Annual Report
2014

Reliance Weaving
Mills Limited
A Fatima Group Company

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GLOBAL ORGANIC TEXTILE STANDARD

SYSTEM CERTIFICATION ISO 9001:2000 SGS

Contents

Company Information

Board of Directors

Execitive Directors
Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar

Non-Execitive Directors
Mr. Fawad Ahmed Mukhtar	Chairman
Mr. Fahd Mukhtar	
Mrs. Fatima Fazal	
Mrs. Farah Faisal	
Mr. Shahid Aziz	

Sub Committees of the Board

Audit Committee
Mr. Fahd Mukhtar	Chairman
Mrs. Fatima Fazal	Member
Mrs. Farah Faisal	Member

HR & Remuneration Committee
Mr. Fahd Mukhtar	Chairman
Mr. Faisal Ahmed Mukhtar	Member
Mrs. Farah Faisal	Member

Executive Management Team

Chief Executive Officer
Mr. Fazal Ahmed Sheikh

Chief Financial Officer
Mr. Waheed Ahmed

Company Secretary
Mr. Aftab Qaiser

GM Marketing
Mr. Khawaja Sajid

GM Unit # 1 & 2
Mr. Ikram Azeem

GM Unit # 3
Mr. Hafeez ur Rehman

GM Unit # 4
Mr. Muhammad Shoaib Alam

Bankers
Allied Bank Ltd
Bank of Khyber
Bank Al-Falah Ltd
Burj Bank Ltd
Dubai Islamic Bank Ltd
First Habib Mudarba
Habib Bank Ltd
Habib Metropolitan Bank Ltd
MCB Bank Ltd
Meezan Bank Ltd
National Bank of Pakistan
NIB Bank Ltd
Pak Brunei Investment Company Ltd
Pak China Investment Company Ltd
Saudi Pak Industrial & Agricultural Investment Company Ltd
Silk Bank Ltd
Sindh Bank Ltd
Soneri Bank Ltd
Standard Chartered Bank (Pakistan) Ltd
Standard Chartered Mudarba
Summit Bank Ltd
United Bank Ltd

Auditors & Share Registrar

External Auditors
M. Yousuf Adil Saleem & Co
Chartered Accountants,
Multan.

Shares Registrar
M/s CDC Pakistan Ltd.
2nd Floor 307-Upper Mall Lahore
info@cdc.pak.com
basharat.hashmi@fatima-group.com

Business Offices

Registered Office
2nd Floor Trust Plaza, LMQ Road, Multan.
Tel # 061-4512031-2, 061-4546238
Fax # 061-4511677, 061-4584288
e-mail: info@fatima-group.com

Head Office
E-110, Khyaban-e-Jinah Lahore.
Tel # 042-35909449, 042-111-328-462
Fax: 042-36621389
Website: www.fatima-group.com

Sites Address

Unit # 1,2 & 4
Fazalpur Khanewal Road, Multan.
Tel. No. 061-6740020-3
Fax. No. 061-6740039

Unit # 3
Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.
Tel. No. 051-4611579-81
Fax. No. 051-4611097

Vision

To be a Company recognized for its art of Textile and best business practices.

Mission & Values

The mission of company is to operate state of the art Textile plants capable of producing yarn and fabrics.

The company will conduct its operations prudently assuring customer satisfaction and will provide profits and growth to its shareholders through:

- Manufacturing of yarn and fabrics as per the customers' requirements and market demand.
- Exploring the global market with special emphasis on Europe, USA and Fareast.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of Members of Reliance Weaving Mills Ltd will be held on October 30, 2014 at 11:00 A.M at the Registered Office of the Company at 2nd Floor Trust Plaza L.M.Q. Road Multan to transact the following business:

1. To confirm the minutes of Extra Ordinary General Meeting held on May 31, 2014.

2. To receive, consider & adopt the Audited Financial Statements of the Company for the year ended June 30, 2014 along with Directors' & Auditors' report thereon.

3. To review and approve the 15% Cash Dividend for the year ended June 30, 2014

4. To appoint the Auditors for the year ending June 30, 2015 and to fix their remuneration.

5. To discuss any other business with the permission of the Chair

By the order of the Board

Dated: 09.10.2014 Aftab Ahmed Qaiser
Place: Multan (Company Secretary)

Notes

1. **Share Transfer Books**

   Share Transfer Books will be closed from October 24, 2014 to October 30, 2014(both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's Share Registrar M/s Central Depository Company, 307, Upper mall Lahore.by the close of the Business on October 24, 2013 will be treated in time for the purpose of any entitlement.

2. **Proxy**

   A member eligible to attend and vote at the Meeting may appoint another member as his / her proxy to attend, and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the meeting in the working hours. Copy of shareholders' CNIC (attested) must be attached with the proxy Form. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

3. **CDC Account Holders**

   CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.

ii) The proxy form shall be witnessed by 2 persons whose names, addresses and CNIC # shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.

v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

4. **Photocopy of National Identity Card (CNIC)**

   The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company/Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Central Depository Company, 307, Upper mall Lahore. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

5. **Dividend Mandate**

   The persons wish to deposit their Dividend amount in their respective bank Accounts are requested to provide their Bank Account No., Title of Account with cities & branch code.

6. **Consent for Video Conference Facility**

   Members having 10%or more shareholding can also avail video conferencing facility. The Members wish to avail such facility are requested to fill the following form and submit to registered address of the Company 10 days before holding of Annual General Meeting.

<u>Form</u>

I /We,_______________ of ________ being a member of Reliance Weaving Mills Ltd., holder of __________ Ordinary Share(s) as per Register Folio No./CDC-Account No. __________ hereby opt for video conference facility at ____________.

Signatures & CNIC / Passport No.

7. **E-mailing of Annual Report along with Financial Statements**

   Pursuant to SRO No. 787(I)/2014 issued by SECP Islamabad dated September 08, 2014. The Members willing to get soft copy of Annual Report instead of hard copy are requested to send their e-mail addresses to our share Registrar M/s Central Depository Company.

8. **Change of addresses**

   Members are requested to notify any changes in their postal and e-mail addresses immediately.

Group Profile

Fatima Group

In 1988 a dynamic and radical person known as Mr. Mukhtar A. Sheikh had conceptualized his revolutionary vision and laid the stone of a Multan based organization which commenced its business mainly in sugar. In subsequent years the untiring, dedicated and missionary zeal & zest of the founders of group had woven the net of Companies into glorified galaxy of shining Stars and named it Fatima Group. The substantial Strategic benefits of vertical integration led him and his associates to consider venturing into the manufacturing field of Textile, Sugar, Fertilizers, Molasses, Trading, Mining, Power Generation, Air Line and Packing Material etc.

Over the years and by the grace of almighty Allah the Fatima Group of Companies now proudly stood unparalleled and peerless leader in business groups of Pakistan. It ranks amongst the top Companies of Pakistan. The group has strong presence in most important business sectors of the region. It also has the distinction of being one of the largest players In each sector. The Group has a remarkable position in the market as good as any multinationals operating locally in terms of its quality of products, services and management skills.

Textile

- **Reliance Weaving Mills Ltd,** the flagship company of the group was established in 1991. Its annual turnover for the year 2014 is approx. Rs.11.4 billion with the production facility of 48,720 spindles and 336 looms. It is listed on Karachi & Lahore Stock Exchanges of Pakistan.

Fertilizers

- **Pakarab Fertilizers Ltd** is the largest fertilizer complex in Pakistan with annual production capacity of 847,000 MT. It was put into operation in 1979. Under the privatization policy of Government of Pakistan, the management of the company was taken over by Fatima Group on July 14, 2005.

- **Fatima Fertilizer Company Ltd** was incorporated on 24 December 2003 as a Public Limited Company. Fatima Fertilizer is fully integrated fertilizer complex with annual production capacity of Urea 500,000, CAN 420,000, NP 244,000, Nitric Acid 500,000 and Amonia 500,000. It is listed on all the Stock Exchanges of Pakistan.

Sugar

Fatima Sugar Mills Limited was incorporated as a public limited company in 1988. Current production capacity of the Company is 11,000 MT per day.

Trading

Reliance Commodities (Pvt) Limited is a private limited company incorporated in 1996 and deals in export of molasses, sugar, and other commodities.

Following companies are also part of Fatima Group:

1	Fatima Energy Ltd	(Power Generation)
2	Air One (Pvt) Ltd	(Air Line)
3	Pakistan Mining Ltd	(Mining & Exploration)
4	Reliance Sacks Ltd	(Packing Material)

Company Profile

Reliance Weaving Mills Ltd (RWML) is a public limited company listed on both Karachi and Lahore Stock Exchanges. It was incorporated on April 07, 1990 and Securities & Exchange Commission of Pakistan (SECP) granted certificate of Commencement of Business on May 14, 1990. The Company is established with the objective of setting-up a textile (Yarn & fabric) manufacturing plant. Initially it started its production as weaving unit but later on it also involved in manufacturing of yarn. The principal business of the Company is manufacture and sale of cotton yarn and grey woven fabrics.

Authorized Capital of the Company is Rs.700 million which was gradually increased and at present subscribed share capital of the company stands at Rs.308 million. The production capacity was enhanced gradually by establishing Unit # 2, 3 & 4 at different stages with annual capacity of 81.503 million meter of Grey Cloth (50 PPI) & 14.438 million KGs of yam (20/S count converted). This excellent performance is due to hard work and dedication of all employees and the progressive approach and support from the top management.

Over the years, the plants have demonstrated an operational excellence which has become a reference for the engineering and advisory companies whose process technologies are used here. Delegations from China and Japan keep visiting the plant site for gaining first hand knowledge for the quality of production and this practice has also been adopted before deciding to purchase a new plant.

Company has developed a special management team and it consists of highly trained & skilled persons in their fields. Special management team is involved in monitoring of plant performance, development of new projects, handling capital investment projects, advising management on technical matters and development of a technological base along with consultancy functions. Since 1990, special management team has made tremendous progress in the field of Plant Engineering, Project Management, Project Feasibilities and Project Development. The development of special management team has recognized the need to promote research and technological development activities.

Nearly half of the members are located at the plant to provide assistance to the manufacturing units and feeding vital plant data to the Head Office for immediate processing. Special management team is equipped with latest computing facilities along with world renowned ORACLE Financial ERP system. This technology enables special management team to provide most valuable assistance to all the departments within the company. The success achieved so far by special management team proves that the company now possesses requisite in house capabilities to ensure successful completion of large scale projects within allocated budgets and assigned project schedules.

Management Profile

Board of Directors

Board of Directors of the company has the ultimate responsibility for the administration of affairs. The company's Articles of Association provide for a Board of Directors to be at least seven. The Company's Board of Directors consist of seven members, six from sponsors and one director representative of minorities shareholders' interest and nominated by NIT. All the directors having equal rights to participate in the matters of the company. Two members of the Board of Directors are executive Directors and five members of the Board of Directors are non-executive Directors. The executive Directors are involved in the day to day operations of the Company. The current Directors of the Company are as follows:

Name	Position	Executive / Non-Executive
Mr. Fawad Ahmed Mukhtar	Chairman	Non-Executive
Mr. Fazal Ahmed Sheikh	Chief Executive	Executive
Mr. Faisal Ahmed Mukhtar	Director	Executive
Mr. Fahd Mukhtar	Director	Non-Executive
Mrs. Fatima Fazal	Director	Non-Executive
Mrs. Farah Faisal	Director	Non-Executive
Mr. Shahid Aziz - NIT	Director	Non-Executive

The Board of Directors meets regularly in every quarter. The company complies with the code of corporate governance issued by the Securities and Exchange Commission of Pakistan ("SECP"). Under its governance structure, the Board of Directors has established a fully functional internal audit team directly reporting to the Board of Directors.

Directors' Profile

Mr. Fawad Ahmed Mukhtar

Chairman

Mr. Fawad Ahmed Mukhtar is the Chairman of the Company and the Chairman of Fatima Group. The Group has witnessed immense growth under his leadership and investments have been made in the fertilizer, sugar, energy and mining sectors. The Group acquired Pakarab Fertilizers, in 2005, through a privatization process. In 2004 the Group participated in an investment of US$750 million for the establishment of a state of the art fertilizer complex -Fatima Fertilizer. He also holds the following portfolios:

Chairman	Fatima Energy Ltd. Reliance Commodities (Pvt) Ltd.
CEO	Fatima Fertilizer Company Ltd. Pakarab Fertilizers Ltd.
Director	Fazal Cloth Mills Ltd. Fatima Sugar Mills Ltd. Air One (Pvt) Ltd. Fatima Trading Company (Pvt) Ltd. Farrukh Trading Company (Pvt) Ltd.

Mr. Fazal Ahmed Sheikh

CEO

Mr. Fazal Ahmed Sheikh is the CEO of the Company. He holds a degree in Economics from the University of Michigan, Ann Arbor, USA. He plays an important role in matters related to financial management, marketing and information technology, across the Group companies. He also holds the following portfolios:

CEO	Fatima Energy Ltd.
Director	Fatima Fertilizer Company Ltd. Pakarab Fertlizers Ltd. Fazal Cloth Mills Ltd. Fatima Sugar Mills Ltd. Air One (Pvt) Ltd. Fatima Trading Company (Pvt) Ltd. Reliance Commodities (Pvt) Ltd.

Directors' Profile

Mr. Faisal Ahmed Mukhtar

Director

Mr. Faisal Ahmed Mukhtar is a Director of the company. He holds a Law degree from Bahauddin Zakariya University, Multan. He also holds the following portfolios:

CEO	Fatima Sugar Mills Ltd
Director	Fatima Fertilizer Company Ltd Pakarab Fertlizers Ltd Fazal Cloth Mills Ltd Air One (Pvt) Ltd Fatima Trading Company (Pvt) Ltd Furrukh Trading Company (Pvt) Ltd Reliance Commodities (Pvt) Ltd
Member	Syndicate of BZU Multan Provincial finance Commission Steering Committee of Southern Punjab Development Project Decentralization support Program

Mr. Fahd Mukhtar

Director

Mr. Fahd Mukhtar is a Director of the Company. He holds a Bachelor of Economics Degree from the Philadelphia University of USA. He also holds the following portfolios:

CEO	Reliance Sacks Ltd
Director	Fazal Cloth Mills Ltd.

Mr. Shahid Aziz

Director - NIT Nominee

Mr. Shahid Aziz is NIT nominee director. He is a graduate from University of Punjab in economics and political science. He attended different workshops and courses on the topic of mutual funds, communication skills etc. including workshop on corporate governance from LUMS. He possesses vast experience of working in different public and private sector organizations since 1976. He was associated with NIT in 1980 to 1998 and then in 2003 till date. He is working as a zonal manager of federal capital zone. He represented NIT on the board of directors of 13 listed companies of Pakistan in different times. Currently he is a nominee director of 6 listed companies.

Profile of the Executive Officers

Mr. Aftab Qaiser

Company Secretary

Mr. Aftab Ahmed Qaiser is a qualified Chartered Accountant from the Institute of Chartered Accountants in England & Wales UK.; A Fellow Member of Institute of Chartered Accountants of Pakistan & a Certified Director of Corporate Governance from the Institute of Corporate Governance. Mr. Qaiser has over 35 years of industrial experience in the fields of Financial Management, Internal Audit, Taxation and Legal & Corporate Affairs of listed Companies. He joined the Company on March 2014.

Mr. Waheed Ahmed

Chief Financial Officer

Mr. Waheed Ahmed is qualified Chartered Accountant having more than 14 years' experience of handling the operational, Accounting, tax and Financial Matters of Listed companies. He is with Reliance Weaving Mills Ltd since August, 2008.

Mr. Jawad Ahmad Affi Bhutta

Sr. Manager Accounts and ERP

Mr. Jawad is qualified Chartered Accountant, completed his article ship from M. Yousuf Adil Saleem and Co. a member firm of Deloitte International. He is working with this company since 2004 and supervising Accounts and ERP sections of the company. During this tenure he successfully got implemented Oracle ERP system in liaison with external consultant as a functional head and continuously working on improvement of the system. He is also handling different tax and operational matter of the company. He managed to win best corporate report award of ICAP and ICMAP for the company in 2005.

Profile of the Executive Officers

Mr. Khawaja Sajid
General Manager Marketing

Mr. Khawaja Sajid is the General Manager of Marketing Department. He holds Master Degree in Business Administration from Baha-Ud-zakriya University Multan and have 22 years of working experience in this portfolio with the reputed Textile companies of Pakistan. He joined Reliance Weaving Mills Ltd in 2004 and remains devoted till today.

Mr. Ikram Azeem
General Manager Weaving

Mr. Ikram Azeem is holding B.Sc, Textile Engineering Degree from National College of Textile Engineering Faisalabad (Specialization in Weaving). He has vast experience of textile sector in renowned textile mills of the country on different kind of weaving machines like Sulzer Toyoda and Tsudakoma Air Jet Looms.

Mr. Muhammd Shoaib Aalam
General Manager (Spinning Multan)

Mr. Muhammd Shoaib Aalam is having B.Sc. Textile (Spinning) Degree from University of Engineering and Technology (UET) Lahore. He was Vice-President of Spinning Society. He is part of this group since the erection of this Unit. He has experience of managing coarse and fine count mills, ranging from 6/1 to 120/1 on various type of machinery setups, and producing different types of yarn from GIZA, PIMA and Brazilian Cotton. He also got training for blow room and card from Reiter in Winterthur, Switzerland.

Mr. Hafeez ur Rehman
General Manager (Spinning Rawat)

Mr. Hafeez ur Rehman is BSc Textile Engineer from National Textile University (1995~1999) , Faisalabad and serving as G.M. Spinning Unit No. 3 at Rawat. He has worked in Major textile Groups of Pakistan SAPPHIRE and CRESENT Group. He is specialist of running MELANGE , DYED , PC ,CVC, SIRO, SLUB, LYCRA and FANCY yarn.(Coarse and Fine Counts)
He has also experience of running cottons like PIMA, GIZA Brazilian Cotton etc,

Chairman's Review

It gives me great pleasure to present my review of our company's performance for the year 2013-14.

Pakistan textile industry, profitability & challenges

Pakistan is the largest exporter and the fourth largest producer of cotton yarn.

This year profitability of industry is low due to electricity crises and other challenges while the production cost of textile industry is increasing with the increment in interest rate, inflation, reduction in cultivation area and low availability of irrigation water at the sowing season.

The EU has supported Pakistan's efforts to integrate into the global economy by granting Pakistan export EU reduced Tariff under the EU's generalized system of preference (GSP) during the year 2013-14.

The government should try its best to facilitate textile industry by making sure the availability of gas power, enhanced duty draw back rates, exports rebates, export refinance facilities at very competitive rates and availability to the farmers the irrigation water, increase in cultivation area and availability of certified seeds to help exporters to set future exports targets to avail duty free facility in EU to enhance trade volume for economic stability & growth.

Corporate Governance

Setting standards for Corporate Governance means developing robust corporate culture leading to the following:-

- Nurturing of Leadership Qualities
- Improvement in capabilities & potentialities
- Accountability & integrity
- Teamwork & commitment
- Honesty & openness
- Fairness & Transparency
- Efficient management

Financial and Operating Performance.

I am satisfied with the performance of the company which is not as good as last year due to turbulent economic conditions, unprecedented load shedding and depressed sale prices of our yarn & fabrics.

I am convinced that my management team will go through the untowards economic conditions successfully to accomplish greater heights.

Chairman's Review

Strategic investment

Your company has committed to invest Rs. 2.2 billion in Fatima Energy Ltd a Associated Company for uninterrupted power supply to cut down production losses and improve the profitability of the company accordingly.

Evaluation of Board and Board members

Pursuant to Caption V(e) of Code of Corporate Governance, 2012 the board has developed an annual performance criteria for the board and its members details of which are given in the Director report.

The Role of chairman & CEO

The separation of the role of chairman and the CEO is desirable because it is envisaged that such arrangement enhances the performance of the company as it is well-known saying that "two heads are better than one"

The Chairman is basically a leader and mediator to head the meeting of the Board of directors effectively and take decisions after a free and open sharing of views with in a limited time quickly & efficiently.

The CEO is the executive head of the company who heads the all facets of the company through heads of respective functions of the Company and manages the day to day operations of the company and provides leadership toward the achievement of the Corporate Plan.

The CEO is responsible for leading development & execution of company's short/long term strategies with a view to enhance the shareholders' value. The CEO liaise with the board and communicates on behalf of management.

The details of the Roles of Chairman & CEO are given in detail in the directors' report.

Human Resource development & retention

Your company places highest importance to the manpower and provides equal opportunities, for advancement based on merit to all cadre of employees. I believe in human resource development through on job training and sending them for academic advancement in the Institutions of repute.

Your company is an equal opportunity employer and this is practiced in all spheres of company's business, activities including recruitment and employment.

Fiduciary responsibilities of the Board of Directors

The Board discharges its fiduciary responsibilities through participation in Board Meetings held at least quarterly to review and adopt the company's financial statements, strategic capex plans, decisions, projections, forecasts, corporate plans and budgets.

In accordance with the requirements of Code of Corporate Governance, the Company presents all related party transactions before the audit committee and the board for their review & approval.

Acknowledgement

I am grateful for the contribution made by the board members and continuous support received from all stakeholders.

I would like to thank the employees of all cadres for their sincerity hard work and dedication to achieve the company's objectives.

It is my privilege to be associated with such a company and convinced that we will go through the turbulent economic conditions successfully.

Fawad Ahmed Mukhtar
Chairman

Directors' Report to the Shareholders

The Board of Directors is pleased to present the 24th Annual Report of the Company together with audited financial Statements and Auditors' report thereon for the year ended June 30, 2014.

Economic Outlook

Major success of the outgoing fiscal year includes: picking up economic growth, inflation contained at single digit, improvement in tax collection, reduction in fiscal deficit, achieving of Generalized System of Preferences (GSP) plus status by European Union (EU).

The GDP growth accelerates to 4.14 percent in 2013-14 against the growth of 3.70 percent recorded in the same period last year. The growth momentum is broad based, as all sectors namely agriculture, industry and services have supported economic growth. The agriculture sector accounts for 21.0 percent of GDP and 43.7 percent of employment, the sector has strong backward and forward linkages. The agriculture sector has four subsectors including: crops, livestock, fisheries and forestry. Agriculture sector recorded a growth of 2.1 percent against the growth of 2.9 percent last year. The decline in its growth was due to drop in cotton production and other minor crops due to extreme weather but somehow compensated by the better output of rice, sugarcane, wheat and maize crops. Pakistan is one of the leading producers and consumers of cotton in the world market. Cotton Ginning has witnessed a growth of (-) 1.33 percent against the growth of (-) 2.90 percent in the previous year due to reduction of the production of cotton as compared to last year. During 2013-14, Cotton production stood at 12,769 thousand bales as compared to 13,031 thousand bales in 2012-13, and registered a decline of 2.0 percent.

Company Performance Review

Allhamd-o-lillah, the results of your Company are encouraging inspite of unfavourable economic conditions. Major reasons of decrease in profitability are given as under:

- Weak demand of yarn and fabric from china.
- Appreciation of Pak Rupee against US Dollar by 6%.
- Increase in Power tariff by Wapda and of Gas.
- Increase in import of cotton yarn from India.

Description	June 30, 2014	June 30, 2013 (Restated)	Comparative %age
Sales	11,412	9,514	20%
Gross Profit	1,122	1,222	(8)%
Distribution & Marketing expenses	(161)	(126)	(28)%
Administration expenses	(171)	(136)	(26)%
Other operating expenses	(34)	(53)	36 %
Share of loss from associate	(0.11)	0	
Finance Cost	(500)	(426)	(17)%
Net change in fair value of available for sale financial assets distributed	-	48	-
Other operating Income	34	25	36%
Profit before Taxation	290	553	(48)%
Taxation	(71)	19	
Profit after Tax	219	573	(62)%
Earning per shares (EPS) in Rs.	7.11	18.60	(62)%

Directors' Report to the Shareholders

Future Outlook

In the absence of uncertain circumstances the Company is poised for steady growth in future. However, major macro-economic threats such as power shortages, cotton crop position and demand parameters would be major determining factors for future growth spectrum. Management expects healthy crop season in coming year despite flood devastation in Punjab and strategically plans a fruitful outcome of the raw material procurement measures both in quantitative and qualitative terms. Further, government efforts to install new power projects in the country is a positive sign and shows that government is moving in the right direction to solve industry related problems which will ultimately generate new employment.

Modernization & Expansion

Company is committed to modernize and expand production line according to rapidly changing technology in order to produce international quality products. During the current year company inducted state of the art 40 Airjet looms to its production line which can produce high quality fabric with great efficiency which would be able to yield around 10 million meter fabric per annum at 50 picks. Further, the company is in process of installation of 12 new high speed automatic ring frames which will start production of yarn in the coming year.

All the advancement and expansion is dependent on power sources and management is very much concerned about power shortage problem. In order to cope with this issue the company has inducted new gas fired power generator of latest technology to support its new expansion.

Earnings Per Share

Your Company has earned a profit after tax of Rs. 219 million which translates into earnings per share of Rs. 7.11 as compared to Rs.18.60 for the last year.

Dividend

The Board of Directors of the Company has recommended to distribute 15% cash dividend i.e Rs. 1.5 for every share held by the shareholder of the Company as final dividend in its meeting held on September 27, 2014. These financial statements do not include the effect of this announcement and will be accounted for in the next financial year.

Material Changes In Financial Statements

Sr.#	Particulars	Unit	30.06.2014	30.06.2013 (Restated)
A	Gross profit	%	9.83	12.84
B	Return on sales	%	1.92	6.04
C	Earnings per share	Rs.	7.11	18.60
D	Market value of a share	Rs.	38.57	34.00
E	Balance sheet footing	Rs. In Million	9,690	8,132

Human Resources

Your company fully understands the importance of skilled and developed human resource towards the success of any organization. Your company took various steps to add value to its current HR practices. We devised a performance management policy which ensures a performance driven culture and values the contribution of your company's employees.

A comprehensive role clarification initiative was taken to assess the job description of key management roles in each department, which has resulted in an increase in performance across the board. Your company is committed to develop a skilled work force that can not only achieve organizational goals but individual goals as well.

Directors' Report to the Shareholders

- We are equal opportunity employer and invest proactively in Human Resources.
- We provide employees safe & healthy working conditions
- We inculcate teamwork to achieve the corporate targets
- We respect the dignity rights and views of manpower
- We respect and protect every persons' dignity
- We refrain from favouring staff in work related activity
- We deal fairly, professionally & equitably with all employees

Corporate and Financial Reporting Framework

The Board of Directors of the company is fully cognizant of its responsibilities as laid down in the code of corporate governance issued by the Securities & Exchange Commission of Pakistan. The following statements are a manifestation of its commitment toward compliance with best practices of Code of Corporate Governance.

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

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

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

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;

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

(f) There are no significant doubts upon the company's ability to continue as a going concern:

(g) There has been no material departure from the best practice of corporate Governance, as detailed in Listing Regulations:

(h) As required by Code of Corporate Governance, we have included the following information in this report;

Directors' Report to the Shareholders

(i) Statement of Pattern of shareholding has been given separately

(j) Statement of shares held by Associated Undertakings and related persons has been given separately

(k) Statement of Board Meeting held during the year and attendance of each Director

(l) Key operating and financial statistics for the last six years have been given separately

Board of Directors

The Board of Directors has always been a source of guidance and inspiration. They have contributed immensely in terms of their experience and practical advice. I would like to place on record my appreciation and gratitude for their valued participation and wisdom.

Evaluation of Board's Performance

The annual evaluation of the Board of Directors as an entity encompasses the following:

- Board Composition
- Skill & Expertise of Board Members
- Implementation of Corporate Governance and fulfillment of other Regulatory requirements & statutory obligations
- Enhancement in shareholders' value
- Business diversification & Development
- Risk Mitigation & Management
- Human Capital Retention & Management
- Balancing Modernization & Revamping of existing production facilities
- The efficiency of Board meeting & the decision making process
- The quality of communication between the Board & the Organization

Evaluation of Board Members

The Chairman will evaluate the Board Members on the basis of input received from each board member on the performance of fellow directors to be discussed in the presence of full Board

Some of the criteria to evaluate Board members are as under:

- Attendance at Board & Committee meetings
- Participation & quality of input in meetings
- The effectiveness of Board Committees meetings
- Discharge of fiduciary responsibilities
- Relationship of Board Members with Organization

The Roles of the Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are segregated and they have distinct responsibilities. Chairman of the Board has responsibilities and powers vested in him by law and the Articles of Association of the Company, as well as duties assigned by the Board. In particular, the Chairman coordinates the activities of the Directors and various Committees of the Board, and presides over the meetings of the Board and shareholders.

Chief Executive Officer is responsible for the operations of the Company an conduct of its business, in accordance with the powers tested in him by law, the Articles of Association of the Company and authorities delegated to him through a General Power of Attorney and Board Resolutions from time to time. Chief Executive Officer recommends policies and strategic directions, financial statements, annual business plans and budget for the Board approval and Is responsible for exercising the overall control, direction, administration and supervision for

Directors' Report to the Shareholders

sound and efficient management and conduct of the business of the Company.

Board of Directors' Meetings

During the year, six board meetings were held. The number of meetings attended by each Director is given hereunder:

Sr #	Name of Directors	Meetings Held	Meetings Attended
A	Mr. Fawad Ahmed Mukhtar	6	6
B	Mr. Fazal Ahmed Sheikh	6	6
C	Mr. Faisal Ahmed Mukhtar	6	6
D	Mr. Fahd Mukhtar	6	5
E	Mrs. Fatima Fazal	6	4
F	Mrs. Farah Faisal	6	5
G	Mr. Shahid Aziz	6	6

Company's Assets

The total assets of the Company as on June 30, 2014 stood at Rs. 9,690 million against Rs. 8,132 million depicting an increase of 19% over the last year.

Outstanding Taxes and Duties

Details of outstanding taxes and duties are given in the financial statements.

Contribution to National Exchequer

Your company contributions substantially to the national economy in terms of taxes and duties and the contribution is increasing as the company is growing. This year the Company contributed in the National Exchequer in the form of Federal Excise Duty, Sales Tax, Custom Duties, Income Tax, etc.

Statement of Ethics & Business Practices

The Statement of Business Ethics and Core Values provide the framework on which the Company conducts its business. The Board of Directors and the employees of the Company are the custodians of the excellent reputation for conducting our business according to the highest principles of business ethics.

Relationship with other Stakeholders

Your Company tries to maintain good relationship with:

- Its employees by providing good work environment:
- Its clients through building trust and providing quality products:
- The Government through promoting free enterprise along with competitive market system and comply with all applicable laws: and
- The society in general through providing safe and healthy workplace and provide employees the opportunity to improve the skills.

Board Audit Committee

The Board of Directors, in compliance with the Code, has constituted a Board Audit Committee comprising of three directors to assist the Board to discharge its responsibilities in following area:-

- Ensuring the Company adopts, maintains and applies appropriate accounting and financial reporting processes and procedures.
- Facilitating the independence of the external audit process and addressing issues arising from the audit process.
- Ensuring the Company maintains effective risk management and internal control systems.

Board Human Resource and Remuneration Committee

The Board of Directors, in compliance with the Code, has constituted Board HR & Remuneration Committee comprising of three directors. The purpose of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that human resource policy and practices support company in achieving its commercial and stakeholder goals.

Directors' Report to the Shareholders

Management Committee

The purpose of management committee is to improve the coordination and review operational issues, opportunities and threats to facilitate timely decision making to improve performance and operating efficiency. The Committee will oversee, monitor and scrutinize the strategy to judge the performance of various facets of organization.

Information Technology

In the current global scenario rapid changes in technology has opened wide the doors of information, readily accessible to every individual. Importance of information in right time and right perspective has become high. In this situation information technology plays a vital role in the progress of any organization. Management of your company is very much aware of the importance of information technology and has made following advancements in Information Technology:

The Company is in the process of upgradation of fixed assets module of Oracle financial ERP system.

Salient Aspects of Company's Control And Reporting Systems

The Company complies with all the requirements of the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. The Board's primary role is the protection and enhancement of long term shareholders' value. To fulfill this role, the Board is responsible to implement overall corporate governance in the Company including approval of the strategic direction as recommended by the Management, approving and monitoring capital expenditure, appointing, removing and creating succession policies for the senior management, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and Management Information Systems. It is also responsible for approving and monitoring financial and other reporting. The Board has delegated responsibility for operation and administration of the Company to the Chief Executive. Responsibilities are delineated by formal authority delegations.

Internal Control

Your Company has adequate internal control procedures commensurate with the size of operations and the nature of the business. These controls ensure efficient use and protection of Company's financial and non-financial resources. Regular internal audit and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

Health, Safety and Environmental

It is primary responsibility of a reputable organization to provide healthy and safe environment to its workers at workplace. Your company always takes necessary measures to maintain and improve safely environment in compliance with international standards. The company has also arranged group insurance policy for all its employees covering different aspects. The Company recognizes protection of environment as one of its highest priorities and every effort is made to conserve and protect the environment. The Company continues to focus on pollution control policies at mills sites.

Trading in Company's Shares

Directors, Chief Executive Officer, Chief Financial Officer, Head of internal Audit and Company Secretary, and their spouses and minor children have not carried out any trading in the shares of the Company during the year.

Directors' Report to the Shareholders

Market Capitalization

At the close of the year, the market capitalization of the Company stood at Rs. 1,188 million as against Rs. 1.048 million as at June 30, 2013.

Professionalism

We believe professionalism is perfection. Business resources are utilized in a manner to achieve optimum returns on resources.

Corporate Social Responsibility (CSR)

Your company fervently feels its responsibility of uplifting of deprived sections of society that is it has been actively taking part in philanthropic activities. You company have been permanent donor of reputable charity organizations including Mukhtar A. Sheikh Trust, Rising sun institute and Al Noor Foundation etc have been providing free ration during the holy month of Ramadhan to large number of people as “Ramadhan Package”. Company has donated around Rs. 15.042 million this year for charitable purposes. Mukhtar A. Sheikh Trust is an associate of the company which runs different projects under its umbrella including hospitals and schools to provide free medical and educational facilities. Its projects include;

- Furrukh Mukhtar Hospital – I
- Furrukh Mukhtar Hospital – II
- Farrukh Mukhtar Dispensary
- Farrukh Mukhtar Girls High School
- Farrukh Mukhtar Handy Craft School

Statutory Compliance

During the year the Company has complied with all applicable provision, filed all returns / forms and furnished all the relevant `information as required under the Companies Ordinance 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

Outstanding Statutory Payments

All outstanding payments are of normal and routine nature.

Trade Membership

Company is also a member of Multan Chamber of Commerce & Industry (MCCI)

Excellence

We measure our performance by not only results but by the quality of our products. We believe in doing more than others expect in every way and every day.

External Auditors

The retiring auditors M/s M. Yousuf Adil Saleem & Co. Chartered Accountants, being eligible have offered themselves for reappointment in accordance with Section 252 of the Companies Ordinance, 1984. The audit firm has confirmed that it has been awarded satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the

Directors' Report to the Shareholders

International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP.

The Audit Committee and Board of Directors have proposed their re-appointment by the shareholder of the company in the forthcoming annual general meeting of the company for the year ended 30 June 2014.

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at June 30, 2014 is annexed with report.

Trading in Company's Shares

No trading in the shares of the Company was carried out by the Directors, CEO & their spouses & minor children, CFO and Company Secretary.

Strategic investment

The board of director decided to invest Rs. 2.2 billion being 31.25% of the project cost in an associated company namely Fatima Energy Ltd (FEL) a public unquoted company. The approval U/S 208 of the companies Ordinance, 1984 from the shareholders was sought in extra ordinary general meeting.

This investment will generate healthy returns to the company in the form of Dividend & markup more over the guaranteed uninterrupted power supply to the company will cut down production losses resulting into improvement in the profitability of the company.

Acknowledgments

The Directors of your Company would like to take this opportunity to thank the Securities & Exchange Commission of Pakistan (SECP), banks and financial institutions and insurance companies for their continued support and cooperation.

The Directors would also like to express their gratitude and appreciation for the support provided by our valued customers and suppliers.
We also thank our shareholders, who continue to place their trust and confidence in the Company and assure them our best efforts to ensure optimum utilization of their investment in the Company. Finally the Directors also wish to place on record their appreciation for the devotion, loyalty and hard work of all cadre of employees toward the growth wellbeing and success of the operation.

For and on behalf of the Board

FAZAL AHMED SHEIKH
(Chief Executive Officer)

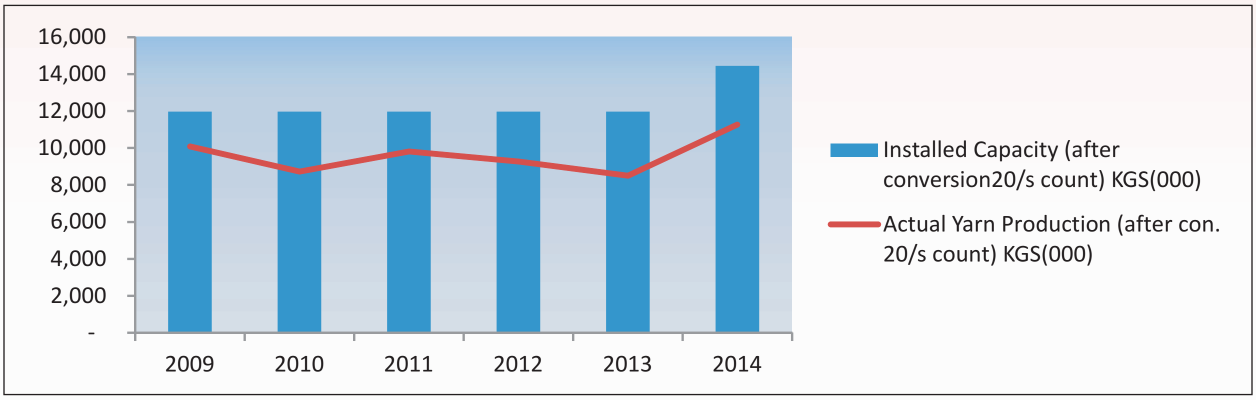
Place: Lahore
Dated: September 27, 2014

Financial Highlights

6 Years Growth at a Glance

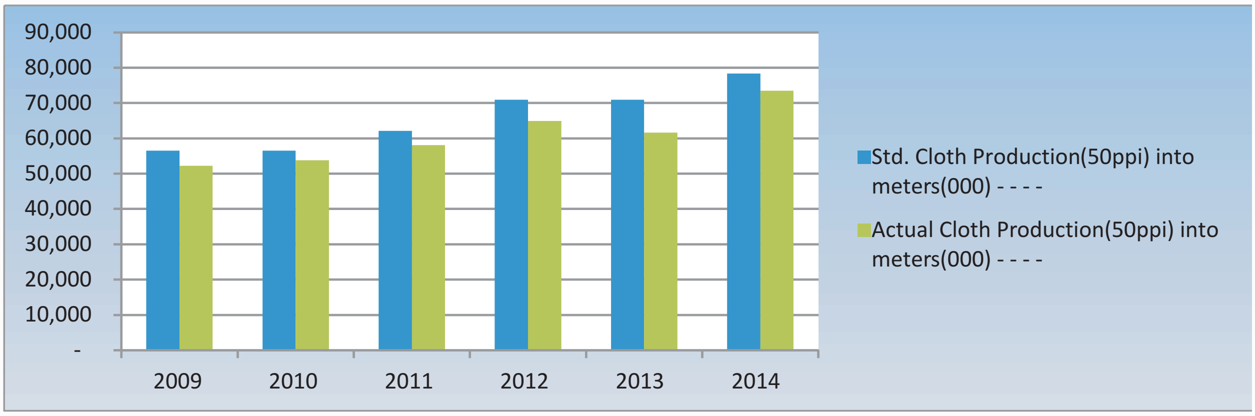
OPERATIONAL PERFORMANCE:

Spinning	2009	2010	2011	2012	2013	2014
Number of Spindles Installed	35,520	35,520	35,520	35,520	35,520	48,720
Installed Capacity (after conversion20/s count) KGS(000)	11,963	11,963	11,963	11,963	11,963	14,438
Actual Yarn Production (after con. 20/s count) KGS(000)	10,085	8,724	9,819	9,268	8,504	11,258



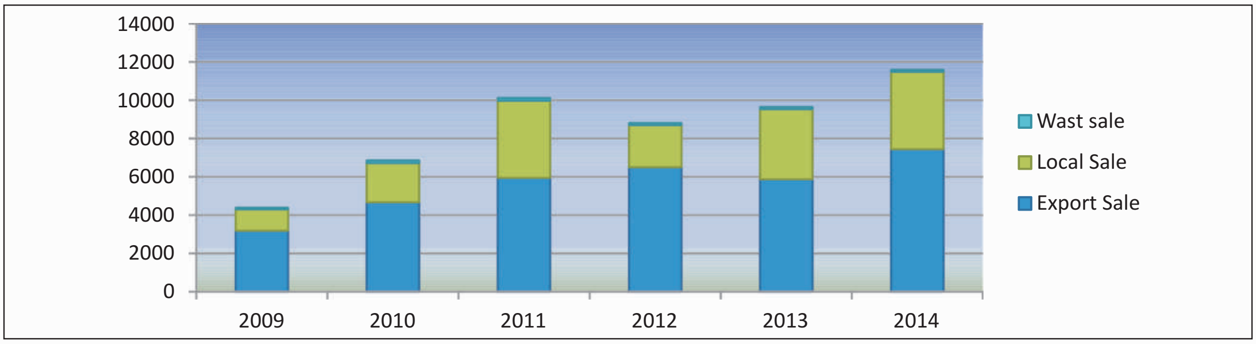
Weaving

	2009	2010	2011	2012	2013	2014
Number of Looms Installed	295	295	274	296	296	336
Std. Cloth Production(50ppi) into meters(000)	56,508	56,508	62,090	70,930	70,930	78,375
Actual Cloth Production(50ppi) into meters(000)	52,261	53,820	58,088	64,881	61,621	75,518



GROSS SALE

	2009	2010	2011	2012	2013	2014
Export Sale	3,183	4,670	5,951	6,506	5,879	7,451
Local Sale	1,122	2,040	4,020	2,197	3,651	4,033
Wast sale	89	150	151	120	110	109

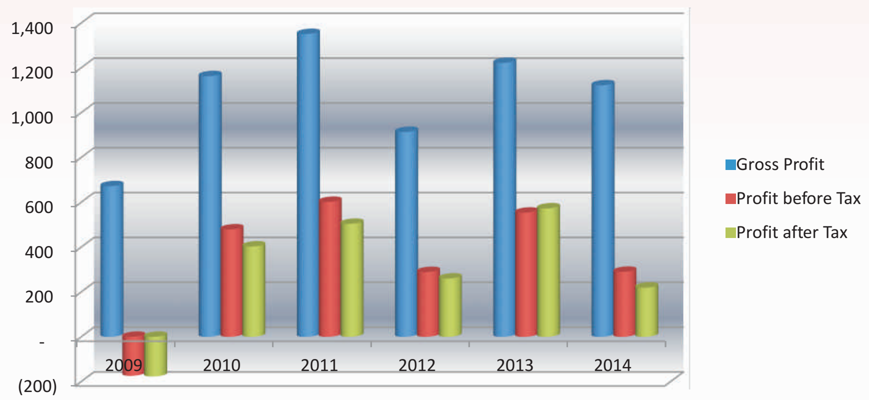


Financial Highlights

6 Years Growth at a Glance

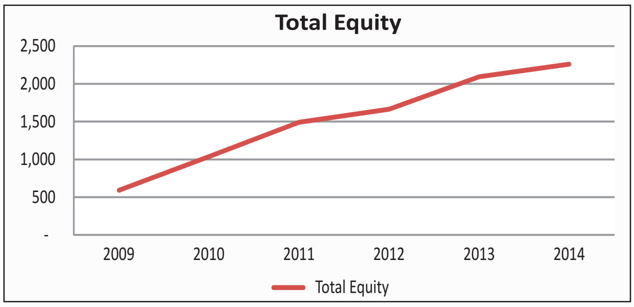
PROFIT AND LOSS:

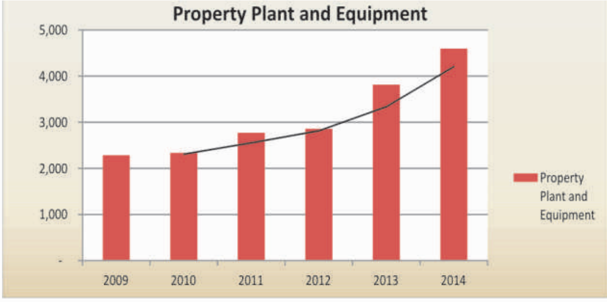
	2009	2010	2011	2012	2013 (Restated)	2014
Net Sales	4,337	6,773	9,394	8,699	9,514	11,412
Gross Profit	672	1,163	1,351	914	1,222	1,122
Profit / (Loss) before Tax	(174)	479	602	289	554	290
Profit / (Loss) after Tax	(177)	403	504	260	573	219



BALANCE SHEET:

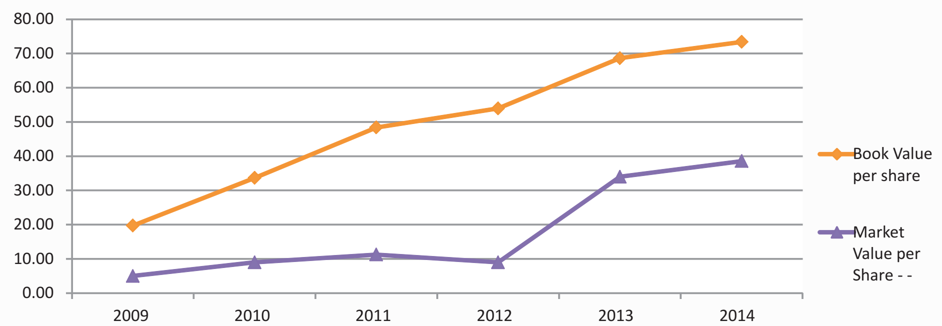
	2009	2010	2011	2012	2013 (Restated)	2014
Share Capital and Reserves						
Total Equity	591	1,037	1,492	1,663	2,094	2,261
Property Plant and Equipment	2,285	2,335	2,772	2,859	3,814	4,596
Non Current Liabilities	793	466	596	508	1,130	1,805
Current Assets	1,806	1,929	2,801	3,094	4,299	4,720
Current Liabilities	2,290	2,327	3,057	3,401	4,455	4,989





INVESTOR INFORMATION :

	2009	2010	2011	2012	2013 (Restated)	2014
Per Share (Rs.)						
Book Value per share	19.71	33.66	48.40	53.95	68.65	73.38
Market Value per Share	5.00	9.00	11.25	9.00	34.00	38.57

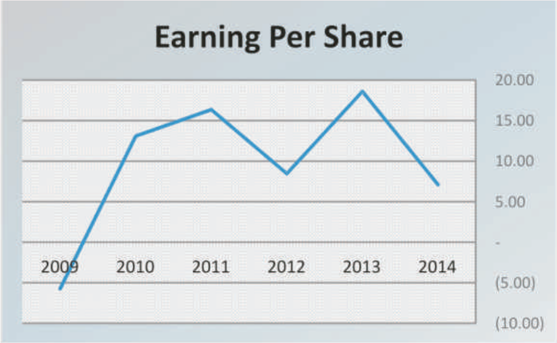


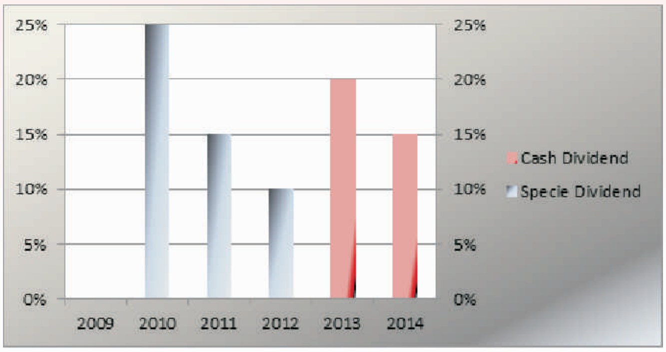
Financial Highlights

6 Years Growth at a Glance

INVESTOR INFORMATION :

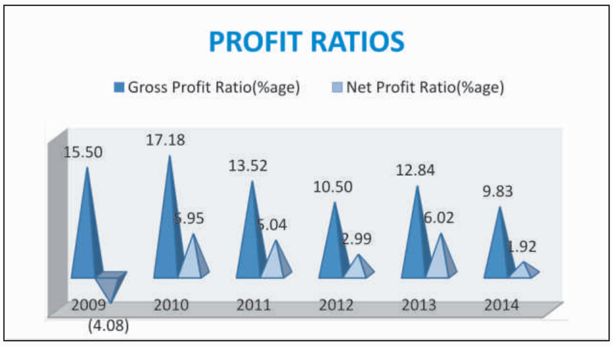
Per Share (Rs.)	2009	2010	2011	2012	2013 (Restated)	2014
Earning Per Share	(5.75)	13.08	16.35	8.45	18.60	7.11
Cash Dividend					20%	15%
Specie Dividend		25%	15%	10%		

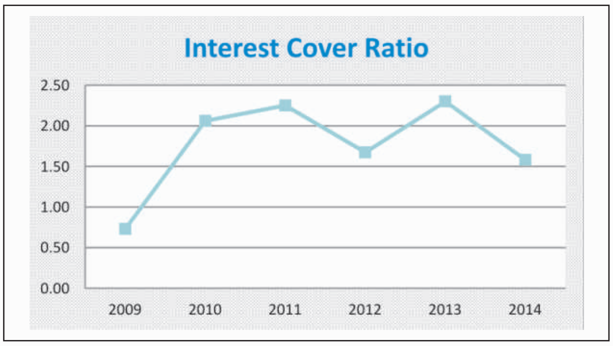


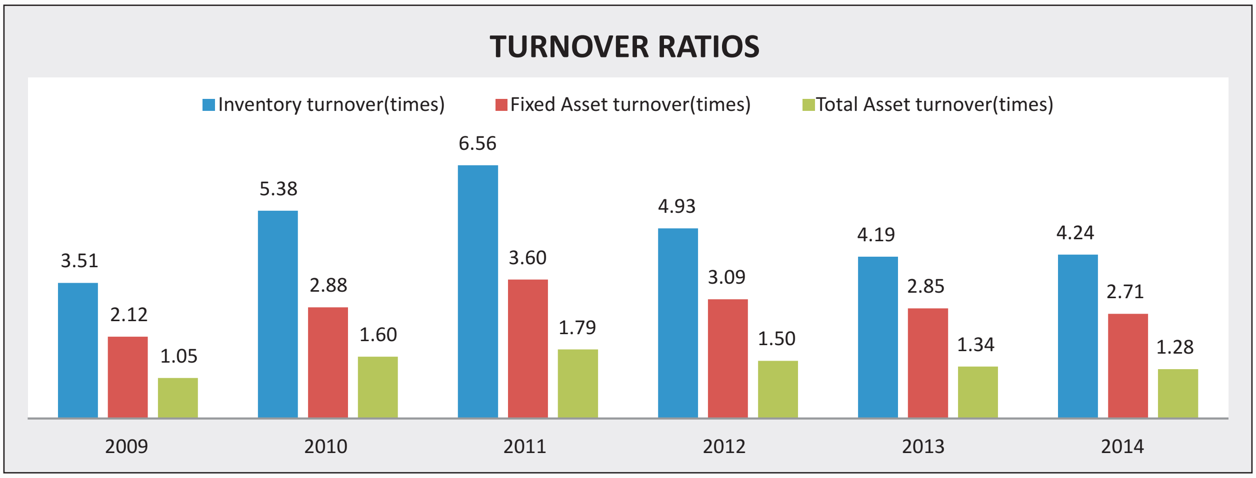


FINANCIAL RATIOS:

	2009	2010	2011	2012	2013 (Restated)	2014
Gross Profit Ratio(%age)	15.50	17.18	13.52	10.50	12.84	9.83
Net Profit Ratio(%age)	(4.08)	5.95	5.04	2.99	6.02	1.92
Acid Test(Quick) Ratio	0.24	0.40	0.37	0.42	0.37	0.39
Interest Cover Ratio(times)	0.73	2.06	2.25	1.67	2.30	1.58
Inventory turnover(times)	3.51	5.38	6.56	4.93	4.19	4.24
Fixed Asset turnover(times)	2.12	2.88	3.60	3.09	2.85	2.71
Total Asset turnover(times)	1.05	1.60	1.79	1.50	1.34	1.28







Pattern of Shareholding

As at June 30, 2014

S.No.	Name of shareholder	Number of shares	per %
Directors and their spouse(s) and minor children			
1	FAWAD AHMED MUKHTAR	7,854,550	25.49
2	FAZAL AHMED SHEIKH	7,925,722	25.72
3	FAISAL AHMED MUKHTAR	7,886,071	25.60
4	FAHD MUKHTAR	25,000	0.08
5	FATIMA FAZAL	140,625	0.46
6	FARAH FAISAL	112,500	0.37
Directors' spouse(s) and minor children			
7	AMBREEN FAWAD	115,625	0.38
	7	24,060,093	78.09
Associated companies, undertakings and related parties			
1	RELIANCE COMMODITIES (PVT) LTD	845,708	2.74
	1	845,708	2.74
Executive			
	NIL		-
	-	-	-
Public sector companies and corporations			
1	NATIONAL DEVELOPMENT FINANCE	984	0.00
2	INVESTMENT CORP. OF PAKISTAN	1,460	0.00
3	NATIONAL BANK OF PAKISTAN	276	0.00
4	IDBL (ICP UNIT)	438	0.00
5	NATIONAL BANK OF PAKISTAN	333	0.00
	5	3,491	0.01
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	54,182	0.18
	1	54,182	0.18
Mutual Funds			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	592,645	1.92
	1	592,645	1.92
General Public Foreign			
	NIL		-
	-	-	-
Others			
1	M/S PYRAMID INVESTMENT(PVT)LTD	3,900	0.01
2	BAWA SECURITIES (PVT.) LTD.	2,175	0.01
3	KARACHI,LAHORE STOCK EXCHANGES	2	0.00
4	ASIAN SECURITIES LIMITED	147,000	0.48
5	PRUDENTIAL SECURITIES LIMITED	400	0.00
6	Y.S. SECURITIES & SERVICES (PVT) LTD.	555	0.00
7	AMIR FINE EXPORTS (PVT) LTD.	24,250	0.08
8	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1,901	0.01
9	S.H. BUKHARI SECURITIES (PVT) LIMITED	150	0.00
10	PYRAMID INVESTMENTS (PVT) LTD.	2,850	0.01
11	STOCK MASTER SECURITIES (PRIVATE) LTD.	1,000	0.00
12	AWJ SECURITIES (PRIVATE) LIMITED.	800	0.00
13	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	400	0.00
14	MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	13,000	0.04
15	FIKREE'S (SMC-PVT) LTD.	1,500	0.00
	15	199,883	0.65
General Public Local	1752	5,054,935	16.41
Total	1782	30,810,937	100.00

Form 34

As at 30 June 2014

# Of Shareholders	Shareholdings'Slab			Total Shares Held
185	1	to	100	6,262
671	101	to	500	159,983
564	501	to	1000	496,248
229	1001	to	5000	544,946
46	5001	to	10000	360,378
24	10001	to	15000	307,028
12	15001	to	20000	218,358
10	20001	to	25000	234,086
4	25001	to	30000	110,010
3	35001	to	40000	111,000
1	40001	to	45000	45,000
5	45001	to	50000	242,434
3	50001	to	55000	162,432
2	70001	to	75000	147,500
2	75001	to	80000	160,000
1	85001	to	90000	89,500
1	90001	to	95000	90,310
1	95001	to	100000	98,342
1	100001	to	105000	102,750
2	110001	to	115000	225,125
2	115001	to	120000	235,157
1	140001	to	145000	140,625
1	145001	to	150000	147,000
1	165001	to	170000	169,500
1	185001	to	190000	185,925
1	195001	to	200000	200,000
1	215001	to	220000	220,000
1	225001	to	230000	225,950
1	295001	to	300000	300,000
1	590001	to	595000	592,645
1	830001	to	835000	830,100
1	7850001	to	7855000	7,854,550
1	7885001	to	7890000	7,886,071
1	7910001	to	7915000	7,911,722
1782				**30,810,937**

Categories of Shareholders	No.	Shares Held	Percentage
Directors and their spouse(s) and minor children	7	24,060,093	78.09
Associated Companies, undertakings and related parties	1	845,708	2.74
Executives		-	-
Public Sector Companies and Corporations	5	3,491	0.01
Banks, development finance institutions, non-banking finance companies,			-
insurance companies, takaful, modarabas and pension funds	1	54,182	0.18
Mutual Funds	1	592,645	1.92
Others	15	199,883	0.65
General Public	1752	5,054,935	16.41
	1782	**30,810,937**	**100**

Share holders holding 5% or more		
FAZAL AHMED SHEIKH	7,925,722	25.72
FAISAL AHMED MUKHTAR	7,886,071	25.60
FAWAD AHMED MUKHTAR	7,854,550	25.49

Statement of Compliance

With the Best Practice of Corporate Governance

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

The company has applied the principles contained in the CCG in the following manner:

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

<u>Executive Directors</u>
Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar

<u>Non-Executive Directors</u>
Mr. Fawad Ahmed Mukhtar
Mr. Fahd Mukhtar
Mrs. Fatima Fazal
Mrs. Farah Faisal
Mr. Shahid Aziz

At present no Director meets the criteria of independent Director under Clause 1 (b) of the CCG

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose

Statement of Compliance

With the Best Practice of Corporate Governance

and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All members of the board has 15 years of experience on the board of a listed company and 14 years of education hence exempted from obtaining certificate under directors' training program except two directors. The Company has planned to arrange orientation courses under this program for these two directors in next two years.

10. The board appointed Mr. Aftab Ahmed Qaiser as Company Secretary in place of Mr. Amanullah Khan w.e.f. March 10, 2014 and also approved the remuneration and terms & conditions of employment. There has been no change in the position of the CFO and head of Internal Audit of the Company 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 shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises 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 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 an HR & Remuneration Committee. It comprises of three members, of whom two are non-executive Directors. The Chairman of the committee is non-executive director.

18. The board has set up an effective internal audit function manned by suitably qualified & experienced personnel on full time basis and is conversant with policies and procedures of the Company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by 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. The board has developed the mechanism for an annual evaluation of the board and its members the detail of which is given in point No.9 & 10 of Director Report.

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

FAZAL AHMED SHEIKH
(Chief Executive Officer)

Place: Lahore
Dated: September 27, 2014

Financial Statements

Reliance Weaving Mills Limited

As at June 30, 2014

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 Reliance Weaving Mills Limited for the year ended June 30, 2014 to comply with the requirements of Listing Regulations No. 35 (Chapter XI) of the Karachi and Lahore 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.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Engagement Partner
(Talat Javed)

Place: Multan.
Date: September 27, 2014

Auditors' Report to the Members

We have audited the annexed balance sheet of **Reliance Weaving Mills Limited** (the Company) as at June 30, 2014 and the related profit and loss account, statement of other 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 changes 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, 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 cash flows and changes in equity for the year then ended; and

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

Place: Multan.
Date: September 27, 2014

Engagement Partner
(Talat Javed)

Balance Sheet

	Note	2014 Rupees	2013 Rupees (Restated)
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
40,000,000 (2013: 40,000,000) ordinary shares of Rs 10 each		400,000,000	400,000,000
30,000,000 (2013: 30,000,000) preference shares of Rs 10 each		300,000,000	300,000,000
		700,000,000	700,000,000
Issued, subscribed and paid up capital	6	308,109,370	308,109,370
Reserves	7	165,094,059	154,147,113
Retained earnings		1,787,680,051	1,631,638,337
		2,260,883,480	2,093,894,820
Surplus on revaluation of fixed assets		634,324,622	452,271,382
Non-current liabilities			
Long term finance	8	1,668,120,571	1,033,590,171
Liabilities against assets subject to finance lease	9	40,659,185	27,061,479
Deferred liability	10	96,055,426	69,678,432
		1,804,835,182	1,130,330,082
Current Liabilities			
Current portion of non-current liabilities		392,698,943	212,683,984
Finances under mark up arrangements and other credit facilities	11	3,746,957,017	3,525,957,251
Trade and other payables	12	609,270,876	570,515,841
Provision for taxation		116,668,729	76,938,026
Markup accrued	13	123,872,544	69,058,564
		4,989,468,109	4,455,153,666
Contingencies and commitments	14		
		9,689,511,393	8,131,649,950

The annexed notes 1 to 47 form an integral part of these financial statements.

S/d-
Chief Executive Officer

As at June 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
ASSETS			
Non-current assets			
Property, plant and quipment	15	4,588,944,264	3,805,661,737
Intangible assets	16	7,458,758	8,404,988
Long term investments	17	350,300,151	-
Long term deposits		22,579,210	18,732,875
Deferred tax assets	18	-	-
		4,969,282,383	3,832,799,600
Current assets			
Stores, spares and loose tools	19	231,121,263	179,348,077
Stock in trade - net	20	2,383,599,123	2,467,182,505
Trade debts	21	1,028,674,651	856,468,672
Loans and advances	22	355,070,166	334,472,479
Trade deposits and prepayments	23	48,535,158	474,662
Other receivables	24	23,212,841	25,466,624
Other financial assets	25	76,129,843	65,182,897
Tax refunds due from the government	26	458,800,820	297,165,172
Cash and bank balances	27	115,085,145	73,089,262
		4,720,229,010	4,298,850,350
		9,689,511,393	8,131,649,950

S/d-
Director

Profit and Loss Account

For the Year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Sales - net	28	11,412,197,431	9,514,176,854
Cost of sales	29	(10,290,412,092)	(8,292,494,942)
Gross profit		1,121,785,339	1,221,681,912
Distribution and marketing expenses	30	(160,760,221)	(125,648,491)
Administrative expenses	31	(170,855,878)	(136,004,989)
Other operating expenses	32	(34,035,573)	(53,377,227)
Finance cost	33	(499,572,057)	(426,230,060)
Net change in fair value of 'available-for-sale' financial assets distributed		-	48,360,211
Other income	34	33,547,079	25,031,534
Share of loss from associate	17.1	(109,360)	-
Profit before taxation		289,999,329	553,812,890
Taxation	35	(70,884,612)	19,272,369
Profit after taxation		219,114,717	573,085,259
Earning per share - basic and diluted	41	7.11	18.60

The annexed notes 1 to 47 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Statement of Comprehensive Income

For the Year ended June 30, 2014

	2014 Rupees	2013 Rupees (Restated)
Profit for the year	219,114,717	573,085,259
Other comprehensive Income:		
Items that may be reclassified subsequently to profit and loss account		
Gain on remeasurement of available-for-sale investment	10,946,946	3,624,365
Net change in fair value of 'available-for-sale' financial assets distributed	-	(48,360,211)
	10,946,946	(44,735,846)
Items that will not be reclassified to profit or loss account		
Remeasurement on defined benefit obligation	(1,658,636)	(9,373,920)
Deferred tax impact	207,507	1,282,189
	(1,451,129)	(8,091,731)
Total comprehensive income for the year	228,610,534	520,257,682

The annexed notes 1 to 47 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Cash Flow Statement

For the Year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Cash flows from operating activities			
Cash generated from operations	40	843,620,151	128,890,474
Finance cost paid		(478,758,355)	(372,347,654)
Taxes paid - net		(120,501,742)	(25,750,773)
Workers' profit participation fund paid		(31,778,051)	(53,298,782)
Staff retirement benefits paid		(15,577,071)	(7,068,271)
Net cash generated from / (used in) operating activities		197,004,932	(329,575,006)
Cash flows from investing activities			
Fixed capital expenditure		(783,244,927)	(1,112,626,165)
Proceeds from disposal of fixed assets		2,068,320	3,555,746
Long term deposits		(3,846,335)	(1,730,400)
Long term investment		(350,409,511)	-
Net cash (used in) investing activities		(1,135,432,453)	(1,110,800,819)
Cash flows from financing activities			
Proceeds from long term finances		998,861,828	780,004,121
Repayment of long term finances		(187,698,878)	(190,262,653)
Repayment of long term finances - related party		-	(3,800,000)
Increase in lease liabilities		9,882,562	27,581,576
Dividend paid		(61,621,874)	-
Finance under mark up arrangements - net		220,999,766	870,696,322
Net cash generated from financing activities		980,423,404	1,484,219,366
Net increase in cash and cash equivalents		41,995,883	43,843,541
Cash and cash equivalents at beginning of the year		73,089,262	29,245,721
Cash and cash equivalents at end of the year		115,085,145	73,089,262

The annexed notes 1 to 47 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Statement of Changes in Equity

For the Year ended June 30, 2014

	Share capital	Capital reserve: Share premium	Capital reserve: Fair Value reserve	Revenue reserve: General reserve	Revenue reserve: Retained earnings	Total
	------------------------------------- Rupees -------------------------------------					
Balance as at 30 June 2012 - previously reported	308,109,370	41,081,250	83,629,750	74,171,959	1,155,253,969	1,662,246,298
Effect of retrospective application of change in accounting policy net of deferred tax - (note 5)	-	-	-	-	(9,394,233)	(9,394,233)
Balance as at 30 June 2012 - restated	308,109,370	41,081,250	83,629,750	74,171,959	1,145,859,736	1,652,852,065
Total comprehensive income for the year						
Profit for the year - restated	-	-	-	-	573,085,259	573,085,259
Other comprehensive income - restated	-	-	(44,735,846)	-	(8,091,731)	(52,827,577)
Total comprehensive income for the year	-	-	(44,735,846)	-	564,993,528	520,257,682
Transactions with owners of the Company recognized directly in equity						
Specie dividend	-	-	-	-	(79,214,927)	(79,214,927)
Balance as at 30 June 2013 - restated	308,109,370	41,081,250	38,893,904	74,171,959	1,631,638,337	2,093,894,820
Total comprehensive income for the year						
Profit for the year	-	-	-	-	219,114,717	219,114,717
Other comprehensive income	-	-	10,946,946	-	(1,451,129)	9,495,817
Total comprehensive income for the year	-	-	10,946,946	-	217,663,588	228,610,534
Transactions with owners of the Company recognized directly in equity						
Cash dividend	-	-	-	-	(61,621,874)	(61,621,874)
Balance as at 30 June 2014	308,109,370	41,081,250	49,840,850	74,171,959	1,787,680,051	2,260,883,480

The annexed notes 1 to 47 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Notes to the Financial Statements

For the Year ended June 30, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

Reliance Weaving Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on 7 April 1990 under the Companies Ordinance, 1984 and its shares are quoted on Karachi and Lahore Stock Exchanges. The Company commenced its operations on 14 May 1990 and is principally engaged in the manufacture and sale of yarn and fabric. The registered office of the Company is situated at Second Floor, Trust Plaza, L.M.Q. Road, Multan.

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

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 (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 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 – Clarification of Requirements for Comparative information	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 – Clarification 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 entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised 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.

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity.

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 recognised immediately through other comprehensive income in order for the net pension asset or liability recognised 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 recognised 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 the historical cost convention except for land and investments classified as available for sale which are stated at fair value and obligations in respect of gratuity schemes which are measured at present value.

4.2 Use of estimates and judgments

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 the reported amounts of 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 the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

a Income taxes
In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

b Investment stated at fair value
Management has determined fair value of investment by using quotations from active market conditions and information about the financial instrument. These estimates are

subjective in nature and involve some uncertainties and matters of judgment and therefore, cannot be determined with precision.

c Fixed assets

Property, plant and equipment
The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

Intangible assets
The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

d Stock-in-trade and stores and spares
The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

e Staff retirement benefits
Certain actuarial assumptions have been adopted as disclosed in these financial statements for actuarial valuation of present value of defined benefit obligations . Changes in these assumptions in future years may affect the liability under the scheme in those years.

f Trade debts
The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on certain assumptions whereas actual results may differ, resulting in future changes to the provisions.

4.3 Summary of accounting policies

4.3.1 Fixed assets

a) Operating property, plant and equipment - owned
These are stated at cost less accumulated depreciation and impairment losses, if any, except freehold land, which is stated at revalued amount.

Depreciation is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 15.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

Surplus on revaluation of land is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized.

Normal repair and maintenance are charged to profit and loss as and when incurred. Gains and losses on disposal of assets, if any, are included in profit and loss currently.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at 30 June 2014 has not required any adjustment as its impact is considered insignificant.

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.

b) Assets subject to finance lease
The Company accounts for property, plant and equipment obtained under finance leases by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments at inception of lease or fair value whichever is lower. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on lease assets is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 15.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

c) Intangible assets
These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates specified in note 16 after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

d) Capital work-in-progress (CWIP)
Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.3.2 Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets
The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.3.3 Borrowings
Interest bearing borrowings are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

4.3.4 Taxation
Income tax on profit or loss for the year comprises current and deferred tax.

a) 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.

b) Deferred
Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base (the amounts used for taxation purposes). In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax liabilities are generally recognised for all taxable temporary difference. Deferred tax assets and liabilities are based on the expected tax rates applicable at the time of reversal.

4.3.5 Employee retirement benefit - gratuity

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

4.3.6 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. Projected Unit Credit Method, based on the following significant assumptions is used for valuation of the scheme:

	2014	2013
- Discount rate	13.3%	10.5%
- Expected increase in eligible salary	12.3%	9.5%
- Average expected remaining working life time	7 years	6 years
- Mortality rate	SLIC 2001-2005	

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

4.3.7 Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.3.8 Provisions

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

4.3.9 Derivative financial instruments and hedging activities

These are initially recorded at fair value on the date on which a derivative contract is entered into and subsequently measured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an on going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. Derivatives are carried as asset when the fair value is positive and liabilities when the fair value is negative.

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

Amounts accumulated in other comprehensive income are recognized in profit and loss account in the periods when the hedged item will effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in other comprehensive income are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Any gains or losses arising from change in fair value derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

4.3.10 Investments

Investments in equity instruments of associated companies
Associated companies, where the Company holds 20% or more of the voting power of the investee company and where the Company has significant influence, but not control, over the financial and operating policies, are accounted for using the equity method.

Investment at fair value through profit and loss
Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer margin are classified as "investment at fair value through profit or loss", these are initially recognized on trade date at cost being the fair value of the consideration given and derecognized by the Company on the date it commits to sell them off. Transaction costs are charged to profit and loss account as and when incurred. At each balance sheet date, fair value is determined on the basis of year-end bid prices obtained from stock exchange quotations. Any resultant increase/ (decrease) in fair value is recognized in the profit and loss account for the year.

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 cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Available for sale
Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss account. Fair value of quoted investments is their bid price on Karachi Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment.

Available for sale, investments are tested for impairment at each reporting date. Investments are considered to be impaired if there is a significant or prolonged decline in the fair value of the investment at the reporting date.

4.3.11 Stores, spares and loose tools

Usable stores, spares and loose tools are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.3.12 Stock in trade

These are stated at the lower of cost and net realizable value except for waste stock which is valued at net realizable value.

Cost has been determined as follows:

- Raw materials	Weighted average cost
- Work in process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit comprises of invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

4.3.13 Trade debts

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

4.3.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as component of cash and cash equivalents for the purpose of cash flow statement.

4.3.15 Financial instruments

a) Initial recognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it.

b) Derecognition of financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit and loss account.

4.3.16 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.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and applicable rate of return.

Mark up income is accrued on a time basis, by reference to the principal outstanding and at the agreed mark up rate applicable.

Dividend income is recognized when the right to receive payment is established.

4.3.17 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the profit and loss account.

4.3.18 Borrowing cost

Borrowing costs incurred on long term finances directly attributable for the construction/ acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the profit and loss account.

4.3.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the company that makes strategic decisions.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

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

4.3.21 Related party transactions
The Company enters into transactions with related parties on agreed commercial terms. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.3.22 Earnings 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

5.1 Adoption of amendments in IAS 19, (Revised) 'Employee benefits'.

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.

As per IAS 19 (revised) actuarial gains and losses are recognised 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 recognised 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:

Effect on balance sheet:

	As at June 30, 2012		
	Balance as reported earlier	Effect of change in accounting policy	Restated balance
Deferred Liabilities (staff retirement benefits)	34,782,876	10,348,496	45,131,372
Deferred tax asset	52,841,915	954,263	53,796,178
Retained earnings - net of deferred tax	1,155,253,969	(9,394,233)	1,145,859,736

	As at June 30, 2013		
	Balance as reported earlier	Effect of change in accounting policy	Restated balance
Deferred Liabilities (staff retirement benefits)	55,130,264	14,548,168	69,678,432
Deferred tax asset	-	-	-
Retained earnings - net of deferred tax	1,646,186,505	(14,548,168)	1,631,638,337

Effect on profit and loss account:	For the year ended June 30, 2013		
	Balance as reported earlier	Effect of change in accounting policy	Restated balance
Cost of sales	8,297,100,023	(4,605,081)	8,292,494,942
Administrative expenses	136,574,156	(569,167)	136,004,989
Taxation	(21,508,821)	2,236,452	(19,272,369)
Earnings per share	18.50	0.10	18.60
Effect on other comprehensive income:			
Remeasurement of defined benefit obligation - net of deferred tax	-	8,091,731	8,091,731

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014	2013		Note	2014	2013
Number of shares				Rupees	Rupees
17,801,875	17,801,875	Ordinary shares of Rs. 10/- each fully paid in cash		**178,018,750**	178,018,750
13,009,062	13,009,062	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares		**130,090,620**	130,090,620
30,810,937	30,810,937			**308,109,370**	308,109,370

7 RESERVES

Composition of reserves is as follows:

	Note	2014	2013
Capital reserve			
- Share premium	7.1	**41,081,250**	41,081,250
- Fair value reserve	7.2	**49,840,850**	38,893,904
		90,922,100	79,975,154
Revenue reserve			
- General reserve		**74,171,959**	74,171,959
		165,094,059	154,147,113

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

7.2 This reserve relates to surplus on remeasurement of available for sale financial assets.

8 LONG TERM FINANCE - secured

Secured loan from Banking Companies/financial institutions	Note	2014	2013
National Bank of Pakistan (DF II)	8.1	-	63,000,000
National Bank of Pakistan (LTF III)	8.2	**69,750,000**	85,250,000
Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF-I)	8.3	**93,422,174**	155,703,654
Pak Brunei Investment Company (LTFF)	8.4	**87,508,000**	112,504,000
MCB Bank Limited (LTFF)	8.5	**13,770,000**	22,950,000
Allied Bank Limited (LTFF)	8.6	**43,944,947**	31,926,953
Bank of Khyber (DF)	8.7	**300,000,000**	300,000,000
Bank Al Falah Limited (TF-I)	8.8	**142,457,547**	146,533,065
Meezan Bank Limited (Diminishing Musharkah 241 M)	8.9	**240,900,900**	240,900,900
Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF)	8.10	**299,998,031**	65,087,000
National Bank of Pakistan (DF-IV)	8.11	**55,239,057**	-
Allied Bank Limited (TL-2)	8.12	**51,514,219**	-
Bank Al Falah Limited (TF-2)	8.13	**108,001,780**	-
Meezan Bank Limited (Diminishing Musharkah 350 M)	8.14	**28,511,867**	-
Pak China Investment Company Limited (TF)	8.15	**500,000,000**	-
		2,035,018,522	1,223,855,572
Current portion classified under current liabilities		**(366,897,951)**	(190,265,401)
		1,668,120,571	1,033,590,171

Current portion of long term loan	2014 Rupees	2013 Rupees
National Bank of Pakistan (DF II)	-	63,000,000
National Bank of Pakistan (LTF III)	15,500,000	15,500,000
Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF)	62,280,822	62,281,010
Pak Brunei Investment Company (LTFF)	24,996,000	24,996,000
MCB Bank Limited (LTFF)	9,180,000	9,180,000
Allied Bank Limited (LTFF)	24,594,302	7,981,738
Bank Al Falah Limited (TF)	29,991,063	7,326,653
National Bank of Pakistan (DF IV)	2,301,627	-
Bank of Khyber (DF)	75,000,000	-
Bank Al Falah Limited (TF-2)	13,500,223	-
Meezan Bank Limited (Diminishing Musharkah 241 M)	48,180,180	-
Meezan Bank Limited (Diminishing Musharkah 350 M)	2,851,186	-
Pak China Investment Company Limited (TF)	31,250,000	-
Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF-2)	27,272,548	-
	366,897,951	190,265,401

8.1 National Bank of Pakistan (DF II)

This finance has been obtained for retirement of LC opened for the import of textile machinery. It contains mark up at the rate 3M KIBOR +1.75% and is repayable in 12 half yearly instalments. The loan is secured by 1st pari passu charge over all the present and future fixed assets of spinning unit of the company with a margin of 25%.

8.2 National Bank of Pakistan (LTF III)

This finance has been obtained to retire import LC sight. It contains mark up at the rate 12.70 % and is repayable 12 equal half yearly instalments. The loan is secured by 1st pari passu charge on fixed assets of the company at 25 % margin & personal guarantees of sponsoring directors of the company.

8.3 Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF-I)

This finance has been obtained to finance expansion plan of company. It contains mark up at the rate 11.10 % and is repayable in 8 half yearly instalments. The loan is secured by 1st pari passu charge on all present and future fixed assets of the company with 25 % margin.

8.4 Pak Brunei Investment Company (LTFF)

This finance has been obtained to finance import of 40 sets air jet looms and generator sets by RWML eligible under the facility. It contains mark up at the rate 10.70 % and is repayable in 10 equal half yearly instalments. The loan is secured by a 1st pari passu charge on present and future fixed assets of the company with 25 % margin.

8.5 MCB Bank Limited (LTFF)

This finance has been obtained to retire/finance gas generator imported via MCB at weaving unit, Khanewal Road, Multan. It contains mark up at the 11.10 % and is repayable in 10 equal semi annual instalments. The loan is secured by 1st exclusive hypothecation charge of Rs. 62 M over specific gas generator imported via MCB, along with accessories.

8.6 Allied Bank Limited (LTFF)

This finance has been obtained to finance the textile machinery for expansion in the spinning unit of the company. It contains mark up at the 6M KIBOR + 1.75 %and is repayable in 4 equal semi annual instalments. The loan is secured by a 1st pari passu charge over present & future fixed assets of the company for PKR 67M.

8.7 Bank of Khyber (DF)

This finance has been obtained for retirement of LC II. It contains mark up at the rate 3M KIBOR + 250 bps and is repayable in 8 equal semi annual instalments. The loan is secured by a 1st pari passu charge on all the present and future fixed assets of the company with 25 % margin and personal guarantees of Directors.

8.8 Bank Al Falah Limited (TF-I)

This finance has been obtained to finance capital expenditure in spinning unit of the Company. It contains mark up at the rate 6 M KIBOR + 2% and is repayable 20 equal quarterly instalments in arrears. The loan is secured by 1st registered pari passu/JPP charge over fixed assets of the company for Rs. 200M with 25% margin.

8.9 Meezan Bank Limited (Musharkah 241 M)

This finance has been obtained to finance imported plant and machinery. It contains mark up at the rate 6M KIBOR + 190 bps and is repayable in 20 equal quarterly instalments. The loan is secured by exclusive charge over underlying plant and machinery against disbursed amount and additional pari passu charge over fixed assets of the company to cover margin up to 25 %.

8.10 Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF)

This finance has been obtained to finance expansion plan of company. It contains mark up at the rate 11.4 % and is repayable in 11 half yearly instalments. The loan is secured by 1st pari passu charge on all present and future fixed assets of the company with 25 % margin.

8.11 National Bank of Pakistan (DF-IV)

This finance has been obtained to retire import LC sight for import of miscellaneous spinning machinery to be installed at spinning unit no 4 of the Company. It contains mark up at the rate 3M KIBOR+2.25% and is repayable 24 equal quarterly instalments. The loan is secured by 1st pari passu charge on all present and future fixed assets of the company & personal guarantees of sponsoring directors of the company.

8.12 Allied Bank Limited (TL-2)

This finance has been obtained to finance the textile machinery for expansion in the spinning unit of the company. It contains mark up at the 6M KIBOR + 1.6 %and is repayable with one year grace period in 12 equal semi annual instalments starting from October 6, 2015. The loan is secured by a 1st pari passu charge over present & future fixed assets of the company for PKR 467M.

8.13 Bank Al Falah Limited (TF-2)

This finance has been obtained to finance current portion of the long term loans availed by the company from different Financial Institution which is falling due during the period from October 2013 to September 2014. It contains mark up at the rate 6 M KIBOR + 2.5% and is repayable 16 equal quarterly instalments. The loan is secured by 1st registered pari passu/JPP charge on fixed assets of the company for Rs. 267M.

8.14 Meezan Bank Limited (Diminishing Musharkah 350 M)

This finance has been obtained to finance imported plant and machinery. It contains mark up at the rate 6M KIBOR + 175 bps and is repayable in 20 equal quarterly instalments. The loan is secured by exclusive charge over underlying plant and machinery against disbursed amount and additional pari passu charge over fixed assets of the company to cover margin up to 25 %.

8.15 **Pak China Investment Company Limited (TF)**

This finance has been obtained to reduce the funding gap/mismatch from usage of short term debt for financing long term assets and would free up existing short term working capital lines already utilised for capital expenditure. It contains mark up at the rate 3M KIBOR + 150 bps and is repayable in 16 equal quarterly instalments. The loan is secured by first pari passu hypothecation/mortgage charge over all present and future fixed assets of the borrower with 25% margin & personal guarantee of Directors.

		2014 Rupees	2013 Rupees
9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	9.3	66,460,177	49,480,062
Current portion shown under current liabilities		(25,800,992)	(22,418,583)
		40,659,185	27,061,479

9.1 The minimum lease payments have been discounted at implicit interest rates ranging from 3 months KIBOR plus 2.25% to 6 month KIBOR plus 1.50% (2013: 3 months KIBOR plus 4% to 6 month KIBOR plus 1.50%) to arrive at their present value. Rentals are payable in quarterly/monthly instalments. The Company has the option to purchase the assets after expiry of the lease term and has the intention to exercise such option. There are no financial restrictions imposed by lessor.

9.2 Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company is liable to pay the entire outstanding amount for the unexpired period of lease agreement.

9.3 The amount of future minimum lease payments along with their present value and the period during which they will fall due are:

	2014		2013	
	Minimum Lease payment	Present Value	Minimum Lease payment	Present Value
	Rupees	Rupees	Rupees	Rupees
Not later than one year	31,630,710	25,800,992	27,018,010	22,418,583
Later than one year and not - - later than five years	44,968,660	40,659,185	28,955,004	27,061,479
	76,599,370	66,460,177	55,973,014	49,480,062
Less: amount representing - - finance charges	(10,139,193)	-	(6,492,952)	-
Present value of - - minimum lease payments	66,460,177	66,460,177	49,480,062	49,480,062

	Note	2014 Rupees	2013 Rupees (Restated)
10 DEFERRED LIABILITY			
Staff retirement benefits - gratuity	10.1	96,055,426	69,678,432
10.1 Amount recognised in the balance sheet			
Present value of defined benefit obligation	10.3	96,055,426	69,678,432
Net liability as at June 30		96,055,426	69,678,432

	Note	2014 Rupees	2013 Rupees (Restated)
10.2 Movement in liability for defined benefit obligation			
Liability as at July 01		69,678,432	45,131,372
Charge for the year		40,295,429	22,241,411
Remeasurement changes chargeable to other comprehensive income		1,658,636	9,373,920
Benefits paid during the year		(15,577,071)	(7,068,271)
Liability as at June 30		96,055,426	69,678,432
10.3 Change in present value of defined benefit obligation			
Opening present value of defined benefit obligations		69,678,432	45,131,372
Current service cost for the year		33,796,990	16,374,333
Interest cost for the year		6,498,439	5,867,078
Benefits paid during the year		(15,577,071)	(7,068,271)
Remeasurement of plan obligation		1,658,636	9,373,920
Closing present value of defined benefit obligations		96,055,426	69,678,432
10.4 Charge for the year			
Current service cost		33,796,990	16,374,333
Interest cost		6,498,439	5,867,078
		40,295,429	22,241,411
10.5 Charge for the year has been allocated as follows:			
Cost of sales	29.2	35,814,438	20,676,330
Administrative expenses	31.1	4,480,991	1,565,081
		40,295,429	22,241,411
10.6 Total remeasurement chargeable to other comprehensive income			
Remeaurement of plan obligation:			
Experience adjustments		(1,658,636)	(9,373,920)
		(1,658,636)	(9,373,920)

10.7 Sensitivity analysis

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	%age	Rupees	Rupees
Discount rate	1	(90,116,138)	102,901,571
Salary growth rate	1	102,901,571	(90,016,680)

10.8 Expected contribution for the next year

The expected contribution to the gratuity scheme for the year ending 30 June 2015 works out to Rs. 49,886,977 (2013: Rs. 41,113,225).

	Note	2014 Rupees	2013 Rupees
11 FINANCES UNDER MARK UP ARRANGEMENTS AND OTHER CREDIT FACILITIES - secured			
Short term finances	11.1	2,996,939,522	2,295,640,154
Export finances	11.2	750,017,495	1,230,317,097
		3,746,957,017	3,525,957,251

11.1 Short term finances are available from different commercial banks under mark up arrangements amounting to Rs. 8,912 million (2013: Rs. 6,403 million). The rates of mark up range from 9.59 % to 14.21 % (2013: 9.79% to 15.03%) on the outstanding balance.

11.2 The Company has obtained export finance facilities from commercial banks aggregating to Rs.2,0375 million (2013: Rs. 2,050 million).Out of total facility, the amount utilized was Rs.750 million (2013: Rs. 1,230 million). The rates of mark up range from 1.43% to 4.5% (2013: 1.43% to 3.79%) on the outstanding balance.

11.3 Of the aggregate facility of Rs. 1,130 million (2013: Rs. 2,080 million) for opening letters of credit and Rs. 647 million (2013: Rs. 703 million) for guarantees being the sub limit of finances mentioned in note 11.1, the amount utilized as at 30 June 2014 was Rs. 888.7 million (2013: Rs. 394.198 million) and Rs.95.822 million (2013: Rs. 16.21 million) respectively.

11.4 The aggregate facilities are secured by pledge of stock (cotton, yarn, polyester and fabric), hypothecation / pari passu charge on all present and future current assets of the Company including stock in trade, trade debts and lien on export bills.

12 TRADE AND OTHER PAYABLES	Note	2014 Rupees	2013 Rupees
Trade creditors	12.1	**315,526,300**	320,734,378
Accrued liabilities		**255,703,142**	215,482,860
Due to related parties	12.2	**12,455,894**	-
Workers' profit participation fund payable		**16,436,011**	29,441,671
Unclaimed dividend		**4,458,949**	3,537,385
Others		**4,690,580**	1,319,547
		609,270,876	570,515,841

12.1 This includes Rs. 24,571,234 (2013: Rs.11,724,007) and Rs. 2,502,164 (2013: Rs. 1,520,296) payable to Fatima Fertilizer Company Limited and Reliance Sacks Limited respectively, both related parties.

12.2 This represents short term loan received from Fatima Sugar Mills Limited and carries mark-up at 1 month KIBOR plus 3% per annum.

13 MARK UP ACCRUED	2014 Rupees	2013 Rupees
Long term finances - secured	**39,741,062**	21,601,057
Liabilities against assets subject to finance lease	**190,944**	263,012
Finances under mark-up arrangements - secured	**83,940,538**	47,194,495
	123,872,544	69,058,564

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

(i) The Company has arranged bank guarantees from Habib Bank Limited and Meezan Bank Limited favouring Sui Northern Gas Pipelines Limited of Rs. 53.439 million (2013: Rs. 0.843 million) and Rs. 7.121 million (2013: Rs. 5.5 million) respectively against payment of sui gas dues. The Company has also arranged bank guarantee favouring MEPCO from MCB Bank Limited of Rs. 19.519 million (2013: Rs. 5.364 million) for payment against electricity dues. The Company has also arranged bank guarantee from Meezan Bank Ltd. and Bank Al-Falah Limited favouring Director Excise and Taxation of Rs. 13.743 million (2013: Rs. 5 million) and Rs. 2 million (2013: nil) respectively.

(ii) The Company is contingently liable for Rs. 1.4 million Iqra surcharge on account of non-compliance of the provisions of SRO. 1140(1) 97 in respect of 1,320 bales of raw cotton imported in the year 2001. However, all the contingencies previously attached to the particular case have already been decided in favour of the Company. The management is confident, since Alternate Dispute Resolution Committee recommendations and subsequent decisions by FBR were in favour of the Company, that the liability of Iqra surcharge on account of exportation of goods so manufactured from imported cotton, will be positively waived off.

(iii) The Company challenged the imposition of infrastructure cess at the rate of 0.85% by the Director Excise and Taxation Karachi vide Sindh Finance Act, in the High Court. The High Court decided that 50% of the demand amounting to Rs. 5.5 million shall be paid by the Company while for remaining 50%, guarantees shall be issued in favour of Excise and Taxation Karachi. The Company although paid the said amount and issued guarantees, has challenged the said order in Supreme Court and the management is confident that the decision will be decided in their favour and accordingly no provision has been made in the accounts.

(iv) Foreign bills discounted outstanding as at 30 June 2014 aggregated to Rs. 1,060.051 million (2013: Rs. 702.769 million).

	Note	2014 Rupees	2013 Rupees
14.2 Commitments			
14.2.1 Commitments in respect of forward foreign exchange contracts			
Sale		761,320,000	-
Purchase - for capital expenditure		650,913,234	154,620,000
14.2.2 Letters of credit for:			
Capital expenditures		689,670,865	275,772,727
Other than capital expenditures		199,050,375	118,426,027
		888,721,240	394,198,754
14.2.3 Stand by letters of credit for:			
Commitment to inject equity in Fatima Energy Ltd.		3,520,000,000	-

The company has commitment of Rs. 3,520 million in the form of standby letter of credits to inject equity in Fatima Energy Limited. These standby letter of credits are issued by five commercial banks. The purpose of these standby letters of credit is favouring lenders of Fatima limited to honour the commitment of injection/ investment in the equity of Fatima Energy Limited by the Reliance weaving Mills Limited (the company). All standby letter of credits are issued during current year and have tenor ranging from 2 years to 2.5 years from date of issuance.

15 PROPERTY, PLANT AND EQUIPMENT

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	15.1	4,355,912,233	3,754,411,914
Capital work in progress	15.2	233,032,031	51,249,823
		4,588,944,264	3,805,661,737

15.1 Operating fixed assets

Particulars	Owned assets										Leased			
Cost	Freehold land	Buildings	Plant and machinery	Electric installations	Factory equipment	Office equipment	Electric appliances	Furniture and fixtures	Vehicles	Subtotal	Plant and machinery	Vehicles leased	Subtotal	Grand total
	Rupees													
Balance at 1 July 2012	486,972,575	447,779,508	3,060,036,056	116,925,892	26,869,109	19,512,781	13,895,983	13,238,502	38,427,397	4,223,657,803	50,788,037	22,424,276	73,212,313	4,296,870,116
Additions	63,481,635	64,953,409	796,209,930	69,496,234	379,834	8,538,596	852,891	548,991	3,852,143	1,008,313,663	8,375,000	14,647,225	23,022,225	1,031,335,888
Disposals	-	-	-	-	-	(90,000)	-	-	(5,127,733)	(5,217,733)	-	-	-	(5,217,733)
Balance at 30 June 2013	550,454,210	512,732,917	3,856,245,986	186,422,126	27,248,943	27,961,377	14,748,874	13,787,493	37,151,807	5,226,753,733	59,163,037	37,071,501	96,234,538	5,322,988,271
Balance at 1 July 2013	550,454,210	512,732,917	3,856,245,986	186,422,126	27,248,943	27,961,377	14,748,874	13,787,493	37,151,807	5,226,753,733	59,163,037	37,071,501	96,234,538	5,322,988,271
Additions	17,758,550	76,262,375	408,446,643	53,826,996	1,311,607	4,251,415	2,803,016	1,764,026	35,038,091	601,462,719	-	7,097,553	7,097,553	608,560,272
Surplus on revaluation	182,053,240	-	-	-	-	-	-	-	-	182,053,240	-	-	-	182,053,240
Disposals	-	-	-	-	-	(168,600)	-	-	(2,195,333)	(2,363,933)	-	-	-	(2,363,933)
Balance at 30 June 2014	750,266,000	588,995,292	4,264,692,629	240,249,122	28,560,550	32,044,192	17,551,890	15,551,519	69,994,565	6,007,905,759	59,163,037	44,169,054	103,332,091	6,111,237,850
Rate	-	5%	5%	5%	5%	10%	10%	10%	20%		5%	20%		
Depreciation														
Balance at 1 July 2012	-	169,305,324	1,170,621,425	40,235,335	9,486,381	8,057,845	6,089,200	5,658,982	21,245,324	1,430,699,816	5,514,538	3,094,602	8,609,140	1,439,308,956
Adjustment for disposal	-	-	-	-	-	(17,167)	-	-	(2,564,001)	(2,581,168)	-	-	-	(2,581,168)
Depreciation for the year	-	14,195,978	98,363,769	4,306,580	872,285	1,504,316	811,333	789,571	3,231,708	124,075,540	2,368,363	5,404,666	7,773,029	131,848,569
Balance at 30 June 2013	-	183,501,302	1,268,985,194	44,541,915	10,358,666	9,544,994	6,900,533	6,448,553	21,913,031	1,552,194,188	7,882,901	8,499,268	16,382,169	1,568,576,357
Balance at 1 July 2013	-	183,501,302	1,268,985,194	44,541,915	10,358,666	9,544,994	6,900,533	6,448,553	21,913,031	1,552,194,188	7,882,901	8,499,268	16,382,169	1,568,576,357
Adjustment for disposal	-	-	-	-	-	(30,817)	-	-	(624,052)	(654,869)	-	-	-	(654,869)
Depreciation for the year	-	18,632,433	141,257,247	8,684,498	858,382	1,974,685	880,228	835,730	5,432,272	178,555,475	2,564,007	6,284,647	8,848,654	187,404,129
Balance at 30 June 2014	-	202,133,735	1,410,242,441	53,226,413	11,217,048	11,488,862	7,780,761	7,284,283	26,721,251	1,730,094,794	10,446,908	14,783,915	25,230,823	1,755,325,617
Carrying amounts														
At 30 June 2013	550,454,210	329,231,615	2,587,260,792	141,880,211	16,890,277	18,416,383	7,848,341	7,338,940	15,238,776	3,674,559,545	51,280,136	28,572,233	79,852,369	3,754,411,914
At 30 June 2014	750,266,000	386,861,557	2,854,450,188	187,022,709	17,343,502	20,555,330	9,771,129	8,267,236	43,273,314	4,277,810,965	48,716,129	29,385,139	78,101,268	4,355,912,233

15.1.1 The Company carried out the revaluation of land on 17 April 2014. The valuation was conducted by an independent valuer, K.G. Traders (Private) Limited. Land was revalued on the basis of fair market value. Revaluation of land resulted in surplus of Rs. 634.324 million.

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

	Note	2014 Rupees	2013 Rupees
Cost of sales	29	172,876,430	120,918,315
Administrative expenses	31	14,527,699	10,930,254
		187,404,129	131,848,569

Had there been no revaluation, the net book value of land would have been Rs.115.94 million.

15.1.3 Disposal schedule of operating property, plant and equipment:

Particulars	2014 Cost	Accumulated depreciation	Book value	Claim/sales proceeds	Gain/(loss)	Mode of disposal	Sold to
	---Rupees---						
Office equipment							
Black Berry	31,200	5,639	25,561	25,000	(561)	Insurance claim	EFU General Insurance Company Limited
Black Berry	18,000	3,542	14,458	3,000	(11,458)	Company policy	Mr. Yasir Arfat Mill Manager
Black Berry	10,000	1,075	8,925	2,000	(6,925)	Company policy	Mr. Aftab Ahmed Mill Manager
Black Berry	10,000	1,075	8,925	2,000	(6,925)	Company policy	Mr. Ahsan Alvi Mill Manager
Black Berry	25,000	3,803	21,197	21,600	403	Insurance claim	EFU General Insurance Company Limited
Black Berry	16,200	4,163	12,037	14,400	2,363	Insurance claim	EFU General Insurance Company Limited
Black Berry	27,000	3,907	23,093	27,200	4,107	Insurance claim	EFU General Insurance Company Limited
Black Berry	31,200	7,613	23,587	3,000	(20,587)	Company Policy	Mr. Nasir Zahid Marketing Manager
Vehicles							
MLH-7593 (Mehran)	360,550	298,211	62,339	320,000	257,661	Negotiation	Mr. Shahid Younus
LEF-13-9094 (Corolla)	1,627,840	162,784	1,465,056	1,627,840	162,784	Inter company	Fatima Sugar Mills Ltd.
MNO-09-4898(CD 70)	65,400	37,577	27,823	7,780	(20,043)	Company policy	Mr. Muzamil Hussain Cashier
MNQ-5084 (CD 70)	30,426	30,145	281	2,000	1,719	Company policy	Mr. Naik Muhammad Purchase Manager
MNY-6011 (CD 70)	67,000	62,590	4,410	6,000	1,590	Company policy	Mr. Naeem Shah Purchase Officer
MNT-6502 (CD 70)	44,117	32,745	11,372	6,500	(4,872)	Company policy	Mr. Bashir Accounts Officer
	2,363,933	654,869	1,709,064	2,068,320	359,256		

Particulars	Cost	Accumulated depreciation	Book value	Claim/sales proceeds	Gain/(loss)	Mode of disposal	Sold to
	2013						
	-----Rupees-----						
Office equipment							
Black Berry	20,000	3,480	16,520	4,000	(12,520)	Company policy	Mr. Ali Mansoor Manager Marketing
Black Berry	25,000	4,350	20,650	5,000	(15,650)	Company policy	Mr. Afzal Khan Head of IA
Black Berry	15,000	2,942	12,058	3,000	(9,058)	Company policy	Mr. Anjum Jamil Procurement Manager
Black Berry	15,000	3,453	11,547	3,000	(8,547)	Company policy	Mr. Nasir Iqbal Yarn marketing Manager
Black Berry	15,000	2,942	12,058	3,000	(9,058)	Company Policy	Col. Attiq Admin Manager
Vehicles							
MLL-2320 (Cultus)	605,100	451,720	153,380	153,380	-	Inter company	Fatima Sugar Mills Ltd.
LE-11-2267 (XLI)	1,416,376	376,441	1,039,935	1,039,935	-	Inter company	Fatima Sugar Mills Ltd.
LE-11-6183 (Cultus)	919,835	232,412	687,423	687,423	-	Inter company	Fatima Sugar Mills Ltd.
LRL-487 (Corolla)	188,107	46,817	141,290	188,107	46,817	Company policy	Mr. Mubarik Cotton Procurement Manager
MNA-5302 (Cultus)	613,000	459,225	153,775	159,690	5,915	Company policy	Mr. Noman Ali Technical Manager
MNO-9661 (CD 70)	68,700	20,885	47,815	54,000	6,185	Insurance claim	Premier Insurance Company
MNA-3090 (Cultus)	603,600	447,019	156,581	156,581	-	Company policy	Rashid Usman
MLE-8742 (Daihatsu Coure)	367,290	309,627	57,663	367,750	310,087	Inter company	Pakarab Fertilizers Ltd
MNQ-11-7506 (CD 70)	68,700	21,011	47,689	65,900	18,211	Insurance claim	Premier Insurance Company
RLG-06-5147 (CD 70)	56,700	44,056	12,644	27,000	14,356	Company policy	Mr. Ghulam Abbas Finance Officer
MNK-09-8533 (CD 70)	65,500	34,936	30,564	31,400	836	Company policy	Mr. Zesshan Marketing Officer
MLL-06-2626 (CD 70)	56,825	44,153	12,672	26,580	13,908	Company policy	Mr. Nadeem Baber Site Cashier
MNR-1770 (Hino Bus)	98,000	75,699	22,301	580,000	557,699	Company policy	Mr. Allah Ditta
	5,217,733	2,581,168	2,636,565	3,555,746	919,181		

15.2 Capital work in progress

	2014 Rupees	2013 Rupees
Plant and machinery	**108,297,883**	7,920,384
Civil works and buildings	**94,449,122**	30,586,610
Land	**23,349,939**	-
Electric installation	**6,935,087**	2,114,591
Advances	**-**	10,628,238
	233,032,031	51,249,823

		Note	2014 Rupees	2013 Rupees
16	INTANGIBLE ASSET			
	Computer software			
	Cost			
	Balance at the beginning of the year		9,462,295	2,009,689
	Additions during the year		-	7,452,606
	Balance at the end of the year		9,462,295	9,462,295
	Accumulated amortization			
	Balance at the beginning of the year		1,057,307	732,129
	Amortization for the year	31	946,230	325,178
	Balance at the end of the year		2,003,537	1,057,307
	Carrying amount		7,458,758	8,404,988
17	LONG TERM INVESTMENTS			
	Investment in associate	17.1	328,926,524	-
	Advance against shares	17.2	21,373,627	-
			350,300,151	-

17.1 Investment in associate - Fatima Energy Limited (FEL)
At equity method

	Note	2014	2013
Cost		109,360	-
Share of post acquisition loss	17.1.2	(109,360)	-
Advance for issue of shares	17.1.3	328,926,524	-
Carrying amount of investment		328,926,524	-
No. of shares held — Number		10,936	-
Ownership interest — Percent		31.25%	0.00%

Summarised financial information in respect of the investee company is set out below:

	2014	2013
Non-Current Assets	4,413,230,847	376,202,438
Current Assets	996,418,566	11,239,200
	5,409,649,413	387,441,638
Non-Current Liabilities	3,619,204,473	-
Current Liabilities	248,248,186	395,440,151
	3,867,452,659	395,440,151
	1,542,196,754	(7,998,513)
Revenue	-	-
Loss for the year	(24,380,268)	(3,616,361)
Company's share in FEL's loss for the year	(2,139,754)	-

Due to non availability of annual audited financial statements of Fatima Energy Limited at the date of authorization for issue of these financial statements, equity method has been applied on un-audited financial statements for the year ended June 30, 2014.

17.1.1 The Company has invested in Fatima Energy Limited during the year in the form of shares, advance for issue of shares and Standby Letter of Credit (SBLCs).

The limit for investment in Fatima Energy Limited as approved by members of the Company is Rs. 4,000 million.

17.1.2 The company has acquired 9,938 ordinary shares @Rs. 10 each (28.40% holding) at 14 March 2014 and 998 ordinary shares @ Rs. 10 each (2.85% holding) at 13 May

2014, of Fatima Energy Limited resulting in total 10,936 ordinary shares (31.25% holding) as at 30 June 2014.

17.1.3 Advance for issue of shares has been provided for the period up to three years, which is to be converted into ordinary shares of the Company, and the markup is being charged (1 month KIBOR plus 2.5%) until the date shares are issued against this advance.

17.1.4 The company has commitment of Rs. 3,520 million in the form of standby letter of credit to inject equity in Fatima Energy Limited, as disclosed in note 14.2.3.

17.1.5 Although the share of post acquisition loss in associate is calculated as RS. 2,139,754 but this amount has been restricted to the investment in ordinary shares of associate amounting Rs. 109,360.

17.2 This represents advance against shares to Multan Real Estate Company (Private) Limited.

18 DEFERRED TAX ASSET

Deferred tax asset is arising on account of the following;

	Opening balance	Charge / reversal for the year: Equity	Charge / reversal for the year: Profit & loss	Closing balance
On taxable temporary differences				
Accelerated tax depreciation	(285,406,366)	-	20,287,718	(265,118,648)
Assets subject to finance lease	(4,154,401)	-	2,698,018	(1,456,383)
On deductible temporary differences				
Unabsorbed tax losses and tax credits	280,029,974	-	(25,472,162)	254,557,812
Provision for retirement benefits	9,530,793	207,507	2,278,919	12,017,219
	-	207,507	(207,507)	-

For the year June 30, 2013 (Restated)

Deferred tax asset is arising on account of the following:

	Opening balance	Charge / reversal for the year: Equity	Charge / reversal for the year: Profit & loss	Closing balance
On taxable temporary differences				
Accelerated tax depreciation	(175,102,018)	-	(110,304,348)	(285,406,366)
Assets subject to finance lease	(2,411,101)	-	(1,743,300)	(4,154,401)
On deductible temporary differences				
Unabsorbed tax losses and tax credits	226,094,131	-	53,935,843	280,029,974
Provision for retirement benefits	5,215,166	1,282,189	3,033,438	9,530,793
	53,796,178	1,282,189	(55,078,367)	-

18.1 Deferred tax asset on unabsorbed tax losses and tax credits are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable.

19 STORES, SPARES AND LOOSE TOOLS	Note	2014 Rupees	2013 Rupees
Stores		90,171,779	90,723,061
Spares		140,993,457	88,855,038
Loose tools		186,049	-
		231,351,285	179,578,099
Less: Provision for obsolete items		(230,022)	(230,022)
		231,121,263	179,348,077

Notes to the Financial Statements

For the Year ended June 30, 2014

		Note	2014 Rupees	2013 Rupees
20	STOCK IN TRADE			
	Raw materials	20.1	1,242,365,355	1,843,785,452
	Work in process		173,575,703	176,155,233
	Finished goods		946,332,552	435,859,872
	Waste		21,325,513	11,381,948
			2,383,599,123	2,467,182,505

20.1 This includes items in-transit as at 30 June 2014 amounting to Rs. Nil (2013: Rs. 2.27 million).

		Note	2014 Rupees	2013 Rupees
21	TRADE DEBTS			
	Considered good			
	Export - secured		787,552,546	615,434,729
	Local - unsecured		238,939,869	238,666,179
	Due from related party - unsecured	21.1	2,182,236	2,367,764
	Considered doubtful - unsecured		10,579,048	6,017,453
			1,039,253,699	862,486,125
	Less: Provision for doubtful debts		(10,579,048)	(6,017,453)
			1,028,674,651	856,468,672

21.1 Aging analysis of trade receivable due from related party is as follows:

	Upto 1 month	One to 6 month	More than 6 month	Total
Fazal Cloth Mills Limited	-	-	2,182,236	2,182,236

		Note	2014 Rupees	2013 Rupees
22	LOANS AND ADVANCES			
	Advances - considered good			
	- To employees	22.1	85,127,457	73,414,047
	- To suppliers		92,410,052	92,612,105
	Due from related parties	22.2	5,668,225	159,102,379
	Letters of credit - margins, deposits, opening charges, etc.		171,864,432	9,343,948
	Considered doubtful		-	2,712,819
			355,070,166	337,185,298
	Less: Provision for doubtful advances		-	(2,712,819)
			355,070,166	334,472,479

22.1 It includes amount of Rs.701,106 (2013: Rs. 694,769) due from executives.

22.2 Due from related parties

	Note	2014 Rupees	2013 Rupees
Pak Arab Fertilizers Limited		84,115	149,039
Multan Cloth Finishing Factory		2,700,514	2,312,146
Pakistan Mining Company Limited		-	47,137
Reliance Commodities (Pvt) Limited	22.2.1	2,883,596	98,925,796
Fatima Sugar Mills Limited		-	57,304,949
Air One Pvt Limited		-	50,912
Fatima Energy Limited		-	212,400
Reliance Fabrics Limited		-	100,000
		5,668,225	159,102,379

22.2.1 This represents short term loan given to Reliance Commodities (Pvt) Limited and carries mark-up at 1 month KIBOR plus 3 % per annum.

		Note	2014 Rupees	2013 Rupees
23	TRADE DEPOSITS AND PREPAYMENTS			
	Prepayments		**48,535,158**	474,662
			48,535,158	474,662
24	OTHER REVEIVABLES			
	Accrued mark-up	24.1	**17,965,091**	24,820,913
	Others		**5,247,750**	645,711
			23,212,841	25,466,624

24.1 This represents mark-up on long term advance to Fatima Energy Limited and short term loan to Reliance Commodities (Pvt) Limited.

		Note	2014 Rupees	2013 Rupees
25	OTHER FINANCIAL ASSETS			
	Short term investment - available for sale			
	Fatima Fertilizer Company Limited			
	Carrying amount of 2,625,167 (2013:5,706,261) fully paid ordinary shares of Rs. 10 each		**65,182,897**	140,773,459
	Carrying amount of Shares transferred as specie dividend 2014: Nil (2013: 3,081,094) ordinary shares	25.2	**-**	(79,214,927)
	Fair value adjustment		**10,946,946**	3,624,365
	Closing market value of 2,625,167 (2013: 2,625,167) shares		**76,129,843**	65,182,897

25.1 Fatima Fertilizer Company Limited (FFCL) is an associate of the Company through common directorship of 3 directors. However, the Company does not have a significant influence to participate in the financial and operating decisions of FFCL. Therefore, investment in FFCL is not accounted for using the equity method.

25.2 During the year ended June 30, 2013 the Company distributed 3,081,094 shares of Fatima Fertilizer Company Limited (FFCL), having face value of Rs. 10 each, to the share holders as specie dividend in the ratio of 1 share of FFCL, for every 10 shares held in the Company.

		Note	2014 Rupees	2013 Rupees
26	TAX REFUNDS DUE FROM GOVERNMENT			
	Export rebate		**15,403,630**	12,456,657
	Income tax		**264,169,238**	174,613,898
	Sales tax		**162,224,946**	103,525,890
	Special Excise duty		**17,003,006**	6,568,727
			458,800,820	297,165,172
27	CASH AND BANK BALANCES			
	Balance at banks			
	Current accounts:			
	- Pak rupee		**108,483,328**	68,921,921
	- Foreign currency - US $ 3,156.81 (2012: US $ 924.60)		**317,099**	311,198
			108,800,427	69,233,119
	Saving accounts			
	- Pak rupee		**1,253,878**	58,581
	Cash in hand	27.1	**5,030,840**	3,797,562
			115,085,145	73,089,262

27.1 Effective mark up rate in respect of saving accounts ranges from 6% to 9% (2013: 6% to 9%) per annum.

	2014 Rupees	2013 Rupees
28 SALES - net		
Export	7,450,933,561	5,878,781,069
Local	4,033,367,200	3,651,573,006
Waste	108,540,934	109,590,515
	11,592,841,695	9,639,944,590
Less: Commission	187,917,135	140,357,399
	11,404,924,560	9,499,587,191
Add: Doubling income	3,020,509	10,172,286
Export rebate	4,252,362	4,417,377
	7,272,871	14,589,663
	11,412,197,431	9,514,176,854

	Note	2014 Rupees	2013 Rupees (Restated)
29 COST OF SALES			
Raw material consumed	29.1	8,497,613,821	6,727,961,468
Stores and spares consumed		249,778,601	209,221,758
Packing material consumed		73,213,230	48,814,221
Salaries, wages and other benefits	29.2	542,096,772	455,942,079
Fuel and power		1,186,300,043	746,780,532
Insurance		22,927,369	25,833,396
Repairs and maintenance		23,188,773	15,020,639
Depreciation on property, plant and equipment	15.1.2	172,876,430	120,918,315
Utilities		645,969	586,849
Other expenses		39,607,799	36,166,185
		10,808,248,807	8,387,245,442
Opening stock of work in process		176,155,233	148,043,710
Closing stock of work in process		(173,575,703)	(176,155,233)
		2,579,530	(28,111,523)
Cost of goods manufactured		10,810,828,337	8,359,133,919
Opening stock - Finished goods		435,859,872	365,045,103
- Waset		11,381,948	15,557,740
		447,241,820	380,602,843
Closing stock - Finished goods		(946,332,552)	(435,859,872)
- Waste		(21,325,513)	(11,381,948)
		(967,658,065)	(447,241,820)
		(520,416,245)	(66,638,977)
		10,290,412,092	8,292,494,942

29.1 Raw materials consumed include Rs. 663,098,541 (2013:Rs. 257,027,408) relating to the cost of cotton and polyester which were sold during the period.

29.2 Salaries, wages and other benefits include Rs.35,814,438 (2013: Rs.20,676,330) in respect of staff retirement benefits.

		Note	2014 Rupees	2013 Rupees
30	DISTRIBUTION AND MARKETING EXPENSES			
	Ocean freight and shipping		63,022,937	41,242,148
	Local freight		52,219,280	46,789,206
	Export development surcharge		17,715,664	14,379,109
	Forwarding and clearing expenses		19,516,497	16,142,491
	Marketing expenses		3,226,733	2,150,618
	Other expenses		5,059,110	4,944,919
			160,760,221	125,648,491
31	ADMINISTRATIVE EXPENSES			
	Salaries, wages and other benefits	31.1	61,772,082	51,610,453
	Printing and stationery		2,009,646	2,081,282
	Motor vehicles running		9,169,596	6,413,920
	Traveling and conveyance		28,056,548	15,112,561
	Rent, rates and taxes		3,753,003	3,145,961
	Telephone and postage		11,927,885	9,874,802
	Fee, subscription and periodicals		14,006,290	11,737,181
	Utilities		1,359,343	1,143,711
	Insurance		412,378	549,606
	Repairs and maintenance		9,876,242	13,489,817
	Entertainment		1,997,002	1,747,140
	Advertisement		1,189,937	69,145
	Provision for doubtful debts / advances		4,560,816	2,712,819
	Depreciation on property, plant and equipment	15.1.2	14,527,699	10,930,254
	Amortization of intangible assets	16	946,230	325,178
	Professional services	31.2	3,590,856	1,795,206
	Other expenses		1,700,325	3,265,953
			170,855,878	136,004,989

31.1 Salaries, wages and other benefits include Rs.4,480,991 (2013: Rs.1,565,081) in respect of staff retirement benefits.

31.2 Auditors' remuneration

The charges for professional services include the following in respect of auditors' remuneration:

	2014 Rupees	2013 Rupees
Statutory audit	1,000,000	600,000
Half yearly review	175,000	175,000
Out of pocket expenses	327,919	138,821
	1,502,919	913,821

		Note	2014 Rupees	2013 Rupees
32	OTHER OPERATING EXPENSES			
	Mark up on associate	12.2	2,558,086	-
	Provision for WPPF		16,435,961	29,130,077
	Donations	32.1	15,041,526	24,247,150
			34,035,573	53,377,227

32.1 Donations

Names of donees in which a director or his spouse has an interest:

	2014 Rupees	2013 Rupees
Mian Mukhtar Trust, Multan (Mian Faisal, Director is the Trustee)	14,087,978	23,400,000

		Note	2014 Rupees	2013 Rupees
33	FINANCE COST			
	Interest and mark up on:			
	- Long term finances		158,562,061	56,002,894
	- Lease finance		5,489,305	6,122,297
	- Finances under mark up arrangements		353,912,219	265,573,971
	- Workers profit participation fund		2,336,430	4,634,821
	Exchange (gain) / loss		(36,336,708)	34,994,669
	Realized gain on forward foreign exchange contracts		(61,599,337)	(5,341,381)
	Bank charges and commission		77,208,087	64,242,789
			499,572,057	426,230,060
34	OTHER INCOME			
	Income from financial assets:			
	Dividend Income	34.1	6,562,915	5,250,332
	Mark up on loans to associates	34.2	26,481,820	18,814,755
			33,044,735	24,065,087
	Income from non financial assets:			
	Gain on sale of operating assets	15.1.3	359,256	919,181
	Others		143,088	47,266
			502,344	966,447
			33,547,079	25,031,534

34.1 This represents dividend received on short term investment from Fatima Fertilizer Company Limited.

34.2 This represents mark-up amounting to Rs. 18,007,887 (2013: Nil) on advance against issue of shares given to Fatima Energy Limited and Rs. 6,215,112 (2013: 14,028,186) and Rs. 2,258,821 (2013: 4,786,569) on short term loan given to Reliance Commodities (Pvt) Limited and Fatima Sugar Mills Limited respectively.

		Note	2014 Rupees	2013 Rupees
35	TAXATION			
	For the year			
	- Current			
	Current taxation	35.1	115,928,418	77,644,491
	Tax credit u/s 65B		(45,776,347)	(152,887,037)
			70,152,071	(75,242,546)
	- Deffered (restated)		207,507	55,078,367
	Prior year adjustment		525,034	891,810
			70,884,612	(19,272,369)

35.1 The provision for current taxation represents the minimum tax liability under section 113 and final tax on exports under section 169 of the Income Tax Ordinance, 2001.

35.2 **Relationship between tax expense and accounting profit**

	2014 Rupees	2013 Rupees
Accounting profit before tax	289,999,329	553,812,890
Applicable tax rate	34%	35%
Tax on accounting rate	98,599,772	193,834,512
Income chargeable to tax at lower rate	84,110,871	91,051,371
Effect on applicability of other tax credits	(66,782,225)	(207,241,392)
Tax credit u/s 65B	(45,776,347)	(152,887,037)
Deferred (restated)	207,507	55,078,367
Prior year adjustment	525,034	891,810
	70,884,612	(19,272,369)

36 REMUNERATION OF DIRECTORS AND EXECUTIVES

36.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the director and executives of the Company is as follows:

	Directors		Executives	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Managerial remuneration	2,707,854	2,803,550	8,817,881	7,732,389
House rent allowance	-	-	1,463,549	1,283,384
Utility allowance	-	-	640,303	561,480
Bonus	-	-	2,004,675	1,826,512
	2,707,854	2,803,550	12,926,408	11,403,765
Number of key executives	2	4	9	9
Number of non-executive directors	5	3	-	-

The Company also provides the directors and executives with free use of company maintained cars and allowances for utility bills.

36.2 Remuneration to other director

Meeting fee amounting to Rs. 90,000 (2013: Rs. 60,000) was paid to a non executive director during the year.

37 SEGMENT REPORTING

37.1 Reportable Segments

The management has determined the operating segments of the Company on the basis of products produced.

The Company's reportable segments are as follows:

- Spinning segment - production of different qualities of yarn using natural and artificial fibers
- Weaving segment - production of different qualities of greige fabric using yarn

Information regarding the Company’s reportable segments is presented below. Performance is measured based on segment profit before tax, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

37.2 Information about reportable segments

	Spinning		Weaving		Total	
	2014	2013 (Restated)	2014	2013 (Restated)	2014	2013 (Restated)
External revenue	2,742,697,472	1,881,100,213	8,669,499,959	7,633,076,641	11,412,197,431	9,514,176,854
Intersegment revenue	3,800,137,639	2,535,478,957	-	-	3,800,137,639	2,535,478,957
Cost of sales	(6,121,484,149)	(3,871,026,243)	(4,168,927,943)	(4,421,468,699)	(10,290,412,092)	(8,292,494,942)
Intersegment cost of sales	-	-	(3,800,137,639)	(2,535,478,957)	(3,800,137,639)	(2,535,478,957)
Distribution and marketing expense	(24,513,923)	(16,924,326)	(136,246,298)	(108,724,165)	(160,760,221)	(125,648,491)
Administrative expense	(57,884,100)	(47,790,193)	(112,971,778)	(88,214,796)	(170,855,878)	(136,004,989)
Other operating expense	(11,359,484)	(18,682,029)	(22,676,089)	(34,695,198)	(34,035,573)	(53,377,227)
Finance cost	(295,453,046)	(179,367,997)	(204,119,011)	(246,862,063)	(499,572,057)	(426,230,060)
Other operating income	17,475,253	12,655,605	16,071,826	12,375,929	33,547,079	25,031,534
Profit before tax	49,615,662	295,443,987	240,493,027	210,008,692	290,108,689	505,452,679

37.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 4 to the financial statements. 70% of Administrative expense are apportioned to Weaving segment while the other 30% are allocated to Spinning segment.

Distribution & marketing expenditures, other operating expenses and income are allocated on the basis of actual amounts incurred for the segments. Finance cost relating to long term loan is also allocated on the basis of purpose of loan for which it is obtained and finance cost relating to short term loan is allocated on the basis of working capital requirements of the segments. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

37.3 Reconciliation of reportable segment revenues and profits

	2014 Rupees	2013 Rupees (Restated)
Total revenue from reportable segments	15,212,335,070	12,049,655,811
Elimination of inter segment revenue	(3,800,137,639)	(2,535,478,957)
	11,412,197,431	9,514,176,854
Profit or loss		
Total profit or loss of reportable segments	290,108,689	505,452,679
Net change in fair value of available - for- sale financial assets	-	48,360,211
Share of loss from associate	(109,360)	-
Tax for the year	(70,884,612)	19,272,369
Consolidated profits	219,114,717	573,085,259

37.4 **Segment assets and liabilities**

37.4.1 Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Weaving	Total
For the year ended 30 June 2014:	--------------------------Rupees----------------------		
Segment assets for reportable segment			
- Operating fixed assets	2,420,027,945	1,863,225,992	4,283,253,937
- Stores, spares and loose tools	123,561,865	107,559,398	231,121,263
- Stocks in trade	1,321,170,537	1,062,428,586	2,383,599,123
	3,864,760,347	3,033,213,976	6,897,974,323
Unallocated corporate assets			2,791,537,070
Total assets as per balance sheet			9,689,511,393
Segment liabilities for reportable segment	3,059,761,433	2,788,674,288	5,848,435,721
Unallocated corporate liabilities			945,867,570
Total liabilities as per balance sheet			6,794,303,291
For the year ended 30 June 2013 (Restated):			
Segment assets for reportable segment			
- Operating fixed assets	2,240,889,140	1,469,711,766	3,710,600,906
- Stores, spares and loose tools	94,368,222	84,979,855	179,348,077
- Stocks in trade	1,675,726,505	791,456,000	2,467,182,505
	4,010,983,867	2,346,147,621	6,357,131,488
Unallocated corporate assets			1,774,518,462
Total assets as per balance sheet			8,131,649,950
Segment liabilities for reportable segment	2,690,127,128	2,109,165,756	4,799,292,884
Unallocated corporate liabilities			786,190,864
Total liabilities as per balance sheet			5,585,483,748

37.4.2 For the purposes of monitoring segment performance and allocating resources between segments

- operating property, plant & equipment, stocks in trade and stores, spares and loose tools are allocated to reportable segments while all other assets are held under unallocated corporate assets; and
- long term loans, liabilities against assets subject to finance lease and short term borrowings are

allocated to reportable segment and all other liabilities (i.e.) loans from related parties, deferred liabilities, trade and other payables and accrued mark up are held under unallocated corporate assets.

	2014 Rupees	2013 Rupees
37.5 Gross revenue from major products and services		
Fabric export sales	7,193,975,397	5,625,251,962
Yarn export sales	256,958,163	253,529,106
Fabric local sales	1,580,945,883	2,060,681,522
Yarn local sales	1,748,715,357	1,325,901,677
Cotton and polyester local sale	703,705,960	264,989,809
Waste local sales	108,540,935	109,590,514
	11,592,841,695	9,639,944,590
37.6 Gross revenue from major customers		
Spinning	787,763,974	678,485,817
Weaving	4,493,858,854	4,486,617,483
	5,281,622,828	5,165,103,300

37.7 Geographical information

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

	2014 Rupees	2013 Rupees
Pakistan	4,141,908,136	3,761,163,521
Asia	5,966,122,298	5,191,851,171
Europe	1,484,811,261	686,929,898
	11,592,841,695	9,639,944,590

37.7.2 All non-current assets of the Company as at 30 June 2014 are located and operating in Pakistan.

37.8 Other segment information

	Spinning	Weaving	Total
	-------------------- Rupees --------------------		
For the year ended 30 June 2014:			
Capital expenditure	138,772,853	469,787,419	608,560,272
Depreciation			
Cost of sales	90,755,184	82,121,246	172,876,430
Administrative expenses	7,079,834	7,447,865	14,527,699
	97,835,018	89,569,111	187,404,129
For the year ended 30 June 2013:			
Capital expenditure	985,089,042	46,246,846	1,031,335,888
Depreciation			
Cost of sales	50,066,600	70,851,708	120,918,308
Administrative expenses	4,443,639	6,486,622	10,930,261
	54,510,239	77,338,330	131,848,569

38 Transaction with related parties

The related parties comprise associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 36. Other significant transactions with related parties are as follows:

Description of transaction	Nature of relationship	2014 Rupees	2013 Rupees
Fazal Cloth Mills Limited	Associate		
Purchase of goods and services		26,935,533	61,354,310
Sale of goods and services		8,360,440	5,464,436
Fatima Fertilizer Company Limited	Associate		
Store purchase		8,152,000	9,648,833
Dividend Income		6,562,915	5,250,332
Pakarab Fertilizers Limited	Associate		
Sale of fixed assets		-	367,750
Reliance Commodities (Pvt) Limited	Associate		
Mark up - Income		6,215,112	14,167,578
Advance issued		2,100,000	-
Fatima Sugar Mills Limited	Associate		
Purchase of fixed assets		219,168	4,338,155
Sale of fixed assets		1,627,840	1,880,738
Mark up - Expense		2,558,086	-
Mark up - Income		2,258,821	4,647,184
Advance received		23,731,162	-
Fatima Energy Limited	Associate		
Mark up - Income		18,007,887	-
Purchase of ordinary shares		109,360	-
Advance for issue of shares		328,142,927	-
Stand By Letters of Credit (SBLCs)		3,520,000,000	-
Faisal Ahmed Mukhtar	Director		
Loan repayment		-	3,800,000
Mian Mukhtar Trust, Multan	Associate		
Donations		14,087,978	23,400,000
Fazal Weaving Mills Limited	Associate		
Purchase of fixed assets		-	3,721,135

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

39 CAPACITY AND PRODUCTION

	2014	2013
Unit 1 (Weaving)		
Number of looms installed	92	92
Capacity after conversion into 50 picks - Meters	19,916,795	19,916,795
Actual production of fabric after conversion into 50 picks - Meters	17,537,823	17,311,029
Unit 2 (Weaving)		
Number of looms installed	204	204
Capacity after conversion into 50 picks - Meters	51,013,436	51,013,436
Actual production of fabric after conversion into 50 picks - Meters	49,105,717	44,310,204
Unit 5 (Weaving)		
Number of looms installed	40	-
Capacity after conversion into 50 picks - Meters	7,444,840	-
Actual production of fabric after conversion into 50 picks - Meters	6,874,368	-

Note: These loans installed during the year and operated for 257 days.

Under utilization of available weaving capacity is due to:
- Electricity / shut downs
- Change of articles required
- Width loss due to specification of the cloth
- Due to normal maintenance

	2014	2013
Unit 3 (Spinning)		
Number of spindles installed	14,400	14,400
Capacity after conversion into 20 count - Kgs	4,849,904	4,849,904
Actual production of yarn after conversion into 20 count - Kgs	3,188,979	3,225,062
Unit 4 (Spinning)		
Number of spindles installed	34,320	21,120
Capacity after conversion into 20 count - Kgs	9,588,489	7,113,193
Actual production of yarn after conversion into 20 count - Kgs	8,069,320	5,279,392

Under utilization of available spinning capacity is due to:

- Electricity / shut downs
- Processing mix of coarser and finer counts

40 CASH GENERATED FROM OPERATIONS

	2014 Rupees	2013 Rupees (Restated)
Profit before tax	289,999,329	553,812,890
Adjustments for non cash charges and other items:		
Depreciation of fixed assets	187,404,129	131,848,569
Amortization of intangible assets	946,230	325,178
Staff retirement benefits accrued	40,295,429	22,241,411
Provision for doubtful advances	4,560,816	2,712,819
Gain on disposal of fixed assets	(359,256)	(919,181)
Share of loss from associate	109,360	-
Provision for WPPF	16,435,961	29,130,077
Fair value transferred to profit and loss account on derecognition of other financial assets	-	(48,360,211)
Interest on worker's profit participation fund	2,336,430	4,634,821
Finance cost (excluding exchange (Gain) / loss)	533,572,335	386,600,570
Profit before working capital changes	1,075,300,763	1,082,026,943
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets		
- Stores and spares	(51,773,186)	(5,788,740)
- Stock in trade	83,583,382	(977,924,838)
- Trade debts	(176,766,795)	(70,345,745)
- Loans and advances	(20,597,687)	(15,922,278)
- Trade deposits and prepayments	(48,060,496)	396,229
- Other receivables	2,253,783	(4,067,118)
- Tax refunds due from government (excluding income tax)	(72,080,308)	(76,554,289)
	(283,441,307)	(1,150,206,779)
Increase in current liabilities		
- Trade and other payables (excluding worker's welfare fund and worker's profit participation fund)	51,760,695	197,070,310
Cash generated from operations	843,620,151	128,890,474

41 EARNINGS PER SHARE

41.1 Basic

		2014	2013
Earnings for the year	Rupees	219,114,717	573,085,259
Weighted average number of ordinary shares	Number	30,810,937	30,810,937
Basic earnings per share	Rupees	7.11	18.60

41.2 Diluted

There is no dilution effect on the basic earnings / (loss) per share as the Company has no such commitments.

42 FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

42.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables and investment in debt securities. Out of the total financial assets of Rs. 2,079.6 million (2013: Rs.1,670.6 million), the financial assets which are subject to credit risk amounted to Rs. 1276.9 million (2013: Rs.1,062.6 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of yarn and fabric parties to reduce the credit risk.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2014 Rupees	2013 Rupees
Loans and advances	**92,410,052**	92,612,105
Trade debts	**1,028,674,651**	856,468,672
Trade and other deposits	**22,579,210**	18,732,875
Other receivables	**23,212,841**	25,466,624
Bank balances	**110,054,305**	69,291,700
	1,276,931,059	1,062,571,976

The Company believes that it is not exposed to major concentration of credit risk.

<u>Trade debts</u>

The maximum exposure to credit risk for trade debt at the reporting date by geographical region was as follows:

	2014	2013
Foreign	**787,552,546**	615,434,729
Domestic	**241,122,105**	241,033,943
	1,028,674,651	856,468,672

The maximum exposure to credit risk before any credit enhancements for trade receivables at the reporting date by type of counterparty was:

	2014 Rupees	2013 Rupees
Fabric customer against exports	776,711,299	615,434,729
Yarn customers against exports	6,279,652	-
Fabric customers against local sales	117,770,893	144,124,971
Yarn customers against local sales	127,912,807	97,095,716
	1,028,674,651	856,655,416

Impairment Losses

The aging of trade receivables at the reporting date is:

	2014 Rupees	2013 Rupees
Neither past due nor impaired	753,099,919	588,163,158
Past due 0-30 days	208,487,774	235,077,326
Past due 30-150 days	62,050,611	24,322,377
Past due 150 days	5,036,347	9,092,555
	1,028,674,651	856,655,416

The total allowance against impaired trade debts as at 30 June 2014 amounts to Rs. 10.58 million.

Out of total trade debts, 77% comprise of foreign debtors that are secured against letters of credit. Local trade debts include companies with very good credit history and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history.

Bank balances

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Short term	Rating Long Term	Rating Agency	2014 Rupees	2013 Rupees
Allied Bank Limited	A1+	AA+	PACRA	27,132	719,644
Askari Commercial Bank Limited	A1+	AA	PACRA	125,522	125,522
Bank Al Habib Limited	A1+	AA+	PACRA	1,724,299	423,423
Dubai Islamic Bank	A-1	A+	JCR-VIS	5,030	700
Faysal Bank Limited	A1+	AA	PACRA	238,423	243,992
Habib Bank Limited	A-1+	AAA	JCR-VIS	3,195,162	14,842
JS Bank Limited	A1	A+	PACRA	-	15,952
MCB Bank Limited	A1+	AAA	PACRA	82,932	86,878
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	33,014,266	538,008
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,804,993	49,873,676
NIB Bank Limited	A1+	AA-	PACRA	8,464	8,464
Silk Bank Limited	A-2	A-	JCR-VIS	-	4,015
Standard Chartered Bank Limited	A1+	AAA	PACRA	30,480	30,479
Summit Bank Limited	A-3	A-	JCR-VIS	1,734,024	5,132,578
Bank Al-Falah Limited	A1+	AA	PACRA	12,203,838	512,630
The Bank of Khyber	A1	A	PACRA	512,242	11,167,681
United Bank Limited	A-1+	AA+	JCR-VIS	46,661,360	383,262
Meezan Bank Limited	A-1+	AA	JCR-VIS	915,967	9,954
Sindh Bank Limited	A-1+	AA-	JCR-VIS	2,447,969	-
Bank Islami Pakistan Limited	A1	A	PACRA	2,656,530	-
Burj Bank Limited	A-1	A	JCR-VIS	1,062,923	-
Soneri Bank	A1+	AA-	PACRA	602,669	-
Saudi Pak Industrial and Agriculture Corporation	A-1+	AA	JCR-VIS	80	-
				110,054,305	69,291,700

Based on past experience the management believes no impairment allowance is necessary in respect of loans, advances and other receivables past due as some receivables have been recovered subsequent to the year end and for other balances, there are reasonable grounds to believe that the amounts will be recovered in due course.

42.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2014						
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Above five year
	---- Rupees ----						
Financial Liabilities							
Long term finance	2,035,018,522	2,643,976,039	214,303,016	311,033,559	680,955,749	1,359,421,659	78,262,056
Liabilities against assets subject to finance lease	66,460,177	76,599,370	16,773,829	14,856,881	25,966,666	19,001,994	-
Trade and other payables	609,270,876	609,270,876	609,270,876	-	-	-	-
Mark-up accrued	123,872,544	123,872,544	123,872,544	-	-	-	-
Finance under markup arrangements	3,746,957,017	3,746,957,017	3,746,957,017	-	-	-	-
	6,581,579,136	7,200,675,846	4,711,177,282	325,890,440	706,922,415	1,378,423,653	78,262,056

	2013						
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Above five year
	---- Rupees ----						
Financial Liabilities							
Long term finance	1,223,855,572	1,594,728,650	154,137,790	164,393,949	394,747,456	780,402,984	101,046,471
loan from related parties	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	49,480,062	55,973,014	13,655,394	13,362,615	21,688,959	7,266,046	-
Trade and other payables	570,515,841	570,515,841	570,515,841	-	-	-	-
Mark-up accrued	69,058,564	69,058,564	69,058,564	-	-	-	-
Finance under markup arrangements	3,525,957,251	3,525,957,251	3,525,957,251	-	-	-	-
	5,438,867,290	5,816,233,320	4,333,324,840	177,756,564	416,436,415	787,669,030	101,046,471

42.3 Market risk

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.

42.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts.

The Company’s exposure to currency risk is as fellows :

	2014 Rupees	2013 Rupees (Restated)
Foreign debtors	787,552,546	615,434,729
Foreign currency bank account	317,099	311,198
Export finances	(750,017,495)	(1,230,317,097)
Gross balance sheet exposure	37,852,150	(614,571,170)
Outstanding letters of credit	(888,721,240)	(394,198,754)
Forward foreign exchange contracts	(110,406,766)	154,620,000
Net exposure	(961,275,856)	(854,149,924)

The following significant exchange rate has been applied:

Average rate Reporting date rate

	Average rate		Reporting date rate	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
USD to PKR	**98.85**	96.60	**98.78**	98.92

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of export finances, foreign debtors, outstanding letters of credit and forward foreign exchange contracts.

	2014 Rupees	2013 Rupees (Restated)
Effect on profit or loss		
USD	**96,127,586**	85,414,992
Effect on balance sheet		
USD	**(3,785,215)**	61,457,117

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax loss / profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

42.3.2 Interest rate risk

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

	Effective rate		Carrying amount	
	2014 %	2013 %	2014 Rupees	2013 Rupees (Restated)
Financial Liabilities				
Fixed rate instruments:				
Long term loan	**11.49**	12.70	**608,393,152**	473,421,607
Financial liabilities				
Variable rate instruments:				
Long term loan	**11.43-12.59**	10.30-18.98	**1,426,625,370**	750,433,965
Liabilities against assets subject to finance lease	**10.83-12.37**	10.83-16.02	**66,460,177**	49,480,062
Short term running finance	**9.59-14.21**	9.79-15.03	**2,996,939,522**	2,295,640,154
Export finances	**1.43-4.50**	1.43-5.58	**750,017,495**	1,230,317,097

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit and loss 100 bp	
	Increase Rupees	Decrease Rupees
As at 30 June 2014		
Cash flow sensitivity - Variable rate financial liabilities	(52,400,426)	52,400,426
As at 30 June 2013		
Cash flow sensitivity - Variable rate financial liabilities	(43,258,713)	43,258,713

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/ (loss) for the year and assets / liabilities of the Company.

42.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

Sensitivity analysis

A 10% increase/decrease in share prices at year end would have decreased/increased the surplus on re-measurement of investments in 'available for sale' investments as follows:

	2014 Rupees	2013 Rupees
Effect on equity	7,612,984	6,518,290

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/equity and assets of the Company.

42.4 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 arm's length transaction. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	---------- Rupees ----------			
Financial assets				
Other financial assets	76,129,843	76,129,843	65,182,897	65,182,897
Loans and advances	355,070,166	355,070,166	334,472,479	334,472,479
Trade debts	1,028,674,651	1,028,674,651	856,468,672	856,468,672
Trade deposits	22,579,210	22,579,210	18,732,875	18,732,875
Other receivables	23,212,841	23,212,841	25,466,624	25,466,624
Cash and bank balances	115,085,145	115,085,145	73,089,262	73,089,262
Tax refunds due from the government	458,800,820	458,800,820	297,165,172	297,165,172
	2,079,552,676	2,079,552,676	1,670,577,981	1,670,577,981

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rupees			
Financial liabilities				
Long term finance	2,035,018,522	2,035,018,522	1,223,855,572	1,223,855,572
Loan from related parties	-	-	-	-
Liabilities against assets subject to finance lease	66,460,177	66,460,177	49,480,062	49,480,062
Trade and other payables	609,270,876	609,270,876	570,515,841	570,515,841
Mark-up accrued	123,872,544	123,872,544	69,058,564	69,058,564
Finance under markup arrangements	3,746,957,017	3,746,957,017	3,525,957,251	3,525,957,251
	6,581,579,136	6,581,579,136	5,438,867,290	5,438,867,290

b) Valuation of financial instruments

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2014			
	Level 1	Level 2	Level 3	Total
	Rupees			
Available-for-sale financial asset				
- Equity securities	76,129,843	-	-	76,129,843

	2013			
	Level 1	Level 2	Level 3	Total
	Rupees			
Available-for-sale financial asset				
- Equity securities	65,182,897	-	-	65,182,897

c) Accounting classifications and fair values

	2014					
	Trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Cost / amortized cost	Total carrying amount
	Rupees					
Financial assets						
Short term investments	-	-	-	76,129,843	-	76,129,843
Loans and advances	-	-	355,070,166	-	-	355,070,166
Trade debts	-	-	1,028,674,651	-	-	1,028,674,651
Trade deposits	-	-	22,579,210	-	-	22,579,210
Other receivables	-	-	23,212,841	-	-	23,212,841
Cash and bank balances	-	-	-	-	115,085,145	115,085,145
Tax refunds due from the government	-	-	458,800,820	-	-	458,800,820
	-	-	1,888,337,688	76,129,843	115,085,145	2,079,552,676
Financial liabilities						
Long term finance	-	-	-	-	2,035,018,522	2,035,018,522
Liabilities against assets subject to finance lease	-	-	-	-	66,460,177	66,460,177
Trade and other payables	-	-	-	-	609,270,876	609,270,876
Mark-up accrued	-	-	-	-	123,872,544	123,872,544
Finance under markup arrangements	-	-	-	-	3,746,957,017	3,746,957,017
	-	-	-	-	6,581,579,136	6,581,579,136

	2013					
	Trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Cost / amortized cost	Total carrying amount
	Rupees					
Financial assets						
Short term investments	-	-	-	65,182,897	-	65,182,897
Loans and advances	-	-	334,472,479	-	-	334,472,479
Trade debts	-	-	856,468,672	-	-	856,468,672
Trade deposits	-	-	18,732,875	-	-	18,732,875
Other receivables	-	-	25,466,624	-	-	25,466,624
Cash and bank balances	-	-	-	-	73,089,262	73,089,262
Tax refunds due from the government	-	-	297,165,172	-	-	297,165,172
	-	-	1,532,305,822	65,182,897	73,089,262	1,670,577,981
Financial liabilities						
Long term finance	-	-	-	-	1,223,855,572	1,223,855,572
Liabilities against assets subject to finance lease	-	-	-	-	49,480,062	49,480,062
Trade and other payables	-	-	-	-	570,515,841	570,515,841
Mark-up accrued	-	-	-	-	69,058,564	69,058,564
Finance under markup arrangements	-	-	-	-	3,525,957,251	3,525,957,251
	-	-	-	-	5,438,867,290	5,438,867,290

The financial instruments not accounted for at fair value are those financial assets and liabilities whose carrying amounts approximate at fair value.

42.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) to provide an adequate return to shareholders.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June were as follows:

	2014 Rupees	2013 Rupees (Restated)
Total debt	2,035,018,522	1,223,855,572
Total equity and debt	4,295,902,002	3,317,750,392
Debt-to-equity ratio	47%	37%

The increase in the debt-to-equity ratio in 2014 resulted primarily due to increase in long term debt of the Company.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

43 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

Board of Directors of the Company has recommended to distributed 15% cash dividend i.e. Rs. 1.5 for every share held by the shareholder of the company as a final cash dividend which is in its meeting held on 27 September 2014. Total amount of cash dividend amounting to Rs. 46,216,406 is 21.09% of the profit after tax for the year ended June 30, 2014. These financial statements do not include the effect this announcement and will be accounted for in subsequent financial year.

44 NUMBER OF EMPLOYEES

Total number of employees as at June 30, 2014 were 1,741 (2013: 1,730) while average number of employees during the year were 1,733 (2013: 1,718).

45 RECLASSIFICATION

Following reclassifications have been made in these financial statements to give better presentation;

Previous classification	Current classification	Amount (Rupees)
Due to related parties	Trade Creditors	11,724,007
Short term finances	Export finances	429,315,238
Other income	Finance cost	5,341,381

46 DATE OF AUTHORIZATION

These financial statements are authorized for issue on September 27, 2014 by the board of directors of the Company.

47 GENERAL

Figures in these financial statements have been rounded off to nearest rupee.

S/d-
Chief Executive Officer

S/d-
Director

Form of Proxy

I/We ______________________________

of ______________________________

in the district of ______________ being a member of RELIANCE WEAVING MILLS LIMITED and

a holder of ______________________________

Hereby appoint ______________________________

of ______________________________ another member of the

Company or failing him ______________________________

of ______________________________ another member of

the Company as my / our proxy to vote for me / us and on my / our behalf, at Annual General Meeting of the Company to be held on Thursday October 30, 2014 at 11:00 A.M. adjournment thereof

.

Affix
Revenue
Stamps of Rs.5/-

1. witness: ______________

Signature ______________

Name ______________

Address ______________

____
Signature of Member

2. witness: ______________

Signature ______________

Name ______________

Address ______________

Shareholder's Folio No. ______________

CDC A/c No. ______________

NIC No. ______________

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office 2nd Floor, Trust Plaza, L.M.Q Road Multan not later that 48 hours before the time for the meeting and must be duly stamped, signed and witnessed.

2. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her NIC or Passport, to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.