MAQBOOL TEXTILE MILLS LIMITED

25th Annual Report

&

Financial Statements (Audited)

For the year ended June 30, 2014

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MISSION STATEMENT

The mission of Maqbool Textile Mills Limited is to contribute positively to the Socio-Economic growth of Pakistan through business and industrial pursuits endeavoring to achieve excellence in all spheres of such activity with effective and efficient management.

VISION STATEMENT

Maqbool Textile Mills Limited become a truly Professional Organization, achieve higher quality standards, utilize maximum capacity, capture expansion opportunities and become a least cost operator amongst its competitors.

We will strive to continue as a successful Company, make profit and thus create value for our shareholders without high risk to them, our Customers or employees.

QUALITY AND ENVIRONMENTAL POLICY

Our aim is to achieve the leadership of textile and spinning industry through quality products according to customer satisfaction. We thrive to achieve the above through the following measures:

1) Acquisition of quality raw material.
2) Manufacturing of high quality yarn as per customer satisfaction.
3) Continuous training and guidance to employees regarding quality and environment.
4) Continuous improvement, close watch and control in production process and environment.
5) Follow up of the system, regarding international quality and environmental laws.
6) Control of pollution discharge from industrial process.

COMPANY PROFILE

BOARD OF DIRECTORS	Mian Tanvir Ahmad Sheikh - Chairman / Chief Executive Officer Mrs. Romana Tanvir Sheikh Mian Anis Ahmad Sheikh Mrs. Rameen Anis Sheikh Mian Idrees Ahmad Sheikh Mian Aziz Ahmad Sheikh Mian Atta Shafi Tanvir Sheikh Syed Raza Abbas Jaffari - (Rep. NIT)	
AUDIT COMMITTEE	Mian Idrees Ahmad Sheikh Mian Aziz Ahmad Sheikh Mrs. Romana Tanvir Sheikh	- Chairman - Member - Member
HR & REMUNERATION COMMITTEE	Mian Idrees Ahmad Sheikh Mian Tanvir Ahmad Sheikh Mian Aziz Ahmad Sheikh	- Chairman - Member - Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Muhammad Ehsanullah Khan	
HEAD OF INTERNAL AUDIT	Mahmood ul Hassan	
AUDITORS	M/s. M. Yousuf Adil Saleem & Co Chartered Accountants, Abdali Tower, Abdali Road, Multan.	
LEGAL ADVISOR	Sheikh Muhammad Farooq - Advocate 5-Nusrat Road, Multan Cantt.	
BANKERS	Habib Bank Limited Bank Al-Habib Limited Allied Bank Limited Habib Metropolitan Bank Limited United Bank Limited Faysal Bank Limited	
REGISTERED OFFICE	24/3, Tufail Road, Multan Cantt.	
MILLS (Unit I-II & Ginning Unit)	M.M. Road, Chowk Sarwar Shaheed, Distt. Muzaffargarh.	
MILLS (Unit III)	Rajana Road, Pirmahal, Distt. Toba Tek singh.	
HEAD OFFICE	2-Industrial Estate, Multan.	
SHARES REGISTRARS	M/s Hameed Majeed Associates (Pvt.) Ltd. H.M House, 7-Bank Square, Lahore.	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the Shareholders of Maqbool Textile Mills Limited will be held on Friday the 31st Day of October, 2014 at 10:30 A.M at its Head Office, 2-Industrial Estate, Multan to transact the following business:

ORDINARY BUSINESS :

1. To confirm the minutes of the 24th Annual General Meeting of the Company held on Friday the 31st Day of October, 2013.

2. To receive, consider and approve the Audited Financial Statements of the Company together with Directors' and Auditors' Report thereon for the Year Ended 30th June, 2013.

3. To approve the Board of Directors recommendation of transfer of Rs. 126 Million from accumulated profit to General Reserves.

4. To appoint Auditors of the Company for the Year 2014-15 till next Annual General Meeting of the Company and to fix their remuneration. The present Auditors Messrs M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment.

5. To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD OF DIRECTORS
Sd/-
(M. Ehsanullah Khan)

Multan: 03.10.2014

Company Secretary

NOTES:

Members are requested to attend in person along with Computerized National ldentity Card ("CN|C") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the Head Office of the Company not later than 48 hours before the time of holding the meeting.

The Share Transfer Books of the Company will remain closed from Wednesday, October 25,20141to October 31, 2014 (both days inclusive) and the entitlement if any will be paid to the Members whose names will appear in the Register of Members on October 31, 2014. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s Hameed Majeed Associates (PVT) Ltd.7-Bank Square, Lahore. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their participants. This will assist in prompt receipt of Dividend.

SUBMISSION OF COPIES OF CNIC:

It is hereby reiterated that the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 779(l)12011 dated August 18,2011 and Notification S.R.O. 831(1)12012 dated July 5, 2012 has directed all the Listed Companies to issue dividend warrant only crossed as "A/c Payee only" and ensure that the Dividend Warrant should bear the Computerized National identity Card (CNIC) Numbers of the registered members except in the case of

All those members (holding physical shares) who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/NTN along with the Folio number(s) to the Company's Share Registrar. In case of non-availability of a valid copy of the CNIC in the records of the Company, the Company will be constrained to withhold the Dividend warrants in terms of Section 251(2)(a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon compliance with the aforesaid notifications.

Deduction of Income Tax from Dividend under Section 150 of the Income Tax Act, 2001

Pursuant to the provisions of the Finance Act 2014 effective July 1, 2014, the rates of deduction of Income tax from dividend payments under the income Tax Ordinance has been revised as follows:

(a) Rate of tax deduction for filer of income tax returns 10%
(b) Rate of deduction for non-filer of income tax returns 15%

All members of the company who hold shares in physical form are therefore requested to send a valid copy of their CNIC and NTN Certificate, to the Company Shares Registrar, M/s Hameed Majeed Associates (PVT) Ltd. 7-Bank Square, Lahore to allow the Company to ascertain the status of the members.

Members of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) are requested to send valid copies of their CNIC and NTN Certificate to their CDC participants CDC Investor Account Services. Where the required documents are not submitted, the company will be constrained to treat the non-complying members as non filler hereby attracting a higher rate of withholding tax.

Dividend Mandate (Optional):

The Company wishes to inform its members that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Members wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank CDC account holders should submit their request directly to their broker (participant)/ CDC

E-mailing of Annual Report along with Notice of Annual General Meeting

Interested Members are encouraged to send their e-mail address with their consent (to opt for transmission of annual reports and AGM notices through e-mail) at company's registered office to enable the company to transmit the annual report along with AGM notice through e-mail as per SECP notification dated: 10th September 2014

DIRECTORS' REPORT

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders,

Your directors are pleased to present the 25th Annual Report on the affairs of your Company along with the Audited Financial Statements for the year ended June 30, 2014.

During the year under report performance of your Company was adversely affected mainly due to electric shut downs accompanied by substantial increase in power cost as well as international economic meltdown. The total sales for the year were Rs. 4.928 Billion for three spinning units & one ginning unit. The Company earned a pre-tax profit of Rs. 73.074 Million which netted at Rs. 35.991 Million after providing for taxation. The average price of raw material procured during the year increased compared to the average purchase price of last year while the average sales price of yarn decreased compared to the last year. Due to the reasons stated above the gross profit of the Company decreased resultantly there was also a decrease in net profit which decreased from Rs. 173.591 Million to Rs. 35.992 Million this year.

The financial results for the year ended June 30, 2014 along with the comparative figures of the last year are summarized under the respective heads of Accounts below:

	2014	***2013***
	Rupees	***Rupees***
Sales	4,928,430,523	4,554,284,139
Cost of goods sold	(4,593,306,322)	(4,060,889,059)
Gross profit	**335,124,201**	**493,395,080**
Other operating income	34,585,071	19,307,750
	369,709,272	**512,702,830**
Distribution cost	(75,014,296)	(79,285,326)
Administrative expenses	(97,370,166)	(89,007,884)
Other operating expenses	(6,968,539)	(18,876,004)
	(179,353,001)	**(187,194,269)**
Finance cost	(117,282,154)	(89,119,915)
Profit before taxation	**73,074,117**	**236,370,102**
Taxation	(37,082,522)	(62,882,010)
Net Profit for the year	**35,991,585**	**173,591,691**
		(Restated)
Earnings per share	**2.14**	**7.52**

The salient features of the operations of the Company during the year are summarized below:

In line with Company's policy of continuous BMR, during the year, following new machines were imported & installed at Spinning Units to improve the production of quality yarn.

3 Sets of Reiter Drawn Frames (Euro 246,000) installed at Unit I

2 Sets of Truetzschler Foreign Parts Separator (Euro 130,000) installed at Unit I.

1 Set of JYFL-III Waste Collection Machine (USD 27,600) installed at Unit III.

4,000 Pcs of Saurer Comp. Spindles (Euro 54,730) installed at Unit III.

Bank Al-Habib Ltd. has approved the term finance of Rs. 55 Million for retirement of import documents of above mentioned 3 Sets of Reiter draw frames & 2 sets of foreign parts separators.

Prompt re-payment of installments of Term Loan of HBL for Rs. 160 Million (Quarterly installment of Rs. 13.333 M) during the year.

Prompt re-payment of Term Loan of ABL for Rs. 15 Million (Quarterly installment of Rs. 3.750 M each) during the year leaving outstanding of Rs. 11.250 Million as the year ended 30.06.2014.

Construction of 4 godowns for cotton having Storage Capacity of 10,000 Cotton Bales at Unit III at Capital Cost of Rs. 9.300 Million has been completed during the year.

Fixed assets of the Company, Building & Machinery were revalued on 30.06.2014 by KG Traders (Pvt.) Ltd. arising a Revaluation Surplus of Rs. 786.539 Million, which has been accounted for in the financial statements of the Company for the year ended 30.06.2014.

During the year Company imported & installed 3 new sets of RSB-D-22 Draw Frames at Unit I, old five sets of Toyoda Draw Frames DX-8, Model 2004 has been sold out for Rs. 32.500 Million having book value of Rs. 7.924 Million. A gain of Rs. 24.575 Million has been shown these financial statements.

OPERATIONS OF GINNING UNIT

The operations of Ginning Unit of MTM during the year comprising of 10 sawgin machines have been satisfactory. During the season unit produced 20,748 bales (2013: 16,913 bales) & 5,162.750 M. Ton Cotton Seed (2013: 4,546.500). The quality cotton produced at the competitive cost .The cotton bales produced by our own ginning unit was of contamination free high quality standard lead to produce the fine quality yarn.

EXPORTS

The Company made total exports of yarn valuing **Rs. 1,478,210,610 Million** during the year under report as compared to the Exports valuing **Rs. 1,756,371,334 Million** in the previous year. The decrease of 15.85 % in export sales during the year was due to availability of better yarn prices in the local market.

DIVIDEND

Keeping in view the low net profit after tax and lower earring per share & the liquidity position, your directors decided not to distribute any dividend out of the profit for the year ended 30.06.2014.

ISO 9001:2000 QMS AND ISO 14001:1996 EMS CERTIFICATION:

The company has successfully maintained its ISO 9001:2000 certification for Quality Management System and the ISO 14001:1996 certification for Environmental Management System.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Your Directors are pleased to report that the Company is complying with the requirements of the Code of Corporate Governance as introduced by the Securities and Exchange Commission of Pakistan. However, regarding the auditors' observation on Code of Corporate Governance of same person being the Chairman & CEO of the Company, it is sated that this requirement shall be complied with at the time of Election of Board of Directors and appointment of the Chairman & CEO of the Company scheduled in March 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business as are set by Chief Executive and reviewed in total by the Board in the light of Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance.

The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly listing regulations of Stock Exchanges.

Following are the statements on Corporate and Financial Reporting Framework:

1. The financial statements, prepared by the management of Maqbool Textile Mills Ltd. present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.

3. Proper books of accounts of Maqbool Textile Mills Ltd. have been maintained.
4. International accounting standards, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed.
5. The Board has set-up an effective internal audit function that are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
6. The system of internal controls is sound in design and has been effectively implemented and monitored.
7. There are no significant doubts upon the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
9. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at 30 June, 2014, except for those disclosed in the financial statements.
10. Summary of key operating and financial data of the past six years is annexed.
11. Pattern of share holdings of the Company as at June 30, 2014 is annexed.
12. No trades in shares of the Company were carried out by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year in the closed period.
13. The Board in compliance with the Code of Corporate Governance had established audit committee and Human Resource & Remuneration Committee comprising of three and four members respectively.

BOARD AUDIT COMMITTEE

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting Framework and Corporate Control. The Committee consists of three persons. Majority of members including Chairman of the Committee are non-executive directors.

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

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal auditor.

During the year, four Audit Committee meetings were held and attendance was as follows:

Sr. No.	Name of Exec. Director	No. of meetings Attendance
1.	Mian Idrees Ahmad Sheikh - Chairman	4
2.	Mian Aziz Ahmad Sheikh Member	4
3.	Mrs.Romana Tanvir Sheikh	3

In addition to above meetings, Audit Committee also met with external auditors without Chief Financial Officer and Head of Internal Audit.

RECOVERY OF BALANCE FIRE LOSS OCCURRED IN 2000:

An amount of Rs. 49.618 Million was receivable from M/s Pakistan General Insurance Co. Ltd. (PGI), being the balance claim of assessed loss suffered by the Company due to the fire in its stocks on April 13, 2000. Due to continuous default of M/s PGI, the Company had filed a recovery suit before Honourable Lahore High Court Lahore & Civil Court Lahore.

The dispute has been settled between the Company & M/s PGI vide agreement dated 08.04.2014. M/s PGI agreed to pay a total amount of Rs. 40 Million against outstanding claim of Rs. 49.618 Million, the said amount in four equal installments of Rs. 10 Million each in full & final settlement of the suit amount. The Company has received two installments of Rs. 10 Million before the close of financial year June 30, 2014 and subsequent to the balance sheet date, another two installments of Rs. 10 Million each has also been received by the Company.

Consequent to the settlement agreement, all pending litigations between the Company & M/s PGI stand settled vide court decree and nothing remains outstanding against M/s PGI.

BOARD MEETINGS:

During the year ended on 30-06-2014, four (4) meetings of the Board of Directors were held. Attendance by each Director is given below:

Director's Name	Meetings Attended
Mian Tanvir Ahmad Sheikh	4
Mrs. Romana Tanvir Sheikh	4
Mian Anis Ahmad Sheikh	4
Mrs. Rameen Anis Sheikh	4
Mian Idrees Ahmad Sheikh	4
Mian Aziz Ahmad Sheikh	4
Mian Atta Shafi Tanvir Sheikh	4
Syed Raza Abbas Jaffery (Rep.) NIT	2

Leave of absence was granted to Director who could not attend the meetings.

AUDITORS

Your Company's Auditors M/s M.Yousuf Adil Saleem & Co., Chartered Accountants, Multan, retired and being eligible offer themselves for re-appointment for the next year.

RELATIONS WITH LABOUR AND STAFF

Your Directors are happy to report that relations with labor and staff of the Company remained cordial throughout the year.

ACKNOWLEDGMENT

Your Directors acknowledge the best cooperation as usual enjoyed by your Company from its banks namely as under:

M/s Habib Bank Ltd.,
M/s Bank Al-Habib Ltd.,
M/s United Bank Ltd.,
M/s Faysal Bank Ltd.,
M/s Habib Metropolitan Bank Ltd.

We wish to record our sincere appreciation to the management of above banks and hope that they will continue their support to us in future as usual. The dedicated hard work of all employees of the Company is also acknowledged.

On behalf of the Board of Directors

Sd/-
MIAN TANVIRAHMAD SHEIKH
CHAIRMAN

MULTAN:
Dated: 03-10-2014

SIX YEARS KEY OPERATING AND FINANCIAL DATA

	June 30, 2014	*June 30, 2013 Restated*	*June 30, 2012*	*June 30, 2011 Restated*	*June 30, 2010*	June 30, 2009
BALANCE SHEET						
Authorized Capital	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Issued, subscribed						
& Paid Up Capital	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000	84,000,000
Reserves	168,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000
Un-appropriated Profit/(Loss)	187,943,654	326,030,234	191,956,271	107,685,352	40,367,698	(48,611,200)
Total Equity	523,943,654	536,030,234	401,956,271	317,685,352	250,367,698	161,388,800
Surplus on revaluation of						
Property, plant and equipment	779,340,652	150,268,385	150,268,385	150,268,385	150,268,385	150,268,385
Liabilities						
Deferred/Long term	499,943,800	370,411,625	159,182,792	177,941,865	162,755,067	136,862,996
Short Term Liabilities	772,681,545	1,098,724,635	773,247,472	536,429,766	451,754,360	888,732,517
Total Liabilities	1,272,625,345	1,469,136,260	932,430,264	714,371,631	614,509,427	1,025,595,513
Total Equity & Liabilities	2,575,909,651	2,155,434,879	1,484,654,920	1,182,325,368	1,015,145,510	1,337,252,698
Fixed Assets						
Owned	1,790,826,163	951,646,443	651,186,126	669,489,745	692,329,191	718,606,318
Long Term Deposits	5,668,939	5,654,639	5,654,639	5,654,639	4,499,639	3,557,739
Current Assets	779,414,549	1,198,122,497	827,814,155	506,891,738	318,316,680	614,220,555
Total Assets	2,575,909,651	2,155,434,879	1,484,654,920	1,182,325,368	1,015,145,510	1,337,252,698
PROFIT & LOSS ACCOUNT						
Turnover (net)	4,928,430,523	4,554,284,139	3,421,881,369	3,970,775,521	2,183,978,491	1,807,314,027
Gross Profit	335,124,201	493,395,080	348,113,332	383,243,744	293,408,224	171,311,423
Operating Profit/(Loss)	38,489,046	217,105,952	150,083,240	178,731,116	112,464,370	(24,463,965)
Profit/(Loss) before taxation	73,074,117	236,413,701	166,768,755	179,152,669	118,489,601	(16,272,093)
Taxation	37,082,522	62,822,010	40,497,836	74,035,015	29,510,702	640,957
Profit/(Loss) for the Year	35,991,595	173,591,691	126,270,919	105,117,654	88,978,899	(16,913,050)
DISTRIBUTION						
Cash Dividend %	NIL	27.50%	22.50%	25%	22.50%	NIL
RATIOS						
Break up value (Rs)	31.19	31.91	23.92	18.90	14.90	9.60
Earning per share (Rs.)	2.14	10.33	7.52	6.26	5.30	(1.01)
Return on Equity (Rs)	0.07	0.32	0.31	0.33	0.36	(0.054)
Current Ratio	1.01:1	1.09:1	1.07:1	0.95:1	0.70:1	0.69:1
Debt / Equity Ratio without surplus	0.49	0.50	0.39	0.56	0.65	0.84
Debt / Equity Ratio with surplus	0.20	0.39	0.288	0.381	0.406	0.439
CAPACITY AND PRODUCTION						
Total No. of						
Spindles Installed	70,104	70,104	46,200	46,200	46,200	44,472
Unit # 1	18,336	18,336	18,336	18,336	18,336	18,672
Installed Capacity of Yarn-						
20/S Count (Kgs)	6,389,193	6,389,193	5,937,060	6,337,609	6,202,118	5,975,052
Production of Yarn-						
20/S Count (Kgs)	4,388,751	4,443,856	5,389,139	5,690,234	4,816,825	5,138,171
Unit # 2	27,864	27,864	27,864	27,864	27,864	25,800
Standard production of Yarn						
40's PC (Kgs) (2009: 30's PC)	4,784,702	4,784,702	4,721,968	4,668,360	3,975,305	6,372,218
Actual production of Yarn						
40's PC (Kgs) (2009: 30's PC)	3,723,721	3,706,671	4,302,034	4,480,780	3,730,163	5,487,830
Unit # 3	23,904	23,904	-	-	-	-
Installed Capacity of Yarn-						
20/S Count (Kgs)	7,018,741	5,290,445	-	-	-	-
Production of Yarn-						
20/S Count (Kgs)	4,929,765	4,316,860	-	-	-	-

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Year Ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Karachi, Lahore and Islamabad 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 (the Board). At present, the Board includes:

Sr. No.	Name		Category
1	Mian Tanvir Ahmad Sheikh	(Chairman/Chief Executive Officer)	Executive Director
2	Mrs. Romana Tanvir Sheikh		Non Executive Director
3	Mian Anis Ahmad Sheikh		Executive Director
4	Mrs. Rameen Anis Sheikh		Non Executive Director
5	Mian Idrees Ahmad Sheikh		Non Executive Director
6	Mian Aziz Ahmad Sheikh		Non Executive Director
7	Mian Atta Shafi Tanvir Sheikh		Executive Director
8	Syed Raza Abbas Jaffery	(Representative N.I.T.)	Non Executive Director

At present no Director meets the criteria of independent Director under Clause 1 (b) of the CCG. The company is planning to segregate the roles of chairman and CEO next year.

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

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

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

8. The meetings of the Board were presided over by Chairman and, in his absence, by a director elected by the board for this purpose and the Board met at least once 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 the meetings were appropriately recorded and circulated.

9. During the year, the Board arranged Directors' Training Program approved by SECP under the Code of Corporate Governance 2012 for one of the Directors, naming Mr. Mian Atta Shafi Tanvir Sheikh, to get the Certification under Directors' Training Program organized by the Executive Development Center (EDC) of the University of Lahore, one of the approved institutions of SECP to offer Directors' Training Program in Pakistan.

10. There was no new appointment of Chief Financial Officer (CFO), Company Secretary or Head of Internal Audit, during the year.

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

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 comprise of three members, all of whom are non-executive directors.

16. The meetings of the audit committee were held at least once every quarter, prior to, approval of the 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 formed a Human Resource and Remuneration committee. It comprises of three members, of whom, two are non-executive directors. The chairman of the Committee is also non-executive director.

18. The board has set up an effective internal audit function who are suitably qualified and experienced personnel for the purpose on full time basis and is conversant with policies and procedures of the company. The Head of Internal Audit function of the company doesn't meet the criteria as specified in part (xiv) the code of corporate governance.

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 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 the Code of Ethics as adopted by the 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 Company's securities, was determined and intimated to directors, employees and stock exchanges.

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 & on behalf of the Board

Multan: October 3, 2014

MIAN TANVIR AHMAD SHEIKH

Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF 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 Maqbool Textile Mills Limited for the year ended June 30, 2014 to comply with the requirements of Listing Regulations 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 June 30, 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

S. No	Note No.	Non compliance
1.	1	The Chairman and CEO of the company is the same person contrary to the requirement of Code of Corporate Governance

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants.

Engagement Partner:
Talat Javed

Dated: 03.10.2014
Multan

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Maqbool Textile Mills Limited** (the Company) as at June 30, 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 misstatements. 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 except for the change as mentioned in note 5 to the financial statements with which we concur;

  (ii) the expenditure incurred during the year was for the purpose of Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and, respectively give a true and fair view of the state of the Company's affairs as at June 30, 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 Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants

Engagement Partner:
Talat Javed

Place: Multan
Date: 03.10.2014

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,790,826,163	951,646,443
Long term deposits		5,668,939	5,665,939
		1,796,495,102	957,312,382
Current assets			
Stores and spares	7	32,906,842	30,993,643
Stock in trade	8	336,884,211	505,197,685
Trade debts	9	292,576,295	603,948,996
Loans and advances	10	27,334,879	12,749,151
Trade deposits and prepayments	11	423,409	381,409
Sale tax refundable		31,987,639	12,349,120
Advance tax		16,211,794	26,164,007
Other receivable		20,000,000	-
Cash and bank balances	12	21,089,480	6,338,486
		779,414,549	1,198,122,497
Total assets		**2,575,909,651**	**2,155,434,879**
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	13	168,000,000	168,000,000
General reserve		168,000,000	42,000,000
Unappropriated profits		187,943,654	326,030,234
		523,943,654	536,030,234
Surplus on revaluation of property, plant and equipment - net of deferred tax	14	779,340,652	150,268,385
Non-current liabilities			
Long term financing	15	193,921,284	204,584,300
Long term loans from related parties	16	62,000,000	88,166,064
Deferred liabilities	17	244,022,516	77,661,261
		499,943,800	370,411,625
Current liabilities			
Trade and other payables	18	189,694,867	361,247,082
Accrued mark up	19	17,356,166	22,910,167
Short term borrowings	20	479,231,015	592,659,806
Current portion of long term financing	15	62,072,350	61,666,100
Provision for tax		24,327,147	60,241,480
		772,681,545	1,098,724,635
Total equity and liabilities		**2,575,909,651**	**2,155,434,879**
Contingencies and commitments	21		

The annexed notes from 1 to 39 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Sales	22	4,928,430,523	4,554,284,139
Cost of goods sold	23	(4,593,306,322)	(4,060,889,059)
Gross profit		335,124,201	493,395,080
Other Income	24	34,585,071	19,307,750
		369,709,272	512,702,830
Distribution cost	25	75,014,296	79,285,326
Administrative expenses	26	97,370,166	89,007,884
Other operating expenses	27	5,415,805	18,876,004
		(177,800,267)	(187,169,214)
Finance cost	28	(118,834,888)	(89,119,915)
Profit before taxation		73,074,117	236,413,701
Taxation	29	(37,082,522)	(62,822,010)
Profit after taxation		**35,991,595**	**173,591,691**
Earnings per share - basic and diluted	30	**2.14**	**10.33**

The annexed notes from 1 to 39 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
Profit for the year	35,991,595	173,591,691
Other comprehensive income:		
Items that will not be reclassified to profit or loss account		
Remeasurement on defined benefit obligation	(2,387,379)	(738,520)
Deferred tax	509,204	143,949
	(1,878,175)	(594,571)
Total comprehensive income for the year	**34,113,420**	**172,997,120**

The annexed notes from 1 to 39 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	73,074,117	236,413,701
Adjustments for:		
Depreciation on property, plant and equipment	81,858,084	74,293,385
Provision against loan and advances	381,198	-
Provision for staff retirements - gratuity	15,316,101	14,247,725
Gain on sale of property, plant and equipment	(24,593,284)	-
Finance cost	118,834,888	89,119,915
	191,796,987	177,661,025
Operating cash flows before working capital changes	264,871,104	414,074,726
(Increase) / decrease in current assets		
Stores and spares	(1,913,199)	(8,933,261)
Stock-in-trade	168,313,474	(129,736,041)
Trade debts	311,372,701	(262,736,422)
Loans and advances	(14,966,926)	13,311,911
Trade deposits and prepayments	(42,000)	(31,000)
Tax refunds due from government	(19,638,519)	2,777,054
Other receivable	(20,000,000)	213,840
	423,125,531	(385,133,919)
(Decrease) / increase in current liabilities		
Trade and other payables (excluding unclaimed dividend)	(173,940,326)	82,872,644
Cash generated from operations	514,056,309	111,813,451
Income tax paid	(52,316,507)	(36,160,884)
Gratuity paid	(19,027,889)	(10,542,120)
Finance cost paid	(124,388,889)	(83,533,277)
	(195,733,285)	(130,236,281)
Net cash generated from operating activities	318,323,024	(18,422,830)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(142,470,020)	(374,969,780)
Disposal of property, plant and equipment	32,500,000	-
Insurance claim proceeds	64,500	216,078
Long term deposits	(3,000)	(11,300)
Redemption of long term investments	-	289,246
Net cash used in investing activities	(109,908,520)	(374,475,756)

	2014 Rupees	2013 Rupees (Restated)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment) / Receipt of long term financing	(36,422,830)	240,225,400
Short term borrowings - net	(113,428,791)	180,726,522
Dividend paid	(43,811,889)	(37,433,694)
Net cash used in financing activities	(193,663,510)	383,518,228
Net increase / (decrease) in cash and cash equivalents (A+B+C)	14,750,994	(9,380,358)
Cash and cash equivalents at beginning of the year	6,338,486	15,718,844
Cash and cash equivalents at end of the year	**21,089,480**	**6,338,486**

The annexed notes from 1 to 39 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Share capital	General reserve	Unappropriated profit	Total
	------ Rupees ------			
Balance at June 30, 2012 - previously reported	168,000,000	42,000,000	191,956,271	401,956,271
Effect of retrospective application of change in 'accounting policy - net off deferred tax - note 5	-	-	(1,123,157)	(1,123,157)
Balance as at 30 June 2012 - restated	168,000,000	42,000,000	190,833,114	400,833,114
Profit for the year - restated	-	-	173,591,691	173,591,691
Other comprehensive income for the year - net of deferred tax - restated	-	-	(594,571)	(594,571)
Total comprehensive income for the year	-	-	172,997,120	172,997,120
Transactions with owners				
Final dividend for the year ended June 30, 2012 at Rs. 2.50 per share	-	-	(37,800,000)	(37,800,000)
Balance as at 30 June 2013 - restated	168,000,000	42,000,000	326,030,234	536,030,234
Profit for the year	-	-	35,991,595	35,991,595
Other comprehensive income for the year - net of deferred tax	-	-	(1,878,175)	(1,878,175)
Total comprehensive income for the year	-	-	34,113,420	34,113,420
Transactions with owners				
Final dividend for the year ended June 30, 2013 at Rs. 2.75 per share	-	-	(46,200,000)	(46,200,000)
Transfer to general reserve	-	126,000,000	(126,000,000)	-
Balance at June 30, 2014	**168,000,000**	**168,000,000**	**187,943,654**	**523,943,654**

The annexed notes from 1 to 39 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

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

1. GENERAL INFORMATION

1.1 Maqbool Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated in Multan, Pakistan. The Company is principally engaged in manufacturing and sale of yarn, cotton seed and cotton lint. The Company's manufacturing facilities are located at District Muzaffar Garh, Pakistan.

On October 01, 2012 the company acquired the fixed assets (Land ,Building and Machinery) of spinning unit from Accord Textiles Limited (ATL) located at Pirmahal - Rajan Road, Distt. Toba Tek Singh.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (the IASB) as notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Companies Ordinance, 1984, and the said directives shall prevail.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 (a) New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2014

The following standards, amendments and interpretations are effective for the year ended June 30, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements Presentation of Items of Other Comprehensive Income	***Effective from accounting period beginning on or after January 01, 2013***

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

Amendments to IAS 16 - Property, Plant and Equipment Classification of servicing equipment	***Effective from accounting period beginning on or after January 01, 2013***

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	***Effective from accounting period beginning on or after January 01, 2013***

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	***Effective from accounting period beginning on or after January 01, 2013***

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	***Effective from accounting period beginning on or after January 01, 2013***

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entitys financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

3.1 **(b)** The amendments to IAS 19 - Employee Benefits is effective from accounting period beginning on or after January 01, 2013 and have significant impact on the Company's financial statements for the year as discussed in the pursing paragraph. These changes are considered as change in policy.

'IAS 19 - Employee Benefits (as revised in 2011)

In the current year, the Company has applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous versions of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognized in profit or loss and other comprehensive income in prior years. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to the first-time application of IAS 19 (as revised in 2011). The Company has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis.

The impact of amendments to "IAS 19 Employee Benefits" on the financial statements has been disclosed in note 5.

3.2 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions	***Effective from accounting period beginning on or after July 01, 2014***

This amendment clarifies the application of IAS 19, 'Employee benefits (2011)' - referred to as 'IAS 19R', to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions. The 2011 revisions to IAS 19 distinguished between employee contributions related to service and those not linked to service. The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities

Effective from accounting period beginning on or after January 01, 2014

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets

Effective from accounting period beginning on or after January 01, 2014

The amendments:
- remove the requirement to disclose the recoverable amount of a cash-generating unit (or group of cash-generating units) to which a significant amount of goodwill or intangible assets with indefinite useful lives has been allocated in periods when no impairment or reversal has been recognized (this requirement having been inadvertently introduced as part of consequential amendments on the introduction of IFRS 13; and
- introduce additional disclosure requirements in respect of assets for which an impairment has been recognized or reversed and for which the recoverable amount is determined using fair value less costs of disposal.

IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

Effective from accounting period beginning on or after January 01, 2014

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

IFRIC 21 - Levies

Effective from accounting period beginning on or after January 01, 2014

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers

4. *SIGNIFICANT ACCOUNTING POLICIES*

4.1 Basis of measurement

These financial statements have been prepared under historical cost convention except indicated in note 4.4.1, 4.4.12 and 4.4.14.

4.2 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4.3 Critical judgments and accounting estimates in applying the accounting policies

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period, or in the period of revision and future period if the revision affects both current and future periods.

In preparing these financial statements, the significant judgment made by the management in applying accounting policies include:

- useful lives of property, plant and equipment (notes 4.4.1 and 6.1)
- provision for staff retirement benefits (notes 4.4.12 and 17.3)
- provision for taxation (notes 4.4.11 and 29)
- revaluation of property, plant and equipment (notes 4.4.1 and 6.4)

4.4 Summary of accounting policies

4.4.1 Property, plant and equipment

Property, plant and equipment except freehold land, building on freehold land, plant and machinery and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land, building on freehold land, plant and machinery is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such asset is credited in 'Surplus on revaluation of property, plant and equipment' . A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation (net of deferred tax) is transferred directly to retained earnings/unapprpriated profit.

Depreciation on property, plant and equipment, except freehold land and capital work-in-progress, is charged to profit and loss account applying reducing balance method over the estimated useful lives of the assets at the rates shown in note 6.1 to the financial statements. Depreciation on additions is charged from the month the asset is available for use up to month immediately preceding the date of disposal.

Gains and losses on disposal of property, plant and equipment if any, are recognized in profit and loss account, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

4.4.2 Operating lease

Rental paid under operating lease are charged to profit and loss account on straight line basis over the period of lease.

4.4.3 Investments

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Derecognition

All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.4.4 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities is taken to profit and loss account directly.

4.4.5 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.4.6 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

For amounts due from loans and advances to customers carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

Held to maturity financial investments

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Non - financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except stores and spares and stock in trade may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4.7 Stores and spares

These are valued at lower of cost and net realizable value, determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

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

4.4.8 Stock in trade

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

Raw material	Weighted average cost.
Material in transit	Cost accumulated up to balance sheet date.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.
Waste	Net realizable value.

Cost in relation to work in process and finished goods represents the annual average manufacturing cost which consists of prime cost and appropriate production overheads. Cost of raw material consumed is accounted for by applying the annual average cost of both imported and local purchases.

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

4.4.9 *Trade debts and other receivables*

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

4.4.10 *Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in handand balances with banks.

4.4.11 *Taxation*

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

Deferred
Deferred taxation is recognized, using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of the realization or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the balance sheet date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

4.4.12 *Staff retirement benefits- gratuity*

The main features of the scheme operated by the Company for its employees are as follows:

Defined benefit plan
The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2014 using Projected Unit Credit Method. The following significant assumptions have been used for valuation of defined benefit obligation of the company:

	2014	2013
- Discount rate	13.25%	10.5%
- Expected increase in eligible salary	12.25%	9.5%
- Average expected remaining working life time	7 years	5 years
- Mortality rate	SLIC (2001-2005)	*EFU(61-66)*

The Company has adopted IAS 19 (as revised in 2011) during the year and all the changes have been fully explained in note 5.

4.4.13 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when the risks and rewards of ownership are transferred i.e. on dispatch in case of local sales and on preparation of bill of lading in case of exports and when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Profit from investment is recognized on time apportioned basis using effective rate of interest.

4.4.14 Foreign currency translation

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in profit or loss for the period.

4.4.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

4.4.16 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

4.4.17 Related party transactions

Sales, purchases and other transactions with related parties are carried out on agreed terms and conditions.

4.4.18 Trade and other payables

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

4.4.19 Provisions

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

4.4.20 Earning per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5. CHANGE IN ACCOUNTING POLICY

In the current year, the Company has applied IAS 19 Employee Benefits (asrevised in 2011) and the related consequential amendments for the first time.

As per IAS 19 (revised) actuarial gains and losses are recognized in other comprehensive income in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and corresponding figures for the year ended June 30, 2013, have been restated. The third balance sheet as at June 30, 2012, as required under International Accounting Standard 1 "Presentation of Financial Statements", has not been included as the effect of restatement as at such date, is not material.

The effects of the change in accounting policy on the prior periods' financial statements have been summarized as follows:

	Balance as reported earlier	Effect of change in accounting policy	Restated balance
	As at June 30, 2012		
Effect on balance sheet:			
Deferred Liabilities - gratuity	10,483,625	1,407,068	11,890,693
Deferred tax liability	49,508,103	(283,911)	49,224,192
Un-appropriated profit - net of deferred tax	191,956,271	(1,123,157)	190,833,114
	As at June 30, 2013		
Deferred Liabilities - gratuity	14,232,830	2,101,988	16,334,818
Deferred tax liability	61,745,805	(419,362)	-
Un-appropriated profit - net of deferred tax	327,712,860	(1,682,626)	326,030,234
Effect on profit and loss account:	***For the year ended June 30, 2013***		
Cost of sales	4,060,907,603	(18,544)	4,060,889,059
Administrative expenses	89,032,940	(25,056)	89,007,884
Tax	62,813,512	8,498	62,822,010
Earnings per share	10.3308	0.0021	10.3329
Effect on other comprehensive income:			
Remeasurement of defined benefit obligation	-	(738,520)	(738,520)
Related deferred tax	-	143,949	143,949

6. PROPERTY, PLANT AND EQUIPMENT

	Notes	2014 Rupees	2013 Rupees
Operating assets	6	1,790,826,163	951,056,475
Capital work-in-progress		-	589,968
		1,790,826,163	**951,646,443**

6.1 Operating assets

Particulars	Cost / Revalued amount				Accumulated depreciation				Net book value	Rate
	At July 1, 2013	Additions/ (Disposal)	Revaluation Surplus	At June 30, 2014	At July 1, 2013	For the year	Revaluation Adjustment	At June 30, 2014	At June 30, 2014	%
	Rupees									
Land - Freehold	180,753,883	1,302,496	48,312,621	230,369,000	-	-	-	-	230,369,000	-
Buildings on freehold land	229,082,923	9,235,186	175,558,892	413,877,001	104,491,928	12,815,661	(117,307,589)	-	413,877,001	10
Plant and machinery	1,142,824,544	120,659,089	-	1,242,904,605	558,459,227	58,578,171	(406,083,520)	198,299,603	1,044,605,002	10
		(20,579,028)				(12,654,275)				
Generator	11,932,614	1,727,000	-	13,659,614	8,404,679	465,185	(8,160,250)	709,614	12,950,000	10
Electric fittings and installations	62,958,605	5,626,718	-	68,585,323	38,320,274	4,291,177	(31,116,127)	11,495,324	57,089,999	15
Tools and equipments	867,221	156,800	-	1,024,021	223,397	69,332	-	292,729	731,292	10
Office equipments	6,337,037	1,682,697	-	8,019,734	2,244,528	454,760	-	2,699,288	5,320,446	10
Telephone installations	1,838,337	1,055,444	-	2,893,781	784,754	154,787	-	939,541	1,954,240	10
Furniture & fixtures	7,284,463	585,218	-	7,869,681	3,274,195	443,827	-	3,718,022	4,151,659	10
Arms & ammunitions	141,295	253,400	-	394,695	22,209	27,704	-	49,913	344,782	10
Weighing scales	1,660,739	56,200	-	1,716,939	1,103,777	57,820	-	1,161,597	555,342	10
Tube well	915,041	120,435	-	1,035,476	527,878	50,760	-	578,638	456,838	10
Fire extinguishing equipments	1,439,337	87,055	-	1,526,392	721,730	76,098	-	797,828	728,564	10
Vehicles	35,562,352	512,250	-	36,002,678	13,963,340	4,372,801	-	18,310,680	17,691,998	20
		(71,924)				(25,461)				
	1,683,598,391	**143,059,988**	**223,871,513**	**2,029,878,940**	**732,541,916**	**81,858,084**	**(562,667,486)**	**239,052,777**	**1,790,826,163**	
		(20,650,952)				**(12,679,736)**				

For comparative period

Particulars	Cost / Revalued amount				Accumulated depreciation			Net book value	Rate
	At July 1, 2012	Additions/ (Disposal)	Revaluation	At June 30, 2013	At July 1, 2012	For the year	At June 30, 2013	At June 30, 2013	%
	------	------	------	------	Rupees	------	------	------	
Freehold land	157,522,500	23,231,383	-	180,753,883	-	-	-	180,753,883	-
Buildings on freehold land	178,513,008	50,569,915	-	229,082,923	92,063,290	12,428,638	104,491,928	124,590,995	10
Plant and machinery	857,728,879	285,095,665	-	1,142,824,544	506,854,033	51,605,194	558,459,227	584,365,317	10
Generator	10,448,055	1,484,559	-	11,932,614	8,052,548	352,131	8,404,679	3,527,935	10
Electric fittings and installations	56,288,777	6,669,828	-	62,958,605	34,440,957	3,879,317	38,320,274	24,638,331	15
Tools and equipment	790,521	76,700	-	867,221	157,199	66,198	223,397	643,824	10
Office equipment	5,104,344	1,232,693	-	6,337,037	1,858,236	386,292	2,244,528	4,092,509	10
Telephone installations	1,258,197	580,140	-	1,838,337	697,767	86,987	784,754	1,053,583	10
Furniture and fittings	6,847,237	437,226	-	7,284,463	2,856,095	418,100	3,274,195	4,010,268	10
Arms and ammunitions	18,295	123,000	-	141,295	12,519	9,690	22,209	119,086	10
Weighing scales	1,645,469	15,270	-	1,660,739	1,042,316	61,461	1,103,777	556,962	10
Tube well	761,687	153,354	-	915,041	490,540	37,338	527,878	387,163	10
Fire extinguishing equipment	1,166,837	272,500	-	1,439,337	652,088	69,642	721,730	717,607	10
Vehicles	30,943,912	5,657,440	-	35,562,352	9,893,865	4,892,397	13,963,340	21,599,012	20
		(1,039,000)				(822,922)			
	1,309,037,718	**375,599,673**	**-**	**1,683,598,391**	**659,071,453**	**74,293,385**	**732,541,916**	**951,056,475**	
		(1,039,000)				**(822,922)**			

6.2 *The following assets were disposed off during the year*

Description	*Cost*	*Accumulated depreciation*	*Carrying value*	*Claim / Sale proceed*	*Gain/(Loss)*	*Mode of disposal*	*Particulars of Buyers*
			-----------(Rupees)-----------				
Plant and machinery							
Toyoda Draw Frame DX8	20,579,028	12,654,275	7,924,753	32,500,000	24,575,247	Negotiation	Allawasaya Textile & Finishing Mills Limited
Vehicles							
Motor Bike MNR-7000	71,924	25,461	46,463	64,500	18,037	Insurance Claim	Habib Insurance Company Limited
	20,650,952	**12,679,736**	**7,971,216**	**32,564,500**	**24,593,284**		

For comparative period

Description	*Cost*	*Accumulated depreciation*	*Carrying value*	*Claim / Sale proceed*	*Gain/(Loss)*	*Mode of disposal*	*Particulars of Buyers*
			-----------(Rupees)-----------				
Vehicles							
Toyota Corolla MLJ-70	1,039,000	822,922	216,078	900,000	683,922	Insurance Claim	Habib Insurance Company Limited
	1,039,000	**822,922**	**216,078**	**900,000**	**683,922**		

	Note	2014 Rupees	2013 Rupees
6.3 Allocation of Depreciation			
Cost of goods sold	23	76,487,759	68,557,458
Administrative expenses	26	5,370,325	5,735,927
		81,858,084	**74,293,385**

6.4 Revaluation of freehold land was carried out as on March 18, 2009 by independent valuer M/s Consultancy (Private.) Limited on the basis of depreciated replacement value.

Further, the company has revalued its freehold land, building on free hold land and machinery including generator & electric fittings that was carried out as on June 30, 2014 by independent valuer M/s K. G. Traders (Pvt) Limited on the basis of depreciated replacement value. Revaluation surplus has been credited to surplus on revaluation of property,plant and equipment.The basis used for the revaluation of these assets were as follows:

Freehold land and building on free hold land

Fair market value of the land was assessed through inquiries from various estate agents, brokers and builders/developers and keeping in view the location of the property, size, status, utilization, cost of new construction, construction standarad, depreciation cost factor, state of infrastructure and current trends in prices of real estate in the vicinity of the property.

Plant and machinery

Fair market value of the plant and machinery was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.

6.5 Had there been no revaluation the related carrying amounts of freehold land, building and machinery would have been as follows:

	2014 Rupees	2013 Rupees
Land - Freehold	31,787,994	30,485,498
Buildings on freehold land	121,010,520	124,590,995
Plant and machinery	638,521,481	584,365,317
Generator	4,789,750	3,527,935
Electric fittings and installations	25,973,872	24,638,331
	822,083,617	**767,608,076**

7. STORES AND SPARES

	2014 Rupees	2013 Rupees
Stores and spares	24,037,668	23,689,772
Packing material	8,869,174	7,303,871
	32,906,842	30,993,643

	Note	2014 Rupees	2013 Rupees
8. STOCK IN TRADE			
Raw materials		258,718,211	398,773,185
Work in process		34,616,000	37,731,000
Finished goods			
- Yarn		39,815,000	65,065,500
- Waste		3,735,000	3,628,000
		43,550,000	68,693,500
		336,884,211	**505,197,685**

8.1 Net realizable value of fininshed goods and raw material were lower than its cost, which resulted in write down of Rs. 27.52 million (2013: Rs.Nil) and Rs.27.52 million (2013: Rs.Nil) respectively, charged to cost of sales.

	Note	2014 Rupees	2013 Rupees
9. TRADE DEBTS			
Considered good			
Export - secured	9.2	185,815,937	516,023,928
Local - unsecured	9.1	106,760,358	87,925,068
Considered doubtful - unsecured		-	-
		292,576,295	603,948,996
Provision for doubtful debts	9.5	-	-
		292,576,295	**603,948,996**

9.1 Local trade receivables are non-interest bearing and are generally on 15 to 25 day terms.

9.2 Export trade receivable are realized on early discounting or retirement of L/C upon 90-120 days.

9.3 Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, where appropriate.

9.4 Trade debts include debtors with a carrying amount of Rs. 0.946 million (2013: Rs. 0.749 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

9.4.1 ***Aging of amounts past due but not impaired***

	2014 Rupees	2013 Rupees
90 - 120 days	-	749,255
120 days and above	946,603	-
	946,603	**749,255**

9.5 ***Provision for doubtful debts***

	2014 Rupees	2013 Rupees
As at July 01	-	-
Provision during the year	-	905,827
Less:		
Write off during the year	-	(905,827)
	-	-

	Note	2014 Rupees	2013 Rupees
10. LOANS AND ADVANCES			
Advance to employees - considered good		3,583,295	2,669,967
Advance to suppliers - Considered good		17,863,515	5,191,115
Advance for spinning unit on operating lease		5,040,048	4,040,048
Minimum tax deposited under protest	29.2	848,021	848,021
		27,334,879	**12,749,151**
11. TRADE DEPOSITS AND PREPAYMENTS			
Electricity charges paid under protest	21.1	219,606	219,606
Prepayments		203,803	161,803
		423,409	**381,409**
12. CASH AND BANK BALANCES			
Cash in hand		665,552	464,094
Cash at banks - current accounts		20,423,928	5,874,392
		21,089,480	**6,338,486**

13. SHARE CAPITAL

2014 Number of shares	2013 Number of shares		2014 Rupees	2013 Rupees
		Authorized		
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	**200,000,000**	200,000,000
		Issued, subscribed and paid up		
16,800,000	16,800,000	Ordinary shares of Rs. 10 each fully paid in cash	**168,000,000**	168,000,000

13.1 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	2014 Rupees	2013 Rupees
14. SURPLUS ON REVALUTAION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED TAX		
Opening balance	150,268,385	150,268,385
Effect of revaluation of property, plant and equipment carried out at year end	786,538,999	-
Less:		
Related deferred tax liability	(157,466,732)	-
	629,072,267	-
Closing balance	**779,340,652**	**150,268,385**

	Note	2014 Rupees	2013 Rupees
15. LONG-TERM FINANCING			
From banking companies - secured			
Habib Bank Limited			
- Demand Finance	15.1	30,000,150	40,000,200
- Demand finance - II	15.2	133,333,334	160,000,000
- LTFF -EOP	15.3	30,000,150	40,000,200
		193,333,634	240,000,400
Bank Al-Habib Limited			
- Term finance	15.4	33,250,000	-
- Term finance - II	15.5	18,160,000	-
		51,410,000	-
Allied Bank Limited			
- Term finance	15.6	11,250,000	26,250,000
		255,993,634	266,250,400
Less: Current portion shown under current liabilities		(62,072,350)	(61,666,100)
		193,921,284	**204,584,300**

15.1 *Habib Bank Limited - Demand Finance*

This finance has been obtained from HBL to retire LC for import of textile machinery. The loan is repayable in 8 equal half yearly installments commencing from November 20, 2013. It carries markup at the rate 6 months KIBOR+ 1.70. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company situated in tehsil Kot Addu, district Muzaffargarh and personal guarantees of directors of the company.

15.2 *Habib Bank Limited - Demand Finance II*

This finance is obtained from HBL to acquire the fixed assets (Land, Building and Machinery) of Accord Textiles Limited (ATL) under the arrangements of settlement of entire liability of ATL. The loan is repayable in 12 equal half yearly installments. This finance is interest free and is secured against equitable mortgage charge of Rs. 160 Million over the fixed assets of newly acquired spinning unit from ATL and personal guarantees of directors of the company.

15.3 *Habib Bank Limited - LTFF - EOP*

This finance has been obtained from HBL to import textile machinery for export oriented project. The loan is repayable in 8 equal half yearly installments commencing from November 20, 2013. It carries markup at 11.1%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company situated in tehsil Kot Addu, district Muzaffargarh and personal guarantees of directors of the company.

15.4 *Bank Al-Habib Limited - Term finance*

This finance is obtained for repayment of shipping documents under proposed LCs limits. It is repayable in 8 half yearly installments commencing from June 12, 2015 and is secured against 1st exclusive charge over specific imported machinery (03 Rieter Draw Frames RSB-D22). It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged ranging from 11.64 % to 11.65 %. (2013 : Nil)

15.5 Bank Al-Habib Limited - Term finance II

This finance is obtained for repayment of shipping documents under proposed LCs limits. It is repayable in 8 half yearly installments commencing from July 06, 2015 and is secured against 1st exclusive charge over specific imported machinery (02 Foreign Parts Separator SP-FPU). It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged at the rate 11.62 %. (2013 : Nil)

15.6 Allied Bank Limited - Term finance

This finance is obtained for balance sheet restructuring / repayment of already drawn running finance from ABL. It is repayable in 16 equal quarterly installments commencing from July 01, 2011 and is secured against charge over present & future fixed assets of the Company amounting to Rs. 80 million. It carries markup at the rate of 3 month KIBOR + 1.75%. During the year, markup charged ranging from 10.83% to 11.93 %. (2013 : 11.06% to 13.74 %)

15.7 Management considers that there is no significant non compliance of agreements with financial institutions, where the Company is exposed to penalties.

16. LONG TERM LOANS FROM RELATED PARTIES

	2014 Rupees	*2013 Rupees*
Chief executive officer	2,000,000	7,109,984
Directors	60,000,000	76,922,000
Relatives of Directors	-	4,134,080
	62,000,000	**88,166,064**
Movement during the year		
Opening Finance	88,166,064	72,941,064
Obtained during the year	30,615,000	27,450,000
Repaid during the year	56,781,064	12,225,000
Closing Finance	**62,000,000**	**88,166,064**

These loans are interest free loans and are repayable in future subject to availability of sufficient funds with the Company. These loans are subordinated to the financing facilities obtained from commercial banks.

17. DEFERRED LIABILITIES

			(Restated)
Deferred taxation	17.1	229,012,107	61,326,443
Staff retirement benefits - gratuity	17.3	15,010,409	16,334,818
		244,022,516	**77,661,261**

	2014 Rupees	2013 Rupees
17.1 The deferred taxation comprises of:		
Taxable temporary differences on :		
Surplus on revaluation of property, plant and equipment	157,466,732	-
Accelerated tax depreciation on property, plant and equipment	75,129,959	64,520,094
	232,596,691	64,520,094
Deductible temporary differences on:		
Provision for staff retirement benefits - gratuity	(3,201,782)	(3,193,651)
Provision for doubtful receivables	(382,802)	-
	229,012,107	**61,326,443**
Change in present value of defined benefit obligation		
Opening defined benefit obligation	16,334,818	11,890,693
Current service cost for the year	14,599,909	12,583,028
Interest cost for the year	716,192	1,664,697
Benefits paid during the year	(19,027,889)	(10,542,120)
Remeasurement of plan obligation	2,387,379	738,520
	15,010,409	**16,334,818**

	Note	2014 Rupees	2013 Rupees (Restated)
Charge for the year			
Current service cost		14,599,909	12,583,028
Interest cost		716,192	1,664,697
		15,316,101	**14,247,725**
Charge for the year has been allocated as follows:			
Cost of goods sold	23.2	12,272,307	10,556,005
Administrative expenses	26.1	3,043,794	3,691,720
		15,316,101	**14,247,725**
Total remeasurements chargeable to other comprehensive income			
Remeaurement of plan obligation:			
Experience adjustments		**2,387,379**	**738,520**

Expected contribution for the next year

The expected contribution to the gratuity scheme for the year ending 30 June 2014 works out to Rs. 16.34 million (2013: Rs. 15.61 million).

17.2 Movement in temporary differences during the year

	Balance as at July 01, 2013	Recognized in equity	Recognized in SOCI	Recognized in profit and loss	Balance as at June 30, 2014
	----------	----------	Rupees	----------	----------
Movement for the year ended June 30, 2014					
Deferred tax credits					
Accelerated tax depreciation	64,520,094	-	-	10,609,865	75,129,959
Surplus on revaluation of property, plant and equipment	-	157,466,732	-	-	157,466,732
Deferred tax debits					
Provision against doubtful receivables	-	-	-	(382,802)	(382,802)
Provision for gratuity - restated	(3,193,651)	-	(509,204)	501,073	(3,201,782)
June 30, 2014	**61,326,443**	**157,466,732**	**(509,204)**	**10,728,136**	**229,012,107**

	Balance as at July 01, 2012	Recognized in equity	Recognized in SOCI	Recognized in profit and loss	Balance as at June 30, 2013
	----------	----------	Rupees	----------	----------
Movement for the year ended June 30, 2013					
Deferred tax credits					
Accelerated tax depreciation	51,806,026	-	12,714,068	12,714,068	64,520,094
Deferred tax debits					
Provision against doubtful receivables	(182,759)	-	182,759	182,759	-
Provision for gratuity - restated	(2,399,075)		(143,949)	(650,627)	(3,193,651)
June 30, 2013 - restated	**49,224,192**	**(143,949)**	**12,752,878**	**12,246,200**	**61,326,443**

	Note	2014 Rupees	2013 Rupees (Restated)
17.3 Staff retirement benefits - gratuity			
Liability recognized in the balance sheet			
Present value of defined benefit obligation		**15,010,409**	**16,334,818**
Movement in liability for defined benefit obligation			
Opening balance		16,334,818	11,890,693
Charge for the year		15,316,101	14,247,725
Actuarial loss		2,387,379	738,520
Benefits paid during the year		(19,027,889)	(10,542,120)
Provision for gratuity		**15,010,409**	**16,334,818**

	Note	2014 Rupees	2013 Rupees
18. TRADE AND OTHER PAYABLES			
Due to associated undertakings	18.1	-	107,473,986
Creditors		77,823,451	94,038,510
Advance payments		5,183,691	5,759,769
Accrued liabilities		76,703,643	117,814,246
Tax deducted at source		1,462,678	2,550,460
Unclaimed dividend		8,595,310	6,207,199
Workers' profit participation fund	18.2	3,366,662	12,707,556
Workers' welfare fund		15,779,115	14,287,806
Others		780,317	407,550
		189,694,867	**361,247,082**

18.1 Due to associated undertakings

Shah Shams Cotton Industries (Private) Limited	**-**	**107,473,986**

18.2 Workers' profit participation fund

Opening balance	12,707,556	8,967,432
Interest on funds utilized	1,552,734	1,357,704
	14,260,290	10,325,136
Paid during the year	(14,818,124)	(10,312,000)
	(557,834)	13,136
Allocation for the year	3,924,496	12,694,420
	3,366,662	**12,707,556**

19. ACCRUED MARKUP

Accrued mark-up on		
- Long term financing	3,803,695	3,022,550
- Short term borrowings	13,552,471	19,887,617
	17,356,166	**22,910,167**

20. SHORT TERM BORROWINGS

Secured - under markup arrangements

Running finance	375,633,615	269,348,230
Cash finance	103,597,400	323,311,576
	479,231,015	**592,659,806**

20.1 Short term facilities are available from various commercial banks under mark-up arrangements aggregating to Rs. 2,490 million (2013: Rs. 1,865 million). These facilities are subject to mark-up ranging from 2.0% to 11.97% (2013: 2.5% to 14.10%) per annum. These facilities are secured against pledge of raw materials and finished goods, hypothecation charge over present and future current assets of the Company, lien on documents of title to goods and personal guarantees of certain Directors of the Company. Facilities available for opening letters of credit and guarantee aggregating to Rs. 160 million (2013: Rs.190 million) of which facilities remained un-utilized at the year end were Rs. 154 million (2013: Rs. 190 million).

These facilities are expiring on various dates by January 31, 2015.

21. CONTINGENCIES AND COMMITMENTS

Contingencies

21.1 WAPDA, during the accounting year ended September 30, 1998, raised demand for electricity charges amounting to Rs. 0.22 million for the period from July 1992 to December 1994. The Company had not accepted the said demand and filed a suit against this demand before the Court of Civil Judge-1st Class, Kot Addu. The case is pending for final decision. However, on the Court's instructions Rs. 0.22 million were deposited with it. This amount has been grouped under 'trade deposits and prepayments (note 11).

21.2 The Company during the year ended September 30, 1999, filed a writ petition with the Lahore High Court Multan Bench against the Chairman, Administrator town committee Muzaffargarh praying that the respondent be ordered to implement the orders of the Lahore High Court regarding the refund of the Zila Tax collected from the petitioner to the tune of Rs. 886,715. In this respect an amount of Rs. 161,013 has been received against Zila Tax. The refund of the balance amount of Rs. 725,702 is still pending.

21.3 The Company has imported textile machinery availing exemption from custom duty and sales tax on importation thereof under S.R.Os 554(1)/98, 987(1)/99 and 369(1)/2000. The Company has submitted indemnity bonds to the Customs Authorities in this regard. In case the conditions of aforementioned S.R.Os are violated, the amount of customs duty and sales tax exempted aggregating Rs. 65.283 million shall be recoverable by the Customs Authorities along with such penalties imposed in this regard under Section 202 of the Customs Act, 1969.

21.4 The taxation officer has finalized the assessment for the assessment year 2002-03 by disallowing certain expenses. The Company filed an appeal before the Commissioner Income Tax (Appeal), who in his order allowed Rs. 0.779 million out of total disallowed expenses of Rs. 8.280 million. The department has filed second appeal before the ITAT for the assessment year 2002-03 which is rejected and effects of appeal are awaited.

Commitments

21.4 Commitments outstanding at the end of the year in respect of irrevocable letter of credit is Rs. Nil (2013: Rs 31.88 million).

			2014	**2013**
22.	***SALES***	***Note***	***Rupees***	***Rupees***
	Local			
	Yarn		3,254,886,252	2,647,936,856
	Waste		53,289,187	43,116,624
	Cotton seed		129,185,104	100,429,225
	Doubling process income		12,859,370	6,430,100
			3,450,219,913	2,797,912,805
	Export			
	Yarn		1,478,210,610	1,756,371,334
			4,928,430,523	**4,554,284,139**

				(Restated)
23.	***COST OF GOODS SOLD***			
	Raw materials consumed	23.1	3,316,285,740	2,895,909,654
	Salaries, wages and benefits	23.2	258,844,985	245,338,665
	Stores consumed		41,702,878	35,574,138
	Packing materials consumed		71,873,660	54,446,376
	Power and fuel		633,014,512	485,367,587
	Repair and maintenance		9,824,589	18,550,815
	Insurance		9,242,613	6,596,638
	Depreciation	6.3	76,487,759	68,557,458
	Others		56,025	7,390
			4,417,332,761	3,810,348,721
	Work-in-process			
	Opening stock		37,731,000	37,289,000
	Closing stock		(34,616,000)	(37,731,000)
			3,115,000	(442,000)
	Cost of goods manufactured		4,420,447,761	3,809,906,721
	Finished goods			
	Opening stock		68,693,500	192,794,052
	Purchases		147,715,061	126,881,786
	Closing stock		(43,550,000)	(68,693,500)
			172,858,561	250,982,338
			4,593,306,322	**4,060,889,059**

	Note	2014 Rupees	2013 Rupees (Restated)
23.1 Raw materials consumed			
Opening stock		398,773,185	170,600,420
Purchases and purchase expenses		3,218,970,851	3,119,598,315
		3,617,744,036	3,290,198,735
Closing stock		(258,718,211)	(398,773,185)
		3,359,025,825	2,891,425,550
Fire insurance claim	23.3	(46,821,134)	-
Cotton cess		4,081,049	4,484,104
		3,316,285,740	**2,895,909,654**

23.2 These include Rs.12.27 million (2013: Rs.10.56 million) in respect of staff retirement benefits and employee bonus of Rs. Nil (2013: Rs 12.32 million).

23.3 This includes amount of Rs. 6.821 million pertaining to insurance claim of current year and insurance claim of Rs. 40 million, which is explained below.

A fire broke out in the stock of cotton bales stored in the open compound and godowns at the premises of the Company's mills on April 13, 2000. Surveys, through the Surveyors appointed by the insurers, were conducted. The total insurance claim of Rs. 100,684,299 was ascertained and accepted by a consortium of Habib Insurance Company Pakistan Limited (HICL), Premier Insurance Company of Pakistan Limited (PICPL) and Pakistan General Insurance Limited (PGIL). HICL and PICPL satisfied the total insurance claims to the extent of their shares. The portion of insurance claim receivable from PGIL, however, remained due till September 30, 2000.

As the insurance claim receivable from PGIL to the tune of Rs. 49.618 million was doubtful for recovery, it was written off as at September 30, 2000. The Company, however served legal notice and also filed recovery suits against PGIL.

Presently, the dispute has been settled between the Company & M/s PGI vide agreement dated 08.04.2014.M/s PGI agreed to pay a total amount of Rs. 40 Million against outstanding claim of Rs. 49.618 Million, the said amount in four equal installments of Rs. 10 Million each in full & final settlement of the suit amount. The Company has received two installments of Rs. 10 Million before the close of financial year June 30, 2014 and subsequent to the balance sheet date, another two installments of Rs. 10 Million each has also been received by the Company. Consequent to the settlement agreement, all pending litigations between the Company & M/s PGI stand settled vide court decree and nothing remains outstanding against M/s PGI.

	Note	2014 Rupees	2013 Rupees
24. OTHER INCOME			
Income from financial assets			
Exchange gain		9,442,661	18,105,943
Profit on term finance certificates		-	14,423
		9,442,661	18,120,366
Income from assets other than financial assets			
Miscellaneous income		549,126	-
Gain on disposal of fixed assets		24,593,284	-
Income from spinning unit on operating lease	24.1	-	503,462
		34,585,071	**18,623,828**

24.1 Results of leased spinning unit

	2014 Rupees	2013 Rupees
Sales	-	268,109,696
Cost of Sales	-	(252,617,908)
	-	15,491,788
Distribution cost	-	(3,382,080)
Administrative expenses	-	(4,594,501)
Finance cost	-	(7,011,745)
	-	(14,988,326)
Profit for the period	**-**	**503,462**

24.2 During the year 2013, Company had took over the assets of spinning unit of Accord Textiles Limited (ATL) w.e.f. October 01, 2012 and had incorporated the effect of its operations in the normal business activities of the company hence no more included in other income.

25. DISTRIBUTION COST

	2014 Rupees	2013 Rupees
Export expenses (including freight on export sales)	42,950,686	40,109,080
Commission	23,296,122	30,807,812
Export development surcharge	2,449,349	3,234,118
Freight, forwarding and others	6,318,139	5,134,316
	75,014,296	**79,285,326**

	Note	2014 Rupees	2013 Rupees
26. ADMINISTRATIVE EXPENSES			
Directors' meeting fee		70,000	20,500
Salaries and benefits	26.1	45,606,358	36,238,368
Vehicles running and maintenance		10,202,460	8,902,433
Traveling and conveyance		15,422,347	15,239,417
Printing and stationery		2,402,459	4,132,739
Communication		2,540,246	3,202,189
Electricity and gas		3,288,599	2,561,172
Rent, rates and taxes		200,000	50,000
Repairs and maintenance		4,154,822	2,415,632
Entertainment		1,428,270	1,837,845
Subscription		1,202,635	1,509,168
Insurance		1,157,521	1,579,209
Donation	26.2	1,000,687	1,376,000
Advertisement		129,840	164,330
Depreciation	6.3	5,370,325	5,735,927
Auditors' remuneration	26.3	665,000	665,000
Legal and professional		1,105,937	1,138,550
Others		1,422,660	2,239,405
		97,370,166	**89,007,884**

26.1 These include Rs. 3.043 million (2013: Rs. 3.69 million) in respect of staff retirement benefits and employee bonus of Rs. Nil (2013: 1.22 million).

26.2 None of the Directors or their spouses had any interest in the donee's fund.

26.3 Auditor's remuneration

	2014 Rupees	2013 Rupees
Statutory audit fee	500,000	500,000
Half yearly review	100,000	100,000
Tax services	50,000	50,000
Certification and other services	15,000	15,000
	665,000	**665,000**

27. OTHER OPERATING EXPENSES

	2014 Rupees	2013 Rupees
Workers' profit participation fund (WPPF)	3,924,496	12,694,420
Workers' welfare fund (WWF)	1,491,309	4,823,880
	5,415,805	**18,876,004**

	Note	2014 Rupees	2013 Rupees
28. FINANCE COST			
Mark up / interest on:			
Long term financing		13,497,400	9,576,580
Short term borrowings		100,619,512	77,843,404
Interest on WPPF	38	1,552,734	1,357,704
		115,669,646	88,777,688
Bank charges		3,165,242	1,699,931
		118,834,888	**90,477,619**

29. TAXATION

Current		
Current	52,836,713	60,241,480
Deferred - restated	10,728,136	12,246,200
Prior year	(26,482,327)	(9,665,670)
	37,082,522	**62,822,010**

29.1 Tax charge reconciliation

Applicable tax rate	***34%***	***35%***
Profit before tax	**73,074,117**	**236,413,701**
Tax on accounting profit before tax	24,845,200	82,744,795
Effect of expenses that are not deductible in tax	(849,097)	(3,141,091)
Tax effect of previously unrecognized temporary differences	32,744,722	4,589,422
Tax credit u/s 65B	(28,509,566)	-
Effect of income chargeable at lower rate	35,333,590	(11,705,446)
Prior year tax adjustment	(26,482,327)	(9,665,670)
Current year provision	**37,082,522**	**62,822,010**

29.2 The Company, in view of the Supreme Court of Pakistan's Judgment dated June 04, 1997 is not liable to pay minimum tax under section 80-D of the repealed Income Tax Ordinance, 1979. Consequently, Minimum Tax paid under protest and tax deducted at source till September 30, 1999 were accounted for as loans and advances (note 10).

30. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2014	2013
Profit for the year	Rupees	35,991,595	173,591,691
Weighted average number of shares	Number	16,800,000	16,800,000
Earnings per share - basic and diluted	Rupees	2.14	10.33

31. FINANCIAL RISK MANAGEMENT

31.1 The Companys principal financial liabilities comprise long term financing, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Companys operations. The Company has trade debts, loans and advances, other receivables, cash and bank balances and long term deposits that arrive directly from its operations.

The Companys activities expose it to a variety of financial risks: market risk (including currency risk, and price risk), credit risk and liquidity risk.

31.2 *Credit risk and concentration of credit risk*

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 365,821,572 (2013: Rs.627,854,551), the financial assets which are subject to credit risk amounted to Rs. 342,252,457 (2013: Rs. 618,159,294). The Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

Credit risk of the Company arises principally from the trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2014 Rupees	2013 Rupees
Assets as per balance sheet		
Deposits	5,668,939	5,665,939
Trade debts	292,576,295	603,948,996
Loans and advances	3,583,295	2,669,967
Other receivables	20,000,000	-
Bank balances	20,423,928	5,874,392
	342,252,457	**618,159,294**

31.2.1 *Credit risk related to receivables*

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Companys exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

31.3 *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Companys short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 31.3.1 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

31.3.1 *Liquidity and interest risk table*

The following tables detail the Companys remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective rate of interest (%)	*1 - 3 months*	*3 months - 1 year*	*1 - 5 years*	*More than 5 years*	*Total*
		------ Rupees ------				
Financial liabilities						
Interest bearing						
Long term finance	*10.79 - 11.93*	-	62,072,350	193,921,284	-	255,993,634
Short term borrowings	*2.0 - 11.94*	-	479,231,015	-	-	479,231,015
Non interest bearing						
Accrued mark up		17,356,166	-	-	-	17,356,166
Trade and other payables		-	184,511,176	-	-	184,511,176
June 30, 2014		**17,356,166**	**725,814,541**	**193,921,284**	**-**	**937,091,991**
Financial liabilities						
Interest bearing						
Long term finance	*11.06 - 13.74*	-	61,666,100	204,584,300	-	266,250,400
Short term borrowings	*2.5 - 14.10*	-	592,659,806	-	-	592,659,806
Non interest bearing						
Trade and other payables		-	355,487,313	-	-	355,487,313
Accrued mark up		22,910,167	-	-	-	22,910,167
June 30, 2013		**22,910,167**	**1,009,813,219**	**204,584,300**	**-**	**1,237,307,686**

31.3.2 The following table details the Companys expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Companys liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
	---------- Rupees ----------					
Financial Assets						
Non interest bearing						
Deposits	-	-	3,000	5,665,939	-	5,668,939
Trade debts	-	292,576,295	-	-	-	292,576,295
Loans and advances	-	3,583,295	-	-	-	3,583,295
June 30, 2014	**-**	**296,159,590**	**3,000**	**5,665,939**	**-**	**301,828,529**
Financial Assets						
Non interest bearing						
Deposits	-	-	11,300	5,654,639	-	5,665,939
Trade debts	-	603,948,996	-	-	-	603,948,996
Loans and advances	-	2,669,967	-	-	-	2,669,967
June 30, 2013	**-**	**606,618,963**	**11,300**	**5,654,639**	**-**	**612,284,902**

	2014 Rupees	2013 Rupees
31.3.3 Financing facilities		
Secured bank loan facilities with various maturity dates through to 2014 and which may be extended by mutual agreement:		
- amount used	735,224,649	858,910,206
- amount un-used	2,041,560,000	1,272,340,000

31.4 Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

31.4.1 Interest rate risk management

Interest/mark-up rate risk arises from the possibility that changes in interest/mark-up rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest/mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR.

31.4.2 The exposure of the Companys borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Note	2014 Rupees	2013 Rupees
- Short-term borrowings		479,231,015	592,659,806
- Long-term loans		255,993,634	266,250,400
		735,224,649	**858,910,206**
Borrowing that are not exposed to interest rate changes and contractual reprising amount to;			
- Long-term loans		**163,333,484**	**200,000,200**

31.4.3 Interest rate sensitivity

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Companys profit for the year would have been lower / higher by Rs. 7.35 million (2013: Rs. 8.59 million). This is mainly attributable to the Companys exposure to interest rates on its variable rate borrowings.

31.5 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is not materially exposed to foreign currency risk on assets and liabilities. As at June 30, 2014, the total foreign currency risk exposure was Rs. 185.12 million (2013: Rs. 516.02 million) in respect of trade debts only.

31.6 Foreign currency sensitivity analysis

At June 30, 2014, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been higher/lower by Rs.18.01 million (2013: Rs. 51.60 million), mainly as a result of foreign exchange gains / losses on translation of foreign currency trade debts.

31.7 Determination of fair values

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value estimation

IFRS 7 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measured fair value of financial instruments.

- Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices). The Company has no items to report in this level.
- Level 3 Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets measured at above mentioned levels.

31.8 Financial instruments by category

The accounting policies for financial instruments have been applied for line items below:

	2014 Rupees	2013 Rupees
Assets as per balance sheet		
Loans and receivables		
Deposits	5,668,939	5,665,939
Trade debts	292,576,295	603,948,996
Loans and advances	26,486,858	11,901,130
Other receivables	20,000,000	-
Cash and bank balances	21,089,480	6,338,486
	365,821,572	**627,854,551**
Liabilities as per balance sheet		
At amortized cost		
Long term financing	255,993,634	266,250,400
Long term loans from related parties	62,000,000	88,166,064
Short term borrowings	479,231,015	592,659,806
Accrued mark up	17,356,166	22,910,167
Trade and other payables	184,511,176	355,487,313
	999,091,991	**1,325,473,750**

32. CAPITAL RISK MANAGEMENT

The objectives of the Company when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

The debt-to-adjusted capital ratios at June 30, 2014 and June 30, 2013 were as follows:

	2014 Rupees	2013 Rupees
Total debt	797,224,649	947,076,270
Less: Cash and cash equivalents	(21,089,480)	(6,338,486)
Net debt	**776,135,169**	**940,737,784**
Total equity	1,303,284,306	686,298,619
Adjusted capital	**2,079,419,475**	**1,627,036,403**
Debt-to-adjusted capital ratio	*37%*	*58%*

33. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTOR

	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Particulars		*June 30, 2014*			*June 30, 2013*	
Managerial remuneration	-	1,445,332	3,945,875	-	-	3,396,000
Utilities	397,210	338,210	-	345,400	291,750	-
	397,210	**1,783,542**	**3,945,875**	**345,400**	**291,750**	**3,396,000**
Number of persons	**1**	**1**	**4**	**1**	**1**	**4**

33.1. Chief Executive Officer and executive Directors are provided with Company maintained cars and utilities at residence.

33.2 Meeting fee amounting Rs.70,000 (2013: Rs.10,000) was paid to non-executive Directors of the Company during the year.

34. TRANSACTIONS WITH RELATED PARTIES

34.1 Related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due to associated undertakings are shown under- long term financing (refer note 16) and trade and other payables (refer note 18) . Remuneration of key management personnel is disclosed in note 33. Other significant transactions with related parties are as follows:

Transaction with associated undertakings	2014 Rupees	2013 Rupees
Purchase of goods	324,104,107	384,183,877
Sale of goods	58,044,908	37,287,319
Sale of used plant and machinary	32,500,000	-
Transaction with associated persons		
Loan received	30,615,000	27,450,000
Loan repaid	56,781,064	12,225,000

34.2 All transactions with related parties have been carried out on commercial terms and conditions.

35 PLANT CAPACITY ACTUAL AND PRODUCTION

		2014	2013
Spinning Unit-1			
Spindles installed and worked	No.	18,336	18,336
Shift worked	No.	905	898
Standard production after conversion into 20's count	Kgs	6,389,193	6,389,193
Actual production of yarn after conversion into 20's count	Kgs	4,388,751	4,443,856
Spinning Unit-II			
Spindles installed and worked	No.	27,864	27,864
Shift worked	No.	898	899
Standard production after conversion into 40's PC count	Kgs	4,784,702	4,784,702
Actual production of yarn after conversion into 40's PC count	Kgs	3,723,721	3,706,671
Spinning Unit-III			
Spindles installed and worked	No.	23,904	23,904
Shift worked	No.	791	890
Standard production after conversion into 20's count	Kgs	7,018,741	5,290,445
Actual production of yarn after conversion into 20's count	Kgs	4,929,765	4,316,860

It is difficult to describe precisely the production capacity in spinning mills since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist and raw materials used, It also varies according to the pattern of production adopted in a particular year.

36. NUMBER OF EMPLOYEES

The total average no of employees during the year as at june 30, 2014 and 2013 repectively are as follows.

	2014	2013
	No of employees	
Average no of employees during the year	**1,940**	**1,944**
Total number of employees as at June 30,	**1,331**	**1,854**

37. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue on 03.10.2014 by the Board of Directors of the Company.

38. RECLASSIFICATION

Following reclassification has been made in the financial statements to give better presentation:

Previous classification	Current classification	Rupees
Interest on WPPF (other operating expenses)	Interest on WPPF (Finance cost)	1,552,734

39. GENERAL

Figures have been rounded-off to the nearest rupee except stated otherwise.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

THE COMPANIES ORIDNANCE 1984

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0020652**
2. Name of the Company **Maqbool Textile Mills Limited**
3. Pattern of holding the share held by the shareholders as at 30.06.2014

No. of Shareholders	Shareholdings From	To	Total No. of Shares Held	Percentage of Total Capital
75	1 -	100	3,509	0.02
349	101 -	500	164,938	0.98
158	501 -	1000	155,491	0.93
143	1001 -	5000	418,344	2.49
44	5001 -	10000	351,845	2.09
13	10001 -	15000	166,500	0.99
7	15001 -	20000	127,500	0.76
3	20001 -	25000	66,000	0.39
1	25001 -	30000	28,600	0.17
1	30001 -	35000	35,000	0.21
1	40001 -	45000	44,000	0.26
3	45001 -	50000	148,600	0.88
2	50001 -	55000	101,500	0.60
1	75001 -	80000	76,000	0.45
1	80001 -	85000	80,500	0.48
1	85001 -	90000	90,000	0.54
2	90001 -	95000	186,000	1.11
1	110001 -	115000	113,500	0.68
1	115001 -	120000	116,500	0.69
1	125001 -	130000	128,500	0.76
1	150001 -	155000	152,321	0.91
2	165001 -	170000	338,000	2.01
2	175001 -	180000	353,000	2.10
1	180001 -	185000	182,000	1.08
1	205001 -	210000	209,000	1.24
1	210001 -	215000	214,500	1.28
4	700001 -	705000	2,815,743	16.76
3	775001 -	780000	2,328,915	13.86
1	1465001 -	1470000	1,465,121	8.72
1	1475001 -	1480000	1,476,921	8.79
2	1495001 -	1500000	2,995,563	17.83
1	1665001 -	1670000	1,666,089	9.92
828			**16,800,000**	**100.00**

Category wise Pattern of Total Shareholding

Sr. #	Category	No. of Shareholders	Shares Held	Percentage
1	Joint Stock Cos.	7	366,500	2.1815
2	Investment Cos.	2	2,500	0.0149
3	Individual	811	14,272,309	84.9542
4	Financial Institution	1	936	0.0056
5	Mutual Funds	1	1,666,089	9.9172
6	Funds	6	491,666	2.9266
		828	**16,800,000**	**100.0000**

PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2014

Sr. #	Shareholders Category	No. of Shareholders	No. of Shares Held
1	**Associated Companies, Undertakings & Related parties**	0	**NIL**
2	**NIT - Trustee National Investment (Unit) Trust**	1	1,666,089
3	**Directors, Chief Executive, & their spouse and minor children**		
	MR. TANVIR AHMAD SHEIKH - CHAIRMAN / CHIEF EXECUTIVE	1	1,465,121
	MRS. ROMANA TANVIR SHEIKH - DIRECTOR	1	703,586
	MR. ANIS AHMAD SHEIKH - DIRECTOR	1	1,497,781
	MRS. RAMEEN ANIS SHEIKH - DIRECTOR	1	704,985
	MR. IDREES AHMAD SHEIKH - DIRECTOR	1	1,476,921
	MR. AZIZ AHMAD SHEIKH - DIRECTOR	1	1,497,782
	MR. ATTA SHAFI TANVIR SHEIKH - DIRECTOR	1	177,000
4	**CHIEF EXECUTIVE OFFICER**		
	MR. TANVIR AHMAD SHEIKH	1	1,465,121
5	**EXECUTIVES**	0	-
6	**DIRECTORS / CEO & THEIR SPOUSE**	19	9,904,448
7	**SHAREHOLDERS HOLDING 5% OR MORE VOTING INTEREST**		-
	MR. TANVIR AHMAD SHEIKH - CHAIRMAN / CHIEF EXECUTIVE	1	1,465,121
	MR. ANIS AHMAD SHEIKH - DIRECTOR	1	1,497,781
	MR. IDREES AHMAD SHEIKH - DIRECTOR	1	1,476,921
	MR. AZIZ AHMAD SHEIKH - DIRECTOR	1	1,497,782
	MR. SYED RAZA ABBAS JAFARI (REP. NIT)	1	1,666,089
8	**GENERAL PUBLIC**	793	4,367,861

Categorywise Detail of Shareholding

As on June 30, 2014

Sr. #	Folio No.	Name	Shares Held	Percentage
Joint Stock Cos.				
1	CDC-332	TIME SECURITIES (PVT.) LTD.	3,000	0.0179
2	CDC-233	CAPITAL VISION SECURITIES PVT LIMITED	2,000	0.0119
3	CDC-477	FIKREE'S (SMC-PVT) LTD.	6,000	0.0357
4	CDC-413	1673 TREET CORPORATION LIMITED	24,000	0.1429
5	CDC-7	TREET CORPORATION LIMITED	116,500	0.6935
6	CDC-466	TREET CORPORATION LIMITED	214,500	1.2768
7	CDC-469	INVEST CAPITAL MARKETS LIMITED	500	0.0030
			366,500	**2.1815**
Investment Cos.				
1	CDC-458	ESCORTS INVESTMENT BANK LIMITED	1,000	0.0060
2	7170	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTER)	1,500	0.0089
			2,500	**0.0149**
Individual				
			14,272,309	**84.9542**
Financial Institution				
1	CDC-232	NATIONAL BANK OF PAKISTAN	936.0000	0.0056
			936	**0.0056**
Mutual Funds				
1	CDC-481	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,666,089	9.9172
			1,666,089	**9.9172**
Funds				
1	CDC-11	TRUSTEE- TREET CORPORATION LTD.GROUP EMPLOYEES SERVICE FUND	80,500	0.4792
2	CDC-10	TRUSTEE- TREET CORPORATION LIMITED G.E. GRATUITY	50,000	0.2976
3	CDC-197	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	152,321	0.9067
4	CDC-8	TRUSTEES-TREET CORP.LTD. E.SUPERANNVAT FUND	113,500	0.6756
5	CDC-205	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	5,345	0.0318
6	CDC-9	TRUSTEE- TREET COR. LTD EMP. PROVIDENT FUND	90,000	0.5357
			491,666	**2.9266**
		Grand Total	**16,800,000**	**100.0000**