Kohinoor Mills Limited




ANNUAL REPORT 2014

CONTENTS

COMPANY PROFILE

Kohinoor Mills Limited's vision is to achieve and then remain as the most progressive and profitable textile organization in Pakistan. Incorporated in 1987 as a small weaving mill, today Kohinoor Mills broadly undertakes three major businesses, weaving, dyeing and power generation. It has, and continues to develop, a portfolio of businesses that are major players within their respective industries. Bringing together outstanding knowledge of customer needs with leading edge technology platforms your Company undertakes to provide superior products to its customers.

With an annual turnover of over Rs. 7 billion, today Kohinoor Mills Limited employs over 1,400 employees. It aims to create superior value for Kohinoor's customers and stakeholders without compromising its commitment to safety, environment and health for the communities in which it operates. Its products range from greige fabric to processed fabric.

COMPANY INFORMATION

Board of Directors

Mr. Rashid Ahmed .... Chairman
Mr. Aamir Fayyaz Sheikh .... Chief Executive
Mr. Asad Fayyaz Sheikh .... Director
Mr. Ali Fayyaz Sheikh .... Director
Mr. Riaz Ahmed .... Director
Mr. Aamir Amin .... Director (NIT Nominee)
Mr. Shahbaz Munir .... Director

Audit Committee

Mr. Riaz Ahmed .... Chairman
Mr. Rashid Ahmed .... Member
Mr. Shahbaz Munir .... Member
Mr. Ali Fayyaz Sheikh .... Member

Human Resource & Remuneration Committee

Mr. Rashid Ahmed .... Chairman
Mr. Asad Fayyaz Sheikh .... Member
Mr. Shahbaz Munir .... Member

Chief Financial Officer

Mr. Kamran Shahid

Head of Internal Audit

Mr. Faisal Sharif

Legal Advisors

- Raja Mohammad Akram & Co.,
  Advocate & Legal Consultants, Lahore.
- Malik Muhammad Ashraf Kumma Advocate

Company Secretary

Mr. Muhammad Rizwan Khan

Auditors

M/s. Riaz Ahmad & Co.,
Chartered Accountants

Bankers

- Allied Bank Limited
- Al Baraka Islamic Bank B.S.C. (E.C)
- Askari Bank Limited
- Bank Alfalah Limited
- Faysal Bank Limited
- Habib Bank Limited
- Habib Metropolitan Bank Limited
- National Bank of Pakistan
- NIB Bank Limited
- Silk Bank Limited
- Standard Chartered Bank (Pakistan) Ltd
- The Bank of Punjab
- United Bank Limited

Registered Office & Mills

8th K.M. Manga Raiwind Road,
District Kasur.
UAN: (92-42) 111-941-941
CELL LINES: (92-333) 4998801-10
LAND LINES: (92-42) 3639340
FAX: (92-42) 35395064 & 35395065
EMAIL: info@kohinoormills.com
WEBSITE: www.kohinoormills.com

Shares Registrar

M/s. Hameed Majeed Associates (Pvt.) Ltd,
HM House, 7 Bank Square, Lahore.
LAND LINES: (92-42) 37235081 & 82
FAX: (92-42) 37358817

Stock Exchange

Kohinoor Mills Limited is a public limited Company and its shares are traded under personal goods sector at all three Stock Exchanges of Pakistan.

MISSION & VISION STATEMENT

The Kohinoor Mills Limited's stated mission is to become and then remain as the most progressive and profitable company in Pakistan in terms of industry standards and stakeholders interest.

The Company shall achieve its mission through a continuous process of having sourced, developed, implemented and managed the best leading edge technology, industry best practices, human resource and innovative products and services and sold these to its customers, suppliers and stakeholders

BUSINESS ACTIVITIES

The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying and selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate, distribute, supply and sell electricity.

CODE OF CONDUCT

Introduction to the Code

This code has been formulated to ensure that directors and employees of the Company operate within acceptable standards of conduct and sound business principles which strive for development and growth. The Company takes pride in adherence to its principles and continues to serve its customers, stakeholders and society.

Contents

This code identifies the acceptable standards under following headings:

- Core values
- Business culture
- Responsibilities

Core values

The credibility, goodwill and repute earned over the years can be maintained through continued conviction in our corporate values of honesty, justice, integrity, and respect. The Company strongly believes in democratic leadership style with fair, transparent, ethical and high professional standards of conduct in all areas of business activities.

Business culture

Operations

The Company shall formulate and monitor its objectives, strategies and overall business plan of the organization.

The Company shall be continuously involved in the research and development of new products while improving quality of existing products using highest level of quality control measures at every stage of its operations. Creativity and innovation must prevail at all levels of hierarchy to achieve organizational excellence.

Abidance of Law

It is Company's prime object to comply with all applicable laws and regulations and to co-operate with all governmental and regulatory bodies.

Corporate Reporting and Internal Controls

The Company maintains effective, transparent and secure financial reporting and internal control systems so as to ensure reliable performance measurement and compliance with local regulations and international accounting standards as applicable.

The Company strictly adheres to the principles of good corporate governance and is committed to high standards of corporate governance.

The Company regularly updates and upgrades manufacturing and reporting systems so as to keep abreast with technological advancements and achieve economies of production.

Integrity and Confidentiality

The Company believes in uprightness and expects it to be a fundamental responsibility of employees to act in Company's best interest while holding confidential information and neither to solicit internal information from others nor to disclose Company's figures, data or any material information to any unauthorized person/body.

Inside information about the Company, its customers, vendors, employees shall not be used for their own gain or for that of others directly or indirectly.

Responsibilities

Shareholders

The Company believes in maximizing shareholders value by providing consistent growth and fair return on their investment.

Customers

The Company considers it imperative to maintain cordial relationship with the customers as integral to its growth and development of business and is committed to provide high quality products and services that conform to highest international standards.

Employees

The Company is an equal opportunity employer at all levels with respect to issues such as color, race, gender, age, ethnicity and religious beliefs and its promotional policies are free of any discrimination.

The Company ensures that employees work towards achievement of corporate objectives, individually and collectively as a team and conduct themselves at work and in society as respectable employees and good citizens.

The Company believes in continuous development and training of its employees.

The Company has set high standards of performance and recognizes employees' contribution towards its growth and rewards them based on their performance. The Company believes development, growth and recognition result in motivated employees.

All employees of the Company are part of Kohinoor family and the families of all members are also part and parcel of Kohinoor family. The Company believes that the sense of belonging to Kohinoor fulfils an essential need of its employees and the organization and as such will always be nurtured.

Environment and Social Responsibility

Protecting the environment in which we live is an important element. The Company uses all means to ensure a clean, safe, healthy and pollution free environment not only for its workers and employees but also for the well being of all people who live in and around any of the production and manufacturing facilities. The Company will always employ such technology as may be beneficial in maintaining a healthy and hygienic working environment. It also believes in community development without political affiliations with any person or group of persons and contributes part of its resources for a better environment with an unprejudiced approach.

NOTICE OF 27th ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting (AGM) of the members of **Kohinoor Mills Limited** (the Company) will be held on Thursday, 30th day of October, 2014 at 03:00 p.m. at the Registered Office of the Company situated at 8th Kilometer, Manga Raiwind Road, District Kasur, to transact the following business:-

1. To confirm the minutes of Annual General Meeting held on October 31, 2013.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2014, together with Directors' and Auditors' Reports thereon.
3. To appoint auditors for the year ending June 30, 2015 and fix their remuneration.
4. To transact any other Ordinary business with the permission of the Chair.

By Order of the Board

Kasur:
08 October 2014

MUHAMMAD RIZWAN KHAN
Company Secretary

NOTES

1. The shares transfer books of the Company will remain closed from October 23, 2014 to October 30, 2014 (both days inclusive). Physical transfers/CDS Transaction IDs received in order at Shares Registrar of the Company i.e., M/s. Hameed Majeed Associates (Pvt.) Ltd, HM house, 7 Bank Square, Lahore, up to October 22, 2014, will be considered in time.

2. A member entitled to attend and vote at AGM may appoint another member as proxy to vote in place of member at the meeting. Proxies in order to be effective must be received at the Company's Registered Office duly stamped and signed not later than 48 hours before the time of holding meeting. A member may not appoint more than one proxy. A copy of shareholder's attested Computerized National Identity Card (CNIC) must be attached with the proxy form.

3. The CDC account holders / sub account holders are requested to bring with them their CNIC along with participant(s) ID numbers and their account numbers at the time of attending the meeting in order to facilitate identification of the respective shareholders. In case of corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

4. Members, who have not yet submitted photocopies of their CNIC to Shares Registrar, are requested to send the same at earliest.

5. Shareholders are requested to promptly notify change in their addresses, if any, to Shares Registrar of the Company.

DIRECTORS' REPORT

The Directors of the Company are pleased to present the audited financial statements for the year ended June 30, 2014. These financial statements are presented in accordance with the requirements of the Companies Ordinance, 1984.

Textile Industry Outlook

With the grant of GSP+ status to Pakistan by the European Union, it was expected that Financial Year 2013-14 would bring in higher orders and better textile exports for the country. However, the overall expected growth in textile exports was dampened by the slump in apparel-brand sales in the US and European Markets. Resultantly, the textile exports at US$ 13.66 billion during FY 2013-14 only registered 6.5% growth over last year's figure of US$ 12.83 billion.

Higher exports failed to materialize in higher profitability in textile sector owing to swings in value of Pak Rupee vis-a-vis major foreign currencies. The value of US$ appreciated from July 2013 to March 2014 by 6% over a 9 months period. However, the sudden and unexpected 7% fall in the value of US$ in March 2014 left FCY positions of all exporters uncovered and resulted in heavy exchange losses in already booked orders.

Operating & Financial Results

During the financial year ended June 30, 2014, your Company earned a gross profit of Rs. 1,045 million on sales of Rs. 7,772 million compared to gross profit of Rs. 1,378 million on sales of Rs. 8,452 million for the previous financial year 2012-13. Gross margin was 13.4% compared to 16.3% in the previous year. During FY 2013-14, your Company recorded a net profit of Rs. 202 million, compared to net profit of Rs. 1,009 million in the previous financial year, which included Rs. 824 million as one-time gain on recognition of financial liabilities at fair value under IAS 39. The Earnings per share was Rs. 3.97 per share compared to Rs.19.81 for previous financial year.

Sharp unexpected decline in the value of US Dollar in later half of the year, slow-down in high-street retail sector sales in the US and European markets and increasing regional competition during the year under review resulted in decline in turnover and reduction in margins.

Dividend

In order to rebuild the working capital of the Company, your directors have regrettably decided to omit dividend this year.

Performance Overview

A brief overview of performance of your Company for the year ended June 30, 2014 is discussed below. Please also refer page no.18 of this Annual Report for six years' performance overview of your Company.

Weaving Division

The capacity utilization and volume were maintained in this division during the year under review. However, fall in the value of US dollar hit the export business during the latter half. Keeping in view the good order position, the management is confident that the performance in this division will be improved in the ensuing period.

Dyeing Division

Continuing depressed consumer demand in overseas apparel-brand sales coupled with sharp decline is US dollar resulted in decline in volumes and margins in this division. Being at the value-added end of the fabric business, the management is intensifying its product development and marketing efforts. Further, the additional production from capacity expansion last year is also expected to yield positive results in the ensuing period thus driving up the overall performance.

Genertek Division

The induction of bio-fuel based boiler and improved, though inconsistent, supplies of Natural Gas by SNGPL and electricity by LESCO resulted in savings in Fuel and energy costs during the year under review.

In view of the unreliable gas and electricity supply situation in the country in the long run, the management is earnestly considering various alternate bio-fuel based energy options.

Q Mart Corporation (Pvt) Ltd (a wholly owned subsidiary of your Company)

The Company, in line with its decision to focus on its core fabric business, decided to pull out of retail business during the last financial year and accordingly shut-down all its Q-Mart retail stores. The management is currently in the process of disposing of the fixed assets of this Company.

Information Technology

Your Company is making continuous efforts to have efficient IT systems supporting timely and effective decisions. It has provided its employees, the most modern facilities to achieve optimum efficiency levels. Most of manufacturing equipment and machinery used in the operations are equipped with technologically advanced software providing on-line real time information for most of the production processes.

The Company's intranet acts as a useful resource base providing in depth information on the Company's policies and procedures along with other information for beneficial use to the employees of the Company.

Human Resource & Training

With a human capital of about 1,500 employees, the Company believes that the employees are vital ingredient in shaping Company's future where each individual contributes directly to the success of the organization.

Your Company's HR team is a group of highly skilled and experienced professionals. They work very closely with business teams to design efficient people solutions that will effectively meet the business goals.

Your Company places a premium on respect for individuals, equal opportunities, advancement based on merit, effective communication, and the development of high performance culture. The Company takes pride in continuous improvement at all levels and strives to ensure that opportunity for growth and varied career experiences are provided to all employees.

Your Company is an equal opportunity employer and this is practiced in all aspects of the Company's business activities including recruitment and employment.

Combined with state of the art technology and HR Information Systems, the result is a high performance environment within which individuals can achieve their professional and personal dreams.

Training & Development

Your Company believes in human resource development through training and development and places due emphasis on training in all spheres of its production process. The Company made efforts during the year with more focused and cost effective training programs for the major technical categories such as weavers, technologists and quality control inspectors.

Candidates are engaged through a Trainee Scheme and trained in-house over a period of 6 months through a career path. This has helped Company in preparing a highly skilled workforce and also provides replacements to cover turnover.

In-house training sessions are regularly conducted in general management, fire fighting, first aid, health and safety, computer and technical disciplines.

Safety, Health & Environment

Your Company has provided safe & healthy workplace for both staff & contractors and will act responsibly towards the communities and environment in which we operate. This will be achieved by continuous improvement of our safety, health and environment performance through corporate leadership, dedication of staff and the application of the highest professional standards at workplace.

Corporate Social Responsibility

Your Company has very distinct Corporate and Social Responsibility (CSR) policy in fulfilling its responsibilities of securing the community within which it operates.

Your Company through its directors is actively involved in the various social responsibility initiatives in the field of primary education and health care. During the year under review, your Company donated Rs. 7.5 million to The Citizens Foundation Schools for construction of schools for under-privileged children in remote areas. In addition the Company is taking an active part through APTMA initiatives for Clean Water for remote areas.

Compliance with the Code of Corporate Governance

The Board reviews the Company's strategic direction on regular basis. The business plans and budgetary targets, set by the Board are also reviewed regularly. The Sub-Committees are empowered for effective compliance of Code of Corporate Governance. The Board is committed to maintain a high standard of good Corporate Governance.

Corporate & Financial Reporting Frame Work

The Board of Directors of the Company is fully cognizant of its responsibility as laid down in the Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance.

a. The financial statements together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984. These Statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b. The Company has maintained proper books of account as required by the Companies Ordinance, 1984.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the Company's ability to continue as a going concern.

g. There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations of the stock exchanges where the Company is listed.

h. There are no significant plans for any corporate restructuring, business expansion or discontinuation of any part of the Company's operations.

i. Information regarding statutory payments on account of outstanding taxes, duties, levies and other charges (if any) has been given in related note(s) to the audited accounts.

j. The Company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.

k. The valuation of investment made by the staff retirement benefit fund (Provident Fund), based on their respective un-audited accounts is as follows:

June 30, 2014	Rs. 105.57 million
June 30, 2013	Rs. 85.45 million

Board of Directors

The Board of Directors is responsible for the overall governance and administration of the Company. All directors are aware of their duties and powers conferred by the Companies Ordinance, 1984, Code of Corporate Governance and the Company's Memorandum and Articles of Association. They exercise their fiduciary responsibilities through board meetings which are held every quarter for reviewing and approving the adoption of the Company's financial statements in addition to review and adoption of Company's significant plans and decisions, projections, forecasts, and budgets having regard to the recommendations of the Sub-committees. The responsibilities include establishing the Company's strategic objectives, providing leadership, supervising the management of the business and reporting to shareholders on their stewardship.

During the year under review five (5) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Name of the Directors	No. of meetings attended
Mr. Rashid Ahmed	5
Mr. Aamir Fayyaz Sheikh	4
Mr. Asad Fayyaz Sheikh	3
Mr. Ali Fayyaz Sheikh	4
Mr. Riaz Ahmed	5
Mr. Aamir Amin	4
Mr. Shahbaz Munir	5

Leave of absence was granted to the directors unable to attend the meeting.

Other than those set out below, there has been no trading during the year under review by the Directors, Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary, their spouses and minor children:

Name	Designation	Purchased	Sold
		No. of Shares	
Mrs. Muneeza Asad	Wife of Mr. Asad Fayyaz Sheikh (Director)	6,000	-

Audit Committee

The Audit Committee operates according to the terms of reference determined by the Board of Directors of the Company. It focuses on monitoring compliance with the best practices of the Code of Corporate Governance and relevant statutory requirements, changes in accounting policies and practices, compliance with applicable accounting standards and listing regulations.

It recommends to the Board of Directors the terms of appointment of external auditors and reviews their recommendations relating to audit. Other responsibilities include monitoring the internal audit function, safeguarding the Company's assets through appropriate internal control systems including financial and operational controls, accounting system and reporting structure, preliminary review of business plans and quarterly, half-yearly and annual results prior to approval and publication by the Board.

During the year under review five (5) meetings of the Audit Committee were held. The attendance by each member was as follows:

Name of the Members	No. of meetings attended
Mr. Riaz Ahmed	5
Mr. Rashid Ahmed	4
Mr. Ali Fayyaz Sheikh	4
Mr. Shahbaz Munir	5

Leave of absence was granted to the members unable to attend the meeting.

Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee (HR & R) operates according to terms of reference approved by the Board of Directors and is responsible for recommending human resource management policies to the board, selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit; and consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.

During the year under review one (1) meeting of the HR & R Committee was held, the attendance by its members was as follows:

Name of the members	Attendance
Mr. Rashid Ahmed	-
Mr. Asad Fayyaz Sheikh	1
Mr. Shahbaz Munir	1

Leave of absence was granted to the member unable to attend the meeting.

Code of Conduct

In order to promote integrity for the Board, senior management and other employees of the Company, the Board has prepared and disseminated Code of Conduct on the Company's website for information of his/her understanding of the professional standards and corporate values for everybody associated or dealing with the Company.

Pattern of Shareholding

The Statement of Pattern of Shareholding along with categories of shareholders of the Company as at June 30, 2014, as required under section 236 of the Companies Ordinance, 1984 and Code of Corporate Governance is annexed with this report.

Future Prospects

Economic growth needs predictable economic policies rooted in a stable political system. After witnessing the first democratic transition last year, Pakistan once again is headed towards political confrontation. This does not augur well for the fledgling Pakistani economy which registered small recovery last year after years of massive power-crisis, sharp decline in the value of Pak Rupee, flight of foreign capital, "war on terror", recurring natural calamities and excessive reliance on assistance from multilateral agencies. With continuing political uncertainty, these problems may exacerbate further, thus adding to the woes of the export-based textile industry, already facing continuing global recession and increasing competition from regional players in value-added sector.

Increasing revenues by better selling and improving margins by driving down costs is the prescription for a successful and profitable business in any economic environment. Likewise, your management, keeping in view the difficult politico-economic situation, is pursuing a two-pronged strategy. The increased revenues and better margins shall be ensured with higher productive capacity by intensive marketing efforts focusing on market development and penetration, product development, especially niche products for famous brands and technical textiles. On cost side, better supply-chain management for raw materials and increased reliance on alternate fuels for power-generation shall remain pivotal parts of the strategy. The current order book of the Company is healthy and it has confirmed orders up to December 2014 at full capacity. Therefore, the management is confident that the Company shall be able to improve its operational performance, going forward.

Auditors

The external auditors of the Company, M/s Riaz Ahmad & Company, Chartered Accountants shall retire on the conclusion of forthcoming Annual General Meeting. Being eligible for re-appointment under the Companies Ordinance, 1984, they have offered their services as auditors of the Company for the year ending June 30, 2015. The Board of Directors endorsed its recommendations of Audit Committee for their re-appointment.

The auditors have conveyed that they have been assigned satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and the firm is fully compliant with the code of ethics issued by International Federation of Accountants (IFAC). Further they are also not rendering any related services to the Company. The auditors have also confirmed that neither the firm nor any of their partners, their spouses or minor children at any time during the year held or traded in the shares of the Company.

Acknowledgment

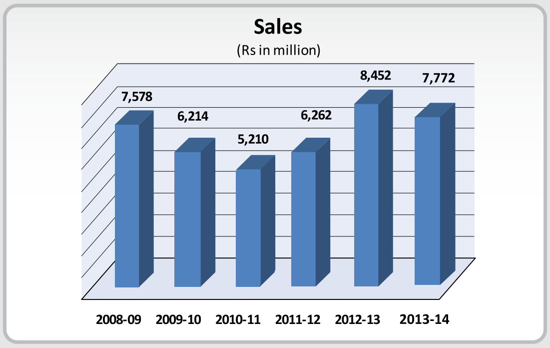
The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the Company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the staff and workers of the Company.

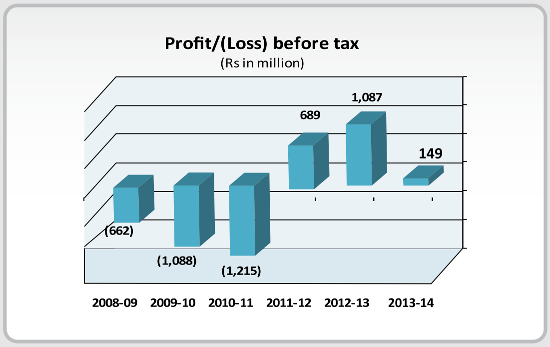
For and on behalf of the Board

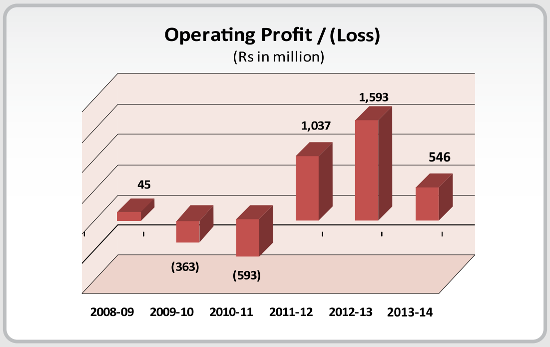
Kasur:
25 September 2014

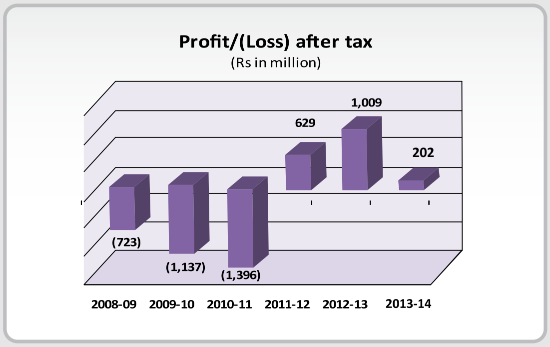
AAMIR FAYYAZ SHEIKH
Chief Executive

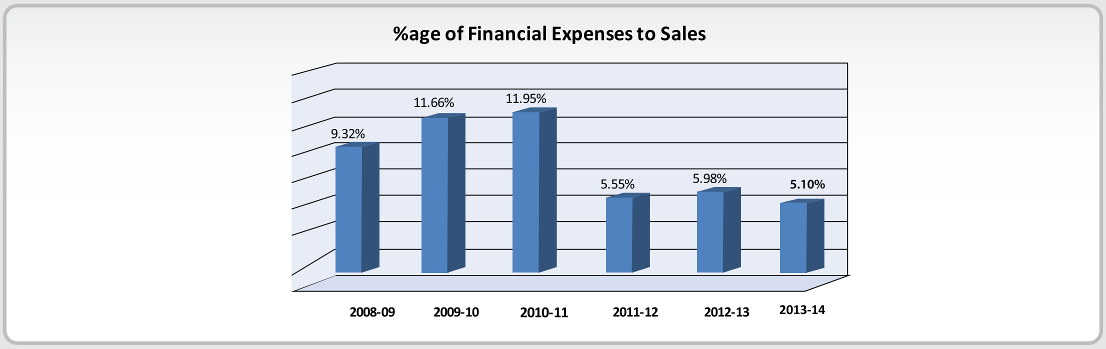
PERFORMANCE OVERVIEW

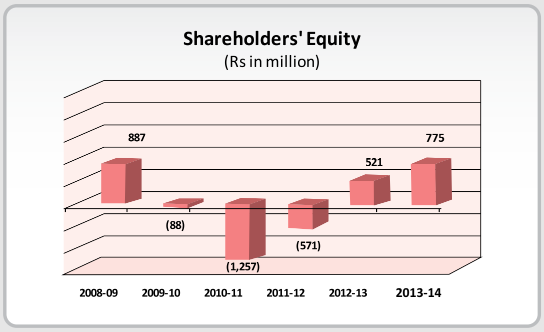


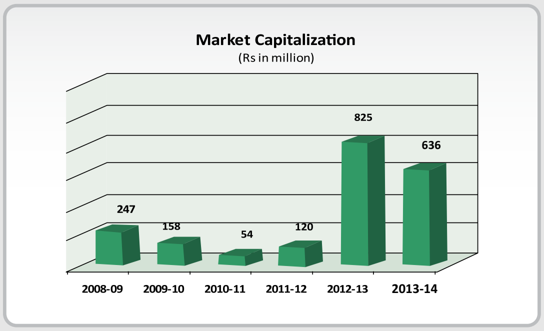


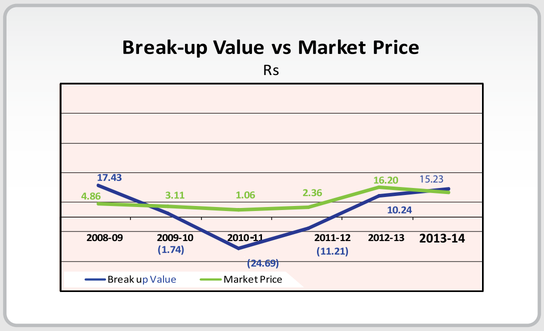


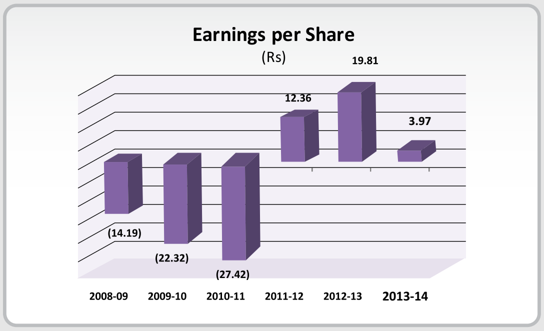


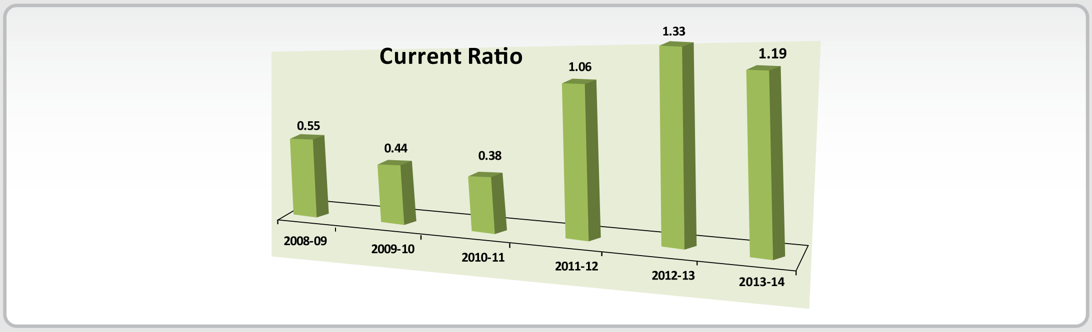



Shareholders' Equity
(Rs in million)
887
(88)
(1,257)
(571)
521
775
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14


Market Capitalization
(Rs in million)
247
158
54
120
825
636
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14


Break-up Value vs Market Price
Rs
17.43
4.86
3.11
1.06
2.36
16.20
15.23
10.24
2008-09
2009-10
(1.74)
2010-11
(24.69)
2011-12
(11.21)
2012-13
2013-14
Break up Value
Market Price


Earnings per Share
(Rs)
(14.19)
(22.32)
(27.42)
12.36
19.81
3.97
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14


Current Ratio
0.55
0.44
0.38
1.06
1.33
1.19
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14

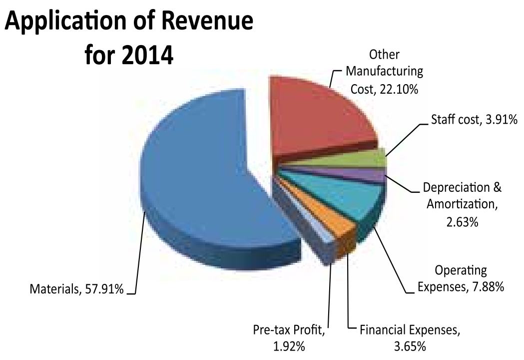
SIX YEARS' PERFORMANCE

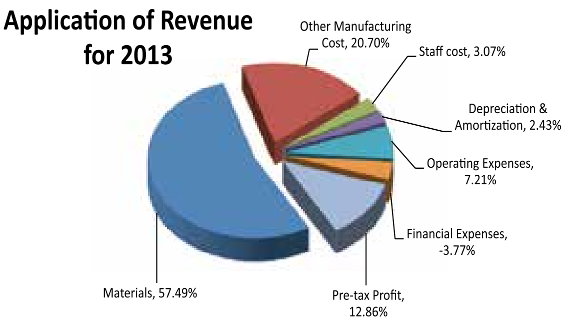
		2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
OPERATING							
Gross Margin	%	13.45	16.31	14.67	(1.81)	5.23	8.70
Pre Tax Margin	%	1.92	12.86	11.00	(23.32)	(17.50)	(8.73)
Net Margin	%	2.60	11.93	10.05	(26.79)	(18.30)	(9.53)
PERFORMANCE							
Return on Long Term Assets	%	5.70	29.17	17.58	(41.38)	(20.73)	(12.74)
Total Assets Turnover	x	1.30	1.44	1.08	0.90	0.71	0.84
Fixed Assets Turnover	x	2.26	2.52	1.83	1.70	1.20	1.40
Inventory Turnover	Days	52.80	45.36	53.41	63.84	84.00	74.00
Return on Equity	%	0.26	1.93	nm	nm	nm	(81.44)
Return on Capital Employed	%	17.22	48.03	36.36	nm	(103.72)	2.34
Retention	%	100	100	100	-	-	-
LEVERAGE							
Debt:Equity		71:29	82:18	nm	nm	107:(7)	59:41
LIQUIDITY							
Current		1.19	1.33	1.06	0.38	0.44	0.55
Quick		0.70	0.82	0.67	0.26	0.24	0.30
VALUATION							
Earning per share (pre tax)	Rs.	2.93	21.36	13.53	(23.87)	(21.36)	(13.00)
Earning per share (after tax)	Rs.	3.97	19.81	12.36	(27.42)	(22.32)	(14.19)
Breakup value	Rs.	15.23	10.24	(11.21)	(24.69)	(1.74)	17.43
Dividend payout - Cash	Rs.	-	-	-	-	-	-
Bonus issue	%	-	-	-	-	-	-
Payout ratio - Cash (after tax)	%	-	-	-	-	-	-
Price earning ratio	Rs.	3.15	0.82	0.19	(0.04)	(0.14)	(0.34)
Market price to breakup value	Rs.	0.82	1.58	(0.21)	(0.04)	(1.79)	0.28
Dividend yield	%	-	-	-	-	-	-
Market value per share	Rs.	12.49	16.20	2.36	1.06	3.11	4.86
Market capitalization	Rs. In million	636	825	120	54	158	247
HISTORICAL TRENDS							
Turnover	Rs. In million	7,772	8,452	6,262	5,210	6,214	7,578
Gross profit	Rs. In million	1,045	1,378	919	(95)	325	659
Profit/(Loss) before tax	Rs. In million	149	1,087	689	(1,215)	(1,088)	(662)
Profit/(Loss) after tax	Rs. In million	202	1,009	629	(1,396)	(1,137)	(723)
FINANCIAL POSITION							
Shareholder's funds	Rs. In million	775	521	(571)	(1,257)	(88)	887
Property Plant and Equipment	Rs. In million	3,441	3,355	3,413	3,063	5,182	5,404
Current assets	Rs. In million	2,445	2,403	2,243	2,414	3,200	3,379
Current liabilities	Rs. In million	2,047	1,804	2,116	6,345	7,317	6,110
Long term assets	Rs. In million	3,542	3,457	3,580	3,373	5,492	5,672
Long term liabilities	Rs. In million	2,396	2,794	3,423	31	439	1,017

nm: not meaningful

STATEMENT OF VALUE ADDITION

	2014		2013	
	%age	Rupees (000)	%age	Rupees (000)
Value Added				
Local Sales	12.96%	1,007,047	13.42%	1,134,504
Export Sales	87.04%	6,765,384	86.58%	7,317,266
Total Sales	100%	7,772,431	100%	8,451,771
Value Allocated				
Materials	57.91%	4,501,050	57.49%	4,859,232
Other Manufacturing Cost	22.10%	1,717,470	20.70%	1,749,765
Staff cost	3.91%	304,272	3.07%	259,363
Depreciation & Amortization	2.63%	204,470	2.43%	205,098
Operating Expenses	7.88%	612,470	7.21%	609,423
Financial Expenses	3.65%	283,352	(3.77%)	(318,321)
Pre-tax Profit	1.92%	149,347	12.86%	1,087,212
	100%	7,772,431	100%	8,451,771





STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE [CLAUSE (XI)] FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of the listing regulations of the Stock Exchanges 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 CCG in the following manner:

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

Category	**Names**
Independent Director	Mr. Riaz Ahmed
Executive Directors	Mr. Aamir Fayyaz Sheikh Mr. Asad Fayyaz Sheikh
Non-Executive Directors	Mr. Ali Fayyaz Sheikh Mr. Rashid Ahmed Mr. Shahbaz Munir Mr. Aamir Amin

The above named independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the board during the year ended June 30, 2014.

5. The company prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of meetings were appropriately recorded and circulated.

9. During the year under review, Mr. Shahbaz Munir, non-executive director of the company successfully completed directors training programme conducted by Institute of Chartered Accountants of Pakistan held at Lahore in May 2014.

10. During the year no new appointment of CFO, Company Secretary and Head of Internal Audit was approved by the Board. However, remuneration of the above officers was revised as per company policy approved by the board.

11. The directors' report for this year has been prepared in compliance with the requirements of CCG 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 CCG.

15. The board has formed an Audit Committee. It comprises four members, of whom three are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has also formed a Human Resource and Remuneration Committee. It comprises three members of whom majority are non-executive directors including chairman of the meeting.

18. The board has set-up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 ICAP.

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 the 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 Exchanges.

23. We confirm that all other material principles contained in the CCG have been complied with.

For and on behalf of the Board

Kasur :
25 September 2014

(AAMIR FAYYAZ SHEIKH)
Chief Executive

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of KOHINOOR MILLS LIMITED ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended 30 June 2014.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

25 Septermber 2014
LAHORE

Financial Statments
For the year ended 30 June 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KOHINOOR MILLS LIMITED** as at 30 June 2014 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) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   i) the balance sheet and 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;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with 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 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

DATE: 25 September 2014

LAHORE

BALANCE SHEET AS AT 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	3	1,100,000,000	1,100,000,000
Issued, subscribed and paid-up share capital	4	509,110,110	509,110,110
Reserves	5	266,153,612	12,324,332
Total equity		775,263,722	521,434,442
Surplus on revaluation of operating fixed assets - net of deferred income tax	6	768,718,932	785,458,501
LIABILITIES			
Non-current liabilities			
Long term financing - secured	7	1,711,379,960	1,994,125,496
Sponsor's loan	8	176,742,116	272,000,000
Deferred liabilities	9	507,523,537	483,022,877
		2,395,645,613	2,749,148,373
Current liabilities			
Trade and other payables	10	801,965,767	814,538,309
Accrued markup	11	132,581,524	110,743,721
Short term borrowings - secured	12	814,194,999	671,405,785
Current portion of long term financing	7	249,682,994	127,360,657
Provision for taxation		49,029,133	79,975,000
		2,047,454,417	1,804,023,472
Total liabilities		4,443,100,030	4,553,171,845
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		5,987,082,684	5,860,064,788

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

AAMIR FAYYAZ SHEIKH
Chief Executive

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non-current assets			
Fixed assets	14	3,440,654,126	3,354,568,091
Long term investments	15	81,013,995	82,235,864
Long term security deposits		20,587,740	20,587,740
		3,542,255,861	3,457,391,695
Current assets			
Stores, spares and loose tools	16	317,766,166	315,856,083
Stock-in-trade	17	698,231,702	614,534,124
Trade debts	18	533,484,347	679,533,395
Advances	19	87,643,135	90,306,682
Trade deposits and short term prepayments	20	19,413,286	7,595,341
Other receivables	21	253,595,350	237,728,166
Sales tax recoverable	22	202,338,744	195,540,934
Short term investment	23	176,879,692	132,357,244
Cash and bank balances	24	155,474,401	129,221,124
		2,444,826,823	2,402,673,093
TOTAL ASSETS		5,987,082,684	5,860,064,788

AAMIR AMIN
Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
SALES	25	7,772,431,497	8,451,770,781
COST OF SALES	26	(6,727,262,092)	(7,073,457,332)
GROSS PROFIT		1,045,169,405	1,378,313,449
DISTRIBUTION COST	27	(431,562,084)	(618,804,629)
ADMINISTRATIVE EXPENSES	28	(210,814,760)	(195,040,088)
OTHER EXPENSES	29	(93,859,958)	(176,879,315)
		(736,236,802)	(990,724,032)
		308,932,603	387,589,417
OTHER INCOME	30	237,082,706	1,205,045,128
PROFIT FROM OPERATIONS		546,015,309	1,592,634,545
FINANCE COST	31	(396,667,996)	(505,422,696)
PROFIT BEFORE TAXATION		149,347,313	1,087,211,849
TAXATION	32	52,540,332	(78,545,167)
PROFIT AFTER TAXATION		201,887,645	1,008,666,682
EARNINGS PER SHARE - BASIC AND DILUTED	33	3.97	19.81

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

AAMIR FAYYAZ SHEIKH
Chief Executive

AAMIR AMIN
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	2014 Rupees	2013 Rupees
PROFIT AFTER TAXATION	201,887,645	1,008,666,682
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on re-measurement of available for sale investment to fair value	44,522,448	54,904,794
Reclassification adjustment relating to disposal of available for sale investment	-	(28,915,070)
Deferred income tax relating to surplus on re-measurement of available for sale investment to fair value	(10,031,907)	(13,425,111)
Other comprehensive income for the year - net of tax	34,490,541	12,564,613
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	236,378,186	1,021,231,295

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

AAMIR FAYYAZ SHEIKH
Chief Executive

AAMIR AMIN
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH GENERATED FROM OPERATIONS	34	734,321,814	833,861,011
Income tax paid		(100,404,325)	(93,007,155)
Net decrease in long term security deposits		-	195,000
Finance cost paid		(180,808,247)	(242,275,885)
NET CASH GENERATED FROM OPERATING ACTIVITIES		453,109,242	498,772,971
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(322,403,826)	(244,961,046)
Proceeds from disposal of operating fixed assets		17,186,480	6,686,775
Proceed from disposal of short term investment		-	145,677,342
Dividend received		3,540,168	2,574,668
NET CASH USED IN INVESTING ACTIVITIES		(301,677,178)	(90,022,261)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(267,968,001)	(198,073,490)
Short term borrowings - net		142,789,214	(189,582,631)
NET CASH USED IN FINANCING ACTIVITIES		(125,178,787)	(387,656,121)
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,253,277	21,094,589
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		129,221,124	108,126,535
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		155,474,401	129,221,124

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

AAMIR FAYYAZ SHEIKH
Chief Executive

AAMIR AMIN
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	SHARE CAPITAL	RESERVES							TOTAL EQUITY
		CAPITAL RESERVES			REVENUE RESERVES			Total reserves	
		Share premium reserves	Fair value reserves	Sub-Total	General reserve	Accumulated loss	Sub-Total		
	RUPEES								
Balance as at 30 June 2012	509,110,110	213,406,310	85,516,926	298,923,236	1,058,027,640	(2,436,586,888)	(1,378,559,248)	(1,079,636,012)	(570,525,902)
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	-	18,369,573	18,369,573	18,369,573	18,369,573
Surplus on revaluation realized on disposal of operating fixed asset	-	-	-	-	-	52,359,476	52,359,476	52,359,476	52,359,476
Profit for the year	-	-	-	-	-	1,008,666,682	1,008,666,682	1,008,666,682	1,008,666,682
Other comprehensive income for the year	-	-	12,564,613	12,564,613	-	-	-	12,564,613	12,564,613
Total comprehensive income for the year ended 30 June 2013	-	-	12,564,613	12,564,613	-	1,008,666,682	1,008,666,682	1,021,231,295	1,021,231,295
Balance as at 30 June 2013	509,110,110	213,406,310	98,081,539	311,487,849	1,058,027,640	(1,357,191,157)	(299,163,517)	12,324,332	521,434,442
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	-	17,451,094	17,451,094	17,451,094	17,451,094
Profit for the year	-	-	-	-	-	201,887,645	201,887,645	201,887,645	201,887,645
Other comprehensive income for the year	-	-	34,490,541	34,490,541	-	-	-	34,490,541	34,490,541
Total comprehensive income for the year ended 30 June 2014	-	-	34,490,541	34,490,541	-	201,887,645	201,887,645	236,378,186	236,378,186
Balance as at 30 June 2014	509,110,110	213,406,310	132,572,080	345,978,390	1,058,027,640	(1,137,852,418)	(79,824,778)	266,153,612	775,263,722

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

AAMIR FAYYAZ SHEIKH
Chief Executive

AAMIR AMIN
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Mills Limited ("the Company") is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The registered office of the Company is situated at 8-K.M., Manga Raiwind Road, District Kasur. The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate, and supply electricity.

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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for freehold land and buildings which are carried at revalued amounts and certain financial instruments which are carried at their fair value.

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:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at the balance sheet date.

Useful lives, patterns of economic benefits and impairments

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 impairments 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.

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.

Inventories

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

Provision for obsolescence of stores, spares and loose tools

Provision for obsolescence of items of stores, spares and loose tools is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

d) Amendments to published approved standards that are effective in current year and are relevant to the Company

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2013:

IFRS 7 (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 application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

e) Standards, interpretation and amendments to published approved standards that are effective in current year but not relevant to the Company

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

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

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

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

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

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

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2015) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). 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 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and 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.

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

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

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

IAS 36 (Amendments) 'Impairment of 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 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments', IFRS 13 'Fair Value Measurement' and IAS 16 'Property, Plant and Equipment', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

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

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

g) Standard and amendments to published approved standards that are not yet effective and not considered relevant to the Company

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

2.2 Employee benefit

The Company operates a funded contributory provident fund scheme for its permanent employees. The Company and employees make equal monthly contributions of 8.33 percent of the basic salary, towards the fund. The Company's contribution is charged to the profit and loss account.

2.3 Provisions

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

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. 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.

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 balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in statement of comprehensive income or directly in equity, respectively.

2.5 Foreign currencies

The financial statements are presented in Pak Rupees, which is the Company's functional. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the spot rate. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses, where applicable, are recognized in the profit and loss account.

2.6 Fixed assets

2.6.1 Property, plant and equipment and depreciation

Owned

a) Cost

Property, plant and equipment except freehold land and buildings are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss, buildings are stated at revalued amount less accumulated depreciation and any identified impairment loss, while capital work-in-progress is stated at cost less any identified impairment loss.

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

Increases in the carrying amount arising on revaluation of operating fixed assets are credited to surplus on revaluation of operating fixed assets. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of operating fixed assets to retained earnings. All transfers to / from surplus on revaluation of operating fixed assets are net of applicable deferred income tax.

b) Depreciation

Depreciation on all operating fixed assets is charged to income on a reducing balance method so as to write off cost / depreciable amount of an asset over its estimated useful life at the rates as disclosed in note 14.1. Depreciation on additions is charged from the month in which the asset is put to use and on disposal up to the month of disposal. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

c) Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

Leased

a) Finance leases

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 income 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 income.

b) Operating leases

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

2.6.2 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

2.7 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 and re-evaluates such designation on regular basis.

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 initially measured 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 investment in subsidiary company, which is tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

a) Investments at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they 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 derecognized or impaired, as well as through the amortization process.

c) 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 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 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

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

d) Equity investments in associated companies

The investments in associates in which the Company does not have significant influence are classified as "Available-for-Sale".

e) Investment in subsidiary company

Investment in subsidiary company is accounted for at cost less impairment loss, if any, in accordance with IAS 27 'Consolidated and Separate Financial Statements'.

2.8 Inventories

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

Stores, spares and loose tools

Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores and spares are valued at cost comprising invoice value plus other charges paid thereon.

Stock in trade

Cost of raw material is based on weighted average cost.

Cost of work in process and finished goods comprises prime cost and appropriate production overheads determined on weighted average cost. Cost of goods purchased for resale are valued at their respective purchase price by using first-in-first-out method.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock and rejected goods 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.

2.9 Non-current assets held for sale

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through continuing use.

2.10 Borrowing costs

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

2.11 Revenue recognition

Revenue from different sources is recognized as under.

(a) Revenue from sale of goods is recognized on dispatch of goods to customer.

(b) Dividend on equity investments is recognized as income when right to receive payment is established.

(c) Profit on bank deposits is recognized on a time proportion basis taking into account, the principal outstanding and rates of profits applicable thereon.

2.12 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 with 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 non-financial 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. 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 carrying 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.

2.13 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.14 Financial instruments

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

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are investments, trade debts, deposits, advances, other receivables and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term financing, short term borrowings, sponsor's loan, accrued markup and trade and other payables.

2.14.1 Trade debts and other receivables

Trade debts and other receivable are initially measured at fair value and subsequently at amortized cost using effective interest rate method less provision for impairment. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

2.14.2 Trade and other payables

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

2.14.3 Markup bearing 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 borrowing using the effective interest rate method.

2.14.4 Cash and cash equivalents

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

2.15 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized in profit and loss account in the periods when the hedged item will affect profit or loss.

2.16 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive 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 include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments. Weaving (Producing different quality of greige fabric using yarn), Dyeing (Converting greige into dyed fabric) and Power Generation (Generating and distributing power).

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.

2.17 Off setting of financial assets and liabilities

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

2.18 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. AUTHORIZED SHARE CAPITAL

2014 (NUMBER OF SHARES)	2013 (NUMBER OF SHARES)		2014 Rupees	2013 Rupees
80,000,000	80,000,000	Ordinary shares of Rupees 10 each	800,000,000	800,000,000
30,000,000	30,000,000	Preference shares of Rupees 10 each	300,000,000	300,000,000
110,000,000	110,000,000		1,100,000,000	1,100,000,000

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2014 (NUMBER OF SHARES)	2013 (NUMBER OF SHARES)		2014 Rupees	2013 Rupees
28,546,003	28,546,003	Ordinary shares of Rupees 10 each fully paid in cash	285,460,030	285,460,030
18,780,031	18,780,031	Ordinary shares of Rupees 10 each as fully paid bonus shares	187,800,310	187,800,310
3,584,977	3,584,977	Ordinary shares of Rupees 10 each issued due to merger with Kohinoor Genertek Limited as per scheme of arrangement	35,849,770	35,849,770
50,911,011	50,911,011		509,110,110	509,110,110

5. RESERVES

Composition of reserves is as follows:

	2014 Rupees	2013 Rupees
Capital reserves		
Share premium reserve (Note 5.1)	213,406,310	213,406,310
Fair value reserve - net of deferred income tax (Note 5.2)	132,572,080	98,081,539
	345,978,390	311,487,849
Revenue reserves		
General reserve	1,058,027,640	1,058,027,640
Accumulated loss	(1,137,852,418)	(1,357,191,157)
	(79,824,778)	(299,163,517)
	266,153,612	12,324,332

5.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	2014 Rupees	2013 Rupees
5.2 Fair value reserve - net of deferred income tax		
Balance as at 01 July	131,653,073	105,663,349
Fair value adjustment on investment:		
Impact of revaluation of investment	44,522,448	54,904,794
Fair value gain realized on disposal of investment	-	(28,915,070)
	44,522,448	25,989,724
Balance as at 30 June	176,175,521	131,653,073
Less: Related deferred income tax liability	43,603,441	33,571,534
Balance as at 30 June - net of deferred income tax	132,572,080	98,081,539

5.2.1 This represents the unrealized gain on re-measurement of available for sale investment at fair value and is not available for distribution. This will be transferred to profit and loss account on realization.

	2014 Rupees	2013 Rupees
6. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED INCOME TAX		
Balance as at 01 July	810,923,617	882,992,935
Less: Surplus on revaluation realized on disposal of land	-	52,359,476
Less: Incremental depreciation	18,724,350	19,709,842
Balance as at 30 June	792,199,267	810,923,617
Less: Related deferred income tax liability	23,480,335	25,465,116
Balance as at 30 June - net of deferred income tax	768,718,932	785,458,501

7. LONG TERM FINANCING - SECURED

	2014 Rupees	2013 Rupees
Financing from banking companies (Note 7.1 and 7.2)	1,961,062,954	2,121,486,153
Less: Current portion shown under current liabilities	249,682,994	127,360,657
	1,711,379,960	1,994,125,496

7.1

Lender	2014 (Rupees)	2013 (Rupees)	Revised terms after restructuring	Security
National Bank of Pakistan	489,734,357	487,495,119	This loan is repayable in 32 stepped up quarterly installments commenced from 30 September 2013 and ending on 30 June 2021. This loan carries markup at the rate of 7.70% per annum based on the average cost of funds of the bank which will be reviewed annually. Markup will be accrued over nine years during which the principal will be repaid. The accrued markup will be repaid in twelve equal quarterly installments commencing on 30 September 2021 and ending on 30 June 2024.	First joint pari passu charge of Rupees 628.394 million over fixed assets and Rupees 42.424 million over current assets of the Company with 25% margin.
United Bank Limited	214,464,815	251,941,542	This loan is repayable in 28 equal quarterly installments of Rupees 13.540 million each commenced from 09 February 2012 and ending on 09 November 2018. Markup is payable quarterly at the rate of 5.00% per annum.	First pari passu charge of Rupees 606.000 million (with 25% margin) over all present and future current assets and Rupees 200.000 million over fixed assets of the Company. Personal guarantees of two directors.
The Bank of Punjab	409,340,592	441,757,486	This loan is repayable in 31 stepped up quarterly installments commenced from 30 June 2011 and ending on 31 December 2018. This loan carried markup at the rate of 9.55% per annum based on the cost of funds of the bank approved by SBP upto 31 March 2013 and thereafter carries markup at 5.00% per annum. Markup is payable quarterly. Markup accrued upto 31 March 2013 will be repaid in three equal quarterly installments commencing on 31 March 2019 and ending on 30 September 2019.	Joint pari passu charge of Rupees 566.667 million over fixed assets, pari passu charge of Rupees 534.000 million and ranking charge of Rupees 268.000 million on all present and future current assets of the Company.
Faysal Bank Limited	205,741,736	219,970,172	This loan is repayable in 31 stepped up quarterly installments commenced from 31 March 2013 and ending on 30 September 2020. Markup is payable quarterly at the rate of 5.00% per annum. Markup upto 30 September 2011 is recalculated at the rate of 8.5% per annum and will be repaid on 30 September 2020.	First pari passu charge of Rupees 266.800 million over current assets, ranking charge of Rupees 240.000 million over current assets and exclusive charge of Rupees 94.000 million on power generators of the Company.
NIB Bank Limited	218,726,109	252,933,209	This loan is repayable in 36 stepped up quarterly installments commenced from 30 September 2011 and ending on 30 June 2020. Markup is payable quarterly at the rate of 5.00% per annum.	First pari passu charge of Rupees 107.000 million over Company's machinery and joint pari passu charge of Rupees 800.000 million over current assets of the Company.

Lender	2014	2013	Revised terms after restructuring	Security
	-------- Rupees --------			
Askari Bank Limited	111,961,715	119,926,696	This loan is repayable in 32 quarterly installments of Rupees 5.282 million each commenced from 30 June 2013 and ending on 31 March 2021. Markup is payable quarterly at the rate of 5.00% per annum.	First joint pari passu charge of Rupees 506.667 million over current assets by way of hypothecation and ranking charge of Rupees 169.000 million over fixed assets of the Company by way of hypothecation.
Bank Alfalah Limited	112,768,035	124,578,593	This loan is repayable in 32 stepped up quarterly installments commenced from 01 July 2012 and ending on 01 April 2020. This loan carries markup at the rate of 8.30% per annum based on the cost of funds of the bank which will be reviewed monthly. Markup will be accrued over nine years during which the principal will be repaid. The accrued markup will be paid in thirty six equal monthly installments commencing on 01 May 2020 and ending on 01 April 2023.	First joint pari passu charge of Rupees 410.000 million over all present and future current assets of the Company.
Habib Bank Limited	198,325,595	222,883,336	This loan is repayable in 32 stepped up quarterly installments commenced from 30 June 2012 and ending on 31 March 2020. Markup is payable quarterly at the rate of 5.00% per annum.	First joint pari passu charge of Rupees 1,160.000 million over current assets, joint pari passu charge of Rupees 146.600 million and ranking charge of Rupees 362.000 million over fixed assets of the Company. Personal guarantees of two directors.
	1,961,062,954	2,121,486,153		

7.2 Fair value of long term financing was estimated at the present value of future cash flows discounted at the effective interest rates ranging from 9.31 % to 13.56 % per annum. Recognition of long term financing at fair value resulted in gain of Rupees 823.744 million.

8. SPONSOR'S LOAN

This represents unsecured interest free loan obtained from director of the Company. This is repayable on 30 June 2018. Fair value of sponsor's loan has been estimated at the present value of future cash flows discounted at the effective interest rate of 11.38% per annum. Recognition of sponsor's loan at fair value has resulted in gain of Rupees 113.316 million.

9. DEFERRED LIABILITIES

	2014 Rupees	2013 Rupees
Deferred accrued markup (Note 9.1)	492,405,144	423,986,227
Deferred income tax liability (Note 9.2)	15,118,393	59,036,650
	507,523,537	483,022,877

9.1 Deferred accrued markup

	2014 Rupees	2013 Rupees
National Bank of Pakistan	231,605,284	179,959,921
The Bank of Punjab	139,309,000	139,309,000
Bank Alfalah Limited	54,872,432	38,098,878
Faysal Bank Limited	66,618,428	66,618,428
	492,405,144	423,986,227

9.1.1 This represents accrued markup on long term financing deferred in accordance with the terms of restructuring disclosed in note 7.1 to these financial statements.

9.2 Deferred income tax liability

	2014 Rupees	2013 Rupees
The liability / (asset) for deferred taxation originated due to temporary differences relating to:		
Taxable temporary differences on:		
Accelerated tax depreciation and amortization	97,785,215	91,210,286
Surplus on revaluation of operating fixed assets	23,480,335	25,465,116
Surplus on revaluation of investment - available for sale	43,603,441	33,571,534
	164,868,991	150,246,936
Deductible temporary difference on:		
Accumulated tax losses	(149,750,598)	(323,523,385)
Net deferred income tax liability / (asset)	15,118,393	(173,276,449)
Less: Deferred income tax asset not recognized	-	232,313,099
Deferred income tax liability recognized	15,118,393	59,036,650

9.2.1 As at 30 June 2013, deferred income tax liability on surplus on revaluation of operating fixed assets and surplus on revaluation of investment available for sale was recognized. Remaining net deferred income tax asset of Rupees 232.313 million relating to accelerated tax depreciation / amortization and accumulated tax losses was not recognized.

10. TRADE AND OTHER PAYABLES

	2014 Rupees	2013 Rupees
Creditors	477,886,704	465,555,242
Advances from customers	49,297,007	88,989,029
Sales commission payable	98,666,906	84,259,114
Income tax deducted at source	14,596,814	15,837,271
Security deposits - interest free	602,278	607,278
Payable to employees' provident fund trust	675,555	2,046,036
Accrued and other liabilities (Note 10.1)	138,674,693	145,072,276
Workers' profit participation fund (Note 10.2)	16,834,274	7,440,527
Unclaimed dividend	4,731,536	4,731,536
	801,965,767	814,538,309

10.1 This includes an amount of Rupees 0.428 million (2013: Rupees 0.721 million) payable to Q Mart Corporation (Private) Limited - subsidiary company and amount of Rupees 70.000 million (2013: Rupees 70.000 million) payable on demand to spouse of a director of the Company.

10.2 Workers' profit participation fund

	2014 Rupees	2013 Rupees
Balance as at 01 July	7,440,527	-
Add: Allocation for the year (Note 29)	8,612,492	7,440,527
Interest accrued for the year (Note 31)	781,255	-
Balance as at 30 June	16,834,274	7,440,527

10.2.1 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.

11. ACCRUED MARKUP

	2014 Rupees	2013 Rupees
Long term financing	32,622,881	37,205,165
Short term borrowings	99,958,643	73,538,556
	132,581,524	110,743,721

12. SHORT TERM BORROWINGS - SECURED

From banking companies

	2014 Rupees	2013 Rupees
SBP refinance (Note 12.1 and 12.2)	304,229,000	327,796,329
Other short term finances (Note 12.1 and 12.3)	509,965,999	343,609,456
	814,194,999	671,405,785

12.1 These facilities are secured against hypothecation charge on current assets, lien on export contracts / letters of credit, first and second pari passu charge on fixed and current assets, personal guarantees of directors and ranking charge on current assets of the Company.

12.2 These carry markup at 9.4% per annum (2013: 9.2% to 11% per annum).

12.3 The rates of markup range from 5% to 13.73% per annum (2013: 5% to 13.25% per annum).

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The Deputy Collector (Refund – Gold) by order dated 19 June 2007 rejected the input tax claim of the Company, for the month of June 2005, amounting to Rupees 10.345 million incurred in zero rated local supplies of textile and articles thereof on the grounds that the input tax claim is in contravention of SRO 992(I)/2005 which states that no registered person engaged in the export of specified goods (including textile and articles thereof) shall, either through zero-rating or otherwise, be entitled to deduct or reclaim input tax paid in respect of stocks of such goods acquired up to 05 June 2005, if not used for the purpose of exports made up to the 31 December 2005. Consequently, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR has decided this appeal in favour of the Company subject to necessary verification. Pending the outcome of necessary verification, no provision for inadmissible input tax has been recognized in these financial statements, since the Company is confident of the favourable outcome of verification.

13.1.2 The Additional Collector, Sales Tax Department has raised sales tax demand amounting to Rupees 8.956 million alongwith additional tax and penalty, as a result of sales tax audit for the year 1999-2000 conducted by the Sales Tax Department. The Company is contesting the demand and management is confident that decision will be in favour of the Company, hence, no provision there against has been made in these financial statements.

13.1.3 As a result of sales tax audit for the year 2009-2010 conducted by Regional Tax Office, Lahore, Assistant Commissioner Inland Revenue, Sales Tax Department has raised sales tax demand amounting to Rupees 9.975 million along with additional tax and penalty. Currently, the case is pending for hearing at Appellate Tribunal Inland Revenue, Lahore and the management is confident that decision will be in favour of the Company, hence, no provision their against has been made in these financial statements.

13.1.4 Pursuant to the sale of assets agreement with M/s Interloop Limited, the Company is contingently liable for Rupees 31.958 million against payment of certain outstanding dues to Employees' Old-Age Benefits Institution (EOBI) and bifurcation of gas connections in favour of M/s Interloop Limited. To secure the performance of aforesaid conditions, the Company has pledged equity investment (note 23.1) and bank balance (note 24.4) with Allied Bank Limited. However, no provision has been recognized in these financial statements as the management is confident to fulfill the conditions in accordance with the sale of assets agreement.

13.1.5 Bank guarantees of Rupees 81.66 million (2013: Rupees 70.15 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections.

13.1.6 Bank guarantee of Rupees 6.5 million (2013: Rupees 6.5 million) is given by the bank of the Company in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess.

13.1.7 Bank guarantees of Rupees 8.164 million (2013: Rupees 8.331 million) are given by the bank of the Company in favour of Lahore Electric Supply Company Limited against electricity connections.

13.1.8 Lahore Electric Supply Company Limited (LESCO) has served a notice to the Company in connection with violation of Power Purchase Agreement. According to the aforesaid notice, the Company was using gas alongwith Refined Furnace Oil (RFO) in the ratio of 50:50 as co-fuel in order to generate electric power for sale to LESCO whereas tariff was charged to LESCO on the basis of RFO. The matter is being resolved under the provisions of above said Power Purchase Agreement and referred to Mr. Justice (Retd.) Syed Jamshed Ali Shah for arbitration. The proceedings of arbitration are in process. An amount of Rupees 86.833 million receivable by the Company from LESCO is still unpaid. Full provision was made in these financial statements against this receivable. However, the Company is confident that the said amount will be recovered.

13.2 Commitments

13.2.1 Aggregate commitments for capital expenditures and revenue expenditures are amounting to Rupees Nil and Rupees 23.481 million (2013: Rupees 51.450 million and Rupees 39.562 million) respectively.

13.2.2 Post dated cheques issued to suppliers are amounting to Rupees 118.809 million (2013: Rupees 46.016 million).

	2014 Rupees	2013 Rupees
14. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 14.1)	3,405,900,787	3,199,125,210
Capital work-in-progress (Note 14.2)	34,753,339	154,776,302
	3,440,654,126	3,353,901,512
Intangible asset - computer software (Note 14.1 and 14.1.6)	-	666,579
	3,440,654,126	3,354,568,091

14.1 Reconciliation of carrying amounts of operating fixed assets and intangible asset at the beginning and end of the year are as follows:

Description	Operating fixed assets										Intangible asset
	Freehold land	Residential Building	Factory Building	Plant and machinery	Stand-by equipment	Electric Installations	Furniture, fixtures and equipment	Computers	Motor vehicles	Total	
	(RUPEES)										
As at 30 June 2012											
Cost / revalued amount	563,827,000	211,461,578	619,091,964	3,747,252,598	-	123,122,001	94,587,975	39,444,442	65,469,162	5,464,256,720	9,296,899
Accumulated depreciation / amortization	-	(46,291,579)	(196,019,964)	(1,678,780,916)	-	(56,733,739)	(51,089,933)	(29,411,441)	(33,653,209)	(2,091,980,781)	(7,765,631)
Net book value	563,827,000	165,169,999	423,072,000	2,068,471,682	-	66,388,262	43,498,042	10,033,001	31,815,953	3,372,275,939	1,531,268
Year ended 30 June 2013											
Opening net book value	563,827,000	165,169,999	423,072,000	2,068,471,682	-	66,388,262	43,498,042	10,033,001	31,815,953	3,372,275,939	1,531,268
Additions	-	370,400	2,941,461	102,456,294	1,615,659	5,323,840	638,872	3,257,565	12,456,069	129,060,160	-
Disposals:											
Cost / revalued amount	(79,734,375)	-	-	-	-	-	(3,340,126)	(57,326)	(7,202,857)	(90,334,684)	-
Accumulated depreciation	-	-	-	-	-	-	1,499,302	31,308	4,183,025	5,713,635	-
	(79,734,375)	-	-	-	-	-	(1,840,824)	(26,018)	(3,019,832)	(84,621,049)	-
Depreciation charge / amortization	-	(8,274,526)	(21,196,364)	(168,519,230)	(105,847)	(6,789,124)	(4,323,152)	(3,488,773)	(4,892,824)	(217,589,840)	(864,689)
Closing net book value	484,092,625	157,265,873	404,817,097	2,002,408,746	1,509,812	64,922,978	37,972,938	9,775,775	36,359,366	3,199,125,210	666,579
As at 30 June 2013											
Cost / revalued amount	484,092,625	211,831,978	622,033,425	3,849,708,892	1,615,659	128,445,841	91,886,721	42,644,681	70,722,374	5,502,982,196	9,296,899
Accumulated depreciation / amortization	-	(54,566,105)	(217,216,328)	(1,847,300,146)	(105,847)	(63,522,863)	(53,913,783)	(32,868,906)	(34,363,008)	(2,303,856,986)	(8,630,320)
Net book value	484,092,625	157,265,873	404,817,097	2,002,408,746	1,509,812	64,922,978	37,972,938	9,775,775	36,359,366	3,199,125,210	666,579
Year ended 30 June 2014											
Opening net book value	484,092,625	157,265,873	404,817,097	2,002,408,746	1,509,812	64,922,978	37,972,938	9,775,775	36,359,366	3,199,125,210	666,579
Additions	-	-	69,812,974	278,803,061	-	8,953,318	709,904	4,252,222	79,895,310	442,426,789	-
Disposals:											
Cost	-	-	-	(16,359,136)	-	-	-	-	(9,073,417)	(25,432,553)	-
Accumulated depreciation	-	-	-	5,434,360	-	-	-	-	5,267,472	10,701,832	-
	-	-	-	(10,924,776)	-	-	-	-	(3,805,945)	(14,730,721)	-
Depreciation charge / amortization	-	(7,863,294)	(22,310,637)	(165,200,092)	(91,426)	(7,016,718)	(3,833,457)	(3,676,462)	(10,928,405)	(220,920,491)	(666,579)
Closing net book value	484,092,625	149,402,579	452,319,434	2,105,086,939	1,418,386	66,859,578	34,849,385	10,351,535	101,520,326	3,405,900,787	-
As at 30 June 2014											
Cost / revalued amount	484,092,625	211,831,978	691,846,399	4,112,152,817	1,615,659	137,399,159	92,596,625	46,896,903	141,544,267	5,919,976,432	9,296,899
Accumulated depreciation / amortization	-	(62,429,399)	(239,526,965)	(2,007,065,878)	(197,273)	(70,539,581)	(57,747,240)	(36,545,368)	(40,023,941)	(2,514,075,645)	(9,296,899)
Net book value	484,092,625	149,402,579	452,319,434	2,105,086,939	1,418,386	66,859,578	34,849,385	10,351,535	101,520,326	3,405,900,787	-
Depreciation / amortization rate % per annum	-	5	5	10	10	10	10	30	20		20

14.1.1 Freehold land and buildings of the Company were revalued as at 30 June 2009 by an independent valuer. The latest revaluation as at 30 June 2012 was carried out by Messrs Hamid Mukhtar and Company (Private) Limited, the approved valuer. Had there been no revaluation, the value of the assets would have been lower by Rupees 792.199 million (2013: Rupees 810.924 million).

14.1.2 The book value of freehold land and buildings on cost basis is Rupees 47.656 million and Rupees 245.959 million (2013: Rupees 47.656 million and Rupees 187.596 million) respectively.

14.1.3 Detail of operating fixed assets exceeding book value of Rupees 50,000 disposed of during the year is as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Consider-ation	Gain / (loss)	Mode of disposal	Particulars of purchasers
	---------------------(RUPEES)------------------------						
Plant and machinery							
Sewing Machines	7,678,046	2,437,442	5,240,604	5,037,026	(203,578)	Negotiation	Jeans Company (Private) Limited - Lahore
Sewing Machines	1,341,632	442,721	898,911	934,000	35,089	Negotiation	Amin Corporation - Lahore
Sewing Machines	710,801	255,833	454,968	470,000	15,032	Negotiation	Arshad Corporation (Private) Limited - Lahore
Sewing Machines	4,735,688	1,713,665	3,022,023	1,905,454	(1,116,569)	Negotiation	Jeans Company (Private) Limited - Lahore
Sewing Machines	1,892,969	584,699	1,308,270	1,170,000	(138,270)	Negotiation	Reliance Apparel (Private) Limited - Lahore
	16,359,136	5,434,360	10,924,776	9,516,480	(1,408,296)		
Motor vehicles							
Suzuki Cultus LEE-08-3345	616,230	352,668	263,562	455,000	191,438	Negotiation	Mr. Hassan Kamal - Lahore
Suzuki Cultus LEE-8496	339,154	165,051	174,103	600,000	425,897	Negotiation	Mr. Imran Kamal - Lahore
Toyota Corolla LEC-07-9881	896,700	574,441	322,259	800,000	477,741	Negotiation	Mr. Aamir Qureshi - Lahore
Suzuki Cultus LED-08-7348	430,207	212,593	217,614	470,000	252,386	Negotiation	Mr. Imran Kamal - Lahore
Toyota Corolla LEA-9675	1,434,000	626,402	807,598	1,275,000	467,402	Negotiation	Mr. Kamran Shahid - Lahore
Hyundai Santro LZZ-540	263,118	119,965	143,153	375,000	231,847	Negotiation	Mr. Mansoor Ijaz - Lahore
Toyota Corolla LEB-1700	961,000	605,895	355,105	630,000	274,895	Company's policy	Mr. Shahryar Bokhari (Ex-employee)
Toyota Corolla LEF-07-650	1,391,638	813,304	578,334	850,000	271,666	Negotiation	Mr. Kamran Shahid - Lahore
Honda City LWH-6662	906,910	597,676	309,234	800,000	490,766	Negotiation	M/s Adamjee Insurance Company Limited (Insurance claim)
Suzuki Cultus LZU-6173	575,000	380,413	194,587	450,000	255,413	Negotiation	Mr. Imran Kamal - Lahore
Suzuki Cultus LZV-3034	678,150	443,162	234,988	460,000	225,012	Negotiation	Mr. Imran Kamal - Lahore
Suzuki Cultus LEA-07-2636	581,310	375,902	205,408	505,000	299,592	Negotiation	Mr. Imran Kamal - Lahore
	9,073,417	5,267,472	3,805,945	7,670,000	3,864,055		
	25,432,553	10,701,832	14,730,721	17,186,480	2,455,759		

14.1.4 The depreciation charge for the year has been allocated as follows:

	2014 Rupees	2013 Rupees
Cost of sales (Note 26)	206,837,084	203,016,481
Distribution cost (Note 27)	1,345,126	1,135,705
Administrative expenses (Note 28)	12,738,281	13,437,654
	220,920,491	217,589,840

14.1.5 The amortization of intangible asset amounting to Rupees 0.667 million (2013: Rupees 0.865 million) is included in administrative expenses.

14.1.6 Intangible asset - computer software has been fully amortized but still in the use of the Company.

	2014 Rupees	2013 Rupees
14.2 Capital work-in-progress		
Plant and machinery	3,657,835	67,673,320
Civil works	30,192,943	40,494,914
Electric installations	902,561	-
Advances for capital expenditures	-	46,608,068
	34,753,339	154,776,302

15. LONG TERM INVESTMENTS

Investment in subsidiary company - at cost		
Q Mart Corporation (Private) Limited - unquoted		
30,000,000 (2013: 30,000,000) ordinary shares of Rupees 10 each	300,000,000	300,000,000
Less: Impairment loss (Note 15.1)	218,986,005	217,764,136
	81,013,995	82,235,864
Available for sale		
Associated company (without significant influence)		
K-2 Hosiery (Private) Limited - unquoted		
1,194,000 (2013: 1,194,000) ordinary shares of Rupees 10 each (Note 15.2)	-	-
	81,013,995	82,235,864

15.1 Impairment loss

Balance as at 01 July	217,764,136	153,300,000
Add: Provision for the year (Note 29)	1,221,869	64,464,136
Balance as at 30 June	218,986,005	217,764,136

15.2 Investment in K-2 Hosiery (Private) Limited has been impaired and written off against provision.

	2014 Rupees	2013 Rupees
16. STORES, SPARES AND LOOSE TOOLS		
Stores and spares	330,568,211	312,280,156
Loose tools	3,826,963	3,575,927
	334,395,174	315,856,083
Less: Provision for slow moving, obsolete and damaged store items (Note 29)	16,629,008	-
	317,766,166	315,856,083

17. STOCK-IN-TRADE

	2014 Rupees	2013 Rupees
Raw material	148,615,983	147,672,090
Work-in-process	128,250,466	152,308,086
Finished goods (Note 17.1 and 17.2)	421,365,253	314,553,948
	698,231,702	614,534,124

17.1 This includes finished goods of Rupees 125.986 million (2013: Rupees 7.528 million) valued at net realizable value.

17.2 Finished goods include stock-in-transit amounting to Rupees 63.209 million (2013: Rupees 4.992 million).

18. TRADE DEBTS

	2014 Rupees	2013 Rupees
Considered good:		
Secured (against letters of credit)	451,417,353	500,684,703
Unsecured	82,066,994	178,848,692
	533,484,347	679,533,395
Considered doubtful:		
Others - unsecured	88,358,572	88,358,572
Less: Provision for doubtful trade debts		
Balance as at 01 July	88,358,572	1,525,385
Add: Provision for the year (Note 29)	-	86,833,187
Balance as at 30 June	88,358,572	88,358,572
	-	-

18.1 As on 30 June 2014, trade debts of Rupees 37.698 million (2013: Rupees 54.434 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2014 Rupees	2013 Rupees
Upto 1 month	2,467,635	7,664,632
1 to 6 months	1,307,875	5,592,468
More than 6 months	33,922,649	41,176,795
	37,698,159	54,433,895

18.2 As at 30 June 2014, trade debts of Rupees 88.359 million (2013: Rupees 88.359 million) were impaired. The aging of these trade debts was more than three years. These trade debts have been provided for in the books of account.

	2014 Rupees	2013 Rupees
19. ADVANCES		
Considered good:		
Advances to:		
- staff (Note 19.1)	9,976,757	8,445,589
- suppliers	76,680,667	78,103,547
Letters of credit	985,711	3,757,546
	87,643,135	90,306,682

19.1 This includes interest free advances to executives amounting to Rupees 0.849 million (2013: Rupees 3.374 million).

	2014 Rupees	2013 Rupees
20. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Security deposits	14,973,046	7,468,101
Short term prepayments	4,440,240	127,240
	19,413,286	7,595,341
21. OTHER RECEIVABLES		
Considered good:		
Advance income tax	206,620,647	137,860,496
Export rebate and claims (Note 21.1)	46,063,417	82,291,725
Miscellaneous	911,286	17,575,945
	253,595,350	237,728,166

21.1 Export rebate and claims

	2014 Rupees	2013 Rupees
Considered good	46,063,417	82,291,725
Considered doubtful	30,514,452	-
Less: Provision for doubtful export rebate and claims (Note 29)	30,514,452	-
	-	-
	46,063,417	82,291,725

22. SALES TAX RECOVERABLE

	2014 Rupees	2013 Rupees
Sales tax recoverable	227,496,020	195,540,934
Less: Provision for doubtful sales tax recoverable (Note 29)	25,157,276	-
	202,338,744	195,540,934

23. SHORT TERM INVESTMENT

Available for sale - unquoted

	2014 Rupees	2013 Rupees
Security General Insurance Company Limited (Note 23.1) 643,667 (2013: 643,667) fully paid ordinary shares of Rupees 10 each	704,171	704,171
Add: Fair value adjustment	176,175,521	131,653,073
	176,879,692	132,357,244

23.1 Ordinary shares of Security General Insurance Company Limited have been valued by the management at Rupees 274.80 (2013: Rupees 205.63) per share using the net assets based valuation method. 640,000 ordinary shares of Security General Insurance Company Limited have been pledged in favour of Allied Bank Limited to serve the performance of certain conditions of sale of assets agreement with M/s Interloop Limited.

24. CASH AND BANK BALANCES

	2014 Rupees	2013 Rupees
Cash in hand (Note 24.1)	2,999,860	3,581,704
Cash with banks:		
On current accounts (Note 24.2 and 24.4)	76,737,180	20,564,655
On deposit accounts (Note 24.3 and 24.5)	75,737,361	105,074,765
	152,474,541	125,639,420
	155,474,401	129,221,124

24.1 Cash in hand includes foreign currency of US$ 1,207 and Euro 2,960 (2013: US$ 5,285 and Euro 1,410).

24.2 Cash with banks on current accounts includes foreign currency balance of US$ 788.72 (2013: US$ 788.72).

24.3 Rate of profit on bank deposits ranges from 6% to 8.5% (2013: 5% to 10%) per annum.

24.4 Cash with banks on current accounts includes an amount of Rupees 8.491 million (2013: Rupees 8.491 million) with Allied Bank Limited, in a non-checking account, to secure performance of certain conditions of sale of assets agreement with M/s Interloop Limited.

24.5 This includes term deposit receipts of Rupees 55.660 million (2013: Rupees 55.660 million) which is under lien with the bank.

	2014 Rupees	2013 Rupees
25. SALES		
Export	6,737,139,053	7,283,073,851
Local (Note 25.1)	1,007,047,284	1,134,504,491
Export rebate	28,245,160	34,192,439
	7,772,431,497	8,451,770,781
25.1 Local sales		
Sales	886,827,027	1,033,817,172
Less: Sales tax	39,498,998	12,869,643
	847,328,029	1,020,947,529
Processing income	159,719,255	113,556,962
	1,007,047,284	1,134,504,491

26. COST OF SALES	2014 Rupees	2013 Rupees
Raw material consumed (Note 26.1)	4,548,271,790	4,729,503,889
Chemicals consumed	621,209,385	645,678,812
Salaries, wages and other benefits	296,958,350	247,735,902
Employees' provident fund contributions	10,836,009	8,993,774
Cloth conversion and processing charges	11,929,378	29,656,816
Fuel, oil and power	842,232,104	907,188,093
Stores, spares and loose tools consumed	110,333,784	85,843,381
Packing materials consumed	51,301,455	49,854,115
Repair and maintenance	43,047,916	31,678,204
Insurance	8,003,912	6,275,542
Other manufacturing expenses	54,173,781	56,229,898
Depreciation on operating fixed assets (Note 14.1.4)	206,837,084	203,016,481
	6,805,134,948	7,001,654,907
Work-in-process inventory		
As on 01 July	152,308,086	123,171,757
As on 30 June	(128,250,466)	(152,308,086)
	24,057,620	(29,136,329)
Cost of goods manufactured	6,829,192,568	6,972,518,578
Cost of yarn and cloth purchased for resale	4,880,829	80,402,397
	6,834,073,397	7,052,920,975
Finished goods inventory		
As on 01 July	314,553,948	335,090,305
As on 30 June	(421,365,253)	(314,553,948)
	(106,811,305)	20,536,357
	6,727,262,092	7,073,457,332

26.1 Raw material consumed

Opening stock	147,672,090	117,407,790
Purchased during the year	4,549,215,683	4,759,768,189
	4,696,887,773	4,877,175,979
Less: Closing stock	148,615,983	147,672,090
	4,548,271,790	4,729,503,889

27. DISTRIBUTION COST

	2014 Rupees	2013 Rupees
Salaries and other benefits	47,173,850	43,143,544
Employees' provident fund contributions	1,957,625	1,651,696
Travelling, conveyance and entertainment	22,060,895	19,454,158
Printing and stationery	173,306	179,646
Communications	25,839,722	24,295,081
Vehicles' running	4,026,533	3,469,907
Insurance	1,843,096	1,861,604
Repair and maintenance	17,205	46,045
Commission to selling agents	167,679,415	285,328,260
Outward freight and handling	118,037,930	194,594,509
Clearing and forwarding	36,410,972	36,150,774
Sales promotion and advertising	3,756,960	6,004,427
Depreciation on operating fixed assets (Note 14.1.4)	1,345,126	1,135,705
Miscellaneous	1,239,449	1,489,273
	431,562,084	618,804,629

28. ADMINISTRATIVE EXPENSES

	2014 Rupees	2013 Rupees
Salaries and other benefits	98,360,659	89,061,525
Employees' provident fund contributions	2,622,144	1,798,324
Travelling, conveyance and entertainment	28,429,134	34,812,432
Printing and stationery	3,719,215	3,937,628
Communications	3,662,017	3,585,075
Vehicles' running	10,259,466	8,970,140
Legal and professional	5,735,471	6,539,493
Insurance	4,842,176	5,127,359
Fee, subscription and taxes	1,919,221	879,108
Rent	-	747,920
Repair and maintenance	5,761,490	6,777,971
Electricity, gas and water	608,381	213,822
Auditors' remuneration (Note 28.1)	1,300,000	1,275,000
Depreciation on operating fixed assets (Note 14.1.4)	12,738,281	13,437,654
Amortization on intangible asset (Note 14.1.5)	666,579	864,689
Miscellaneous	30,190,526	17,011,948
	210,814,760	195,040,088

28.1 Auditors' remuneration

	2014 Rupees	2013 Rupees
Audit fee	1,050,000	1,050,000
Half yearly review and other certifications	200,000	200,000
Reimbursable expenses	50,000	25,000
	1,300,000	1,275,000

	2014 Rupees	2013 Rupees
29. OTHER EXPENSES		
Workers' profit participation fund (Note 10.2)	8,612,492	7,440,527
Donations (Note 29.1)	11,721,764	3,922,940
Loss on sale of operating fixed assets	-	4,389,325
Impairment loss on investment in subsidiary company (Note 15.1)	1,221,869	64,464,136
Provision for doubtful trade debts (Note 18)	-	86,833,187
Irrecoverable trade debts written off	-	2,148,015
Advances written off	-	6,036,407
Provision for slow moving, obsolete and damaged store items (Note 16)	16,629,008	-
Provision for doubtful export rebate and claims (Note 21.1)	30,514,452	-
Provision for doubtful sales tax recoverable (Note 22)	25,157,276	-
Miscellaneous	3,097	1,644,778
	93,859,958	176,879,315

29.1 There is no interest of any director or his spouse in donees' fund.

30. OTHER INCOME

	2014 Rupees	2013 Rupees
Income from financial assets		
Gain on sale of investment - available for sale	-	173,527,189
Dividend on equity investment	3,540,168	2,574,668
Exchange gain - net	8,951,423	7,960,894
Return on bank deposits	6,242,223	6,336,038
Credit balances written back	68,770,646	-
Accrued markup written back	-	61,161,270
Gain on recognition of long term financing at fair value (Note 7.2)	-	823,743,568
Bad debts recovered	-	96,013,984
Gain on recognition of sponsor's loan at fair value (Note 8)	113,316,111	-
Income from non-financial assets		
Scrap sales	33,806,376	33,028,569
Gain on sale of operating fixed assets	2,455,759	-
Others	-	698,948
	237,082,706	1,205,045,128

	2014 Rupees	2013 Rupees
31. FINANCE COST		
Markup on long term financing	159,918,998	199,644,025
Mark up on short term borrowings	75,988,621	75,217,795
Adjustment due to impact of IAS - 39	125,603,029	112,590,198
Bank commission and other financial charges	34,376,093	117,970,678
Interest on workers' profit participation fund (Note 10.2)	781,255	-
	396,667,996	505,422,696
32. TAXATION		
Current (Note 32.1)	49,029,133	79,975,000
Prior year adjustment	(48,330,826)	(89,564)
Deferred tax	(53,238,639)	(1,340,269)
	(52,540,332)	78,545,167

32.1 Provision for current tax represents final tax on export sales under section 169 and minimum tax on local sales under section 113 of the Income Tax Ordinance, 2001. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

32.2 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.

33. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2014	2013
Profit attributable to ordinary shareholders	(Rupees)	201,887,645	1,008,666,682
Weighted average number of ordinary shares	(Numbers)	50,911,011	50,911,011
Earnings per share	(Rupees)	3.97	19.81

	2014 Rupees	2013 Rupees
34. CASH GENERATED FROM OPERATIONS		
Profit before taxation	149,347,313	1,087,211,849
Adjustment for non-cash charges and other items:		
Depreciation on operating fixed assets	220,920,491	217,589,840
Amortization on intangible asset	666,579	864,689
Dividend income	(3,540,168)	(2,574,668)
Loss / (gain) on sale of operating fixed assets	(2,455,759)	4,389,325
Gain on sale of investment	-	(173,527,189)
Impairment loss on investment in subsidiary company	1,221,869	64,464,136
Gain on recognition of long term financing at fair value	-	(823,743,568)
Gain on recognition of sponsor's loan at fair value	(113,316,111)	-
Adjustment due to impact of IAS - 39	125,603,029	112,590,198
Provision for doubtful trade debts	-	86,833,187
Provision for slow moving, obsolete and damaged store items	16,629,008	-
Provision for doubtful export rebate and claims	30,514,452	-
Provision for doubtful sales tax recoverable	25,157,276	-
Credit balances written back	(68,770,646)	-
Irrecoverable trade debts written off	-	2,148,015
Advances written off	-	6,036,407
Accrued markup written back	-	(61,161,270)
Finance cost	271,064,967	392,832,498
Working capital changes (Note 34.1)	81,279,514	(80,092,438)
	734,321,814	833,861,011

	2014 Rupees	2013 Rupees
34.1 Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(18,539,091)	(63,729,405)
Stock-in-trade	(83,697,578)	(38,864,272)
Trade debts	146,049,048	(13,571,748)
Advances	2,663,547	29,349,761
Trade deposits and short term prepayments	(11,817,945)	5,444,062
Other receivables	22,378,515	(16,892,557)
Sales tax recoverable	(31,955,086)	(102,201,325)
	25,081,410	(200,465,484)
Increase in trade and other payables	56,198,104	120,373,046
	81,279,514	(80,092,438)

35. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in these financial statements for remuneration, including all benefits to chief executive, directors and other executives are as follows:

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)					
Managerial remuneration	4,620,000	3,300,000	35,517,900	3,135,000	3,217,500	26,385,210
House rent	1,155,000	1,485,000	8,461,267	783,750	969,375	6,769,145
Utilities	462,000	330,000	4,085,472	313,500	321,750	2,638,124
Special allowance	924,000	-	6,880,500	627,000	478,500	4,836,327
Contribution to provident fund	384,846	274,896	2,958,632	261,147	268,015	2,197,898
Other allowances	1,239,000	885,000	9,706,789	840,750	862,875	5,190,965
	8,784,846	6,274,896	67,610,560	5,961,147	6,118,015	48,017,669
Number of persons	1	1	34	1	2	24

35.1 Chief executive, directors and executives of the Company are provided with free use of the Company's owned and maintained cars.

35.2 Meeting fee of Rupees 875,000 (2013: Rupees 330,000) was paid to the non-executive directors for attending meetings.

35.3 No remuneration was paid to non-executive directors of the Company.

36. TRANSACTIONS WITH RELATED PARTIES

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

	2014 Rupees	2013 Rupees
Q Mart Corporation (Private) Limited - Subsidiary company		
Purchase of operating fixed assets	-	2,518,104
Purchase of goods	-	4,068,868
Purchase of operating fixed assets as a part of settlement of loan from Silk Bank Limited	-	12,000,000
Rent	-	240,000

37. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund for the year ended 30 June 2014 and 30 June 2013:

	2014 Rupees	2013 Rupees
Size of the fund - Total assets	111,391,188	91,622,193
Cost of investments	93,890,176	84,257,836
Percentage of investments made	94.77%	93.26%
Fair value of investments	105,570,043	85,449,542

37.1 The break-up of fair value of investments is as follows:

	2014 Percentage	2013	2014 Rupees	2013 Rupees
Deposits	45.82	37.23	48,370,256	31,812,872
Mutual funds	34.27	37.21	36,173,882	31,795,742
Listed securities	19.92	25.56	21,025,905	21,840,928
	100.00	100.00	105,570,043	85,449,542

37.2 Investments, out of provident fund, have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

38. NUMBER OF EMPLOYEES

	2014	2013
Number of employees as on June 30		
Permanent	1,434	1,393
Contractual	31	43
Average number of employees during the year		
Permanent	1,423	1,369
Contractual	30	42

39. SEGMENT INFORMATION

39.1 The Company has three reportable segments. The following summary describes the operation in each of the Company's reportable segments:

Weaving	Production of different qualities of greige fabric using yarn
Dyeing	Processing of greige fabric for production of dyed fabric
Power Generation	Generation and distribution of power using gas, oil and steam

	Weaving		Dyeing		Power Generation		Elimination of inter-segment transactions		Total- Company	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees)									
Sales										
-External	2,102,918,863	1,729,562,680	5,669,512,634	6,722,208,101	-	-	-	-	7,772,431,497	8,451,770,781
-Intersegment	2,041,089,315	2,439,172,633	40,212,997	25,416,986	668,345,298	792,541,530	(2,749,647,610)	(3,257,131,149)	-	-
	4,144,008,178	4,168,735,313	5,709,725,631	6,747,625,087	668,345,298	792,541,530	(2,749,647,610)	(3,257,131,149)	7,772,431,497	8,451,770,781
Cost of sales	(3,775,182,758)	(3,793,391,971)	(5,044,296,498)	(5,757,125,365)	(657,430,446)	(780,071,145)	2,749,647,610	3,257,131,149	(6,727,262,092)	(7,073,457,332)
Gross profit	368,825,420	375,343,342	665,429,133	990,499,722	10,914,852	12,470,385	-	-	1,045,169,405	1,378,313,449
Distribution cost	(115,755,786)	(101,766,328)	(315,795,798)	(517,038,301)	(10,500)	-	-	-	(431,562,084)	(618,804,629)
Administrative expenses	(97,893,886)	(90,063,538)	(103,355,559)	(95,277,003)	(9,565,315)	(9,699,547)	-	-	(210,814,760)	(195,040,088)
	(213,649,672)	(191,829,866)	(419,151,357)	(612,315,304)	(9,575,815)	(9,699,547)	-	-	(642,376,844)	(813,844,717)
Profit before taxation and unallocated income / expenses	155,175,748	183,513,476	246,277,776	378,184,418	1,339,037	2,770,838	-	-	402,792,561	564,468,732
Unallocated income and expenses:										
Finance cost									(396,667,996)	(505,422,696)
Other expenses									(93,859,958)	(176,879,315)
Other income									237,082,706	1,205,045,128
Taxation									52,540,332	(78,545,167)
									(200,904,916)	444,197,950
Profit after taxation									201,887,645	1,008,666,682

39.2 Reconciliation of reportable segment assets and liabilities

	Weaving		Dyeing		Power Generation		Total - Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees)							
Segment assets	1,929,414,907	1,883,209,663	2,358,316,137	2,507,593,247	837,336,996	800,653,779	5,125,068,040	5,191,456,689
Long term investments							81,013,995	82,235,864
Short term investment							176,879,692	132,357,244
Unallocated assets							604,120,957	454,014,991
Total assets as per balance sheet							5,987,082,684	5,860,064,788
Segment liabilities	299,247,602	241,238,767	368,216,177	362,643,302	60,010,299	64,517,633	727,474,078	668,399,702
Long term financing - secured							1,961,062,954	2,121,486,153
Sponsor's loan							176,742,116	272,000,000
Accrued markup							132,581,524	110,743,721
Short term borrowings - secured							814,194,999	671,405,785
Deferred liabilities							507,523,537	483,022,877
Provision for taxation							49,029,133	79,975,000
Unallocated liabilities							74,491,689	146,138,607
Total liabilities as per balance sheet							4,443,100,030	4,553,171,845

39.3 Geographical information

The Company's revenue from external customers by geographical location is detailed below:

	2014 Rupees	2013 Rupees
Australia	359,378,990	371,954,125
Asia	4,039,513,666	4,320,231,205
Europe	1,622,781,899	1,232,086,726
United States of America and Canada	179,185,932	266,600,639
Africa	564,523,726	1,126,393,595
Pakistan	1,007,047,284	1,134,504,491
	7,772,431,497	8,451,770,781

39.4 All non-current assets of the Company as at reporting date are located and operating in Pakistan.

39.5 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

40. PLANT CAPACITY AND PRODUCTION

	2014	2013
Weaving		
Number of looms in operation	174	174
Rated capacity of operative looms converted to 60 picks (square meter)	48,892,878	48,892,878
Actual production converted to 60 picks (square meter)	48,081,074	47,933,566
Number of days worked during the year (3 shifts per day)	365	365
Dyeing		
Rated capacity in 3 shifts (linear meter)	30,000,000	30,000,000
Actual production for 3 shifts (linear meter)	24,615,240	29,586,279
No. of days worked during the year (3 shifts per day)	344	365
Power generation		
Number of generators installed	9	9
Installed capacity (Mega Watt Hours)	300,381	300,381
Actual generation (Mega Watt Hours)	19,395	27,023

40.1 Under utilization of available capacity for weaving and dyeing divisions is due to normal maintenance.

40.2 Actual power generation in comparison to installed is low due to periodical scheduled and unscheduled maintenance of generators and low demand.

41. FINANCIAL RISK MANAGEMENT

41.1 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 minimize potential adverse effects on the financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risk. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to foreign currency bank balances and the amounts receivable from / payable to the foreign entities. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2014	2013
Cash in hand - USD	1,207	5,285
Cash in hand - Euro	2,960	1,410
Cash at banks - USD	789	789
Trade debts - USD	10,890,817	13,375,230
Trade debts - Euro	115,833	-
Trade and other payable - USD	(1,341,000)	(1,420,262)
Net exposure - USD	9,551,813	11,961,042
Net exposure - Euro	118,793	1,410

The following significant exchange rates were applied during the year:

	2014	2013
Rupees per US Dollar		
Average rate	102.50	96.32
Reporting date rate	98.35	98.95
Rupees per Euro		
Average rate	138.43	124.62
Reporting date rate	134.19	129.25

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been higher / lower by Rupees 45.947 million (2013: Rupees 55.705 million) mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(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 instruments traded in the market. The Company is not exposed to other price risk.

(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 except for bank balances on saving accounts. 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.

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

	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	1,358,560,561	1,509,412,441
Sponsor's loan	176,742,116	272,000,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	75,737,361	105,074,765
Financial liabilities		
Long term financing	602,502,393	612,073,712
Short term borrowings	814,194,999	671,405,785

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit for the year would have been Rupees 12.739 million lower / higher (2013: Rupees 11.195 million), 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 dates 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:

	2014 Rupees	2013 Rupees
Investments	176,879,692	132,357,244
Advances	9,976,757	8,445,589
Deposits	35,560,786	28,055,841
Trade debts	533,484,347	679,533,395
Other receivables	911,286	17,575,945
Bank balances	152,474,541	125,639,420
	909,287,409	991,607,434

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

	Rating			2014	2013
Banks	**Short Term**	**Long Term**	**Agency**	**Rupees**	**Rupees**
National Bank of Pakistan	A-1+	AAA	JCR-VIS	150,344	150,744
Allied Bank Limited	A1+	AA+	PACRA	9,763,052	6,897,060
Askari Bank Limited	A1+	AA	PACRA	154,146	719,627
Bank Alfalah Limited	A1+	AA	PACRA	214,008	39,796
Faysal Bank Limited	A1+	AA	PACRA	430,344	406,216
Habib Bank Limited	A-1+	AAA	JCR-VIS	3,524,607	13,008,561
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	56,430,665	55,879,362
The Bank of Punjab	A1+	AA-	PACRA	276,717	115,621
MCB Bank Limited	A1+	AAA	PACRA	92,764	976,796
NIB Bank Limited	A1+	AA -	PACRA	56,788,522	30,325,384
Silk Bank Limited	A-2	A -	JCR-VIS	624,015	905,410
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	3,382,533	4,669,868
United Bank Limited	A-1+	AA+	JCR-VIS	1,590,017	11,469,979
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	19,052,807	74,996
				152,474,541	125,639,420
Investment					
Security General Insurance Company Limited	AA-		JCR-VIS	176,879,692	132,357,244
				329,354,233	257,996,664

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in note 18.

Due to the Company's long standing business relationships with these counter parties 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. At 30 June 2014, the Company has Rupees 155.474 million (2013: Rupees 129.221 million) cash and bank balances. The management believes the liquidity risk to be manageable. 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 2014

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees)					
Long term financing	1,961,062,954	2,342,944,850	156,508,103	60,379,517	205,819,295	1,920,237,935
Sponsor's loan	176,742,116	272,000,000	-	20,113,253	22,402,141	229,484,606
Trade and other payables	720,562,117	720,562,117	720,562,117	-	-	-
Accrued markup	624,986,668	624,986,668	132,581,524	-	-	492,405,144
Short term borrowings	814,194,999	854,912,448	854,912,448	-	-	-
	4,297,548,854	4,815,406,083	1,864,564,192	80,492,770	228,221,436	2,642,127,685

Contractual maturities of financial liabilities as at 30 June 2013

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees)					
Long term financing	2,121,486,153	2,435,899,755	76,955,117	50,405,540	165,283,931	2,143,255,167
Sponsor's loan	272,000,000	272,000,000	-	-	-	272,000,000
Trade and other payables	700,225,446	700,225,446	700,225,446	-	-	-
Accrued markup	534,729,948	534,729,948	110,743,721	-	-	423,986,227
Short term borrowings	671,405,785	689,269,929	689,269,929	-	-	-
	4,299,847,332	4,632,125,078	1,577,194,213	50,405,540	165,283,931	2,839,241,394

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 7 and note 12 to these financial statements.

41.2 Fair values of financial assets and liabilities

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

	Level 1	Level 2	Level 3	Total
	.... Rupees.................................			
As at 30 June 2014				
Assets				
Available for sale financial assets	-	-	176,879,692	176,879,692
As at 30 June 2013				
Assets				
Available for sale financial assets	-	-	132,357,244	132,357,244

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 Company has no such type of financial instrument as at 30 June 2014.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimate. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. The Company has no such type of financial instruments as at 30 June 2014.

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.

41.3 Financial instruments by categories

Assets as per balance sheet

	2014			2013		
	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total
	---------- Rupees ---------			--------- Rupees ---------		
Investments	-	176,879,692	176,879,692	-	132,357,244	132,357,244
Advances	9,976,757	-	9,976,757	8,445,589	-	8,445,589
Deposits	35,560,786	-	35,560,786	28,055,841	-	28,055,841
Trade debts	533,484,347	-	533,484,347	679,533,395	-	679,533,395
Other receivables	911,286	-	911,286	17,575,945	-	17,575,945
Cash and bank balances	155,474,401	-	155,474,401	129,221,124	-	129,221,124
	735,407,577	176,879,692	912,287,269	862,831,894	132,357,244	995,189,138

	2014 Rupees	2013 Rupees
Financial liabilities at amortized cost		
Sponsor's loan	176,742,116	272,000,000
Long term financing	1,961,062,954	2,121,486,153
Accrued markup	624,986,668	534,729,948
Short term borrowings	814,194,999	671,405,785
Trade and other payables	720,562,117	700,225,446
	4,297,548,854	4,299,847,332

41.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stake holders and to maintain an 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 paid to share holders, issue new shares or sell assets to reduce debt.

42. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on 25 September 2014 .

43. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped, wherever necessary, for the purpose of comparison. However, no significant rearrangements / regroupings have been made.

44. GENERAL

Figures have been rounded off to nearest of Rupee.

AAMIR FAYYAZ SHEIKH
Chief Executive

AAMIR AMIN
Director

CONSOLIDATED
FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors are pleased to present the consolidated audited results of Kohinoor Mills Limited and its subsidiary Q-Mart Corporation (Private) Limited (the Group) for the year ended 30 June 2014. The Group results are being presented as required by section 237 of the Companies Ordinance, 1984.

During the financial year ended 30 June 2014, the Group earned a net profit after tax of Rs. 201.888 million, compared to net profit of Rs. 1.009 million during the preceding financial year, which included Rs. 824 million as one-time gain on recognition of financial liabilities at fair value under IAS 39.

Sharp unexpected decline in the value of US Dollar in later half of the year, slow-down in high-street retail sector sales in the US and European markets and increasing regional competition during the year under review resulted in decline in turnover and reduction in margins in the parent company's results.

The current order book of the parent company is healthy and it has confirmed orders up to December 2014 at full capacity. Thus the management is confident that the parent company shall be able to build on its performance, going forward. Further, the Group, in line with divestment plan, is in the process of disposing of the remaining fixed assets of the subsidiary company.

The Directors' Report giving a detailed analysis of the performance of the parent company for the year ended 30 June 2014, has also been presented separately.

On behalf of the Board

Aamir Fayyaz Sheikh
Chief Executive

Lahore:
25 September 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Kohinoor Mills Limited (the Holding Company) and its Subsidiary Company, Q Mart Corporation (Private) Limited as at 30 June 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Kohinoor Mills Limited and its Subsidiary Company, Q Mart Corporation (Private) Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly the financial position of Kohinoor Mills Limited and its Subsidiary Company, Q Mart Corporation (Private) Limited as at 30 June 2014 and the results of their operations for the year then ended.

We draw attention to Note No. 1.2.2 to these consolidated financial statements, which states that the Subsidiary Company, Q Mart Corporation (Private) Limited is no longer a going concern for the reasons stated in the aforesaid note. Therefore, all assets and liabilities of the Subsidiary Company, Q Mart Corporation (Private) Limited reported in these consolidated financial statements are based on estimated realizable / settlement values. Our opinion is not qualified in respect of this matter.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 25 September 2014

LAHORE

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	3	1,100,000,000	1,100,000,000
Issued, subscribed and paid-up share capital	4	509,110,110	509,110,110
Reserves	5	268,044,998	13,375,618
Total equity		777,155,108	522,485,728
Surplus on revaluation of operating fixed assets - net of deferred income tax	6	795,559,181	812,888,074
LIABILITIES			
Non-current liabilities			
Long term financing - secured	7	1,711,379,960	1,994,125,496
Sponsor's loan	8	176,742,116	272,000,000
Deferred liabilities	9	507,523,537	483,022,877
		2,395,645,613	2,749,148,373
Current liabilities			
Trade and other payables	10	802,949,466	819,818,276
Loan from director	11	11,000,000	11,000,000
Accrued markup	12	132,581,524	110,743,721
Short term borrowings - secured	13	814,194,999	671,405,785
Current portion of long term financing	7	249,682,994	127,360,657
Provision for taxation		49,029,133	79,975,000
		2,059,438,116	1,820,303,439
Total liabilities		4,455,083,729	4,569,451,812
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		6,027,798,018	5,904,825,614

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

AAMIR FAYYAZ SHEIKH
Chief Executive

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non-current assets			
Fixed assets	15	3,560,898,995	3,479,531,750
Long term investment	16	-	-
Long term security deposits		20,587,740	20,587,740
		3,581,486,735	3,500,119,490
Current assets			
Stores, spares and loose tools	17	317,766,166	315,856,083
Stock-in-trade	18	698,231,702	614,534,124
Trade debts	19	533,484,347	679,533,395
Advances	20	87,643,135	90,306,682
Trade deposits and short term prepayments	21	19,413,286	7,595,341
Other receivables	22	254,936,841	239,292,847
Sales tax recoverable	23	202,338,744	195,174,232
Short term investment	24	176,879,692	132,357,244
Cash and bank balances	25	155,617,370	130,056,176
		2,446,311,283	2,404,706,124
TOTAL ASSETS		6,027,798,018	5,904,825,614

AAMIR AMIN
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
SALES	26	7,772,431,497	8,545,474,609
COST OF SALES	27	(6,727,262,092)	(7,185,347,408)
GROSS PROFIT		1,045,169,405	1,360,127,201
DISTRIBUTION COST	28	(431,562,084)	(618,804,629)
ADMINISTRATIVE EXPENSES	29	(216,113,901)	(200,296,971)
OTHER EXPENSES	30	(92,820,340)	(150,086,883)
		(740,496,325)	(969,188,483)
		304,673,080	390,938,718
OTHER INCOME	31	241,664,174	1,215,117,892
PROFIT FROM OPERATIONS		546,337,254	1,606,056,610
FINANCE COST	32	(396,669,964)	(505,571,051)
PROFIT BEFORE TAXATION		149,667,290	1,100,485,559
TAXATION	33	52,220,355	(91,818,876)
PROFIT AFTER TAXATION		201,887,645	1,008,666,683
EARNINGS PER SHARE - BASIC AND DILUTED	34	3.97	19.81

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

AAMIR FAYYAZ SHEIKH
Chief Executive

AAMIR AMIN
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	2014 Rupees	2013 Rupees
PROFIT AFTER TAXATION	201,887,645	1,008,666,683
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on re-measurement of available for sale investment to fair value	44,522,448	54,904,794
Reclassification adjustment relating to disposal of available for sale investment	-	(28,915,070)
Deferred income tax relating to surplus on re-measurement of available for sale investment to fair value	(10,031,907)	(13,425,111)
Other comprehensive income for the year - net of tax	34,490,541	12,564,613
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	236,378,186	1,021,231,296

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

AAMIR FAYYAZ SHEIKH
Chief Executive

AAMIR AMIN
Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH GENERATED FROM OPERATIONS	35	733,668,962	810,671,409
Income tax paid		(100,441,588)	(93,151,898)
Net decrease in long term security deposits		-	876,000
Finance cost paid		(180,810,215)	(242,424,240)
NET CASH GENERATED FROM OPERATING ACTIVITIES		452,417,159	475,971,271
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(322,403,826)	(252,604,868)
Proceeds from disposal of operating fixed assets		17,186,480	30,845,748
Proceed from disposal of short term investment		-	145,677,342
Dividend received		3,540,168	2,574,668
NET CASH USED IN INVESTING ACTIVITIES		(301,677,178)	(73,507,110)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(267,968,001)	(198,073,490)
Loan from director		-	6,000,000
Short term borrowings - net		142,789,214	(189,582,631)
NET CASH USED IN FINANCING ACTIVITIES		(125,178,787)	(381,656,121)
NET INCREASE IN CASH AND CASH EQUIVALENTS		25,561,194	20,808,040
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		130,056,176	109,248,136
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		155,617,370	130,056,176

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

AAMIR FAYYAZ SHEIKH
Chief Executive

AAMIR AMIN
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	SHARE CAPITAL	RESERVES							TOTAL EQUITy
		CAPITAL RESERVES			REVENUE RESERVES				
		Share premium reserves	Fair value reserves	Sub-Total	General reserve	Accumulated loss	Sub-Total	Total reserves	
	RUPEES								
Balance as at 30 June 2012	509,110,110	213,406,310	85,516,926	298,923,236	1,058,027,640	(2,436,406,720)	(1,378,379,080)	(1,079,455,844)	(570,345,734)
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	-	19,240,690	19,240,690	19,240,690	19,240,690
Surplus realized on disposal of operating fixed assets	-	-	-	-	-	52,359,476	52,359,476	52,359,476	52,359,476
Profit for the year	-	-	-	-	-	1,008,666,683	1,008,666,683	1,008,666,683	1,008,666,683
Other comprehensive income for the year	-	-	12,564,613	12,564,613	-	-	-	12,564,613	12,564,613
Total comprehensive income for the year ended 30 June 2013	-	-	12,564,613	12,564,613	-	1,008,666,683	1,008,666,683	1,021,231,296	1,021,231,296
Balance as at 30 June 2013	509,110,110	213,406,310	98,081,539	311,487,849	1,058,027,640	(1,356,139,871)	(298,112,231)	13,375,618	522,485,728
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	-	18,291,194	18,291,194	18,291,194	18,291,194
Profit for the year	-	-	-	-	-	201,887,645	201,887,645	201,887,645	201,887,645
Other comprehensive income for the year	-	-	34,490,541	34,490,541	-	-	-	34,490,541	34,490,541
Total comprehensive income for the year ended 30 June 2014	-	-	34,490,541	34,490,541	-	201,887,645	201,887,645	236,378,186	236,378,186
Balance as at 30 June 2014	509,110,110	213,406,310	132,572,080	345,978,390	1,058,027,640	(1,135,961,032)	(77,933,392)	268,044,998	777,155,108

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

AAMIR FAYYAZ SHEIKH
Chief Executive

AAMIR AMIN
Director

1. LEGAL STATUS AND NATURE OF BUSINESS

THE GROUP

The Group consists of:
Holding Company
- Kohinoor Mills Limited
Subsidiary Company (wholly owned)
- Q Mart Corporation (Private) Limited

1.1 Kohinoor Mills Limited

Kohinoor Mills Limited ("the Holding Company") is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The registered office of the Holding Company is situated at 8-K.M., Manga Raiwind Road, District Kasur. The Holding Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate and supply electricity.

1.2 Q Mart Corporation (Private) Limited

1.2.1 Q Mart Corporation (Private) Limited ("the Subsidiary Company"), a wholly owned subsidiary of Kohinoor Mills Limited was incorporated in Pakistan on 18 July 2005 as a private limited company under the Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at 8-K.M., Manga Raiwind Road, District Kasur. The principal activity of the Subsidiary Company was to carry on business as a retailer in all types of general merchandise.

1.2.2 During the year ended 30 June 2013, the Holding Company, in line with its decision to focus on its core fabric business, has decided to pull out of retail business and has accordingly shut-down all Q-Mart retail stores. The Subsidiary Company has disposed of all assets except for freehold land and building on freehold land. A large number of receivables and payables have been settled. As the Subsidiary Company has ceased trading and disposed of majority of its assets, hence, the Subsidiary Company is not considered a going concern. All assets and liabilities of the Subsidiary Company reported in these consolidated financial statements are based on estimated realizable / settlement values.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated 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 consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International

Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for lands and buildings which are carried at revalued amounts and certain financial instruments which are carried at their fair value.

c) Critical accounting estimates and judgments

The preparation of these consolidated 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 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 these consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at the balance sheet date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management. Further, the values of assets are reviewed for possible impairments 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.

Taxation

In making the estimates for income tax liability, 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

Receivables are reviewed against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Inventories

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

Provision for obsolescence of stores, spares and loose tools

Provision for obsolescence of items of stores, spares and loose tools is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

d) Amendments to published approved standards that are effective in current year and are relevant to the Group

The following amendments to published approved standards are mandatory for the Group's accounting periods beginning on or after 01 July 2013:

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 application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 – 2011 Cycle, incorporating amendments to five IFRS more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation' that are considered relevant to the consolidated financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. The application of the amendments does not result in any impact on consolidated profit or loss, consolidated other comprehensive income and consolidated total comprehensive income.

e) Standards, interpretation and amendments to published approved standards that are effective in current year but not relevant to the Group

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

f) Standards, interpretation and amendments to published standards that are not yet effective but relevant to the Group

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

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the consolidated financial statements.

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

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

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2015) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's financial statements.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). 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 consolidated financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and 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 consolidated financial statements.

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

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

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

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 consolidated financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments', IFRS 13 'Fair Value Measurement' and IAS 16 'Property, Plant and Equipment', which are considered relevant to the consolidated financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the consolidated financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the consolidated financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the consolidated financial statements and have therefore not been analyzed in detail.

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

g) Standard and amendments to published approved standards that are not yet effective and not considered relevant to the Group

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

2.2 Consolidation

Subsidiary

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary Company are included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and the carrying value of investment held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Company.

Inter Group balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of the Subsidiary Company attributable to interest which are not owned by the Holding Company. Non-controlling interests are presented as a separate item in the consolidated financial statements.

2.3 Employee benefit

The Holding Company operates a funded contributory provident fund scheme for its permanent employees. The Holding Company and employees make equal monthly contributions of 8.33 percent of the basic salary, towards the fund. The Holding Company's contribution is charged to the profit and loss account.

2.4 Provisions

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

2.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. 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.

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 balance sheet date. Deferred tax is charged or credited in the consolidated 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 statement comprehensive income or directly in equity, respectively.

2.6 Foreign currencies

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the spot rate. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses, where applicable, are recognized in the consolidated profit and loss account.

2.7 Fixed assets

2.7.1 Property, plant and equipment and depreciation

Owned

a) Cost

Property, plant and equipment except freehold land and buildings are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss, buildings are stated at revalued amount less accumulated depreciation and any identified impairment loss, while capital work-in-progress is stated at cost less any identified impairment loss.

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

Increases in the carrying amount arising on revaluation of operating fixed assets are credited to surplus on revaluation of operating fixed assets. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of operating fixed assets to accumulated loss. All transfers to / from surplus on revaluation of operating fixed assets are net of applicable deferred income tax.

b) Depreciation

Depreciation on all operating fixed assets is charged to income on a reducing balance method so as to write off cost / depreciable amount of an asset over its estimated useful life at the rates as disclosed in note 15.1. Depreciation on additions is charged from the month in which the asset is put to use and on disposal up to the month of disposal. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

c) Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated profit and loss account in the year the asset is derecognized.

Leased

a) Finance leases

Leases where the Group 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 income 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 income.

b) Operating leases

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

2.7.2 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization method are reviewed and adjusted, if appropriate, at each balance sheet date.

2.8 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 and re-evaluates such designation on regular basis.

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 initially measured at fair value.

a) Investments at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in the consolidated 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 Group 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 derecognized or impaired, as well as through the amortization process.

c) 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 consolidated statement of 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 the consolidated statement of comprehensive income is included in the consolidated 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

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

d) Equity investments in associated companies

The investments in associates in which the Group does not have significant influence are classified as "Available-for-Sale".

2.9 Inventories

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

Stores, spares and loose tools

Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores and spares are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material is based on weighted average cost.

Cost of work in process and finished goods comprises prime cost and appropriate production overheads determined on weighted average cost. Cost of goods purchased for resale are valued at their respective purchase price by using first-in-first-out method.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock and rejected goods 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.

2.10 Non-current assets held for sale

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through continuing use.

2.11 Borrowing costs

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

2.12 Revenue recognition

Revenue from different sources is recognized as under.

(a) Revenue is recognized when the Group has transferred significant risks and rewards associated with ownership of the goods to the buyers. Export sales and local sales are recognized on shipment and dispatch of goods to the customers respectively.

(b) Dividend on equity investments is recognized as income when right to receive payment is established.

(c) Profit on bank deposits is recognized on a time proportion basis taking into account, the principal outstanding and rates of profits applicable thereon.

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 with 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 Group's non-financial 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 consolidated 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 carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years. Such reversal is recognized in consolidated profit and loss account.

2.14 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.15 Financial instruments

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

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are investments, trade debts, deposits, advances, other receivables and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term financing, short term borrowings, accrued markup, sponsors' loan, loan from director and trade and other payables.

2.15.1 Trade debts and other receivables

Trade debts and other receivable are initially measured at fair value and subsequently at amortized cost using effective interest rate method less provision for impairment. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

2.15.2 Trade and other payables

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

2.15.3 Markup bearing 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 consolidated profit and loss account over the period of the borrowing using the effective interest rate method.

2.15.4 Cash and cash equivalents

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

2.16 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in the consolidated statement of comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated profit and loss account.

Amounts accumulated in equity are recognized in the consolidated profit and loss account in the periods when the hedged item will affect profit or loss.

2.17 Segment reporting

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

Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group has four reportable business segments. Weaving (Producing different quality of greige fabric using yarn), Dyeing (Converting greige into dyed fabric), Power Generation (Generating and distributing power) and Retail (Selling all type of general merchandise).

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 Off setting of financial assets and liabilities

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

2.19 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.20 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognized immediately through the consolidated profit and loss account and is not subsequently reversed.

3. AUTHORIZED SHARE CAPITAL

2014 (NUMBER OF SHARES)	2013 (NUMBER OF SHARES)		2014 Rupees	2013 Rupees
80,000,000	80,000,000	Ordinary shares of Rupees 10 each	800,000,000	800,000,000
30,000,000	30,000,000	Preference shares of Rupees 10 each	300,000,000	300,000,000
110,000,000	110,000,000		1,100,000,000	1,100,000,000

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2014 (NUMBER OF SHARES)	2013 (NUMBER OF SHARES)		2014 Rupees	2013 Rupees
28,546,003	28,546,003	Ordinary shares of Rupees 10 each fully paid in cash	285,460,030	285,460,030
18,780,031	18,780,031	Ordinary shares of Rupees 10 each as fully paid bonus shares	187,800,310	187,800,310
3,584,977	3,584,977	Ordinary shares of Rupees 10 each issued due to merger with Kohinoor Genertek Limited as per scheme of arrangement	35,849,770	35,849,770
50,911,011	50,911,011		509,110,110	509,110,110

5. RESERVES

Composition of reserves is as follows:

	2014 Rupees	2013 Rupees
Capital reserves		
Share premium reserve (Note 5.1)	213,406,310	213,406,310
Fair value reserve - net of deferred income tax (Note 5.2)	132,572,080	98,081,539
	345,978,390	311,487,849
Revenue reserves		
General reserve	1,058,027,640	1,058,027,640
Accumulated loss	(1,135,961,032)	(1,356,139,871)
	(77,933,392)	(298,112,231)
	268,044,998	13,375,618

5.1 This reserve can be utilized only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	2014 Rupees	2013 Rupees
5.2 Fair value reserve - net of deferred income tax		
Balance as at 01 July	131,653,073	105,663,349
Fair value adjustment on investment:		
Impact of revaluation of investment	44,522,448	54,904,794
Fair value gain realized on disposal of investment	-	(28,915,070)
	44,522,448	25,989,724
Balance as at 30 June	176,175,521	131,653,073
Less: Related deferred income tax liability	43,603,441	33,571,534
Balance as at 30 June - net of deferred income tax	132,572,080	98,081,539

5.2.1 This represents the unrealized gain on re-measurement of available for sale investment at fair value and is not available for distribution. This will be transferred to profit and loss account on realization.

	2014 Rupees	2013 Rupees
6. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED INCOME TAX		
Balance as at 01 July	846,879,581	920,268,774
Less: Surplus on revaluation realized on disposal of land	-	52,359,476
Less: Incremental depreciation	19,978,231	21,029,717
Balance as at 30 June	826,901,350	846,879,581
Less: Related deferred income tax liability	31,342,169	33,991,507
Balance as at 30 June - net of deferred income tax	795,559,181	812,888,074

7. LONG TERM FINANCING - SECURED

Obtained by the Holding Company

	2014 Rupees	2013 Rupees
Financing from banking companies (Note 7.1 and 7.2)	1,961,062,954	2,121,486,153
Less: Current portion shown under current liabilities	249,682,994	127,360,657
	1,711,379,960	1,994,125,496

7.1

Lender	2014	2013	Revised terms after restructuring	Security
	-------- Rupees --------			
National Bank of Pakistan	489,734,357	487,495,119	This loan is repayable in 32 stepped up quarterly installments commenced from 30 September 2013 and ending on 30 June 2021. This loan carries markup at the rate of 7.70% per annum based on the average cost of funds of the bank which will be reviewed annually. Markup will be accrued over nine years during which the principal will be repaid. The accrued markup will be repaid in twelve equal quarterly installments commencing on 30 September 2021 and ending on 30 June 2024.	First joint pari passu charge of Rupees 628.394 million over fixed assets and Rupees 42.424 million over current assets of the Holding Company with 25% margin.
United Bank Limited	214,464,815	251,941,542	This loan is repayable in 28 equal quarterly installments of Rupees 13.540 million each commenced from 09 February 2012 and ending on 09 November 2018. Markup is payable quarterly at the rate of 5.00% per annum.	First pari passu charge of Rupees 606.000 million (with 25% margin) over all present and future current assets and Rupees 200.000 million over fixed assets of the Holding Company. Personal guarantees of two directors. of the Holding Company
The Bank of Punjab	409,340,592	441,757,486	This loan is repayable in 31 stepped up quarterly installments commenced from 30 June 2011 and ending on 31 December 2018. This loan carried markup at the rate of 9.55% per annum based on the cost of funds of the bank approved by SBP upto 31 March 2013 and thereafter carries markup at 5.00% per annum. Markup is payable quarterly. Markup accrued upto 31 March 2013 will be repaid in three equal quarterly installments commencing on 31 March 2019 and ending on 30 September 2019.	Joint pari passu charge of Rupees 566.667 million over fixed assets, pari passu charge of Rupees 534.000 million and ranking charge of Rupees 268.000 million on all present and future current assets of the Holding Company.
Faysal Bank Limited	205,741,736	219,970,172	This loan is repayable in 31 stepped up quarterly installments commenced from 31 March 2013 and ending on 30 September 2020. Markup is payable quarterly at the rate of 5.00% per annum. Markup upto 30 September 2011 is recalculated at the rate of 8.5% per annum and will be repaid on 30 September 2020.	First pari passu charge of Rupees 266.800 million over current assets, ranking charge of Rupees 240.000 million over current assets and exclusive charge of Rupees 94.000 million on power generators of the Holding Company.

Lender	2014	2013	Revised terms after restructuring	Security
	-------- Rupees --------			
NIB Bank Limited	218,726,109	252,933,209	This loan is repayable in 36 stepped up quarterly installments commenced from 30 September 2011 and ending on 30 June 2020. Markup is payable quarterly at the rate of 5.00% per annum.	First pari passu charge of Rupees 107.000 million over the Holding Company's machinery and joint pari passu charge of Rupees 800.000 million over current assets of the Holding Company.
Askari Bank Limited	111,961,715	119,926,696	This loan is repayable in 32 quarterly installments of Rupees 5.282 million each commenced from 30 June 2013 and ending on 31 March 2021. Markup is payable quarterly at the rate of 5.00% per annum.	First joint pari passu charge of Rupees 506.667 million over current assets by way of hypothecation and ranking charge of Rupees 169.000 million over fixed assets of the Holding Company by way of hypothecation.
Bank Alfalah Limited	112,768,035	124,578,593	This loan is repayable in 32 stepped up quarterly installments commenced from 01 July 2012 and ending on 01 April 2020. This loan carries markup at the rate of 8.30% per annum based on the cost of funds of the bank which will be reviewed monthly. Markup will be accrued over nine years during which the principal will be repaid. The accrued markup will be paid in thirty six equal monthly installments commencing on 01 May 2020 and ending on 01 April 2023.	First joint pari passu charge of Rupees 410.000 million over all present and future current assets of the Holding Company.
Habib Bank Limited	198,325,595	222,883,336	This loan is repayable in 32 stepped up quarterly installments commenced from 30 June 2012 and ending on 31 March 2020. Markup is payable quarterly at the rate of 5.00% per annum.	First joint pari passu charge of Rupees 1,160.000 million over current assets, joint pari passu charge of Rupees 146.600 million and ranking charge of Rupees 362.000 million over fixed assets of the Holding Company. Personal guarantees of two directors of the Holding Company.
	1,961,062,954	2,121,486,153		

7.2 Fair value of long term financing was estimated at the present value of future cash flows discounted at the effective interest rates ranging from 9.31 % to 13.56 % per annum. Recognition of long term financing at fair value resulted in gain of Rupees 823.744 million.

8. SPONSOR'S LOAN

This represents unsecured interest free loan obtained from director of the Holding Company. This is repayable on 30 June 2018. Fair value of sponsor's loan has been estimated at the present value of future cash flows discounted at the effective interest rate of 11.38% per annum. Recognition of sponsor's loan at fair value has resulted in gain of Rupees 113.316 million.

9. DEFERRED LIABILITIES

	2014 Rupees	2013 Rupees
Deferred accrued markup (Note 9.1)	492,405,144	423,986,227
Deferred income tax liability (Note 9.2)	15,118,393	59,036,650
	507,523,537	483,022,877

9.1 Deferred accrued markup

	2014 Rupees	2013 Rupees
National Bank of Pakistan	231,605,284	179,959,921
The Bank of Punjab	139,309,000	139,309,000
Bank Alfalah Limited	54,872,432	38,098,878
Faysal Bank Limited	66,618,428	66,618,428
	492,405,144	423,986,227

9.1.1 This represents accrued markup on long term financing (obtained by the Holding Company) deferred in accordance with the terms of restructuring disclosed in Note 7.1 to these consolidated financial statements.

9.2 Deferred income tax liability

The liability / (asset) for deferred taxation originated due to temporary differences relating to:

	2014 Rupees	2013 Rupees
Taxable temporary differences:		
Accelerated tax depreciation and amortization	112,797,242	105,681,512
Surplus on revaluation of operating fixed assets	31,342,169	33,991,507
Surplus on revaluation of investment - available for sale	43,603,441	33,571,534
	187,742,852	173,244,553
Deductible temporary differences:		
Accumulated tax losses	(223,934,663)	(408,420,503)
Net deferred income tax liability / (asset)	(36,191,811)	(235,175,950)
Less: Deferred income tax asset not recognized	51,310,204	294,212,600
Deferred income tax liability recognized	15,118,393	59,036,650

9.2.1 As at 30 June 2013, deferred income tax liability on surplus on revaluation of operating fixed assets and surplus on revaluation of investment available for sale relating to the Holding Company was recognized. Remaining net deferred income tax asset of Rupees Nil and Rupees 51.310 million (2013: Rupees 232.313 million and Rupees 61.900 million) relating to the Holding Company and the Subsidiary Company respectively was not recognized.

10. TRADE AND OTHER PAYABLES

	2014 Rupees	2013 Rupees
Creditors	478,441,474	470,725,393
Advances from customers	49,297,007	88,989,029
Sales commission payable	98,666,906	84,259,114
Income tax deducted at source	14,649,646	15,890,103
Security deposits - interest free	602,278	607,278
Payable to employees' provident fund trust	675,555	2,046,036
Accrued and other liabilities (Note 10.1)	139,050,790	145,129,260
Workers' profit participation fund (Note 10.2)	16,834,274	7,440,527
Unclaimed dividend	4,731,536	4,731,536
	802,949,466	819,818,276

10.1 This includes an amount of Rupees 70.000 million (2013: Rupees 70.000) payable on demand to spouse of a director of the Holding Company.

10.2 Workers' profit participation fund

	2014 Rupees	2013 Rupees
Balance as at 01 July	7,440,527	-
Add: Allocation for the year (Note 30)	8,612,492	7,440,527
Interest accrued for the year (Note 32)	781,255	-
Balance as at 30 June	16,834,274	7,440,527

10.2.1 The Holding Company has retained 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 Holding Company till the date of allocation to workers.

11. LOAN FROM DIRECTOR

This represents unsecured and interest free loan obtained by the Subsidiary Company from its director. This loan is repayable on demand.

12. ACCRUED MARKUP

	2014 Rupees	2013 Rupees
Long term financing	32,622,881	37,205,165
Short term borrowings	99,958,643	73,538,556
	132,581,524	110,743,721

13. SHORT TERM BORROWINGS - SECURED

Obtained by the Holding Company

From banking companies

	2014 Rupees	2013 Rupees
SBP refinance (Note 13.1 and 13.2)	304,229,000	327,796,329
Other short term finances (Note 13.1 and 13.3)	509,965,999	343,609,456
	814,194,999	671,405,785

13.1 These facilities are secured against hypothecation charge on current assets, lien on export contracts / letters of credit, first and second pari passu charge on fixed and current assets of the Holding Company, personal guarantees of directors of Holding Company and ranking charge on current assets of the Holding Company.

13.2 These carry markup at 9.4% per annum (2013: 9.2% to 11% per annum).

13.3 The rates of markup range from 5% to 13.73% per annum (2013: 5% to 13.25% per annum).

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Holding Company

14.1.1 The Deputy Collector (Refund – Gold) by order dated 19 June 2007 rejected the input tax claim of the Holding Company, for the month of June 2005, amounting to Rupees 10.345 million incurred in zero rated local supplies of textile and articles thereof on the grounds that the input tax claim is in contravention of SRO 992(I)/2005 which states that no registered person engaged in the export of specified goods (including textile and articles thereof) shall, either through zero-rating or otherwise, be entitled to deduct or reclaim input tax paid in respect of stocks of such goods acquired up to 05 June 2005, if not used for the purpose of exports made up to the 31 December 2005. Consequently, the Holding Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR has decided this appeal in favour of the Holding Company subject to necessary verification. Pending the outcome of necessary verification, no provision for inadmissible input tax has been recognized in these consolidated financial statements, since the Holding Company is confident of the favourable outcome of verification.

14.1.2 The Additional Collector, Sales Tax Department has raised sales tax demand amounting to Rupees 8.956 million along with additional tax and penalty, as a result of sales tax audit for the year 1999-2000 conducted by the Sales Tax Department. The Holding Company is contesting the demand and management is confident that decision will be in favour of the Holding Company, hence, no provision there against has been made in these consolidated financial statements.

14.1.3 As a result of sales tax audit for the year 2009-2010 conducted by Regional Tax Office, Lahore, Assistant Commissioner Inland Revenue, Sales Tax Department has raised sales tax demand amounting to Rupees 9.975 million along with additional tax and penalty. Currently, the case is pending for hearing at Appellate Tribunal Inland Revenue, Lahore and the management is confident that decision will be in favour of the Holding Company, hence, no provision there against has been made in these consolidated financial statements.

14.1.4 Pursuant to the sale of assets agreement with M/s Interloop Limited, the Holding Company is contingently liable for Rupees 31.958 million against payment of certain outstanding dues to Employees' Old-Age Benefits Institution (EOBI) and bifurcation of gas connections in favour of M/s Interloop Limited. To secure the performance of aforesaid conditions, the Holding Company has pledged equity investment (note 24.1) and bank balance (note 25.4) with Allied Bank Limited. However, no provision has been recognized in these financial statements as the management is confident to fulfil the conditions in accordance with the sale of assets agreement.

14.1.5 Bank guarantees of Rupees 81.66 million (2013: Rupees 70.15 million) are given by the banks of the Holding Company in favour of Sui Northern Gas Pipelines Limited against gas connections.

14.1.6 Bank guarantee of Rupees 6.5 million (2013: Rupees 6.5 million) is given by the bank of the Holding Company in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess.

14.1.7 Bank guarantees of Rupees 8.164 million (2013: Rupees 8.331 million) are given by the bank of the Holding Company in favour of Lahore Electric Supply Company Limited against electricity connections.

14.1.8 Lahore Electric Supply Company Limited (LESCO) has served a notice to the Holding Company in connection with violation of Power Purchase Agreement. According to the aforesaid notice, the Holding Company was using gas along with Refined Furnace Oil (RFO) in the ratio of 50:50 as co-fuel in order to generate electric power for sale to LESCO whereas tariff was charged to LESCO on the basis of RFO. The matter is being resolved under the provisions of above said Power Purchase Agreement and referred to Mr. Justice (Retd.) Syed Jamshed Ali Shah for arbitration. The proceedings of arbitration are in process. An amount of Rupees 86.833 million receivable by the Holding Company from LESCO is still unpaid. Full provision has been made in these consolidated financial statements against this receivable. However, the Holding Company is confident that the said amount will be recovered.

	2014 Rupees	2013 Rupees
Subsidiary Company	Nil	Nil

14.2 Commitments

Holding Company

14.2.1 Aggregate commitments for capital expenditures and revenue expenditures are amounting to Rupees Nil and Rupees 23.481 million (2013: Rupees 51.450 million and Rupees 39.562 million) respectively.

14.2.2 Post dated cheques issued to suppliers are amounting to Rupees 118.809 million (2013: Rupees 46.016 million).

Subsidiary Company	Nil	Nil

15. FIXED ASSETS

	2014 Rupees	2013 Rupees
Property, plant and equipment		
Operating fixed assets (Note 15.1)	3,526,145,656	3,324,088,869
Capital work-in-progress (Note 15.2)	34,753,339	154,776,302
	3,560,898,995	3,478,865,171
Intangible asset - computer software (Note 15.1 and 15.1.7)	-	666,579
	3,560,898,995	3,479,531,750

15.1 Reconciliation of carrying amounts of operating fixed and intangible assets at the beginning and end of the year is as follows:

Description	Operating fixed assets										Intangible asset
	Freehold land	Residential Building	Factory Building	Building on leasehold land	Plant and machinery	Stand-by equipment	Electric Installations	Furniture, fixtures and equipment	Computers	Motor vehicles	Total	
	(RUPEES)										
As at 30 June 2012												
Cost / revalued amount	594,414,850	337,193,645	619,091,964	13,697,382	3,747,252,598	-	145,583,109	127,515,208	46,422,870	69,134,269	5,700,305,895	15,421,445
Accumulated depreciation / amortization	-	(72,680,689)	(196,019,964)	(9,900,550)	(1,678,780,916)	-	(64,843,449)	(63,812,476)	(34,293,188)	(35,433,422)	(2,155,764,654)	(13,294,052)
Net book value	594,414,850	264,512,956	423,072,000	3,796,832	2,068,471,682	-	80,739,660	63,702,732	12,129,682	33,700,847	3,544,541,241	2,127,393
Year ended 30 June 2013												
Opening net book value	594,414,850	264,512,956	423,072,000	3,796,832	2,068,471,682	-	80,739,660	63,702,732	12,129,682	33,700,847	3,544,541,241	2,127,393
Additions	-	370,400	2,941,461	3,936,413	102,456,294	1,615,659	4,599,840	5,280,494	3,257,565	12,159,136	136,617,262	-
Disposals:												
Cost / revalued amount	(79,734,375)	-	-	(13,713,784)	-	-	(22,363,138)	(51,142,475)	(57,326)	(10,570,173)	(177,581,271)	-
Accumulated depreciation	-	-	-	10,657,288	-	-	9,506,473	24,062,486	31,308	6,150,952	50,408,507	-
	(79,734,375)	-	-	(3,056,496)	-	-	(12,856,665)	(27,079,989)	(26,018)	(4,419,221)	(127,172,764)	-
Depreciation / amortization charge	-	(13,241,675)	(21,196,364)	(756,738)	(168,519,230)	(105,847)	(7,559,858)	(6,026,978)	(3,488,773)	(5,081,396)	(225,976,859)	(1,460,814)
Assets written off - net book value	-	-	-	(3,920,011)	-	-	-	-	-	-	(3,920,011)	-
Closing net book value	514,680,475	251,641,681	404,817,097	-	2,002,408,746	1,509,812	64,922,977	35,876,259	11,872,456	36,359,366	3,324,088,869	666,579
As at 30 June 2013												
Cost / revalued amount	514,680,475	337,564,045	622,033,425	-	3,849,708,892	1,615,659	127,819,811	81,653,227	49,623,109	70,723,232	5,655,421,875	15,421,445
Accumulated depreciation / amortization	-	(85,922,364)	(217,216,328)	-	(1,847,300,146)	(105,847)	(62,896,834)	(45,776,968)	(37,750,653)	(34,363,866)	(2,331,333,006)	(14,754,866)
Net book value	514,680,475	251,641,681	404,817,097	-	2,002,408,746	1,509,812	64,922,977	35,876,259	11,872,456	36,359,366	3,324,088,869	666,579
Year ended 30 June 2014												
Opening net book value	514,680,475	251,641,681	404,817,097	-	2,002,408,746	1,509,812	64,922,977	35,876,259	11,872,456	36,359,366	3,324,088,869	666,579
Additions	-	-	69,812,974	-	278,803,061	-	8,953,318	709,904	4,252,222	79,895,310	442,426,789	-
Disposals:												
Cost	-	-	-	-	(16,359,136)	-	-	-	-	(9,073,417)	(25,432,553)	-
Accumulated depreciation	-	-	-	-	5,434,360	-	-	-	-	5,267,472	10,701,832	-
	-	-	-	-	(10,924,776)	-	-	-	-	(3,805,945)	(14,730,721)	-
Depreciation / amortization charge	-	(12,582,084)	(22,310,637)	-	(165,200,092)	(91,426)	(7,016,718)	(3,833,457)	(3,676,462)	(10,928,405)	(225,639,281)	(666,579)
Closing net book value	514,680,475	239,059,597	452,319,434	-	2,105,086,939	1,418,386	66,859,577	32,752,706	12,448,216	101,520,326	3,526,145,656	-
As at 30 June 2014												
Cost / revalued amount	514,680,475	337,564,045	691,846,399	-	4,112,152,817	1,615,659	136,773,129	82,363,131	53,875,331	141,545,125	6,072,416,111	15,421,445
Accumulated depreciation / amortization	-	(98,504,448)	(239,526,965)	-	(2,007,065,878)	(197,273)	(69,913,552)	(49,610,425)	(41,427,115)	(40,024,799)	(2,546,270,455)	(15,421,445)
Net book value	514,680,475	239,059,597	452,319,434	-	2,105,086,939	1,418,386	66,859,577	32,752,706	12,448,216	101,520,326	3,526,145,656	-
Depreciation / amortization rate % per annum	-	5	5	33	10	10	10	10	30	20		20

15.1.1 Freehold land and buildings of the Holding Company were revalued as at 30 June 2009 by an independent valuer. The latest revaluation as at 30 June 2012 was carried out by Messrs Hamid Mukhtar and Company (Private) Limited, the approved valuer. Freehold land and buildings on freehold land of the Subsidiary Company were revalued as at 30 June 2011 by an independent valuer, M/s Haseeb Associates (Private) Limited. Had there been no revaluation, the value of the assets would have been lower by Rupees 826.901 million (2013: Rupees 846.880 million).

15.1.2 The book value of freehold land and buildings on cost basis is Rupees 67.366 million and Rupees 311.792 million (2013: Rupees 67.366 million and Rupees 256.894 million) respectively.

15.1.3 Freehold land includes two pieces of land having carrying value of Rupees 22.747 million (2013: Rupees 22.747 million) and Rupees 5.355 million (2013: Rupees 5.355 million) which are in the name of Mr. Amir Fayyaz Sheikh (director of the Subsidiary Company) and Mrs. Amir Fayyaz Shiekh respectively. The management is in the process of selling these pieces of land. Previously, titles of these pieces of land were not transferred in the name of the Subsidiary Company to save Subsidiary Company's expenses on transfer duties.

15.1.4 Detail of operating fixed assets exceeding book value of Rupees 50,000 disposed of during the year is as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Consider-ation	Gain / (loss)	Mode of disposal	Particulars of purchasers
	-------	-------	---(RUPEES)---	-------	-------		
Plant and machinery							
Sewing Machines	7,678,046	2,437,442	5,240,604	5,037,026	(203,578)	Negotiation	Jeans Company (Private) Limited - Lahore
Sewing Machines	1,341,632	442,721	898,911	934,000	35,089	Negotiation	Amin Corporation - Lahore
Sewing Machines	710,801	255,833	454,968	470,000	15,032	Negotiation	Arshad Corporation (Private) Limited - Lahore
Sewing Machines	4,735,688	1,713,665	3,022,023	1,905,454	(1,116,569)	Negotiation	Jeans Company (Private) Limited - Lahore
Sewing Machines	1,892,969	584,699	1,308,270	1,170,000	(138,270)	Negotiation	Reliance Apparel (Private) Limited - Lahore
	16,359,136	5,434,360	10,924,776	9,516,480	(1,408,296)		
Motor vehicles							
Suzuki Cultus LEE-08-3345	616,230	352,668	263,562	455,000	191,438	Negotiation	Mr. Hassan Kamal - Lahore
Suzuki Cultus LEE-8496	339,154	165,051	174,103	600,000	425,897	Negotiation	Mr. Imran Kamal - Lahore
Toyota Corolla LEC-07-9881	896,700	574,441	322,259	800,000	477,741	Negotiation	Mr. Aamir Qureshi - Lahore
Suzuki Cultus LED-08-7348	430,207	212,593	217,614	470,000	252,386	Negotiation	Mr. Imran Kamal - Lahore
Toyota Corolla LEA-9675	1,434,000	626,402	807,598	1,275,000	467,402	Negotiation	Mr. Kamran Shahid - Lahore
Hyundai Santro LZZ-540	263,118	119,965	143,153	375,000	231,847	Negotiation	Mr. Mansoor Ijaz - Lahore
Toyota Corolla LEB-1700	961,000	605,895	355,105	630,000	274,895	Company's policy	Mr. Shahryar Bokhari (Ex-employee of the Holding Company)
Toyota Corolla LEF-07-650	1,391,638	813,304	578,334	850,000	271,666	Negotiation	Mr. Kamran Shahid - Lahore
Honda City LWH-6662	906,910	597,676	309,234	800,000	490,766	Negotiation	M/s Adamjee Insurance Company Limited (Insurance claim)
Suzuki Cultus LZU-6173	575,000	380,413	194,587	450,000	255,413	Negotiation	Mr. Imran Kamal - Lahore
Suzuki Cultus LZV-3034	678,150	443,162	234,988	460,000	225,012	Negotiation	Mr. Imran Kamal - Lahore
Suzuki Cultus LEA-07-2636	581,310	375,902	205,408	505,000	299,592	Negotiation	Mr. Imran Kamal - Lahore
	9,073,417	5,267,472	3,805,945	7,670,000	3,864,055		
	25,432,553	10,701,832	14,730,721	17,186,480	2,455,759		

	2014 Rupees	2013 Rupees
15.1.5 The depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 27)	206,837,084	210,564,861
Distribution cost (Note 28)	1,345,126	1,135,705
Administrative expenses (Note 29)	17,457,071	14,276,293
	225,639,281	225,976,859

	2014 Rupees	2013 Rupees
15.1.6 The amortization charge for the year has been allocated as follows:		
Cost of sales (Note 27)	-	536,513
Administrative expenses (Note 29)	666,579	924,301
	666,579	1,460,814
15.1.7 Intangible asset - computer softwares have been fully amortized but still in the use of the Group.		
15.2 Capital work-in-progress		
Plant and machinery	3,657,835	67,673,320
Civil works	30,192,943	40,494,914
Electric installations	902,561	-
Advances for capital expenditures	-	46,608,068
	34,753,339	154,776,302
16. LONG TERM INVESTMENTS		
Available for sale		
Associated company (without significant influence)		
K-2 Hosiery (Private) Limited - unquoted		
1,194,000 (2013: 1,194,000) ordinary shares of Rupees 10 each (Note 16.1)	-	-
	-	-

16.1 Investment in K-2 Hosiery (Private) Limited has been impaired and written off against provision.

17. STORES, SPARES AND LOOSE TOOLS

	2014 Rupees	2013 Rupees
Stores and spares	330,568,211	312,280,156
Loose tools	3,826,963	3,575,927
	334,395,174	315,856,083
Less: Provision for slow moving, obsolete and damaged store items (Note 30)	16,629,008	-
	317,766,166	315,856,083

18. STOCK-IN-TRADE

	2014 Rupees	2013 Rupees
Raw material	148,615,983	147,672,090
Work-in-process	128,250,466	152,308,086
Finished goods (Note 18.1 and 18.2)	421,365,253	314,553,948
	698,231,702	614,534,124

18.1 This includes finished goods of Rupees 125.986 million (2013: Rupees 7.528 million) valued at net realizable value.

18.2 Finished goods include stock-in-transit amounting to Rupees 63.209 million (2013: Rupees 4.992 million).

19. TRADE DEBTS

	2014 Rupees	2013 Rupees
Considered good:		
Secured (against letters of credit)	451,417,353	500,684,703
Unsecured	82,066,994	178,848,692
	533,484,347	679,533,395
Considered doubtful:		
Others - unsecured	88,358,572	88,358,572
Less: Provision for doubtful trade debts		
Balance as at 01 July	88,358,572	1,525,385
Add: Provision for the year (Note 29)	-	86,833,187
Balance as at 30 June	88,358,572	88,358,572
	-	-

19.1 As on 30 June 2014, trade debts of Rupees 37.698 million (2013: Rupees 54.434 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2014 Rupees	2013 Rupees
Upto 1 month	2,467,635	7,664,632
1 to 6 months	1,307,875	5,592,468
More than 6 months	33,922,649	41,176,795
	37,698,159	54,433,895

19.2 As at 30 June 2014, trade debts of Rupees 88.359 million (2013: Rupees 88.359 million) were impaired. The aging of these trade debts was more than three years. These trade debts have been provided for in the books of account of the Holding Company.

20. ADVANCES

	2014 Rupees	2013 Rupees
Considered good:		
Advances to:		
- staff (Note 20.1)	9,976,757	8,445,589
- suppliers	76,680,667	78,103,547
Letters of credit	985,711	3,757,546
	87,643,135	90,306,682

20.1 This includes interest free advances to executives of the Holding Company amounting to Rupees 0.849 million (2013: Rupees 3.374 million).

21. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2014 Rupees	2013 Rupees
Security deposits	14,973,046	7,468,101
Short term prepayments	4,440,240	127,240
	19,413,286	7,595,341

22. OTHER RECEIVABLES

	2014 Rupees	2013 Rupees
Considered good:		
Advance income tax	207,769,117	139,040,904
Export rebate and claims (Note 22.1)	46,063,417	82,291,725
Miscellaneous	1,104,307	17,960,218
	254,936,841	239,292,847

	2014 Rupees	2013 Rupees
22.1 Export rebate and claims		
Considered good	46,063,417	82,291,725
Considered doubtful	30,514,452	-
Less: Provision for doubtful export rebate and claims (Note 30)	30,514,452	-
	-	-
	46,063,417	82,291,725

23. SALES TAX RECOVERABLE

	2014 Rupees	2013 Rupees
Sales tax recoverable	227,496,020	195,174,232
Less: Provision for doubtful sales tax recoverable (Note 30)	25,157,276	-
	202,338,744	195,174,232

24. SHORT TERM INVESTMENT

Available for sale - unquoted

	2014 Rupees	2013 Rupees
Security General Insurance Company Limited (Note 24.1) 643,667 (2013: 643,667) fully paid ordinary shares of Rupees 10 each	704,171	704,171
Add: Fair value adjustment	176,175,521	131,653,073
	176,879,692	132,357,244

24.1 Ordinary shares of Security General Insurance Company Limited have been valued by the management at Rupees 274.80 (2013: Rupees 205.63) per share using the net assets based valuation method. 640,000 ordinary shares of Security General Insurance Company Limited are pledged in favour of Allied Bank Limited to secure the performance of certain conditions of sale of assets agreement with M/s Interloop Limited.

25. CASH AND BANK BALANCES

	2014 Rupees	2013 Rupees
Cash in hand (Note 25.1)	2,999,860	3,581,704
Cash with banks:		
On current accounts (Note 25.2, 25.4 and 25.6)	76,853,486	21,373,474
On deposit accounts (Note 25.3 and 25.5)	75,764,024	105,100,998
	152,617,510	126,474,472
	155,617,370	130,056,176

25.1 Cash in hand includes foreign currency of US$ 1,207 and Euro 2,960 (2013: US$ 5,285 and Euro 1,410).

25.2 Cash with banks on current accounts includes foreign currency balance of US$ 788.72 (2013: US$ 788.72).

25.3 Rate of profit on bank deposits ranges from 5% to 8.5% (2013: 5% to 10%) per annum.

25.4 Cash with banks on current accounts includes an amount of Rupees 8.491 million (2013: Rupees 8.491 million) with Allied Bank Limited, in a non-checking account, to secure performance of certain conditions of sale of assets agreement with M/s Interloop Limited.

25.5 This includes term deposit receipts of Rupees 55.660 million (2013: Rupees 55.660 million) which is under lien with the bank of the Holding Company.

25.6 This includes account of subsidiary company maintained with Allied Bank Limited which has been attached by Federal Board of Revenue.

26. SALES

	2014 Rupees	2013 Rupees
Export	6,737,139,053	7,283,073,851
Local (Note 26.1)	1,007,047,284	1,228,208,319
Export rebate	28,245,160	34,192,439
	7,772,431,497	8,545,474,609

26.1 Local sales

	2014 Rupees	2013 Rupees
Sales	886,827,027	1,128,259,307
Less: Sales tax	39,498,998	13,573,358
Less: Discount	-	34,592
	847,328,029	1,114,651,357
Processing income	159,719,255	113,556,962
	1,007,047,284	1,228,208,319

	2014 Rupees	2013 Rupees
27. COST OF SALES		
Raw material consumed (Note 27.1)	4,548,271,790	4,729,503,889
Stock consumed (Note 27.2)	-	90,742,098
Chemicals consumed	621,209,385	645,678,812
Salaries, wages and other benefits	296,958,350	255,737,213
Employees' provident fund contributions	10,836,009	8,993,774
Travelling, conveyance and entertainment	-	282,581
Printing and stationery	-	55,727
Communications	-	445,573
Vehicles' running	-	223,855
Fee and subscription	-	67,950
Rent, rates and taxes	-	1,489,200
Cloth conversion and processing charges	11,929,378	29,656,816
Fuel, oil and power	842,232,104	910,167,420
Security	-	511,885
Freight and carriage	-	303,381
Stores, spares and loose tools consumed	110,333,784	81,774,513
Packing materials consumed	51,301,455	49,854,115
Repair and maintenance	43,047,916	33,486,365
Insurance	8,003,912	7,042,282
Other manufacturing expenses	54,173,781	56,229,898
Depreciation on operating fixed assets (Note 15.1.5)	206,837,084	210,564,861
Amortization on intangible asset (Note 15.1.6)	-	536,513
Miscellaneous	-	196,262
	6,805,134,948	7,113,544,983
Work-in-process inventory		
As on 01 July	152,308,086	123,171,757
As on 30 June	(128,250,466)	(152,308,086)
	24,057,620	(29,136,329)
Cost of goods manufactured	6,829,192,568	7,084,408,654
Cost of yarn and cloth purchased for resale	4,880,829	80,402,397
	6,834,073,397	7,164,811,051
Finished goods inventory		
As on 01 July	314,553,948	335,090,305
As on 30 June	(421,365,253)	(314,553,948)
	(106,811,305)	20,536,357
	6,727,262,092	7,185,347,408

27.1 Raw material consumed

	2014 Rupees	2013 Rupees
Opening stock	147,672,090	117,407,790
Add: Purchases during the year	4,549,215,683	4,759,768,189
	4,696,887,773	4,877,175,979
Less: Closing stock	(148,615,983)	(147,672,090)
	4,548,271,790	4,729,503,889

27.2 Stock consumed - the Subsidiary Company

	2014 Rupees	2013 Rupees
Opening stock	-	21,598,991
Add: Purchases	-	69,143,107
	-	90,742,098

28. DISTRIBUTION COST

	2014 Rupees	2013 Rupees
Salaries and other benefits	47,173,850	43,143,544
Employees' provident fund contributions	1,957,625	1,651,696
Travelling, conveyance and entertainment	22,060,895	19,454,158
Printing and stationery	173,306	179,646
Communications	25,839,722	24,295,081
Vehicles' running	4,026,533	3,469,907
Insurance	1,843,096	1,861,604
Repair and maintenance	17,205	46,045
Commission to selling agents	167,679,415	285,328,260
Outward freight and handling	118,037,930	194,594,509
Clearing and forwarding	36,410,972	36,150,774
Sales promotion and advertising	3,756,960	6,004,427
Depreciation on operating fixed assets (Note 15.1.5)	1,345,126	1,135,705
Miscellaneous	1,239,449	1,489,273
	431,562,084	618,804,629

29. ADMINISTRATIVE EXPENSES

	2014 Rupees	2013 Rupees
Salaries and other benefits	98,588,659	91,749,382
Employees' provident fund contributions	2,622,144	1,798,324
Travelling, conveyance and entertainment	28,429,134	35,465,415
Printing and stationery	3,725,623	4,002,816
Communications	3,663,857	3,820,163
Vehicles' running	10,259,466	9,276,418
Legal and professional	5,747,471	6,539,493
Insurance	4,842,176	5,184,100
Fee, subscription and taxes	1,919,221	879,108
Rent	-	510,800
Repair and maintenance	5,783,569	6,941,957
Electricity, gas and water	608,381	213,822
Auditors' remuneration (Note 29.1)	1,562,000	1,537,000
Depreciation on operating fixed assets (Note 15.1.5)	17,457,071	14,276,293
Amortization on intangible asset (Note 15.1.6)	666,579	924,301
Miscellaneous	30,238,550	17,177,579
	216,113,901	200,296,971

29.1 Auditors' remuneration

	2014 Rupees	2013 Rupees
Audit fee	1,300,000	1,300,000
Half yearly review and other certifications	200,000	200,000
Reimbursable expenses	62,000	37,000
	1,562,000	1,537,000

	2014 Rupees	2013 Rupees
30. OTHER EXPENSES		
Workers' profit participation fund (Note 10.2)	8,612,492	7,440,527
Donations (Note 30.1)	11,721,764	3,922,940
Loss on sale of operating fixed assets	-	22,782,067
Operating fixed assets written off	-	3,920,011
Capital work-in-progress written off	-	156,220
Provision for doubtful trade debts (Note 19)	-	86,833,187
Pilferage / expiry	-	8,055,139
Irrecoverable trade debts written off	-	2,148,015
Advances written off	182,251	12,563,576
Provision for slow moving, obsolete and damaged store items (Note 17)	16,629,008	-
Provision for doubtful export rebate and claims (Note 22.1)	30,514,452	-
Provision for doubtful sales tax recoverable (Note 23)	25,157,276	-
Security deposits written off	-	417,922
Insurance claim receivable written off	-	202,501
Others	3,097	1,644,778
	92,820,340	150,086,883

30.1 There is no interest of any director or his spouse in donees' fund.

31. OTHER INCOME

	2014 Rupees	2013 Rupees
Income from financial assets		
Gain on sale of available for sale investment	-	173,527,189
Dividend on equity investment	3,540,168	2,574,668
Exchange gain - net	8,951,423	7,960,894
Return on bank deposits	6,242,701	6,370,235
Accrued markup written back	-	61,161,270
Gain on initial recognition of long term financing at fair value (Note 7.2)	-	823,743,568
Bad debts recovered	-	96,013,984
Credit balances written back	73,351,636	7,501,580
Gain on recognition of sponsor's loan at fair value (Note 8)	113,316,111	-
Income from non-financial assets		
Scrap sales	33,806,376	35,491,569
Gain on sale of operating fixed assets	2,455,759	-
Rental income (Note 31.1)	-	73,987
Others	-	698,948
	241,664,174	1,215,117,892

31.1 This included income earned from provisions of prominent places to suppliers for display of their products in the Subsidiary Company's stores.

	2014 Rupees	2013 Rupees
32. FINANCE COST		
Markup on long term financing	159,918,998	199,644,025
Markup on short term borrowings	75,988,621	75,217,795
Adjustment due to impact of IAS - 39	125,603,029	112,590,198
Bank commission and other financial charges	34,378,061	118,119,033
Interest on workers' profit participation fund (Note 10.2)	781,255	-
	396,669,964	505,571,051
33. TAXATION		
Current (Note 33.1)	49,029,133	79,975,000
Prior year adjustment	(48,261,625)	(89,564)
Deferred tax	(52,987,863)	11,933,440
	(52,220,355)	91,818,876

33.1 The Holding Company's provision for current tax represents final tax on export sales under section 169 and minimum tax on local sales under section 113 of the Income Tax Ordinance, 2001. Further, provision against income from other sources of the Holding Company is made under the relevant provisions of the Income Tax Ordinance, 2001. The Subsidiary Company has discontinued its operations and served a notice of discontinuation of business under section 117 of the Income Tax Ordinance, 2001 to the concerned tax authorities.

33.2 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.

34. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2014	2013
Profit attributable to ordinary shareholders	(Rupees)	201,887,645	1,008,666,683
Weighted average number of ordinary shares	(Numbers)	50,911,011	50,911,011
Earnings per share	(Rupees)	3.97	19.81

35. CASH GENERATED FROM OPERATIONS

	2014 Rupees	2013 Rupees
Profit before taxation	149,667,290	1,100,485,559
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	225,639,281	225,976,859
Amortization on intangible asset	666,579	1,460,814
Dividend income	(3,540,168)	(2,574,668)
Loss / (gain) on sale of operating fixed assets	(2,455,759)	22,782,067
Gain on sale of investment	-	(173,527,189)
Gain on recognition of long term financing at fair value	-	(823,743,568)
Gain on recognition of sponsor's loan at fair value	(113,316,111)	-
Adjustment due to impact of IAS - 39	125,603,029	112,590,198
Provision for doubtful debts	-	86,833,187
Irrecoverable trade debts written off	-	2,148,015
Operating fixed assets written off	-	3,920,011
Capital work-in-progress written off	-	156,220
Advances written off	182,251	12,563,576
Credit balances written back	(73,351,636)	(7,501,580)
Provision for slow moving, obsolete and damaged store items	16,629,008	-
Provision for doubtful export rebate and claims	30,514,452	-
Provision for doubtful sales tax recoverable	25,157,276	-
Accrued markup written back	-	(61,161,270)
Security deposits written off	-	417,922
Insurance claim receivable written off	-	202,501
Finance cost	271,066,935	392,980,853
Working capital changes (Note 35.1)	81,206,535	(83,338,098)
	733,668,962	810,671,409

35.1 Working capital changes

	2014 Rupees	2013 Rupees
(Increase) / decrease in current assets		
Stores, spares and loose tools	(18,539,091)	(63,729,405)
Stock-in-trade	(83,697,578)	(17,265,281)
Trade debts	146,049,048	(13,571,748)
Advances	2,481,296	18,510,747
Trade deposits and short term prepayments	(11,817,945)	5,894,062
Other receivables	22,569,767	(17,161,777)
Sales tax recoverable	(32,321,788)	(101,834,623)
	24,723,709	(189,158,025)
Increase in trade and other payables	56,482,826	105,819,927
	81,206,535	(83,338,098)

36. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in these consolidated financial statements for remuneration, including all benefits to chief executive, directors and other executives of the Holding Company are as follows:

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)					
Managerial remuneration	4,620,000	3,300,000	35,517,900	3,135,000	3,217,500	26,385,210
House rent	1,155,000	1,485,000	8,461,267	783,750	969,375	6,769,145
Utilities	462,000	330,000	4,085,472	313,500	321,750	2,638,124
Special allowance	924,000	-	6,880,500	627,000	478,500	4,836,327
Contribution to provident fund	384,846	274,896	2,958,632	261,147	268,015	2,197,898
Other allowances	1,239,000	885,000	9,706,789	840,750	862,875	5,190,965
	8,784,846	6,274,896	67,610,560	5,961,147	6,118,015	48,017,669
Number of persons	1	1	34	1	2	24

36.1 Chief executive, directors and executives of the Holding Company are provided with free use of Company's owned and maintained cars.

36.2 Meeting fee of Rupees 875,000 (2013: Rupees 330,000) was paid to the non-executive directors of the Holding Company for attending meetings.

36.3 No remuneration was paid to non-executive directors of the Holding Company.

36.4 No remuneration was paid to the chief executive or any director of the Subsidiary Company.

37. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of other related parties, key management personnel and provident fund trust. The Group in the normal course of business carries out transactions with related parties. There are no other transaction with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements.

38. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund of the Holding Company:

	2014 Rupees	2013 Rupees
Size of the fund - Total assets	111,391,188	91,622,193
Cost of investments	93,890,176	84,257,836
Percentage of investments made	94.77%	93.26%
Fair value of investments	105,570,043	85,449,542

38.1 The break-up of fair value of investments is as follows:

	2014 Percentage	2013 Percentage	2014 Rupees	2013 Rupees
Deposits	45.82	37.23	48,370,256	31,812,872
Mutual funds	34.27	37.21	36,173,882	31,795,742
Listed securities	19.92	25.56	21,025,905	21,840,928
	100.00	100.00	105,570,043	85,449,542

38.2 Investments, out of provident fund of the Holding Company, have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

39. NUMBER OF EMPLOYEES

	2014	2013
Number of employees as on June 30		
Permanent	1,436	1,395
Contractual	31	43
Average number of employees during the year		
Permanent	1,425	1,417
Contractual	30	42

40. SEGMENT INFORMATION

40.1 The Group has four reportable segments. The following summary describes the operation in each of the Group's reportable segments:

Weaving	Production of different qualities of greige fabric using yarn
Dyeing	Processing of greige fabric for production of dyed fabric
Power Generation	Generation and distribution of power using gas, oil and steam
Retail	Selling all types of general merchandise

	Weaving		Dyeing		Power Generation		Retail		Elimination of inter-segment transactions		Total- Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees)											
Sales												
-External	2,102,918,863	1,729,562,680	5,669,512,634	6,722,208,101	-	-	-	93,703,828	-	-	7,772,431,497	8,545,474,609
-Intersegment	2,041,089,315	2,439,172,633	40,212,997	25,416,986	668,345,298	792,541,530	-	4,068,868	(2,749,647,610)	(3,261,200,017)	-	-
	4,144,008,178	4,168,735,313	5,709,725,631	6,747,625,087	668,345,298	792,541,530	-	97,772,696	(2,749,647,610)	(3,261,200,017)	7,772,431,497	8,545,474,609
Cost of sales	(3,775,182,758)	(3,793,391,971)	(5,044,296,498)	(5,757,125,365)	(657,430,446)	(780,071,145)	-	(115,958,944)	2,749,647,610	3,261,200,017	(6,727,262,092)	(7,185,347,408)
Gross profit / (loss)	368,825,420	375,343,342	665,429,133	990,499,722	10,914,852	12,470,385	-	(18,186,248)	-	-	1,045,169,405	1,360,127,201
Distribution cost	(115,755,786)	(101,766,328)	(315,795,798)	(517,038,301)	(10,500)	-	-	-	-	-	(431,562,084)	(618,804,629)
Administrative expenses	(97,893,886)	(90,063,538)	(103,355,559)	(95,277,003)	(9,565,315)	(9,699,547)	(5,299,141)	(5,496,883)	-	240,000	(216,113,901)	(200,296,971)
	(213,649,672)	(191,829,866)	(419,151,357)	(612,315,304)	(9,575,815)	(9,699,547)	(5,299,141)	(5,496,883)	-	240,000	(647,675,985)	(819,101,600)
Profit / (loss) before taxation and unallocated income / expenses	155,175,748	183,513,476	246,277,776	378,184,418	1,339,037	2,770,838	(5,299,141)	(23,683,131)	-	240,000	397,493,420	541,025,601
Unallocated income and expenses:												
Finance cost											(396,669,964)	(505,571,051)
Other expenses											(92,820,340)	(150,086,883)
Other income											241,664,174	1,215,117,892
Taxation											(52,220,355)	(91,818,876)
											(195,605,775)	467,641,082
Profit after taxation											201,887,645	1,008,666,683

40.2 Reconciliation of reportable segment assets and liabilities

	Weaving		Dyeing		Power Generation		Retail		Total- Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees)									
Segment assets	1,929,414,907	1,883,209,663	2,358,316,137	2,507,593,247	837,336,996	800,653,779	121,729,328	127,363,391	5,246,797,368	5,318,820,080
Short term investment									176,879,692	132,357,244
Unallocated assets									604,120,958	453,648,290
Total assets as per balance sheet									6,027,798,018	5,904,825,614
Segment liabilities	299,247,602	241,238,767	368,216,177	362,643,302	60,010,299	64,517,633	12,411,698	17,368,145	739,885,776	685,767,847
Long term financing - secured									1,961,062,954	2,121,486,153
Sponsor's loan									176,742,116	272,000,000
Accrued markup									132,581,524	110,743,721
Short term borrowings - secured									814,194,999	671,405,785
Deferred liabilities									507,523,537	483,022,877
Provision for taxation									49,029,133	79,975,000
Unallocated liabilities									74,063,690	145,050,429
Total liabilities as per balance sheet									4,455,083,729	4,569,451,812

40.3 Geographical information

The Group's revenue from external customers by geographical location is detailed below:

	2014 Rupees	2013 Rupees
Australia	359,378,990	371,954,125
Asia	4,039,513,666	4,320,231,205
Europe	1,622,781,899	1,232,086,726
United States of America and Canada	179,185,932	266,600,639
Africa	564,523,726	1,126,393,595
Pakistan	1,007,047,284	1,1228,208,319
	7,772,431,497	8,545,474,609

40.4 All non-current assets of the Group as at reporting date are located and operating in Pakistan.

40.5 Revenue from major customers

The Group's revenue is earned from a large mix of customers.

41. PLANT CAPACITY AND PRODUCTION

	2014	2013
Weaving		
Number of looms in operation	174	174
Rated capacity of operative looms converted to 60 picks (square meter)	48,892,878	48,892,878
Actual production converted to 60 picks (square meter)	48,081,074	47,933,566
Number of days worked during the year (3 shifts per day)	365	365
Dyeing		
Rated capacity in 3 shifts (linear meter)	30,000,000	30,000,000
Actual production for 3 shifts (linear meter)	24,615,240	29,586,279
No. of days worked during the year (3 shifts per day)	344	365
Power generation		
Number of generators installed	9	9
Installed capacity (Mega Watt Hours)	300,381	300,381
Actual generation (Mega Watt Hours)	19,395	27,023

41.1 Under utilization of available capacity for weaving and dyeing divisions is due to normal maintenance.

41.2 Actual power generation in comparison to installed is low due to periodical scheduled and unscheduled maintenance of generators and low demand.

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

The Group'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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

(a) Market risk

(i) Currency risk

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

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Group's foreign exchange risk exposure is restricted to foreign currency bank balances and the amounts receivable from / payable to the foreign entities. The Group uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Group's exposure to currency risk was as follows:

	2014	2013
Cash in hand - USD	1,207	5,285
Cash in hand - Euro	2,960	1,410
Cash at banks - USD	789	789
Trade debts - USD	10,890,817	13,375,230
Trade debts - Euro	115,833	-
Trade and other payable - USD	(1,341,000)	(1,420,262)
Net exposure - USD	9,551,813	11,961,042
Net exposure - Euro	118,793	1,410

The following significant exchange rates were applied during the year:

	2014	2013
Rupees per US Dollar		
Average rate	102.50	96.32
Reporting date rate	98.35	98.95
Rupees per Euro		
Average rate	138.43	124.62
Reporting date rate	134.19	129.25

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been higher / lower by Rupees 45.947 million (2013: Rupees 55.705 million) mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(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 instruments traded in the market. The Group is not exposed to commodity price risk.

(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 Group has no significant long-term interest-bearing assets except for bank balances on saving accounts. The Group's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Group to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Group's interest bearing financial instruments was:

	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	1,358,560,561	1,509,412,441
Sponsor's loan	176,742,116	272,000,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	75,764,024	105,100,998
Financial liabilities		
Long term financing	602,502,393	612,073,712
Short term borrowings	814,194,999	671,405,785

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit for the year would have been Rupees 12.739 million lower / higher (2013: Rupees 11.195 million), mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates 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:

	2014 Rupees	2013 Rupees
Investments	176,879,692	132,357,244
Advances	9,976,757	8,445,589
Deposits	35,560,786	28,055,841
Trade debts	533,484,347	679,533,395
Other receivables	1,104,307	17,960,218
Bank balances	152,617,510	126,474,472
	909,623,399	992,826,759

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

	Rating			2014	2013
Banks	Short Term	Long Term	Agency	Rupees	Rupees
National Bank of Pakistan	A-1+	AAA	JCR-VIS	150,344	150,744
Allied Bank Limited	A1+	AA+	PACRA	9,780,724	6,931,915
Askari Bank Limited	A1+	AA	PACRA	154,146	719,627
Bank Alfalah Limited	A1+	AA	PACRA	221,134	146,434
Faysal Bank Limited	A1+	AA	PACRA	514,906	490,778
Habib Bank Limited	A-1+	AAA	JCR-VIS	3,524,607	13,008,561
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	56,430,665	55,879,362
The Bank of Punjab	A1+	AA-	PACRA	276,717	115,621
MCB Bank Limited	A1+	AAA	PACRA	92,764	976,796
NIB Bank Limited	A1+	AA -	PACRA	56,788,522	30,325,384
Silk Bank Limited	A-2	A -	JCR-VIS	624,015	905,410
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	3,416,142	5,278,865
United Bank Limited	A-1+	AA+	JCR-VIS	1,590,017	11,469,979
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	19,052,807	74,996
				152,617,510	126,474,472
Investment					
Security General Insurance Company Limited	A+		JCR-VIS	176,879,692	132,357,244
				329,497,202	258,831,716

The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 19.

Due to the Group's long standing business relationships with these counter parties 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 group. 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 Group manages liquidity risk by maintaining sufficient cash. At 30 June 2014, the Group has Rupees 155.617 million (2013: Rupees 130.056 million) cash and bank balances. The management believes the liquidity risk to be manageable. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2014

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees)					
Long term financing	1,961,062,954	2,342,944,851	156,508,103	60,379,517	205,819,296	1,920,237,935
Sponsor's loan	176,742,116	272,000,000	-	20,113,253	22,402,141	229,484,606
Trade and other payables	721,492,984	721,492,984	721,492,984	-	-	-
Loan from director	11,000,000	11,000,000	11,000,000	-	-	-
Accrued markup	624,986,668	624,986,668	132,581,524	-	-	492,405,144
Short term borrowings	814,194,999	854,912,448	854,912,448	-	-	-
	4,309,479,721	4,827,336,951	1,876,495,059	80,492,770	228,221,437	2,642,127,685

Contractual maturities of financial liabilities as at 30 June 2013

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees)					
Long term financing	2,121,486,153	2,435,899,755	76,955,117	50,405,540	165,283,931	2,143,255,167
Sponsor's loan	272,000,000	272,000,000	-	-	-	272,000,000
Trade and other payables	705,452,581	705,452,581	705,452,581	-	-	-
Loan from director	11,000,000	11,000,000	11,000,000	-	-	-
Accrued markup	534,729,948	534,729,948	110,743,721	-	-	423,986,227
Short term borrowings	671,405,785	689,269,929	689,269,929	-	-	-
	4,316,074,467	4,648,352,213	1,593,421,348	50,405,540	165,283,931	2,839,241,394

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 7 and note 13 to these consolidated financial statements.

42.2 Fair values of financial assets and liabilities

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

	Level 1	Level 2	Level 3	Total
	.... Rupees			
As at 30 June 2014				
Assets				
Available for sale financial assets	-	-	176,879,692	176,879,692
As at 30 June 2013				
Assets				
Available for sale financial assets	-	-	132,357,244	132,357,244

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 Group is the current bid price. These financial instruments are classified under level 1 in above referred table. The Group has no such type of financial isntrument as at 30 June 2014.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimate. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. The Group has no such type of financial instruments as at 30 June 2014.

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 Group for similar financial instruments.

42.3 Financial instruments by categories

Assets as per balance sheet

	2014			2013		
	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total
	---------- Rupees ---------			--------- Rupees ---------		
Investments	-	176,879,692	176,879,692	-	132,357,244	132,357,244
Advances	9,976,757	-	9,976,757	8,445,589	-	8,445,589
Deposits	35,560,786	-	35,560,786	28,055,841	-	28,055,841
Trade debts	533,484,347	-	533,484,347	679,533,395	-	679,533,395
Other receivables	1,104,307	-	1,104,307	17,960,218	-	17,960,218
Cash and bank balances	155,617,370	-	155,617,370	130,056,176	-	130,056,176
	735,743,567	176,879,692	912,623,259	864,051,219	132,357,244	996,408,463

	2014 Rupees	2013 Rupees
Financial liabilities at amortized cost		
Long term financing	1,961,062,954	2,121,486,153
Sponsor's loan	176,742,116	272,000,000
Accrued markup	624,986,668	534,729,948
Loan from director	11,000,000	11,000,000
Short term borrowings	814,194,999	671,405,785
Trade and other payables	721,492,984	705,452,581
	4,309,479,721	4,316,074,467

42.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stake holders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to share holders, issue new shares or sell assets to reduce debt.

43. AUTHORIZATION OF FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on 25 September 2014.

44. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped, wherever necessary, for the purpose of comparison. However, no significant rearrangements / regroupings have been made.

45. GENERAL

Figures have been rounded off to nearest of Rupee.

AAMIR FAYYAZ SHEIKH
Chief Executive

AAMIR AMIN
Director

The Companies Ordinance, 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1.	CUI Number	**17194**
2.	Name of Company	**KOHINOOR MILLS LIMITED**
3.	Pattern of holding of shares held by the shareholders as at	**June 30, 2014**

4.

Number of Shareholders	Shares held Range From		To	Total Shares held	Percentage
347	1	-	100	6,931	0.01
772	101	-	500	169,656	0.33
155	501	-	1000	126,152	0.25
269	1001	-	5000	701,704	1.38
59	5001	-	10000	451,874	0.89
18	10001	-	15000	235,422	0.46
21	15001	-	20000	369,297	0.73
9	20001	-	25000	206,925	0.41
2	25001	-	30000	54,501	0.11
2	30001	-	35000	68,365	0.13
1	35001	-	40000	40,000	0.08
1	40001	-	45000	41,500	0.08
1	45001	-	50000	45,003	0.09
1	50001	-	55000	50,500	0.10
1	55001	-	60000	55,500	0.11
1	60001	-	65000	63,500	0.12
1	80001	-	85000	81,367	0.16
3	95001	-	100000	298,000	0.59
2	100001	-	105000	201,826	0.40
1	105001	-	110000	110,000	0.22
1	110001	-	115000	112,500	0.22
1	115001	-	120000	118,500	0.23
2	140001	-	145000	283,501	0.56
1	150001	-	155000	153,500	0.30
1	220001	-	225000	222,467	0.44
1	330001	-	335000	333,500	0.66
1	390001	-	395000	392,166	0.77
1	415001	-	420000	417,155	0.82
1	510001	-	515000	511,350	1.00
1	545001	-	550000	545,683	1.07
1	765001	-	770000	768,500	1.51
1	1005001	-	1010000	1,009,161	1.98
1	1230001	-	1235000	1,232,257	2.42
1	2760001	-	2765000	2,762,357	5.43
1	4450001	-	4455000	4,452,059	8.74
1	10870001	-	10875000	10,870,564	21.35
1	10905001	-	10910000	10,906,678	21.42
1	12440001	-	12445000	12,441,090	24.44
1,686		**Total**		**50,911,011**	**100.00**

Note: The slabs not applicable, have not been shown.

No.	Categories of Shareholders		Shares held	G.Total	Percentage
5.1	**Directors, Chief Executive Officer, their Spouse(s) and Minor Children**				
	Mr. Aamir Fayyaz Sheikh (Chief Executive/Director)		12,441,090		24.4369
	Mr. Rashid Ahmed (Chairman/Director)		142,501		0.2799
	Mr. Asad Fayyaz Sheikh (Director)		10,906,678		21.4230
	Mr. Ali Fayyaz Sheikh (Director)		10,870,564		21.3521
	Mr. Riaz Ahmed (Director)		15,000		0.0295
	Mr. Shahbaz Munir (Director)		3,000		0.0059
	Mr. Aamir Amin (NIT Nominee)		-		
	Mrs. Muneeza Asad Fayyaz (Wife of Mr. Asad Fayyaz Sheikh)		6,000		0.0118
		8		34,384,833	
5.2	**Associated Companies, Undertakings and Related Parties**		-		-
5.3	**NIT and ICP**				
	National Bank of Pakistan-Trustee Department NI(U)T Fund		4,452,059		8.7448
	National Bank of Pakistan		600		0.0012
	Investment Corporation of Pakistan		2,200		0.0043
	IDBL (ICP UNIT)		277		0.0005
		4		4,455,136	
5.4	**Banks, Development Finance institutions, Non-Banking Finance Companies**	8	958,253	958,253	1.8822
5.5	**Insurance Companies**	1	125	125	0.0002
5.6	**Takaful, Modarabas, Pension Funds & Mutual Funds**	2	879	879	0.0017
5.7	**Share holders holding 5% or more**				
	Refer 5.1, 5.3				
5.8	**General Public**				
	a. Local	1,622	9,692,384		19.0379
	b. Foreign	4	82,636		0.1623
	c. Joint Stock Companies	29	151,131		0.2969
				9,926,151	
5.9	**Others**				
	Lahore Stock Exchange		680		0.0013
	Trustee-Kohinoor Mills Limited - Staff Provident Fund		909,500		1.7865
	Trustees Al-Mal Group Staff Provident Fund		1,695		0.0033
	Trustee National Bank of Pakistan Employees Pension Fund		222,467		0.4370
	Trustee National Bank of Pakistan Employee Benevolent Fund		7,806		0.0153
	Trustees Moosa Lawai Foundation		9,015		0.0177
	Trustees Saeeda Amin Wakf		11,180		0.0220
	Trustees Mohamad Amin Wakf Estate		23,291		0.0457
		8		1,185,634	
	Total :	**1,686**		**50,911,011**	**100.00**

FORM OF PROXY

27th Annual General Meeting 2014

I/We ____

of ____________________ in the district of ______________________________ being a member of

KOHINOOR MILLS LIMITED hereby appoint ____

____________________________ of _____________another member of the Company or failing him/her

appoint ____

of ______________________________________ another member of the Company as my / our proxy

to vote for me/us and on my/our behalf, at the **27th Annual General Meeting** of the Company to be held on **Thursday, October 30, 2014 at 03:00 p.m.** and at any adjournment thereof.

As witness my/our hand seal this ______________________ day of ____________________, 2014

Folio No.	CDC Account Holders		No. of Ordinary Shares held
	Participant I.D. No.	Account / Sub-Account No.	

Signatures on Five Rupees Revenue Stamp

The Signature should agree with the specimen registered with the Company

Witness 1

Signature ______________________________

Name ______________________________

CNIC No. ______________________________

Address ______________________________

Witness 2

Signature ______________________________

Name ______________________________

CNIC No. ______________________________

Address ______________________________

Important Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office situated at 8th K.M. Manga Raiwind Road, District Kasur, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. No person can act as proxy unless he / she is member of the Company, except that a corporation may appoint a person who is not a member.

For CDC Account Holders / Corporate entities

In addition to the above, the following requirements have to be met.

a) The proxy form shall be witnessed by two persons whose name, address and computerized National Identity Card (CNIC) number shall be mentioned on the form.
b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
c) The proxy shall produce original CNIC or passport at the time of attending the meeting.
d) In case of the Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

AFFIX

CORRECT

POSTAGE

The Company Secretary

KOHINOOR MILLS LIMITED
8-Km, Manga Raiwind Road,
Distt. Kasur,
Pakistan.

Kohinoor Mills Limited

8-km, Manga Raiwind Road,
Distt. Kasur - Pakistan

MAKHDOOMS 92-42-37595165