24th Annual Report

of

Ahmad Hassan Textile Mills Limited

for the year ended June 30, 2013

CONTENTS

VISION 2015

To be a world class and leading organization continuously providing high quality textile products.

MISSION 2013

To be a model diversified textile organization exceeding expectations of all stakeholders. We will achieve this by utilizing best blend of state-of-the-art technologies, excellent business processes, high performing people, and synergetic organizational culture.

CORE VALUES

Our success will not be a matter of chance but of commitment to the following enduring beliefs and values that are engrained in the way we think and take actions to pursue a climate of excellence:

Integrity & Ethics

Integrity, honesty and high ethical, legal & safe standards are corner stones of our business practices.

Quality

We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence. Our aim is:

To achieve and sustain good reputation in both domestic and international market by manufacturing quality yarn / fabric with organized training and implementation of quality system as per our valued customers needs to ensure the achievement of our aim.

Social Responsibility

We believe in respect for the community and preserving the environment for our future generations and keeping National interests paramount in all our action.

Learning & Innovations

We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future.

Team Work

We believe that competent and satisfied people are the company's heart, muscle and soul. We savours flashes of genius in organization's life by reinforcing attitude of teamwork and knowledge sharing based on mutual respect, trust and openness.

Empowerment

We flourish under and ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions.

STRATEGIC PLAN

To achieve the above objectives, the Company has made strategic plans to enhance and upgrade its installed capacity over the next 10 years to maintain and expand its market. Further plans are to excel in social responsibilities by implementing related projects and community developments.

COMPANY PROFILE

BOARD OF DIRECTORS	
Chairman	Mian Muhammad Javed Anwar
Chief Executive Officer	Mian Muhammad Parvez
Directors	Mr. Muhammad Haris
	Mr. Muhammad Aurangzeb
	Mrs. Salma Javed
	Mr. Muhammad Jahanzeb
	Mr. Syed Raza Abbas Jaffari *(Rep. N.I.T)*
AUDIT COMMITTEE	
Chairman	Mr. Muhammad Jahanzeb
Members	Mrs. Salma Javed
	Mr. Muhammad Haris
HR & R COMMITTEE	
Chairman	Mr. Muhammad Jahanzeb
Members	Mrs. Salma Javed
	Mian Muhammad Parvez
CHIEF FINANCIAL OFFICER	Abdul Sattar
HEAD OF INTERNAL AUDIT	Mr. Najeeb Ahmed Khan
COMPANY SECRETARY	Mr. Shamsur Rehman
AUDITORS	M/s F.R.A.N.T.S & Co. Chartered Accountants, Multan.
BANKERS	Bank Al-Habib Limited Allied Bank Limited United Bank Limited Bank Al-Falah Limited Habib Bank Limited Faysal Bank Limited National Bank of Pakistan
REGISTERED OFFICE	46 - Hassan Parwana Colony, Multan.
MILLS	M.M. Road, Chowk Sarwar Shaheed, Distt. Muzaffargarh.
SHARES REGISTRAR	M/s Vision Consulting Limited 3-C, LDA Flats, Lawarnce Road, Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of the Company will be held at its Head Office, 46-Hassan Parwana Colony, Multan, on Thursday 31st October, 2013to transact the following business:

1. To confirm the Minutes of the Annual General Meeting of the Company held on 31st October 2012.
2. To receive, consider and adopt the Audited Accounts together with Directors' Report and Auditors' Report for the year ended June 30, 2013.
3. To approve a cash dividend at 15% i.e. Rs. 1.50 per share of Rs. 10/- each for the year ending 30.06.2013, as recommended by the Board of Directors.
4. To appoint Auditors of the Company for the financial year 2013-2014 and to fix their remuneration. The present Auditors Messers. F.R.A.N.T.S. & Co.,- Chartered Accountants, retire and being eligible offer themselves for re-appointment as recommended by the Board of Directors.
5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
(SHAMSUR RAHMAN)
COMPANY SECRETARY

Place: Multan
Dated: 08-10-2013

NOTES:

i) The share Transfer books of the Company will remain closed from 24th October, 2013 to 31st October, 2013 (both days inclusive). Transfers received in order at the office of our Share Registrar, (M/s VISION Consulting Ltd., 3-C, LDA Flats, Lawrence Road, Lahore Phone # 042-36375531) by the close of business on October 23, 2013, will be considered in time for determination of entitlement of share holder to the final cash dividend.

ii) The SECP vide SRO No. 831(1)/2012 dated July 05, 2012, directed all the Companies to issue dividend warrant only crossed as "A/c Payees only" and should bear Computerized National Identity Card (CNIC) number of the registered member, Members who have not yet submitted attested photocopy of their CNIC are requested to send the same to our Share Registrar at the earliest otherwise their future dividends would not be processed.

iii) Dividend Mandate Forms are available at the Registered Office of the Company / Share Registrar, Members are encouraged to provide duly filled in dividend mandate form, to receive the cash dividend declared by the Company, if any, directly into their bank account through e-dividend payment mechanism, as advised by SECP vide its No.8(4)SM/CDC2008 dated April 05, 2013. Members who wish to avail e-Dividend payment facility shall not received the dividend warrant. Members not providing dividend mandate shall continue to be paid through dividend warrants.

iv) A member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy forms duly completed should reach the Registered / Head Office of the Company at least 48 hours before the time of meeting.

v) Any individual Beneficial Owners of CDC, entitled to attend and vote at this meeting must bring his/her CNIC or Passport to prove his/ her identity and in case of proxy must enclose an attested copy of his/ her CNIC or Passport. Representatives of Corporate members should bring the usual documents required for such purpose.

vi) Members are requested to notify immediately any change in their addresses, directly to our Share Registrar addressed above.

DIRECTORS' REPORT

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders

Yours Directors are pleased to present before you the 24th Annual Report on the affairs of your Company and Financial Results for the year ended June 30, 2013 together with the Directors Report and Auditors Report.

SUMMARIZED FINANCIAL RESULTS:

	2013 (Rupees)	2012 (Rupees)
Sales	4,015,813,336	3,376,915,926
Gross Profit	447,346,364	424,920,553
Profit before taxation	**182,259,430**	**167,614,187**
Profit after taxation	**143,998,722**	**96,222,497**

REVIEW OF OPERATIONS:

By the grace of Almighty Allah, during current year, the operations of the Company were quite satisfactory as your Company has earned gross profit of Rs. 447 million. During the year, gross profit of the Company has decreased by 1.44% from 12.58% to 11.14% as compared to last year; this is mainly due to the Fuel price adjustment surcharge. But due to the increase in sales volume gross profit and net profit is also increased.

Further, the provision for income tax in current year amounted to Rs. 38.26 million (2012:Rs.71.4 million).

No significant change has been observed in administrative expenses. Finance costs, during the year, decreased by Rs. 31.5 million mainly due to effective financial management.

DIVIDEND

Your directors are pleased to recommend for the payment of the cash dividend to its shareholders at 15% i.e. Rs. 1.50 per share of Rs. 10/- for the year ended June 30, 2013.

BOARD MEETINGS AND ATTENDANCE BY DIRECTOR:

Total No. of Board Meeting held during the year under review	4

Attendance by each Director	
Mian Muhammad Javed Anwar	3
Mian Muhammad Parvez	3
Mrs. Salma Javed	4
Mr. Muhammad Haris	2
Mr. Muhammad Jahanzeb	3
Mr. Muhammad Aurangzeb	4
Mr. Raza Abbas Jaffari (Nominee N.I.T)	3

FUTURE OUTLOOK

The Textile Industry has been one of the most unpredictable industries in Pakistan. In future the only dilemma is energy crises and continuously increasing energy prices. There is no solution yet on the part of Govt. of Pakistan, while we have made all possible arrangements to overcome this situation like standby Gas Gensets etc and some other plans are also in pipeline to mitigate the effects of energy price hype.

By the grace of Almighty Allah, management is striving very hard to make the future business profitable.

CORPORATE GOVERNANCE

Compliance of corporate governance is attached.

AUDITORS

M/s F.R.A.N.T.S. & Co., Chartered Accountants, Multan being eligible and are recommended for re-appointment as Auditors of the Company for a term of one year as suggested by the Audit Committee.

PATTERN OF SHAREHOLDING

Pattern of holding of shares by the shareholders of the Company as on June 30, 2013 as required under Section 236(2)(d) of the Companies Ordinance, 1984, is enclosed.

ACKNOWLEDGMENT

Your Directors place on record their deep appreciation for the efforts made by the workers and staff of the Company for their deep devotion to work.

Your Directors would also like to express their thanks to the Shareholders and Financial Institutions for their support and assistance, especially Bank Al-Falah Limited, Bank Al-Habib Limited, Allied Bank Limited, Habib Bank Limited, National Bank Limited and United Bank Limited.

On behalf of the Board of Directors

Mian Muhammad Javed Anwar
Chairman

Multan
Dated: October 04, 2013

Six Years Growth at Glance (2008-2013)

Particulars	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
OPERATIONAL PERFORMANCE:						
Weaving						
Number of Looms Installed	130	130	130	130	130	130.00
Number of Looms Worked	130	130	130	130	130	130.00
Installed Capacity after conversion into 60 picks Sq. Meter (000)	37,696	41,538	41,538	41,538	41,538	41,538.00
Actual Production after conversion into 60 picks Sq. Meter (000)	35,515	33,644	32,489	37,814	34,850	35,244.00
Spinning						
Number of Spindles Installed	38,400	38,400	38,400	20,760	20,760	20,760.00
Number of Spindles Worked	38,400	38,400	38,400	20,760	20,760	20,760.00
No. of Shifts Worked	1,095	1,095	1,095	1,095	1,095	1,095.00
Installed Capacity (after conversion into 20/s count) (1095 shifts) KGS (000)	12,593	12,988	12,988	7,821	7,821	7,821.00
Actual yarn Production (after con. 20/s count) KGS (000)	12,472	11,818	11,837	7,793	7,442	7,442
PROFIT AND LOSS:						
Net Sales Rs. (000)	2,556,340	2,736,385	3,311,020	3,991,815	3,376,915	4,015,813
Gross Profit Rs. (000)	205,853	332,062	410,893	582,497	424,920	447,344
Operating Profit/(loss) Rs. (000)	(103,687)	243,897	284,393	412,658	284,667	268,016
Profit/(loss) before Tax Rs. (000)	(103,687)	(52,869)	58	235,894	167,614	182,259
Profit /(loss) after Tax Rs. (000)	(85,871)	(63,844)	58,712	172,217	96,222	143,998
BALANCE SHEET:						
Share Capital and Reserves Rs. (000)						
Shareholders Equity	925,607	876,761	839,920	1,012,137	1,090,349	1,860,753
Property Plant & Equipment Rs. (000)	2,017,040	1.954,828	1,665,880	1,600,881	1,612,312	2,336,860
CurrentAssets Rs. (000)	848,140	1,005,862	902,267	1,092,832	899,568	905,757
Current Liabilities Rs.	1,267,807	1,328,924	1,234,835	1,085,949	916,144	899,726
Long Term Liabilities Rs. (000)	673,553	755,004	652,812	470,414	358,635	331,086
INVESTOR INFORMATION:						
Per Share (Rs.)						
Cash Dividend	-	-	-	12.50%	12.50%	15%
Earning Per Share	(6.03)	(4.43)	4.07	11.95	6.68	9.99
FINANCIAL RATIOS:						
Gross Profit Ratio (%age)	8.05	12.14	12.41	14.59	12.58	11.14
Net Profit Ratio (%age)	(3.40)	(2.33)	1.77	4.31	3.47	3.59
Inventory Turnover (times)	4.03	3.80	4.37	6.35	6.00	6.66
Fixed Assets Turnover (times)	1.27	1.40	1.83	2.44	2.04	1.53
Total Assets Turnover (times)	0.89	0.92	1.14	1.44	1.32	1.09
Return on Capital Employed (%age)	0.05	0.15	0.18	0.26	0.18	0.10
Leverage Ratio	2.10	3.36	1.90	1.21	1.53	1.15
Current Ratio	0.67	0.76	0.73	1.01	0.98	1.01
Interest Coverage Ratio (times)	0.45	0.82	1.26	2.33	2.43	3.13

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: Ahmad Hassan Textile Mills Limited
Year ended: June 30, 2013

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

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. However, none of the directors on the board represents minority. At present the board includes:

   Executive Directors:
   - Mr. Muhammad Javed Anwar
   - Mr. Muhammad Parvez
   - Mr. Muhammad Haris

   Non-Executive Directors:
   - Mr. Muhammad Aurangzeb
   - Mr. Muhammad Jahanzeb
   - Mrs. Salma Javed
   - Syed Raza Abbas Jaffari

2. The directors have confirmed that none of them is serving as a director on more than ten listed companies, including the company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The elections of the directors were held on October 31, 2011 in which seven directors were elected for a term of three years. No casual vacancy occurred on the Board during the year ended June 30, 2013.
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 Chief Executive Officer (CEO), other executive and non-executive Directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Three directors of the Company are exempted from the Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. The company will arrange training program of other directors as provided under CCG..

10. The board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment. However, there were no new appointments of CFO, Company Secretary or Head of Internal Audit during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of 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 (3) members, of whom two (2) are non-executive directors. The Chairman of the Committee is non-executive director.

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 also formed Human Resource and Remuneration Committee. It comprises of CEO and two (2) non-executive directors. The Chairman of the Committee is non-executive director.

18. The board has set up an effective internal audit function headed by Head of Internal Audit. The staff is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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. We confirm that all other material principles enshrined in the CCG have been complied with.

October 04, 2013

Mian Muhammad Parvez
Chief Executive Officer

Review Report to the Members on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (The Code) prepared by the Board of Directors of **Ahmad Hassan Textile Mills Limited** (the Company) to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

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

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

Further, the Code requires the Company to place before the audit committee and upon recommendation of the audit committee, before the Board of Directors for their review and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and recommendation by the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

F.R.A.N.T.S. & Co.
Chartered Accountants
Engagement Partner: Muhammad Talib
Date: October 04, 2013
Multan

AUDITORS' REPORT TO THE MEMBERS

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

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material 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;

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

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

(c) In our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and, respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) In our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

F.R.A.N.T.S. & CO.
Chartered Accountants
Engagement Partner: Muhammad Talib
Multan
Dated: October 7, 2013

BALANCE SHEET
AS AT JUNE 30, 2013

	Notes	2013 Rupees	2012 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	2,336,860,177	1,612,312,862
Long term investments	4	259,272	259,376
Long term deposits	5	39,180,010	39,180,010
		2,376,299,459	1,651,752,248
CURRENT ASSETS			
Stores, spares and loose tools	6	42,421,206	33,084,000
Stock-in-trade	7	492,998,541	458,637,533
Trade debts	8	227,255,138	244,238,658
Loans, advances, deposits and prepayments	9	94,885,564	123,074,530
Tax refunds due from Government	10	22,590,804	12,864,588
Short term investments	11	-	20,394,452
Other receivables	12	7,669,591	3,607,356
Current portion of long term investments	4	104	104
Cash and bank balances	13	17,936,655	3,666,866
		905,757,603	899,568,087
TOTAL ASSETS		3,282,057,062	2,551,320,335
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized	14	200,000,000	200,000,000
Issued, subscribed and paid up share capital	14	144,082,488	144,082,488
Capital reserve	15	32,746,284	32,746,284
Revenue reserve - unappropriated profit		643,073,455	496,839,670
		819,902,227	673,668,442
Surplus on revaluation of property, plant and equipment	16	1,040,851,547	416,680,723
NON-CURRENT LIABILITIES			
Long term financing	17	226,086,668	253,635,983
Subordinated loans	18	105,000,000	105,000,000
Deferred taxation	20	190,489,847	186,190,549
		521,576,515	544,826,532
CURRENT LIABILITIES			
Trade and other payables	21	229,315,518	187,004,426
Finances under mark up arrangements and other credit facilities	22	492,155,903	491,724,454
Current portion of non-current liabilities	23	119,296,349	178,418,769
Accrued finance cost	24	20,516,985	25,356,419
Provision for taxation	25	38,442,018	33,640,570
		899,726,773	916,144,638
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		3,282,057,062	2,551,320,335

The annexed notes from 1 to 48 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

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

	Note	2013	2012
		Rupees	Rupees
Sales - net	27	4,015,813,336	3,376,915,926
Cost of sales	28	(3,568,466,972)	(2,951,995,373)
Gross profit		447,346,364	424,920,553
Other operating income / (loss)	29	11,952,437	(4,608,976)
Profit on trading	30	21,868	3,731,655
Distribution cost	31	(137,547,889)	(99,462,050)
Administrative expenses	32	(43,545,451)	(30,962,485)
Other operating expenses	33	(10,210,444)	(8,951,599)
		(179,329,479)	(140,253,455)
Profit from operations before finance cost		268,016,885	284,667,098
Finance cost	34	(85,757,455)	(117,052,911)
Profit before taxation		182,259,430	167,614,187
Provision for taxation	35	(38,260,708)	(71,391,690)
Profit after taxation for the year		143,998,722	96,222,497
Earnings per share - basic and diluted	36	9.99	6.68

The annexed notes from 1 to 48 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

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

	2013	2012
	Rupees	Rupees
Profit after taxation for the year	**143,998,722**	96,222,497
Other comprehensive income:		
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	**19,110,316**	16,546,061
Revaluation surplus relating to disposal of property, plant and equipment	**1,135,057**	-
	20,245,373	16,546,061
Total comprehensive income for the year	**164,244,095**	112,768,558

The annexed notes from 1 to 48 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	420,517,929	479,389,293
Income tax paid		(32,174,267)	(21,612,500)
Finance cost paid		(90,596,889)	(129,272,681)
Long term deposits		-	(4,000)
Workers' Profit Participation Fund paid		(8,821,799)	(12,412,862)
Staff gratuity paid		(5,594,523)	(4,833,968)
		(137,187,478)	(168,136,011)
Net cash generated from operating activities		283,330,451	311,253,282
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(176,821,250)	(95,904,854)
Proceeds from dispoasl of property, plant and equipment		10,875,001	200,000
Redemption of long term investments		104	104
Net cash used in investing activities		(165,946,145)	(95,704,750)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained		95,250,000	67,000,000
Repayment of long term finances		(178,994,445)	(144,986,359)
Repayment of principal portion of finance lease		(2,927,290)	(16,041,139)
Repayment of finances under markup arrangements and other credit facilities - net		(53,042,216)	(14,061,608)
Dividend paid		(16,874,231)	(17,838,704)
Net cash used in financing activities		(156,588,182)	(125,927,810)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(39,203,876)	89,620,722
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(76,417,243)	(166,037,965)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	37.1	(115,621,119)	(76,417,243)

The annexed notes from 1 to 48 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

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

	Share Capital	Reserves		Total
		Capital	Revenue	
	Issued, subscribed and paid up capital	Share premium	Unappropriated profit	
	Rupees			
Balance as at June 30, 2011	144,082,488	32,746,284	402,081,637	578,910,409
Total comprehensive income for the year:				
Profit for the year	-	-	96,222,497	96,222,497
Other comprehensive income for the year	-	-	16,546,061	16,546,061
Total comprehensive income for the year	-	-	112,768,558	112,768,558
Transactions with owners of the Company recognized directly in equity:				
Final dividend for the year ended June 30, 2011 @ Rs. 1.25 per share	-	-	(18,010,525)	(18,010,525)
Balance as at June 30, 2012	144,082,488	32,746,284	496,839,670	673,668,442
Total comprehensive income for the year:				
Profit for the year	-	-	143,998,722	143,998,722
Other comprehensive income for the year	-	-	20,245,373	20,245,373
Total comprehensive income for the year	-	-	164,244,095	164,244,095
Transactions with owners of the Company recognized directly in equity:				
Final dividend for the year ended June 30, 2012 @ Rs. 1.25 per share	-	-	(18,010,310)	(18,010,310)
Balance as at June 30, 2013	144,082,488	32,746,284	643,073,455	819,902,227

The annexed notes from 1 to 48 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. *STATUS AND ACTIVITIES*

Ahmad Hassan Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as a Public Limited Company under the Companies Ordinance 1984. Its shares are quoted on all Stock Exchanges in Pakistan. It is principally engaged in the manufacturing and sale of yarn and fabric. The registered office of the Company is situated at 46-Hassan Parwana Colony, Multan. The mill is located at M. M. Road, Chowk Sarwar Shaheed, District Muzaffargarh.

2. *BASIS OF PREPARATION*

2.1 *Statement of compliance*

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

2.2 *Basis of measurement*

These financial statements have been prepared under historical cost convention, except for:

- operating property, plant and equipment as stated in **note 2.7.1.**
- modification of foreign currency translation adjustments as stated in **note 2.7.7,**

2.3 *Functional and presentation currency*

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

2.4 *Significant accounting estimates and judgments*

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and 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 ongoing basis. Revisions to accounting estimates are recognized in the period in which 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.

Judgements 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 financial year are set forth below:

Significant accounting estimates and judgments - continued

Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of 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 effect on the depreciation charge and impairment.

Stock-in-trade and stores, spares and loose tools

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 on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

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.

2.5 Standards, interpretation and amendment adopted during the year

In the current year, the Company has adopted following new standards and amendments to approved standards issued by the IASB and as notified by the SECP that are relevant to its operations and effective for the Company's accounting period beginning on July 01, 2012.

- Amendments to IAS 12 - deferred tax on investment property
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

In the year 2010, the Company adopted "IAS-1 (revised) - Presentation of financial statements" and opted to present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections.
During the year, the Company has opted to present the profit or loss section as a separate statement of profit and loss account followed by a separate statement of comprehensive income, which begins with profit or loss for the year after taxation and then presenting the items of other comprehensive income.
Accordingly, the figures of comparative year have also been transferred to statement of comprehensive income. This does not have any significant impact on the financial statements and there is no impact on earnings per share.

The adoption of new standards, interpretations and amendments / improvements did not have any material effect on the Company's financial statements.

2.6 New, revised and amended standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after July 1, 2013. These standards are either not relevant to the Companys operations or are not expected to have significant impact on the Companys financial statements;

	effective for annual periods beginning on or after
a) IAS 1 - Presentation of Financial Statements	January 1, 2013
b) IAS 16 - Property, Plant and Equipment (Amendments)	January 1, 2013
c) IAS 19 - Employee Benefits (amended 2011)	January 1, 2013
d) IAS 27 - Separate Financial Statements (2011)	January 1, 2013
e) IAS 28 - Investments in Associates and Joint Ventures (2011)	January 1, 2013
f) IAS 32 - Financial Instruments: Presentation	January 1, 2013
g) IAS 39 - Financial Instruments: Recognition and Measurement	January 1, 2014
h) Annual Improvements 2009-2011	January 1, 2013
i) Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	January 1, 2013
j) IFRIC 21-Levies an interpretation on the accounting for Levies	
k) imposed by governments	January 1, 2014
l) IFRIC 20 - Stripping cost in the production phase of a surface mining	January 1, 2013
m) IAS 36 - Impairment of assets (Amendments)	January 1, 2014

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below:

2.7.1 Property, plant and equipment

Owned

Property, plant and equipment except freehold land and capital work-in-progress (CWIP) are stated at cost or revalued amount less accumulated depreciation and any identified impairment in value. Freehold land is stated at revalued amount and CWIP is stated at cost less any recognized impairment loss. Borrowing costs pertaining to erection / construction of qualifying assets are capitalized as part of the historical cost as stated in *Note 2.7.13.*

All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

Depreciation on all items of property, plant and equipment except for freehold land and capital work-in-progress is charged to income by applying reducing balance method so as to write-off the depreciable amounts over estimated remaining useful life of the assets. The useful life and depreciation method are consistent with the expected pattern to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of operating property, plant and equipment. Rates of depreciation are stated in *Note 3.1* . Depreciation is charged on additions from the month in which an asset is acquired or capitalized and no depreciation is charged for the month in which asset is disposed of. The profit 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.

Property, plant and equipment - continued

Surplus arising on revaluation of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets and revaluation surplus pertaining to assets disposed off during the year are transferred to unappropriated profit through other comprehensive income.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The assets so replaced, if any, other than those kept as stand-by, are retired. All other repair and maintenance cost is charged to income during the period in which it is incurred.

Leased

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal for each period.

Depreciation is charged to income at the rates stated in *Note 3.1* applying reducing balance method to write-off the depreciable amounts of the assets over their estimated useful life in view of certainty of ownership of the assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to current year's income.

2.7.2 Impairment of assets

The management assesses at each balance sheet date whether there is any indication that an asset except deferred tax asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

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

2.7.3 Investments

Held 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.

2.7.4 Stores, spares and loose tools

These are valued at cost, determined on basis of moving average cost less allowance for obsolete and slow moving items, except for items-in-transit which are valued at cost accumulated to the balance sheet date.

2.7.5 *Stock-in-trade*

These are determined at lower of cost and net realisable value. Cost is determined as;

Raw material at warehouse	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable value

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

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

2.7.6 *Trade debts and other receivables*

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

2.7.7 *Foreign currency translations*

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date except for those covered by forward contracts, if any. All exchange fluctuations are charged to profit and loss account.

2.7.8 *Loans, advances, deposits and prepayments*

Loans, advances, deposits and prepayments are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

2.7.9 *Trade and other payables*

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

2.7.10 *Dividend*

Dividend distribution to the Company's shareholders is recognised as a liability in the year in which the dividends are approved.

2.7.11 *Related party transactions*

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

2.7.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

- Local sales are recorded when goods are delivered to customers and invoices are raised.

- Processing income is recognized when goods are delivered to customers and invoices are raised.

- Export sales are recorded on shipment basis.

- Export rebate is booked on receipt basis.

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

- Markup income is accrued on time basis by reference to the principal outstanding and at the agreed markup rate applicable.

2.7.13 Borrowing costs

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

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

2.7.14 Provisions

Provisions are recognized when the Company has a present 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 obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.7.15 Provision for gratuity

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision and payment of gratuity is made annually based on service period completed by each employee.

2.7.16 *Taxation*

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated at the prevailing rates of taxation after taking into account tax credits, rebates and exemption available, if any, or minimum tax on turnover, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. However, for income under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effect 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 asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

2.7.17 *Financial assets and liabilities*

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

All purchases and sales of financial assets are recognized on the trade date when the Company becomes party to the contractual provision.

2.7.18 *Off-setting of financial instruments*

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

2.7.19 *Derivative financial instruments*

These are initially recorded at cost on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

2.7.20 *Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and running finances that are repayable on demand and form an integral part of the Company's cash management.

2.7.21 *Non-current assets classified as held for sale*

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition within one year of the date of its classification as assets held for sale. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Gain / loss on sale of assets classified as held for sale is recognized in profit and loss account.

2.7.22 *Segment Reporting*

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

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, stores, spares and loose tools, stock-in-trade and trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate liabilities.

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

	Note	2013 Rupees	2012 Rupees
3. *PROPERTY, PLANT AND EQUIPMENT*			
Operating property, plant and equipment	3.1	2,200,103,426	1,546,168,208
Capital work-in-progress	3.2	136,756,751	66,144,654
		2,336,860,177	1,612,312,862

3.1 *Operating property, plant and equipment*

PARTICULARS	COST / REVALUED AMOUNTS						DEPRECIATION CHARGE				BOOK VALUE	Rate
	As at June 30, 2012	Additions / transfers from capital work-in-progress	Transfer from leased assets	Revaluation	Disposals / adjustments	As at June 30, 2013	As at June 30, 2012	For the year	Accumulated depreciation on disposals/ transfers	As at June 30, 2013	As at June 30, 2013	
	Rupees						Rupees					
Owned assets:												
Land - freehold	41,167,502	-	-	19,447,498	-	60,615,000	-	-	-	-	60,615,000	
Buildings on freehold land:												
- Factory building	237,443,728	-	-	136,687,315	-	374,131,043	76,814,384	8,570,322	-	85,384,706	288,746,337	5%
- Residential building	52,774,691	-	-	36,440,245	-	89,214,936	16,312,219	1,967,994	-	18,280,213	70,934,723	5%
	290,218,419	-	-	**173,127,560**	-	**463,345,979**	**93,126,603**	**10,538,316**	-	**103,664,919**	**359,681,060**	
Plant and machinery	1,759,011,206	21,924,855	-	451,841,139	(11,138,563)	**2,221,638,637**	569,652,125	61,547,202	(6,927,856)	**624,271,471**	**1,597,367,166**	5%
Power grid station	-	35,769,200	64,747,312	-	-	**100,516,512**	-	6,535,050	20,262,176	**26,797,226**	**73,719,286**	10%
Power plant - generators	33,100,887	31,354,366	-	-	(5,825,841)	**58,629,412**	4,408,600	4,602,378	(4,094,645)	**4,916,333**	**53,713,079**	10%
Gas Installations	18,739,816	-	-	-	-	**18,739,816**	546,578	909,662	-	**1,456,240**	**17,283,576**	5%
Electric installations	43,698,201	-	-	-	-	**43,698,201**	31,207,250	1,873,642	-	**33,080,892**	**10,617,309**	15%
Factory equipments	33,449	383,570	-	-	-	**417,019**	14,579	20,472	-	**35,051**	**381,968**	10%
Office equipments	2,975,451	340,700	-	-	-	**3,316,151**	964,913	223,624	-	**1,188,537**	**2,127,614**	10%
Telephone installations	458,224	-	-	-	-	**458,224**	326,755	13,147	-	**339,902**	**118,322**	10%
Furniture and fittings	1,139,536	-	-	-	-	**1,139,536**	671,772	46,777	-	**718,549**	**420,987**	10%
Arms and ammunition	27,800	-	-	-	-	**27,800**	16,740	1,106	-	**17,846**	**9,954**	10%
Weighing scale	210,000	-	-	-	-	**210,000**	140,319	6,968	-	**147,287**	**62,713**	10%
Tube well	45,000	-	-	-	-	**45,000**	28,863	1,614	-	**30,477**	**14,523**	10%
Vehicles (note 3.1.2)	24,460,016	16,436,462	-	-	(2,968,800)	**37,927,678**	12,497,338	3,433,862	(1,974,391)	**13,956,809**	**23,970,869**	20%
	2,215,285,507	**106,209,153**	**64,747,312**	**644,416,197**	**(19,933,204)**	**3,010,724,965**	**713,602,435**	**89,753,820**	**7,265,284**	**810,621,539**	**2,200,103,426**	
Leased assets:												
Power grid station	64,747,312	-	(64,747,312)	-	-	-	20,262,176	-	(20,262,176)	-	-	10%
	64,747,312	-	**(64,747,312)**	-	-	-	**20,262,176**	-	**(20,262,176)**	-	-	
	2,280,032,819	**106,209,153**	-	**644,416,197**	**(19,933,204)**	**3,010,724,965**	**733,864,611**	**89,753,820**	**(12,996,892)**	**810,621,539**	**2,200,103,426**	

Operating property, plant and equipment
For comparative year ended June 30, 2012

PARTICULARS	COST / REVALUED AMOUNTS						DEPRECIATION CHARGE				BOOK VALUE	
	As at June 30, 2011	Additions / transfers from capital work-in-progress	Transfer from leased assets	Revaluation	Disposals	As at June 30, 2012	As at June 30, 2011	For the year	Accumulated depreciation on disposals/ transfers	As at June 30, 2012	As at June 30, 2012	Rate
	Rupees						Rupees					
Owned assets:												
Land - freehold	41,167,502	-	-	-	-	41,167,502	-	-	-		41,167,502	
Buildings on freehold land:												
- Factory building	237,443,728	-	-	-	-	237,443,728	68,360,208	8,454,176	-	76,814,384	160,629,344	5%
- Residential building	52,774,691	-	-	-	-	52,774,691	14,393,141	1,919,078	-	16,312,219	36,462,472	5%
	290,218,419	-	-	-	-	290,218,419	82,753,349	10,373,254		93,126,603	197,091,816	
Plant and machinery	1,759,011,206					1,759,011,206	507,054,278	62,597,847	-	569,652,125	1,189,359,081	5%
Power plant - generators	5,825,841	27,275,046	-	-	-	33,100,887	3,746,326	662,274	-	4,408,600	28,692,287	10%
Gas Installations	-	18,739,816	-	-	-	18,739,816	-	546,578	-	546,578	18,193,238	5%
Electric installations	43,698,201	-	-	-	-	43,698,201	29,002,965	2,204,285	-	31,207,250	12,490,951	15%
Factory equipments	33,449	-	-	-	-	33,449	12,482	2,097	-	14,579	18,870	10%
Office equipments	2,540,737	434,714	-	-	-	2,975,451	770,084	194,829	-	964,913	2,010,538	10%
Telephone installations	397,224	61,000	-	-	-	458,224	317,231	9,524	-	326,755	131,469	10%
Furniture and fittings	1,133,836	5,700	-	-	-	1,139,536	620,272	51,500	-	671,772	467,764	10%
Arms and ammunition	27,800	-	-	-	-	27,800	15,511	1,229	-	16,740	11,060	10%
Weighing scale	210,000	-	-	-	-	210,000	132,577	7,742	-	140,319	69,681	10%
Tube well	45,000	-	-	-	-	45,000	27,070	1,793	-	28,863	16,137	10%
Vehicles	23,809,876	1,293,100	-	-	(642,960)	24,460,016	10,262,911	2,791,090	(556,663)	12,497,338	11,962,678	20%
	2,168,119,091	47,809,376	-	-	(642,960)	2,215,285,507	634,715,056	79,444,042	(556,663)	713,602,435	1,501,683,072	
Leased assets:												
Power grid station	64,747,312	-			-	64,747,312	15,319,383	4,942,793	-	20,262,176	44,485,136	10%
	64,747,312	-	-	-	-	64,747,312	15,319,383	4,942,793	-	20,262,176	44,485,136	
	2,232,866,403	47,809,376	-	-	(642,960)	2,280,032,819	650,034,439	84,386,835	(556,663)	733,864,611	1,546,168,208	

3.1.1 Depreciation for the year has been allocated as follows:

	Note	2013 Rupees	2012 Rupees
Cost of sales	28	84,046,838	79,419,584
Administrative expenses	32	5,706,982	4,967,251
		89,753,820	84,386,835

3.1.2 Vehicles purchased during the year include a vehicle whose title is jointly in the name of the Company and one of its Bankers.

3.1.3 Cost of generator includes borrowing cost capitalized during the year amounting to Rs. Nil (2012: Rs. 2,889,425.)

3.1.4 Revaluation of freehold land, building on freehold land and plant and machinery was carried out on June 22, 2013 by an independent valuer (M/s Iqbal A. Nanjee & Co. (Pvt.) Ltd., Karachi) on the basis of evaluated present values. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment. Previously, the revaluation was carried out on June 22, 2010 by an independent valuer (M/s Pirsons Associates, Multan)

3.1.5 Had there been no revaluations, the related carrying values of freehold land, buildings on freehold land, plant and machinery and power plant - generators at June 30, 2013 would have been as follows:

	2013 Rupees	2012 Rupees
Freehold land	2,577,758	2,577,758
Buildings on freehold land	103,065,935	108,490,458
Plant and machinery	924,699,683	955,296,483
Power plant - generators	53,713,079	3,281,355
	1,084,056,455	1,069,646,054

3.1.6 ***The following assets were disposed of during the year:***

Description of assets disposed off	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
	Rupees					
Plant and machinery	11,138,563	6,927,856	4,210,707	4,000,000	Negotiation	M. Zafar Mohayudin, Multan
Generator	5,825,841	4,094,645	1,731,196	5,000,000	Negotiation	United Trading & Engineering Services, Lahore
Honda Civic - MNA-5380	1,736,800	1,045,167	691,633	1,075,000	Negotiation	Mr. Sheikh Mohammad Zafar, Multan
Suzuki Cultus - MNM-3711	616,000	464,612	151,388	400,000	Negotiation	Mr. Shamas Ur Rehman, Multan
Suzuki Cultus - MNM-3211	616,000	464,612	151,388	400,001	Negotiation	Mr. Samiullah, Multan
2013	19,933,204	12,996,892	6,936,312	10,875,001		
2012	642,960	556,663	86,297	200,000		

3.2 ***Capital work-in-progress***	Note	As at June 30, 2012	Additions during the year	Transfer to operating property, plant and equipment	As at June 30, 2013
		Rupees			
Power plant - generators:					
Cost of generators	3.2.1	53,058,673	97,042,960	(20,157,918)	129,943,715
Advance payments for purchase of generators and allied parts		12,030,350	-	(12,030,350)	-
		65,089,023	97,042,960	(32,188,268)	129,943,715
Plant and machinery		1,055,631	9,637,075	(10,692,706)	-
Office equipment		-	525,290	-	525,290
Factory building		-	1,826,213	-	1,826,213
Machinery and parts in transit		-	4,461,533	-	4,461,533
		66,144,654	113,493,071	(42,880,974)	136,756,751

3.2.1 It includes borrowing cost capitalized during the year amounting to Rs. 1,136,486 (2012: Rs. 1,559,779)

4. ***LONG TERM INVESTMENTS***	Note	**2013 Rupees**	2012 Rupees
Held to maturity			
Term Finance Certificates		**259,376**	259,480
Less: Current maturity shown under current assets		**(104)**	(104)
		259,272	259,376

The market value of these Term Finance Certificates (TFCs) as at **June 30, 2013 was Rs. 262,271 (2012: Rs. 268,086).**

On March 07, 2007, the Company had purchased second tranche of TFCs of Bank Al-Habib Limited having face value of Rs. 260,000. The final maturity date is February 07, 2015. These certificates carry mark up at a rate of KIBOR+1.5% per annum and are redeemable on half yearly basis starting from August 07, 2007. First fourteen redemptions are of principal amount of Rs. 52 each and the last two of Rs. 129,636 each.

5. *LONG TERM DEPOSITS*

Security deposits against utilities	**39,180,010**	39,180,010

These include security deposit of Rs. 34,593,513 (2012: Rs. 34,593,513) deposited with Sui Northern Gas Pipelines Limited (SNGPL) against Gas Connection at mills. The principal amount of deposit (Rs. 34,390,000) bears markup @ 5% per annum.

6. *STORES, SPARES AND LOOSE TOOLS*

Stores	**23,220,046**	14,986,814
Spares	**18,999,804**	17,955,094
Loose tools	**201,356**	142,092
	42,421,206	33,084,000

Stores and spares held for specific capitalization amount to Rs. 1,374,468 (2012: Nil).

7. *STOCK-IN-TRADE*

Raw material	7.1	**244,098,608**	193,981,063
Work-in-process		**54,763,962**	78,649,546
Finished goods		**194,135,971**	186,006,924
		492,998,541	458,637,533

7.1 This includes raw material in transit of Rs. Nil (2012: Rs. Nil).

	Note	2013 Rupees	2012 Rupees
8. *TRADE DEBTS*			
Considered good			
Foreign - secured against letter of credits	8.1	140,111,954	180,097,593
Local - unsecured		87,143,184	64,141,065
		227,255,138	244,238,658

8.1 Trade receivables are non-interest bearing and are generally on 30 to 90 days terms.

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

		2013 Rupees	2012 Rupees
9. *LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS*			
Loans - considered good:			
To employees - against salary		1,580,179	782,743
Advance payments - considered good:			
To suppliers and against expenses		28,519,529	92,009,570
Income tax		33,146,402	30,132,097
Margin deposits with banks against shipping guarantees		29,063,700	-
Letter of credit		1,075,754	-
Prepayments		1,500,000	150,120
		94,885,564	123,074,530
10. *TAX REFUNDS DUE FROM GOVERNMENT*			
Sales tax		13,212,515	4,344,992
Income tax		9,378,289	8,519,596
		22,590,804	12,864,588
11. *SHORT TERM INVESTMENTS*			
Term deposit receipts - held to maturity:			
National Bank of Pakistan	11.1	-	20,000,000
Faysal Bank Limited	11.2	-	394,452
		-	20,394,452

11.1 This deposit receipt was for six months maturity and yielded profit @ 11% per annum.

11.2 These deposit receipts were for one year maturity and yielded profit @ 10.9% to 11% per annum.

	Note	2013 Rupees	2012 Rupees
12. *OTHER RECEIVABLES*			
Minimum tax paid under protest	12.1	642,984	642,984
Others	12.2	7,026,607	2,964,372
		7,669,591	3,607,356

12.1 The Company, in view of the Supreme Court of Pakistan's Judgment dated June 04, 1997, was not liable to pay Minimum Tax under section 80-D of the Repealed Income Tax Ordinance, 1979 up to September 30, 1999. Accordingly, Minimum Tax paid up to September 30, 1999 has been accounted for as receivable from the income tax department.

12.2 - These include markup receivable amounting to Rs. 3,439,000 (2012: Rs. 1,719,500) against security deposit to SNGPL as mentioned in *Note 5*.
- These also include Rs. 3,576,621 paid to Excise and Taxation Department as mentioned in *Note 26.1*.

		2013 Rupees	2012 Rupees
13. *CASH AND BANK BALANCES*			
Cash in hand		229,350	449,822
Cash at banks in current accounts		17,707,305	3,217,044
		17,936,655	3,666,866
14. *SHARE CAPITAL*			
Authorised:			
20,000,000 (2012: 20,000,000) ordinary shares of Rs. 10 each.		200,000,000	200,000,000
Issued, subscribed and paid up:			
14,408,248.8 (2012: 14,408,248.8) ordinary shares of Rs. 10 each issued for cash.		144,082,488	144,082,488

14.1 There is no movement in share capital during the reporting years.

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

15. *CAPITAL RESERVE*

This includes share premium received during the previous years as detailed below:

	2013 Rupees	2012 Rupees
Rs. 4 per share on issue of 2,989,920 ordinary shares of Rs. 10 each issued during the year 2001	11,959,680	11,959,680
Rs. 10 per share on issue of 1,138,992 ordinary shares of Rs. 10 each issued during the year 2004	11,389,920	11,389,920
Rs. 5 per share on issue of 1,879,336.8 ordinary shares of Rs. 10 each issued during the year 2007	9,396,684	9,396,684
	32,746,284	32,746,284

	Note	2013 Rupees	2012 Rupees
16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Opening Balance		**416,680,723**	433,226,784
Revaluation Surplus on Revaluation carried out during the year		**644,416,197**	
Less: Transferred to unappropriated profit on account of:			
Incremental depreciation (net of deferred tax)		**(19,110,316)**	(16,546,061)
Disposal of property, plant and equipment		**(1,135,057)**	-
Closing balance		**1,040,851,547**	416,680,723

17. ***LONG TERM FINANCING***

From banking companies - secured

Name of the Bank / Type of Facility	2013 Rupees	2012 Rupees	Collaterals / Securities	Total no. of installments	Remaining no. of installments	Frequency of payment	Repayment commenced from	Rate of markup
Habib Bank Limited								
Demand Finance	96,067,497	140,467,497	- Joint Pari Passu (JPP) charge on present and future fixed assets of the Company for Rs. 400 million. - First Pari Passu charge for Rs. 130 million on all present and future current assets of the Company. - Personal Guarantees with Personal Net Worth Statements of directors of the Company. - Subordination of directors' loan of Rs. 105 million.	64	24	Monthly	31-Mar-08	Average 6 Months KIBOR + 0.75%
Demand Finance	26,885,883	36,666,670		60	32	Monthly	31-Mar-11	Average 6 Months KIBOR + 0.75%
	122,953,380	177,134,167						
Allied Bank Limited								
Demand Finance	-	19,999,999	- Joint Pari Passu (JPP) charge on present and future fixed assets of the Company for Rs. 187 million. - Personal guarantees of directors (Mr. Muhammad Javed Anwar, Mr. Muhammad Parvez and Mr. Muhammad Haris).	12	-	Half yearly	31-Mar-07	Average 6 Months KIBOR + 0.5%
LTF - EOP	44,954,089	63,450,058		12	5	Half yearly	25-Dec-08	SBP base rate + 0.5%
	44,954,089	83,450,057						
Faysal Bank Limited								
Term Finance - Comber	-	2,358,039	- Joint Pari Passu (JPP) charge on present and future fixed assets of the Company for Rs. 135 million. - Personal Guarantees of directors (Mr. Muhammad Javed Anwar, Mr. Muhammad Parvez and Mr. Muhammad Haris). - Subordination of directors' loan of Rs. 90 million. - Ownership of leased assets in case of Term Finance.	8	-	Half yearly	31-Dec-09	Average 6 Months KIBOR + 2%
LTF - EOP	8,864,437	17,728,937		8	2	Half yearly	17-Oct-09	SBP base rate + 2%
Long Term Finance	-	31,111,107		8	-	Half yearly	01-Jul-09	Average 6 Months KIBOR + 1%
	8,864,437	51,198,083						
United Bank Limited								
Demand Finance	**21,250,000**	42,500,000	Joint Pari Passu (JPP) charge on present and future fixed assets of the Company for Rs. 86 million.	8	2	Half yearly	01-Jul-10	Average 3 Months KIBOR + 2.5%
Bank Al Habib Limited								
Term Finance - II	52,111,111	67,000,000	First exclusive charge over specific machineries (Gas generators, Boilers and allied machineries) installed or to be installed at mill.	18	14	Quarterly	09-Oct-12	Average 6 Months KIBOR + 2%
Term Finance - III	-	7,845,155	Joint Pari Passu (JPP) charge on present and future fixed assets of the Company for Rs. 297 million.	9	-	Half yearly	14-Feb-09	Average 6 Months KIBOR + 1.5%
Term Finance - IV	6,500,000	-	Hypothecation charge for Rs. 9.5 million over imported vehicle duly registered and insured in the joint name of the Bank and the Company.	20	20	Half yearly	19-Jul-13	Average 6 Months KIBOR + 2%
Long Term Finance	88,750,000	-	Ranking charge on present and future fixed assets of the Company to be converted into First exclusive charge over 3 imported gas generators along with allied parts to be installed at mill.	20	20	Half yearly	21-Aug-14	SBP rate + 3%
	147,361,111	74,845,155						
LONG TERM FINANCES	345,383,017	429,127,462						
Current portion grouped under current liabilities	(119,296,349)	(175,491,479)						
	226,086,668	253,635,983						

17.1 Effective rate of mark up on long term loans ranges from 5.5% to 14.49% (2012: 5.5% to 17.6%) per annum.

18. *SUBORDINATED LOANS*

Unsecured- from related parties	**2013 Rupees**	2012 Rupees
Mian Muhammad Javed Anwar	**27,500,000**	27,500,000
Mian Muhammad Parvez	**27,500,000**	27,500,000
Dr. Muhammad Haris	**35,000,000**	35,000,000
Mrs. Waheeda Parvez	**15,000,000**	15,000,000
	105,000,000	105,000,000

These interest free subordinated loans were obtained during the years ended June 30, 2008 and 2009. These loans are subordinated to long term finances from Habib Bank Limited and Faysal Bank Limited.

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE
- Secured

	2013		*2012*	
	Minimum lease payment	***Present value***	*Minimum lease payment*	*Present value*
	Rupees	***Rupees***	*Rupees*	*Rupees*
Within one year	-	-	3,007,574	2,927,290
After one year but not more than five years	-	-	-	-
Total minimum lease payments	-	-	3,007,574	2,927,290
Less: Amount representing markup	-	-	(80,284)	-
Present value of minimum lease payments	-	-	2,927,290	2,927,290
Less: Current portion	-	-	(2,927,290)	(2,927,290)
	-	-	-	-

In 2007, the Company entered into an Ijara (lease agreement) with Meezan Bank Limited for installation of power grid station. The liabilities under the Ijara were paid in monthly installments by July 2012 subject to markup at the rate of average 6 Months KIBOR plus 2%. During the year markup has been charged at the rate of 14% (2012: 13.82% to 15.37%) per annum. The Company exercised its option to purchase the assets under Ijara upon completion of Ijara terms. The said facility was secured against exclusive ownership of assets under Ijara.

	Note	2013 Rupees	2012 Rupees
20. *DEFERRED TAXATION*			
The deferred taxation liability comprises of temporary differences arising due to:			
Credit balance arising in respect of			
- Accelerated tax depreciation allowances		**78,206,464**	116,642,029
- Lease finances		**-**	6,650,298
- Surplus on revaluation of property, plant and equipment		**112,251,691**	66,679,832
- Provision for gratuity		**31,692**	(848,139)
Debit balances arising in respect of:			
- Carry forward losses		**-**	(2,933,471)
		190,489,847	186,190,549

	Note	2013 Rupees	2012 Rupees
21. *TRADE AND OTHER PAYABLES*			
Creditors		**92,751,343**	81,869,470
Accrued liabilities	21.1	**108,956,186**	78,570,788
Advances from customers		**8,597,203**	11,612,637
Tax deducted at source		**5,184,545**	819,355
Workers' Profit Participation Fund		**9,607,757**	8,821,799
Workers' Welfare Fund		**287,952**	-
Unclaimed dividend		**3,758,117**	2,622,038
Derivative cross currency swap		**-**	1,844,710
Other advances		**172,415**	843,629
		229,315,518	187,004,426

21.1 These include staff gratuity payable amounting to Rs. 6,391,441 (2012: Rs. 6,685,964)

	Note	2013 Rupees	2012 Rupees
22. *FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES*			
From banking companies - Secured			
Short term running finances	22.1	**133,557,774**	80,084,109
Short term loans	22.1	**228,268,022**	60,872,312
Export finances	22.2	**130,330,107**	350,768,033
		492,155,903	491,724,454

22.1 Short term finance facilities available from commercial banks under markup arrangements aggregate to Rs. 1,022.67 million (2012: Rs. 992 million) of which facilities aggregating Rs. 660.84 million (2012: Rs. 852 million) remained unutilized at the year end. These facilities, during the year, carried markup at the rates ranging from 9.69% to 13.89% (2012: 12.54% to 15.31%) per annum.

22.2 The Company has obtained export finance facilities from commercial banks aggregating to US$ 2.36 million (2012: US$ 3.98 million) of which facilities aggregating US$ 1.04 million (2012: US$ 0.372 million) remained unutilized at the year end. These facilities, during the year, carried markup at the rates ranging from 1.68% to 3.50% (2012: 3.5% to 3.75%) per annum.

Finances under mark up arrangements and other credit facilities - continued

These include foreign currency balances aggregated US$ 0.995 million (2012: US$ 3.618 million) which have been converted into Pak rupees at the exchange rate of Rs. 98.8 (2012: Rs. 94.2) prevailing on the balance sheet date.

22.3 Facilities available for opening letters of credit and guarantee aggregate Rs. 368.77 million (2012: Rs. 239 million).

22.4 The aggregate facilities are secured against pledge, hypothecation of stock in trade, book debts, lien on export bills, lien on title documents, present and future current assets of the Company and personal guarantees of directors of the Company.

23. *CURRENT PORTION OF NON-CURRENT LIABILITIES*

	Note	2013 Rupees	2012 Rupees
Long term financing	17	**119,296,349**	175,491,479
Liabilities against assets subject to finance lease	19	**-**	2,927,290
		119,296,349	178,418,769

24. *ACCRUED FINANCE COST*

Long term financing	**7,631,284**	13,630,639
Finances under markup arrangements and other credit facilities	**12,885,701**	11,725,780
	20,516,985	25,356,419

25. *PROVISION FOR TAXATION*

	Note	2013 Rupees	2012 Rupees
Opening Balance		**33,640,570**	38,196,732
Add: Provision made during the year	35	**38,442,018**	33,640,570
Less: Prior year adjustment		**(4,480,608)**	(18,334,064)
Payments / adjustments against completed assessments		**(29,159,962)**	(19,862,668)
Closing balance		**38,442,018**	33,640,570

25.1 Income tax returns of the Company have been completed up to the Tax Year 2012 and deemed assessed.

Provision for taxation - continued

25.2 During the year the Commissioner Inland Revenue, Regional Tax Office (RTO) Multan passed an order u/s 122(5A) for amendment of deemed assessment for tax year 2010. As a result refund determined in the deemed assessment has been curtailed by Rs. 8,259,367. The Company has not made any adjustment in the refund already accounted for in these financial statements (Note 26.6) and filed appeal before the Commissioner Inland Revenue Appeals, Multan. The Company is of the firm view that the outcome of the appeal will be in favour of the Company.

25.3 On June 06, 2013 Inland Revenue Audit Officer passed an order levying default surcharge amounting to Rs.154,236 for late deposit of tax deducted on account of dividend. The Company has not accounted for default surcharge and filed an appeal before the Commissioner of Income Tax (Appeals), Multan. The Company is of firm view that the decision will be in favour of the Company in the light of entitlement of benefit of Statutory Regulation Order 494(I)/2013 dated June 10, 2013 for waiver of levied default surcharge.

26. CONTINGENCIES AND COMMITMENTS

Contingencies

26.1 Excise and Taxation Department Karachi imposed excise duty of Rs. 7.152 million on account of machinery imported by the Company. The Company did not accept it and filed a suit in Sindh High Court Karachi against said levy. The Honourable High Court issued order that "Till the next date, the respondent may not recover impugned levy upon the appellants furnishing bank guarantee for the amount demanded". A bank guarantee amounting to Rs. 7.152 million had been given by Bank Al-Habib Limited on behalf of the Company in favour of the Director Excise and Taxation Karachi. During the year, on the basis of interim order passed by Sindh High Court, the Company paid Rs. 3.576 million (50% of the disputed amount) to Excise and Taxation Department, that is classified as receivable in these financial statements. Accordingly the amount of guarantee has been reduced to Rs. 3.576 million. The decision of the Court is still pending. The management of the Company is very confident that decision will be made in their favour.

26.2 The Company did not account for additional 2% Earthquake Surcharge (EQS) and markup claimed by Multan Electric Power Company (MEPCO) through monthly electricity bills. The recovery of EQS has been stayed by Honourable Islamabad High Court. The decision of the appeal is still pending. The Company is expecting favourable decision from the Court. The total liability billed by MEPCO and not paid by the Company till 30th June 2013 works out to Rs. 5.8 million (2012: Rs. 5.8 million)

26.3 Through the Finance Act, 2006 an amendment was made in section 2(i) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'total income' has been amended, the effect of the amendment is that the term "total income" for the purposes of the WWF Ordinance is deemed to be 'profit before taxation' as per the accounts or declared income as per the return, whichever is higher.

Contingencies - continued

Further, through Finance Act, 2008 amendments were made in teh WWF Ordinance, and in section 4(5) the term "assessed income" had been substituted with the term "total income" which means that purportedly the WWF is to be charged at 2% of the "total income", as defined and amended in section 2(i) through Finance Act, 2006.

The Honourable Lahore High Court vide its judgment dated August 19, 2011 on a similar case had declared the amendments introduced vide Finance Act, 2006 and Finance Act, 2008 in the WWF Ordinance as unconstitutional and therefore struck down on the basis that the contribution paid towards the fund under the WWF Ordinance is a fee and not a tax. However FBR has filed an appeal with the Supreme Court of Pakistan which had been granted leave but the decision is still pending.

The management expects that the appeal against the applicability of WWF pending in the Honourable Supreme Court of Pakistan on the subject as referred above will be decided in favour of the taxpayers. Based on the above facts, the Company is booking its liability against WWF @2% of assessable income. Moreover in similar cases, the Honourable Lahore High Court restrained FBR to recover the disputed / differential amount of WWF unless authoritative pronouncement is made on the question raised before the Divisional Bench of the Honourable Lahore High Court and Honourable Supreme Court of Pakistan. However subsequent to the balance sheet date, the Deputy Commissioner Inland Revenue, Multan, relying on contrary Judgment of Honorable Sindh High Court, passed the order u/s 4(4) of WWF Ordinance, raising demand of amount aggregating to Rs. 8.07 million for tax year 2010 and 2011. The Company has not accepted the demand as it is contrary to clear instructions of the Honourable Lahore High Court. The aggregate unrecognised disputed amount of WWF as at June 30, 2013 works out to Rs. 11.43 million (June 30, 2012 Rs. 8.07 million).

26.4 During the year the Company imported Cotton yarn under Duty and Tax Remission for Exports (DTRE) Scheme. According to the scheme, the company has issued postdated cheque of Rs. 1.93 million to Collector of Customs, Multan against the amount of import duty, Sales Tax and Income Tax. The cheque will be returned to the Company after submission of required document of export of the related fabric.

26.5 During the year the Company imported Generators and cleared from Customs without paying Sales Tax by taking benefit of Statutory Regulation Order (SRO) No. 727(I)/2011. According to the provisions of SRO the Company issued postdated cheque to Collector of Customs equal to the amount of Sales Tax of Rs. 14.685 million. After complying with the requirement of the SRO, the cheque will be returned to the Company.

26.6 The Company has not accounted for the disputed liability against tax and default surcharge as mentioned in Note 25.2 and Note 25.3.

Commitments

- The Company's commitments against letter of credit outstanding as at June 30, 2013 amount to Rs. 101.522 million (June 30, 2012: Rs. Nil).
- Foreign bills discounted outstanding as at June 30, 2013 aggregated Rs. 78.540 million (2012: 65.098 million).

27. SALES - NET

	Note	2013 Rupees	2012 Rupees
Local:			
Yarn (net of sales tax of Rs. 2,882,313 (2012: Rs. Nil))		398,863,772	323,118,308
Fabric (net of sales tax of Rs. 8,368,529 (2012: Rs. 166,982))		764,628,288	1,140,709,669
Waste (net of sales tax of Rs. 564,807 (2012: Rs. 79,637))		66,135,597	77,439,734
Yarn processing income		4,648,650	-
		1,234,276,307	1,541,267,711
Export:			
Yarn		1,068,336,227	824,381,602
Fabric		1,686,576,393	983,432,055
Waste		26,624,409	27,834,558
		2,781,537,029	1,835,648,215
		4,015,813,336	3,376,915,926

Export sales include sales of Rs. 419,835,090 (2012: Rs. 124,049,500) sold through Standardized Purchase Orders.

28. COST OF SALES

	Note	2013 Rupees	2012 Rupees
Raw material consumed	28.1	2,740,487,466	2,316,922,513
Salaries, wages and benefits	28.2	161,179,245	115,395,661
Stores and spares consumed		79,757,124	56,540,215
Packing materials consumed		33,325,578	27,764,478
Chemicals consumed		35,614,263	36,117,169
Processing charges		3,712,647	3,912,293
Power and fuel		403,749,417	340,036,070
Repair and maintenance		3,738,050	1,124,364
Insurance		7,099,807	6,531,148
Depreciation	3.1.1	84,046,838	79,419,584
Others		-	2,703,785
		3,552,710,435	2,986,467,280
Adjustment of work-in-process:			
Opening stock		78,649,546	68,930,564
Closing stock	7	(54,763,962)	(78,649,546)
		23,885,584	(9,718,982)
Cost of goods manufactured		3,576,596,019	2,976,748,298
Adjustment of finished goods:			
Opening stock		186,006,924	161,253,999
Closing stock	7	(194,135,971)	(186,006,924)
		(8,129,047)	(24,752,925)
Cost of sales		3,568,466,972	2,951,995,373

Cost of sales - continued

		Note	2013 Rupees	2012 Rupees
28.1	**Raw material consumed**			
	Opening stock		193,981,063	268,960,874
	Purchases including direct expenses		2,790,605,011	2,241,942,702
			2,984,586,074	2,510,903,576
	Less: Closing stock	7	(244,098,608)	(193,981,063)
			2,740,487,466	2,316,922,513

28.2 These include Rs.4,800,000 (2012: Rs. 4,800,000) in respect of staff gratuity.

29. OTHER OPERATING INCOME / (LOSS)

	2013 Rupees	2012 Rupees
Income from financial assets:		
Profit on bank deposits	35,681	42,412
Profit on investments	842,789	798,824
Mark-up on security deposit with SNGPL	1,719,500	1,945,626
Exchange rate fluctuation gain / (loss)	4,669,061	(7,589,932)
	7,267,031	(4,803,070)
Income from non-financial assets:		
Export rebate on packing materials	746,717	17,641
Gain on disposal of property, plant and equipment	3,938,689	113,703
Others	-	62,750
	4,685,406	194,094
	11,952,437	(4,608,976)

30. PROFIT ON TRADING

	2013 Rupees	2012 Rupees
Yarn:		
Local sale	528,000	12,839,540
Export sale	-	5,065,515
Less: Purchase and purchase expenses	(506,132)	(15,652,365)
	21,868	2,252,690
Fabric:		
Export	-	4,231,173
Less: Purchase and purchase expenses	-	(2,752,208)
	-	1,478,965
	21,868	3,731,655

		Note	2013 Rupees	2012 Rupees
31.	***DISTRIBUTION COST***			
	Commission		**78,260,321**	59,018,249
	Freight, forwarding and others		**44,844,274**	33,355,363
	Export development surcharge		**6,324,921**	3,546,535
	Export expenses		**8,118,373**	3,541,903
			137,547,889	99,462,050
32.	***ADMINISTRATIVE EXPENSES***			
	Director's meeting fee		**2,500**	5,500
	Staff salaries and benefits	**32.1**	**20,031,593**	14,996,623
	Vehicles running and maintenance		**4,593,081**	1,966,339
	Utilities		**777,886**	552,764
	Travelling and conveyance		**2,672,666**	1,688,167
	Printing and stationery		**323,657**	278,778
	Communication		**1,477,696**	1,602,499
	Rent, rates and taxes		**81,567**	6,567
	Repair and maintenance		**1,889,987**	998,113
	Entertainment		**703,950**	708,076
	Fees and subscription		**898,699**	964,926
	Advertisement		**102,650**	67,200
	Depreciation	**3.1.1**	**5,706,982**	4,967,251
	Auditors' remuneration	**32.2**	**655,000**	650,000
	Legal and professional charges		**1,271,667**	457,144
	Others		**2,355,870**	1,052,538
			43,545,451	30,962,485

32.1 These include Rs.500,000 (2012: Rs.500,000) in respect of staff gratuity.

		Note	2013 Rupees	2012 Rupees
32.2	**Auditors' remuneration**			
	Annual audit		**500,000**	500,000
	Half yearly review		**150,000**	150,000
	Certification		**5,000**	-
			655,000	650,000
33.	***OTHER OPERATING EXPENSES***			
	Workers' Profit Participation Fund		**9,607,757**	8,821,799
	Workers' Welfare Fund		**287,952**	-
	Charity and donation		**314,735**	129,800
			10,210,444	8,951,599

No director or his spouse had any interest in the donee.

	2013 Rupees	2012 Rupees
34. *FINANCE COST*		
Markup on:		
Long term financing	**36,100,819**	50,797,420
Liabilities against assets subject to finance lease	**37,868**	1,809,377
Finances under markup arrangements	**45,414,149**	56,805,679
Interest on Workers' Profit Participation Fund	**492,676**	1,002,561
Bank charges	**3,711,943**	7,311,713
Gain on cross currency swap	**-**	(673,839)
	85,757,455	117,052,911
35. *TAXATION*		
Current	**38,442,018**	33,640,570
Prior year	**(4,480,608)**	(18,334,064)
Deferred	**4,299,298**	56,085,184
	38,260,708	71,391,690

Relationship between tax expense and accounting profit

The provision for current taxation represents the minimum tax liability under section 113 and 169 of the Income Tax Ordinance, 2001. Accordingly tax charge reconciliation has not been prepared and presented.

36. *EARNINGS PER SHARE*

36.1 Basic

		2013	2012
Profit after taxation	*Rupees*	**143,998,722**	96,222,497
Weighted average number of ordinary shares	*No.*	**14,408,248.8**	14,408,248.8
Earnings per share	*Rupees*	**9.99**	6.68

36.2 Diluted

There is no dilutive effect on the basic earnings per share of the Company as at June 30, 2013 and June 30, 2012.

	Note	2013 Rupees	2012 Rupees
37. *CASH FLOWS FROM OPERATING ACTIVITIES*			
Profit before taxation		182,259,430	167,614,187
Adjustments for:			
Depreciation on property, plant and equipment		89,753,820	84,386,835
Provision for gratuity		5,300,000	5,300,000
Provision for Workers' Profit Participation Fund		9,607,757	8,821,799
Provision for Workers' Welfare Fund		287,952	-
Gain on disposal of property, plant and equipment		(3,938,689)	(113,703)
(Gain) / loss on exchange rate fluctuation		(4,669,061)	7,589,932
Mark up on security deposit with SNGPL		(1,719,500)	(1,923,013)
Finance cost		85,757,455	117,052,911
		180,379,734	221,114,761
Cash flows before working capital changes		362,639,164	388,728,948
Working capital changes:			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(9,337,206)	4,872,824
Stock-in-trade		(34,361,008)	40,507,904
Trade debts		21,652,581	121,541,679
Loans, advances, deposits and prepayments - excluding advance income tax		31,203,271	16,562,379
Tax refunds due from government		(9,726,216)	(10,594,389)
Short term investments		20,394,452	(20,394,452)
Other receivables		(2,342,735)	504,676
Increase / (decrease) in current liabilities:			
Trade and other payables (excluding provision for gratuity, unclaimed dividend, provision for Workers' Profit Participation Fund and provision for Workers' Welfare Fund)		40,395,626	(62,340,276)
		57,878,765	90,660,345
CASH GENERATED FROM OPERATIONS		420,517,929	479,389,293

37.1 CASH AND CASH EQUIVALENTS

	Note	2013 Rupees	2012 Rupees
Cash and bank balances		17,936,655	3,666,866
Short term running finances	22	(133,557,774)	(80,084,109)
		(115,621,119)	(76,417,243)

38. *RELATED PARTY TRANSACTIONS*

The related parties comprise of an associated undertaking (Ahmad Cotton Industries), Chief Executive Officer, directors and executives of the Company.

38.1 The Company, during the year, purchased goods aggregating Rs. 215,018,046 (2012: Rs. 183,786,668) from the associated undertaking.

38.2 Maximum aggregate amount due to the associated undertaking at any month end during the year was Rs. 49,248,162 (2012: Rs. 1,650,350).

38.3 No interest was charged on the associated undertaking's balances during the year as these arose due to normal trade dealings.

38.4 Remuneration and benefits to Chief Executive Officer, directors and executives under the term of their employment as disclosed in note 41.

39. *FINANCIAL RISK MANAGEMENT*

The Companys principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Companys operations. The Company has loan and advances, trade and other receivables and cash and short term deposits that arise directly from its operations. The Company also holds investment held to maturity.

The Companys activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Companys senior management oversees the management of these risks. The Board of Directors reviews these policies periodically.

39.1 Credit risk and concentration of credit risk

The Company is exposed to credit risk from its operating activities (primarily for trade receivables, advances and loans) and from its financing activities, including deposits with banks.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fails to perform as contracted. Out of the total financial assets of Rs. 351,896,844 (2012: Rs. 403,496,047) the financial assets which are subject to credit risk amounted to Rs. 351,667,598 (2012: Rs. 403,046,329). The management believes that the Company is not exposed to major concentration of credit risk. The management monitors and limits the Company's exposure to credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

The maximum exposure to credit risk as at the reporting date is tabulated below:

Financial assets	*2013*	*2012*
	Rupees	*Rupees*
Long term investments	**259,376**	259,480
Long term deposits	**39,180,010**	39,180,010
Trade debts	**227,255,138**	244,238,658
Loans, advances, deposits and prepayments	**60,239,162**	92,792,313
Short term investments	**-**	20,394,452
Other receivables	**7,026,607**	2,964,372
Bank balances	**17,707,305**	3,217,044
	351,667,598	403,046,329

The bank balances and investments along with credit ratings are tabulated below:

Credit rating	**Bank Balances**	**Short term Investments**	**Long term Investments**
		Rupees	
June 30, 2013:			
A1+	**17,707,305**	**-**	**-**
AA	**-**	**-**	**259,376**
	17,707,305	**-**	**259,376**
June 30, 2012:			
A1+	2,433,734	394,452	-
A-1+	783,310	-	-
AAA	-	20,000,000	-
AA+	-	-	259,480
	3,217,044	20,394,452	259,480

Due to Company's long standing relationship with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

39.1 .1 *Credit risk related to receivables*

Customer credit risk is managed by each business unit subject to the Companys established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit.

At June 30, 2013, the Company has approximately 7 customers (2012: 10 customers) that owed more than Rs. 5 million each and accounted for approximately 79% (2012: 77%) of all trade debts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned in *Note 8* .

The Company does not hold collateral as security.

39.1 .2 *Credit risk related to financial instruments and cash deposits*

Credit risk on balances with banks is managed by management in accordance with the Companys policy. Excess funds are placed in deposits with reputable banks and financial institutions.

39.2 *Liquidity risk management*

Liquidity risk reflects the Companys inability in raising funds to meet commitments. Management closely monitors the Companys liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in *Note 22.1* is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Financial Liabilities in accordance with their contractual maturities are presented as follows:

	Interest/markup bearing			Non-Interest/markup bearing			
	Maturity within 1 year	Maturity after 1 year	Sub-total	Maturity within 1 year	Maturity after 1 year	Sub-total	Total
	Rupees						
June 30, 2013							
Financial liabilities							
Long term financing	119,296,349	226,086,668	345,383,017	-	-	-	345,383,017
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-
Subordinated loan	-	-	-	-	105,000,000	105,000,000	105,000,000
Trade and other payables	-	-	-	210,938,143	-	210,938,143	210,938,143
Accrued finance cost	-	-	-	20,516,985	-	20,516,985	20,516,985
Short term finances	492,155,903	-	492,155,903	-	-	-	492,155,903
	611,452,252	226,086,668	837,538,920	231,455,128	105,000,000	336,455,128	1,173,994,048
June 30, 2012							
Financial liabilities							
Long term financing	175,491,479	253,635,983	429,127,462	-	-	-	429,127,462
Liabilities against assets subject to finance lease	2,927,290	-	2,927,290	-	-	-	2,927,290
Subordinated loans	-	-	-	-	105,000,000	105,000,000	105,000,000
Trade and other payables	-	-	-	165,726,361	-	165,726,361	165,726,361
Accrued finance cost	-	-	-	25,356,419	-	25,356,419	25,356,419
Short-term finances	491,724,454	-	491,724,454	-	-	-	491,724,454
	670,143,223	253,635,983	923,779,206	191,082,780	105,000,000	296,082,780	1,219,861,986

39.3 Market risk management

Market risk is the risk that changes market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The management of the Company continuously monitors its investments to avoid such risks.

39.3 .1 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Companys exposure to the risk of changes in market interest rates relates primarily to the Companys short term debt obligations having floating interest rates.

39.3 .2 Interest rate sensitivity

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Companys profit before taxation for the year ended June 30, 2013 would increase / decrease by Rs. 4,187,695 (2012: Rs. 4,618,896). This is mainly attributable to the Companys exposure to interest rates on its variable rate borrowings.

The Companys sensitivity to interest rates has decreased during the current year mainly due to the decrease in borrowings and variable rate debts.

39.3 .3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at June 30, 2013, the total foreign currency risk exposure was Rs. 140,111,954 (2012: Rs. 180,097,593) in respect of foreign trade debts. However, Rs. 98,330,107 (2012: Rs. 340,853,012) were payable in respect of foreign currency borrowing.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

39.3 .4 Foreign currency sensitivity analysis

At June 30, 2013, if the Pak Rupee had strengthened / weakened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been increased / decreased by Rs. 233,453 (2012: Rs. 345,845) mainly as a result of foreign exchange gains on translation of US dollar-denominated trade receivables and foreign exchange losses on translation of US dollar short term borrowings. Profit is less sensitive to movement in Rupee / US dollar exchange rates in year 2013 than in year 2012.

39.3 .5 Equity price risk management

The Company is not exposed to equity price risks arising from equity investments as the Company has no such investment which are held for trading purpose.

39.4 Determination of fair values

Fair value of financial instruments

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

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

39.5 Fair value estimation

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

- Level 1; Quoted prices (unadjusted) in active market for identical assets or liabilities

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices).

- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

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

39.6 Financial instruments by category

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	Note	2013 Rupees	2012 Rupees
Financial assets as per balance sheet			
Loan and receivables:			
Long-term deposits	5	39,180,010	39,180,010
Trade debts	8	227,255,138	244,238,658
Loans, advances, deposits and prepayments	9	60,239,162	92,792,313
Other receivables	12	7,026,607	2,964,372
Cash and bank balances	13	17,936,655	3,666,866
Held to maturity investments:			
Long term investments	4	259,272	259,376
Short term investments	11	-	20,394,452
		351,896,844	403,496,047
Financial liabilities as per balance sheet			
Financial liabilities measured at amortised cost :			
Long term financing	17	345,383,017	429,127,462
Liabilities against assets subject to finance lease	19	-	2,927,290
Subordinated loans	18	105,000,000	105,000,000
Trade and other payables	21	210,938,143	165,726,361
Accrued finance cost	24	20,516,985	25,356,419
Finances under markup arrangements and other credit facilities	22	492,155,903	491,724,454
		1,173,994,048	1,219,861,986

40. CAPITAL DISCLOSURE

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.
- The Companys objectives when managing capital are to safeguard the Companys ability to continue as a going concern in order to provide returns for shareholders and benet for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit).
- The debt-to-adjusted capital ratios at June 30, 2013 and June 30, 2012 were as follows:

	2013 Rupees	2012 Rupees
Total debt	942,538,920	1,028,779,206
Less: Cash and bank balances	(17,936,655)	(3,666,866)
Net debt	924,602,265	1,025,112,340
Total equity	819,902,227	673,668,442
Adjusted capital	1,744,504,492	1,698,780,782
Debt-to-adjusted capital ratio	0.53	0.60

41. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2013		2012	
	Rupees	No. of persons	Rupees	No. of persons
Managerial remuneration:				
Chief executive officer	800,000	1	-	-
Directors	5,040,000	3	3,120,000	3
Executives	3,590,100	6	975,000	2
	9,430,100	10	4,095,000	5

41.1 Meeting fee amounting to Rs. 2,500 (2012: Rs. 5,500) was paid to one (2012: one) non-working director. The chief executive officer, the three directors and three executives are provided with the Company maintained cars. The chief executive officer and three directors are provided with telephone at their residences.

41.2 Remuneration of chief executive officer, directors and executives has been included in "Administrative Expenses - Staff salaries and benefits (*Note 32*)".

42. SEGMENT REPORTING

42.1 REPORTABLE SEGMENTS

The management has determined the operating segments of the Company on the basis of the difference in the 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 fabric using yarn.

Information regarding the Company's reportable segments is presented below:

42.2 SEGMENT REVENUE AND RESULTS

Following is an analysis of the Company's revenue and results by reportable operating segments :

	Spinning Rupees	Weaving Rupees	Total Rupees
For the year ended 30 June 2013			
Sales - net	1,534,115,039	2,482,226,297	4,016,341,336
Inter-unit sale / (purchase)	441,115,275	(441,115,275)	-
Cost of sales	(1,656,350,328)	(1,912,622,776)	(3,568,973,104)
Gross profit	318,879,986	128,488,246	447,368,232
Distribution and marketing expenses	(65,682,790)	(71,865,099)	(137,547,889)
Administrative expenses	(29,196,162)	(14,349,289)	(43,545,451)
Finance cost	(68,861,709)	(16,895,746)	(85,757,455)
Profit before tax and unallocated expenses	155,139,325	25,378,112	180,517,437
Unallocated income and expenses:			
Other operating expenses			(10,210,444)
Other operating income			11,952,437
Taxation			(38,260,708)
Profit after taxation			143,998,722

	Spinning Rupees	Weaving Rupees	Total Rupees
For the year ended 30 June 2012			
Sales - net	1,242,080,747	2,156,971,407	3,399,052,154
Cost of sales	(858,908,831)	(2,019,844,698)	(2,878,753,529)
Other unallocated expenses			(91,646,417)
Gross profit	383,171,916	137,126,709	428,652,208
Distribution and marketing expenses	(36,345,396.24)	(63,116,653.76)	(99,462,050)
Administrative expenses	(11,314,303.15)	(19,648,181.85)	(30,962,485)
Finance cost			(117,052,911)
Profit before tax and unallocated expenses			181,174,762
Unallocated income and expenses:			
Other operating expenses			(8,951,599)
Other operating loss			(4,608,976)
Taxation			(71,391,690)
Profit after taxation			96,222,497

42.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 2.7.22 to the financial statements. Administrative expenses, Distribution & marketing expenditures are allocated on the basis of Sales. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

42.3 ***REVENUE FROM MAJOR PRODUCTS AND SERVICES***	**2013 Rupees**	2012 Rupees
Fabric export sales	**1,686,576,393**	987,663,228
Yarn export sales	**1,068,336,227**	829,447,117
Waste export sale	**26,624,409**	27,834,558
Fabric local sales	**764,628,288**	1,140,709,669
Yarn local sales	**399,391,772**	335,957,848
Waste local sales	**66,135,597**	77,439,734
Income from processing of yarn	**4,648,650**	-
Total sale	**4,016,341,336**	3,399,052,154

42.4 ***REVENUE FROM MAJOR CUSTOMERS***		
Spinning	1,326,694,375	1,408,352,499
Weaving	2,143,915,314	1,421,920,050
	3,470,609,689	2,830,272,549

Segment reporting - continued

42.5 *GEOGRAPHICAL INFORMATION*

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

	2013 Rupees	2012 Rupees
Pakistan	**1,234,804,307**	1,541,267,711
Africa	**41,233,543**	12,435,120
Asia	**2,157,281,087**	940,829,322
Europe	**583,022,399**	904,520,001
	4,016,341,336	3,399,052,154

All non-current assets of the Company as at June 30, 2013 are located and operating in Pakistan.

42.6 SEGMENT ASSETS AND LIABILITIES

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

	Spinning	Weaving	Total
As at 30 June 2013	**Rupees**	**Rupees**	**Rupees**
Segment assets for reportable segment			
Operating property, plant and equipment	1,055,762,815	1,144,340,611	2,200,103,426
Un allocated operating assets			136,756,751
Total operating assets			2,336,860,177
Stores, spares and loose tools	18,318,202	24,103,004	42,421,206
Stock in trade	209,962,738	283,035,803	492,998,541
Other unallocated corporate assets			409,777,138
Total assets as per balance sheet			3,282,057,062
Segment liabilities for reportable segment	231,616,187	232,643,062	464,259,249
Unallocated corporate liabilities			957,044,039
Total liabilities as per balance sheet			1,421,303,288
As at 30 June 2012			
Segment assets for reportable segment			
Operating property, plant and equipment	903,016,580	624,958,391	1,527,974,971
Un allocated operating assets			84,337,891
Total operating assets			1,612,312,862
Stores, spares and loose tools	15,092,938	17,991,062	33,084,000
Stock in trade	170,596,705	288,040,828	458,637,533
Other unallocated corporate assets			447,285,940
Total assets as per balance sheet			2,551,320,335
Segment liabilities for reportable segment	298,677,449	133,377,303	432,054,752
Unallocated corporate liabilities			1,028,916,418
Total liabilities as per balance sheet			1,460,971,170

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, trade creditors, short term borrowings and accrued markup are allocated to reportable segment and all other liabilities i.e. loans from related parties, deferred liabilities, trade and other payables are held under unallocated corporate liabilities.

42.7 ***OTHER SEGMENT INFORMATION***	**Spinning Rupees**	**Weaving Rupees**	**Total Rupees**
For the year ended 30 June 2013			
Capital expenditure	58,102,580	48,106,573	**106,209,153**
Common capital expenditure			**70,612,097**
			176,821,250
Depreciation:			
Cost of sales	48,724,760	35,322,078	**84,046,838**
Administrative expenses	2,971,893	2,735,089	**5,706,982**
			89,753,820

Segment reporting - continued

Other segment information	**Spinning Rupees**	**Weaving Rupees**	**Total Rupees**
For the year ended 30 June 2012			
Capital expenditure	567,789	28,501,771	**29,069,560**
Common capital expenditure			**66,835,294**
			95,904,854
Depreciation:			
Cost of sales	49,009,432	30,410,153	**79,419,585**
Administrative expenses	2,652,709	2,314,541	**4,967,250**
			84,386,835

43. ***NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE***

The Board of Directors have proposed Final Dividend for the year ended June 30, 2013 of Rs.1.50 (2012: Rs. 1.25) per share amounting to Rs. 21,612,373 (2012: Rs. 18,010,310) at their meeting held on October 04, 2013 for approval of the members at Annual General Meeting to be held on October 31, 2013. These financial statements do not reflect this dividend payable.

44. NUMBER OF EMPLOYEES

Number of permanent employees as at June 30, 2013 was 623 (2012: 510) and average number of employees during the year was 600 (2012: 480).

45. CAPACITY AND PRODUCTION

		2013	2012
Yarn			
Number of spindles installed		**20,760**	20,760
Installed capacity after conversion into 20's count (1095 shifts)	Kgs	**7,820,907**	7,820,907
Actual production of yarn after conversion into 20's count	Kgs	**6,993,378**	7,442,225
Fabric			
Number of looms installed		**130**	130
Number of looms worked		**130**	130
Installed capacity after conversion into 60 picks	Sq. mtrs	**41,538,600**	41,538,600
Actual production of fabric after conversion into 60 picks	Sq. mtrs	**35,201,438**	34,850,626

It is difficult to describe precisely the production capacity in Spinning / Weaving Mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed twist, the width and construction of fabric woven etc. It also varies according to the pattern of production adopted in a particular year. Underutilization of capacities is due to electricity shut down and normal repair & maintenance.

46. RECLASSIFICATION

Comparative figures in these financial statements have been reclassified where necessary for the purpose of comparison. However no significant rearrangements have been made.

47. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 4, 2013 by the board of directors of the Company.

48. GENERAL

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

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **0020650**
2. Name of Company **Ahmad Hassan Textile Mills Limited**
3. Pattern of holding the shares held by shareholders as at **30.06.2013**

ORDINARY SHARES

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
121	1 -	100	7,261	0.05
429	101 -	500	196,688	1.37
113	501 -	1000	73,946	0.51
49	1001 -	5000	95,785	0.66
6	5001 -	10000	33,261	0.23
4	10001 -	15000	45,930	0.32
1	60001 -	65000	64,000	0.44
1	65001 -	70000	70,000	0.49
1	70001 -	75000	71,400	0.50
1	80001 -	85000	83,593	0.58
2	150001 -	155000	300,431	2.09
1	210001 -	215000	214,400	1.49
1	320001 -	325000	324,608	2.25
1	325001 -	330000	325,615	2.26
1	405001 -	410000	406,444	2.82
3	430001 -	435000	1,296,000	8.99
2	445001 -	450000	900,000	6.25
1	475001 -	480000	476,500	3.31
1	540001 -	545000	541,879	3.76
3	645001 -	650000	1,942,734	13.48
1	705001 -	710000	708,526	4.92
1	765001 -	770000	766,800	5.32
1	800001 -	805000	804,540	5.58
1	895001 -	900000	895,865	6.22
1	910001 -	915000	913,009	6.34
1	965001 -	970000	967,456	6.71
1	1880001 -	1885000	1,881,577	13.06
749			**14,408,248**	**100.00**

Categories of Shareholders
As at 30-Jun-2013

Category	No Of Share Holders	Shares Held	%age of Capital
Directors/Sponsors	10	7,100,929	49.2838
Financial Institutions	3	5,013	0.0348
Joint Stock Companies	9	2,542	0.0176
Funds	3	999,535	6.9372
Individual	724	6,300,029	43.7251
NIT & ICP	1	200	0.0014
Grand Total:	**749**	**14,408,248**	**100.0000**

Categories Detail

As At :30-Jun-2013

Catagory Name

Sr No.	Folio/(Par ID-A/C No.)	Name	CNIC/Passport No.	Shares Held	% Total Capital
Directors/Sponsors				**7,100,929**	**49.2838**
1	3	MIAN MUHAMMAD JAVED	36302-0305999-5	71,400	0.4955
2	5	SALMA JAVED	36302-0297319-8	804,540	5.5839
3	7	MIAN MOHAMMAD PARVEZ	36302-6002308-1	766,800	5.3220
4	9	MUHAMMAD HARIS	36302-0324913-9	967,456	6.7146
5	10	MOHAMMAD AURANGZEB	36302-3584411-1	647,578	4.4945
6	33	MOHAMMAD JAHANZEB	36302-8910522-5	647,578	4.4945
7	CDC-111 (3525-54113)	MUHAMMAD HARIS	36302-0324913-9	1,881,577	13.0590
8	CDC-114 (3525-76212)	MIAN MUHAMMAD JAVED	36302-0305999-5	450,000	3.1232
9	CDC-115 (3525-76229)	MUHAMMAD AURANGZEB	36302-3584411-1	432,000	2.9983
10	CDC-117(3525-79159)	MOHAMMAD JAHANZEB	36302-8910522-5	432,000	2.9983
Financial Institutions				**5,013**	**0.0348**
10	6196	NATIONAL BANK OF PAKISTAN		500	0.0035
11	7019	NDFC		4,000	0.0278
12	CDC-123 (3889-28)	NATIONAL BANK OF PAKISTAN		513	0.0036
Funds				**999,535**	**6.9372**
13	CDC-19 (2154-27)	NATIONAL BANK OF PAKISTAN -TRUSTEE DEPARTMENT NI(U)T FUND		913,009	6.3367
14	CDC-98 (3277-78335)	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		83,593	0.5802
15	CDC-102 (3277-82127)	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND		2,933	0.0204
Individual				**6,300,029**	**43.7252**
Joint Stock Companies				**2,542**	**0.0176**
740	6897	ADAM LUBRICATS LIMITED.		500	0.0035
741	CDC-16 (1669-26)	SHAFFI SECURITIES (PVT) LIMITED		25	0.0002
742	CDC-18 (1917-41)	PRUDENTIAL SECURITIES LIMITED		50	0.0003
743	CDC-121 (3863-20)	ACE SECURITIES (PVT.) LIMITED		95	0.0007
744	CDC-124 (3939-11093)	HIGHLINK CAPITAL (PVT) LTD		73	0.0005
745	CDC-127 (4085-24)	M.R.A. SECURITIES (PVT) LIMITED		92	0.0006
746	CDC-148 (4580-23)	CAPITAL VISION SECURITIES (PVT) LTD.		575	0.0040
747	CDC-154 (4952-6934)	PROGRESSIVE SECURITIES (PVT) LTD		500	0.0035
748	CDC-191 (9787-10973)	S.Z. SECURITIES (PRIVATE) LIMITED		632	0.0044
NIT & ICP				**200**	**0.0014**
749	7106	INVESTMENT CORP. OF PAKISTAN		200	0.0014
		Grand Total:		**14,408,248**	**100.0000**

FORM OF PROXY

I, ...

....

of ....

being a member of AHMAD HASSAN TEXTILE MILLS LIMITED, hereby appoint ....

of ....

as my proxy in my absence to attend and vote for me and on my behalf at the (Ordinary or / an Extraordinary as the case may be) General Meeting of the Company to be held on the .... and at any adjournment thereof

As witness my hand this

day of 2013

Signed by the said

Five Rupees Revenue Stamp

IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Registered office at 46-Hassan Parwana Colony, Multan not less than 48 hours before the time for holding the meeting (Article 76).