GLAMOUR TEXTILE MILLS LIMITED

Annual Report

2014

Contents

Company Information

Chairman
Mr. Asad Elahi

Chief Executive
Mr. Azher Elahi

Directors
Mr. Ather J. Elahi
Mr. Mansoor Elahi
Mrs. Naureen Asad
Mrs. Shafqat Azher
Mrs. Mehnaz Ather Elahi
Mr. Fahad Elahi

Audit Committee
Mr. Asad Elahi (Chairman)
Mr. Mansoor Elahi (Member)
Mr. Ather J. Elahi (Member)
Sheikh Rasheed Ahmed (Member)

Chief Financial Officer & Company Secretary
Mr. Ishfaq Saeed

Auditors:
Mushtaq & Co.
Chartered Accountants

Bankers:
Soneri Bank Ltd.
JS Bank Ltd.
Bank AL Habib Ltd

Share Registrars:
Corplink (Pvt) Ltd.
Wings Arcade, 1-K, Commercial
Model Town, Lahore.
Ph: 042-3591 6714, 3591 6719
Fax: 042 -3586 9037
Email: corplink786@gmail.com

Registered Office/Mills
11-KM, Manga-Raiwind Road,
Tehsil & District Kasur.
Tel: (042) 3539 2794-5
Fax: (042) 35391566
E-mail: info@glamourtextiles.com

Notice of 23rd Annual General Meeting

The 23rd Annual General Meeting of the members of **Glamour Textile Mills Limited** will be held at 11.00 a.m. on Friday, October 31, 2014 at the Registered Office of the Company located at 11 Kilometers, Manga Raiwind Road, District Lahore., to transact the following business:-

Ordinary Business

1. To receive and confirm minutes of the Annual General Meeting held on October 31, 2013.
2. To receive, consider and approve the audited accounts of the Company for the year ended June 30, 2014 together with Directors' & Auditors' Reports thereon.
3. To Appoint Auditors for the year 2014-2015 and fix their remuneration. The retiring auditors, Messer Mushtaq & Co., Chartered Accountants, being eligible, offer themselves for re-appointment
4. Any other matter with the permission of the Chair.

By order of the Board

Lahore,
October 07, 2014

Ishfaq Saeed
Company Secretary

Notes :

1. The Register of Members of the Company will remain closed from October 24th, 2014 to October 31st 2014 (both days inclusive). Transfer received in order at the office of Registrar of the company M/s Corplink (Pvt) Limited, Wing Arcade, 1-K Commercial, Model Town, Lahore by the close of business on October 23, 2013 will be considered in time.
2. Members who have not yet provided an attested copy of their CNIC, are once again requested to provide attested copies of their CNICs directly to our Shares Registrar M/s Corplink (Pvt) Limited, Wing Arcade, 1-K Commercial, Model Town, Lahore.
3. A member entitled to attend and vote may appoint another person as his/her proxy to attend and vote on his/her behalf. Proxies must be received at the Company's Registered Office, duly stamped, signed and witnessed not later than 48 hours before the time of meeting.
4. Shareholders are requested to promptly notify of the any change in their address to the Company's Shares Registrar M/s Corplink (Pvt) Limited, Wing Arcade, 1-K Commercial, Model Town, Lahore.
5. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their Computerized National Identity Card (CNIC) along with CDC Account Number for verification.
6. In case of corporate entity, the Board of Directors, Resolution/Power of Attorney with specimen signature of the nominee shall be submitted with form of proxy to the Company and the same shall be produced in original at the time of the meeting to authenticate the identity.
7. For attending the meeting and appointing proxies, CDC account holders will further have to follow the guidelines as laid in Circular 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

MISSION

The mission statement of Glamour Textile Mills Limited is:

"Quality with consistency through excellence in application of requisite techniques and optimized utilization of available resources for the maximization of profits."

STATEMETN OF ETHICS

We believe in a completely harmonized code of ethics for the Directors, Executives and Staff, in all fairness in business practices through perseverance in honesty, dedication and diligence.

Our endeavor is to groom all the personnel towards excellence with underlying philosophy for the betterment of all, whether employed or dealing with the Company.

DIRECTORS' REPORT

On behalf of the board of directors, I take pleasure to present Annual Report along with the Audited Accounts of the company pertaining to the financial year ending on June 30, 2014.

Financial highlights

The financial results are summarized hereunder:

	2014	2013
	Rupees	
Sales	2,406,964,383	2,322,848,288
Gross profit	83,363,512	292,120,730
Operating profit	20,567,944	205,285,363
Financial expenses	(48,562,740)	(58,645,907)
Provision for taxation	(4,816,379)	(10,846,016)
Profit/(loss) after taxation	(32,811,175)	135,793,440
Earning per share	(1.23)	5.10

During the current year our company incurred heavy losses due to unprecedented increase in cost of production and sluggishness in yarn market. Our sales revenue increased by 3.67% from FY 2013 whereas cost of sales increased by 14.48% from the FY 2013 and resulting gross profit dropped by 71.56% to Rs. 83.363 million from Rs. 292.120 million in last year.

The raw cotton rate showing increase by 15.29%. at Rs.6,860 per maund in current year as compared to Rs. 5,950 per maund in last year.

Our cost of production in coming year is rising due to high fuel & power cost and loss of production due to long electric shut down. We are working on to maximize sales by enhancing production from optimal utilization of available alternate energy resources.

Compliance with the Code of Corporate Governance

The Board of Directors has taken necessary steps to comply with the provisions of code of corporate governance as incorporated in the listing regulations of stock exchanges. Statement of the 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 system of internal control is sound in design and has been effectively implemented and monitored.

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

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

h. We have prepared and circulated a 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. During the year under review four meetings of the Board of Directors were held and attendance positions is hereunder:

Name of Director	Numberof Meetings attended
Mr. Azher Elahi	4
Mr. Asad Elahi	4
Mr. Ather J. Elahi	4
Mr. Mansoor Elahi	4
Mrs. Naureen Asad	4
Mrs. Shafqat Azher	4
Mrs. Mehnaz Ather Elahi	4
Mr. Fahad Elahi	4

k. During the financial year no trading reported in shares of the Company by its Directors, CEO, CFO, Company Secretary, and their spouses and minor children.

Audit committeetion

The Board of Directors in compliance of the code of corporate governance has established Audit Committee except to composition as mentioned in compliance report paragraph number 15. The names of its members 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 system and procedures.

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.

Auditors

The present auditors Messrs Mushtaq & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

Pattern of shareholding

The pattern of shareholding as required by Section 236 of the Companies Ordinance 1984 and under Code of Corporate Governance is enclosed.

Key operating and financial data

Key operating and financial data for the preceding six years is annexed.

Statutory payments

There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2014 except for those disclosed in the financial statements.

Corporate restructuring and business expansion

During the year under review, the Company invested Rs.38.731 million in BMR/ expansion through own sources. The company has planned to make additional BMR of Rs.200.00 million in financial year 2014-2015.

Acknowledgement

The Directors of the Company wish to thanks 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.

For & on behalf of the Board

AZHER ELAHI,
Chief Executive

Lahore,
October 9, 2014.

Key Operating and Financial Data
From 2009 to 2014 (Six Years)

	YEARS ENDED JUNE 30,					
	2014	2013	2012	20011	2010	2009
Sales						
Local (net of sales tax)	1,426,861,320	1,166,795,177	1,508,946,946	1,483,855,906	665,490,945	382,003,474
Export	799,103,063	1,154,941,195	541,287,607	588,584,981	67,641,729	384,594,310
Net Sale	**2,406,964,383**	**2,321,736,372**	**2,050,234,553**	**2,072,440,887**	**733,132,674**	**766,597,784**
Profitability						
Gross Profit/(Loss)	83,363,512	292,775,459	159,622,394	156,492,920	43,474,377	16,592,852
Profit/(Loss) before tax	(27,994,796)	146,270,883	49,065,416	32,845,215	(17,603,115)	(45,184,768)
Provision for income tax	4,816,379	10,846,016	20,507,331	21,575,461	3,665,663	5,718,795
Profit/(Loss) after tax	**(32,811,175)**	**135,424,867**	**28,558,085**	**11,269,754**	**(21,268,778)**	**(50,903,563)**
Financial Position						
Tangible fixed assets-net	989,832,341	804,262,695	591,042,020	630,398,026	568,031,688	531,012,541
Long term loans and decosits	5,714,699	5,714,699	5,416,699	2,734,699	2,734,699	2,734,699
Total Assets	**995,547,040**	**809,977,394**	**596,458,719**	**633,132,725**	**570,766,387**	**533,747,240**
Current assets	442,837,487	437,741,943	352,302,286	430,194,819	313,341,170	187,540,299
Current liabilities	424,084,543	336,204,202	275,200,884	420,492,860	391,353,322	183,023,735
Net working capital	**18,747,944**	**101,537,741**	**77,101,402**	**9,701,959**	**(78,012,152)**	**4,516,564**
Capital employed	1,014,294,984	911,514,842	673,560,121	642,834,684	492,754,235	442,773,510
Less long term loan & deferred liabilities	355,256,969	215,535,469	139,308,958	287,141,606	282,758,420	266,946,945
Share holders Equity	**659,038,015**	**695,979,666**	**534,251,163**	**355,693,078**	**209,995,815**	**175,826,565**
Represented By:						
Share capital	266,400,000	266,400,000	266,400,000	116,400,000	116,400,000	116,400,000
Reserves & un-appropriated Profit/(Loss)	392,638,016	429,579,666	267,851,163	239,293,078	93,595,815	59,426,565
	659,038,015	**695,979,666**	**534,251,163**	**355,693,078**	**209,995,815**	**175,826,565**
Ratios:						
Gross Profit/(Loss) to sales (%age)	3.59	12.61	7.79	7.55	5.93	2.16
Net Profit/(Loss) to sales (%age)	(1.41)	5.83	1.39	0.54	(2.90)	(6.64)
Debt:equity ratio	35:65	24:76	21:79	45:55	57:43	60:40
Current ratio	1.04:1	1,30:1	1.28:1	1.02:1	0.80:1	1.02:1
Breakup value per share of Rs. 10 each	24.74	26.12	20.05	30.56	18.04	15.11
Earnings Per Share Rs.	(1.23)	5.08	2.14	0.97	(1.83)	(4.37)
Quantitative Data						
Yarn :						
Production (converted into 20's)	6,802,802,kgs	6,279,997,kgs	6,640,015 kgs	7,013,385 kgs	6,596,154 kgs	6,682,722 kgs
Spindles installed	19,344	19,344	19,344	19,344	19,344	19,344

12. The financial statements of the Company were duly endorsed by the CEO and CFO before the 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. Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises four members including two non-executive directors including chairman of the committee, whereas the Code requires that the Company should have an audit committee comprising of at least three non executive directors and at least one of them should be independent director. The Company is currently in process of reviewing the requirements of Code and will take necessary measures in subsequent periods.
16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and remuneration committee. It comprises three (03) members; of whom 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 staffs 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 the 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 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 exchange(s).
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 CCG have been complied with.

By order of the Board,
For Glamour Textile Mills Ltd.,

AZHER ELAHI,

Chief Executive

Lahore,
October 9, 2014

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Karachi, Lahore & Islamabad stock exchanges for the purpose of establishing a framework of good governance.

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

1. The company encourages representation of independent non-executive directors. Therefore, the Board of Directors has always supported implementation of highest standards of corporate governance. At present the Board includes:

Non-Executive Directors	Mr.Azher Elahi Mr. Asad Elahi Mr. Mansoor Elahi Mrs Naureen Asad Mrs. Shafqat Azher Mrs. Mehnaz Ather Elahi
Executive Directors	Mr. Ather J. Elahi Mr. Fahad Elahi

2. The directors have confirmed that none of them is serving as 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. No casual vacancies arose in Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business practices' which has been signed by all the directors and employees of the company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and condition of employment of CEO and other non-executive directors, have been taken by the board/shareholders.
8. The meetings of the Board were presided over the Chairman and in his absence, by a director elected for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One director has enrolled in Director's Training Program held by ICAP. However management continues to apprise and familiarize with changes in law to discharge their duties and responsibilities.
10. During the year under review there was no change of CFO, Company Secretary and Head of Internal Auditor. They execute their responsibilities pursuant to the approved appointment by the Board including their remuneration and condition of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 20-B, Block-G, Gulberg-III, Lahore. Tel: 35884926 Fax: 35843360
Email Address: mushtaq_vohra@hotmail.com

Member of
The Leading Edge Alliance
Illinois, USA

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the 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 **Glamour 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, Islamabad 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.

Paragraph Reference	Description
1	Board of directors is not represented by any independent director as required by clause (I) of code.
15	Audit committee does not contain independent directors as required clause (XXIV) of code.

Lahore:
Dated: October 09, 2014

MUSHTAQ & COMPANY
Chartered Accountants

Engagement Partner:
Abdul Qadoos, ACA

Member of

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 20-B, Block-G, Gulberg-III, Lahore. Tel: 35884926 Fax: 35843360
Email Address: mushtaq_vohra@hotmail.com

Illinois, USA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Glamour 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 2.3.1 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).

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Abdul Qadoos, ACA

Lahore:
Date: October 09, 2014

Balance Sheet
As at June 30, 2014

	Note	2014	2,013	2012
		--------------------------Rupees--------------------------		
			Restated	Restated
ASSETS				
Non Current Assets				
Property, plant and equipment	5	989,832,341	804,262,695	591,042,020
Long term deposits	6	5,714,699	5,714,699	5,416,699
		995,547,040	809,977,394	596,458,719
Current Assets				
Stores, spare parts and loose tools	7	41,527,483	25,536,530	25,240,166
Stock in trade	8	171,886,899	187,058,353	159,454,387
Trade debts	9	148,189,914	159,665,078	131,153,156
Loans and advances	10	34,176,245	22,873,786	13,676,969
Trade deposits and short term prepayments	11	551,959	5,092,702	432,549
Tax refunds due from Government	12	33,943,827	28,864,650	13,148,985
Cash and bank balances	13	12,561,160	8,650,844	9,196,074
		442,837,487	437,741,943	352,302,286
Total Assets		**1,438,384,527**	**1,247,719,337**	**948,761,005**
EQUITY AND LIABILITIES				
Share Capital and Reserve				
Authorized capital				
27,000,000 (June 30, 2013 : 27,000,000) ordinary shares of Rs. 10 each		270,000,000	270,000,000	270,000,000
Issued, subscribed and paid up capital	14	266,400,000	266,400,000	266,400,000
Unappropriated profit / (accumulated loss)		96,998,771	116,707,530	(29,282,937)
Total Equity		363,398,771	383,107,530	237,117,063
Surplus on revaluation of property, plant and equipment - net of tax	15	295,639,244	306,170,168	293,125,843
LIABILITIES				
Non - Current Liabilities				
Long term financing	16	270,602,100	129,802,100	129,802,100
Deferred Liabilities				
Staff retirement benefits - gratuity	17	17,736,365	16,406,098	13,515,115
Deferred taxation	18	66,918,504	76,029,238	-
Current Liabilities				
Trade and other payables	19	50,613,916	64,126,485	44,779,248
Accrued interest / mark up	20	5,438,916	7,986,779	7,296,490
Current portion of long term financing	16	33,600,000	-	20,000,000
Short term borrowings	21	334,436,711	264,090,938	203,125,146
		424,089,543	336,204,202	275,200,884
Contingencies and Commitments	22			
Total Equity and Liabilities		**1,438,384,527**	**1,247,719,337**	**948,761,005**

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

CHIEF EXECUTIVE **DIRECTOR**

Profit and Loss Account
For the Year Ended June 30, 2014

	Note	2014	2013
		---Rupees---	
			Restated
Sales - net	23	2,406,964,383	2,322,848,288
Cost of sales	24	(2,323,600,871)	(2,029,727,558)
Gross profit		83,363,512	293,120,730
Other operating income	25	5,497,952	986,158
Distribution cost	26	(44,054,689)	(55,455,756)
Administrative expenses	27	(20,416,039)	(14,205,153)
Other operating expenses	28	(3,822,792)	(19,160,616)
Finance cost	29	(48,562,740)	(58,645,907)
Profit before taxation		(27,994,796)	146,639,456
Taxation	30	(4,816,379)	(10,846,016)
Profit for the year		(32,811,175)	135,793,440
Earnings per share - basic and diluted	31	(1.23)	5.10

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

CHIEF EXECUTIVE

DIRECTOR

Statement of Comprehensive Income
For the Year Ended June 30, 2014

	2014	2013
	----Rupees----	
		Restated
(Loss) / profit for the year	(32,811,175)	135,793,440
Other comprehensive income / (loss)		
Remeasurements of retirement benefits	138,922	(3,062,284)
Total comprehensive (loss) / income for the year	(32,672,253)	132,731,156

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

CHIEF EXECUTIVE

DIRECTOR

Cash Flow Statement
For the Year Ended June 30, 2014

	Note	2014	2013
		----------Rupees----------	
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		(27,994,796)	146,270,883
Adjustments for :			
Depreciation		61,089,090	46,217,601
Staff retirement benefits - gratuity		7,535,281	6,832,850
Gain on disposal of property, plant and equipment		(992,228)	3,138,711
Finance cost		48,562,740	58,645,907
Provision for workers profit participation fund		0	7,855,579
		116,194,883	122,690,648
Profit before working capital changes		88,200,087	268,961,531
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(15,990,953)	(296,364)
Stock in trade		15,171,454	(27,603,966)
Trade debts		11,475,164	(28,511,922)
Loans and advances		(11,302,459)	(9,196,817)
Trade deposits and short term prepayments		4,540,743	(4,660,153)
Tax refunds due from Government		4,457,220	(6,474,864)
		8,351,169	(76,744,086)
Increase / (decrease) in current liabilities			
Trade and other payables		(13,512,569)	11,379,910
Cash generated from operations		83,038,687	203,597,355
Finance cost paid		(51,110,603)	(57,955,618)
Staff retirement benefits - gratuity paid		(6,066,092)	(6,635,577)
Taxes paid		(21,030,940)	(20,086,817)
		(78,207,635)	(84,678,012)
Net cash generated from operating activities		4,831,052	118,919,343
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,750,000	6,267,241
Property, plant and equipment - acquired		(248,416,509)	(166,234,854)
Long term deposits		0	(298,000)
Net cash used in investing activities		(245,666,509)	(160,265,613)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(164,752)
Long term loan repayment		-	(20,000,000)
Long term loan received		174,400,000	-
Short term borrowings- net		70,345,773	60,965,792
Net cash from / (used in) financing activities		244,745,773	40,801,040
Net decrease in cash and cash equivalents (A+B+C)		3,910,316	(545,230)
Cash and cash equivalents at the beginning of the year		8,650,844	9,196,074
Cash and cash equivalents at the end of the year		12,561,160	8,650,844
Cash and cash equivalents			
Cash and bank balances	13	12,561,160	8,650,844
		12,561,160	8,650,844

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

CHIEF EXECUTIVE **DIRECTOR**

Statement of Changes in Equity
For the Year Ended June 30, 2014

	Share capital	(Accumulated loss) / unappropriated profit	Total
	-----------------	Rupees	-----------------
Balance as at July 01, 2012 as previously reported	266,400,000	(25,274,680)	241,125,320
Effect of change in accounting policy note 2.3.1		(4,008,257)	(4,008,257)
Balance as at July 01, 2012 -restated	266,400,000	(29,282,937)	237,117,063
Total comprehensive income for the year		132,731,156	132,731,156
Transfer from surplus on revaluation of property, plant and equipment on account of disposal during the year		907,082	907,082
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	12,628,729	12,628,729
Transactions with owners			
- Final dividend at 10% (Rs. 1 per share)*		(276,500)	(276,500)
Balance as at June 30, 2013- as restated	266,400,000	116,707,530	383,107,530
Balance as at July 01, 2013 - restated	266,400,000	116,707,530	383,107,530
Total comprehensive income for the year	-	(32,672,253)	(32,672,253)
Transfer from surplus on revaluation of property, plant and equipment on account of disposal during the year net of deferred tax	-	244,821	244,821
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax	-	12,718,673	12,718,673
Balance as at June 30, 2014	266,400,000	96,998,771	363,398,771

* The directors had waived their share of dividend amounting to Rs. 26.363 million.

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

CHIEF EXECUTIVE **DIRECTOR**

Notes to and Forming Part of the Financial Statements
For the Year Ended June 30, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on September 14, 1991 and is quoted on stock exchanges at Karachi, Islamabad and Lahore. The registered office of the company is situated at 11 K.M., Manga Raiwind Road, District Kasur in the province of Punjab, Pakistan.

1.2 The principle business of the company is manufacture and sale of yarn. The manufacturing unit is also located at Manga Raiwind Road in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

Staff Retirement Benefits - Gratuity

IAS 19, 'Employee Benefits'. With effect from 01 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost is now recognized immediately in profit and loss account as soon as any change in benefit plan is made, previously only vested past service cost was recognized immediately in profit and loss account and non-vested cost was amortized to profit and loss account over the vesting period. The standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year. Refer note 4.9 for revised accounting policy.

Effect of change in accounting policy:

The effect of change has been accounted for retrospectively in accordance with IAS 8 " Accounting policies, changes in accounting estimates and errors", resulting in restatement of financial statements of prior periods. Resultantaly, the cumulative effect of adjustments that arose as on July 01, 2012 has been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustments through other comrehensive income is restated and disclosed as part of statement of comprehensive income respectively. Effects of the change in accounting policy is given below:

	2013	2012
Impact on Balance Sheet	----------Rupees----------	
Increase in the retirement benefits obligation	2,693,710	4,008,257
Decrease in accumulated profits	2,693,710	4,008,257
Commulative impact from prior years	6,701,967	4,008,257
Impact on profit and loss account		
Decrease in cost of sales	345,271	-
Decrease in administrative expenses	23,302	
Decrease in other comprehensive income	3,062,283	-

During the year ended June 30, 2012 deferred tax asset was not booked in the financial statements, Deferred tax liability in the financial statements for the year ended June 30, 2013, comprises of only timing differences of components of surplus on revaluation of property, plant and equipment therefore, increase in obligation against retirement benefits has also no impact on the deferred tax liability recognized in financial statements.

- 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.

2.3.2 Standards, interpretations and amendments to existing standards that are applicable to the company but are not yet effective

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 from 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 determining 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.

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

- IFRS 9, 'Financial Instruments' (effective for periods beginning on or after January 1, 2013). This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. 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.
- IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2013, build on existing principles by identifying the concept of control as the determining 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, 2013, 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 entity accounts for its interest. Proportionate consolidation of joint ventures is no longer allowed.
- IFRS 12, 'Disclosure of interests in other entities' (effective for the periods beginning on or after 01 January, 2013). 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', 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. The standard is not applicable until April 01, 2013 but is available for early adoption.

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 for certain items of property, plant and equipment at revalued amounts, revaluation of certain financial instruments at fair value and recognition of certain staff retirement benefits at 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 effect 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.

3.6.1 Provision for doubtful debts
3.6.2 Disclosure of contingencies
3.6.3 Computation of deferred taxation

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 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

Subsequent cost 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.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognized in profit or loss, in which case the surplus is credited to profit or loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item. On subsequent sale or retirement of revalued item of property, plant and equipment the attributable surplus remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

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 relevant note.

Depreciation on additions is charged from the month in which the asset become available for use while no depreciation is charged in the month 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.

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.2.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.3 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.

4.4 Long term deposits

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

4.5 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.

4.6 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

4.6.1 Raw material

In hand	Weighted average cost
In transit	Cost comprising invoice value plus other charges incurred thereon
4.6.2 Finished goods and work in process	Raw material cost plus appropriate manufacturing overheads
4.6.3 Waste	Net realizable value

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

4.7 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.

4.8 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current and saving accounts.

4.9 Staff retirement benefits

Defined benefit plan

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

The Company's obligation is determined through actuarial valuations carried out under the 'Projected Unit Credit Method'. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. Any change in past service cost is immediately recognized in profit or loss account.

The Company determines the net interest expense (income) on the net defined benefit liability(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.Net interest expense and current service costs are recognized in profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

4.10 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 or below equity, in which case it is recognized in equity or below equity respectively.

4.10.1 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.

4.10.2 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.

4.11 Trade and other payables

Liabilities for trade and other 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.

4.12 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.

4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of 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.

4.14 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.15 Foreign currencies

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.

4.16 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.

4.17 Offsetting 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.

4.18 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.

4.19 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free.

4.20 Government grants

Government grants for meeting revenue expenses are set off from respective expenses in the year in which they become receivable.

4.21 Research and development cost

Research and development cost is charged to profit and loss account in the year in which it is incurred.

4.22 Dividend

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

		Note	2014	2013
5	**PROPERTY, PLANT AND EQUIPMENT**		----Rupees----	
	Operating assets - owned	5.1	786,800,109	803,523,048
	Capital work in progress - at cost	5.7	203,032,232	739,647
			989,832,341	804,262,695

5.1 Operating assets - owned

	Freehold land	Building on freehold land	Plant and machinery	Furniture, fixture and equipments	Vehicles	Total
			Rupees			
Cost / revaluation						
Balance as at July 1, 2012	135,625,000	156,851,249	1,190,283,952	12,542,789	8,431,412	1,503,734,402
Additions during the year	-	7,694,545	151,571,232	1,345,577	5,194,250	165,805,604
Revaluation / adjustment	38,750,000	38,695,803	123,081,508	-	-	200,527,311
Disposals	-	-	(17,005,386)	-	(2,845,000)	(19,850,386)
Balance as at June 30, 2013	174,375,000	203,241,597	1,447,931,306	13,888,366	10,780,662	1,850,216,931
Balance as at July 1, 2013	174,375,000	203,241,597	1,447,931,306	13,888,366	10,780,662	1,850,216,931
Additions during the year	-	-	38,731,742	889,000	6,503,181	46,123,923
Disposals	-	-	(4,625,308)	-	(694,044)	(5,319,352)
Balance as at June 30, 2014	174,375,000	203,241,597	1,482,037,740	14,777,366	16,589,799	1,891,021,502
Depreciation						
Balance as at July 1, 2012	-	72,894,486	827,555,950	8,659,111	3,893,232	913,002,779
Charge for the year	-	4,229,898	40,220,643	425,404	1,341,656	46,217,601
Revaluation / adjustment		18,137,139	79,780,798	-	-	97,917,937
Disposal	-	-	(9,015,786)	-	(1,428,648)	(10,444,434)
Balance as at June 30, 2013	-	95,261,523	938,541,605	9,084,515	3,806,240	1,046,693,883
Balance as at July 1, 2013	-	95,261,523	938,541,605	9,084,515	3,806,240	1,046,693,883
Charge for the year	-	5,399,004	52,872,245	565,377	2,252,464	61,089,090
Disposal	-		(3,163,661)		(397,919)	(3,561,580)
Balance as at June 30, 2014	-	100,660,527	988,250,189	9,649,892	5,660,785	1,104,221,393
Written down value as at June 30, 2013	174,375,000	107,980,074	509,389,701	4,803,851	6,974,422	803,523,048
Written down value as at June 30, 2014	174,375,000	102,581,070	493,787,551	5,127,474	10,929,014	786,800,109
Rate of depreciation	-	5%	10%	10%	20%	

5.2 The depreciation for the year has been allocated as under.

	Note	2014	2013
		----Rupees----	
Cost of sales	24.1	56,473,110	42,921,148
Administrative expenses	27	4,615,980	3,296,453
		61,089,090	46,217,601

5.3 Had there been no revaluation, the original cost and accumulated depreciation of revalued assets would have been as follows as on June 30, 2014.

	Cost	Accumulated depreciation	Written down value
		----Rupees----	
Land	15,791,011	-	15,791,011
Building	100,175,238	57,579,729	42,595,509
Plant and machinery	916,347,260	566,516,570	349,830,690
	1,032,313,509	624,096,299	408,217,210

5.4 On the date of revaluation, accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

5.5 The company had its freehold land, building on freehold land, plant and machinery revalued at June 30,2013. Revaluation of the assets were carried out by the independent valuers "M/s Harvester Services (Pvt) Limited" registered surveyors and valuation consultants. Freehold land was revalued at market value and building on freehold land, plant and machinery are valued at depreciated market value.

5.6 Detail of assets disposed off

Description	Mode of disposal	Particulars of buyer	Cost/revalued	Accumulated depreciation	Written down value	Sale proceeds
			-Rupees-			
Plant and machinery-Drawing Mchine	Negotiation	Pak Panther Spining Mills Ltd, Lahore.	4,625,308	3,163,661	1,461,647	2,250,000
Vehicle - Suzuki Alto	Negotiation	Mrs. Sira Yousaf, Faisalabad.	694,044	397,919	296,125	500,000
			5,319,352	3,561,580	1,757,772	2,750,000

	Note	2014	2013
		-Rupees-	
5.7 Capital work in progress			
Plant and machinery		174,452,015	739,647
Civil work and advances		28,580,217	-
		203,032,232	739,647
6 LONG TERM DEPOSITS			
Security deposits - utilities		5,714,699	5,714,699
		5,714,699	5,714,699
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		6,605,533	4,663,686
Spare parts		34,547,380	20,522,105
Loose tools		374,570	350,739
		41,527,483	25,536,530
8 STOCK IN TRADE			
Raw material	8.1	109,403,587	167,063,508
Work in process		11,105,414	12,175,613
Finished goods		47,306,218	5,922,150
Waste		4,071,680	1,897,082
		171,886,899	187,058,353

8.1 Raw material of Rs. 52.941 million (June 30, 2013 : Rs. 95.555 million) are pledged as security for short term borrowing (cash finance).

8.2 Ram material amounting to Rs. 118,380,977 and finished goods amounting to Rs. 35,653,115 are carried at their net realizable value aggregating to Rs. 109,403,587 and Rs. 34,916,847 respectively. Amount charged to profit and loss account in respect of stocks written down to their net realizable value amounting to Rs. 9,713,658.

	Note	2014	2013
9 TRADE DEBTS		-Rupees-	
Export - secured			
Considered good		13,463,219	75,303,429
Local - unsecured			
Considered good		134,726,695	84,361,649
Considered doubtful		6,454,448	5,163,658
		154,644,362	164,828,736
Less:			
Provision for doubtful debts	9.1	(6,454,448)	(5,163,658)
		148,189,914	159,665,078

		Note	2014	2013
9.1	**Provision for doubtful debts**		------Rupees------	
	Opening alance		5,163,658	695,410
	Charged during the year		1,290,790	4,468,248
	Closing balance		6,454,448	5,163,658

10 LOANS AND ADVANCES

Considered good

	Note	2014	2013
Advances to			
Suppliers		25,029,107	16,509,057
Staff against purchases		5,679,881	2,685,575
Workers against wages	10.1	3,445,713	3,648,669
Against letter of credit		21,544	30,485
		34,176,245	22,873,786

10.1 These are paid to workers who's wages are not taxable under Income Tax Ordinance, 2001. Any interest under section 13 of the Income Tax Ordinance 2001 will not result in taxable income.

		Note	2014	2013
11	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		------Rupees------	
	Security deposits - margin against LC's		-	4,903,009
	Security deposits - others		267,000	34,000
	Prepayments		284,959	155,693
			551,959	5,092,702
12	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax receivable		11,951,283	16,408,503
	Advance income tax		21,992,544	12,456,147
			33,943,827	28,864,650
13	**CASH AND BANK BALANCES**			
	Cash in hand		2,870,278	148,341
	Cash at banks - current accounts		9,690,882	8,502,503
			12,561,160	8,650,844

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014	2013		2014	2013
Number of shares			------Rupees------	
26,640,000	26,640,000	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	266,400,000	266,400,000
26,640,000	26,640,000		266,400,000	266,400,000

14.1 The shareholders are entitled to receive all distribution 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.

		2014	2013
15	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX**	------Rupees------	
	Opening balance - gross	382,199,406	293,125,843
	Addition during the year	-	102,609,374
	Transfer to unappropriated profit in respect of :		
	Disposal of property, plant and equipments	244,821	907,082
	Incremental depreciation charged on revalued assets	12,718,673	12,628,729
	Related deferred tax	6,678,164	-
		19,641,658	13,535,811
	Closing balance - gross	362,557,748	382,199,406
	Related deferred tax:		
	Opening balance	76,029,238	-
	Provided during the year	-	76,029,238
	Deferred tax on incremental depreciation	(6,552,044)	-
	Deferred tax on disposal	(126,120)	-
	Effect of change in tax rate	(2,432,571)	-
		66,918,504	76,029,238
	Closing balance - net of tax	295,639,244	306,170,168

16	**LONG TERM FINANCING**			
	Secured - from banking companies			
	Loan from Soneri Bank Limited	16.1	100,800,000	-
	Unsecured - from related parties			
	Directors	16.3	104,802,100	64,802,100
	Associated undertaking	16.4	65,000,000	65,000,000
			169,802,100	129,802,100
			270,602,100	129,802,100
16.1	**Loan from Soneri Bank Limited**			
	Opening balance		-	-
	Amount received during the year		134,400,000	-
			134,400,000	-
	Amout payable within next twelve months shown as current maturity of		(33,600,000)	-
			100,800,000	-

16.2 During the year Company arranged Term Finance Loan from Soneri Bank Limited to finance expansion projects of plant and machinery. The Loan is secured by first pari passu equitable mortgage over all existing and future fixed assets of the company and personal guarantees of directors. It carries mark up at three months KIBOR + 2.25% per annum payable quarterly. The loan is repayable in sixteen equal quarterly installments starting form September 24, 2014.

16.3	**Long term loans form directors**		
	Opening balance	64,802,100	64,802,100
	Received during the year	40,000,000	-
	Closing balance	104,802,100	64,802,100

These are unsecured, interest free loans and not repayable within next twelve months except as disclosed above.

16.4	**Long term loan form Associated undertaking**		
	Opening balance	65,000,000	85,000,000
	Repaid during the year	-	(20,000,000)
	Closing balance	65,000,000	65,000,000

These are unsecured, interest free loans and not repayable within next twelve months except as disclosed above.

		2014	2013
		----------Rupees----------	
17	**STAFF RETIREMENT BENEFITS - GRATUITY**		**RESTATED**
17.1	**Movement in net liability recognized in the balance sheet**		
	Opening net liability	16,406,098	13,515,115
	Expenses for the year	7,535,281	6,464,276
	Remeasurement (gains)/ losses	(138,922)	3,062,284
		23,802,457	23,041,675
	Benefits paid during the year	(6,066,092)	(6,635,577)
	Closing net liability	17,736,365	16,406,098
17.2	**Expenses for the year charged to profit and loss**		
	Current service cost	6,183,637	5,420,385
	Interest cost	1,351,644	1,043,891
		7,535,281	6,464,276
	Other comprehensive income		
	Remeasurement in the year	(138,922)	3,062,284

17.3 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.

		2014	2013
17.4	**Principle actuarial assumptions**		
	Following are a few important actuarial assumptions used in the valuation.		
	Discount rate	13.25%	13%
	Expected rate of salary increase in future	12.25%	10%
	Expected year of services (years) for mills employees	12	12
	Expected year of services (years) for Head Office employees	10	10

17.5 Expected gratuity expense for the year ending June 30, 2015 works out to Rs. 8,332,327.

18 DEFERRED TAXATION

Opening balance	76,029,238	-
Charged on surplus on revaluation of property, plant and equipment	-	76,029,238
Reversed during the year	(9,110,734)	-
Closing balance	66,918,504	76,029,238
This comprises the following:		
Deferred tax liability on taxable temporary differences:		
Surplus on revaluation of property, plant and equipment	66,918,504	76,029,238
Tax depreciation allowance	24,853,618	8,396,417
Deferred tax asset on deductible temporary differences:		
Tax losses and tax credits	(37,586,248)	(72,954,682)
Staff retirement benefits - gratuity	(4,307,729)	(2,129,737)
Provision for doubtful debts	(1,567,627)	(1,133,253)
	48,310,517	8,207,983

18.1 During the year net deferred tax liability on taxable and deductible temporary differences amounting to Rs. 48,197,264 (June 30, 2013: net deferred tax asset Rs. 8,207,983) has arised. Deferred tax liability is restricted to Rs. 66,918,504 (June 30, 2013: Rs. 76,029,238) and deferred tax liability relating to timing differences of components of surplus on revaluation of property, plant and equipment have not been reversed through profit and loss account.

19 TRADE AND OTHER PAYABLES	Note	2014	2013
		Rupees	
Creditors		20,161,476	29,017,767
Accrued liabilities		21,367,586	20,443,014
Advance from customers		3,786,269	2,676,152
Workers profit participation fund	19.1	495,470	8,012,724
Workers welfare fund payable		2,985,120	2,985,120
Withholding tax payable		1,706,247	879,960
Dividend payable		111,748	111,748
		50,613,916	64,126,485

19.1 Workers profit participation fund

Balance as at 01 July		2,746,897	2,746,897
Interest on funds utilized in the company's business	19.1.1	495,470	157,145
		3,242,367	2,904,042
Allocation for the year		-	7,855,579
		3,242,367	10,759,621
Payments made during the year		(2,746,897)	(2,746,897)
		495,470	8,012,724

19.1.1 Interest on workers' profit participation fund has been provided at the rate of 12.58 % (June 30, 2013 : 11.88%)

20 ACCRUED INTEREST / MARK UP	2014	2013
	Rupees	
Accrued interest / mark up on :		
Term finance from banking company	274,617	-
Short term borrowings		
From banking companies	5,164,299	3,481,055
From related parties - directors	-	4,505,724
	5,438,916	7,986,779

21 SHORT TERM BORROWINGS			
Secured - from banking companies	21.1		
Cash finance		45,000,000	86,000,000
Running finance		131,233,800	137,401,938
Book Overdraft	21.2	367,911	-
Unsecured - from related parties	21.3		
From Directors under markup arrangement		-	40,689,000
From Directors without mark up arrangements		157,835,000	-
		334,436,711	264,090,938

21.1 These finances are available from banking companies under mark up arrangements against aggregate sanctioned limit of Rs.1,100 million (June 30, 2013 : 850 million). These facilities are secured against registered hypothecation charge over stocks, book debts and current assets, pledge of stock of raw cotton and cotton yarn through bank's approved mucadum with 10% margin on cotton and 20% margin on cotton yarn, accepted documents against inland LC's and DP/DA, export bills, pari passu charge over all present and future current assets of the company, ranking charge on current assets of the company, pari passu charge over all present and future fixed assets of the company including land building and machinery located at 11 KM, manga Raiwind road and personal guarantees of the directors. These carries markup ranging from 11.06 to 12.17 (June 30, 2012 : 11.36 to 14.00) percent per annum payable quarterly. These facilities will expire on various dates by December 31, 2014.

21.2 This represents cheques issued by the Company in excess of balance at banks which remained unpresented till June 30, 2014.

21.3 These are unsecured loans extended by the directors for short term working capital needs of the company and carries markup NIL (June 30, 2013: 11.36 to 14.00) percent per annum payable quarterly.

22 CONTINGENCIES AND COMMITMENTS	Note	2014	2013
		Rupees	
Contingencies			
Bills discounted with recourse		80,336,263	363,997,421
Bank guarantee issued in the ordinary course of business		14,363,510	14,363,510
Commitments			
Letter of credit for capital expenditures		88,371,435	159,169,688
Letter of credit for stores and spares parts		2,776,468	1,394,414

23 SALES - NET	Note	2014	2013
		Rupees	
Export			
Yarn	23.1	799,103,063	1,154,941,195
Local			
Yarn		1,453,013,620	1,111,126,779
Yarn- trading		10,416,135	7,092,000
Fabrics- trading		102,708,310	6,992,497
Cotton		-	4,191,158
Waste		68,539,441	45,105,660
Export rebate		-	165,270
		2,433,780,569	2,329,614,559
Less: Sales tax		(26,816,186)	(6,766,271)
		2,406,964,383	2,322,848,288

23.1 It includes net exchange gain amounting to Rs.6,402,057 (June 30, 2013 : net exchange loss Rs. 1,235,590).

24 COST OF SALES	Note	2014	2013
		Rupees	
Cost of sales of manufacturing activities	24.1.1	2,217,345,651	2,015,963,825
Cost of sales of trading activities		106,255,220	13,763,733
Cost of sales - manfacturing & trading yarn/fabrics		2,323,600,871	2,029,727,558

24.1 Cost of sales of manufacturing activities

	Note	2014	2013
Cost of goods manufactured	24.1.1	2,252,759,760	2,010,587,684
Finished goods			
Opening		6,139,232	11,515,373
Finished goods purchased during the year		0	-
Closing		(41,553,341)	(6,139,232)
		(35,414,109)	5,376,141
		2,217,345,651	2,015,963,825

24.1.1 Cost of goods manufactured

	Note	2014	2013
Raw materials consumed	24.1.2	1,738,765,763	1,563,193,287
Cost of raw material sold		-	4,276,405
Fuel and power		236,399,678	196,864,194
Stores and spares consumed		43,269,410	41,777,063
Salaries, wages and other benefits		120,512,848	112,044,209
Staff retirement benefits - gratuity		6,795,746	6,055,586
Packing material consumed		34,125,233	33,301,332
Depreciation	5.2	56,473,110	42,921,148
Other expenses	24.3	15,347,773	14,468,757
		2,251,689,561	2,014,901,981
Work in process			
Opening		12,175,613	7,861,316
Closing		(11,105,414)	(12,175,613)
		1,070,199	(4,314,297)
		2,252,759,760	2,010,587,684

24.1.2 Raw material consumed

	Note	2014	2013
		Rupees	
Opening stock		167,063,508	140,077,698
Purchases - net		1,681,105,842	1,594,455,502
		1,848,169,350	1,734,533,200
Less: Closing stock		109,403,587	167,063,508
Less: Cost of raw material sold		-	4,276,405
		1,738,765,763	1,563,193,287

24.1.3 It includes sales tax expense amounting to Rs. NIL (June 30, 2013: Rs.1,111,916) paid under sales tax amnesty scheme.

24.2 Cost of sales of trading activities	Yarn	Fabric	2014	2013
	Rupees		Rupees	
Opening balance	1,680,000	-	1,680,000	-
Purchases during the year	13,726,607	100,673,170	114,399,777	15,443,733
Closing balance	(874,901)	(8,949,656)	(9,824,557)	(1,680,000)
	14,531,706	91,723,514	106,255,220	13,763,733

25 OTHER OPERATING INCOME

	Note	2014	2013
		Rupees	
From financial assets			
Bad debts recovered		-	273,200
From other than financial assets			
Mark up waived off on STL from directors	25.1	4,505,724	-
Gain on sale of property, plant and equipment		992,228	712,958
		5,497,952	986,158

25.1 It represent mark up payable for the quarter ending June 30, 2013 to directors against loan obtained under markup arrangements from directors refer note # 9.

26 DISTRIBUTION COST

	Note	2014	2013
Commission on local sales		5,624,022	4,551,141
Commission on export sales		11,971,569	17,592,732
Local freight		1,466,091	372,060
Inland freight on export sales		4,683,440	7,903,329
Ocean freight		9,934,949	12,502,404
Export development surcharge		2,139,463	2,647,493
Clearing and forwarding		1,893,998	2,930,694
Bank charges		3,469,018	2,818,893
Other export expenses		2,872,139	4,137,010
		44,054,689	55,455,756

27 ADMINISTRATIVE EXPENSES

	Note	2014	2013
Salaries and other benefits		8,780,078	4,129,391
Staff retirement benefits - gratuity		739,535	408,691
Fees, subscription and taxes		1,569,246	1,339,068
Legal and professional		211,680	86,490
Repairs and maintenance		177,440	348,000
Traveling and conveyance		794,537	538,704
Vehicle running expenses		971,747	1,196,560
Entertainment		130,464	85,637
Insurance		543,107	325,545
Auditors' remuneration	27.1	665,000	640,000
Advertisement		112,615	50,525
Postage, telephones and telegrams		836,389	625,446
Printing and stationary		268,221	1,134,643
Depreciation	5.2	4,615,980	3,296,453
		20,416,039	14,205,153

27.1 Auditors' remuneration

	Note	2014	2013
Statutory audit fee		585,000	550,000
Review of code of corporate governance		25,000	25,000
Half yearly and other reviews		55,000	50,000
Certification		-	15,000
		665,000	640,000

		Note	2014	2013
28	OTHER OPERATING EXPENSES		---Rupees---	
	Loss on sale of property, plant and equipment		-	3,851,669
	Provision for doubtful debts		1,290,790	4,468,248
	Loss by fire raw cotton		2,532,002	-
	Workers welfare fund		-	2,985,120
	Workers profit participation fund		-	7,855,579
			3,822,792	19,160,616
29	FINANCE COST			
	Markup on long term borrowings			
	Banking companies		274,617	-
	Markup on short term borrowings			
	Banking companies		45,732,154	37,579,587
	Directors	29.1	-	20,291,077
	Markup on worker profit participation fund		495,470	157,145
	Bank charges and commission		2,060,499	618,098
			48,562,740	58,645,907

29.1 It represents markup charge on loan from directors to finance the procurement of cotton. These carries markup ranging from NIL (June 30, 2013: 11.36 to 14.00) percent per annum payable quarterly.

		Note	2014	2013
30	TAXATION		---Rupees---	
	Current tax			
	Current year		20,814,872	10,846,016
	Prior Year	30.2	(9,320,329)	-
	Deferred Tax			
	Current Year		(6,678,164)	-
			4,816,379	10,846,016

30.1 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 provisions of Income Tax Ordinance, 2001. 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 total income of the company is liable to tax under normal tax law.

30.2 This represents the differnece of tax liability for the year ended June 30, 2013 as per income tax return filed and provided in financial statements due to tax credits availed in tax return filed but the same is not taken in provision for taxation.

			2014	2013
31	EARNINGS PER SHARE - basic and dilutive		---Rupees---	
				Restated
	(Loss) / profit for the year	Rupees	(32,811,175)	135,793,440
	Weighted average number of ordinary shares	Numbers	26,640,000	26,640,000
	(Loss) / earnings per share - basic	Rupees	(1.23)	5.10

31.1 There is no dilutive effect on basic earning per share.

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The chief executive and directors have waived off their remunerations and meeting fees for the year.

	DIRECTROS 2014	DIRECTROS 2013	EXECUTIVES 2014	EXECUTIVES 2013
	---Rupees---			
Remuneration	2,700,010	-	3,300,000	-
Leave encashment	-	-	105,863	-
Vehicle maintenance expenses	1,438,254	2,025,286	76,630	-
Entertaiment expenses	104,499	258,896	-	-
Number of persons	2	2	2	-

32.1 In addition to above directors and executives are provided with free use of company maintained cars in accordance with Company's policy. During last year no person fell under the definition of executive.

33 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

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

33.1 Credit risk
33.2 Liquidity risk
33.3 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.

33.1 Credit risk

33.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty 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. 170.178 million (June 30, 2013 : Rs. 182.616 million), financial assets which are subject to credit risk aggregate to Rs. 157.617 million (June 30, 2013 : Rs. 173.965 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:

	2014	2013
	Rupees	
Long term deposits	5,714,699	5,714,699
Trade debts	148,189,914	159,665,078
Loans and advances	3,445,713	3,648,669
Trade deposits and short term prepayments	267,000	4,937,009
Cash and bank balances	12,561,160	8,650,844
	170,178,486	182,616,299

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

	2014	2013
	Rupees	
Domestic	134,726,695	84,361,649
Export	13,463,219	75,303,429
	148,189,914	159,665,078

The export debtors of the company are situated in China.

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

	2014	2013
	Rupees	
Yarn	148,189,914	159,665,078
	148,189,914	159,665,078

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

	2014	2013
	Rupees	
Not past due	123,835,870	110,663,790
Past due 1-30 days	17,539,470	11,914,256
Past due 31-1 year	6,814,574	41,488,767
Past due more than 1 year	6,454,448	761,923
Provision for doubtful debts	(6,454,448)	(5,163,658)
	148,189,914	159,665,078

33.2 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					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	270,602,100	375,145,140	32,970,840	30,884,280	141,487,920	169,802,100
Trade and other payables	45,121,400	45,121,400	45,121,400	-	-	-
Accrued mark up / interest	5,438,916	5,438,916	5,438,916	-	-	-
Short term borrowings	334,436,711	358,649,929	358,649,929	-	-	-
	655,599,127	784,355,385	442,181,085	30,884,280	141,487,920	169,802,100

	2013					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative						
Financial liabilities						
Long term financing	129,802,100	129,802,100	-	-	-	129,802,100
Trade and other payables	60,570,373	60,570,373	60,570,373	-	-	-
Accrued mark up / interest	7,986,779	7,986,779	7,986,779	-	-	-
Short term borrowings	264,090,938	217,831,407	217,831,407	-	-	-
	462,450,190	416,190,659	286,388,559	-	-	129,802,100

33.2.1 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.

33.3 Market risk

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.

33.3.1 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 and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro. The company's exposure to foreign currency risk is as follows.

	US Dollar	Rupees
Trade debts 2014	138,397	13,463,219
Trade debts 2013	773,771	75,303,429

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2014	2013	2014	2013
US Dollar to Rupee	103.09	94.87	97.28	97.32

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	2013
	Rupees	
US Dollar	(673,161)	(3,765,134)

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

33.3.2 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 long term financing and short term borrowings. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2014	2013
	Rupees	
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	176,233,800	223,401,938

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		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2014	600,180	(600,180)	-	-
Cash flow sensitivity - variable rate instruments 2013	2,685,156	(2,685,156)	-	-

33.4 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.

	2014	2013
33.5 Off balance sheet items	----------Rupees----------	
Contingencies		
Bills discounted with recourse	80,336,263	363,997,421
Bank guarantee issued in the ordinary course of business	14,363,510	14,363,510
Commitments		
Letter of credit for capital expenditures	88,371,435	159,169,688
Letter of credit for stores and spares parts	2,776,468	1,394,414

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

34 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 borrowings divided by total capital employed. Borrowings represent long term financing, long term loan from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

	2014	2013
	----------Rupees----------	
Borrowings	638,638,811	393,893,038
Total equity	363,398,771	383,107,530
Total capital employed	1,002,037,582	777,000,568
Gearing ratio	63.73%	50.69%

35 PLANT CAPACITY AND PRODUCTION

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, raw material used, spindle speed and twist. It would also vary according to the pattern of production adopted in a particular year.

	2014	2013
Total number of spindles installed	19,344	19,344
Total number of spindles worked	18,398	17,795
Number of shifts per day	3	3
Rated capacity converted at 20/1 count (Kgs.)	7,152,772	6,826,669
Actual production converted at 20/1 count (Kgs.)	6,802,802	6,279,997

35.1 It is difficult to precisely describe production capacity and the resultant production in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed, twist etc.

35.2 The difference between installed capacity and actual production is in normal course of business.

36 TRANSACTIONS WITH RELATED PARTIES

The company has related party relationship with its associated undertakings, its directors and key management personnel. Transactions with related parties essentially entail sale and purchase of goods and / or services from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel. There are no transactions with key management personnel other than under the terms of employment.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements. Long term financing from related parties, short term borrowings from related parties and remuneration of chief executive, directors and executives are disclosed in the relevant notes to the financial statements.

Details of transactions with related parties are as follows:

Nature of relationship	Nature of transaction / balances	2014	2013
		----Rupees----	
Directors	Short term loans from directors received on mark up arrangement	-	206,689,000
	Long term loans from director received - mark up free	40,000,000	-
	Short term loans from directors received net of payments- interest free	117,146,000	-
	Mark up cost of short term loans from directors	-	20,291,077
	Closing balance of long term financing from directors- unsecured interest free	104,802,100	64,802,100
	Closing balance of short term loans from directors on mark up arrangement	-	40,689,000
	Closing balance of short term loans from directors - interest free	157,835,000	-
	Mark up on STL waived off by directors	4,505,724	
	Closing balance of Mark up payable of short term loans from directors	-	4,526,993
Associated undertaking	Closing Balance of long term financing from associate undertaking- unsecured interest free	65,000,000	65,000,000

37 NUMBER OF EMPLOYEES

	2014	2013
Total number of employees as at the year end	527	651
Average number of employees during the year	570	654

38 CORRESPONDING FIGURES

Figures have been rearranged / reclassified whenever necessary for the purpose of comparison. However, no major reclassification / rearrangement was made in these financial statements.

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **October 9, 2014** by the board of directors of the company.

40 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE **DIRECTOR**

The Companies Ordinance, 1984
(Section 236(1) and 464)

Pattern of Shareholding as at June 30, 2013

01.Incorporation Number **L-03969**

02.Name of Company **GLAMOUR TEXTILE MILLS LTD.**

03.Pattern of Shareholding as at **30-06-2014**

04.

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM		SHAREHOLDING TO	TOTAL SHARES HELD
27	1	-	100	989
246	101	-	500	118,891
11	501	-	1,000	10,800
24	1,001	-	5,000	55,820
1	5,001	-	10,000	10,000
1	25,001	-	30,000	30,000
1	30,001	-	35,000	35,000
1	45,001	-	50,000	50,000
1	60,001	-	65,000	63,500
3	395,001	-	400,000	1,200,000
1	1,825,001	-	1,830,000	1,828,500
1	2,050,001	-	2,055,000	2,050,300
2	7,050,001	-	7,055,000	14,100,400
1	7,085,001	-	7,090,000	7,085,800
321				26,640,000

5.	Categories of shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children	26,363,500	98.9621
5.2	Associated Companies, undertakings and related parties	0	0.0000
5.3	NIT and ICP	0	0.0000
5.4	Banks Development Financial Institutions, Non banking Financial Institutions	0	0.0000
5.5	Insurance Companies	0	0.0000
5.6	Modarabas and Mutal Funds	0	0.0000
5.7	Share holders holding 10%	23,078,200	86.6299
5.8	General Public		
	a. Local	273,000	1.0267
	b. Foreign	0	0.000
5.9	Others (to be specified)		
	Joint Stock Companies	3,000	0.0113

6.	Signature of Company Secretary	
7.	Name of Signature	Ishfaq Saeed
8.	Designation	Company Secretary
9.	NIC Number	
10.	Date	30 06 2014

Categories of Shareholders as required under C.C.G. as on June 30, 2014

S. No.	Name	Shares Held	%
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
1.	Directors, CEO, Their Spouses & Minor Children (name wise detail)		
1.	Mr. Asad Elahi	7,968,580	29.9121
2.	Mr. Azher Elahi	8,059,550	30.2536
3.	Mr. Ather Jawed Elahi	7,050,070	26.4642
4.	Mr. Mansoor Elahi	2,050,300	7.6963
5.	Mrs. Naureen Asad	400,000	1.5015
6.	Mrs. Shafqat Azher	400,000	1.5015
7.	Mrs. Mehnaz Ather Elahi	400,000	1.5015
8.	Mr. Fahad Elahi	35,000	0.1314
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companiesm, Takaful, Modarabas and Pension Funds:		-	-
Shareholders holding 5% or more of voting intrest in the listed company (name wise detail)			
1.	Mr. Asad Elahi	7,968,580	29.9121
2.	Mr. Azher Elahi	8,059,550	30.2536
3.	Mr. Ather Jawed Elahi	7,050,070	26.4642
4.	Mr. Mansoor Elahi	2,050,300	7.6963

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed: NIL

PROXY FORM

The Corporate Secretary
GLAMOUR TEXTILE MILLS LTD.
11. kms Manga Raiwind Road
District Kasur

I/We ____

of ______________________ being a member(s) of **GLAMOUR TEXTILE MILLS LTD.**

and holder of ______________________________ Ordinary Share as per Share

Register Folio No. __________ and CDC Paticipant I.D. No. __________ and Sub Account No. __________

hereby appoint Mr./Mrs./Miss ______________________________________

or failing him Mr./Mrs./Miss ______________________________________

of ____
as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held at its Registered Office 11. kms Manga Raiwind Road District Kasur. on Friday the October 31, 2014 at 11 a.m. and at every adjournment thereof.

Signed this ______________________ day of October 2014

1. Witness:
   Signature ______________________
   Name ______________________
   Address ______________________

Affix Revenue stamp Rs. 5/-

2. Witness:
   Signature
   Name ______________________
   Address ______________________

Signature ______________________

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

NOTES:

1. Proxies, in order to tbe effective must be received by the Company not les than 48 hours before the meeting. No person shall act as proxy unless he himself is a member of the Company accept that a corporation may appoint a person who is not a member.

2. CDC shareholders and their proxies are requested to attach an attested photocopy of their National Identity Card or Passport with the proxy form before submission to the Company