Annual Report 2014

AYESHA
TEXTILE MILLS LIMITED

Vision & Mission

VISION

To earn the reputation of a reliable manufacturer and supplier of high quality yarn both in Pakistan and abroad.

MISSION

To achieve market leadership through technological edge, distinguished by quality and customer satisfaction and emphasis on employees' long term welfare and ensure adequate return to shareholders. Contributing to development of the society and the country through harmonized endeavour.

AYESHA TEXTILE MILLS LIMITED

CONTENTS

Company Information

Board Of Directors	
Chairman/Chief Executive	Mr. Muhammad Rafi
Directors	Mr. Tariq Rafi Mr. Arif Rafi Mr. Anjum Rafi Mr. Abdullah Rafi Mr. Waseem Lodhi Mr. Nasir Anwar
Company Secretary/ CFO	Mr. Saqib Hameed Khokhar
Audit Committee	
Chairman	Mr. Nasir Anwar
Members	Mr. Tariq Rafi Mr. Arif Rafi
Human Resource And Remuneration Committee	
Chairman	Mr. Muhammad Rafi
Members	Mr. Nasir Anwar Mr. Arif Rafi
Auditors	Mushtaq & Co. Chartered Accountants
Legal Advisor	Syed Zaheer Ahmed Shah Advocate
Bankers	United Bank Limited Bank Al-Habib Limited National Bank of Pakistan Faysal Bank Limited Allied Bank Limited Habib Bank Limited Bank of Punjab Silk Bank Limited
Registered Office	97-B, Gulberg II, Lahore. Tel: 35756707 - 35756710 - 35757861 Fax: 35712151 - 35761378
Mills	Sheikhupura - Lahore Road, Sheikhupura (Ismailabad Unit) Sheikhupura - Faisalabad Road, Sheikhupura (Kharianwala Unit)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 49th Annual General Meeting of the Shareholders of Ayesha Textile Mills Limited, will be held at the registered office of the Company at 97-B, Gulberg II, Lahore on Friday, October 24, 2014 at 11:00 a.m. to transact the following business:-

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

Lahore
October 03, 2014

By order of the Board
(CHIEF EXECUTIVE)

NOTES :

1. Any member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies must be received at the registered office of the Company not less than 48 hours before the time of holding meeting.
2. Members are requested to promptly notify the Company of any change in their addresses.
3. The share transfer books of the Company will remain closed from October 17 to October 24, 2014 (both days inclusive).

DIRECTORS' REPORT

On behalf of the directors, it is my pleasure to present the 49th annual report with audited financial statements of the company and auditors' report thereon for the year ended June 30, 2014 which reflects the affairs of the company.

Financial highlights

	2014	2013
	(Rupees '000)	
(Loss) / profit before Taxation	(72,833)	67,714
Share of (loss) / profit of associate	(4,273)	7,450
	(77,106)	75,164
Taxation	(9,892)	19,531
(Loss) / profit after taxation	(86,998)	94,695

The above data for the year under discussion exhibiting that company has suffered after tax loss of Rs. 86.998 million as compared to last years' after tax profit of Rs. 94.695 million

The current decrease in profit with comparison to corresponding year ended June 30, 2012 is attributed to decrease in yarn pries. During the financial year under review, the companys' sales have been decreased from Rs. 3,370.749 million to Rs. 3,256.947 million. The raw material prices though remained comparatively low than the previous years' prices but could not get stability and remained shaky during the year. There is still dark shadow of load shedding and unfavorable political circumstances, is prevailing on the economy. There is another factor which continuously disturbing the industry is unstable power rates.

Earning Per Share

Loss per share for the year is Rs. 62.14 as compared to earning per share of Rs. 67.64 in the previous year.

Dividend

Though the company liquidity position is marginally favorable the directors have not recommended any payment of dividend for the period as it intends to use the resources for settling of its debts and expansion.

Future prospects

The textile sector undoubtedly has a positive outlook but it depends directly on cotton crop size, the prices, its yield and quantity as cotton is the main raw material for the manufacturing of yarn.

In order to confront international competition the Government must restructure its policies ensuring uninterrupted supply of gas and electricity to the spinning industry around the year. Unless the energy requirements of the industry are met this sector will lack competition in the international market. It should also be noted that Cost of Production is increasing due to increasing tariffs of Electricity and Gas making it difficult to compete internationally along with the unpredictable nature of load shedding.

The local and international markets are still marginally favorable, but the winter season is disappointing as always when the gas supply is shut down for 2 months and electric load shedding. Hopefully future will be better.
The management is continuously working to improve our quality of product and meet the increasing requirement of our quality yarn

Related parties

The board of directors has approved the policy for transaction/contract between Company and its related parties on an arm's length basis and relevant rate to be determined as per the "comparable un-controlled price method".

Taxation

Provision for taxation in respect of export proceeds and other income has been fully provided. For outstanding taxes and levies, please refer to note 36 and 23.2 to the annexed audited financial statements.

Statement of compliance with the best practices on transfer pricing

The Company has fully complied with the best practices of transfer pricing as contained in the listing regulation of Stock Exchanges.

Environment, health, safety and social action

Ayesha Textile Mills Ltd provides and maintains, so far as reasonably practicable, plant equipment, systems and working conditions which are safe and without risk to the health of all employees and public. Management has maintained safe environment in all its operations throughout the year.

Compliance with the code of Corporate Governance

The Board of Directors have pleasure to inform you that the Company has taken necessary steps to comply with the provisions of the code of Corporate Governance as incorporated in the listing regulations of the Karachi and Lahore Stock Exchanges. Statement of Compliance with the Code of Corporate Governance is annexed.

Statement on Corporate & Financial Reporting Framework

The Company complies with the Code in the following manner.

a. The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and change in equity.

b. Proper books of account of the company have been maintained.

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

d. International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure if any there from has been adequately disclosed.

e. The Board has set-up an effective internal audit function internally / and has outsourced some internal audit function to M/s Fazal Mahmood and Company Chartered Accountants, who are considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their Representatives) are involved in their internal audit function on a full time basis.

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

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h. We have prepared and circulated statement of ethics and business strategy among directors and employees.

i. The board of directors has adopted a mission statement and a statement of overall corporate strategy.

j. As required by the code of corporate governance, we have included the following information in this report:

Statement of pattern of shareholding
Statement of shares held by associate undertaking and related parties
Statement of the board meetings held during the year and attendance by each director
Key operation and financial statistics for last six years.

Board of Directors

Since the last report, there has been no change in the composition to the Board. During the year under review, seven board meetings were held and the number of meetings attended by each Director is given hereunder:-

Name of Director	No. Of Meetings Attended
Mr. Muhammad Rafi (CEO)	4
Mr. Tariq Rafi	3
Mr. Arif Rafi	4
Mr. Anjum Rafi	6
Mr. Abdullah Rafi	6
Mr. Waseem Lodhi	6
Mr. Nasir Anwar	6

AUDIT COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee. The Name of its member are given in the Company profile.
The terms of reference of the Audit Committee is based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the Board of Directors form time to time to improve the systems with in the framework of terms of reference determined by the Board of Directors, the Audit Committee, among other things, will appointment of external auditors and review of periodic accounts.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The board of directors in compliance to the code of corporate governance has established human resource and remuneration committee during the financial year. The Name of its member are given in the Company profile.

AUDITORS

The present auditors M/s Mushtaq and Company, Chartered Accountants, Karachi, retire and being eligible, offer themselves for re-appointment under the terms of the Code of Corporate Governance.

ACKNOWLEDGEMENTS

The Directors of the Company wish to think its bankers for their continued support and wish to place on record their appreciation towards the employees for their dedicated services and hard work without which all this would have not been possible.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

SIX YEARS AT A GLANCE

(Rupees in thousand)

	2013	Restated 2013	Restated 2012	2011	2010	2009
Capital	**14,000**	14,000	14,000	14,000	14,000	14,000
Reserve and Surplus	**1,788,342**	1,861,832	1,291,349	1,382,357	1,380,550	1,378,229
Net worth	**1,802,342**	1,875,832	1,305,349	1,396,357	1,394,550	1,392,229
Non Current Liabilities	**727,442**	773,123	691,073	673,395	736,499	821,255
Current liabilities	**972,914**	828,433	846,344	904,190	729,368	742,045
Total Equity and Liabilities	**3,502,698**	3,487,448	2,848,639	2,973,942	2,860,417	2,955,529
Non Current Assets	**2,776,817**	2,889,163	2,240,474	2,305,139	2,320,542	2,400,643
Current assets	**725,881**	598,285	608,165	668,803	539,875	554,886
Total Assets	**3,502,881**	3,487,448	2,848,639	2,860,417	2,860,417	2,955,529
Sales	**3,256,947**	3,370,749	3,019,911	3,772,568	2,371,233	1,865,360
Cost of Sales	**(3,143,450)**	(3,144,209)	(2,918,631)	(3,642,103)	(2,194,076)	(1,864,632)
Gross Profit	**113,497**	226,540	101,280	130,465	177,157	728
Other operating income	**(2,651)**	(775)	(56)	(2,845)	(512)	(1,084)
Administrative and Selling Expenses	**48,416**	59,226	44,333	41,495	31,567	28,236
Other Charges	**63,876**	6,336	21,606	6,911	13,449	52,598
Financial Cost	**76,689**	94,503	115,271	127,962	119,379	118,910
Share of (profit) / loss in associate	**4,273**	(7,450)	4,338	(2,000)	(696)	13,959
Taxation	**9,892**	(19,531)	923	(42,865)	11,649	(104,261)
Net profit / (loss)	**(86,998)**	94,231	(85,135)	1,807	2,321	(107,630)
Gross Margin (% age)	**3.48**	6.72	3.35	3.46	7.47	0.04
Net margin (% age)	**(2.67)**	2.80	(2.82)	0.05	0.10	(5.77)
Current Ratio *	**0.84:1**	0.82:1	0.81:1	0.84:1	0.86:1	0.79:1
Leverage (Total Liabilities/Net Worth)	**0.51**	0.54	0.46	0.47	0.49	0.47
Equity : Debt	**51:49**	54:46	46:54	47:53	49:51	47:53
Earnings / (loss) per share: (Rs)	**(62.14)**	67.31	(60.81)	1.29	1.66	(76.88)

* Current maturity of long term loans has been excluded from current liabilities in order to calculate current ratio.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The entire organization of Ayesha Textile Mills Limited will be guided by the following principles in its pursuit of excellence in all activities for attainment of the company's objectives:

AS DIRECTOR

Foster a conducive environment through responsive policies.
Maintain organizational effectiveness for the achievement of the company goals.
Encourage and support compliance of legal and industrial requirements.
Protect the interest and assets of the company.

AS EXECUTIVE AND MANAGERS

Ensure the profitability of operations.
Provide the direction and leadership to the organization.
Ensure total customer's satisfaction through excellent products and services.
Promote a culture of excellence, conservation, and continual improvements.
Cultivate work ethics and harmony among colleagues and associates.
Encourage initiatives and self realization among employees through meaningful empowerment.
Ensure an equitable method of working and reward system.

AS EMPLOYEE AND STAFF

Devote productive time and efforts.
Observe company's policies and regulations.
Exercise prudence in using company's resources.
Strive for excellence and quality.
Must avoid making personal gain (other than authorized salary and benefits) at the Company's expense, participating in or assisting activities which compete with Ayesha Textile Mills Limited, working for any customer or suppliers of Ayesha Textile Mills Limited and to hold any ownership interest in a customer, supplier, distributor or competitor.

FINANCIAL INTEGRITY

Compliance with accepted accounting rules and procedures required at all time.

In addition to being duly authorized, all transactions must be properly and fully recorded. No entry or document may be false or misleading and no undisclosed and unrecorded account, fund or asset may be established or maintained. No corporate payment may be requested, approved or made with the intention that any part of such payment is to be used for any purpose other than as described in the document supporting it.

All information supplied to the auditors must be complete and not misleading.

Ayesha Textile Mills Limited will not knowingly assist fraudulent activities (e.g. tax evasion) by others. If you have any reason to believe that fraudulent activities are taking place (whether in Ayesha Textile Mills Limited or by others with whom we do business), you must report it to your manager immediately.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of Karachi Stock Exchange (Guarantee) Ltd. and Lahore Stock Exchange (Guarantee) Ltd. 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 of Corporate Governance in the following manner.

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

Category	Names
Independent Directors	**Mr. Nasir Anwar**
Executive Directors	**Mr. Anjum Rafi** **Mr. Abdullah Rafi** **Mr. Waseem Lodhi**
Non-Executive Directors	**Mr. Muhammad Rafi** **Mr. Tariq Rafi** **Mr. Arif Rafi**

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

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

4. Casual vacancy occurring in the board of directors of the company during the year was duly filled up..

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 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 condition of employment of the CEO and other executive directors, have been taken by the Board/Shareholders.

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

9. The board arranged one training program for its directors during the year.

10. The new appointment of CFO was according to the terms and conditions of employment which has been approved by the board of directors.

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

12. The financial statements of the Company were duly endorsed by the 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 member, all of them are non-executive directors including the chairman of the committee.

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 of Corporate Governance. 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 (03) Members; of who two (02) are non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has set-up an effective internal audit function for which staff appointed who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock Exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

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

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED JUNE 30, 2014.

The Company has fully complied with the best practices on transfer pricing as contained in the relating listing regulations of the Karachi and Lahore Stock Exchanges of Pakistan.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

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

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Ayesha Textile Mills Limited** for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not 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 the 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 audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

LAHORE:
October 03, 2014

MUSHTAQ & CO.
Chartered Accountants
Engagement Partner
Abdul Qadoos, ACA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Ayesha Textile Mills Limited** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 the 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 verifications, we report that;

(a) in our opinion, proper books of accounts 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 accounts and are further in accordance with accounting policies consistently applied, except for change in accounting policies as stated in note 4.1 to the accompanying financial statements 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;

(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 June 30, 2014 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

LAHORE:
October 03, 2014

MUSHTAQ & CO.
Chartered Accountants
Engagement Partner
Abdul Qadoos, ACA

BALANCE SHEET AS AT JUNE 30, 2014

ASSETS	NOTE	2014	2013 (Restated)	2012
Non current assets			(Rupees '000)	
Property, plant & equipment	5	2,716,687	2,828,260	2,205,087
Long term investment	6	50,261	54,534	31,181
Long term loans and advances	7	1,767	817	604
Long term deposits	8	8,102	5,552	3,602
Current assets				
Stores, spare parts and loose tools	9	123,842	117,124	101,507
Stock in trade	10	366,965	303,614	292,249
Trade debts	11	119,149	72,533	73,830
Loan and advances	12	45,248	23,749	24,976
Trade deposits and short term prepayments	13	783	578	9,557
Other receivables	14	---	3,208	7,242
Tax refund due from Government	15	68,270	67,210	88,369
Cash and bank balances	16	1,624	10,269	10,435
		725,881	598,285	608,165
TOTAL ASSETS		**3,502,698**	**3,487,448**	**2,848,639**
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital				
5,000,000 (2013 : 5,000,000) ordinary shares of Rs. 10/-each		50,000	50,000	50,000
Issued, subscribed and paid up share capital	17	14,000	14,000	14,000
Reserves	18	291,204	321,309	212,234
		305,204	335,309	226,234
Surplus on revaluation of property, plant & equipment - net of tax	19	1,497,138	1,540,523	1,079,115
Non current liabilities				
Long term financing from banking companies	20	241,337	302,954	365,225
Long term financing from associated undertakings	21	29,837	19,056	15,638
Long term financing from directors and sponsors	22	124,397	95,022	95,022
Deferred liabilities	23	331,871	366,151	221,061
Current liabilities				
Trade & other payables	24	356,044	245,803	236,055
Accrued interest / mark up	25	16,002	16,565	17,422
Short term borrowings	26	451,746	437,842	424,484
Current portion of non current liabilities	27	111,415	101,946	97,485
Provision for taxation		37,707	26,277	70,898
		972,914	828,433	846,344
Contingencies and commitments	28	—	—	—
TOTAL EQUITY AND LIABILITIES		**3,502,698**	**3,487,448**	**2,848,639**

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

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	NOTE	2014 (Rupees '000)	2013
Sales - net	29	3,256,947	3,370,749
Cost of sales	30	(3,143,450)	(3,143,233)
Gross profit		113,497	227,516
Other operating income	31	2,651	217
Distribution cost	32	(16,480)	(26,941)
Administrative expenses	33	(31,936)	(32,239)
Other operating expenses	34	(63,876)	(6,336)
Finance cost	35	(76,689)	(94,503)
Share of (loss) / Profit from associate	6	(4,273)	7,450
Profit / loss before taxation		(77,106)	75,164
Taxation	36	(9,892)	19,531
Profit / (loss) for the year		(86,998)	94,695
Earnings / (loss)per share - basic and diluted (Rupees)	37	(62.14)	67.64

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

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

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

	NOTE	2014	2013
		(Rupees '000)	
(Loss) / profit for the year		(86,998)	94,695
Other comprehensive income for the year			
Item that will not be reclassified to Profit and Loss Account:			
Remeasurement recognized-Gains/(Losses)		(1,601)	(6,267)
Impact of deferred tax		411	1,616
Total other comprehensive income /(loss)- net of tax		(1,189)	(4,650)
Total comprehensive income / (loss)for the year		(88,188)	90,045

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

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	NOTE	2014 (Rupees '000)	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	126,773	221,306
Finance cost paid		(60,631)	(74,685)
Staff retirement benefits - gratuity paid		(6,866)	(6,190)
Taxes paid		(24,097)	(36,253)
		(91,594)	(117,128)
Net cash generated from operating activities		35,179	104,178
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales proceeds of property, plant & equipment		9,528	1,600
Property, plant & equipments acquired		(21,239)	(28,715)
Long term deposits		(2,550)	(1,950)
Long term loans		(950)	(213)
Net cash used in investing activities		(15,211)	(29,278)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(68,769)	(78,484)
Long term financing from directors and sponsors		29,375	—
Long term financing from associated undertakings		10,781	3,418
Net cash used in financing activities		(28,613)	(75,066)
(Decrease) / Increase in cash and cash equivalents		(8,645)	(166)
Cash and cash equivalents at the beginning of the year		10,269	10,435
Cash and cash equivalents at the end of the year	16	1,624	10,269

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

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2014

(Rupees '000)

	Share Capital	Reserves	Un-appropriated profit	Total
Balance as at July 01, 2012	14,000	77,627	140,480	232,107
Effect of retrospective application of change in an accounting policy referred in note 4.1	–	–	(5,873)	(5,873)
Balance as at July 01, 2012 - restated	14,000	77,627	134,607	226,234
Total comprehensive income for the year	–	–	90,045	90,045
Surplus realized on disposal of property, plant and equipment - net of tax	–	–	1,141	1,141
Transfer from surplus on revaluation of property plant and equipment in respect of incremental depreciation charged in current year - net of tax	–	–	16,675	16,675
Share of associate transfer from surplus on revaluation of property, plant and equipments in respect of incremental depreciation charged in current year	–	–	1,215	1,215
Balance as at June 30, 2013	14,000	77,627	243,682	335,309
Total comprehensive income for the year	–	–	(88,188)	(88,188)
Surplus realized on disposal of property, plant and equipment - net of tax	–	–	30,614	30,614
Transfer from surplus on revaluation of property plant and equipment in respect of incremental depreciation charged in current year - net of tax	–	–	25,466	25,466
Share of associate transfer from surplus on revaluation of property, plant and equipments in respect of incremental depreciation charged in current year	–	–	2,002	2,002
Balance as at June 30, 2014	14,000	77,627	213,577	305,204

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

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

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

1. STATUS AND ACTIVITIES

Ayesha Textile Mills Limited is a public limited company incorporated under the Companies Act, 1913 (now Companies Ordinance, 1984) and listed at Karachi and Lahore stock exchanges of Pakistan. The registered office of the company is situated at 97 - B, Gulberg II, Lahore. The company is engaged in the manufacturing and sale of cotton and PC yarn.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest thousands of rupee.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

Following are the amendments that are applicable for accounting periods beginning on or after January 1, 2013:

IAS 19 Employee Benefits (amended 2011). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy was to account for actuarial gains and losses using the corridor method. The change of accounting policy and its impact are further discussed in note 4.1 of the financial statments.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendment does not have any effect on the company.

IFRIC 20 - Stripping cost in the production phase of a surface mining. The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company. The amendment does not have any effect on the company.

2.3.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments have no impact on financial statements of the Company.

IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation has no impact on financial statements of the Company.

Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments have no impact on financial statements of the Company.

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2015). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2015. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2015). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2015, build on existing principles by identifying the concept of control as the determine factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, 'Joint Arrangements', applicable from January 01, 2015, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS12, 'Disclosures of interests in other entities', applicable from January 01, 2015, this standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13, 'Fair value measurement', applicable from January 01, 2015, this standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

2.3.2.1 Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further, IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision-maker. This change aligns the disclosure requirements with those for segment liabilities.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

2.3.3 Standards, interpretations issued by the IASB that are applicable to the company but are not yet notified by the SECP

IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, 'Financial Instruments' Recognition and measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the company does not have any such liabilities.

2.3.4 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that freehold land, factory building on freehold land, plant and machinery have been included at the revalued amount as referred to in note 5, revaluation of certain financial instruments at fair value and recognition of certain staff retirement benefits at net present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

3.1 Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's' view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2 Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

3.3 Financial instruments

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

3.4 Property, plant and equipment

The company reviews recoverable amount, useful life , residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.5 Stocks in trade and stores, spares and loose tools

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment.

3.6 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Provision for doubtful debts
Computation of deferred taxation
Disclosure of contingencies

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of theses financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Staff retirement benefits - gratuity

Defined benefit plan

The company operates an unfunded and unapproved gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to current year income. The most recent actuarial valuation was carried on June 30, 2014 using the Projected Unit Credit Method.

During the period, the company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated.

Effects of the change in the accounting policy have been summerized below:

	As at 2013	(Rupees '000) 2012
Impact on Balance Sheet		
Increase in the retirement benefits obligation	13,556	8,178
Decrease in deferred tax liability	3,496	2,305
Decrease in accumulated profits	10,060	5,873

	Year ended June 30 2013	(Rupees '000) 2012
Impact on profit and loss account		
Increase in Cost of sales	418	---
Increase in Administrative expenses	46	---
Impact on statement comprehensive Income		
Items that cannot be reclassified subsequently to Profit and loss account - net of tax	4,650	---

4.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.3 Trade and other payables

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

4.4 Borrowings and borrowing costs

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on an accrual basis and are included in markup accrued on loans and other payables to the extent of amount remaining unpaid.

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

4.5 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revaluation less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount less any identified impairment loss.

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

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in note 5. Depreciation on additions is charged from the day at which the asset is acquired or capitalized, while on disposals depreciation is charged up to the day of disposal.

Derecognition

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

4.6 Investments in equity instruments of associated companies

Associates are all entities over which the company has significant influence but not control, investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The company's share of its associate's post acquisition profits or losses is recognized in the income statement, and its share of post acquisition movements in reserves is recognized in reserves. The

Cumulative post acquisition movements are adjusted against the carrying amount of the investment. Distribution received from an associate reduce the carrying amount of the investment.

4.7 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.8 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.9 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.10 Stock in trade

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

Raw material	Weighted average cost except items in transit which are valued at cost comprising invoice value plus other charges incurred thereon.
Work in process and finished goods	Raw material cost plus appropriate manufacturing overheads
Waste	Net realizable value

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sales.

4.11 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and cash with banks.

4.13 Financial instruments

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

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.14 Off setting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and the liabilities simultaneously.

4.15 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.16 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.17 Foreign currency

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.18 Revenue Recognition

Sales are recorded on dispatch of goods to customers. Dividend income is recognized when right to receive dividend is established. Profit on bank deposits is recognized on accrual basis.

4.19 Related party transactions and transfer pricing

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with Comparable Uncontrolled Price Method .

4.20 Dividend

Dividend distributed to the share holders is recognized as a liability in the period in which it is approved by the shareholders.

5. PROPERTY PLANT AND EQUIPMENT
(Ismailabad and Kharianwala Units)

	NOTE	2014	(Rupees '000)	2013
Operating assets	5.1	2,716,687		2,828,260

5.1 Operating assets

	Owned								
	Freehold land	Building on freehold land	Plant and machinery	Vehicles	Furniture and fixture	Office Computers	Office equipment	Tools and equipment	Total
	(Rupees '000)								
Cost									
Balance as at July 01, 2012	381,216	485,778	1,520,934	28,836	3,269	1,075	2,795	814	2,424,717
Additions during the year	-	-	25,811	1,220	265	353	66	-	28,715
Surplus on revaluation	87,869	151,651	403,918	-	-	-	-	-	643,438
Transfer to / (from)	-	(57,905)	(175,904)	-	-	-	-	-	(233,809)
Disposals	-	-	(2,488)	-	-	-	-	-	(2,488)
Balance as at June 30,2013	469,085	579,524	1,773,271	30,056	3,534	1,428	2,861	814	2,860,573
Balance as at July 01, 2013	469,085	579,524	1,773,271	30,056	3,534	1,428	2,861	814	2,860,573
Additions during the year	-	363	18,825	1,932	87	-	32	-	21,239
Disposals	-	-	(74,528)	-	-	-	-	-	(74,528)
Balance as at June 30,2014	469,085	579,887	1,717,568	31,988	3,621	1,428	2,893	814	2,807,284
Depreciation									
Balance as at July 01, 2012	-	46,933	141,509	24,753	2,625	971	2,171	668	219,630
Charge for the year	-	10,971	34,683	917	67	63	63	15	46,779
Transfer / adjustments	-	(57,904)	(175,904)	-	-	-	-	-	(233,808)
Depreciation on disposals	-	-	(288)	-	-	-	-	-	(288)
Balance as at June 30, 2013	-	-	-	25,670	2,692	1,034	2,234	683	32,313
Balance as at July 01, 2013	-	-	-	25,670	2,692	1,034	2,234	683	32,313
Charge for the year	-	14,495	43,746	886	86	118	64	13	59,408
Depreciation on disposals	-	-	(1,124)	-	-	-	-	-	(1,124)
Balance as at June 30, 2014	-	14,495	42,622	26,556	2,778	1,152	2,298	696	90,597
Written down value as at June 30, 2013	469,085	579,524	1,773,271	4,386	842	394	627	131	2,828,260
Written down value as at June 30, 2014	469,085	565,392	1,674,946	5,432	843	276	595	118	2,716,687
Rate of depreciation - June 30, 2013	-	2.5%	2.5%	20%	10%	30%	10%	10%	
Rate of depreciation - June 30, 2014	-	2.5%	2.5%	20%	10%	30%	10%	10%	

5.2 Depreciation for the year has been allocated as under:

	NOTE	2014	(Rupees '000)	2013
Cost of sales	30.1	57,879		45,606
Administrative expenses	33	1,154		1,110
Rental income - generator	31.2	375		63
		59,408		46,779

5.3 Freehold land, building on freehold land, plant and machinery were revalued as on June 30, 2013 by independent valuers M/S Unicorn International Surveyors. This revaluation resulted in surplus - net amounted to Rs. 643.438 million which was credited to surplus on revaluation of Property, plant and equipment account to comply with the requirements of section 235 of Companies Ordinance, 1984. Previously revaluation were carried out in June 30, 2009 which resulted in surplus of Rs. 591.116 million. Freehold land was revalued at market value and building on freehold land, plant and machinery were revalued at depreciated replacement cost.

5.4 Had there been no revaluation , the carrying amount of the specific class of assets would have been as follows:

	Cost	Accumulated depreciation	Written down value
		Rupees '000	
Freehold land	47,316	--	47,316
Building on freehold land	146,518	100,065	46,816
Plant and Machinery	1,366,475	740,402	626,073
Total 2014	1,560,672	840,467	720,205
Total 2013	1,598,593	839,683	758,910

5.5 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written Down Value	Sale proceed	Loss	Mode of Disposal	Particulars of buyer
			Rupees '000				
Plant and equipments	14,252	201	14,051	800	(13,251)	Negotiation	United spinning mills (pvt) Ltd Hydrabad
Plant and equipments	52,164	736	51,428	7,280	(44,148)	Negotiation	Energy solution (pvt) Ltd Lahore
Plant and equipments	8,112	187	7,925	1,448	(6,477)	Negotiation	MKB Spinning Mills (pvt) Ltd Faisalabad
Total 2014	74,528	1,124	73,404	9,528	(63,876)		
Total 2013	2,488	288	2,200	1,600	(600)		

5.6 Unit wise break up of Property, plant and equipment

(Rupees '000)

(i) Ismailabad Unit

	Owned								Total
	Freehold land	Building on freehold land	Plant and machinery	Vehicles	Furniture and fixture	Office Computers	Office equipment	Tools and equipment	
Cost									
Balance as at July 01,2013	333,920	369,115	797,139	17,547	2,375	686	1,692	814	1,523,288
Additions during the year	-	363	4,965	1,932	5	-	32	-	7,297
Disposals	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2014	333,920	369,478	802,104	19,479	2,380	686	1,724	814	1,530,585
Depreciation									
Balance as at July 01, 2013	-	-	-	15,680	1,965	590	1,422	668	20,340
Charge for the year	-	9,235	19,975	382	41	29	28	13	29,703
Depreciation on Disposals	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2014	-	9,235	19,975	16,062	2,006	619	1,450	696	50,043
Written down value as at June 30,2014	333,920	360,243	782,129	3,417	374	67	274	118	1,480,542
Rate of depreciation	-	2.5%	2.5%	20%	10%	30%	10%	10%	

(Rupees '000)

(ii) Kharianwala Unit

	Owned								Total
	Freehold land	Building on freehold land	Plant and machinery	Vehicles	Furniture and fixture	Office Computers	Office equipment	Tools and equipment	
Cost									
Balance as at July 01,2013	135,165	210,409	976,132	12,509	1,159	742	1,169	-	1,337,285
Additions during the year	-	-	13,860	-	82		-	-	13,942
Disposals	-	-	(74,528)	-	-	-	-	-	(74,528)
Balance as at June 30, 2014	135,165	210,409	915,464	12,509	1,241	742	1,169	-	1,276,699
Depreciation									
Balance as at July 01, 2013	-	-	-	9,990	727	444	812	-	11,973
Charge for the year	-	5,260	23,771	504	45	89	36	-	29,705
Depreciation on Disposals	-	-	(1,124)	-	-	-	-	-	(1,124)
Balance as at June 30, 2014	-	5,260	22,647	10,494	772	533	848	-	40,554
Written down value as at June 30,2014	135,165	205,149	892,817	2,015	469	209	321	-	1,236,145
Rate of depreciation	-	2.5%	2.5%	20%	10%	30%	10%	10%	

		NOTE	2014 (Rupees '000)	2013
6.	**LONG TERM INVESTMENT - Associates**			
	725,000 (2013: 725,000) fully paid ordinary shares of Rs. 10/- each. Equity held 11.30% (2013: 11.30%)		54,534	31,181
	Share of post acquisition (loss) / profit		(4,273)	7,450
	Share of surplus on revaluation of property, plant and equipment during the year		---	15,903
			50,261	54,534

The summarized financial information of the associated company "Bashir Cotton Mills (Pvt.) Limited" where there is significant influence (common directorship), based on the financial statements for the year ended June 30 is as follows.

	NOTE	2014 (Rupees '000)	2013
Equity as at June 30,		14,137	33,488
Total assets as at June 30,		1,216,524	1,245,145
Revenue for the year ended June 30,		1,234,879	1,243,718
Profit for the year ended June 30,		(37,813)	65,925

		NOTE	2014	2013
7.	**LONG TERM LOANS AND ADVANCES**			
	Long term loans - employees	7.1	1,767	817
7.1	Long term loans - employees		4,307	3,111
	Less: current portion shown under short term loan and advances	12	2,540	2,294
			1,767	817

7.2 This represents interest free loans provided as per terms and conditions of employment. These loans are secured against gratuity of employees and are recoverable in monthly equal installments. The maximum aggregate balances of loan to employees at the end of any month during the year was Rs.4.591 million (2013 : Rs. 3.895 million).

		NOTE	2014 (Rupees '000)	2013
8.	**LONG TERM DEPOSITS**			
	Opening balance		5,552	3,602
	Addition during the year		2,550	1,950
			8,102	5,552
9.	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		96,394	92,138
	Spare parts		27,304	24,441
	Store items in transit		144	545
			123,842	117,124
10.	**STOCK IN TRADE**			
	Raw material		277,025	246,670
	Work in process		40,971	38,747
	Finished goods		34,518	18,197
	Raw material in transit		14,451	---
			366,965	303,614

10.1 Stock in trade includes pledge stock amounting to Rs. 78.731 million (2013 : Rs. 127.949 million).

		NOTE	2014 (Rupees '000)	2013
11.	**TRADE DEBTS**			
	Considered good			
	Export - Secured	11.1	---	5,129
	Local - unsecured		119,149	67,404
			119,149	72,533

11.1: Export trade debts are secured against irrevocable letters of credit and shipping documents.

		NOTE	2014 (Rupees '000)	2013
12.	**LOAN AND ADVANCES**			
	Considered good			
	Current portion of long term loans and advances - employees	7.1	2,540	2,294
	Advances to / against			
	Letters of credit		120	70
	Suppliers, contractors and others		41,735	20,445
	Associated undertakings	12.1	853	940
			45,248	23,749

12.1 The maximum aggregate debit balance with associated undertakings at the end of any month during the year was Rs. 13.585 million (2013 : Rs. 2.435 million). These are of trading nature.

		NOTE	2014 (Rupees '000)	2013
13.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Prepayments		783	578
			783	578
14.	**OTHER RECEIVABLES**			
	Considered good			
	Claim receivable		-	3,208
			-	3,208
15.	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax refundable		33,133	36,615
	Advance income tax		35,137	30,595
			68,270	67,210
16.	**CASH AND BANK BALANCES**			
	Cash in hand		1,073	3,230
	Cash with banks :			
	In current account		551	6,715
	In current plus account	16.1	---	324
			1,624	10,269

16.1 It carries interest rate ranging from 6 to 7 percent (2013 : 6 to 8 percent) per annum.

	NOTE	2014 (Rupees '000)	2013

17. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

350,000 (June 30, 2013: 350,000) ordinary shares of Rs. 10/- each fully paid in cash		3,500	3,500
1,050,000 (June 30, 2013: 1,050,000) ordinary shares of rs. 10/- each issued as bonus shares		10,500	10,500
		14,000	14,000

17.1 Associated companies Amin Textile Mills (Pvt.) Limited and Surriya Textile Mills (Pvt.) Limited held 342,824 (2013 : 342,824) and 61,600 (2013 : 61,600) ordinary shares of the company respectively.

17.2 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

	NOTE	2014 (Rupees '000)	2013

18. RESERVES

Capital reserves		6,124	6,124
Special reserves U/S 15BB		267	267
General reserves		70,550	70,550
Investment in associate		686	686
Unappropriated profit		213,577	243,682
		291,204	321,309

19. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENTS - NET OF TAX

Surplus on revaluation of property, plant and equipment - net of tax	19.1	1,450,649	1,492,032
Surplus on revaluation of property, plant and equipment relating to associate - net of tax	19.2	46,489	48,491
		1,497,138	1,540,523

19.1 Surplus on revaluation of property, plant and equipment- net of tax

Surplus on revaluation of property, plant and equipment as at the beginning of the year		2,020,608	1,404,579
Addition during the year		---	643,438
Transfer to unappropriated profit in respect of :			
Disposal of property, plant and equipment		30,614	1,141
Incremental depreciation on revalued assets		25,466	16,675
Related deferred tax liability		28,890	9,593
		84,970	27,409
		1,935,638	2,020,608
Related deferred tax liabilities on:			
Revaluation at the beginning of the year		528,576	359,267
Provide during the year		---	188,893
Effect of change in tax rate		(14,697)	(9,991)
Incremental depreciation on revalued assets		(13,119)	(8,979)
Disposal of property, plant and equipment		(15,771)	(614)
		484,989	528,576
		1,450,649	1,492,032

		NOTE	2014 (Rupees '000)	2013
19.2	**Surplus on revaluation of property, plant and equipments relating to associate**			
	Bashir Cotton Mills (Pvt) limited		48,491	33,803
	Add: Surplus arised during the year		---	15,903
	Less : incremental depreciation for the year -net of tax		(2,002)	(1,215)
			46,489	48,491

20. LONG TERM FINANCING FROM BANKING COMPANIES SECURED

		NOTE	2014	2013
Allied Bank Limited		20.1	252,919	265,296
Bank of Punjab		20.2	90,852	113,620
United Bank Limited		20.3	8,981	25,984
			352,752	404,900
Less:	Current portion shown under current liabilities	27	78,237	82,676
	Overdue portion shown under current liabilities		33,178	19,270
			241,337	302,954

		NOTE	2014	2013
20.1	**Allied Bank Limited**			
	Demand finance I	20.1.1	159,763	183,187
	Demand finance II	20.1.2	12,925	18,500
	Demand finance III	20.1.3	2,636	2,636
	Demand finance IV	20.1.4	77,595	60,973
			252,919	265,296

20.1.1 The loan is repayable in 72 unequal monthly installments started from March 31, 2011. It carries markup at three months kibor. Accrued markup will be transferred to frozen markup II as described in note 20.1.4. The loan is secured against first pari passu charge over plant and machinery of the company of Rs. 204.38 million situated at Kharianwala, Sheikhupura Faisalabad Road, specific charges over plant and machinery of the company amounting to Rs. 133.616 million, mortgage of un-encumbered land of unit II of the company situated at kharianwala, sheikhupura Faisalabad road measuring 82 kanals and 1 Marla and personal guarantees of sponsor directors.

20.1.2 The loan is payable in 45 equal monthly installments commenced from March 31, 2011. Demand finance II frozen markup is free of any interest.

20.1.3 The loan was payable on December 31, 2012 respectively. DF III frozen markup is free of any interest.

20.1.4 It represents markup accrued on demand finance I after March 01, 2011. The markup on demand finance I facility will accrue over a period of six years and will be transferred to frozen markup account. Frozen markup will be repaid in 36 equal monthly installments commencing from March 31, 2017 (after repayment of principal amount of demand finance I).

		NOTE	2014 (Rupees '000)	2013
20.2	**Bank of Punjab**			
	Demand finance I	20.2.1	68,328	91,096
	Demand finance II (Unserviceable)	20.2.2	22,524	22,524
			90,852	133,620

20.2.1 The loan is repayable in eighteen equal quarterly installments commencing from November 30, 2012. It carries markup at three months kibor plus 50 BPS (with a floor of 10 percent) payable quarterly. The loan is secured against exclusive charge on the specific machinery of Rupees 107 million installed at unit 1, ranking charge over specific machinery of amounting Rupees 230.2 million, ranking charge over all the present and future current assets of unit 1 of the company of amounting Rupees 208 million and personal guarantees of sponsoring directors of the company.

20.2.2 The frozen markup is repayable in 24 equal monthly installments starting from March 2017 after the repayment of principal installments mentioned in note 20.3.1 above. Securities against frozen markup is mentioned in note 20.3.1 above.

		NOTE	2014 (Rupees '000)	2013
20.3	**United Bank Limited**			
	Demand finance I	20.3.1	---	679
	Demand finance II	20.3.2	4,148	9,678
	Demand finance III	20.3.3	---	717
	Demand finance IV	20.3.4	---	795
	Demand finance V	20.3.5	4,833	11,278
	Demand finance VI	20.3.6	---	2,837
			8,981	25,984

20.3.1 The loan is repayable in twenty equal quarterly installments commenced from February 17, 2009. It carries markup at three months kibor plus 1.95% (2012 : three months kibor plus 1.95%) payable quarterly. The loan is secured against 1st charge of Rs. 155 million on land of unit # 1 of the company and plant and machinery installed thereon located at 32 KM Lahore, Sheikhupura and letter of guarantee and NIDF-I.

20.3.2 The loan is payable in ten equal quarterly installments commencing from October 10, 2012. It carries markup at three months kibor plus 1.95% (2012 : three months kibor plus 1.95%) payable quarterly. The loan is secured against 1st charge of Rs. 155 million on land of unit # 1 of the company and plant and machinery installed thereon located at 32 KM Lahore, Sheikhupura and letter of guarantee and NIDF-I.

20.3.3 The loan is repayable in twenty equal quarterly installments commenced from April 12, 2009. It carries markup at three months kibor plus 1.95% (2012 : three months kibor plus 1.95%) payable quarterly. The loan is secured against 1st charge of Rs. 155 million on land of unit # 1 of the company and plant and machinery installed thereon located at 32 KM Lahore, Sheikhupura and letter of guarantee and NIDF-I.

20.3.4 The loan is repayable in twenty equal quarterly installments commenced from April 19, 2009. It carries markup at three months kibor plus 1.95% (2012 : three months kibor plus 1.95%) payable quarterly. The loan is secured against 1st charge of Rs. 155 million on land of unit # 1 of the company and plant and machinery installed thereon located at 32 KM Lahore, Sheikhupura and letter of guarantee and NIDF-I.

20.3.5 Previously loan is repayable in twenty equal quarterly installments commenced from April 30, 2009. The loan is repayable in ten equal quarterly installments commencing from October 19, 2012. It carries markup at three months kibor plus 1.95% (2012 : three months kibor plus 1.95%) payable quarterly. The loan is secured against 1st charge of Rs. 155 million on land of unit # 1 of the company and plant and machinery installed thereon located at 32 KM Lahore, Sheikhupura and letter of guarantee and NIDF-I.

20.3.6 The loan is repayable in twenty equal quarterly installments commenced from March 30, 2009. It carries markup at three months kibor plus 1.95% (2012 : three months kibor plus 1.95%) payable quarterly. The loan is secured against 1st charge of Rs. 155 million on land of unit # 1 of the company and plant and machinery installed thereon located at 32 KM Lahore, Sheikhupura and letter of guarantee and NIDF-I.

21. LONG TERM FINANCING FROM ASSOCIATED UNDERTAKINGS

Unsecured - from related parties

These are un-secured, interest free and not due for repayment within next twelve months.

22. LONG TERM FINANCING FROM DIRECTORS AND SPONSORS

Unsecured - from related parties

These are unsecured, interest free and not due for repayment within next twelve months. Loan amount of Rupees 95.022 million are subordinated to loans from banking companies.

		NOTE	2014 (Rupees '000)	2013
23.	**DEFERRED LIABILITIES**			
	Staff retirement benefits- gratuity	23.1	20,887	18,966
	Deferred taxation	23.2	310,984	347,185
			331,871	366,151

23.1 Staff retirement benefits - gratuity

23.1.1 Movement in the net liability recognized in the balance sheet

	NOTE	2014 (Rupees '000)	2013
Opening liability		18,966	12,502
Expense for the year		7,187	6,387
Benefits paid during the year		(6,866)	(6,190)
Remeasurments (gains)/losses		1,601	6,267
Closing liability		20,887	18,966

23.1.2 The movement in the present value of defined benefit obligation

		2014	2013
Present value of defined benefit Obligation		18,966	12,502
Current service cost		5,372	5,066
Interest cost		1,815	1,321
Remeasurments (gains)/losses		1,601	6,267
Benefits paid during the year		(6,866)	(6,190)
		20,887	18,966

23.1.3 Historical information

	2014	2013	2012 (Rupees '000)	2011	2010
Present value of defined benefit obligation	20,887	18,966	12,502	28,150	20,417

	NOTE	2014 (Rupees '000)	2013
23.1.4 Liability recognized in the balance sheet			
Present value of obligation		20,887	18,966
		20,887	18,966
23.1.5 Expense recognized in profit and loss			
Service cost		5,372	5,066
Interest cost		1,815	1,321
		7,187	6,387
In other comprehensivr income			
Remeasurement recognized -Gains/(losses)		(1,601)	(6,267)
		(1,601)	(6,267)

23.1.6 Expense recognized for the year has been allocated as under:

		2014	2013
Cost of goods manufacturing		6,238	6,048
Administrative expenses		949	764
		7,187	6,812

23.1.7 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

23.1.8 Principal actuarial assumption

Following are few important actuarial assumption used in the valuation.

	2014	2013
Discount rate	13.25%	10.5%
Rate of increase of salary	12.25%	10%

23.1.9 Expected gratuity expense for the year ending June 30, 2015 works out Rs. 7,885.

		NOTE	2014 (Rupees '000)	2013
23.2	**Deferred Taxation**			
	The net liability of deferred taxation comprises of temporary differences.			
	Deferred tax liabilities on taxable temporary differences			
	Accelerated depreciation on owned assets		21,818	(1,457)
	Surplus on revaluation of property, plant and equipment		484,989	528,576
			506,807	527,119
	Deferred tax asset on deductible temporary differences			
	Staff retirement benefits - gratuity		(5,369)	(3,699)
	Tax losses / excess tax adjustable under section 113 of Income Tax Ordinance, 2001		(190,455)	(175,043)
			310,984	347,185

In view of applicability of presumptive tax regime on major portion of taxable income, deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.

		NOTE	2014 (Rupees '000)	2013
24.	**TRADE AND OTHER PAYABLES**			
	Creditors		246,398	195,142
	Advances from customers	24.1	85,393	24,497
	Accrued expenses		18,840	17,304
	Sales tax		556	2,285
	Workers profit participation fund		---	4,033
	Workers welfare fund		1,613	1,613
	Tax deducted at source		3,209	894
	Unclaimed dividend		35	35
			356,044	245,803
	24.1 Advance from customers			
	Foreign - secured		---	5,492
	Local		85,393	19,005
			85,393	24,497
25.	**ACCRUED INTEREST / MARKUP**			
	Interest/mark up on:			
	Long term financing		3,087	3,097
	Short term borrowings		12,915	13,468
			16,002	16,565
26.	**SHORT TERM BORROWINGS**			
	Secured - from banking companies			
	Running finance	26.1	449,858	437,842
	Book overdraft	26.2	1,888	---
			451,746	437,842

26.1 Various banks have sanctioned credit facilities of Rs. 1,058 million (2013 : Rs. 959 million). These facilities carry mark up ranging from 10.05% to 20% percent (2013 : from 10.08 to 15.50 percent) per anum. These facilities are secured against pledge of cotton with 10 to 20 percent margin, pledge of polyester, lien on import documents, lien over local documents, lien over export documents , first pari passu charge on current assets of the company, parri passu charge over fixed assets of unit II, ranking charge over all the present and future current assets of the company, first charge over fixed assets of the company, ranking charge over fixed assets (plant and machinery) of the company, ranking hypothecation charge over present and future current assets of the company and personal guarantees of directors.

26.2 This represents cheque issued in excess of bank balance. Since there was no bank facility, this has been grouped under Book Overdraft.

	NOTE	2014 (Rupees '000)	2013
27. CURRENT PORTION OF NON CURRENT LIABILITIES			
Long term financing from banking companies	20	111,415	101,946
		111,415	101,946

28. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantee is issued in favor of Sui Northern Gas Pipeline Limited of Rs. 26.073 million (June 30, 2013 : Rs. 26.073 million).

Bank guarantee is issued in favor of Excise and Taxation of Rs. 18.80 million (June 30, 2013: Rs. 16.25 million).

The National Bank of Pakistan has filed a suit C.O.S No. B117/2011 before Honorable Lahore High Court, Lahore against the company for recovery of Rupees. 62.145 million as outstanding dues against the banking facilities provided by the bank. The company has also filed a suit C.O.S No. 9/2012 against the bank before the Honorable Lahore High court, Lahore against the claim of 109.334 million due to their charging excess markup and markup over markup on long term loans. The company withheld payment of Rs. 50 million to the bank outstanding as on December 31, 2008 in running finance. The management is confident to receive the claim as it is based on solid grounds. The outcome of the case is not ascertainable as at June 30, 2014.

Commitments:

Commitments for capital expenditure are Rs. 0.662 million (June 30, 2013 : Rs. 2.572 million).

Commitments for other than capital expenditure are Rs. 83.318 million (June 30, 2013 : Rs. 43.759 million).

	NOTE	2014 (Rupees '000)	2013
29. SALES - NET			
Yarn			
Local		2,745,095	2,390,651
Export	29.2	515,392	1,001,424
Raw cotton		25,660	5,264
Waste		8,752	12,837
		3,294,899	3,410,176
Less: Sale returns		12,919	15,002
Net sales		3,281,980	3,395,174
Less: Commission			
Local		7,268	8,033
Export		17,765	16,392
		25,033	24,425
		3,256,947	3,370,749

29.1 Local sales excludes sales tax amounted to Rs. 55.762 million (June 30, 2013: 17.070 million).

29.2 It included exchange loss of Rs. 0.212 million (June 30, 2013: Rs. 0.051 million).

		NOTE	2014 (Rupees '000)	2013
30.	**COST OF SALES**			
	Cost of goods manufactured	30.1	3,122,657	3,006,670
	Finished goods - opening		18,197	39,686
	Cost of finished goods purchased		37,114	115,512
	Yarn theft account		---	(438)
	Finished goods - closing		(34,518)	(18,197)
			20,793	136,563
			3,143,450	3,143,233
30.1	**Cost of goods manufactured**			
	Raw material - opening stock		246,670	191,437
	Purchases		2,225,783	2,322,144
			2,472,453	2,513,581
	Raw material sold		(25,342)	(9,036)
			2,447,111	2,504,545
	Raw material - closing stock		(277,025)	(246,670)
	Raw material consumed		2,170,086	2,257,875
	Cost of raw material sold		25,342	9,036
	Salaries, wages and other benefits	30.2	246,052	238,082
	Fuel power and gas		509,709	343,117
	Store, spare parts and loose tools consumed		85,121	72,083
	Carriage		1,291	1,896
	Repair and maintenance		16,662	13,616
	Insurance		6,094	5,088
	Other expenses	30.3	6,645	18,526
	Depreciation	5.2	57,879	45,606
			954,795	747,050
	Total manufacturing cost		3,124,881	3,004,925
	Work in process - opening		38,747	40,492
	Work in process - closing		(40,971)	(38,747)
			(2,224)	1,745
			3,122,657	3,006,670

30.2 Salaries, wages and other benefits include Rs. 6.238 million (2013 : Rs. 6.048 million) in respect of staff retirement benefits.

30.3 It includes sales tax expense amounting to Rs. Nil (June 30, 2013: 12.685) paid under sales tax amnesty scheme.

		NOTE	2014 (Rupees '000)	2013
31.	**OTHER OPERATING INCOME**			
	From financial assets			
	Interest on saving accounts		36	18
	Insurance claim received		104	--
	Exchange gain		122	--
	Scrap sale	31.1	50	--
	Rental income - generator	31.2	1,756	157
	From other than financial assets			
	Creditors balances written back		583	42
			2,651	217

31.1 Scrape sales excludes sales tax amounting to Rs. .0009 million.

	NOTE	2014 (Rupees '000)	2013
31.2 Rental income - generator			
Rental income - generator			
Direct cost of rental income - generator		5,100	715
Salaries wages and other benefits		600	100
Stores and spares consumed		1,944	300
Repair and maintenance		425	95
Depreciation		375	63
		3,344	558
Net income/(loss) from generator		1,756	157

32. DISTRIBUTION COST

	NOTE	2014	2013
Truck freight on local sales		86	1,119
Packing and forwarding charges		5,249	11,371
Shipping freight on export		4,051	8,752
Selling and distribution expenses		5,654	3,226
Export development surcharge		1,440	2,473
		16,480	26,941

33. ADMINISTRATIVE EXPENSES

	NOTE	2014	2013
Directors' remuneration		3,247	3,186
Directors' traveling		261	449
Salaries and other benefits	33.1	10,583	8,512
Fee and subscription		851	926
Postage and telex		943	1,150
Rent, rate and taxes		1,200	1,200
Legal and professional charges		2,527	3,694
Auditors' remuneration	33.2	672	615
Charity and donations	33.3	28	153
Printing and stationery		499	444
Entertainment expenses		2,084	1,701
Motor vehicles up keep		4,189	4,901
Electricity and gas expenses		745	582
Advertisement expenses		166	62
Office maintenance		1,465	1,852
Traveling and conveyance expenses		1,267	1,612
Depreciation	5.2	1,154	1,110
Others		55	90
		31,936	32,239

33.1 Salaries and other benefits include Rs. 0.949 million (2013: Rs. 0.764 million) in respect of staff retirement benefits.

	NOTE	2014 (Rupees '000)	2013
33.2 Auditors' remuneration			
Statutory Audit fee		600	550
Half yearly and other reviews		65	65
		672	615

33.3 Charity and Donations

'The directors or their spouses have no interest in the donee institutions directly or indirectly.

		NOTE	2014	2013
34.	**OTHER OPERATING EXPENSES**		(Rupees '000)	
	Loss on disposal of property, plant and equipment		63,876	600
	Exchange loss		---	90
	Workers profit participation fund		---	4,033
	Workers welfare fund		---	1,613
			63,876	6,336
35.	**FINANCE COST**			
	Interest / mark up on :			
	Long term financing banking companies and suppliers		25,365	34,015
	Short term borrowings		40,557	49,515
	Interest on workers profit participation fund		201	---
	Bank charges		10,566	10,973
			76,689	94,503
36.	**TAXATION**			
	Current year		30,985	19,554
	Deferred			
	Current year		(11,882)	(33,060)
	Prior year - effect of rate change		(10,211)	(6,025)
			9,892	(19,531)

36.1 The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the universal self assessment scheme of Income Tax Ordinance, 2001

36.2 Income tax return of the company has been filed up to tax year 2013. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the company has taxable losses and tax expense is provided under section 169 of Tax ordinance, 2001.

37. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

		2014	2013
Profit / (loss) for the year	(Rupees '000)	(86,998)	94,695
Weighted average number of ordinary shares outstanding during the year	(Number '000)	1,400	1,400
(Loss) / earnings per share - basic	(Rupees)	(62.14)	67.64

There is no dilutive effect on basic earnings / (loss) per share.

38. REMUNERATION TO CHIEF EXECUTIVE & DIRECTORS

	2014			2013		
	Chief Executive	Directors	Total	Chief Executive	Directors	Total
		(Rupees '000)			(Rupees '000)	
Remuneration and allowances	300	1,800	2,100	300	2,209	2,509
Utility bills	170	977	1,147	103	574	677
Others	—	261	261	—	449	449
	470	3,038	3,508	403	3,232	3,635
Number of persons	1	2	3	1	3	4

38.1 The company provides free use of company maintained cars to chief executive and directors of the company.

38.2 No employee of the company falls under the definition of executive as defined in the Companies Ordinance, 1984.

	NOTE	2014 (Rupees '000)	2013
39. CASHFLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		(77,106)	75,164
Adjustments for:			
Depreciation		59,408	46,779
Provision for staff retirement, benefit- gratuity		7,187	6,812
Loss on disposal of property, plant & equipments		63,876	600
Financial cost		76,689	94,503
Share of loss / (profit) from associate		4,273	(7,450)
		211,433	141,244
Cash flows before changes in working capital		134,327	216,408
(Increase)/decrease in current assets			
Stores, spare parts and loose tools		(6,718)	(15,617)
Stock in trade		(63,351)	(11,365)
Trade debts		(46,616)	1,297
Loan and advances		(21,499)	1,227
Trade deposits and short term prepayments		(205)	8,979
Other receivable		3,208	4,034
Tax refunds due from Government		3,482	(6,763)
		(131,699)	(18,208)
(Decrease) / Increase in current liabilities			
Short term borrowings		13,904	13,358
Trade and other payables		110,241	9,748
		124,145	23,106
Cash generated from operations		126,773	221,306

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

40.1 Credit risk
40.2 Liquidity risk
40.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

40.1 Credit risk

40.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 134.035 million (June 30, 2013 : Rs. 92.405 million), financial assets which are subject to credit risk aggregate to Rs. 132.411 million (June 30, 2013: Rs. 82.136 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	NOTE	2014 (Rupees '000)	2013
Long term loans and advances		1,767	817
Long term deposits		8,102	5,552
Trade debts		119,149	72,533
Loans and advances		3,393	3,234
Cash and bank balances		1,624	10,269
		134,035	92,405

40.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

	2014	(Rupees '000)	2013
Domestic	119,149		67,404
Export	---		5,129
	119,149		72,533

40.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

	2014	(Rupees '000)	2013
Yarn	117,823		69,685
Waste	1,326		2,848
	119,149		72,533

40.1.4 The aging of trade debtors at the balance sheet is as follows.

	2014	2013
Past due 0 - 30 days	104,544	66,532
Past due 31 - 90 days	13,235	5,051
Past due 90 days - 1 year	435	236
More than one year	935	714
	119,149	72,533

40.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2014					
Non - derivative Financial liabilities	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	(Rupees '000)					
Long term financing	352,752	385,936	77,185	40,409	268,342	---
Long term financing form associated undertakings	29,837	29,837	---	---	29,837	---
Long term financing from directors and others	124,397	124,397	---	---	124,397	---
Trade and other payables	268,482	268,482	268,482	---	---	---
Accrued mark up / interest	16,002	16,002	16,002	---	---	---
Short term borrowings	451,746	470,680	470,680	---	---	---
	1,243,216	1,295,334	832,349	40,409	422,576	---

	2013					
Non - derivative Financial liabilities	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	(Rupees '000)					
Long term financing	404,900	452,651	50,304	40,101	334,732	27,513
Long term financing form associated undertakings	19,056	19,056	---	---	19,056	---
Long term financing from directors and others	95,022	95,022	---	---	95,022	---
Trade and other payables	213,375	213,375	213,375	---	---	---
Accrued mark up / interest	16,565	16,565	16,565	---	---	---
Short term borrowings	437,842	470,680	470,680	---	---	
	1,186,760	1,267,349	750,924	40,101	448,810	27,513

40.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

40.3 Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

40.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar. The currencies in which these transactions primarily are denominated is US Dollar. The company's exposure to foreign currency risk is as follows.

	US Dollar	Pak Rupees
	Rs '000	
Trade debts 2014	---	---
Trade debts 2013	52	5,129

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2014	2013	2014	2013
US Dollar to Pak Rupees	---	96.06	---	99.10

Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	2014 (Rupees '000)	2013
US Dollar	---	55

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

40.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2014 (Rupees '000)	2013
Fixed rate instruments		
Financial liabilities	---	---
Variable rate instruments		
Financial liabilities	804,498	842,742

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2013.

	Profit and loss and equity	
	100 bp increase	100 bp decrease
	(Rupees '000)	
Cash flow sensitivity - variable rate instruments 2014	(661)	661
Cash flow sensitivity - variable rate instruments 2013	(835)	835

40.4 Fair value of financial assets and liabilities

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

40.5 Off balance sheet items	2014	(Rupees '000)	2013
Bank guarantees issued in ordinary course of business	44,873		40,300
Letters of credit for raw material	83,318		43,759
Letters of credit for stores and spares	662		2,572

40.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

41 Capital risk management

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowing divided by total capital employed. Borrowing represents long term financing from banking companies and suppliers, long term financing from associated undertakings, long term financing from directors and sponsors, and long term portion of liabilities against assets subject to finance lease. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

	2014	(Rupees '000)	2013
Total borrowings	958,732		956,820
Total equity	305,204		335,309
Total capital	1,263,936		1,292,129
Gearing ratio	75.85%		74.05%

42. RELATED PARTIES

The related parties comprise associated companies, directors and key management personnel.

42.1 Transactions with related parties

Purchases of raw material	30,221	39,534
Sale of yarn	14,982	1,830
Loan from directors and sponsors - receipts	30,125	---
Loan from directors and sponsors - payments	750	---
Long term financing from associated undertakings - receipts	33,159	---
Long term financing from associated undertakings - payments	21,704	---

		2014 (Rupees '000)	2013
42.2	**Balances with related parties**		
	Amin Textile Mills (pvt) Ltd	(16,978)	(12,426)
	Ali Leather Works (pvt) Ltd	(508)	92
	Rafi Fibres (pvt) Ltd	24	24
	Bashir Cotton Mills (Pvt) Limited	8,513	(4,399)
	Surriya Textile Mills (pvt) Ltd	(3,009)	(1,409)
		(11,958)	(18,118)

42.3 No interest has been charged as these transactions have arisen due to trade dealings and were valued at arm's length price generally determined in accordance with "Comparable Uncontrolled Price Method". Reimbursement of expenses to / from associated undertakings were on actual basis.

43. PLANT CAPACITY AND ACTUAL PRODUCTION

	2014	2013
Rated annual capacity after conversion into 20's count (Kgs.)	18,754,967	20,026,491
Actual production of yarn after conversion into 20's count (Kgs.)	18,691,566	18,831,000
Total number of spindles installed	59,472	63,504
Average number of spindles worked per shift	50,113	52,380
Number of shifts worked during the year	994	1,092
Number of shifts worked per day	3	3

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindle speed, twist per inch and raw material used etc. It would also vary according to the pattern of production adopted in a particular year.

44. NUMBER OF EMPLOYEES

	2014 (Rupees '000)	2013
Number of employees as at year end	793	943
Average employees during the year	859	937

45. CORRESPONDING FIGURES

For better presentation significant reclassifications in the corresponding figures have been made whenever necessary. Following major reclassifications were made in these financial statements.

Note	From	To	Nature	Reason	Amount
31.2	Cost of sales - Salaries and wages	Direct cost of rental income - generator	Salaries and wages	Better presentation	100
	Cost of sales - Stores and spares consumed	Direct cost of rental income - generator	Stores consumed	Better presentation	300
	Cost of sales - Repair and maintenance	Direct cost of rental income - generator	Repair and maintenance	Better presentation	95
	Cost of sales - Depreciation	Direct cost of rental income - generator	Depreciation	Better presentation	63

46. POST BALANCE SHEET EVENTS

There are no post balance sheet events.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **October 03, 2014** by the board of directors of the company.

47. GENERAL

Figures have been rounded off to the nearest thousand of rupees.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2014

Number of Shareholders	From	To	Total Shares Held
44	1	100	204
1	101	500	220
–	501	1,000	0
12	1,001	5,000	44,008
19	5,001	10,000	156,024
1	10,001	15,000	12,004
1	60,001	65,000	61,600
–	65,001	70,000	0
–	70,001	75,000	0
–	75,001	80,000	0
–	80,001	85,000	0
–	85,001	90,000	0
6	90,001	145,000	783,116
1	145,001	345,000	342,824
85			1,400,000

Categories of Shareholders	Number	Shares Held	Percentage
CEO, DIRECTORS, & THEIR SPOUSE:			
Mr. Muhammad Rafi s/o Late Muhammad Ismail	1	113,852	8.13
Mrs. Surriya Begum w/o Muhammad Rafi	1	117,804	8.41
Mr. Tariq Rafi s/o Muhammad Rafi	1	137,920	9.85
Mr. Arif Rafi s/o Muhammad Rafi	1	137,908	9.85
Mr. Anjum Rafi s/o Muhammad Rafi	1	137,936	9.85
Mr. Abdullah Rafi s/o Muhammad Rafi	1	137,696	9.84
Mr. AGK Lodhi s/o M. Yousaf Khan Lodhi	1	10,000	0.71
Mr. Nasir Anwar s/o Muhammad Anwar	1	8,004	0.57
Mrs. Komal Nasir w/o Nasir Anwar	1	8,004	0.57
ASSOCIATED COMPANIES:			
Amin Textile Mills (Pvt.) Ltd.	1	342,824	24.49
Surriya Textile Mills (Pvt.) Ltd.	1	61,600	4.40
FINANCIAL INSTITUTIONS:			
National Bank of Pakistan-Trustee Department	1	220	0.02
Individuals	73	188,236	13.45
	85	1,400,000	100.00

SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST	Shares Held	Percentage
Amin Textile Mills (Pvt.) Ltd.	342,824	24.49

AYESHA TEXTILE MILLS LIMITED

FORM OF PROXY

The Secretary,
Ayesha Textile Mills Limited
97-B, Gulberg II,
Lahore.

I/We ....

of...

being Member/s of Ayesha Textile Mills Limited hereby appointed ....

of.. as my/our proxy to vote for me/us ....

on my/our behalf at the 49th Annual General Meeting of the Company to be held on October 24, 2014 and at any adjournment thereof.

In witness my hand this .... day of...2014

Signature on Rs. 5 Revenue Stamp

Notes:-

1. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote on his behalf. This form of proxy, duly completed, must be deposited at the Company's Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

2. Signature should agree with the specimen signatures registered with the Company.

AYESHA TEXTILE MILLS LTD.

97-B GULBERG II, LAHORE.

Tel: 042-35756707-710 Fax: 042-35712151

E-mail: saqibk@ayeshagroup.pk

Website: www.ayeshagroup.com

Printed by: Nippon Printers 0300-8834488, 0300-9428704