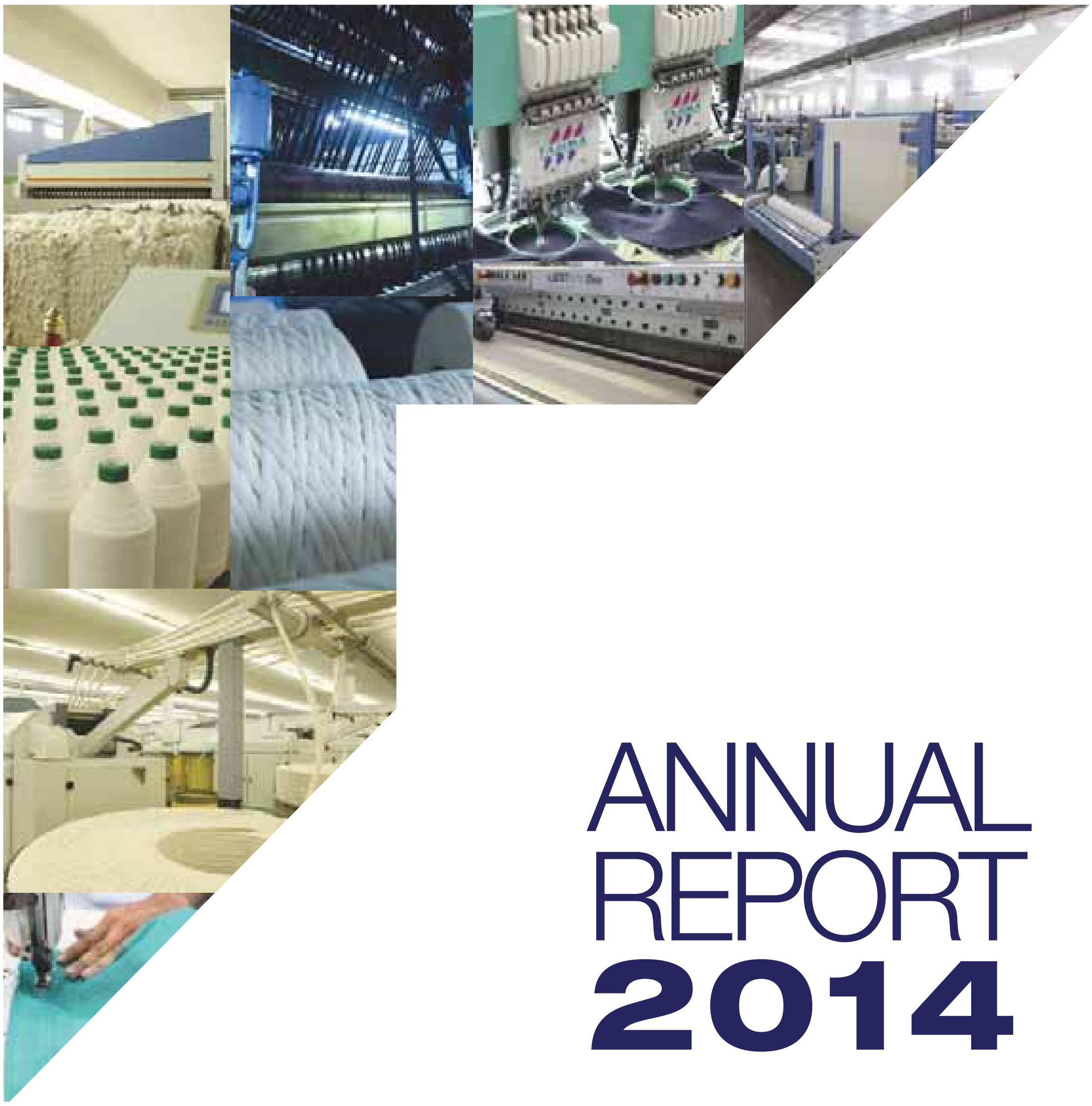
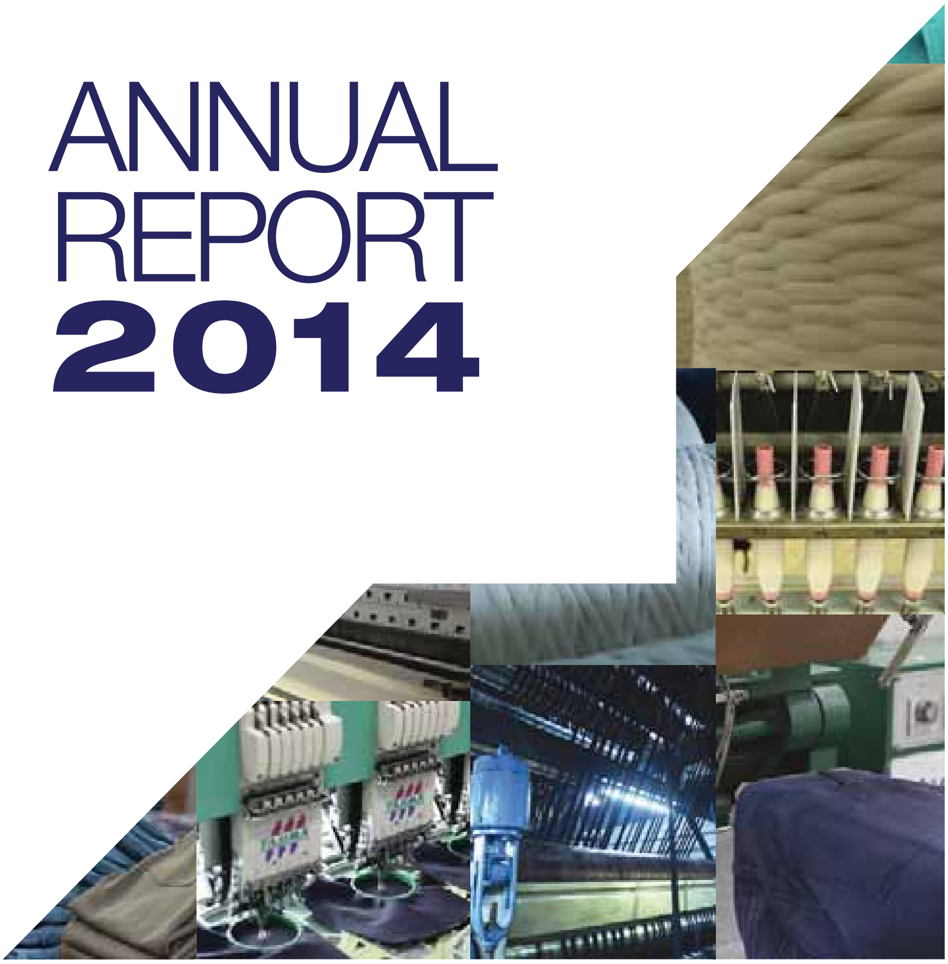


ANNUAL REPORT 2014



ADM

ARTISTIC DENIM MILLS

Contents

ADM ARTISTIC DENIM MILLS

Company Information

Board of Directors	
Chief Executive	Mr. Faisal Ahmed
Chairperson	Mrs. Maliha Faisal
Directors	Mr. Muhammad Yousuf Ahmed
	Mr. Muhammad Ali Ahmed
	Mrs. Hajra Ahmed
	Mr. Muhammad Iqbal-ur-Rahim
	Ms. Sarah Faisal Ahmed
Audit Committee	
Chairman	Mr. Muhammad Iqbal-ur-Rahim
Members	Mrs. Maliha Faisal
	Ms. Sarah Faisal Ahmed
Human Resource and Remuneration Committee	
Chairman	Mr. Muhammad Iqbal-ur-Rahim
Members	Mr. Muhammad Ali Ahmed
	Ms. Sarah Faisal Ahmed
CFO & Company Secretary	Mr. Sagheer Ahmed
Chief Internal Auditor	Mr. Salman Arif
Auditors	M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Legal Advisor	Monawwer Ghani Advocate
Share Registrar	M/s Technology Trade (Pvt.) Ltd. Dagia House, 241-C, Block-2, PECHS, Karachi. Phone No. 3439 1316-7
Bankers	Allied Bank Limited Bank Al Habib Limited Faysal Bank Limited Habib Metropolitan Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited
Registered Office and Factory	Plot No. 5-9, 23-26, Sector 16, Korangi Industrial Area, Karachi. UAN: 111 236 236, Fax No. 3505 4652 www.admdenim.com

VISION

✧ DYNAMIC, QUALITY CONSCIOUS AND EVER PROGRESSIVE

MISSION

ARTISTIC DENIM MILLS LIMITED IS COMMITTED TO:

- ✧ Achieve and Retain Market Leadership in Denim Fabric / Garments Manufacturing
- ✧ Produce to the Highest Quality Standards
- ✧ Excel through Continuous Improvement
- ✧ Fulfill and Exceed the Expectations of our Customers
- ✧ Be Ethical in its Practices
- ✧ Operate through Team Work
- ✧ Ensure a Fair Return to Stake Holders
- ✧ Fulfill Social Responsibilities

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of **Artistic Denim Mills Limited** will be held at MOOSA DE. DESSAI Auditorium of the Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi, on Saturday, October 25, 2014 at 4:00 p.m. to transact the following business.

A. Ordinary Business:

1. To confirm the Minutes of the 21st Annual General Meeting held on October 25, 2013.
2. To receive and adopt the Audited Financial Statements for the year ended June 30, 2014, together with the Directors' and Auditors' Reports thereon.
3. To approve the Cash Dividend @ Rs. 1.00 per share (10%) as recommended by the Board of Directors.
4. To appoint the Auditors of the Company for the year 2014-2015 and to fix their remuneration.

B. Special Business:

5. To ratify the transactions with Related Parties as disclosed in note No. 38 to the Financial Statements for the year ended June 30, 2014 by passing the following resolutions as an ordinary resolutions:

   "***RESOLVED*** that the related parties transactions with Casual Sportswear and Artistic Apparels (Private) Limited carried out during the year ended June 30, 2014 be and are hereby approved."

   "***FURTHER RESOLVED*** that the Company is also authorized to carry out such transactions with the related parties' i.e. Casual Sportswear and Artistic Apparels (Private) Limited in future according to the industry norms and practice."

C. Any Other Business:

6. To transact any other business with the permission of the Chair.

For and on behalf of the Board

SAGHEER AHMED
CFO & Company Secretary

Karachi: October 03, 2014.

NOTES:

1. The share transfer books of the Company will remain closed from October 17, 2014 to October 25, 2014 (both days inclusive). Transfers received in order at the Company's Share Registrar's Office by the close of the business by October 16, 2014 will be treated in time for the entitlement of 10% cash dividend and to attend and vote at the Meeting.
2. A member entitled to attend and vote at the meeting shall be entitled to appoint another member, as his/her proxy to attend, demand or join in demanding a poll, speak and vote instead of him/her, and a proxy so appointed shall have such rights, with respect to attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received at the Company's Share Registrar's Office not later than 48 hours before the meeting.
3. Members or their proxies are required to present their original CNIC or Passport along with the Participant's I.D. and Account Number(s) at the time of attending the Annual General Meeting in order to authenticate their identity.
4. Any Individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original CNIC to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

   CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

NOTICE OF ANNUAL GENERAL MEETING

A. For attending the Meeting:

i) In case of individuals, the account holder or subaccount holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall authenticate identity by showing his / her original CNIC or original passport at the time of attending the Meeting.

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

B. For appointing proxies:

i) In case of individuals, the account holder or subaccount holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.

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

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

v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. In pursuance with the amendments made by the government in Section 150 of the Income Tax Ordinance by defining separate tax rate for the Tax Return Filer and Tax return Non-Filer. The rate of withholding tax on Dividend in case of Tax Return Filer has been set at the rate of 10% of the gross dividend while rate of withholding tax on Dividend in case of Tax Return Non-Filer has been set at the rate of 15 %. In order to facilitate FBR has provided the list of Tax Return Filer, which contains CNIC/NTN number, and name of the Tax Return Filer for identification. Since the list contains only CNIC/NTN number, we will be deducting tax @ 10% where CNIC/NTN number matches with the list provided by the FBR and in case of no match tax will be deducted at the rate of 15% as Tax Return Non-Filer.

   In this connection, shareholders are hereby requested to provide to our share registrar attested copy of their CNIC/NTN to ascertain and match their CNIC/NTN with the list provided by the FBR for correct tax deduction from the dividend. In case you have already provided your CNIC/NTN please ignore this notice.

6. In pursuance with the Securities and Exchange Commission of Pakistan (SECP) Notification No SRO.831 (1)/2012 of July 5th, 2012 in supersession of earlier notification No. SRO 779 (1)/2011 of August 18, 2011, SECP has directed all listed companies to mention CNIC/NTN number of the registered members on the dividend warrant and on every list submitted to the Commission including submission of Form-A (annual list of shareholders).

   As per the said Notification of Securities and Exchange Commission of Pakistan (SECP), shareholders (who have not still provided copies of their valid CNICs) are requested to immediately send our share registrar a copy of their Computerized CNIC/Passport (for non-resident only) to our Share Registrar, Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off Shahrah-e-Quaideen, Karachi.

NOTICE OF ANNUAL GENERAL MEETING

In case of non-receipt of copy of valid CNIC and non-compliance of the above-mentioned SRO of SECP, the Company may be constrained to withhold dispatch of dividend warrants.

7. Shareholders are requested to immediately notify the change of address, if any to the Company's Share Registrar.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement set out the material facts concerning the Business, given in agenda item no. 5 of the Notice to be transacted at the 22nd Annual General Meeting of the Company.

Artistic Denim Mills Limited is engaged in manufacture and sell rope dyed denim fabric, yarn and value added textile products. The Company in the normal course of business carries out transactions with its associated entities i.e. Casual Sportswear and Artistic Apparels (Private) Limited. The following is the summary of transactions carried out during the year with the said entities:

S. No.	Name of Associated Undertaking	Nature of Transactions	Rupees in Million
1	Casual Sportswear	Sales	310.027
2	Artistic Apparels (Pvt) Ltd.	Sales	9.753

Mr. Muhammad Ali Ahmed Director of Artistic Denim Mills Limited is also the sole proprietor of Casual Sportswear and Mr. Muhammad Yousuf Ahmed Director of Artistic Denim Mills Limited is also Director of Artistic Apparels (Private) Limited. Both are brothers of Mr. Faisal Ahmed - CEO of Artistic Denim Mills Limited and sons of Mrs. Hajra Ahmed, another Director of the Company.

All related party transactions, during the year 2014, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with best practices on transfer pricing as contained in the listing regulations of Karachi Stock Exchange.

Mr. Muhammad Ali Ahmed and Mr. Muhammad Yousuf Ahmed abstained while the Board approved the above transactions in accordance with the requirement of relevant provision of the Companies Ordinance, 1984.

The above transactions with related parties are an ongoing process and will also be remain continued in future.

None of the Directors other than Mr. Muhammad Ali Ahmed and Mr. Muhammad Yousuf Ahmed have any direct or indirect interest in the Casual Sportswear and Artistic Apparels (Private) Limited and have no interest in the above business, other than shareholders of the Company.

REPORT OF THE DIRECTORS TO THE MEMBERS

The Directors of your Company take pleasure in presenting their report together with the Company's Annual Audited Financial Statements for the year ended June 30, 2014.

OPERATING FINANCIAL RESULTS

The performance of the Company for the year ended June 30, 2014 is summarized as follows:

	June 30, 2014 Rs. in million	June 30, 2013 (Restated) Rs. in million
Net Sales	**6,468**	6,137
Gross profit	**1,149**	1,146
Finance costs	**109**	150
Profit before tax	**861**	788
Net Profit	**852**	758
EPS (Rs. per share)	**10.15**	9.02

In the year under review, net sales of your Company registered an increase of Rs. 331 million as compared to the previous year. The increase in sales was mainly due to higher sales volume of garments and better product/market penetration. Gross profit for the year ended June 30, 2014 has slightly increased by Rs. 3 million in absolute terms. The Company finance costs reduced by 27.35% over similar period last year on account of mark-up rate benefit received from State Bank of Pakistan (SBP) on export performance and better liquidity management. The good operating results have thus helped to an increase of Rs. 94 million in net profit over the last year. According, earnings per share have improved to Rs. 10.15 per share in comparison to Rs. 9.02 per share last year

DIVIDEND

The Board of Directors have pleasure in recommending a final cash dividend @ 10% (i.e. Rs. 1.0/= per share) translating into a payout of Rs. 84 million. This will be paid to the shareholders on the Company's Register on October 17, 2014. The dividend is to be approved by the shareholders at the Annual General Meeting on Saturday, October 25, 2014.

CASH FLOW STATEMENT

The Company has an effective Cash Flow Management in place to project inflows and outflows of cash and develop strategies to meet working capital requirements through cash inflows and short term borrowings. In year 2014 the Company generated Rs. 575.843 (2013: Rs. 939.381) million from operating activities. The inflow was largely a result of higher cash earnings. Cash generated from operating activities was used on capital expenditure, payment of dividend and repayment of long-term finance.

SALES AND MARKETING

With a track record of over 23 years of experience, ADM prides itself at providing its customers the best possible denim brands. The Company has continued to participate in exhibitions in Europe and US to increase customer base and attract new denim brands.

During the year under report, the Company has developed new products and designs which has enabled the Company to develop new markets and in catering the existing customers. The introduction of new products and designs has helped the Company to add new customers in different geographical regions and segments.

As part of the Company's marketing strategy the management has been constantly engaged in the process of BMR to enhance efficiency and maximize the productivity.

FUTURE OUTLOOK

It is anticipated that textile industry will perform satisfactorily, although the cost pressures will remain on account of energy shortage, adverse law-and-order situation, inflationary pressure and higher employment costs.

Despite the challenging conditions, we expect to remain firmly entrenched in the profitability zone. We believe your Company has the potential to maintain sales growth and the Company's management is continuously focused in taking initiatives for improving business performance as well as overall profitability.

CORPORATE COMPLIANCE

The Board of Directors have, throughout the year, complied with the "Code of Corporate Governance" contained in the listing requirements of the stock exchange and the "Corporate and Financial Reporting Framework" of the Securities & Exchange Commission of Pakistan. The Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- Key operating and financial data for the six years in summarized form is annexed to the Audited Financial Statements.
- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the Audited Financial Statements.
- During the year under review, four meetings of the Board of Directors were held. The attendance by each Director was as follows:

Name of Directors	Meetings Attended	Remarks
Mr. Faisal Ahmed	4	
Mrs. Maliha Faisal	4	
Mr. Muhammad Yousuf Ahmed	2	Leave of absence granted in one meeting
Mr. Muhammad Ali Ahmed	2	Leave of absence granted in two meetings
Mrs. Hajra Ahmed	2	Leave of absence granted in two meetings
Mr. Muhammad Iqbal-ur-Rahim	4	
Ms. Sarah Faisal Ahmed	1	Leave of absence granted in three meetings

- A statement of the pattern of shareholding is annexed to the Audited Financial Statements.
- During the fiscal year July 1, 2013 to June 30, 2014 the trading in Company's shares by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit, Other Executives and their spouse(s) and minor children is annexed to the Audited Financial Statements.

BOARD COMMITTEES

An Audit Committee has been in existence since 2002 in compliance to the Code of Corporate Governance. The Committee consists of three members, all of whom are non-executive directors including the chairman of the Committee. The Audit Committee has performed its functions satisfactorily and in accordance with the Code of Corporate Governance. During the year, four meetings of the Audit Committee were held. The attendance record of each director is as follows:

Name of Directors	Meetings Attended	Remarks
Mr. Muhammad Iqbal-ur-Rahim	4	
Mrs. Maliha Faisal	4	
Ms. Sarah Faisal Ahmed	3	Leave of absence granted in one meeting

The Board of Directors in compliance to the Code of Corporate Governance has established a Human Resource and Remuneration Committee (HR&RC). The Committee consists of three members, all of whom are non-executive directors including the chairman of the Committee. During the year, one meeting of the (HR&RC) was held. The attendance record of each director is as follows:

Name of Directors	Meetings Attended	Remarks
Mr. Muhammad Iqbal-ur-Rahim	1	
Mr. Muhammad Ali Ahmed	1	
Ms. Sarah Faisal Ahmed	1	

RELATED PARTY TRANSACTIONS AND TRANSFER PRICING

All related party transactions, during the year 2014, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with best practices on transfer pricing as contained in the listing regulations of Karachi Stock Exchange.

AUDITORS

The present auditors, Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants are retiring at the conclusion of the forthcoming annual general meeting and offer themselves for re-appointment. The Audit Committee has recommended the re-appointment of Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as auditors of the Company for the year ending June 30, 2015 and the Board has endorsed this recommendation.

CORPORTATE SOCIAL RESPONSIBLITY

1. Energy Conservation

The Company has its own power generation plant. Power plant is captive unit which caters the energy requirements of all its sites to keep running with low cost power at all the divisions like Spinning, Weaving and Garment. The operation and maintenance of the plant is being carried out by the highly qualified and well trained staff.

In line with the Company's declared commitment towards conservation of natural resources, all business units have continued with their efforts to improve energy usage efficiencies. The Company is engaged in the continuous process of energy conservation through improved operational and maintenance practices. The waste heat from the exhaust gases of the engines are being utilized for the production of steams and recovery boilers have been installed for this purpose. This concept utilizes the energy to the fullest, in order to mitigate the power crises being faced by the country.

2. Environment, Health & Safety

The ADM has documented system of health, safety and environment to ensure that entire ADM premises and atmosphere is safe and healthy for all its employees, customers, stakeholders, contractors, visitors and suppliers. The Company has made objective based efforts for reducing unsafe and unhealthy work practice/conditions. The Company has taken adequate measures to prevent accidents and injury to health arising out of, associated with or occurring in the course of work. Management Representatives are responsible for health and safety of all personnel and accountable for the implementation of health and safety elements of high standard. Environmental Noise testing activity is also being carried out from the outside commercial laboratory on a periodic basis.

The ADM ensures full commitment to environment, health & safety at all levels of management and conduct regular assessments and reviews to ensure the continuance of improved these conditions and to confirm the effectiveness of the Company's policy, objectives, targets and programs in this regard.

ADM is certified by following certification bodies.

- ISO 14001:2004 EMS (Environmental Management System)
- ISO 9001:2008 QMS (Quality Management System)
- SA 8000:2008 (Social Accountability)
- WRAP (Worldwide Responsible Accreditation Production)
- GOTS (Global Organic Textile Standards)
- OCS (Organic Content Standards)
- OCS Blended (Organic Content Blended Standards)
- Oeko Tex -100

3. Security Measures

The management of the Company is fully aware of the importance of safety and security for the smooth running of the operations and incurring substantial cost for protection of employees and assets by deploying security guards and has established a system of surveillance through the installation of CCTV cameras at every location.

4. Waste Water Treatment Plant

The Company has waste water treatment facility meeting the National Environment Quality Standards of EPA Pakistan. Since water is becoming a scarce commodity, hence it is imperative to evolve technologies which treat them efficiently so that they can be reused. At the waste water treatment plants waste water is treated before being reused or discharged to main sewer lines in accordance with environmental protection standards.

5. Equal Opportunity Employer

Going with the core beliefs of the Company that every human being is equal, ADM has employed people from various ethnicities without any prejudice or bias.

6. Hajj tours

A tradition in ADM of sending some employees to pilgrim of holy place of Makkah and Medina through balloting each year.

7. Donation to Saylani Welfare International Trust

ADM is committed to act ethically towards the society at large and aims to contribute to the social development in the country. Our Company continuously contributes donation to Saylani Welfare International Trust.

8. Contribution to national exchequer

During the financial year, the Company contributed Rs. 8.48 million to the government exchequer in the shape of direct and indirect taxes.

ACKNOWLEDGEMENTS

The Board of Directors would like to thank our valued customers for the confidence they continue to place in us, the management team for their sincere efforts and all stakeholders for their excellent support and co-operation and look forward to their continued support in future.

On Behalf of the Board

Faisal Ahmed
Chief Executive

Karachi: September 25, 2014

ADM ARTISTIC DENIM MILLS

KEY OPERATING AND FINANCIAL DATA

	2014	2013	2012	2011	2010	2009
	..........(Rupees in '000)..........					
ASSETS EMPLOYED						
Operating fixed assets	**3,655,456**	3,305,415	3,112,798	3,250,504	3,393,330	3,341,198
Capital work-in-progress	**698,979**	209,681	316,900	16,008	26,960	84,401
Long term loans	**8,471**	5,314	4,695	4,592	4,467	4,997
Long term deposits	**956**	853	833	777	777	979
Net current assets/(liabilities)	**564,693**	754,011	332,469	25,676	(204,701)	(259,182)
Total Assets Employed	**4,928,555**	4,275,274	3,767,695	3,297,557	3,220,833	3,172,393
FINANCED BY						
Shareholders equity	**4,802,782**	4,042,451	3,379,011	3,031,237	2,847,793	2,681,257
Long term financing	**39,985**	168,489	344,206	235,319	348,293	471,430
Deferred liability	**85,788**	64,334	44,478	31,001	24,747	19,706
	4,928,555	4,275,274	3,767,695	3,297,557	3,220,833	3,172,393
SALES & PROFITS						
Net sales	**6,467,591**	6,136,793	5,451,844	4,869,120	3,671,610	3,125,384
Gross profit	**1,149,130**	1,145,604	851,259	743,095	766,715	697,984
Profit before taxation	**860,978**	787,677	496,438	395,273	370,925	410,338
Net profit after taxation	**852,497**	758,031	440,092	351,444	334,536	376,421
Proposed Bonus/Dividend %	**10**	10	10	10	20	20
Un-appropriated profit	**3,962,782**	3,202,451	2,539,011	2,191,237	2,007,793	1,841,257

PATTERN OF SHAREHOLDING

Number of Shareholders	Shareholdings		Total Number of Shares Held
	From	To	
178	1	100	6,000
195	101	500	79,432
158	501	1000	139,882
237	1001	5000	613,987
42	5001	10000	324,142
27	10001	100000	639,204
3	100001	1000000	1,819,000
2	1000001	2000000	3,585,700
1	5000001	6000000	5,601,833
1	8000001	9000000	8,727,400
1	62000001	63000000	62,463,420
845			**84,000,000**

ADM ARTISTIC DENIM MILLS

PATTERN OF SHAREHOLDING

Categories of Shareholders		Shares Held	Percentage
INSURANCE COMPANIES			
STATE LIFE INSURANCE CORP. OF PAKISTAN		1,767,000	
	Sub-Total:	**1,767,000**	**2.10**
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN			
HAJRA AHMED		500	
MALIHA FAISAL		500	
SARAH FAISAL AHMED		5,601,833	
MUHAMMAD YOUSUF AHMED		99,000	
IQBAL UR RAHIM		600	
MUHAMMAD FAISAL AHMED		62,463,420	
MUHAMMAD ALI AHMED		858	
	Sub-Total:	**68,166,711**	**81.15**
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES.			
ARTISTIC PROPERTIES (PVT) LIMITED		1,819,700	
	Sub-Total:	**1,819,700**	**2.17**
MODARABAS AND MUTUAL FUNDS.			
CDC - TRUSTEE ALFALAH GHP ALPHA FUND		33,500	
CDC - TRUSTEE IGI STOCK FUND		32,500	
	Sub-Total:	**66,000**	**0.08**
NIT AND ICP			
INVESTMENT CORP, OF PAKISTAN		500	
IDBL (ICP UNIT)		500	
	Sub-Total:	**1,000**	**0.00**
FOREIGN INVESTORS			
HABIB BANK AG ZURICH, DEIRA DUBAI		15,000	
AFC UMBRELLA FUND		44,000	
	Sub-Total:	**59,000**	**0.07**

PATTERN OF SHAREHOLDING

Categories of Shareholders		Shares Held	Percentage
OTHERS			
HSZ SECURITIES (PVT.) LTD.		80	
FIRST NATIONAL EQUITIES LIMITED		7,000	
ZIA KHATRI & CO.		5,500	
AZEE SECURITIES (PRIVATE) LIMITED		300	
ACE SECURITIES (PVT.) LIMITED		2,000	
EFU LIFE INSURANCE LTD		219,000	
HH MISBAH SECURITIES (PRIVATE) LIMITED		7,000	
Y.S. SECURITIES & SERVICES (PVT) LTD.		80	
MOOSANI SECURITIES (PVT) LTD.		3,736	
ELIXIR SECURITIES PAKISTAN (PVT.) LTD.		5,000	
FIKREE'S (SMC-PVT) LTD.		2,300	
TRUSTEES D.G.KHAN CEMENT CO. LTD. EMPLOY		4,000	
SEVEN STAR SECURITIES (PVT.) LTD.		22,504	
	Sub-Total:	**278,500**	**0.33**
Individual			
Local - Individuals		11,842,089	
	Sub-Total:	**11,842,089**	**14.10**
	G-Total:	**84,000,000**	**100.00**

Shareholders Holding five percent or more Voting Rights in the Listed Company

Name of Shareholders		Shares Held	Percentage
Faisal Ahmed		62,463,420	
Sadia Zain		8,727,400	
Sarah Faisal Ahmed		5,601,833	
	Total:	**76,792,653**	**91.42**

PERFORMANCE AT A GLANCE

	2014	2013
FINANCIAL RATIOS		
Gross profit - % of net sales	**17.77**	18.67
Profit before taxation - % of net sales	**13.31**	12.84
Net Profit after taxation - % of net sales	**13.18**	12.35
Earnings per share - basic & diluted	**10.15**	9.02
Increase / (decrease) in net sales - %	**5.39**	12.56
Raw and packing materials - % of net sales	**49.74**	51.52
Labour - % of net sales	**17.61**	13.77
Other cost of goods manufactured - % of net sales	**16.55**	16.77
Distribution costs - % of net sales	**3.14**	3.05
Administrative expenses - % of net sales	**1.12**	1.02
Finance costs - % of net sales	**1.68**	2.44
Taxation - % of net sales	**0.13**	0.48
Inventory turnover days	**60**	49
Receivable turnover days	**83**	84
SHORT TERM SOLVENCY		
Current ratio	**1.21**	1.44
Acid test ratio	**0.75**	1.00
OVERALL VALUATION AND ASSESSMENT		
Return on equity (average)	**19.28**	20.34
P.E. ratio	**8.48**	4.41
Book value per share	**57.18**	48.12
Long term debts : equity	**01:99**	04:96

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

Name of Company: **Artistic Denim Mills limited**
Year Ended: **June 30, 2014**

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

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

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

Name of Director	Category of Director		
	Independent (01)	Non-Executive (05)	Executive (01)
Mr. Faisal Ahmed			✓
Mrs. Maliha Faisal		✓	
Mr. Muhammad Yousuf Ahmed		✓	
Mr. Muhammad Ali Ahmed		✓	
Mrs. Hajra Ahmed		✓	
Mr. Muhammad Iqbal-ur-Rahim	✓	✓	
Ms. Sarah Faisal Ahmed		✓	

The independent director meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

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

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and 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/Chairperson 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. The Board arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. Three directors of the Company have completed Directors' Training Program conducted by the Pakistan Institute of Corporate Governance (PICG). Whereas one director is exempted from such course on account of the experience and qualification and rest of the Directors will be trained within the time specified in the Code.
10. The Board approves the appointment, remuneration and terms and conditions of employment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, as determined by the Chief Executive (CEO). During the year, the Board has approved the appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment.
11. The Directors' report for the year ended June 30, 2014 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the Chairman of the Committee and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom all are non-executive directors including the Chairman of the Committee and the Chairman of the Committee is an independent director. During the year, one meeting of the HR & Remuneration Committee was held.
18. The Board has set-up an effective internal audit function and the internal auditors of the Company are fully conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by 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 auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and Stock Exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.
23. The related party transactions have been placed before the Audit Committee and approved by the Board along with pricing methods.
24. As stated above, we confirm that all other material principles enshrined in the Code have been complied with except that the position of CFO and Company Secretary is held by the same person. The said decision has been taken by the Board keeping in view the size of the Company.

FAISAL AHMED
Chief Executive

Karachi: September 25, 2014

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Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: + 9221 3565 0007-11
Fax:+ 9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

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

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Artistic Denim Mills Limited** (the Company) for the year ended **30 June 2014** to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited, where the Company is listed.

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

As 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.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **30 June 2014**.

Further, we draw your attention to Clause 24 of the Statement which explains that the same person holds the position of Chief Financial Officer and Company Secretary. Our conclusion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Date: 25 September 2014

Karachi

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Chartered Accountants
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P.O. Box 15541, Karachi 75530
Pakistan

Tel: + 9221 3565 0007-11
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eyfrsh.khi@pk.ey.com
ey.com/pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ARTISTIC DENIM MILLS LIMITED** (the Company) as at **30 June 2014** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 2.2, with which we concur;

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

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

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Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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Fax:+ 9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2014** and of the profit, its comprehensive income, 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 the Central Zakat Fund established under Section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner's Name: Riaz A. Rehman Chamdia
Date: 25 September 2014
Place: Karachi

ADM ARTISTIC DENIM MILLS

BALANCE SHEET

As at June 30, 2014

	Note	June 30, 2014	June 30, 2013 (Restated)	July 01, 2012 (Restated)
		.... Rupees in '000	....	
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	**4,354,435**	3,515,096	3,429,698
Long-term loans	6	**8,471**	5,314	4,695
Long-term deposits	7	**956**	853	833
		4,363,862	3,521,263	3,435,226
CURRENT ASSETS				
Stores and spares	8	**144,637**	114,718	104,314
Stock-in-trade	9	**1,096,838**	640,068	703,403
Trade debts	10	**1,538,993**	1,385,388	1,437,610
Loans and advances	11	**79,359**	51,712	52,844
Trade deposits and prepayments	12	**6,636**	1,985	7,993
Other receivables	13	**71,040**	45,563	47,882
Sales tax refundable		**147,508**	94,582	55,751
Short-term investments		**-**	14,849	13,654
Taxation - net	14	**167,292**	87,687	39,828
Cash and bank balances	15	**7,739**	18,653	13,729
		3,260,042	2,455,205	2,477,008
TOTAL ASSETS		**7,623,904**	5,976,468	5,912,234
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVE				
Share capital	16	**840,000**	840,000	840,000
Reserves	17	**3,962,782**	3,202,451	2,539,011
		4,802,782	4,042,451	3,379,011
NON-CURRENT LIABILITIES				
Long-term financing	18	**39,985**	168,489	344,206
Deferred liability	19	**85,788**	64,334	44,478
		125,773	232,823	388,684
CURRENT LIABILITIES				
Trade and other payables	20	**802,444**	527,158	617,840
Accrued mark-up	21	**24,347**	32,663	36,331
Short-term borrowings	22	**1,740,054**	986,804	1,366,812
Current maturity of long-term financing		**128,504**	154,569	123,556
		2,695,349	1,701,194	2,144,539
CONTINGENCIES AND COMMITMENTS	23			
TOTAL EQUITY AND LIABILITIES		**7,623,904**	5,976,468	5,912,234

The annexed notes 1 to 43 form an integral part of these financial statements.

Faisal Ahmed
Chief Executive

Muhammad Iqbal-ur-Rahim
Director

PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2014

	Note	June 30, 2014	June 30, 2013 (Restated)
		.... Rupees in '000	
NET SALES	24	**6,467,591**	6,136,793
Cost of sales	25	**(5,318,461)**	(4,991,189)
GROSS PROFIT		**1,149,130**	1,145,604
Distribution costs	26	**(203,398)**	(187,068)
Administrative expenses	27	**(72,612)**	(62,889)
Other operating expenses	28	**(67,009)**	(63,229)
Other income	29	**163,629**	104,972
		(179,390)	(208,214)
OPERATING PROFIT		**969,740**	937,390
Finance costs	30	**(108,762)**	(149,713)
PROFIT BEFORE TAXATION		**860,978**	787,677
Taxation	31	**(8,481)**	(29,646)
NET PROFIT FOR THE YEAR		**852,497**	758,031
EARNINGS PER SHARE - BASIC AND DILUTED (Rs. per share)	32	**10.15**	9.02

The annexed notes 1 to 43 form an integral part of these financial statements.

Faisal Ahmed
Chief Executive

Muhammad Iqbal-ur-Rahim
Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2014

	June 30, 2014	June 30, 2013 (Restated)
	.... Rupees in '000	
Net profit for the year	**852,497**	758,031
Other comprehensive income		
Items that may not be reclassified subsequently to profit and loss account		
Actuarial loss on defined benefit plan	**(8,166)**	(10,591)
Total comprehensive income for the year	**844,331**	747,440

The annexed notes 1 to 43 form an integral part of these financial statements.

Faisal Ahmed
Chief Executive

Muhammad Iqbal-ur-Rahim
Director

CASH FLOW STATEMENT

For the year ended June 30, 2014

	Note	June 30, 2014	June 30, 2013 (Restated)
		.... Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	**787,163**	1,174,300
Taxes paid		**(88,086)**	(77,505)
Gratuity paid		**(6,053)**	(4,013)
Finance costs paid		**(117,078)**	(153,381)
Long-term deposits		**(103)**	(20)
Net cash generated from operating activities		**575,843**	939,381
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(1,100,022)**	(342,947)
Long-term loans		**(3,157)**	(619)
Sale proceeds of operating fixed assets		**921**	15,613
Dividend received		**712**	2,166
Net cash used in investing activities		**(1,101,546)**	(325,787)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing acquired		**-**	164,889
Long-term financing repaid		**(154,569)**	(309,593)
Short-term borrowings acquired / (repaid)		**611,651**	(350,622)
Dividend paid		**(83,892)**	(83,958)
Net cash generated from / (used in) financing activities		**373,190**	(579,284)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(152,513)**	34,310
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(18,151)**	(52,461)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34	**(170,664)**	(18,151)

The annexed notes 1 to 43 form an integral part of these financial statements.

Faisal Ahmed
Chief Executive

Muhammad Iqbal-ur-Rahim
Director

ADM ARTISTIC DENIM MILLS

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2014

	Issued, subscribed and paid-up capital	Revenue Reserves: Unappro-Priated Profit	Revenue Reserves: Actuarial loss on Defined benefit plan	Revenue Reserves: Total	Total
	.... Rupees in '000				....
Balance as at July 01, 2012 - (as previously reported)	840,000	2,547,329	-	2,547,329	3,387,329
Effect of change in accounting policy as disclosed in note 4.11	-	-	(8,318)	(8,318)	(8,318)
Balance as at July 01, 2012 - (restated)	840,000	2,547,329	(8,318)	2,539,011	3,379,011
Net profit for the year - as restated	-	758,031	-	758,031	758,031
Other comprehensive income	-	-	(10,591)	(10,591)	(10,591)
Total comprehensive income for the year - as restated	-	758,031	(10,591)	747,440	747,440
Cash dividend @ Re.1 per Ordinary share of Rs.10 each for the year ended June 30, 2012	-	(84,000)	-	(84,000)	(84,000)
Balance as at June 30, 2013 - (restated)	840,000	3,221,360	(18,909)	3,202,451	4,042,451
Net profit for the year	-	852,497	-	852,497	852,497
Other comprehensive income	-	-	(8,166)	(8,166)	(8,166)
Total comprehensive income for the year	-	852,497	(8,166)	844,331	844,331
Cash dividend @ Re.1 per Ordinary share of Rs.10 each for the year ended June 30, 2013	-	(84,000)	-	(84,000)	(84,000)
Balance as at June 30, 2014	**840,000**	**3,989,857**	**(27,075)**	**3,962,782**	**4,802,782**

The annexed notes 1 to 43 form an integral part of these financial statements.

Faisal Ahmed
Chief Executive

Muhammad Iqbal-ur-Rahim
Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2014

1. THE COMPANY AND ITS OPERATIONS

Artistic Denim Mills Limited (the Company) was incorporated in Pakistan on May 18, 1992 under the Companies Ordinance, 1984 and is currently listed on the Karachi Stock Exchange. The principal activity of the Company is to manufacture and sell rope dyed denim fabric, yarn and value added textile products.

The registered office of the Company is situated at Plot No. 5 - 9, 23 - 26, Sector 16, Korangi Industrial Area, Karachi.

2. STATEMENT OF COMPLIANCE

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

2.2 New and amended standards

The accounting policies adopted in the preparation of these financial statement are consistent with those of the previous financial year except that the Company has adopted the following amendments to IFRSs which became effective for the current year:

IAS - 19 - Employee Benefits - (Revised)

IFRS - 7 - Financial Instruments : Disclosures - (Amendments)
- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC - 20 - Stripping Costs in the Production Phase of a Surface Mine

Improvement to Accounting Standards issued by the IASB

IAS - 1 - Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS - 16 - Property, Plant and Equipment - Classification of Servicing Equipment

IAS - 32 - Financial Instruments: Presentation - Tax effects of Distribution to Holders of Equity Equipment

IAS - 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any material effect on the financial statements, except for IAS-19 (revised) which has resulted in a change in accounting policy as described in note 4.11 to the financial statements.

2.3 Standards and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation			Effective date (annual periods Beginning on or after)
IFRS 10	-	Consolidated Financial Statements	January 01,2015
IFRS 11	-	Joint Arrangements	January 01,2015
IFRS 12	-	Disclosure of Interests in Other Entities	January 01,2015
IFRS 13	-	Fair Value Measurement	January 01,2015
IAS 16 & 38	-	Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41	-	Agriculture: Bearer Plants	January 01, 2016
IAS 19	-	Employee Contributions	July 01, 2014
IAS 32	-	Offsetting Financial Assets and Financial Liabilities - (Amendment)	January 01, 2014
IAS 36	-	Recoverable Amount for Non-Financial Assets - (Amendment)	January 01, 2014
IAS 39	-	Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	January 01, 2014
IFRIC 21	-	Levies	January 01, 2014

The Company is currently evaluating the impact of the above standards and interpretation of the standards in the period of initial application.

In addition to the above standards and interpretation, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standards			IASB Effective date (annual periods Beginning on or after)
IFRS 9	-	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	-	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	-	Revenue from Contracts with Customers	January 01, 2017

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention, except for investments and derivative financial instrument, which are carried at fair value.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. 1 Property, plant and equipment

4.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation on all operating fixed assets except leasehold land, is charged to income, applying the reducing balance method whereby the cost of an asset, less there residual value, is written off over its estimated useful life. Leasehold land is amortised using the straight line method whereby the cost of the leasehold land is written off over its lease term. The rates used are stated in note 5.1 to the financial statements.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and up to the month preceding the deletion, respectively.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are taken to the profit and loss account.

4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their construction, installation and acquisition. These are transferred to specific assets as and when these are available for use.

4.2 Investments

Investments at fair value through profit or loss include investments held for trading and investments designated upon initial recognition as at fair value through profit or loss.

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term.

These investments are initially recognized at cost, being the fair value of the consideration given and transaction costs are charged to income when incurred. After initial recognition, these are remeasured at fair values with gains or losses are recognized directly in the profit and loss account.

4.3 Stores and spares

Stores and spares are valued cost, determined on a first-in-first-out (FIFO) basis. Provision is made for any slow moving and obsolete items.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon up to the balance sheet date.

4.4 Stock-in-trade

Stock-in-trade are valued at the lower of cost and net realisable value.

Cost of raw and packing materials is determined using FIFO basis except for those in transit which are stated at invoice price plus other charges incurred thereon upto the balance sheet date.

Finished goods and work-in-process consist of cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity. Cost is determined on FIFO basis.

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

4.5 Trade debts

Trade debts are recognised and carried at original invoice amount less provision for doubtful debts. When the recovery of the amount is considered uncertain by the management, a provision is made for the same. Bad debts are written-off when identified.

4.6 Loans, advances and other receivables

These are stated at cost less provision for any doubtful receivables.

4.7 Cash and cash equivalents

These are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand net of outstanding balance of running finance facilities availed by the Company, if any.

4.8 Interest / mark-up bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction cost) and the redemption value recognised in the profit and loss account over the period of the borrowing using the effective interest method.

Gains and losses are recognised in profit and loss account when the liabilities are derecognised as well as through amortisation process.

4.9 Trade and other payables

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

4.10 Foreign currency translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.11 Staff retirement benefit

The Company operates an unfunded gratuity plan (defined benefit scheme) for all its permanent employees. Provision is made annually, to cover obligations under the plan, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation.

During the year, the Company has changed its accounting policy in respect of recognition of actuarial gains and losses. With effect from current year, the Company has recognised actuarial gains and losses as they occur in other comprehensive income, instead of past policy, where actuarial gains and losses were recognised as income or expense when the cumulative unrecognised actuarial gains and losses for the plan at the end of previous reporting period exceeded 10% of the defined benefit obligation, and such gains or losses were recognised over the expected average remaining working lives of the employees participating in the plan.

The above change has been accounted for retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8). Accordingly, the Company has presented balance sheet as at the beginning of the earliest comparative period i.e., July 01, 2012, and related notes in accordance with requirement of IAS 1 "Presentation of Financial Statements (Revised)". The balance sheet and profit and loss account as of and for the year ended June 30, 2013 respectively have been restated and presented accordingly.

Had there been no change in the accounting policy, the following would have been the impacts as of July 01, 2012, June 30, 2013 and June 30, 2014 and for the years then ended:

As of July 01, 2012:	
Deferred liability would have been lower by:	8,318
Opening accumulated actuarial loss on defined benefit plan would have been lower by:	8,318
As of and for the year ended June 30, 2013:	
Employee benefit liability would have been lower by:	18,264
Accumulated actuarial loss on defined benefit plan would have been lower by:	18,909
Charge for defined benefit plan would have been higher by:	645
As of and for the year ended June 30, 2014:	
Employee benefit liability would have been lower by:	27,075
Accumulated actuarial gain on defined benefit plan would have been lower by:	27,075

4.12 Provisions

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

4.13 Taxation

Current

The Company falls under the final tax regime under Section 169 of the Income Tax Ordinance, 2001. Provision for tax on other income is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available, if any.

Deferred

Since the income of the Company is subject to tax under Final Tax Regime, no deferred tax liability has been accounted for in these financial statements as the Company's tax liability will be assessed under the said regime and, hence, no temporary differences are likely to arise in respect of sales whereas, temporary differences in respect of other income are expected to be negligible.

4.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Specific revenue recognition criteria are as follows:

(i) Sales are recorded when goods are dispatched and invoiced;
(ii) Duty draw back on export sales is recognised on an accrual basis at the time of making the export sale; and
(iii) Dividend income is recognised when the Company's right to receive payment is established.

4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account.

4.16 Derivative financial instruments

The Company uses derivative financial instruments such as interest rate and cross currency swaps to hedge its risk associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive market values (unrealised gains) are included in other asset and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the profit and loss account.

4.17 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

4.18 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.19 Impairment

Financial assets

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

Non-financial assets

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

4.20 Dividends and appropriation to general reserve

Dividends and appropriation to general reserves are recognised in the financial statements in the period in which these are approved.

4.21 Significant accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

(a) determining the residual values and useful lives of property, plant and equipment (Note 4.1);
(b) impairment of inventories / adjustment of inventories to their Net realisable Value (Note 4.4);
(c) recognition of staff retirement benefits (note 4.11);
(d) provisions (note 4.12);
(e) recognition of taxation and deferred taxation (Note 4.13) ; and
(f) impairment of assets (Note 4.19).

		Note	June 30, 2014	June 30, 2013
5.	**PROPERTY, PLANT AND EQUIPMENT**		.... Rupees in '000	
	Operating fixed assets	5.1	**3,655,456**	3,305,415
	Capital work-in-progress	5.2	**698,979**	209,681
			4,354,435	3,515,096

5.1 Operating fixed assets

		COST					ACCUMULATED DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE
	Note	As at July 01, 2013	Additions / Transfers*	(Disposals)	As at June 30, 2014	Period / Rate %	As at July 01, 2013	For the Year	(On disposals)	As at June 30, 2014	As at June 30, 2014
		............Rupees in '000............					............Rupees in '000............				
June 30, 2014											
Leasehold land		1,211,663	-	-	1,211,663	65 to 86 yrs	127,961	15,188	-	143,149	1,068,514
Building on leasehold land	5.1.1	1,060,801	-	-	1,060,801	10	439,895	62,091	-	501,986	558,815
Plant and machinery	5.1.1	2,883,049	531,776*	-	3,414,825	10	1,405,320	159,664	-	1,564,984	1,849,841
Factory equipment	5.1.1	144,390	46,942*	-	191,332	10	67,039	10,359	-	77,398	113,934
Furniture and fixtures		13,826	776	-	14,602	10	5,750	842	-	6,592	8,010
Office equipment, including Computers		20,873	5,462	-	26,335	33	17,144	2,071	-	19,215	7,120
Vehicles		65,217	18,222 7,545*	(2,966)	88,018	20	31,295	10,104	(2,603)	38,796	49,222
		5,399,819	24,460 586,263*	(2,966)	6,007,576		2,094,404	260,319	(2,603)	2,352,120	3,655,456

		COST					ACCUMULATED DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE
	Note	As at July 01, 2012	Additions / Transfers*	(Disposals)	As at June 30, 2013	Period / Rate %	As at July 01, 2012	For the Year	(On disposals)	As at June 30, 2013	As at June 30, 2013
		............Rupees in '000............					............Rupees in '000............				
June 30, 2013											
Leasehold land		1,211,663	-	-	1,211,663	65 to 86 yrs	112,773	15,188	-	127,961	1,083,702
Building on leasehold land	5.1.1	976,558	84,243*	-	1,060,801	10	379,486	60,409	-	439,895	620,906
Plant and machinery	5.1.1	2,601,518	323,016*	(41,485)	2,883,049	10	1,282,333	152,755	(29,768)	1,405,320	1,477,729
Factory equipment	5.1.1	120,376	24,014*	-	144,390	10	60,277	6,762	-	67,039	77,351
Furniture and fixtures		9,200	4,626	-	13,826	10	5,168	582	-	5,750	8,076
Office equipment, including Computers		18,551	2,322	-	20,873	33	15,917	1,227	-	17,144	3,729
Vehicles		55,223	11,945	(1,951)	65,217	20	24,337	8,444	(1,486)	31,295	33,922
		4,993,089	18,893 431,273*	(43,436)	5,399,819		1,880,291	245,367	(31,254)	2,094,404	3,305,415

* Represents transfer from Capital Work in Progress.

5.1.1 During the current year, the following amounts have been transferred from capital work-in-progress to:

	Note	June 30, 2014	June 30, 2013
		.... Rupees in '000	
Building on leasehold land	5.1	**-**	84,243
Plant and machinery	5.1	**531,776**	323,016
Factory equipment	5.1	**46,942**	24,014
Vehicles	5.1	**7,545**	-
		586,263	431,273

5.1.2 Depreciation / amortisation charge for the year has been allocated as follows:

	Note	June 30, 2014	June 30, 2013
Cost of sales	25.1	**240,275**	226,474
Distribution costs	26	**521**	491
Administrative expenses	27	**19,523**	18,402
		260,319	245,367

5.1.3 The following assets were disposed off during the year:

Description	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of Buyer
	.... Rupees in '000						
Vehicle	886	740	146	300	154	Negotiation	Mr. Furqan Ahmed Khan, Azizabad, Karachi.
Vehicle	785	715	70	225	155	Negotiation	Mr. Ahmed Mustafa, Korangi, Karachi.
Vehicle	1,211	1,124	87	330	243	Negotiation	Mr. Muhammad Arshad, Teen Hatti, Karachi.
Vehicle	39	19	20	28	8	Insurance claim	EFU General Insurance, Karachi.
Vehicle	45	5	40	38	(2)	Insurance claim	EFU General Insurance, Karachi.
June 30, 2014	**2,966**	**2,603**	**363**	**921**	**558**		
June 30, 2013	43,436	31,254	12,182	15,613	3,431		

	Civil works	Plant & machinery	Factory equipment	Advances	Total
	.... Rupees in '000'				
5.2 Capital work-in-progress					
As at July 01, 2013	131,912	-	-	77,769	209,681
Additions during the year	71,252	867,837	46,942	89,530	1,075,561
Transfer from advances	4,219	-	-	(4,219)	-
Transfer to operating fixed assets	-	(531,776)	(46,942)	(7,545)	(586,263)
June 30, 2014	**207,383**	**336,061**	**-**	**155,535**	**698,979**
June 30, 2013	131,912	-	-	77,769	209,681

		Note	June 30, 2014	June 30, 2013
			.... Rupees in '000	
6.	**LONG-TERM LOANS**			
	Considered good - secured			
	Executives	6.3	**9,599**	5,546
	Employees		**6,422**	5,174
			16,021	10,720
	Recoverable within one year shown under current assets			
	Executives	11	**(4,174)**	(2,610)
	Employees	11	**(3,376)**	(2,796)
			(7,550)	(5,406)
			8,471	5,314

6.1 The secured loans extended to executives and employees are either personal loans or given for medical expenses. These are granted in accordance with the terms of their employment and are secured against their gratuity balances. These loans are recoverable in monthly installments over a period, ranging between 1 and 5 (2013: 1 and 5) years, and are interest free. These loans have not been discounted to their present value as the financial impact thereof is not considered material.

6.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs.9.599 (2013: Rs.5.996) million.

		Note	June 30, 2014	June 30, 2013
			.... Rupees in '000	
6.3	**Reconciliation of carrying amount of loans to executives**			
	Opening balance		**5,546**	4,581
	Transfer of executives from employees		**325**	663
	Disbursements during the year		**7,827**	3,066
			13,698	8,310
	Recoveries during the year		**(4,099)**	(2,764)
			9,599	5,546
7.	**LONG-TERM DEPOSITS**			
	Security deposits			
	Utilities		**669**	604
	Others		**287**	249
			956	853
8.	**STORES AND SPARES**			
	Stores			
	In hand		**83,160**	59,824
	Spares			
	In hand		**61,477**	54,763
	In transit		**-**	131
			144,637	114,718

	Note	June 30, 2014	June 30, 2013
		.... Rupees in '000	
9. STOCK-IN-TRADE			
Raw and packing materials			
In hand		**432,333**	231,952
In transit		**45,815**	32,466
		478,148	264,418
Work-in-process		**426,431**	291,353
Finished goods		**192,259**	84,297
		1,096,838	640,068
10. TRADE DEBTS - considered good			
Secured - against letters of credit			
Related party - Artistic Apparels (Private) Limited		**8,092**	-
Others		**1,143,905**	1,123,454
		1,151,997	1,123,454
Unsecured			
Related parties:			
- Casual Sportswear		**102,455**	55,291
- Artistic Apparels (Private) Limited		**57**	55
		102,512	55,346
Others		**284,484**	206,588
		386,996	261,934
		1,538,993	1,385,388

10.1 Trade debts including receivable from related parties are neither past due nor impaired and are aged within 90 days.

		Note	June 30, 2014	June 30, 2013
			.... Rupees in '000	
11.	**LOANS AND ADVANCES**			
	Considered good			
	Loans - secured			
	Current portion of long-term loans			
	Executives	6	**4,174**	2,610
	Employees	6	**3,376**	2,796
			7,550	5,406
	Short-term loans			
	Executives		**-**	451
	Employees		**-**	665
				1,116
	Advances - unsecured			
	Suppliers		**71,341**	44,024
	Labour contractors		**468**	1,166
			71,809	45,190
			79,359	51,712
12.	**TRADE DEPOSITS AND PREPAYMENTS**			
	Trade deposits			
	Margin against letters of credit		**6,320**	-
	Container deposits		**316**	1,880
	Prepayments			
	Insurance		**-**	105
			6,636	1,985
13.	**OTHER RECEIVABLES**			
	Duty draw back on export sales		**62,257**	45,123
	Fair value gain on derivatives	18.1	**8,697**	-
	Others		**86**	440
			71,040	45,563
14.	**TAXATION - net**			
	Provision for income tax - current	31	**(8,481)**	(29,646)
	Advance income tax		**175,773**	117,333
			167,292	87,687
15.	**CASH AND BANK BALANCES**			
	Cash			
	In hand		**158**	552
	At banks in			
	Current accounts		**7,581**	18,101
			7,739	18,653

16. SHARE CAPITAL

Numbers of shares June 30, 2014	Numbers of shares June 30, 2013		June 30, 2014 Rupees in '000	June 30, 2013 Rupees in '000
		Authorised share capital		
100,000,000	100,000,000	Ordinary shares of Rs.10 each	**1,000,000**	1,000,000
		Issued, subscribed and Paid-up capital		
14,000,000	14,000,000	Ordinary shares of Rs.10 each fully paid in cash	**140,000**	140,000
70,000,000	70,000,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**700,000**	700,000
84,000,000	84,000,000		**840,000**	840,000

17. RESERVES

	Note	June 30, 2014	June 30, 2013 (Restated)
		.... Rupees in '000	
Revenue reserve			
Unappropriated profit		**3,989,857**	3,221,360
Actuarial loss on defined benefit plan		**(27,075)**	(18,909)
		3,962,782	3,202,451

18. LONG-TERM FINANCING

	Note	June 30, 2014	June 30, 2013
		.... Rupees in '000	
From Banking Companies and Financial Institutions - secured			
Term finance from a bank	18.1	**101,216**	169,096
Term finances from banks under the State Bank of Pakistan's (SBP's) scheme for Export Oriented Projects (EOP) and Long-Term Financing Facility (LTFF)	18.2	**67,273**	153,962
		168,489	323,058
Current maturities shown under current liabilities			
Term finance from a bank		**(67,883)**	(67,880)
Term finances from banks under the SBP's scheme for EOP and LTFF		**(60,621)**	(86,689)
		(128,504)	(154,569)
		39,985	168,489

18.1 Term finance from a bank

The balance outstanding of Rs. 101.216 (2013: Rs. 169.096) million at the end of the current year comprises of the following two (2013: two) separate local currency loans:

(a) The balance outstanding of Rs. 1.216 (2013: Rs. 2.429) million at the end of the year represents term finance obtained by the Company for the purposes of capital expenditure and rationalising the financial structure of the Company. The said loan is repayable in 16 equal quarterly installments, commencing July 02, 2011 to April 02, 2015. It carries mark-up at 6 months KIBOR plus 1.5% per annum, payable quarterly. The said loan along with the term finance from a bank under SBP's Scheme for LTFF [note 18.2(e)] is secured against the hypothecation of specific plant and machinery, aggregating to Rs.9.900 million, and a promissory note of Rs.8.665 million.

(b) Represents loan obtained by the Company of Rs. 200 million in year 2012 for the purpose of capital expenditure and rationalising the financial structure of the Company. The balance outstanding is Rs. 100 (2013: Rs. 166.667) million at the end of the year. The said loan is repayable in 6 equal semi-annual installments, commencing January 25, 2013 to July 25, 2015. It carries mark-up at 6 months KIBOR plus 1.25% per annum, payable semi-annually. The said loan is secured against the hypothecation of plant and machinery, aggregating to Rs.400 million, and a promissory note of Rs.250 million.

Against the above mentioned loan of Rs. 200 million, the Company has entered into a cross currency interest rate swap agreement with a local commercial bank for a notional amount of Rs. 200 million, maturing up to July 2015. Under swap arrangement the principal payable amount of Rs. 200 million is swapped with US dollar component at Rs. 86.50 per US dollar making loan amount to US dollar 2.312 million. Besides foreign currency component, the Company would receive six months KIBOR rate and pay six months LIBOR plus spread of 2.50% as per the respective arrangement, which will be settled semi-annually. The swap is being used to hedge the exposure to change in the interest payments of Company's loan obligation which is based on KIBOR. The outstanding balance of this arrangement is Rs. 100 (2013: Rs. 166.667) million as at the balance sheet date. The net fair value of this cross currency interest rate swap was Rs. 8.697 million favorable (2013: Rs. 0.623 million unfavorable) to the Company as of the balance sheet date. The fair value gain of Rs. 9.320 (2013: Rs. 5.523) has been taken to the profit and loss account (see note 30).

18.2 Term finances from banks under the State Bank of Pakistan (SBP's) scheme for Export Oriented Projects (EOP) and Long-Term Financing Facility (LTFF)

The balance outstanding of Rs. 67.273 (2013: Rs. 153.962) million at the end of the current year comprises of the following ten (2013: twelve) separate local currency loans:

(a) Rs.14.029 (2013: Rs. 39.711) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing September 21, 2008 to December 21, 2014, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e., 5%) plus 1%(2013: 3 to 7.5 years (i.e., 5%) plus 1%) per annum, which is payable quarterly on the principal sum of loan outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.130 million.

(b) Rs.4.711 (2013: Rs.7.855) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing March 25, 2009 to June 25, 2015, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e. 5%) plus 1% (2013: 3 to 7.5 years (i.e. 5%) plus 1%) per annum, which is payable quarterly on the principal sum of loan outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.18 million.

(c) Rs.1.277 (2013: Rs.2.005) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing September 26, 2009 to December 26, 2015, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e. 5%) plus 1%(2013: 3 to 7.5 years (i.e. 5%) plus 1%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.4.090 million.

(d) Rs.1.238 (2013: Rs.1.947) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing August 15, 2009 to November 15, 2015, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e. 5%) plus 1% (2013: 3 to 7.5 years (i.e. 5%) plus 1%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.3.892 million.

(e) Rs.1.213 (2013: Rs.2.429) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing July 02, 2011 to April 02, 2015, carrying mark-up at the SBP Refinance rate of 7.2% plus 2.0% per annum (2013: 7.2% plus 2.0% per annum), which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan along with the term finance from a bank (note 18.1) is secured against the hypothecation of specific plant and machinery, aggregating to Rs.9.900 million and a promissory note of Rs.8.665 million.

(f) Rs.17.797 (2013: Rs.35.557) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs. 76 million and a demand promissory note of Rs. 168.820 million.

The loan is repayable in 16 equal quarterly installments, commencing August 21, 2011 to May 21, 2015, carrying mark-up at the SBP Refinance rate of 7.9% plus 2.0% (2013: 7.9% plus 2.0%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan, export refinance facility [note 22.1.2], running finance facility [note 22.2.2] and short term running finances under Foreign Exchange Circular No. 25, dated June 20, 1998 [note 22.3] from a bank is secured against the first pari passu specific charge of plant and machinery, aggregating to Rs.2,000 million and a demand promissory note of Rs.1,544.126 million.

(g) Rs.1.682 (2013: Rs.3.378) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing September 16, 2011 to June 16, 2015, carrying mark-up at the SBP Refinance rate of 7.9% plus 2.0% (2013: 7.9% plus 2.0%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.6.800 million and a promissory note of Rs.11.055 million.

(h) Rs.14.844 (2013: Rs.34.652) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing March 16, 2011 to December 16, 2015, carrying mark-up at the SBP Refinance rate of 7.2% plus 2.0% (2013: 7.2% plus 2.0%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.86 million and a promissory note of Rs.150.493 million.

(i) Rs.5.411 (2013: Rs.8.503) million obtained against the import of eligible plant and machinery by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing April 03, 2012 to January 03, 2016, carrying mark-up at the SBP Refinance rate of 8.6% plus 2.0% per annum (2013: 8.6% plus 2.0% per annum), which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.13 million and a promissory note of Rs.21.129 million.

(j) Rs.5.070 million (2013: Rs.8.454 million) obtained against the import of eligible plant and machinery under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing July 19, 2011 to April 19, 2015, carrying mark-up at the SBP Refinance rate of 8.6% plus 2.0% (2013: 8.6% plus 2.0%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.13.600 million.

	Note	June 30, 2014	June 30, 2013 (Restated)	June 30, 2012 (Restated)
		.... Rupees in '000	....	
19. DEFERRED LIABILITY				
Employees' Gratuity	19.1	**85,788**	64,334	44,478

19.1 In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2014, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligations in accordance with the actuarial recommendations. Following significant assumptions were used for the valuation of above-mentioned scheme:

	Note	June 30, 2014	June 30, 2013
		Per annum	
Discount rate		13.5%	11.5%
Salary increase		13%	11%

Necessary disclosures in respect of defined benefit plan are as follows:

	Gratuity		
	2014	2013 (Restated)	2012 (Restated)
	Rupees in '000		
(a) Movement in the liability finalised in the balance sheet			
Provision at beginning of the year	**64,334**	44,478	31,001
Expense for the year	**19,341**	13,278	8,545
Benefits paid	**(6,053)**	(4,013)	(3,386)
Actuarial loss on defined benefit plan	**8,166**	10,591	8,318
Provision at end of the year	**85,788**	64,334	44,478

	Gratuity		
	2014	2013 (Restated)	2012 (Restated)
	Rupees in '000		
(b) The amount finalised in the profit and loss account is determined as follows:			
Current service cost	**12,291**	7,332	4,792
Interest cost	**7,050**	5,946	3,753
Expense for the year	**19,341**	13,278	8,545

(c) Amounts for the current and previous four years are as follows:

As at June 30	**2014**	**2013 (Restated)**	**2012 (Restated)**	**2011**	**2010**
	Rupees in '000				
Present value of defined benefit obligation	**85,788**	64,334	44,478	39,319	30,017
Experience adjustment Actuarial loss on Obligation	**8,166**	10,591	8,318	284	18

19.2 The Company operates an unfunded gratuity scheme, hence, no plan assets are available.

	Note	June 30, 2014	June 30, 2013
20. TRADE AND OTHER PAYABLES		.... Rupees in '000	
Trade			
Creditors		**442,676**	317,951
Other payables			
Accrued liabilities	20.1	**208,075**	85,495
Advances from customers		**48,702**	38,405
Workers' Profit Participation Fund	20.2	**46,257**	42,314
Workers' Welfare Fund	20.3	**52,497**	39,137
Fair value loss on derivative	18.1	**-**	623
Retention money		**900**	900
Tax deducted at source		**2,041**	1,145
Unclaimed dividend		**1,296**	1,188
		359,768	209,207
		802,444	527,158

20.1 This includes a provision of Rs. 76.734 million for Gas Infrastructure Development Cess (GIDC). Under the Gas Infrastructure Development Cess Act, 2011 (GIDC Act), the Government of Pakistan (GoP) levied GIDC on gas bills at the rate of Rs. 13/MMBTU on all industrial consumers. In the month of June 2012, the GoP revised GIDC rate from Rs. 13/MMBTU to Rs. 100/MMBTU and recommended this increase under Section 8(3) of the OGRA Ordinance 2002.

In this respect, the Company filed a suit before the SHC, challenging the applicability of GIDC Act along with increase in GIDC as being illegal, void and not in congruence with the Constitution of the Islamic Republic of Pakistan, 1973. The Company further sought refund of all amounts paid to the GoP in shape of cess from the date of imposition of same under the GIDC Act.

On July 26, 2012, the suit came up for hearing and an ad-interim stay was granted in favor of the Company, restraining the Sui Southern Gas Company Limited from charging any amount of GIDC over and above Rs. 13/MMBTU till the final decision of the case.

On September 7, 2012, the GoP issued another notification revising the rate of GIDC from Rs. 13/MMBTU to Rs. 50/MMBTU and accordingly the prayer clause of the suit also stands amended.

On December 31, 2013, the GoP issued another notification revising the rate of GIDC from Rs. 50/MMBTU to Rs. 100/MMBTU and accordingly the prayer clause of the suit also stands amended.

After the grant of the stay orders the matter has been fixed for hearing on various dates and was argued at length.

The management and its legal advisor are confident for a favorable outcome of the suit, however as a matter of prudence, the Company has recorded the above provision.

	Note	June 30, 2014	June 30, 2013
20.2 Workers' Profit Participation Fund		.... Rupees in '000	
Balance at the beginning of the year		**42,314**	26,710
Allocation for the year	28	**46,256**	42,314
Interest on WPPF	28	**2,251**	3,990
		90,821	73,014
Payments made during the year		**(44,564)**	(30,700)
		46,257	42,314

		Note	June 30, 2014	June 30, 2013
			.... Rupees in '000	
20.3	**Workers' Welfare Fund**			
	Balance at the beginning of the year		**39,137**	26,660
	Allocation for the year	28	**18,502**	16,925
			57,639	43,585
	Payments made during the year		**(5,142)**	(4,448)
			52,497	39,137
21.	**ACCRUED MARK-UP**			
	Accrued mark-up on secured:			
	Long-term financing - Term finance from a bank		**4,747**	7,152
	Long-term finance - SBP's EOP and LTFF		**1,766**	3,564
	Short-term running finances		**889**	258
	Short-term loans		**16,945**	21,689
			24,347	32,663
22.	**SHORT-TERM BORROWINGS - secured**			
	From Banking Companies			
	Short-term loans	22.1	**800,000**	950,000
	Short-term running finances	22.2	**178,403**	36,804
	Short-term running finances under FE-25	22.3	**761,651**	-
			1,740,054	986,804
22.1	**Short-term loans**			
	Export refinance - II	22.1.1	**100,000**	-
	Export refinance - II	22.1.2	**700,000**	600,000
	Export refinance - II		**-**	350,000
			800,000	950,000

22.1.1 During the year, the Company arranged a facility for short-term loan under export refinance, amounting to Rs. 100 million, from a commercial bank on mark-up basis, repayable by August 31, 2014. The said export refinance facility and short term running finance under Foreign Exchange Circular No. 25 dated June 20, 1998 [note 22.3] is secured against the first pari passu registered hypothecation charge on movables and receivables of the Company, aggregating to Rs. 625 million.

The said export refinance carries mark-up at the rate of 0.50% per annum above the SBP's Minimum Export Refinance rate, payable quarterly.

22.1.2 During the year, the Company arranged a facility for short-term loan under export refinance, amounting to Rs. 700 million (2013: Rs. 600), from a commercial bank on mark-up basis, repayable by August 31, 2014. It is secured along with loan [note 18.2 (h)], running finance facility [note 22.2.2] and short term running finances under Foreign Exchange Circular No. 25, dated June 20, 1998 [note 22.3] against the first pari passu specific charge of plant and machinery, aggregating to Rs.2,000 million.

The said export refinance carries mark-up at the rate of 0.50% per annum (2013: 0.75% per annum) above the SBP's Minimum Export Refinance rate, payable quarterly.

		Note	June 30, 2014	June 30, 2013
22.2	**Short-term running finances**		.... Rupees in '000	
	From a commercial bank	22.2.1	**175,036**	36,804
	From a commercial bank	22.2.2	**1,866**	-
	From a commercial bank	22.2.3	**1,501**	-
			178,403	36,804

22.2.1 This represents utilised portion of a running finance facility, amounting to Rs.300 (2013: Rs. 300) million, arranged by the Company from a commercial bank, repayable / renewable latest by September 30, 2014 and is secured along with short term running finance under Foreign Exchange Circular No. 25 dated June 20, 1998 [note 22.3] against the first pari passu registered hypothecation charge on movables and receivables of the Company, aggregating to Rs.1,377 million and a demand promissory note of Rs.360 million.

This carries mark-up at the rate of 0.75% (2013: 0.75%) per annum over and above 3 month average KIBOR rate, payable quarterly.

22.2.2 This represents utilised portion of a running finance facility, amounting to Rs.300 (2013: Rs. 300) million, arranged by the Company from a commercial bank, repayable / renewable latest by March 31, 2015 and is secured along with loan [note 18.2 (h)], export refinance facility [note 22.1.2] and short term running finances under Foreign Exchange Circular No. 25, dated June 20, 1998 [note 22.3] against the first pari passu specific charge of plant and machinery, aggregating to Rs.2,000 million.

This carries mark-up at the rate of 0.75% (2013: 0.75%) per annum over and above 3 month average KIBOR rate, payable quarterly.

22.2.3 This represents utilised portion of a facility for short term loan under running finance arrangement, amounting to Rs.100 (2013: Rs.100) million arranged by the Company from a commercial bank on mark-up basis during the year repayable / renewable by December 31, 2014. It is secured against the registered charge over stock in trade, stores/spares and book debts of Company, aggregating to Rs.66.5 million and a demand promissory note of Rs.100 million and first pari passu EMOTD on land, building and machinery Rs. 66.667 million.

The loans carries mark-up at the rate of 0.75% (2013: 0.75%) over and above three months average KIBOR rate, payable quarterly.

22.3 The Company has also borrowed short-term running finances under Foreign Exchange Circular No.25, dated June 20, 1998 for the purpose of meeting import requirements. The facilities availed are for an amount of USD 7.822 million equivalent to Rs.761.651 million (2013: Nil). The rates of mark-up on these finances range between 1.95% and 3.75% (2013: Nil) per annum. These facilities are secured against the first pari passu hypothecation charge over the movables and receivables [note 22.1.3] and first pari passu specific charge of plant and machinery [note 18.2 (h)]of the Company.

		June 30, 2014	June 30, 2013
23.	**CONTINGENCIES AND COMMITMENTS**	.... Rupees in '000	
	Contingencies		
23.1	Outstanding counter guarantees	**115,073**	105,073

23.2 The Company has challenged the amendments brought into the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 in the Honorable High Court of Sindh. On November 05, 2010, the suit came up for hearing and a stay was granted. The Company falls under the Final Tax Regime and discharges its liability on total receipt basis. Therefore, the Company has been paying Workers' Welfare Fund (WWF) on total receipt basis (which is 2% on 4% of total receipts) instead of paying 2% of profit before tax. The Company is expecting a favorable outcome of the suit. However, if the suit will be decided against the Company, it has to pay default surcharge of Rs. 12.928 million (June 30, 2013: Rs. 7.869 million) in addition to the remaining liability of WWF for which no provision has been made in these financial statements.

Commitments

23.3 Commitments in respect of building on leasehold land at the end of the current year amounted to Rs. 592.584 (2013: Rs. 25.784) million.

23.4 Outstanding letters of credit at the end of the current year amounted to Rs. 531.360 (2013: Rs. 195.391) million.

23.5 Post dated cheques issued in favour of Custom Authorities, aggregated to Rs. 324.457 (2013: Rs. 184.949) million, against zero rated supplies for export purposes.

	Note	June 30, 2014	June 30, 2013
24. NET SALES		.... Rupees in '000	
Exports	24.1	**6,178,516**	6,040,838
Local		**467,258**	277,829
		6,645,774	6,318,667
Less:			
Sales tax		**(30,990)**	(6,399)
Sales return		**(6,160)**	(11,511)
Sales commission		**(141,033)**	(163,964)
		(178,183)	(181,874)
		6,467,591	6,136,793

24.1 Included herein is a sum of Rs. 698.282 (2013: Rs. 512.081) million, representing indirect exports made by the Company during the year, either by arranging inland letters of credit or standardised purchase orders from certain direct exporters in favour of the Company, pursuant to the Banking Policy and Regulation Department (BPRD), Circulars No.24 and 31, dated June 28, 1999, and August 13, 1999 respectively, issued by the State Bank of Pakistan.

	Note	June 30, 2014	June 30, 2013 (Restated)
25. COST OF SALES		.... Rupees in '000	
Opening stock - finished goods		**84,297**	40,132
Cost of goods manufactured	25.1	**5,426,423**	5,035,354
		5,510,720	5,075,486
Closing stock - finished goods		**(192,259)**	(84,297)
		5,318,461	4,991,189

		Note	June 30, 2014	June 30, 2013 (Restated)
			.... Rupees in '000	
25.1	**Cost of goods manufactured**			
	Raw and packing materials consumed	25.1.1	**3,217,121**	3,161,425
	Stores and spares consumed	25.1.2	**252,895**	237,645
	Salaries, wages and other benefits	25.1.3	**156,098**	121,582
	Contract wages		**982,648**	723,333
	Fuel and power		**521,964**	416,019
	Weaving and sarning charges		**27,884**	62,499
	Repairs and maintenance		**28,251**	22,236
	Printing and stationery		**4,188**	4,638
	Telephone and telex		**3,485**	3,261
	Rent, rates and taxes		**10,916**	15,105
	Insurance		**6,842**	9,058
	Water charges		**85,221**	75,415
	Transportation		**12,158**	8,749
	Depreciation / amortization	5.1.2	**240,275**	226,474
	Security charges		**3,330**	4,600
	Travelling, boarding and lodging		**4,467**	3,515
	Miscellaneous		**3,758**	4,203
			5,561,501	5,099,757
	Opening work-in-process		**291,353**	226,950
	Closing work-in-process		**(426,431)**	(291,353)
			5,426,423	5,035,354
25.1.1	**Raw and packing materials consumed**			
	Opening stock		**231,952**	426,008
	Purchases		**3,479,379**	3,021,222
	Duty draw back on export sales		**(61,877)**	(53,853)
			3,417,502	2,967,369
			3,649,454	3,393,377
	Closing stock		**(432,333)**	(231,952)
			3,217,121	3,161,425
25.1.2	**Stores and spares consumed**			
	Opening stock		**114,587**	104,314
	Purchases		**282,945**	247,918
			397,532	352,232
	Closing stock		**(144,637)**	(114,587)
			252,895	237,645

25.1.3 Included herein is a sum of Rs.15.221 (2013: Rs. 10.067) million in respect of staff retirement benefits.

		Note	June 30, 2014	June 30, 2013
26.	**DISTRIBUTION COSTS**		.... Rupees in '000	
	Salaries, allowances and other benefits	26.1	**8,129**	7,307
	Insurance		**1,750**	2,202
	Freight and transportation		**121,852**	89,526
	Export development surcharge and clearing charges		**21,832**	27,717
	Postage, courier and stamps		**14,217**	22,006
	Depreciation / amortization	5.1.2	**521**	491
	Travelling, boarding and lodging		**18,830**	22,633
	Advertisement and publicity		**11,128**	10,972
	Miscellaneous		**5,139**	4,214
			203,398	187,068

26.1 Included herein is a sum of Rs.0.840 (2013: Rs. 0.696) million in respect of staff retirement benefits.

27. ADMINISTRATIVE EXPENSES

	Note	June 30, 2014	June 30, 2013
Salaries, allowances and other benefits	27.1	**31,660**	25,732
Depreciation / amortization	5.1.2	**19,523**	18,402
Legal and professional charges		**7,697**	8,506
Auditors' remuneration	27.2	**1,563**	1,280
Donations	27.3	**6,015**	4,855
Miscellaneous		**6,154**	4,114
		72,612	62,889

27.1 Included herein is a sum of Rs. 3.279(2013: Rs. 2.515) million in respect of staff retirement benefits.

27.2 Auditors' remuneration

	June 30, 2014	June 30, 2013
Audit fee	**750**	700
Fee for half yearly review	**100**	100
Special certifications	**105**	80
Tax services	**385**	215
Out-of-pocket expenses	**223**	185
	1,563	1,280

27.3 Donations do not include any donee in whom any director or his spouse has any interest.

28. OTHER OPERATING EXPENSES

	Note	June 30, 2014	June 30, 2013
Workers' Profits Participation Fund	20.2	**46,256**	42,314
Interest on WPPF	20.2	**2,251**	3,990
Workers' Welfare Fund	20.3	**18,502**	16,925
		67,009	63,229

	Note	June 30, 2014	June 30, 2013
		.... Rupees in '000	
29. OTHER INCOME			
Scrap sales		**29,620**	26,721
Gain on sale of fixed assets		**558**	3,431
Exchange gain - net		**125,796**	71,459
Unrealised gain on revaluation of short-term investments		**-**	1,195
Dividend income		**712**	2,166
Gain on sale of investments		**6,943**	-
		163,629	104,972
30. FINANCE COSTS			
Mark-up on secured:			
Long-term financing		**25,549**	46,515
Short-term running finances		**2,347**	1,565
Short-term loans		**64,457**	80,554
		92,353	128,634
Fair value gain on derivatives		**(9,320)**	(5,523)
Bank charges		**25,729**	26,602
		108,762	149,713
31. TAXATION			
Current		**8,669**	29,971
Prior		**(188)**	(325)
	14	**8,481**	29,646

The relationship between income tax expense and accounting profit has not been presented in these financial statements as the total income of the Company falls under the final tax regime.

The income tax assessments of the Company have been finalised up to and including tax year 2012. The return in respect of the tax year 2013 has been filed, which is deemed to be assessed under the provisions of the Income Tax Ordinance, 2001. During the year, the Company has installed plant and machinery amounting to Rs.578.718 (2013: Rs.347.030) million. Under section 65B of the Income Tax Ordinance, 2001, the Company has claimed a tax credit of Rs.57.872 (2013: Rs.34.703) million at the rate of 10% on its investment in plant and machinery. However, as per the order passed under section 122 (5A) of the Income Tax Ordinance, 2001, by the Additional Commissioner Inland Revenue (ACIR) for tax year 2013, the tax credit under section 65B was not allowed. As a result, the Company filed an appeal with the Commissioner Inland Revenue (Appeals) who, vide his order dated May 30, 2014, has directed the ACIR to re-examine the matter in accordance with the law. The management is confident that the case will be decided in its favour, therefore, a similar tax credit has been claimed in the computation of tax for the current year.

32. EARNINGS PER SHARE - BASIC AND DILUTED

Basic / diluted earnings per share has been computed by dividing the net profit for the year after taxation with the number of Ordinary shares issued by the Company.

	June 30, 2014	June 30, 2013 (Restated)
	.... Rupees in '000	
Net profit for the year	**852,497**	757,386
	Number of shares	
Number of Ordinary shares	**84,000,000**	84,000,000
	(Rupees)	
Earnings per shares - basic and diluted	**10.15**	9.02

	Note	June 30, 2014	June 30, 2013 (Restated)
		.... Rupees in '000	
33. CASH GENERATED FROM OPERATIONS			
Profit before taxation		**860,978**	787,677
Adjustments for non-cash charges and other items:			
Depreciation / amortization		**260,319**	245,367
Provision for gratuity		**19,341**	13,278
Finance costs		**108,762**	149,713
Fair value gain on derivatives		**(9,320)**	(5,523)
Dividend income		**(712)**	(2,166)
Gain on disposal of operating fixed assets		**(558)**	(3,431)
		377,832	397,238
Profit before working capital changes		**1,238,810**	1,184,915
(Increase) / decrease in current assets			
Stores and spares		**(29,919)**	(10,404)
Stock-in-trade		**(456,770)**	63,335
Trade debts		**(153,605)**	52,222
Loans and advances		**(27,647)**	1,132
Trade deposits and prepayments		**(4,651)**	6,008
Other receivables		**(16,780)**	2,319
Sales tax refundable		**(52,926)**	(38,831)
Short-term investments		**14,849**	(1,195)
		(727,449)	74,586
Increase/ (decrease) in current liabilities			
Trade and other payables		**275,802**	(85,201)
Cash generated from operations		**787,163**	1,174,300
34. CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	**7,739**	18,653
Short-term running finances	22.2	**(178,403)**	(36,804)
		(170,664)	(18,151)
35. UNAVAILED CREDIT FACILITIES			
Short-term running finances		**721,597**	663,196

36. REMUNERATION OF THE CHIEF EXECUTIVE, A DIRECTOR AND EXECUTIVES

	2014			2013		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	.... Rupees in '000					
Managerial remuneration	**4,364**	**-**	**57,630**	4,364	-	35,589
Medical	**436**	**-**	**5,763**	436	-	3,535
Bonus	**400**	**-**	**5,283**	400	-	2,670
Retirement benefits	**400**	**-**	**6,012**	400	-	3,615
	5,600	**-**	**74,688**	5,600	-	45,409
Number of persons	**1**	**-**	**77**	1	-	44

36.1 The Chief Executive and certain executives are provided with free use of the Company maintained cars in terms of their employment.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of financial derivatives, financial instruments and investment of excess liquidity.

The Board of directors reviews and agrees policies for managing each of these risks which are summarised below:

37.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk, such as equity risk.

Financial instruments affected by market risk include short-term investment, trade debtors, trade payables, bank balances, long-term financing and short-term borrowings.

37.1.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. The Company is currently exposed to interest rate risk as some of the borrowings of the Company are at floating rate of interest. All the borrowings of the Company are obtained in the functional currency. To manage the interest rate risk on long term loan, the Company has entered into cross currency interest rate SWAP agreement as discussed in note 18.1 (b) to the financial statements.

Change in interest rate by 100bps may have a positive or negative impact of approximately Rs.1.807 (2013: Rs.2.566) million in profit and loss account before taxation. The analysis is made based on the assumption that all other variables remain constant.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
		Rupees in '000
June 30, 2014		
KIBOR	**100**	1,807
	(100)	(1,807)
June 30, 2013		
KIBOR	**100**	2,566
	(100)	(2,566)

37.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency). The Company's exposure to foreign currency risk is as follows:

	June 30, 2014	June 30, 2013
	.... Rupees in '000	
Trade debts	**1,385,534**	1,309,984
Cash and bank balances	**5,946**	13,636
Short-term running finance under FE - 25	**(761,651)**	-
Trade and other payables	**(91,608)**	(70,416)
	538,221	1,253,204
The following significant exchange rates have been applied at the reporting dates:		
Exchange rates (PKR / USD)	**98.55**	98.60

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in US Dollar Rate (%)	Effect on profit / (loss)	Effect on equity
		.... Rupees in '000	
June 30, 2014	**+10**	**53,822**	**53,822**
	-10	**(53,822)**	**(53,822)**
June 30, 2013	**+10**	125,320	125,320
	-10	(125,320)	(125,320)

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37.1.3 Equity risk

At the balance sheet date, the Company is not exposed to any such risk.

37.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is mainly exposed to credit risk on trade debts and bank balances. The Company seeks to minimise the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

37.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

		June 30, 2014	June 30, 2013
		.... Rupees in '000	
Trade debts			
Customers with no defaults in the past one year		**1,538,993**	1,385,388
Bank balances			
A1+	PACRA	**7,465**	18,088
A-1+	JCR - VIS	**116**	13
		7,581	18,101

37.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, the Company has unavailed credit facility of Rs.721.597 (2013: Rs. 663.196) million.

Table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
	Rupees in '000					
Long-term financing	-	52,193	76,311	39,985	-	168,489
Trade and other payables	131,566	605,220	65,658	-	-	802,444
Accrued mark-up	-	24,347	-	-	-	24,347
Short-term borrowings	-	1,740,054	-	-	-	1,740,054
2014	**131,566**	**2,421,814**	**141,969**	**39,985**	**-**	**2,735,334**

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
	Rupees in '000					
Long-term financing	-	59,130	95,439	168,489	-	323,058
Trade and other payables	40,326	175,895	310,937	-	-	527,158
Accrued mark-up	-	32,663	-	-	-	32,663
Short-term borrowings	-	986,804	-	-	-	986,804
2013	**40,326**	**1,254,492**	**406,376**	**168,489**	**-**	**1,869,683**

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

37.4 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended June 30, 2014 and June 30, 2013.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes equity attributable to the equity holders add reserves.

	June 30, 2014	June 30, 2013 (Restated)
	.... Rupees in '000	
Long-term financing	**39,985**	168,489
Current maturities of long-term financing	**128,504**	154,569
Cash and bank balances	**(7,739)**	(18,653)
Net debt	**160,750**	304,405
Issued, subscribed and paid-up capital	**840,000**	840,000
Reserves	**3,962,782**	3,202,451
Total capital	**4,802,782**	4,042,451
Capital and net debt	**4,963,532**	4,346,856
Gearing ratio	**3.24%**	7.00%

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

	June 30, 2014	June 30, 2013
	.... Rupees in '000	
Casual Sportswear		
Associated undertaking / Common directorship		
Sales	**310,027**	304,497
Artistic Apparels (Private) Limited		
Associated undertaking / Common directorship		
Sales	**9,753**	19,076

39. PLANT CAPACITY AND PRODUCTION

	June 30, 2014	June 30, 2013
Spinning		
Number of rotors installed	**864**	864
Number of spindles installed	**20,448**	20,448
Capacity of yarn (Lbs.)	**22,119,000**	27,190,000
Production of yarn (Lbs.)	**14,182,459**	16,638,775
Weaving		
Number of looms installed	**154**	154
Capacity of fabric (meters)	**23,973,200**	23,973,200
Production of fabric (meters)	**16,439,587**	16,844,663

	June 30, 2014	June 30, 2013
Garments		
Number of machines installed	**933**	420
Capacity of garments (pcs)	**2,310,000**	1,800,000
Production of garments (pcs)	**1,845,482**	1,376,294

Under utilisation of available capacity was due to global recession, quality change down time and type of quality produced.

40. NUMBER OF EMPLOYEES

	June 30, 2014	June 30, 2013
At year end	**376**	323
Average for the year	**348**	312

41. MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

In the meeting held on September 25, 2014, the Board of Directors of the Company recommended a final cash dividend for the year at the rate of Rs.1.0 per Ordinary share of Rs.10 each, amounting to Rs.84,000,000/- out of the Company's profit, to the members at the Annual General Meeting for their approval.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on September 25, 2014 by the Board of Directors of the Company.

43. GENERAL

Figures in these financial statements have been rounded off to the nearest thousand rupees.

Faisal Ahmed
Chief Executive

Muhammad Iqbal-ur-Rahim
Director

FORM OF PROXY

I/We____of____________________
____being member(s) of ARTISTIC DENIM MILLS LIMITED and holder of ________________ Ordinary Shares as per Share Register Folio/CDC Account No.________________ hereby appoint_________________________ Folio/CDC Account No. ________ of_____________________CNIC No. or Passport No._____________________ or failing whom _________________________ Folio/CDC Account No. _______ of____________________CNIC No. or Passport No._____________________ who is also a member of the Company as my/our proxy to attend and vote for me/us and on my/our behalf at the 22nd ANNUAL GENERAL MEETING of the Company to be held on Saturday, October 25, 2014 at 04:00 PM and at any adjournment thereof.

Signed this_______________day of _____________ 2014.

Witnesses: 1.Signature _________________
Name: ____________________
Address: ___________________
CNIC or Passport No. _________

Rs 5/- Revenue Stamp

2. Signature_________________
Name: ____________________
Address: ___________________
CNIC or Passport No. _________

Signature ____________________________
(Signature should agree with the specimen signature registered with the Company).

CNIC or Passport No. _________________

IMPORTANT

1. This form of proxy, duly completed and singed, must be deposited at the Company's Shares Registrar's Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorised in writing. If the Member is a Corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a Member.

For CDC Account Holders/Corporate Entities:

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

(i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC or Passport Numbers shall be mentioned on the form.

(ii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iii) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

(iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.