



**Jubilee Spinning & Weaving Mills Ltd.**

**Annual Report 2013**



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## Company Information

### Board of Directors

Mr. Shams Rafi (Chief Executive)  
Mr. Shaukat Shafi  
Mr. Ahmed Shafi  
Mr. Salman Rafi  
Mr. Umer Shafi  
Mr. Masood A. Sheikh  
Mr. Muhammad Arshad

### Audit Committee

Mr. Shaukat Shafi (Chairman)  
Mr. Salman Rafi (Member)  
Mr. Masood A. Sheikh (Member)

### Company Secretary

Mr. Masood A. Sheikh

### Auditors

Riaz Ahmed & Company  
Chartered Accountants

### Legal Advisor

Ghani Law Associate  
Mr. Anser Mukhtar

### Bankers

Habib Bank Limited  
National Bank of Pakistan  
Bank Al-Habib Limited  
Standard Chartered Bank (Pakistan) Limited  
Habib Metropolitan Bank Limited  
NIB Bank Limited  
Emirates Global Islamic Bank Limited  
Faysal Bank Limited  
United Bank Limited  
Allied Bank Limited

### Registered Office

45-A, Zafar Ali Road, Gulberg-V,  
Lahore, Pakistan.

### Mills

B-28, Manghopir Road, S.I.T.E  
Karachi.



## Notice of Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting of the shareholders of **Jubilee Spinning & Weaving Mills Limited** will be held on Saturday the November 30, 2013 at 10:00 a.m. at the Registered Office of the Company at 45-A, Off Zafar Ali Road, Gulberg-V, Lahore to transact the following business:-

1. To receive, consider and approve the audited accounts of the company for the year ended June 30, 2013 together with the Directors' and Auditors' Reports thereon.
2. To appoint Auditors of the company and fix their remuneration for the year ending June 30, 2014. The present Auditors M/s. Riaz Ahmad & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
3. To transact any other business with permission of the Chairman..

By Order of The Board

Masood A. Sheikh  
Corporate Secretary

Registered Office:

45-A, Off: Zafar Ali Road, Gulberg-V, Lahore:

T # (042) 111-245-245

F # (042) 111-222-245

Dated: November 09, 2013

### Notes:

1. The Members' Register will remain closed from November 22, 2013 to November 30, 2013 (both days inclusive). Physical / CDC transfers received at the Registered Office of the Company by the close of business on November 21, 2013.
2. A member eligible to attend and vote in this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
3. Shareholders are requested to immediately notify the change in address, if any.
4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

#### a. For attending the meeting:

- i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting

#### b. For Appointing Proxies

- i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii). The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv). The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- v). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.



## Director's Report To The Shareholders

The Directors of your Company feel pleasure in presenting the annual report together with audited financial statements for the period ended June 30th 2013.

### 1. Financial Results

The Company suffered a Pre tax Loss of Rs. (9,515,910) after charging costs, expenses and provisions for the year.

	Rupees June 30, 2013	Rupees June 30, 2012
Pre- tax profit / (Loss) for the year	<b>(9,515,910)</b>	(107,595,377)
Taxation	<b>(3,964,909)</b>	(2,326,745)
Profit / (Loss) after taxation	<b>(13,480,819)</b>	(109,922,122)
Accumulated loss brought forward	<b>(439,896,102)</b>	(335,963,761)
Effect of incremental depreciation arising due to surplus on revaluation of fixed assets	<b>6,698,289</b>	5,989,781
Accumulated loss carried to Balance Sheet	<b><u>(446,678,632)</u></b>	<b><u>(439,896,102)</u></b>

### 2. Auditors

The present auditors Messer's Riaz Ahmed & Company, Chartered Accountants retire and being eligible to offer themselves for re-appointment.

### 3. Review of financial affairs and future prospects

The Directors of the Company endorse the contents of the Chief Executive reviews, which is deemed to be the part of director's report.

### 4. Review of operation

The company's performance during the period 2012-13 remained much better as compared to the period closed on June 30th 2012. The bottom line shows a net loss of Rs. 13.48 million while during the same period of the previous financial year it was a loss after tax of Rs. 109.9 million.

During 2012-13, yarn demand increased and the company made its utmost endeavor to fulfill this demand despite the working capital constraints. Insufficiency of working capital in previous years is still a bottleneck for the company, preventing it from achieving improved results. These financial constraints prevented the company from paying its long-term debt in a timely manner; however, all the lease liability have been fully settled during the period. It is expected that the company will be paying its long-term debt that may be fully repaid in the next year financial statement.

### 5. Observation of External Auditors

The auditors have qualified their opinion with respect to the equity method adjustment of Rupees. 2.3 million



accounted for in the carrying amount of investment in associated company, Cresox (Pvt.) Limited made on the basis of its un-audited financial statements for the year ended June 30, 2012. As explained in note (16.4) to these financial statements, the audited financial statements of Cresox (Pvt.) Limited were not available and were still under audit at the time of authorization for issue. However we do not anticipate any material adjustment arising out of this matter.

The auditors have also emphasized the going concern assumption used in the preparation of these financial statements. However, on the basis of our assessment of going concern assumption and the factors disclosed in Note 1.2 to the financial statements we believe that the financial statements have been fairly prepared and the going concern assumption has been appropriately followed.

#### **6. Pattern of Shareholding**

The statement of pattern of shareholding of the company as at June 30, 2012 is annexed. This statement is prepared in accordance with Code of Corporate Governance.

#### **7. Earning per shares**

The earning per share for the period under review is (0.41) (2012: 3.38)

#### **8. Statement pursuant to clause xvi of Code of Corporate Governance (CCG)**

- a) The financial statements of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International accounting standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and is being consistently reviewed by the internal audit department and will continue to be reviewed and any weakness in the system will be eliminated.
- f) The Company has the ability to continue as going concern.
- g) There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations.
- h) The company did not declare dividend because of being in loss in current year, accumulated losses have prevented the company declaring dividend or issuance of bonus shares.
- i) Two of the Directors are exempt from Directors' training program on basis of criteria laid down in the Code of Corporate Governance while one of the directors has got the training in last year.
- j) Transactions with Related Parties have been approved by the Audit Committee and the Board.
- k) Details of operating results of the Company as compared to last year have been explained in Chief Executive review:
- l) Value of gratuity was Rupees 39.98 million as on June 30, 2013 as per audited accounts.
- m) Attendance at 4 meetings of the Board of Directors held during the year under review were as under:



Name of Director	Meetings attended
Mr. Salman Rafi	4
Mr. Shams Rafi	4
Mr. Shaukat Shafi	4
Mr. Muhammad Arshad	3
Mr. Abdullah Zakaria	3
Mr. Masood A. Sheikh	1
Mr. Umer Shafi	-
Mr. Ahmed Shafi	-

Mr. Ahmed Shafi and Mr. Umer Shafi had expressed their inability to attend the meetings and requested for leave of absence which the Board granted.

	Opening Balance As on 30-06-2012	Change	Closing Balance As on 30-6-2013
Mr. Shams Rafi	689,348	-	689,348
Mr. Ahmed Shafi	861,242	-	861,242
Mr. Salman Rafi	591,979	-	591,979
Mr. Shaukat Shafi	3,937,529	(1,537,000)	2,400,529
Mr. Umer Shafi	606,073	600,000	1,206,073
Mr. Abdullah Zakaria	3,725	(3,725)	-
Mr. Masood A. Sheikh	-	3,725	3,725
Mr. Muhammad Arshad	3,462	-	3,462

o) Following associated companies have the investments as under:

Crescent Sugar and Distillery Limited	474,323
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p) The holdings of NIT and ICP are as under:

Investment Corporation of Pakistan	1891
IDBP	90

For and on behalf of the Board of Directors

**Shams Rafi**  
Chief Executive

Karachi  
November 09, 2013



## Key Operating and Financial Ratios

### For The Period From 2008 To 2013

Operating Information		2013	2012	2011	2010	2009	2008
			(restated)	(restated)	(restated)	(restated)	(restated)
Sales - Net	Rs. In Mln	394.45	217.25	783.74	703.59	763.28	751.88
Cost of Goods Sold	Rs. In Mln	398.83	230.47	792.22	665.91	707.36	733.37
Gross Profit/(Loss)	Rs. In Mln	(4.37)	(13.21)	(8.48)	37.68	55.92	18.51
Operating Profit/(Loss)	Rs. In Mln	(4.42)	5.17	(25.18)	6.47	22.68	17.65
Profit/(Loss) before taxation	Rs. In Mln	(9.52)	(107.60)	(105.16)	29.44	24.16	18.68
Profit/(Loss) after taxation	Rs. In Mln	(13.48)	(109.92)	(113.76)	24.69	22.85	16.02
<b>Financial Information</b>							
Paid up Capital	Rs. In Mln	324.91	324.91	324.91	324.91	324.91	70.17
Equity Balance	Rs. In Mln	(39.03)	(51.27)	42.68	147.07	103.03	(28.75)
Fixed Assets	Rs. In Mln	627.50	638.00	763.04	859.13	829.61	666.48
Current Assets	Rs. In Mln	307.22	158.49	107.43	106.96	141.53	160.96
Current Liabilities	Rs. In Mln	273.50	160.06	172.84	137.08	151.39	146.69
Total Assets	Rs. In Mln	934.72	796.49	870.47	966.09	971.14	827.44
<b>Key Ratios</b>							
Gross Margin	percent	(1.11)	(6.08)	(1.08)	5.36	7.33	2.46
Operating Margin	percent	(1.12)	2.38	(3.21)	0.92	2.97	2.35
Net Profit/(Loss) after tax	percent	(3.42)	(50.60)	(14.52)	3.51	2.99	2.13
Return on Capital Employed	percent	(2.15)	(17.23)	(14.91)	2.87	2.75	2.40
Current Ratio	Times	1.12	0.99	0.62	0.78	0.93	1.10
Earning Per Share	Rs.	(0.41)	(3.38)	(3.50)	0.76	0.70	2.28
<b>Production Statistics</b>							
Number of Spindle		9,000	9,000	9,000	8,840	8,840	8,840
Production converted into 20/s Count (kgs)		793,510	362,011	990,769	1,506,193	1,390,622	1,439,436





## Chief Executive's Review

I welcome you to the 40th Annual General Meeting of Jubilee Spinning & Weaving Mills Limited. Presented here are the audited accounts for the year ended June 30, 2013.

During the period under review raw material prices remained stable and this helped the Company to operate in a more profitable manner. However, irregular gas supply (resulting in inconsistent electricity production) and rapid devaluation of the Rupee had a negative effect on the economy. Looking at the continued proliferation of CNG stations, it seems that gas supply will remain intermittent and negatively effect the overall industry's capacity utilization and profitability. Furthermore, the upward inflationary trend must be reversed to keep costs in control.

During the period under review, Sales increased by Rs. 177.19 million (+81.56%) when compared to the same period of the previous year. Gross Loss was reduced by Rs. 8.6 million (-67%) to Rs. 4.3 million. Distribution Cost reduced by 30.9% to Rs. 1.6 million and Administrative Cost increased by Rs. 2.7 million. Finance Cost continued its downward trend and reduced by 42% to Rs. 2.7 million.

All lease liabilities were fully paid off during the year under review. The long-term debt (provided by National Bank of Pakistan) is expected to be fully settled during the next financial year.

The cotton crop for season 2013-14 is expected to be better than the previous season. This should further stabilize raw material prices and bodes well for the industry. Although yarn demand has dipped recently, it is expected that the next financial year should be better than the previous one.

On behalf of the Directors I would like to thank the Company's Stakeholders for their confidence and continued support.

Shams Rafi  
Chief Executive

Karachi  
November 09, 2013



### **Vision statement**

Jubilee Spinning & Weaving Mills Limited is a manufacturing concern produces high quality of cotton and polyester carded and combed yarn. The company is committed to make sustained efforts towards optimum utilization of its resources and intends to play a pivotal role in the economic and social development of Pakistan thereby improving the quality of life of its people.

### **Mission Statement**

To achieve a leadership position in providing high quality products in all sector of operations.

To be recognized as an organization that delivers on its commitments with integrity.

To be an equal opportunity employer and to motivate every employee to strive for excellence in meeting and exceeding customers' needs to ensure the company's future prosperity.

To be a responsible corporate citizen and contribute to our community by participating in social and environmental causes.



## Statement of Compliance With The Code of Corporate Governance

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

The Company has applied the principles contained in the Code in the following manner:

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

CATEGORY	NAME
Independent directors	-
Executive directors	Mr. Shams Rafi (Chief Executive) Mr. Masood A. Sheikh Mr. Muhammad Arshad
Non-executive directors	Mr. Shaukat Shafi Mr. Salman Rafi Mr. Umer Shafi Mr. Ahmed Shafi

The requirement of independent directors in composition of Board under the code will be fulfilled at the time of next election of directors.

2. The Directors have confirmed that none of them is serving as a Director on the Board of more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred on the Board was filled within the stipulated time.
5. The Company is in the process of preparing a "Code of Conduct" and will take appropriate steps during the next year to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement and is developing the overall corporate strategy and significant policies having regard to the level of materiality.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. Board meets at least once in every quarter. The Board held four meetings during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.



9. Orientation Courses:

All the directors on the board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through in house orientation courses. Directors' Training Program:

- (i) Two (2) directors of the Company are exempt due to 14 years of education and 15 years of experience on the Board of listed company.
- (ii) During the last year, one director Mr. Muhammad Arshad completed the directors' training program from the Pakistan Institute of Corporate Governance. All other directors will fulfill the directors' training program's requirement in due course.

- 10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been approved by the Board. The remuneration of CFO and Head of Internal Audit was revised during the year after approval of the Board.
- 11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- 12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- 14. The Company has complied with all the corporate and financial reporting requirements of the Code.
- 15. The Board has formed an audit committee. It comprises 3 members, of whom 2 are non-executive directors.
- 16. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17. The Board has set-up an effective internal audit department with qualified and experienced persons and they are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
- 18. The board will form HR and Remuneration Committee during the next financial year.
- 19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
- 22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23. We confirm that all other material principles enriched in the CCG have been complied with except for the following, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.



- Representation of independent director on the Board will be fulfilled at the time of next election of directors.
- The company is in the process of formulating the 'Code of Conduct' and appropriate steps will be taken to disseminate it throughout the Company along with its supporting policies and procedures.
- Overall corporate strategy and significant policies are being developed having regard to level of materiality.
- Fulfillment of the directors' training program requirements of the Code except for two directors who are exempt from such training requirement and one director who underwent such training during last year.
- The board will establish Human Resource and Remuneration Committee during the next financial year.

**SHAMS RAFI**  
Chief Executive



## **Review Report To The Members On Statement of Compliance With The Best Practices of Code of Corporate Governance**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of JUBILEE SPINNING & WEAVING MILLS LIMITED ("the Company") for the year ended 30 June 2013, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

Further, Listing Regulations of the Karachi, Lahore, and Islambad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

We draw your attention to note 23 of the Statement of Compliance with the Code of Corporate Governance which describes following significant instances of non-compliance with the requirements of the Code: (i). no independent director on the Board; (ii). the Code of Conduct along with its supporting policies and procedures yet to be finalized; (iii). corporate strategy and significant policies having regard to level of materiality yet to be developed; (iv). non fulfillment of the directors' training program requirements of the Code except for two directors who are exempt from such training requirement and one director who underwent such training during last year; and (v). pending establishment of the Human Resource and Remuneration Committee.

Our report is not qualified in respect of these matters.

**Riaz Ahmed & Company**  
**Chartered Accountant**

**Name of Engagement Partner:**  
**Muhammad Kamran Nasir**

Karachi  
November 9, 2013



## Auditors' Report To The Members of Jubilee Spinning & Weaving Mills Limited

We have audited the annexed balance sheet of jubilee Spinning & Weaving Mills Limited (the company) as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) as disclosed in Note 16.4 to the financial statements, the equity method adjustment of Rupees 2.376 million in the carrying amount of investment in the associated company, Cresox (Private) Limited have been made on the basis of its unaudited financial statements for the year ended 30 June 2013;

Except for the effect of adjustments, if any, that might have been determined to be necessary, had the audited financial statements of the associated company been available, we report that:

- (b) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (c) in our opinion:
- i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (d) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with 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 the company's affairs as at 30 June 2013 and of the loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to Note 1.2 to the financial statements which states that the company incurred a net loss of Rupees 13.481 million during the year resulting in accumulated loss of Rupees 446.679 million as at 30 June 2013 and certain repayments of long-term financing were overdue as at the reporting date. These conditions along with other matters as set forth in Note 1.2 indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the realization of the company's assets and liquidation of any liabilities, which may be necessary should the company be unable to continue as a going concern, on the basis disclosed in the aforesaid note.

Our opinion is not qualified in respect of this matter.

**Riaz Ahmed & Company**  
**Chartered Accountant**

**Name of Engagement Partner:**  
**Muhammad Kamran Nasir**

Karachi  
Date: November 9, 2013

**BALANCE SHEET**

	Note	2013 Rupees	2012 Rupees Restated	2011 Rupees Restated
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
<b>Authorized share capital</b> 34,000,000 (2011: 34,000,000) ordinary shares of Rupees 10 each		<u>340,000,000</u>	<u>340,000,000</u>	<u>340,000,000</u>
<b>Issued, subscribed and paid up share capital</b>	3	324,912,050	324,912,050	324,912,050
<b>Reserves</b>	4	<u>(363,938,383)</u>	<u>(376,180,557)</u>	<u>(282,232,422)</u>
<b>Total equity</b>		<u>(39,026,333)</u>	<u>(51,268,507)</u>	<u>42,679,628</u>
Surplus on revaluation of property, plant and equipment-net of tax	5	567,736,264	566,836,170	570,729,528
Surplus on revaluation of investment property-net of tax		19,664,538	19,664,538	19,664,538
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Long term financing	6	56,773,900	48,902,189	12,783,898
Liabilities against assets subject to finance lease		-	-	293,605
Deferred income tax	7	16,086,464	17,001,797	19,098,220
Employees' retirement benefits	8	39,986,876	35,296,854	32,378,130
		<u>112,847,240</u>	<u>101,200,840</u>	<u>64,553,853</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	9	183,814,721	90,265,585	76,089,172
Accrued mark-up		30,552,745	30,195,974	28,871,145
Short term borrowings	10	19,781,976	1,519,152	22,817,296
Current portion of long term liabilities	11	25,483,808	25,870,474	26,297,151
Provisions	12	9,928,940	9,928,940	9,928,940
Provision for taxation		3,964,909	2,278,237	8,840,052
		<u>273,497,099</u>	<u>160,058,362</u>	<u>172,843,756</u>
<b>TOTAL LIABILITIES</b>		<u>386,344,339</u>	<u>261,259,202</u>	<u>237,397,609</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13			
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>934,718,808</u>	<u>796,491,403</u>	<u>870,471,303</u>

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

**Shams Rafi**  
Chief Executive

**Shaukat Shafi**  
Director



**AS AT JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees Restated	2011 Rupees Restated
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment				
Operating assets	14	<b>596,324,792</b>	604,758,364	621,643,439
Capital work in progress - plant and machinery		<b>5,000,000</b>	5,000,000	5,000,000
Investment property	15	<b>23,500,000</b>	23,500,000	23,434,645
Long term investments	16	<b>520,000</b>	2,896,493	110,959,889
Long term loans	17	<b>1,005,306</b>	1,134,856	1,296,121
Long term deposits		<b>710,722</b>	710,722	710,722
		<b>627,501,475</b>	638,000,435	763,044,816
<b>CURRENT ASSETS</b>				
Stores and spares	18	<b>2,518,179</b>	2,724,328	3,188,095
Stock in trade	19	<b>41,079,450</b>	8,697,507	21,907,485
Trade debts	20	<b>185,750,106</b>	91,341,023	31,064,250
Loans and advances		<b>1,436,867</b>	1,207,955	1,962,577
Short term deposits and prepayments		<b>635,749</b>	726,037	1,098,687
Other receivables		<b>17,447,397</b>	13,241,846	8,083,847
Advance income tax and refund		<b>7,808,618</b>	9,864,353	17,687,728
Short term investments	21	<b>49,396,954</b>	29,337,166	19,530,811
Cash and bank balances	22	<b>1,144,013</b>	1,350,753	2,903,007
		<b>307,217,333</b>	158,490,968	107,426,487
<b>TOTAL ASSETS</b>		<b>934,718,808</b>	796,491,403	870,471,303

Shams Rafi  
Chief ExecutiveShaukat Shafi  
Director



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

	Note	2013 Rupees	2012 Rupees
SALES	23	394,450,854	217,253,360
COST OF SALES	24	<u>(398,825,378)</u>	<u>(230,467,930)</u>
GROSS LOSS		(4,374,524)	(13,214,570)
DISTRIBUTION COST	25	<u>(1,631,660)</u>	<u>(2,137,116)</u>
ADMINISTRATIVE EXPENSES	26	<u>(20,488,654)</u>	<u>(17,777,916)</u>
OTHER OPERATING EXPENSES	27	<u>-</u>	<u>(729,108)</u>
		<u>(22,120,314)</u>	<u>(20,644,140)</u>
		<u>(26,494,838)</u>	<u>(33,858,710)</u>
EFFECT OF FAIR VALUE ADJUSTMENT OF INTEREST FREE LONG TERM FINANCING FROM DIRECTORS		<u>(4,834,529)</u>	<u>32,077,811</u>
OTHER OPERATING INCOME	28	<u>26,910,417</u>	<u>6,946,647</u>
		<u>22,075,888</u>	<u>39,024,458</u>
PROFIT / (LOSS) FROM OPERATIONS		(4,418,950)	5,165,748
FINANCE COST	29	<u>(2,720,467)</u>	<u>(4,689,916)</u>
		<u>(7,139,417)</u>	<u>475,832</u>
SHARE OF LOSS IN ASSOCIATED COMPANIES		<u>(2,376,493)</u>	<u>(108,071,209)</u>
LOSS BEFORE TAXATION		(9,515,910)	(107,595,377)
PROVISION FOR TAXATION	30	<u>(3,964,909)</u>	<u>(2,326,745)</u>
LOSS AFTER TAXATION		<u>(13,480,819)</u>	<u>(109,922,122)</u>
LOSS PER SHARE- BASIC AND DILUTED (RUPEES)	31	<u>(0.41)</u>	<u>(3.38)</u>

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

**Shams Rafi**  
Chief Executive

**Shaukat Shafi**  
Director



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013 Rupees	2012 Rupees
<b>LOSS AFTER TAXATION</b>	<b>(13,480,819)</b>	<b>(109,922,122)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified to profit or loss	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>		
Fair value adjustment on available for sale investments	<b>19,024,704</b>	9,984,206
Other comprehensive income for the year	<b>19,024,704</b>	9,984,206
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>5,543,885</b>	<b>(99,937,916)</b>

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

**Shams Rafi**  
Chief Executive

**Shaukat Shafi**  
Director



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

	Note	2013 Rupees	2012 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash (used in) / generated from operations</b>	32	(17,836,238)	(38,826,196)
Finance cost paid		(2,380,569)	(3,036,672)
Income tax paid		(222,502)	(1,016,677)
Gratuity paid		(1,756,043)	(5,365,469)
Net decrease in long term loans		129,550	161,265
<b>Net cash (used in) / generated from operating activities</b>		<u>(22,065,802)</u>	<u>(48,083,749)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	-
Capital expenditure on property, plant and equipment		-	-
Dividends received		958,849	271,596
<b>Net cash flow from / (used in) investing activities</b>		<u>958,849</u>	<u>271,596</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		-	(12,992,404)
Long term loan obtained		3,037,182	80,980,000
Repayment of finance lease liabilities		(399,793)	(429,553)
<b>Net cash flow from / (used in) financing activities</b>		<u>2,637,389</u>	<u>67,558,043</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>(18,469,564)</u>	<u>19,745,890</u>
<b>Cash and cash equivalents at the beginning of the year</b>		(168,399)	(19,914,289)
<b>Cash and cash equivalents at the end of the year</b>	33	<u>(18,637,963)</u>	<u>(168,399)</u>

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

**Shams Rafi**  
Chief Executive

**Shaukat Shafi**  
Director



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

Share capital	RESERVES					TOTAL EQUITY
	Capital		REVENUE			
	Fair value reserve	General reserve	Accumulated loss	Sub Total	TOTAL	

-----Rupees-----

<b>Balance as at 30 June 2011</b>	324,912,050	2,719,339	51,012,000	(335,963,761)	(284,951,761)	(282,232,422)	42,679,628
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	3,893,358	3,893,358	3,893,358	3,893,358
Related deferred tax	-	-	-	2,096,423	2,096,423	2,096,423	2,096,423
	-	-	-	5,989,781	5,989,781	5,989,781	5,989,781
Loss for the year	-	-	-	(109,922,122)	(109,922,122)	(109,922,122)	(109,922,122)
Other comprehensive income for the year	-	9,984,206	-	-	-	9,984,206	9,984,206
Total comprehensive loss for the year	-	9,984,206	-	(109,922,122)	(109,922,122)	(99,937,916)	(99,937,916)
<b>Balance as at 30 June 2012</b>	<b>324,912,050</b>	<b>12,703,545</b>	<b>51,012,000</b>	<b>(439,896,102)</b>	<b>(388,884,102)</b>	<b>(376,180,557)</b>	<b>(51,268,507)</b>
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	4,353,888	4,353,888	4,353,888	4,353,888
Related deferred tax	-	-	-	2,344,401	2,344,401	2,344,401	2,344,401
	-	-	-	6,698,289	6,698,289	6,698,289	6,698,289
Loss for the year	-	-	-	(13,480,819)	(13,480,819)	(13,480,819)	(13,480,819)
Other comprehensive income for the year	-	19,024,704	-	-	-	19,024,704	19,024,704
Total comprehensive loss for the year	-	19,024,704	-	(13,480,819)	(13,480,819)	5,543,885	5,543,885
<b>Balance as at 30 June 2013</b>	<b>324,912,050</b>	<b>31,728,249</b>	<b>51,012,000</b>	<b>(446,678,632)</b>	<b>(395,666,632)</b>	<b>(363,938,383)</b>	<b>(39,026,333)</b>

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

Chief Executive

**Shaukat Shafi**  
Director



## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2013

### 1. THE COMPANY AND ITS OPERATIONS

1.1 Jubilee Spinning & Weaving Mills Limited (the Company) was incorporated in Pakistan as a public limited company on 12 December 1973 under the Companies Act, 1913 (Now The Companies Ordinance, 1984). The Company obtained certificate of commencement of business in January 1974. Shares of the Company are listed on all Stock Exchanges in Pakistan. Its registered office is situated at 45-A, Off: Zafar Ali Khan Road, Gulberg V, Lahore whereas the production facilities are located at B-28, Manghopir Road, S.I.T.E, Karachi. The Company is engaged in the business of manufacturing and selling of yarn, buying, selling and otherwise dealing in yarn and raw cotton. The Company also operates electric power generation facilities which generate electricity primarily for the Company's own requirements.

### 1.2 GOING CONCERN ASSUMPTION

During the year, the Company incurred a net loss of Rupees 13.481 million resulting in an accumulated loss of Rupees 446.679 million as at 30 June 2013 (2012: Rupees 439.896 million). Certain repayments of long-term financing obtained from banking companies could not be made on due dates and are overdue as at the reporting date. The plant capacity also remained under-utilized due to intermittent availability of raw materials owing to hike in the prices and liquidity issues. These factors indicate the existence of material uncertainty which may cast significant doubts on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management of the Company is confident to overcome existing temporary factors that are negatively affecting its bottom line. This is evidenced by full repayment of Habib Bank Limited's financial facility in previous year and full repayment of liabilities under finance lease in current year, leaving only the facility provided by National Bank of Pakistan. It is expected that NBP's facility will also be fully repaid during the next financial year and the Company shall become debt-free. Raw material prices have also stabilized and a substantial cotton crop is expected in this season which will further help the Company.

The sponsor directors are fully committed to the profitable operations of the Company and have provided further interest-free loan of Rs. 3.037 million during the year (2012: Rupees 80.89 million). Sponsor directors have also expressed their continuing commitment to support the Company financially, if the need arises. This not only reflects their commitment to ensuring the success of the Company but also their positive outlook on the Company. The Company also looks forward to negotiate financing facilities during the upcoming financial year.

On the basis of assessment of the going concern assumption, financial projections and the factors stated above, the sponsor directors and the management are confident to achieve profitability and substantially ease of cash flows going forward.

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the company be unable to continue as a going concern.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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



## 2.1 Basis of Preparation

### a) Statement of compliance

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

### b) Accounting convention

These financial statements have been prepared under the historical cost convention except for certain fixed assets and financial assets and liabilities which have been stated at revalued amounts, fair values, cost, amortized cost and present value as mentioned in respective policy notes. Accrual basis of accounting has been used in these financial statements except for the cash flow information.

### c) Critical accounting estimates and judgments

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

#### **Post employment gratuity - defined benefit plan**

The provision for gratuity has been accounted for based on independent actuarial valuation as at the reporting date which depends upon certain actuarial assumptions and judgments made by the actuary.

#### **Useful lives, patterns of economic benefits and impairments - Property, plant and equipment**

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

#### **Current taxation**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

#### **Provision for doubtful debts**

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

#### **Impairment of investments in associated companies**

In making an estimate of future cash flows from the company's investments in associated companies, the management considers future dividend stream and an estimate of the terminal value of these investments.



### **Classification of investments**

Classification of an investment is made on the basis of intended purpose for holding such investment. The classification of investments is re-evaluated on regular basis.

### **Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

#### **d) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

#### **e) 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 2012:

IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments does not address which items are presented in OCI. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

#### **f) Interpretations and amendments to published approved standards that are effective in current year but not relevant to the Company**

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

#### **g) Standards and amendments to published approved standards that are not yet effective but relevant to the Company**

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

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





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

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles 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 beginning on or after 01 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IAS 19 (Amendments) 'Employee Benefits' (effective for annual periods beginning on or after 01 January 2013). The amendments have eliminated the corridor approach which permitted to recognize actuarial gains / losses in profit and loss account using the corridor method, whereby actuarial gains / losses are recognized when the cumulative unrecognized amount thereof at the beginning of the year exceeds the corridor limit, where corridor limit has been prescribed as 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets. Pursuant to this change, effective from the next accounting year, the Company will be required to recognize immediately all actuarial gains or losses in other comprehensive income and past service cost in profit and loss account.

The adoption of the aforesaid amendment in IAS 19 'Employee Benefits' will result in change in the Company's accounting policy related to recognition of actuarial gains and losses and past service cost pertaining to employees retirement gratuity. As at 30 June 2013, the unrecognized actuarial gain is Rupees 0.406 million.

IAS 36 (Amendments) 'Impairment of Assets' (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 the Company's financial statements.

On 17 May 2012, IASB issued Annual Improvements to IFRSs: 2009 - 2011 Cycle, incorporating amendments to five IFRSs 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. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.



- h) Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the Company

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

## 2.2 Employee Benefits

The company operates an unfunded gratuity scheme for its permanent employees who complete the eligible period of service. Provision has been made in accordance with actuarial recommendations using the projected unit credit method. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceeded ten percent of the higher of defined benefit obligation and fair value of the plan assets at that date. These gains or losses are recognized over the expected remaining working lives of the employees participating in the plans.

## 2.3 Taxation

### a) Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted, after taking into account the applicable rebates and credits, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### b) Deferred

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

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

## 2.4 Foreign currencies

All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit and loss account.



## 2.5 Property, plant, equipment and depreciation

### a) Owned

#### **Initial recognition**

An item of property, plant and equipment is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

#### **Measurement subsequent to initial recognition**

##### ***Revaluation model***

Leasehold Land, Building on Leasehold Land and Plant and Machinery, are stated at revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses (if any). Surplus on revaluation is credited to "surplus on revaluation of property, plant and equipment", net of related deferred tax liability, except in case of surplus on leasehold land where deferred tax is not recognized. Revaluation is carried out by independent valuers with sufficient regularity so that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment along with related deferred tax is transferred directly to retained earnings (accumulated loss account) in statement of changes in equity.

##### ***Cost model***

Property, plant and equipment other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

#### **Subsequent costs**

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

#### **Depreciation**

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 14. The Company charges the depreciation on a proportionate basis from the date when the asset is available for use till the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is Significant.

#### **De-recognition**

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.



**b) Assets subject to finance lease**

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

**c) Capital Work in progress**

Capital work-in-progress is stated at cost less impairment (if any) and represents expenditure incurred on Property, plant and equipment in the course of construction. These expenditures are transferred to relevant fixed assets category as and when the assets start operation.

**2.6 Investments**

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

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in associates, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

**a) Investment at fair value through profit or loss**

Investment classified as held-for-trading and those designated as such are included in this category. Investments 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.

**b) Held-to-maturity**

Investments 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. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.



**c) Investment in associates (with significant influence)**

Investments in associates where the company has a significant influence are recorded under equity method as required by International Accounting Standard (IAS)-28 'Investments in Associates' .

**d) Available-for-sale**

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

**Quoted**

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

**Unquoted**

Available for sale investments in unquoted investments are carried at cost less impairment in value, if any.

**e) De-recognition of investments**

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.

**2.7 Inventories**

Inventories, except for stock in transit and waste stock/rags are stated at lower of cost and net realizable value. Cost is determined as follows:

**Stores, spare parts and loose tools**

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon till the reporting date.

**Stock-in-trade**

Cost of raw material, work-in-process and finished goods are determined as follows:

- |                          |  |
|--------------------------|--|
| (i) For raw materials    | Weighted average cost  |
| (ii) For work-in-process | Weighted average cost of raw material plus proportion of the factory overhead expenses |
| (iii) Finished goods     | Weighted average manufacturing cost.   |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock/rags are valued at net realizable value.

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



## 2.8 Borrowing cost

The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalized as part of the cost of that asset. All other interest, mark-up and other charges are recognized in profit and loss account.

## 2.9 Revenue recognition

Revenue and income from different sources is recognized as under:

- Sales are recognized on the basis of dispatch of goods to customers, which is invoice date.
- Profit on bank deposits is recognized on accrual basis.
- Dividend income is recognized when the company's right to receive the dividend has been established.
- In case of investments in associates stated using equity method under IAS-28, Company's share in the post acquisition profits of the associates is recognized in profit and loss account there-by adjusting the carrying amounts of related investments. The dividend received from such associates is deducted from the carrying value of the related investments.

## 2.10 Share Capital

Ordinary shares are classified as equity.

## 2.11 Financial instruments

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

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item and in the accounting policy of investments (Note 2.6).

### a) Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

### b) Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.





**c) Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

**2.12 Provisions**

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

**2.13 Impairment**

**a) Financial assets**

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

**b) Non financial assets**

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 such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account except in case of revalued property, plant and machinery in which case these are first adjusted against related revaluation surplus and remaining loss, if any, is taken to profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carryin'g amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account except where revaluation surplus was previously reduced in which case such reversal is credited to revaluation surplus.

**2.14 Off setting of financial assets and financial liabilities**

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

**2.15 Investment properties**

Properties comprising leasehold land and building which are not occupied by the company and are held for capital appreciation or to earn rental income are classified as investment property in accordance with the requirements of International Accounting Standard (IAS)-40 'Investment Property'. These properties are



carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or losses arising from a change in fair value of investment property are included in the profit and loss account currently.

### **2.16 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cheques in hand and deposit with banks net off short term finances/borrowings maturing within one year from the date of acquisition, if any.

### **2.17 Segment reporting**

Segment reporting is based on the operating 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 executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer 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 and artificial fibers), and Power Generation.

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

### **2.18 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated if there is any potential dilutive effect on the Company's reported net profits.

### **2.19 Dividend and other appropriations**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved and other appropriations are recognized in the period in which these are approved by the Board of Directors.



**3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

<b>2013 (NUMBER OF SHARES)</b>	<b>2012</b>		<b>2013 Rupees</b>	<b>2012 Rupees</b>
700	700	Ordinary shares of Rupees 10 each fully paid in cash	7,000	7,000
1,500,000	1,500,000	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash (Note 3.1)	15,000,000	15,000,000
5,516,167	5,516,167	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	55,161,670	55,161,670
16,500,000	16,500,000	Ordinary shares of Rupees 10 each issued against conversion of loan from directors and associates (Note 3.2)	165,000,000	165,000,000
8,974,338	8,974,338	Ordinary shares of Rupees 10 each issued to shareholders of Jubilee Energy Limited under the Scheme of Amalgamation (Note 3.3)	89,743,380	89,743,380
<u>32,491,205</u>	<u>32,491,205</u>		<u>324,912,050</u>	<u>324,912,050</u>

- 3.1 Issue of shares for consideration other than cash represents shares issued to shareholders of the Crescent Textile Mills Limited on bifurcation in the year 1974.
- 3.2 These represent the ordinary shares issued to directors and associates against their loan after obtaining approval from shareholders in an Extra Ordinary General Meeting and from Securities and Exchange Commission of Pakistan (SECP).
- 3.3 These represent the ordinary shares issued to the shareholders of Jubilee Energy Limited pursuant to approval of scheme of amalgamation by the honorable Lahore High Court.
- 3.4 As at 30 June 2013, Crescent Cotton Mills Limited (Formerly Crescent Sugar Mills & Distillery Limited) associated company held 474,323 (2012: 474,323) ordinary shares of Rupees 10 each of the company.



**3.5 Capital risk management policies and procedures**

The company's objective when managing the capital are:

- to safeguard its ability to continue as a going concern so that it can continue to provide return to shareholders and benefits other stakeholders; and
- to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure by monitoring return on net assets and to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends to shareholders, issue new shares and adopt other means commensurating to the circumstances.

**4. RESERVES**

	2013 Rupees	2012 Rupees
<b>Composition of reserves is as follows:</b>		
<b>Capital</b>		
Fair value reserve	31,728,249	12,703,545
<b>Revenue</b>		
General	51,012,000	51,012,000
Accumulated loss	(446,678,632)	(439,896,102)
	(395,666,632)	(388,884,102)
	(363,938,383)	(376,180,557)

**5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX**

This represents the surplus resulting from revaluation of certain property, plant and equipment (Leasehold Land, Buildings and Plant and Machinery) carried out during the previous years, net of deferred tax and incremental depreciation arising out of revaluation.

	2013 Rupees	2012 Rupees Restated	2011 Rupees Restated
Balance as at 01 July	504,649,617	510,639,98	523,1471,94
Addition to surplus due to revaluation during the year (Note 5.2)	6,683,050	-	-
Surplus attributable to incremental depreciation charged during the year-gross of tax	(6,698,289)	(5,989,781)	(6,655,312)
Surplus realized on disposal of assets	-	-	(5,852,484)
	(15,239)	(5,989,781)	(12,507,796)
	504,634,378	504,649,617	510,639,398
Less: Related deferred tax liability (Note 7)	16,327,366	18,423,789	35,072,133
Opening balance Effect of restatement (Note 7.1)	-	-	(12,270,616)
Increase in deferred tax on revaluation	1,429,068	-	-
Effect of incremental depreciation charged during the year	(2,344,401)	(2,096,423)	(2,329,359)
Deferred tax attributed to the surplus realized on disposal of assets	-	-	(204,836)
	15,412,033	16,327,366	18,423,789
	489,222,345	488,322,251	492,215,609
Surplus on revaluation of associated company accounted for under equity method (Note 5.4)	78,513,919	78,513,919	78,513,919
	567,736,264	566,836,170	570,729,528



5.1 Surplus attributable to incremental depreciation taken to statement of changes in equity (net of deferred tax) amounts to Rupees 4,353,888 (2012: Rupees 3,893,358) as detailed below:

	2013 Rupees	2012 Rupees
Revaluationsurplus transferred to equity on account of incremental oepreciaion- gross	6,698,289	5,989,781
Less: Related deferred tax	<u>(2,344,401)</u>	<u>(2,096,423)</u>
	<u>4,353,888</u>	<u>3,893,358</u>

5.2 The latest revaluation of Lease hold land, Building on leasehold land and Plant and machinery has been carried out by an independentvaluer 'Danish Enterprises' as at 12 June 2013 based upon fair values. Fair values of Building on leasehold land and Plant and machinery were determinedon the basis of depreciated replacement method. The independentvaluers reported the fair values as under:

	Rupees
Land	460,600,000
Building on leasehold land	42,417,050
Plant and machinery	<u>87,877,312</u>
	<u>590,894,362</u>

5.3 Had the revalued assets been stated under cost model, the carrying amounts would have been as under:

	2013		2012	
	COST	ACCUMULATED DEPRECIATION	WRITTEN DOWN VALUE	WRITTEN DOWN VALUE
	Rupees	Rupees	Rupees	Rupees
Leaseholdland	-	-	-	-
Buildingon leasehold land	37,376,984	23,346,287	14,030,697	15,589,663
Plant and machinery	98,052,763	46,663,317	51,389,446	57,099,385
	<u>135,429,747</u>	<u>70,009,604</u>	<u>65,420,143</u>	<u>72,689,048</u>

5.4 This represents the company's share of the surplus on revaluation of property, plant and equipment of the associated company {Cresox (Private) Limited} accounted for as a result of amalgamation of the associated company with its wholly owned subsidiary. The last revaluation of leasehold land was carried out as at 30 June 2010. Before this revaluation, the lease hold land was also revalued as at 30 September 1995, 30 September 2002, 30 September 2004, 30 June 2008, and 30 June 2009 respectively.

	2013 Rupees	2012 Rupees
<b>6. LONG TERM FINANCING</b>		
<b>From banking companies:</b>		
National Bank of Pakistan		
Opening balance	25,483,808	31,959,790
Less:Paid during the year	-	(6,475,982)
Outstanding liability (Note 6.1)	<u>25,483,808</u>	25,483,808
Less.Current portion (Note 11)	-	(12,783,934)
Overdue portion	<u>(25,483,808)</u>	<u>(12,699,874)</u>
	<u>(25,483,808)</u>	<u>(25,483,808)</u>



	2013 Rupees	2012 Rupees
	-	-
<b>From directors of the company:</b>		
Opening balance	48,902,189	-
Loan obtained during the year (Note 6.2)	1,834,093	48,902,189
Add: Unwinding of discount under IAS-39	6,037,618	
	<u>56,773,900</u>	<u>48,902,189</u>
Less: Paid during the year	56,773,900	48,902,189
Less: Current portion	<u>56,773,900</u>	<u>48,902,189</u>

### 6.1 National Bank of Pakistan

This represents reconciled and settled liability of National Bank of Pakistan, which has been arrived at by settlement of outstanding balances of Packing Finance, Demand Finance and Accrued Mark-up thereon. The settlement agreement was executed between the bank and the company on 21 October 2003. As per terms of the settlement agreement, the aggregate total outstanding liability due to the bank has been agreed to be Rupees 102,271,427.

Details of this facility are as under:

Total outstanding amount	Rupees 25,483,808 (2011: Rupees 25,483,808)
Repayment	In 16 half yearly installments commenced from 01 September 2005.
Rate of mark-up	Weighted average six monthly T-Bill yield plus 200 bps with a cap of 4.5 percent per annum.
Security	Equitable mortgage charge on fixed assets comprising lease hold land, building and plant and machinery having book value of Rupees 136.362 million. Hypothecation charge on present and future current assets valuing Rupees 136.362 million.
Expiry date	01 March 2015

### 6.2 From directors of the company

Loan Amount	3,037,182	80,980,000
Fair value adjustment under IAS-39	<u>(1,203,089)</u>	<u>(32,077,811)</u>
	<u>1,834,093</u>	<u>48,902,189</u>

6.2.1 The loan is unsecured and interest free the date of repayment is 30 June 2017. Fair value of long-term financing from directors has been estimated under IAS-39 "Financial Instruments: Recognition and Measurement" at the present value of all future cash flows discounted using estimated open market rate of 11.90 % per annum.

### 7. DEFERRED INCOME TAX

	2013 Rupees	2012 Rupees Restated	2011 Rupees Restated
Deferred tax liability on revaluation of property, plant and equipment (Note 5, 7.1 & 30.2)	15,412,033	16,327,366	18,423,789
Deferred tax liability on revaluation of investment property (Note 30.2 & 7.1)	674,431	674,431	674,431
	<u>16,086,464</u>	<u>17,001,797</u>	<u>19,098,220</u>



7.1 In 2008, the deferred tax liability on revaluation surplus arisen on Building on leasehold land and Plant and machinery was erroneously over charged which has now been rectified retrospectively in accordance with International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. There is no impact of this retrospective restatement on profit and loss account.

The effect of retrospective restatement on balance sheet is tabulated below:

	2013 Rupees	2012 Rupees
Increase in surplus on revaluation of property, plant and equipment-net of tax	<u>12,270,616</u>	<u>12,270,616</u>
Increase in surplus on revaluation of investment property-net of tax	<u>455,810</u>	<u>455,810</u>
Decrease in deferred tax liability on revaluation of property, plant and equipment	<u>12,270,616</u>	<u>12,270,616</u>
Decrease in deferred tax liability on revaluation of investment property	<u>455,810</u>	<u>455,810</u>
<b>8. EMPLOYEES RETIREMENT BENEFITS</b>	<b>2013 Rupees</b>	<b>2012 Rupees</b>
Staff gratuity scheme -unfunded		
Present value of defined benefit obligation	<u>39,276,602</u>	28,769,151
Add: Unrecognized actuarial gain	<u>710,274</u>	<u>6,527,703</u>
	<u><b>39,986,876</b></u>	<u><b>35,296,854</b></u>
<b>8.1 General description</b>		
<p>The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the company. Annual provision is based on actuarial valuation, which was carried out as on 30 June 2013.</p>		
<b>8.2 Movement in present value of defined benefit obligation</b>		
Balance at beginning of the year	<u>28,769,151</u>	30,447,051
Current service cost	<u>3,111,718</u>	4,021,606
Interest cost	<u>3,739,990</u>	4,262,587
Benefits paid during the year	<u>(1,756,043)</u>	(5,365,469)
Actuarial loss	<u>5,411,786</u>	(4,596,624)
Balance as at end of the year	<u><b>39,276,602</b></u>	<u>28,769,151</u>
<b>8.3 Movement in balances</b>		
Balance at beginning of the year	<u>35,296,854</u>	32,378,130
Expense during the year	<u>6,446,065</u>	8,284,193
	<u>41,742,919</u>	40,662,323
Benefits paid during the year	<u>(1,756,043)</u>	(5,365,469)
Balance at the end of the year	<u><b>39,986,876</b></u>	<u>35,296,854</u>
<b>8.4 Charge for the year</b>		
Current service cost	<u>3,111,718</u>	4,021,606
Interest cost	<u>3,739,990</u>	4,262,587
Actuarial gain	<u>(405,643)</u>	-
	<u><b>6,446,065</b></u>	<u>8,284,193</u>



<b>8.5 Experience Adjustments</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Experience adjustment arising on plan liabilities (gains) / losses	<b>5,411,786</b>	(4,596,624)	(311,000)	210,000	(1,329,000)
Present value of defined benefits obligation	<b>39,276,602</b>	28,769,151	30,447,051	28,974,215	24,478,876

**8.6 Principal actuarial assumption**

Following principal actuarial assumptions were used for the valuation:	<b>2013</b>	<b>2012</b>
Estimated rate of increase in salary of the employees	9.5% per annum	12% per annum
Discount rate	10.5% per annum	13% per annum
	<b>2013</b>	<b>2012</b>
	<b>Rupees</b>	<b>Rupees</b>

**9. TRADE AND OTHER PAYABLES**

Creditors	<b>95,994,596</b>	27,798,006
Accrued liabilities	<b>13,332,543</b>	8,794,429
Advances from customers	<b>15,737,116</b>	10,843,377
Income tax deducted at source	<b>15,684,397</b>	14,729,967
Unclaimed dividend	<b>577,737</b>	577,737
Workers' profit participation fund (Note 9.1)	<b>1,672</b>	1,672
Due to director, associates and others	<b>1,820,620</b>	1,820,620
Other liabilities	<b>40,666,040</b>	25,699,777
	<b>183814721</b>	90265585

**9.1 Workers' profit participation fund**

Balance as on 01 July	<b>1,672</b>	1,672
Add: Provision for the year	<b>-</b>	-
	<b>1,672</b>	1,672
Less: Paid during the year	<b>1672</b>	1622

**9.1.1** The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers. The balance represents the unclaimed balances of workers who left the Company.

**10. SHORT TERM BORROWINGS**

**From banking company - secured**

Habib Bank Limited - Cash finance (Note 10.1)	<b>19,781,976</b>	1,519,152
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**10.1** Maximum limit under this facility is Rupees 20 million (2012: Rupees 50 million) with sublimit of cash in transit Rupees 12 million (2012: Rupees 12 million). Unused credit facility as at the balance sheet date was Rupees 48.481 million.



Details of this facility are as under:

Maximum limit	Rupees 20,000,000
Repayment of mark up	On quarterly basis
Rate of mark-up	1 month KIBOR + 250 bps per annum.
Security	Pledge of raw material and finished goods having value of Rupees 13.112 million.
Expiry	31 December 2013

	2013 Rupees	2012 Rupees
<b>11. CURRENT PORTION OF LONG TERM LIABILITIES</b>		
Current maturity of long term financing:		
National Bank of Pakistan (Note 6)	-	12,783,934
Current maturity of liabilities against assets subject to finance lease	-	293,605
Overdue portion of lone term financing	<b>25,483,808</b>	12,699,874
Overdue portion of liabilities against assets subject to finance lease	-	93,061
	<u><b>25,483,808</b></u>	<u>25,870,474</u>

## 12. PROVISIONS

Provision for penalty on account of non-deposition of withholding tax	<u><b>9,928,940</b></u>	<u>9,928,940</u>
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This represents provision made for penalty against non-deposition of withholding tax in prescribed time as per the Income Tax Ordinance, 2001.

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies

Bank Guarantee from:		
Faysal Bank Limited (Note 13.1.1)	<b>8,600,000</b>	8,600,000
Standard Chartered Bank (Pakistan) Limited (Note 13.1.2)	<b>793,800</b>	793,800
Habib Bank Limited (Note 13.1.3)	<b>2,000,000</b>	2,000,000
	<u><b>11,393,800</b></u>	<u>11,393,800</u>

13.1.1 This represents a guarantee issued by Faysal Bank Limited to the collector of customs on behalf of the company against the custom duty on imports.

13.1.2 This represents a guarantee issued by Standard Chartered Bank (Pakistan) Limited to the Honorable High Court, Sindh on account of cotton soft waste (carded and combed) fully paid.

13.1.3 This represents a guarantee issued by Habib Bank Limited in favor of Sui Southern Gas Company Limited on behalf of the company for payment of gas bills. The guarantee is secured against a cash deposit of Rupees 0.5 million (2012: Rupees 0.5 million) and hypothecation charge over current assets of Rupees 12 million (2012: Rupees 12 million).

### 13.2 Commitments

There were no capital or other commitments as at 30 June 2013 (2011: Nil).



**14 OPERATING ASSETS**

	Owned							Leased				
	Lease hold land	Building on lease hold land	Plant and machinery	Installation and equipment	Office machines and electrical appliances	Vehicles	Office equipment	Furniture & fixtures	Factory tools and equipments	Sub total	Vehicles	Sub total

**Net carrying value as at 01 July 2011**

Opening net book amount	458,000,000	49,047,904	105,919,394	2,554,948	124,900	1,690,628	612,257	101,018	888,780	618,939,729	2,703,710	2,703,710	621,643,439
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Accum. Dep	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals - net	-	(4,904,790)	(10,591,939)	(255,465)	(18,735)	(338,126)	(91,839)	(10,102)	(133,317)	(16,344,333)	(540,742)	(540,742)	(16,885,075)
Depreciation charge	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>458,000,000</b>	<b>44,143,114</b>	<b>95,327,455</b>	<b>2,299,363</b>	<b>106,165</b>	<b>1,352,502</b>	<b>520,418</b>	<b>90,916</b>	<b>755,463</b>	<b>602,595,396</b>	<b>2,162,968</b>	<b>2,162,968</b>	<b>604,758,364</b>

**Gross carrying value as at 30 June 2012**

Cost/ Re-assessed value	458,000,000	118,056,641	239,289,805	8,613,452	452,842	6,212,963	1,514,899	841,301	8,735,261	841,171,164	6,497,671	6,497,671	848,274,835
Accumulated depreciation	-	(73,913,527)	(143,962,350)	(6,314,089)	(346,677)	(4,860,461)	(994,481)	(730,385)	(7,979,798)	(239,121,768)	(4,334,703)	(4,334,703)	(245,456,471)
Net book amount (RS.)	<b>458,000,000</b>	<b>44,143,114</b>	<b>95,327,455</b>	<b>2,299,363</b>	<b>106,165</b>	<b>1,352,502</b>	<b>520,418</b>	<b>90,916</b>	<b>755,463</b>	<b>602,595,396</b>	<b>2,162,968</b>	<b>2,162,968</b>	<b>604,758,364</b>
Rate of depreciation (%)	0	10	10	10	15	20	15	10	15	20	20	20	20

**Net carrying value as at 01 July 2012**

Opening net book amount	458,000,000	44,143,114	95,327,455	2,299,363	106,165	1,352,502	520,418	90,916	755,463	602,595,396	2,162,968	2,162,968	604,758,364
Surplus on revaluation during the year	2,800,000	2,470,555	1,612,495	-	-	-	-	-	-	6,683,050	-	-	6,683,050
Transfer/Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Accum. Dep	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals - net	-	(4,428,495)	(9,540,698)	(229,936)	(15,925)	(270,510)	(78,063)	(9,092)	(113,319)	(14,684,028)	(432,594)	(432,594)	(15,116,622)
Depreciation charge	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>460,800,000</b>	<b>42,187,174</b>	<b>87,399,252</b>	<b>2,069,427</b>	<b>90,240</b>	<b>1,082,002</b>	<b>442,355</b>	<b>81,824</b>	<b>642,144</b>	<b>594,594,418</b>	<b>1,730,374</b>	<b>1,730,374</b>	<b>596,324,792</b>

**Gross carrying value as at 30 June 2013**

Cost/ Re-assessed value	460,800,000	120,527,166	240,902,300	8,613,452	452,842	6,212,963	1,514,899	841,301	8,735,261	848,400,214	6,497,671	6,497,671	854,897,885
Accumulated depreciation	-	(78,340,022)	(153,503,048)	(6,544,025)	(362,602)	(5,130,961)	(1,072,544)	(759,477)	(8,093,117)	(253,805,796)	(4,167,297)	(4,167,297)	(258,573,093)
Net book amount (RS.)	<b>460,800,000</b>	<b>42,187,174</b>	<b>87,399,252</b>	<b>2,069,427</b>	<b>90,240</b>	<b>1,082,002</b>	<b>442,355</b>	<b>81,824</b>	<b>642,144</b>	<b>594,594,418</b>	<b>1,730,374</b>	<b>1,730,374</b>	<b>596,324,792</b>
Rate of depreciation (%)	0	10	10	10	15	20	15	10	15	20	20	20	20





	2013 Rupees	2012 Rupees
<b>14.1 Depreciation charge for the year has been allocated as follows:</b>		
<b>Owned</b>		
Cost of sales (Note 24.1)	14,335,465	15,914,368
Administrative expenses (Note 26)	348,563	429,965
	<u>14,684,028</u>	<u>16,344,333</u>
<b>Leased</b>		
Administrative expenses (Note 26)	432,594	540,742
	<u>15,116,622</u>	<u>16,885,075</u>
<b>15. INVESTMENT PROPERTY</b>		
Investment property - at revalued amount	<u>23,940,655</u>	<u>23,500,000</u>
15.1 Investment property represents the leasehold land and building comprising a storage godown leased out by the Company to its associated company Cresox (Private) Limited. The fair value of investment property as at 30 July 2013 has been determined by an independent valuer 'Consultancy Support and Services (Private) Limited'. The fair value was determined from market based evidence in accordance with the market values of similar land and building existing in the near vicinity. The independent valuers reported the fair value of investment property at Rupees 23.941 million as at the reporting date. No expenses directly related to the investment property have been incurred during the year.		
<b>15.2 Movement during the year</b>		
Opening balance	23,500,000	23,434,645
Add: Gain on remeasurement of fair value	440,655	65,355
Closing balance	<u>23,940,655</u>	<u>23,500,000</u>
<b>16. LONG TERM INVESTMENTS</b>		
<b>Available for sale - Associated company\ (without significant influence)</b>		
Taxmac (Private) Limited (Note 16.1)	520,000	520,000
<b>Associated companies (with significant influence) - Under equity method</b>		
Premier Insurance Limited - quoted (Note 16.3)	-	-
Cresox (Private) Limited (Note 16.4)	-	2,376,493
Crescent Industrial Chemical Limited (Note 16.5)	-	-
	<u>520,000</u>	<u>2,376,493</u>
	<u>520,000</u>	<u>2,896,493</u>

16.1 Taxmac (Private) Limited is an associate under provisions of the Companies Ordinance, 1984. However, the company has no power to participate in financial and operating decisions of Taxmac (Private) Limited. Therefore, the investment has been carried at cost. All other investments have been carried using equity method.

**16.2 Name of Associate****Basis of significant influence**

Premier Insurance Limited	Common directorship creating significant influence
Crescent Industrial Chemical Limited	Common directorship creating significant influence
Cresox (Private) Limited	Shareholding 24.93 % creating significant influence

**16.3 Premier Insurance Company Limited****2013  
Rupees****2012  
Rupees**

The movement is as follows:

Opening balance of investment	-	12,327
Share of profit of associate for the year	<b>10,501</b>	1,575
Share of loss of previous years - unrecognized	<b>(30,483)</b>	-
Prior year adjustment	-	(21,715)
Dividend income	<b>(22,670)</b>	<b>(22,670)</b>
Closing balance	<b>(42,652)</b>	<b>(30,483)</b>
Unrecognised loss	<b>42,652</b>	30,483
Net closing balance	-	-

**16.3.1 Summarized financial position of Premier Insurance Limited:**

Total assets	<b>3,367,596,000</b>	3,473,154,000
Total Liabilities	<b>1,627,984,000</b>	1,701,590,000
Net Assets	<b>1,739,612,000</b>	1,771,564,000
Profit after tax	<b>28,053,000</b>	4,185,000
Cost of investment	<b>134</b>	134
Market value	<b>181,360</b>	158,690
Ownership interest	<b>0.0374%</b>	0.0374%
Number of ordinary shares held 22,670 (2012: 22,670) of Rupees 10 each.		

**16.4 Cresox (Private) Limited (CSPL)**

The movement is as follows:

Opening balance of investment	<b>2,376,493</b>	31,913,643
Share of loss of associate	<b>(105,849,638)</b>	(108,051,069)
	<b>(103,473,145)</b>	(76,137,426)
Revaluation surplus arising on amalgamation of CSPL	-	78,513,919
Unrecognised loss	<b>103,473,145</b>	-
Net closing balance	-	<b>2,376,493</b>

16.4.1 After excluding unrecognised loss, the share of loss from associate for the year accounted for in profit and loss account is Rupees 2,376,493.



16.4.2 Summarized financial position of CSPL:	2013 Rupees	2012 Rupees
Total assets	2,001,878,889	2,063,584,969
Total liabilities	2,413,553,153	2,089,271,967
Net assets	(411,674,264)	(25,686,998)
Gross turnover	1,125,341,975	845,508,431
Loss after tax	(424,587,395)	(433,403,036)
Cost of investment	89,821,600	89,821,600
Ownership interest	24.93%	24.93%
Number of ordinary shares held 8,982,160 (2012: 8,982,160) of Rupees 10 each.		
Market value	Un-quoted	Un-quoted
16.5 This represents investment of 184,000 shares in Crescent Industrial Chemical Limited which was fully impaired in previous years.		
<b>17. LONG TERM LOANS</b>		
Due from employees	1,296,906	1,413,556
Less: Current portion	291,600	278,700
	<u>1,005,306</u>	<u>1,134,856</u>
17.1 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.		
<b>18. STORES AND SPARES</b>		
Stores	836,454	821,564
Spare parts	1,681,725	1,902,764
	<u>2,518,179</u>	<u>2,724,328</u>
<b>19. STOCK IN TRADE</b>		
Raw materials	33,318,877	1,608,159
Work in process	6,517,653	6,008,184
Finished goods	661,844	928,373
Waste stock	572,806	139,465
Packing material	8,270	13,326
	<u>41,079,450</u>	<u>8,697,507</u>
<b>20. TRADE DEBTS</b>		
<b>Considered good:</b>		
Unsecured (Note 20.1, 20.2 & 20.3)	185,750,106	91,341,023
<b>Considered doubtful:</b>		
Others - unsecured	138,468	19,535,392
Less: Provision for doubtful debts		
As at 01 July	19,535,392	19,780,692
Less: Reversal due to recovery (Note 20.2)	(19,396,924)	(245,300)
As at 30 June	<u>138,468</u>	<u>19,535,392</u>
	<u>-</u>	<u>-</u>



20.1 This include amount of Rupees 182,908,992 (2012: Rupees 91,124,746) receivable from Cresox (Private) Limited - a related party.

20.2 As at 30 June 2013, trade debt due from related party amounting to Rupees 155,060,340 (2012: Nil) was past due but not impaired. The aging analysis is as follows:

	2013 Rupees	2012 Rupees
Upto 6 months	95,444,738	-
6 months to one year	58,005,943	-
more than 1 year	1,609,659	-
	<u>155,060,340</u>	<u>-</u>

20.3 As at 30 June 2013, trade debts due from other than related parties of Rupees 2,392,014 (2012: Rupees 70,566) were past due but not impaired. The ageing analysis good is as follows:

Upto 6 months	2,201,668	-
6 months to oneyear	44,640	70,566
more than 1 year	145,706	-
	<u>2,392,014</u>	<u>70,566</u>

20.4 During the year debtors amounting Rs. 19.397 million recovered that were provided in previous years

## 21. SHORT TERM INVESTMENTS

Available for sale (Note 21.1)	46,189,892	27,165,188
Investment at fair value through profit or loss in listed securities (Note 21.2)	3,207,062	2,171,978
	<u>49,396,954</u>	<u>29,337,166</u>

### 21.1 Investments available for sale

#### Related parties- Quoted

The Crescent Textile Mills Limited  
827 (2012: 827) fully paid ordinary shares of Rupees 10 each  
(bonus shares)

Crescent Cotton Mills Limited 510,600 (2012: 510,600) fully paid ordinary shares of Rupees 10 each Other than related parties - Quoted	3,150,402	3,150,402
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Samba Bank Limited 5,240,737 (2012: 5,240,737) fully paid ordinary shares of Rupees 10 each	37,311,525	37,311,525
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Crescent Jute Products Limited 1,716,683 (2012: 1,716,683) fully paid ordinary shares of Rupees 10 each	13,732,069	13,732,069
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	2013 Rupees	2012 Rupees
Crescent Spinning Mills Limited 290,000 (2012: 290,000) fully paid ordinary shares of Rupees 10 each	362,500	362,500
Crescent Steel and Aillied Products Limited 36,253 (2012: 36,253) fully paid bonus ordinary shares of Rupees 10 each		
Shakarganj Mills Limited 39,138 (2012: 39,138) fully paid ordinary shares of Rupees 10 each	<b>228,175</b>	228,175
Shakarganj Mills Limited (Prefer. Shares) 184,335 (2012: 184,335) fully paid preference shares of Rupees 10 each	<b>1,843,350</b>	1,843,350
PICIC Insurance Company Limited 11,658 (2012: 11,658) fully paid ordinary shares of Rupees 10 each	<b>116,580</b>	116,580
	<b>56,744,601</b>	56,744,601
Opening balance of recognized impairment loss	<b>(29,579,413)</b>	(39,358,151)
Impairment loss charged during the year	-	(205,468)
Unrealised fair value gain	<b>19,024,704</b>	9,984,206
	<b>(10,554,709)</b>	(29,579,413)
	<b>46,189,892</b>	27,165,188

## 21.2 Investment at fair value through profit or loss in listed securities

Nishat Mills Limited 6,525 (2012: 6,525) fully paid ordinary shares of Rupees 10 each	<b>614,720</b>	310,460
Oil & Gas Development Company Limited 3,800 (2012: 3,800) fully paid ordinary shares of Rupees 10 each	<b>869,250</b>	609,672
Pakistan Oilfield Limited 1,680 (2012: 1,680) fully paid ordinary shares of Rupees 10 each	<b>835,582</b>	616,459
Pakistan Petroleum Limited 3,309 (2012: 3,309) fully paid ordinary shares of Rupees 10 each	<b>875,095</b>	623,052
Fatima Fertilizer Company Limited 500 (2012: 500) fully paid ordinary shares of Rupees 10 each	<b>12,415</b>	12,335
	<b>3,207,062</b>	2,171,978

## 22. CASH AND BANK BALANCES

Cash in hand	<b>380,679</b>	552,399
Cash at bank at current account (Note 22.1)	<b>763,334</b>	798,354
	<b>1,144,013</b>	1,350,753

22.1 This includes an amount of Rupees. 0.763 million (2012: Rupees 0.794 million) under lien with Standard Chartered Bank (Pakistan) Limited and a cash deposit of Rupees 0.5 million (2012: Rupees 0.5 million) with Habib Bank Limited against the guarantees issued on behalf of the Company.



**23. SALES**

	<b>2013 Rupees</b>	<b>2012 Rupees</b>
Yarn	<b>386,391,960</b>	208,390,460
Black polyster	-	57,330
Waste	<b>5,724,433</b>	3,734,241
Service revenue	-	4,956,800
Scrap	<b>2,334,461</b>	114,529
	<b><u>394,450,854</u></b>	<u>217,253,360</u>

**24. COST OF SALES**

Finishedstock- opening	<b>1,067,838</b>	1,596,496
Add: Costof goodsmanufactured(Note24.1)	<b>398,992,190</b>	229,939,272
	<b>400,060,028</b>	231,535,768
Less:Finishedstock- closing	<b>(1,234,650)</b>	(1,067,838)
	<b><u>398,825,378</u></b>	<u>230,467,930</u>

**24.1 Cost of goods manufactured**

Raw material consumed (Note 24.2)	<b>291,685,710</b>	146,539,487
Packing materials consumed	<b>2,223,484</b>	975,112
Stores and spares	<b>3,630,430</b>	4,196,246
Salaries, wages and other benefits	<b>55,634,190</b>	42,734,915
Repair and maintenance	<b>231,214</b>	242,674
Rent, rates and taxes	<b>669,233</b>	883,485
Fuel and power	<b>26,178,981</b>	15,291,652
Insurance	<b>2,305,678</b>	1,962,783
Depreciation (Note 14.1)	<b>14,335,465</b>	15,914,368
Other factory overheads	<b>2,607,274</b>	3,168,239
	<b>399,501,659</b>	231,908,961
Work-in-process		
Opening stock	<b>6,008,184</b>	4,038,495
Closing stock	<b>(6,517,653)</b>	(6,008,184)
	<b>(509,469)</b>	(1,969,689)
Cost of goods manufactured	<b><u>398,992,190</u></b>	<u>229,939,272</u>

**24.2 Raw material consumed**

Opening stock	<b>1,608,159</b>	16,244,562
Add: Purchased during the year	<b>323,396,428</b>	131,903,084
	<b>325,004,587</b>	148,147,646
Less: Closing stock	<b>33,318,877</b>	1,608,159
	<b><u>291,685,710</u></b>	<u>146,539,487</u>



	2013 Rupees	2012 Rupees
<b>25. DISTRIBUTION COST</b>		
Salaries and other benefits	335,940	156,000
Outward freight and handling	1,108,175	1,981,116
Commission yarn	187,545	-
	<u>1,631,660</u>	<u>2,137,116</u>
<b>26. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances and benefits	14,865,661	12,671,256
Traveling, conveyance and entertainment	1,069,590	1,002,573
Printing and stationery	332,338	338,611
Communication	780,295	837,495
Insurance	328,018	256,160
Subscription and periodicals	797,428	367,161
Repairs and maintenance	31,445	7,828
General expenses	424,222	554,020
Auditors' remuneration (Note 26.1)	419,000	415,000
Advertisement	161,000	46,000
Legal and professional charges	498,500	311,105
Depreciation (Note 14.1)	781,157	970,707
	<u>20,488,654</u>	<u>17,777,916</u>
<b>26.1 Auditors' remuneration</b>		
Audit fee	275,000	275,000
Half yearly review	70,000	70,000
Out of pocket expenses	74,000	70,000
	<u>419,000</u>	<u>415,000</u>
<b>27. OTHER OPERATING EXPENSES</b>		
Impairment loss on equity investments	-	205,468
Impairment recognized in respect of dormant bank balances	-	23,640
Late payment penalties	-	500,000
	<u>-</u>	<u>729,108</u>
<b>28. OTHER OPERATING INCOME</b>		
<b>Income from financial assets</b>		
Dividend income (28.1)	958,849	271,596
Unrealized gain on re-measurement of investments at fair value through profit or loss	1,035,084	27,616
	<u>1,993,933</u>	<u>299,212</u>
<b>Income from non financial assets</b>		
Commission income	204,000	1,057,032
Rental income	4,874,580	4,874,580
Gain on remeasurement of investment property	440,655	65,355
Reversal of provision for doubtful trade debts	19,396,924	245,300
Others	325	405,168
	<u>24,916,484</u>	<u>6,647,435</u>
	<u>26,910,417</u>	<u>6,946,647</u>



28.1 Included therein is dividend income of Rupees 0.0227 (2012: Rupees 0.0227) million received from related party.

	2013 Rupees	2012 Rupees
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**29. FINANCE COST**

Mark-up on:

Long term financing	1,146,771	1,734,100
Short term borrowings	968,988	2,296,014
Finance charges on lease liabilities	13,127	101,679
Bank charges and commission	591,581	558,123
	2,720,467	4,689,916

**30. PROVISION FOR TAXATION**

Current (Note 30.1)	3,964,909	2,278,237
Prior year	-	48,508
	3,964,909	2,326,745

**30.1 Current**

The tax liability of the company for the year has been calculated under the normal provisions of the Income Tax Ordinance, 2001. The income tax assessments of the company have been finalized up to and including tax year 2009. Due to available tax losses of Rupees 111.337 million, no provision for tax is required except for income chargeable to final taxation and minimum taxation on turnover. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of final and minimum taxation.

**30.2 Deferred**

Deferred tax asset of Rupees 57.517 million (2012: Rupees 53.544 million) arising from excess of deductible temporary differences and accumulated tax losses over taxable temporary differences chargeable to profit and loss account has not been accounted for in these financial statements. The management expects that it is not probable that taxable profits / taxable temporary differences would be available in near future against which the deferred tax asset can be utilized. However, the deferred tax liability arising on surplus on revaluation of property, plant and equipment and the surplus on revaluation of investment property, respectively, has been fully recognized in these financial statements (Note 7).

**31. LOSS PER SHARE - BASIC AND DILUTED**

There is no dilutive effect on the basic loss per share which is based on:

Loss attributable to ordinary shares	(Rupees)	(13,480,819)	(109,922,122)
Weighted average number of ordinary shares	(Numbers)	32,491,205	32,491,205
Loss per share	(Rupees)	(0.41)	(3.38)





32. CASH GENERATED FROM OPERATIONS

	2013 Rupees	2012 Rupees
Loss before taxation	(9,515,910)	(107,595,377)
Adjustments for non-cash charges and other items:		
Depreciation	15,116,622	16,885,075
Provision for gratuity	6,446,065	8,284,193
Share of loss from associate	2,376,493	108,00,209
Dividend income	(958,849)	(271,596)
Unrealized gain on remeasurement of investments	(1,035,084)	(27,616)
Impairment loss on available for sale investments	-	205,468
Imputed Interest expense / (income) under IAS-39	4,834,529	(32,077,811)
Impairment loss on bank balances	-	23,640
Provisions, write offs and write backs	-	(245,300)
Gain on remeasurement of investment property	(440,655)	(65,355)
Finance cost	2,720,467	4,689,916
	<b>29,059,588</b>	105,471,823
Net cash flow from / (used in) operating activities before working capital	<b>19,543,678</b>	(2,123,554)
Working capital changes (Increase) / Decrease in current assets		
Stores and spares	206,149	463,767
Stock-in-trade	(32,381,943)	13,209,978
Trade debts	(94,409,083)	(60,522,073)
Loans and advances	(228,912)	754,622
Short term deposits and prepayments	90,288	372,650
Other receivables	(4,205,551)	(5,157,999)
Increase / (Decrease) in current liabilities		
Trade and other payables	93,549,136	14,176,413
Working capital changes	(37,379,916)	(36,702,642)
Net cash used in operating activities after working capital changes	<b>(17,836,238)</b>	(38,826,196)

33. CASH AND CASH EQUIVALENTS

Cash and bank balance	1,144,013	1,350,753
Short term borrowings	(19,781,976)	(1,519,152)
	<b>(18,637,963)</b>	(168,399)

34. CHIEF EXECUTIVE OFFICER'S, DIRECTORS' REMUNERATION AND EXECUTIVES'

Chief Executive Officer		
Managerial remuneration and other benefits	3,630,000	3,630,000
House rent and utilities	1,996,500	1,996,500
Gratuity	398,544	398,544
	<b>6,025,044</b>	6,025,044
	<b>1</b>	1



	2013 Rupees	2012 Rupees
Number of executive <b>Directors</b>		
Managerial remuneration	1,241,935	1,504,200
Housing and utilities	683,065	768,000
Gratuity	170,000	160,030
	<u>2,095,000</u>	<u>2,432,230</u>
	<u>1</u>	<u>2</u>
Number of directors <b>Executives</b>		
Managerial remuneration	2,334,839	1,340,772
Housing and utilities	1,284,161	671,328
Gratuity	286,450	142,524
	<u>3,905,450</u>	<u>2,154,624</u>
	<u>2</u>	<u>2</u>
Number of executives		

34.1 The chief executive officer is provided with free use of company maintained cars. Two (2012: Two) other executives are also provided with the company maintained cars.

34.2 No meeting fee was paid to any director during the year (2012: Nil).

34.3 No remuneration was paid to non-executive directors of the Company (2012: Nil).

### 35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Transactions	2013		2012	
	Associates	Other related parties	Associates	Other related parties
	Rupees	Rupees	Rupees	Rupees
Insurance premium	2,633,696	-	2,218,943	-
Rental income	4,874,580	-	4,785,300	-
Sale of yarn	342,481,630	-	208,447,790	-
Service charges	-	-	4,956,800	-
Commission income	204,000	-	1,057,032	-
Dividend income	22,670	-	22,670	-
<b>Balances as at 30 June</b>				
Insurance premium payable	(8,999,160)	-	(6,602,885)	-
Receivable from customer	196,068,567	-	99,499,021	-

**36. PLANT CAPACITY AND ACTUAL PRODUCTION**

<b>Spinning</b>	<b>2013</b>	<b>2012</b>
Total number of spindles available for production	<b>9,000</b>	9,000
Total number of spindles worked during the year	<b>4,770</b>	3,260
Number of shifts per day	<b>3</b>	3
Plant capacity of yarn (Kg.) on the basis of total number of spindles worked	<b>2,098,800</b>	1,436,000
Actual production of yarn (Kg.)	<b>1,426,537</b>	810,715
Actual production in 20/ s (Kg.)	<b>793,590</b>	362,011
Total shifts worked	<b>813</b>	594
<b>Power plant</b>		
Generation Capacity (KW)	<b>1,053</b>	1,053
Actual generation (KW)	<b>646</b>	300

**36.1 Reasons for low production**

Change of product mix towards courser counts resulted in utilization of less spindles keeping the production in bags slight higher. Moreover, the liquidity issues and intermittent supply of raw material also resulted in under utilization of spinning capacity. Under utilization of power plant capacity is due to normal maintenance and intermittent supply of the raw material.

**37. SEGMENT INFORMATION**

**37.1** The company has 02 reportable business segments. The following summary describes the operation in each of the company's reportable segments:

Spinning: Production of different quality of yarn using natural and artificial fibers.

Power Generation: Generation and distribution of power.

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases have been eliminated from the total.



37.1 Segment results	Spinning		Power Generation		Elimination of Inter-segment transactions		Total - Company	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Sales	394,450,854	217,253,360	35,767,728	21,216,051	(35,767,728)	(21,216,051)	394,450,854	217,253,360
Cost of sales	(406,651,197)	(232,570,211)	(27,941,909)	(19,113,770)	35,767,728	21,216,051	(398,825,378)	(230,467,930)
Gross (loss) / profit	(12,200,343)	(15,316,851)	7,825,819	2,102,281	-	-	(4,374,524)	(13,214,570)
Distribution cost	(1,631,660)	(2,137,116)					1,631,660	(2,137,116)
Administrative expenses	(20,275,324)	(17,498,349)	(213,330)	(279,567)			(20,488,654)	(17,777,916)
	(21,906,984)	(19,635,465)	(213,330)	(279,567)	-	-	(22,120,314)	(19,915,032)
Loss before taxation and								
Unallocated expenses and income	(34,107,327)	(34,952,316)	7,612,489	1,822,714	-	-	(26,494,838)	(33,129,602)
Unallocated income and expenses:								
Finance cost							(2,720,467)	(4,689,916)
Fair value adjustment on interest free loan							(4,834,529)	32,077,811
Other operating expenses							-	(729,108)
Other income							26,910,417	6,946,647
Share of loss in associated companies							(2,376,493)	(108,071,209)
Taxation							(3,964,909)	(2,326,745)
Loss after taxation							<u>(13,480,819)</u>	<u>(109,922,122)</u>

37.2.1 The sales of yarn to a single customer amounts to Rupees 242.482 million (2012: Rupees 208.390 million) out of the total revenue/sales of the company. All the reported segments operate in same geographical location.

37.3 Segment Assets	Spinning		Power Generation		Total - Company	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	<u>920,829,992</u>	<u>589,326,346</u>	<u>13,888,816</u>	<u>15,432,018</u>	934,718,808	604,758,364
Unallocated assets					-	191,733,039
					<u>934,718,808</u>	<u>796,491,403</u>
Segment liabilities	<u>384,022,574</u>	<u>291,309,342</u>	<u>2,321,765</u>	<u>2,410,142</u>	386,344,339	293,719,484
Unallocated liabilities					-	(19,733,856)
					<u>386,344,339</u>	<u>273,985,628</u>

## 38. FINANCIAL RISK MANAGEMENT

### 38.1 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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and manages financial risks. 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, liquidity risk, and investment of excess liquidity.



## (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 not exposed to this risk because there were no receivables and payables in any foreign currency as at the reporting date.

Certain foreign currency transactions were carried out during the year which have been settled before the balance sheet date. Therefore, no currency risk regarding these transactions exist at the reporting date. Following significant exchange rates were used during the year.

	2013 Rupees per dollar	2012
Average rate	96.85	95.60

**Sensitivity analysis**

Sensitivity analysis -of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and financial liabilities at the reporting date.

## (ii) Other price risk

Other 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

**Sensitivity analysis**

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Statement of other comprehensive income (fair value reserve)	
	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees
KSE 100 (5% increase)	160,353	108,599	2,309,495	1,358,259
KSE 100 (5% decrease)	(160,353)	(108,599)	(2,309,495)	(1,358,259)

## (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 and short term borrowings. 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. As at reporting date, there were no fixed rate borrowings.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2013 Rupees	2012 Rupees
<b>Floating rate instruments</b>		
<b>Financial liabilities</b>		
Long term financing	25,483,808	25,483,808
Liabilities against assets subject to finance lease	-	386,666
Short term borrowings	19,781,976	1,519,152

#### Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 0.45 million (30 June 2012: Rupees 0.27 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at reporting date were outstanding for the whole year.

#### (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:

Investments	49,396,954	29,337,166
Loans and advances	2,442,173	2,342,811
Deposits	710,722	710,722
Trade debts	185,750,106	91,341,023
Other receivables	13,636,657	8,771,960
Bank balances	763,334	798,354
	<u>252,699,946</u>	<u>133,302,036</u>

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:



	Short Term	Rating Long term	Agency	2013 Rupees	2012 Rupees
<b>Banks</b>					
National Bank of Pakistan	A1+	AAA	JCR-VIS	40,658	40,658
Allied Bank Limited	A1+	AA+	PACRA	19,110	19,310
Faysal Bank Limited	A1+	AA	PACRA	21,241	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	(181,947)	(340,821)
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	829,164	829,164
United Bank Limited	A1+	AA+	JCR-VIS	34,053	249,247
Bank Al-Habib Limited	A1+	AA+	PACRA	-	-
Albaraka Bank Limited	A2	A-	PACRA	1,055	796
				<u>763,334</u>	<u>798,354</u>
<b>Investments</b>					
Samba Bank Limited	A1	A+	JCR-VIS	<u>13,468,694</u>	<u>12,053,695</u>
				<u>13,468,694</u>	<u>12,053,695</u>

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 20.

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

### (c) Liquidity risk

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 funding through an adequate amount of committed credit facilities. At 30 June 2013, the Company had Rupees 0.218 million (2012: Rupees 48.481 million) available unused borrowing limits from financial institutions and Rupees 1.144 million (2012: Rupees 1.351 million) cash and bank balances. Management believes the liquidity risk to be low considering the nature of individual items in the net-working capital position. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2013



Contractual maturities of financial liabilities as at 30 June 2013

	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>6 month or less</b>	<b>6-12 month</b>	<b>1-2 Year</b>	<b>More than 2 Years</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Long term financing	82,257,708	109,500,990	25,483,808	-	-	84,017,182
Trade and other payables	168,128,652	168,128,652	84,064,326	84,064,326	-	-
Short term borrowings	19,781,976	22,155,813	15,509,069	6,646,744	-	-
Accrued Markup	30,522,745	30,522,745	30,522,745	-	-	-
	<b>300,691,081</b>	<b>330,308,200</b>	<b>155,579,948</b>	<b>90,711,070</b>	<b>-</b>	<b>84,017,182</b>

Contractual maturities of financial liabilities as at 30 June 2012

	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>6 month or less</b>	<b>6-12 month</b>	<b>1-2 Year</b>	<b>More than 2 Years</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Long term financing	74,385,997	106,463,808	12,699,874	12,783,934	-	80,980,000
Liabilities against assets subject to finance lease	386,666	408,985	408,985	-	-	-
Trade and other payables	64,692,241	64,692,241	32,259,782	32,432,459	-	-
Short term borrowings	1,519,152	1,701,450	1,191,015	510,435	-	-
Accrued markup	30,195,974	30,195,974	30,195,974	-	-	-
	<b>171,180,030</b>	<b>203,462,458</b>	<b>76,755,630</b>	<b>45,726,828</b>	<b>-</b>	<b>80,980,000</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 6 and note 10 to these financial statements.

### 38.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Financial assets</b>				
<b>As at 30 June 2013</b>				
Available for sale financial assets	46,189,892	-	-	46,189,892
Financial assets at fair value through profit or loss	3,207,062	-	-	3,207,062
	<b>49,396,954</b>	<b>-</b>	<b>-</b>	<b>49,396,954</b>
<b>As at 30 June 2012</b>				
Available for sale financial assets	27,165,188	-	-	27,165,188
Financial assets at fair value through profit or loss	2,171,978	-	-	2,171,978
	<b>29,337,166</b>	<b>-</b>	<b>-</b>	<b>29,337,166</b>





The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2013.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments. The Company has no such type of financial instruments as on 30 June 2013.

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

**38.3 Financial instruments by categories**

	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
As at 30 June 2013				
Assets as per balance sheet				
Investments	-	3,207,062	46,189,892	49,396,954
Loans and advances	2,442,173	-	-	2,442,173
Deposits	710,722	-	-	710,722
Trade debts	185,750,106	-	-	185,750,106
Other receivables	13,636,657	-	-	13,636,657
Cash and bank balances	1,144,013	-	-	1,144,013
	<u>203,683,671</u>	<u>3,207,062</u>	<u>46,189,892</u>	<u>253,080,625</u>
			<b>Financial liabilities at amortized cost</b>	
			<b>Rupees</b>	
<b>Liabilities as per balance sheet</b>				
Long term financing				82,257,708
Accrued mark-up				30,522,745
Short term borrowings				19,781,976
Trade and other payables				168,128,652
				<u>300,691,081</u>

**As at 30 June 2012****Assets as per balance sheet**

	Loans and receivables Rupees	Assets at fair value through profit or loss Rupees	Available for sale Rupees	Total Rupees
Investments	-	2,171,978	27,165,188	29,337,166
Loans and advances	2,342,811	-	-	2,342,811
Deposits	710,722	-	-	710,722
Trade debts	91,341,023	-	-	91,341,023
Other receivables	8,771,960	-	-	8,771,960
Cash and bank balances	1,350,753	-	-	1,350,753
	<u>104,517,269</u>	<u>2,171,978</u>	<u>27,165,188</u>	<u>133,854,435</u>

**Financial liabilities at  
amortized cost  
Rupees****Liabilities as per balance sheet**

Long term financing	74,385,997
Liabilities against assets subject to finance lease	386,666
Short term borrowings	30,195,974
Trade and other payables	1,519,152
Accrued mark-up	64,692,241
	<u>171,180,030</u>

**39. NUMBER OF EMPLOYEES**

	2013		2012	
	At year end	Average	At year end	Average
Number of employees	<u>202</u>	<u>201</u>	<u>199</u>	<u>197</u>

**40. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on November 9, 2013 by the Board of Directors of the Company.

**41. CORRESPONDING FIGURES**

During the year no significant reclassification or rearrangements of corresponding figures have been made.

**42. GENERAL**

Figures have been rounded off to the nearest Rupee unless otherwise stated.

**Shams Rafi**  
Chief Executive

**Shaukat Shafi**  
Director



**Form 34**  
**Pattern of Share Holding**  
**As on June 30, 2013**

Shareholders	From	To	Total Shares
444	1	100	15,822
428	101	500	112,787
115	501	1,000	87,436
170	1,001	5,000	398,536
25	5,001	10,000	188,439
21	10,001	15,000	279,215
17	15,001	20,000	308,095
8	20,001	25,000	181,390
14	25,001	30,000	407,002
5	30,001	35,000	160,362
2	35,001	40,000	75,764
4	40,001	45,000	171,167
6	45,001	50,000	282,482
3	50,001	55,000	157,298
1	55,001	60,000	57,372
1	65,001	70,000	68,411
4	70,001	75,000	284,625
2	75,001	80,000	156,794
1	80,001	85,000	80,630
2	85,001	90,000	174,173
1	95,001	100,000	98,500
1	115,001	120,000	116,462
1	145,001	150,000	150,000
1	155,001	160,000	159,560
1	175,001	180,000	179,921
1	180,001	185,000	182,629
1	195,001	200,000	199,146
1	200,001	205,000	204,218
1	225,001	230,000	225,855
1	265,001	270,000	266,450
1	285,001	290,000	285,357
1	345,001	350,000	346,955
1	390,001	395,000	393,350
2	470,001	475,000	948,574
2	495,001	500,000	993,590
1	510,001	515,000	512,462
1	685,001	690,000	689,348
1	700,001	705,000	701,639
1	860,001	865,000	860,742
1	1,055,001	1,060,000	1,056,073
1	1,560,001	1,565,000	1,560,920
1	2,390,001	2,395,000	2,391,204
1	2,400,001	2,405,000	2,400,529
1	4,225,001	4,230,000	4,228,922
1	4,405,001	4,410,000	4,405,768
1	5,285,001	5,290,000	5,285,231
1,301			32,491,205



Categories of Shareholders	Numbers	Shares held	% age
More than 5%	4	17,882,790	55.04
Individual	1,250	13,474,914	41.47
Joint Stock companies	36	639,198	1.97
Associated Companies	1	474,323	1.46
Modaraba	1	9,127	0.03
Insurance Companies	2	5,130	0.02
Financial Institution	5	3,742	0.01
NIT & ICP	2	1,981	0.01
<b>Total</b>	<b>1,301</b>	<b>32,491,205</b>	<b>100</b>



## Pattern of Share Holding As on June 30, 2013

### Categories of Shareholder

#### Directors, Chief Executive Officer, their spouse and minor children

#### Number of shares held

#### Chief Executive/Director

Shams Rafi 689,348

#### Directors

Shaukat Shafi 2,400,529

Ahmad Shafi 861,242

Umer Shafi 1,206,073

Salman Rafi 591,979

Muhammad Arshad D 3,462

Masood A. Sheikh 3,725

#### Directors' Spouse and their minor children

Zahida Shaukat 42,859

5,799,217

#### Associated companies, undertakings and related parties

Crescent Cotton Mills Ltd 474,323

474,323

#### NIT & ICP

Investment Corporation Of Pakistan 1,891

Idbl (Icp Unit) 90

1,981

#### Banks, DFI, NBFIs

3,742

#### Insurance Companies

5,130

#### Modaraba and Mutual Funds

9,127

#### Shareholders More than 5%

17,882,790

#### Other companies, Corporate Bodies, Trust etc.

639,198

#### General Public

7,675,697

#### Grand Total

32,491,205



## 40th Annual General Meeting Form of Proxy

I/We \_\_\_\_\_  
of \_\_\_\_\_  
member/members of Jubilee Spinning & Weaving Mills Limited and holder of = \_\_\_\_\_ =  
shares as per Registered Folio No. \_\_\_\_\_ do here by  
appoint \_\_\_\_\_ of \_\_\_\_\_ of failing  
him \_\_\_\_\_ of \_\_\_\_\_ who is also member of the company  
vide Registered Folio No. \_\_\_\_\_ as my / our Proxy to attend, speak and vote for  
me / us and on my / our behalf at the 40th Annual General Meeting of the Company to be held  
on Saturday the November 30, 2013 at 10:00 a.m at the registered office, 45 - A , Zafar  
Ali Road, Gulberg V ,Lahore and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

(Member's Signature)

(Witness's Signature)

Please Affix Here Revenue Stamp.
--

Date:

Place:

Note:

The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.