467,877,536
Past due 120 days	5,296,789	9,831,927
	837,634,473	1,554,821,390

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			2014	2013
	Short Term	Long Term	Agency	RUPEES	RUPEES
AL Baraka Bank (Pakistan) Ltd.	A1	A	PACRA	48,303	-
Allied Bank Ltd.	A1+	AA+	PACRA	22,542	20,428
Askari Bank Ltd.	A1+	AA	PACRA	2,073,296	2,073,528
Bank Al- Habib Ltd.	A1+	AA+	PACRA	14,408	187,682
Bank Alflah Ltd.	A1+	AA	PACRA	132,983	49,479
Bank Islami Ltd.	A1	A	PACRA	381,460	381,089
Faysal Bank Ltd.	A1+	AA	PACRA	-	62,966
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	2,142,676	116,908
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	7,737,189	1,479,905
KASB Bank Ltd.	A3	BBB	PACRA	61,267	61,267
MCB Bank Ltd.	A1+	AAA	PACRA	55,478	623,978
Meezan Bank Ltd.	A-1+	AA	JCR-VIS	121,449	608,779
National Bank of Pakistan	A-1+	AAA	JCR-VIS	787,868	43,808
NIB Bank Ltd.	A1+	AA-	PACRA	17,943	44,972
Soneri Bank Ltd.	A1+	AA-	PACRA	139,179,348	129,934,807
Standard Chartered Bank Ltd.	A1+	AAA	PACRA	45,215	188,190
Summit Bank Ltd.	A-3	A-	JCR-VIS	9,850	-
The Bank of Khyber	A1	A	PACRA	105,371,317	38,541,572
The Bank of Punjab	A1+	AA-	PACRA	244,099	29,365
United Bank Ltd.	A-1+	AA+	JCR-VIS	10,131	2,019,877
				258,456,822	176,468,600

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 2014, the Company had Rs. 9,333 Million (2013: Rs. 8,493 Million) available borrowings limits from financial institutions and Rs. 264,194,153/- (2013: Rs. 180,585,910/-) 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, 2014:

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
	Rupees				
Long Term Financing	759,726,810	175,341,130	116,894,087	179,540,499	287,951,094
Trade and Other Payables	460,079,032	300,957,842	159,121,190	-	-
Short Term Borrowings	3,639,819,039	2,729,864,279	909,954,760	-	-

Financial Liabilities' Maturities as at 30th June, 2013:

	Carrying Amount	6 Month or Less	6-12 Months	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	-	-

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 2014 and 2013, 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:

	2014 RUPEES	2013 RUPEES
Assets measured at fair value		
Held for trading	5,399,100	1,753,500
Equity shares		
Available-for-sale financial assets		
Equity shares	12,140,814	12,208,794
	17,539,914	13,962,294

There were no liabilities measured at fair value as at 30 June 2014.

40.4 FINANCIAL INSTRUMENTS BY CATEGORIES

As at 30th June 2014

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	-	-	5,399,100	12,140,814	259,324
Loans and Advances	-	6,938,791	-	-	-
Deposits	-	40,166,763	-	-	-
Trade Debts	-	837,634,473	-	-	-
Other Receivables	-	14,940,259	-	-	-
Cash and Bank Balances	264,194,153	-	-	-	-
	264,194,153	**899,680,286**	**5,399,100**	**12,140,814**	**259,324**

Liabilities as per Balance Sheet

	Financial Liabilities at Amortized Cost
Long Term Financing	1,013,087,920
Accrued Mark-up	104,220,333
Short Term Borrowings	3,639,819,039
Trade and Other Payables	460,079,032
Rs.	**5,217,206,324**

As at 30th June, 2013

	Cash and Cash Equivalents	Loans and Advances	Fair value through Profit and Loss	Available for Sale	Held to Maturity
	Assets as per Balance Sheet				
	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
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
Rs.	**6,640,965,749**

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'.

	2014 RUPEES	2013 RUPEES
The gearing ratio of the Company as on the balance sheet date was as follows:		
External Borrowings	4,399,545,849	5,696,458,635
Loan from Directors and Sponsors	253,361,110	252,714,295
Total Debt	4,652,906,959	5,949,172,930
Total Equity	2,689,782,379	2,658,208,889
Total Capital Employed	7,342,689,338	8,607,381,819
Gearing Ratio	63.37%	69.12%

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 grey 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 TRANSACTIONS	TOTAL
	RUPEES			
For the year ended 30 June 2014				
Sales	8,435,499,133	3,559,141,740	1,777,668,708	13,772,309,581
Cost of Sales	(7,487,649,403)	(3,217,575,674)	(1,777,668,708)	(12,482,893,785)
Gross Profit	947,849,730	341,566,066	-	1,289,415,796
Allocated Income and Expenses:				
Distribution Cost	(312,336,389)	(60,547,940)	-	(372,884,329)
Administrative Expenses	(195,980,387)	(58,404,939)	-	(254,385,326)
Other Operating Income	4,466,418	1,288,126		5,754,544
	(503,850,358)	(117,664,753)	-	(621,515,111)
Profit before tax and unallocated expenses	443,999,372	223,901,313	-	667,900,685
Unallocated Expenses:				
Administrative Expenses				(2,750,358)
Other operating expenses				(6,383,527)
Finance cost				(538,463,528)
Taxation				(96,248,902)
				(643,846,315)
Profit after Taxation				24,054,370

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.

	2014 RUPEES	2013 RUPEES
41.3 GROSS REVENUE FROM MAJOR PRODUCTS AND SERVICES		
Yarn Export Sale	7,556,734,695	10,539,507,091
Fabric Export Sale	-	1,013,513,910
Waste Export Sale	94,209,959	99,202,120
Yarn Local Sale	3,408,845,851	2,308,261,637
Fabric Local Sale	2,560,003,968	1,615,850,887
Waste Local Sale	61,382,998	73,070,190
	13,681,177,471	15,649,405,835

41.4 GEOGRAPHICAL INFORMATION

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

Domestic	44.08	26.70
Asia	49.43	69.47
Europe	6.31	3.69
America	0.19	0.10
Africa	0.00	0.04
	100	100

(b) All non-current assets of the Company as at 30 June 2014 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 2014	**SPINNING**	**WEAVING**	**TOTAL**
	------	**RUPEES**	------
Total assets for reportable segments	7,630,204,596	1,752,090,672	9,382,295,268
Unallocated assets:			
Other Receivables			126,364,619
Cash and bank balances			264,194,153
Other Corporate assets			116,706,525
Total assets as per consolidated balance sheet			9,889,560,565
Total liabilities for reportable segments	8,668,202,614	1,625,823,244	10,294,025,858
Unallocated liabilities:			
Other Corporate liabilities			(404,465,293)
Total liabilities as per consolidated balance sheet			9,889,560,565

(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

	2014	**2013**
Number of Employees including Contractual Employees at end of the Year	4,141	3,414
Average Number of Employees including Contractual Employees during the Year	4,084	3,361

43 PLANT CAPACITY AND ACTUAL PRODUCTION

	2014	2013
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)	31,344,692	29,738,314
Actual Production Converted into 20/S Count (Kgs)	19,004,598	19,076,061
Leased Capacity		
Number of Spindles Installed	17,280	17,280
Number of Spindle Shifts Worked	3	3
Capacity at 20/S Count (Kgs) 365 Days	6,329,843	6,329,843
Actual Production of All Counts (Kgs)	3,612,992	4,255,947
Actual Production Converted into 20/S Count (Kgs)	2,495,443	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	20,308,440	21,435,536
Actual Production Converted into 50 picks/inch	25,131,641	26,616,461
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 8th November, 2014.

Sd/-	**Sd/-**
(Hussain Ahmad Fazal)	**(Mohammad Ismail)**
Director	**Chief Executive**