



Qtm

INTERNATIONAL
MOTOR VEHICLE
SHOW



AL-QADIR

Renault 5
6-hp. Chevrolet



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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VISION

Al-Qadir Textile Mills Limited is the largest exporter of cotton yarn in Rawalpindi Division, delivering quality products through innovative technology and effective resource management, maintaining high ethical and professional standards.

Pursuing its objectives, Al-Qadir Textile Mills Limited has over the years, preserved to attain the present enviable position, with its products competing at home and abroad.

We work to achieve commitments, integrity, fairness and teamwork into every aspect of our business dealings.

MISSION

Our mission is to keep ahead of our competitors. We can not be complacent about our achievements. Everyone from top management to workers is driven by this mission and engaged in applying resources to continual product improvement.

Given its vision and its focused strategy, Al-Qadir Textile Mills Limited, can look forward to as bright a future as its past.

Better utilization of man-power, continuous improvement in quality, customer's satisfaction is our mission.

COMPANY INFORMATION

BOARD OF DIRECTORS:

CHAIRMAN AND CHIEF EXECUTIVE

MR. GHULAM ALI RAJA

DIRECTORS

MR. MOHAMMED BASHIR RAJA
MR. ASIF ALI RAJA
MR. ADIL BASHIR RAJA
MST. TASNEEM AKHTAR
MST. YASMEEN BEGUM
MST. ASBAH RUBINA

AUDIT COMMITTEE: CHAIRMAN

MR. ASIF ALI RAJA

MEMBERS

MR. MOHAMMED BASHIR RAJA
MR. ADIL BASHIR RAJA

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

MR. ZAHEER AHMED AKMAL

AUDITORS

NASIR JAVAID MAQSOOD IMRAN
CHARTERED ACCOUNTANTS,
LAHORE.

BANKERS:

BANK AL-FALAH LIMITED

REGISTERED OFFICE

RAJA HOUSE, NEAR MAKKI MASJID,
CHAKWAL, PAKISTAN
TEL: 0543-540833 FAX: 0543-540834
URL: www.aqtextile.com
E-MAIL: info@aqtextile.com

HEAD OFFICE & MILLS

6-K.M. JHELM ROAD, CHAKWAL

SHARE REGISTRARS

M/S YOUR SECRETARY (PVT) LTD
1020, 10TH FLOOR, UNI PLAZA,
I.I. CHUNDRIGAR ROAD,
KARACHI.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the Company will be held at Mills Office 6-K.M Jhelum Road, Chakwal on Friday i.e. October 31, 2014 at 10:30 A.M to transact the following business.

1. To confirm the Minutes of the 27th Annual General Meeting held on 31 October 2013.
2. To receive and adopt the Audited Accounts of the company for the year ended 30th June 2014 and the Directors and Auditor's Report thereon.
3. To approve and appoint the "External Auditors" for the year 2014-15 and to fix their remuneration. The retiring auditor M/s Nasir Javed Maqsood Imran, Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To consider any other business with the permission of the chair.

Chakwal
October 10, 2014

By order of the Board
Zaheer Ahmed Akmal
Company Secretary

NOTICES:

1. The share transfer books of the company will remain closed from 25th October to 31st October 2014 (both days inclusive). Transfer received in order at the Registrars of the Company i.e., M/s Your Secretary (Pvt.) Limited, 1020, Uni Plaza, I.I. Chundrigar Road, Karachi.
2. A member entitled to attend and vote all the general meetings, is entitled to appoint another member as proxy to attend and vote for his/her behalf. Complete proxy form must be received at Company's Registrar or the Registered Office of the Company, not less than 48 hours before the time of the meeting.
3. Any individual beneficial owner of CDC, entitled to vote at this meeting must bring his/her original Computerized National identity Card with him/her to prove his/her identity and in case of proxy, a copy of shareholders' attested Computerized National Identity Card must be attached with the proxy form.
4. Shareholders are requested to promptly notify the Company or the Registrars of the Company of any change in their address.

DIRECTOR'S REPORT TO THE MEMBERS

In the Name of Allah, Most Gracious, Most Merciful

The Directors are pleased to present before you the audited accounts for the year ended June 30, 2014.

Performance of Company

During the year under review the company has earned gross profit of Rs. 53.149 million as compared to gross profit of Rs. 151.739 and sustained loss before taxation of Rs. 63.835 million as compared to profit before taxation of Rs. 53.373 million for the corresponding last year. The main reasons for loss during the year under review were decline in cotton prices which drops from Rs. 7,500/- to Rs. 5,300/- and amputation of old plant and machinery. Besides that the company has also faces numerous challenges including power crises, deteriorating law and order situation and uncontrolled inflation and abnormal business conditions.

Future Outlook

For the last three or so years cotton market has been changing on daily basis, making it more risky for spinning sector to procure cotton during peak cotton season. Keeping in view current scenario it is very difficult to predict cotton market these days. The management of the company procure raw material prudently to avoid any unexpected loss.

Another important risk factor is energy crises. Six to ten hours discontinuation of power supply by WAPDA is major concern for the industry besides increase in power tariff on monthly basis under the grab of fuel price adjustment charges and revision of tariff. The directors of the company are making strenuous efforts to improve performance of the company through increased productivity, cost control and by devising optimal production strategies. The directors are confident to overcome challenges being faced, to convert weakness and threats into strengths and opportunities.

During the year under review the company has capitalized Rs. 110.666 million therefore the management has decided not to issue dividend for the year.

CORPORATE & FINANCIAL REPORTING FRAMEWORK:

We are pleased to report that your company has taken necessary steps to comply with the provisions of Code of Corporate Governance as amended in 2013 and incorporated in the listing regulations of the Stock Exchanges.

- The financial statements for the year ended June 30, 2014 present fairly it state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS) as applicable in Pakistan has been followed in preparation of financial statements; and departure, if any, has been adequately disclosed.
- The system of internal control is sound in design. The process of monitoring will continue and control strengthened where ever considered necessary;

- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations of Stock Exchange & Companies Ordinance 1984.
- Key operating and financial data of last six years is summarized.
- There are no outstanding statutory payments on accounts of taxes, duties, levies or charges except those reflected in the audited accounts.
- The company operated an un-funded and unapproved gratuity scheme. Provision is made annually to cover the obligations under the scheme. The latest actuarial valuation has been carried out as at June 30, 2014.
- During the year, six meetings of the Board of Directors were held and the attendance by each member is given at annexure.

Name of Directors	No. of Board Meeting Attended
Mr. Ghulam Ali Raja	6
Mr. Mohammed Bashir Raja	6
Mr. Asif Ali Raja	6
Mr. Adil Bashir Raja	6
Mst. Tasneem Akhtar	5
Mst. Yasmeen Begum	4
Mst. Asbah Rubina	5

(The Board granted leave of absence to the directors who could not attend the meetings due to their pre-occupation.)

- The pattern of shareholding as on June 30, 2014 and its disclosure as required in the Code of Corporate Governance is annexed with this report.

AUDITORS

The present auditors of the Company M/S Nasir Javaid Maqsood Imran, Chartered Accountants, Islamabad, retire and being eligible, offer themselves for re-appointment. The Audit Committee has recommended re-appointment of the same auditors.

ACKNOWLEDGEMENT

The directors of the company wish to place on record their appreciation for the efforts of the executives, officers, staff members and workers of the company in achieving the best possible results. They also thanks its shareholder, customers banks and financial institutions for their continued support extended by them in smooth running of company's operations and hope that their cooperation will be continued with the same spirit in the years to come.

AUDIT COMMITTEE

The Audit Committee of the Company is in place and comprises of the following members as required under the Code of Corporate Governance:

1.	Mr. Asif Ali Raja	Chairman
2.	Mr. Muhammad Bashir Raja	Member
3.	Mr. Adil Bashir Raja	Member

The condition of clause xxiv of the CCG in relation to independent director and non-executive directors will be applicable after next election of directors being held in October 2014.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Exchanges for purposes of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

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

1. The Company encourages representation of independent Non-Executive Directors and the Directors representing minority interests on the Board of the Company. At present board comprises of seven directors, including the CEO.

Category	Name
Independent Director	-
Executive Director	Muhammad Bashir Raja Asif Ali Raja Adil Bashir Raja
Non-Executive Director	Ghulam Ali Raja Tasneem Akhtar Yasmeen Begum Asba Rubina

The condition of clause i (b) of the Code of Corporate Governance in relation to independent Director will be applicable after next election of directors being held in October 2014.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as tax payers 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 defaulter by the stock exchange.
4. No casual vacancy occurred in the Board during the current year.
5. The company has prepared a "Statement of Ethics and Business Practices" which has been circulated to 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.
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 conditions of employment of the CEO have been taken by the Board.
8. The meeting of the Board was presided over by the Chairman / Director. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were appropriately circulated before the meetings. The minutes of the meeting were recorded and circulated. The Company Secretary and CFO attended the meetings of the Board of Directors.
9. Directors are well conversant with the listing regulations and legal requirements and as such are fully aware of their duties and responsibilities.



10. The appointment of Company Secretary, CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the CEO was approved by the Board.
11. The Director's Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters, required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee, comprising three members. The condition of clause xxiv of the CCG in relation to independent director and non-executive directors will be applicable after next election of directors being held in October 2014.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.
18. The Board has set up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company. They are involved in the internal audit function on full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating, under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's shares was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the Code have been complied with.

CHAKWAL
October 10, 2014

GHULAMALI RAJA
(Chairman)
N.I.C. No. 37201-8807770-7

FINANCIAL DATA AT A GLANCE

FROM 2009 -2014

Rs Million

	2009	2010	2011	2012	2013	2014
Sales Revenue	761,897	1,106,614	1,608,282	1,453,022	1,819,084	1,610,289
Marketing & Administrative Expenses	9,061	15,230	14,243	13,955	16,990	17,437
Profit/(Loss) before Tax	10,733	53,325	22,956	14,654	53,373	(63,835)
Profit/(Loss) after Tax	4,573	29,149	12,228	3,634	44,328	(70,819)
Capital expenditure	12,602	2,817	27,258	5,696	36,776	36,776
Shareholders' Equity	307,342	436,253	461,887	466,693	519,701	446,569
No. of Shares Outstanding	7,560	7,560	7,560	7,560	7,560	7,560
Break-up Value (Rs./Share)	40.65	57.71	61.10	61.73	68.74	59.07
Cash Dividend (%)	NIL	10	NIL	NIL	NIL	NIL
Dividend per Share (Rs.)	NIL	NIL	NIL	NIL	NIL	NIL
Bonus Share (%)	NIL	NIL	NIL	NIL	NIL	NIL
Production converted on 20/s KG	8,629	9,887	8,884	9,555	9,456	8,743

Key Performance Indicators

Return on Shareholders' Equity	1.49	6.68	2.65	0.78	8.53	(15.86)
Return on Total Assets	0.79	4.53	1.80	0.51	6.17	(8.60)
Earning per Share (Rs.)	0.60	3.86	1.62	0.48	5.86	(9.37)
Total Assets	578,608	643,260	680,796	714,935	718,967	823,371

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of **Al-Qadir Textile Mills Limited** ("the Company") for the year ended 30 June 2014, to comply with the Listing Regulations of the Karachi Stock Exchange and Lahore Stock Exchange, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirements 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 30 June 2014.

Islamabad
October 10, 2014

Nasir Javaid Maqsood Imran
Chartered Accountants
Mohammad Maqsood FCA

Auditor's Report to the Members

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

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

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

- a) In our opinion, proper books of 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 account and are further in accordance with accounting policies consistently applied except for the change as mentioned in note 3 to the 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, investment 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 the statement of the changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the loss, its cash flow 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).

October 10, 2014
Islamabad

Nasir Javaid Maqsood Imran
Chartered Accountants

**BALANCE SHEET****AS AT 30 JUNE 2014**

	Note	2014 Rupees	Restated 2013 Rupees	Restated 2012 Rupees
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized Share Capital 15,000,000 (2013: 15,000,000) Ordinary shares of - - Rupees 10/- each		150,000,000	150,000,000	150,000,000
Issued, subscribed and paid up share capital	4	75,600,000	75,600,000	75,600,000
Deposit for shares	5	15,922,750	15,922,750	15,922,750
Un appropriated profit		194,782,923	240,154,315	185,602,752
Total equity		286,305,673	331,677,065	277,125,502
Surplus on revaluation of fixed assets	6	160,263,378	188,023,986	189,567,591
NON-CURRENT LIABILITIES				
Deferred liabilities	7	80,267,523	74,399,128	86,348,715
CURRENT LIABILITIES				
Trade and other payables	8	78,275,679	93,630,456	83,386,324
Interest and mark-up accrued	9	3,409,110	4,030,162	2,802,455
Short term borrowings	10	209,514,934	2,548,027	60,702,940
Provision for taxation	11	5,335,027	24,657,721	15,001,510
		296,534,751	124,866,366	161,893,230
CONTINGENCIES AND COMMITMENTS	12	-	-	-
		823,371,325	718,966,544	714,935,037

The annexed notes 1 to 36 form an integral part of these financial statements.

October 10, 2014
Islamabad

CHIEF EXECUTIVE

	Note	2014 Rupees	Restated 2013 Rupees	Restated 2012 Rupees
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	13	516,903,488	468,903,282	463,233,344
Long term deposits	14	989,576	989,576	989,576
		517,893,064	469,892,858	464,222,920
CURRENT ASSETS				
Stores, spares and loose tools	15	11,527,463	20,168,085	19,374,901
Stock in trade	16	212,488,404	113,743,436	146,972,021
Trade debts - considered good	17	36,678,568	16,813,926	31,313,721
Advances	18	7,129,702	31,304,642	8,914,001
Tax refunds due from the government	19	25,130,984	32,201,045	23,399,588
Cash and bank balances	20	12,523,139	34,842,552	20,737,885
		305,478,261	249,073,686	250,712,117
		<u>823,371,325</u>	<u>718,966,544</u>	<u>714,935,037</u>

DIRECTOR



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	Restated 2013 Rupees
Sales	21	1,610,289,346	1,819,083,902
Cost of sales	22	1,557,140,259	1,667,344,496
Gross profit		53,149,087	151,739,406
Selling and distribution expenses	23	37,882,167	45,643,870
Administrative expenses	24	17,437,497	16,990,093
Other operating expenses	25	1,609,766	4,179,532
		56,929,429	66,813,495
(Loss)/Profit from operations		(3,780,342)	84,925,911
Other operating (loss)/ income	26	(19,772,191)	398,535
		(23,552,534)	85,324,446
Finance cost	27	40,282,987	31,951,118
(Loss)/ Profit before taxation		(63,835,520)	53,373,328
Taxation	28	6,983,834	9,040,932
(Loss)/ Profit after taxation		(70,819,354)	44,332,397
(Loss)/Earnings per share - basic and diluted	29	(9.37)	5.86

The annexed notes 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

	2014	Restated
	Rupees	2013
		Rupees
(Loss)/ Profit after taxation	(70,819,354)	44,332,397
Other comprehensive income :		
Item that will not be reclassified to profit or loss		
Gain/(Loss) on remeasurement of post employment benefit obligations	884,556	(115,643)
Impact of deferred tax	(172,062)	22,008
Other comprehensive income / (loss) for the year	712,494	(93,635)
Total comprehensive income for the year	<u>(70,106,860)</u>	<u>44,238,761</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE**DIRECTOR**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014.

Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	(63,835,520)	53,373,328
Adjustments for non-cash charges and other items:		
Depreciation	36,913,934	30,741,695
Worker's profit participation fund	-	2,876,970
Worker's welfare fund	553,141	629,376
Loss on disposal of fixed asset	20,006,803	64,585
Provision for gratuity	2,857,649	2,399,242
Interest on WPPF	421,625	23,187
Financial expenses	40,282,987	31,951,118
Cash flows before working capital changes	37,200,618	122,059,500
Working capital changes:		
(Increase)/decrease in current assets		
Stores, spares	8,640,622	(793,184)
Stock in trade	(98,744,968)	33,228,584
Trade debts	(19,864,642)	14,499,795
Advances	24,174,940	(22,390,641)
Increase/(decrease) in current liabilities		
Trade and other payables	(15,693,004)	6,901,479
	(101,487,053)	31,446,033
Cash generated from operations	(64,286,434)	153,505,533
Finance cost paid	(40,904,038)	(30,723,411)
WWF paid	-	(435,454)
Taxes paid	(16,855,365)	(10,075,669)
Payment of staff retirement gratuity	(2,728,800)	(3,535,200)
Net cash from operating activities	(124,774,637)	108,735,799
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(110,666,384)	(36,776,220)
Proceeds from disposal of property, plant and equipment	6,154,700	300,000
Net cash used in investing activities	(104,511,684)	(36,476,220)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	206,966,907	(58,154,913)
Net cash used in financing activities	206,966,907	(58,154,913)
Net increase in cash and cash equivalents	(22,319,413)	14,104,666
Cash and cash equivalents at the beginning of the year	34,842,552	20,737,886
Cash and cash equivalents at the end of the year	12,523,139	34,842,552

The annexed notes 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital	Deposit for Shares	Accumulated Profit / (Loss)	Total
.....Rupees.....				
Balance as at 30 June 2012 - as previously reported	75,600,000	15,922,750	185,499,618	277,022,368
Effect of changes in accounting policy with respect to accounting for recognition of actuarial gains/(losses) on defined benefit plan - net of tax	-	-	103,134	103,134
Balance as at 30 June 2012 - Restated	75,600,000	15,922,750	185,602,752	277,125,502
Total comprehensive income for the year				
- Profit for the year ended 30 June 2013			44,332,397	44,332,397
- Other comprehensive income for the year ended 30 June 2013			(93,635)	(93,635)
			44,238,761	44,238,761
Surplus realized on incremental depreciation net of deferred tax -	-	-	10,312,802	10,312,802
Balance as at 30 June 2013	75,600,000	15,922,750	240,154,315	331,677,065
Total comprehensive income for the year				
- Profit for the year ended 30 June 2014			(70,819,354)	(70,819,354)
- Other comprehensive income for the year ended 30 June 2014			712,494	712,494
			(70,106,860)	(70,106,860)
Surplus realized on incremental depreciation net of deferred tax			24,735,469	24,735,469
Balance as at 30 June 2014	75,600,000	15,922,750	194,782,923	216,198,813

The annexed notes 1 to 36 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

1 THE COMPANY AND ITS OPERATIONS

Al - Qadir Textile Mills Limited is a public company incorporated in Pakistan under the Companies Ordinance, 1984 and is quoted on Karachi and Lahore stock exchanges of Pakistan. Its registered office is situated at Raja house, near Makki Masjid, Chakwal, Pakistan. The company is engaged in the business of textile spinning.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board 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.

b) Accounting Convention

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

- Property, plant and equipment of which land, buildings and plant and machinery are carried at revaluation model in accordance with the requirements of IAS 16 "Property, Plant and Equipment" as disclosed in note 12.
- Defined benefit obligations which are stated at present value in accordance with the requirements of IAS 19 "Employee Benefits" as disclosed in note 6.

c) Standards, interpretations and amendments to approved accounting standards that became effective

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except stated below:

New / Revised Standards, Interpretations and Amendments

The company has adopted following revised standards, interpretations and amendments of IFRS which became effective for the current year:

IAS 1	Presentation of Financial Statements (Amendments)
IAS 19	Employee Benefits – (Amendments)

Improvements to Accounting Standards issued by IASB

- IAS 16 Property, Plant and Equipment – Clarification of Servicing Equipment
 IAS 32 Financial Instruments: Presentation – Tax effects of Distribution to Holders of Equity instruments
 IAS 34 Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any material effect on financial statements except for the adoption of IAS 19 “Employee Benefits (Revised).

d) Standards that became effective but not relevant to the company or do not have material effect

The following standards interpretations and improvements became effective for the current financial year but are not either relevant or do not have any material effect on the financial statements of the company except for IAS-19 Employee Benefits Revised which is adopted by the company during this year:

- IFRS 7 Financial Instruments: Disclosures (Amendments)
 IFRIC 20 Stripping costs in the production phase of a surface mine
 Annual improvements to IFRS (the 2009-2011 cycle)
 IFAS 3 Profit and loss Sharing on Deposits

e) Standards and interpretations issued but not yet effective for the current financial year

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

Description	Effective for period beginning on or after
Revision/ improvements/amendments to IFRS and Interpretations	
IFRS 7 – Financial Instruments: Disclosures (Amendment)	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11- Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of interests on other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 16 & 38 – Clarification of Acceptable Method of Description and Amortisation	January 01, 2016
IAS 16 & 41 – Agriculture Bearer Plants	January 01, 2016
IAS 19 – Employee Benefits (Amendment)	July 01, 2014
IAS 27 – Separate Financial Statement (Revised)	January 01, 2015
IAS 28 – Investments in Associates and Joint Ventures (Revised)	January 01, 2015
IAS 32 – Financial Instruments: Presentation (Amendment)	January 01, 2014
IAS 36 – Recoverable Amount for Non-Financial Assets (Amendment)	January 01, 2014
IAS 39 – Novation of Derivatives and continuation of Hedge Accounting (Amendment)	January 01, 2014

IFRIC 21 – Levies	January 01, 2014
Annual improvements to IFRS (the 2010-2012 cycle)	July 01, 2014
Annual improvements to IFRS (the 2011-2013 cycle)	July 01, 2014

Standards issued by IASB but not yet notified by SECP

IFRS 9 – Financial Instruments: Classification and measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contract with Customers	January 01, 2017

The Company expects that the adoption of the above standards and interpretation will not have material effect on the company's financial statements in the period of initial application.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

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 conditions existing at balance sheet date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.



Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 6 to the financial statements for valuation of present value of defined benefit obligations.

Future estimation of export sales

Deferred tax calculation has been based on estimate of future ratio of export and local sales.

Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of future events cannot be predicted with certainty. The company, based on the availability of latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events.

Provision for doubtful debts

The company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

2.2 Employee Benefits

Defined benefit plans

The company operates an unfunded gratuity for all of its permanent employees, who attain the minimum qualification period for entitlement to gratuity. Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried out on 30 June 2014 using the Projected Unit Credit Method.

All actuarial gains and losses are recognised in other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation income. The charge for current tax is calculated using prevailing tax rates or tax rate expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

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

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date or rates fixed under the Exchange Rate Absorption Scheme of State Bank of Pakistan or forward exchange rate booking, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated in Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit and loss account.

2.5 Property, Plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost / revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land and capital work in progress are stated at cost / revalued amount less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit 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 profit and loss account during the period in which they are incurred.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / revalued amount of the assets over their estimated useful lives at the rates given in Note 13. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized.

The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.6 Inventories

Inventories, except for stock in transit and waste stock / rags are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

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

Stock in trade

Cost of raw material, work in process and finished good is determined as follows:

- For Raw material at weighted average purchase cost

- For Work- in -process at weighted average cost of purchase, raw materials and applicable
and finished goods manufacturing expenses

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock/rags are valued at net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessarily to make a sale.

2.7 Borrowing cost

Interest, mark-up and other charges on long term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term finances. All other interest, mark up and other charges are recognized in profit and loss account.

2.8 Trade debts

Known bad debts are written off and provision is made against doubtful debts.

2.8 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

2.10 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.11 Revenue Recognition

Revenue from different sources is recognized as under:

- Sales revenue is recognized when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer.
- Interest income is accounted for on accrual basis
- Rebate on exports if any is accounted for on actual receipt basis.

2.12 Share Capital

Ordinary shares are classified as equity.

2.13 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.14 Impairment

The carrying amounts of the Company's asset are reviewed at each balance sheet to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.15 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is legal enforceable right to set off and the Company intends either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank on current, saving and deposit accounts and other short-term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.17 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The Company derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

i. Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost which approximates the fair value of the consideration to be paid in the future for goods and services received.

ii. Trade and other receivables

Trade and other receivables are recognized and carried at their amortized cost less allowance for any uncollectable amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

iii. Off-setting of financial assets and liabilities

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

2.18 Related party transaction

Transactions and contracts with the related parties are carried out at arm's length price determined in accordance with comparable uncontrolled price method.

2.19 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3 CHANGE IN ACCOUNTING POLICY

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and 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 asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term 'remeasurements' has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires 'remeasurements' to be recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (revised) - 'Employee Benefits', the Company's policy for Staff Retirement Benefits in respect of 'remeasurements' stands amended as follows:

- The amount arising as a result of remeasurements are recognised in the balance sheet immediately with a charge or credit to Other Comprehensive Income in the periods in which they occur.
- The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's financial statements are affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

	2013 Rupees	2012 Rupees
Impact on Balance Sheet		
Decrease in Retirement Benefit - Obligations	16,073	131,716
Increase in deferred tax liabilities	3,059	28,582
Increase in unappropriated profit	13,014	103,134
Impact on Statement of Changes in Equity		
Increase in unappropriated profit		
- Cumulative effect from prior years -		776,326
- Impact for the year ended	90,121	(673,192)
Impact on Profit & Loss		
Decrease in taxation	(3,515)	-
Impact on Other Comprehensive Income		
Items that will not be reclassified to Profit or Loss Account	(93,635)	-

The effect of change in accounting policy, due to adoption of IAS 19 (revised), on 'earnings per share' for the year ended June 30, 2013 is negligible. There is no cash flow impact as a result of the retrospective application of change in accounting policy, due to adoption of IAS 19 (revised).

4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2014	2013		2014	2013
No. of Shares			Rupees	Rupees
6,691,000	6,691,000	Ordinary shares of rupees 10 each issued for cash	66,910,000	66,910,000
869,000	869,000	Ordinary shares of rupees 10 each issued for consideration other than cash	8,690,000	8,690,000
7,560,000	7,560,000		75,600,000	75,600,000

5 DEPOSIT FOR SHARES

This represents amount received from Chief Executive Officer Mr. Ghulam Ali Raja in 1993.

	Notes	2014 Rupees	2013 Rupees
6 SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance		234,069,131	244,173,956
Assets revalued during the year		-	-
		234,069,131	244,173,956
Deferred tax relating to revalued amount		(49,070,284)	(46,045,145)
Revaluation surplus net of deferred tax		184,998,847	198,128,810
Surplus realized during the year (net of deferred tax)			
- Incremental depreciation		8,237,197	10,104,824
- Surplus realized on disposal of assets		16,498,272	-
		24,735,469	10,104,824
		160,263,378	188,023,986

The latest revaluation of property, plant and equipment was carried out on June 30, 2010 by independent valuers M/s Harvesters Services (Private) Limited using market based approach.

7 DEFERRED LIABILITIES
Restated

Gratuity	7.1	3,502,140	4,257,847
Deferred tax	7.2	76,765,383	70,141,281
		80,267,523	74,399,128

7.1 Gratuity - unfunded defined benefit plan
a) Liability recognized in the balance sheet:

Present value of defined benefit obligation	3,502,140	4,257,847
	3,502,140	4,257,847

	Notes	2014 Rupees	Restated 2013 Rupees
b) Movement in present value of defined benefit obligation:			
Present value of defined benefit obligation at the beginning of the year		4,257,847	5,278,162
Current service cost		2,619,332	2,177,247
Interest cost		238,317	221,995
Benefits paid		(2,728,800)	(3,535,200)
Actuarial losses/(gains) on present value of defined benefit obligation		(884,556)	115,643
		<u>3,502,140</u>	<u>4,257,847</u>
c) Movement in liability recognized in the balance sheet:			
Opening liability		4,257,847	5,278,162
Expense for the year		2,857,649	2,399,242
Cost charged to other comprehensive income		(884,556)	115,643
Benefits paid to employees		(2,728,800)	(3,535,200)
		<u>3,502,140</u>	<u>4,257,847</u>
d) Remeasurement recognised in Other Comprehensive Income:			
Actuarial (Gains)/Losses due to changes in demographic assumptions		(5,134)	-
Actuarial (Gains)/Losses due to experience assumptions		(879,422)	115,643
Amount chargeable to Other Comprehensive Income (OCI)		(884,556)	115,643
e) Amount recognized in the profit and loss account:			
Current service cost		2,619,332	2,177,247
Interest cost		238,317	221,995
		<u>2,857,649</u>	<u>2,399,242</u>
f) Expense is recognized in the following line items in the profit and loss account:			
Cost of sales		2,704,436	2,297,535
Administrative expenses		153,213	101,707
		<u>2,857,649</u>	<u>2,399,242</u>
g) Principal actuarial assumptions used in the actuarial valuation carried out as at year end are as			
		2014	2013
Discount rate		13.25% per annum	10% per annum
Expected rate of increase in salary		12.25% per annum	9% per annum
Average expected remaining working life of employees		<u>4 years</u>	<u>3 years</u>

h) Mortality, Withdrawal, Disability Retirement Rates

The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table. The previous actuarial valuation was based on EFU (61-66) Mortality Table.

i) General description of the type of plan

The gratuity scheme is provided as retirement benefits for all its permanent employees who attain the minimum qualifying period. Annual charge is made on the basis of actuarial valuation carried out by actuaries using the Projected Unit Credit Method.

j) Historical information

Years	2014	2013	2012	2011	2010	2009	2008	2007	2006
Present value of defined benefit obligation	1973	2,383	1,850	2,333	2,600	1,616	2,208	2,236	892
Experience adjustment on obligation	(879)	116	478	(683)	(134)	(52)	(187)	126	(192)

k) Best Estimate of Contributions to be paid after the Balance Sheet Date

The Company expects to contribute rupees 3.08 million towards the defined benefit gratuity plan in 2015.

l) Sensitivity Analysis as at June 30, 2014

Impact on defined benefit obligation		
Change in assumption	Increase in assumption	Decrease in assumption

		R U P E E S	
Discount rate at June 30, 2014	1%	1,794,121	2,187,528
Future salary increases	1%	2,187,528	1,791,148

	Notes	2014 Rupees	Restated 2013 Rupees
7.2 Deferred Tax Liability			
Differences in tax and accounting bases of assets		33,801,411	30,331,512
Surplus on revaluation of property, plant and equipment		43,645,203	40,620,064
		77,446,614	70,951,576
Deferred Tax Asset			
Provision for gratuity		(681,231)	(810,295)
		76,765,383	70,141,281

8	TRADE AND OTHER PAYABLES	Notes	2014 Rupees	2013 Rupees
	Trade Creditors		21,781,399	12,759,830
	Accrued and other payables		27,225,115	50,401,658
	Advance from customers		20,210,447	21,613,359
	Excise duty payable		1,798,632	1,798,632
	Withholding tax payable		1,041,193	1,176,312
	Workers' profit participation fund	8.1	4,139,654	3,718,030
	Workers' welfare fund		553,141	636,539
	Un claimed dividend		1,526,097	1,526,097
			<u>78,275,679</u>	<u>93,630,456</u>

8.1 Workers' profit participation fund

Opening balance	3,718,030	817,873
Allocation for the period	-	2,876,970
Paid during the year	-	-
	<u>3,718,030</u>	<u>3,694,843</u>
Interest on unpaid balance	421,625	23,187
	<u>4,139,654</u>	<u>3,718,030</u>

The company retains worker's profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers Participation Act, 1968) on funds utilized by the company till the date of allocation to workers.

Interest is calculated at 6 months KIBOR + 2.5% per annum.

9 INTEREST AND MARK-UP ACCRUED

On short term borrowing	<u>3,409,110</u>	<u>4,030,162</u>
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10 SHORT TERM BORROWINGS

Banks	10.1	206,966,907	-
Related parties	10.2	2,548,027	2,548,027
		<u>209,514,934</u>	<u>2,548,027</u>

10.1 The company has availed different credit limits, as per labeled below, however there is nothing outstanding at the year end.

Bank Alfalah-FAPC	156,966,907	-
Bank Alfalah-Cash Finance (Hypo)	50,000,000	-
	<u>206,966,907</u>	<u>-</u>

Other facilities obtained by the company:

Sr. No.	NATURE OF FACILITY	2014		2013		Expiry	Security
		LIMIT	MARK UP / COMMISSION	LIMIT	MARK UP / COMMISSION		
		Rupees (Million)		Rupees (Million)			
1	Current Finance (Pledge)	700.00	3 Months KIBOR + 2.25% p.a	500.00	3 Months KIBOR + 2.25% p.a	30-11-2014	Pledge of fresh crop raw cotton bales at 10% margin on KCA rates.
2	Current Finance (Hypo)	50.00	3 Months KIBOR + 2.25% p.a	-	-		-First Charge on current assets Rupees 244million. - Personal guarantees of directors
3	<u>Sub-limit of Current Finance Pledge:</u> FAPC Own Sources	600.00	3 Months KIBOR + 2.25% p.a/LIBOR +2% p.a	400.00	3 Months KIBOR + 2.25% p.a/LIBOR +2% p.a		Pledge of fresh crop raw cotton bales at 10% margin on KCA rates.
4	<u>Sub-limit of Current Finance Pledge:</u> FAFB Own Sources	600.00		400.00			Lien on original export LC. Acceptance of issuing Bank
5	<u>Sub-limit of Current Finance Pledge:</u> FIM	25.00	3 Months KIBOR + 2.25% p.a	(25.00)	3 Months KIBOR + 2.25% p.a		Pledge of imported cotton bales at CIF value (imported under LCs established through Bank Alfalah Limited). All Other charges (import duties, taxes etc.) towards landed cost at Godown would be borne by the customer in shape of margin
6	FBP-Clean Docs	200.00	Treasury rate/LIBOR+2%	200.00	Treasury rate		1st charge on company's entire current assets amounting to Rs. 172 Million. Duly registered with SECP, indemnity for discrepant documents.
7	FBP-Discrepant Docs	120.00	Treasury rate/LIBOR+2%	90.00	Treasury rate		1st charge on company's entire current assets amounting to Rs. 172 Million. Duly registered with SECP, indemnity for discrepant documents.
8	<u>Sub-limit of Current Finance Pledge:</u> FAFB-FE-25 Own Sources-Discrepant	120.00	3 Months KIBOR + 2.25% p.a/LIBOR +2% p.a,	90.00	3 Months KIBOR + 2.25% p.a/LIBOR +2% p.a,		Nil margin or as per SBP requirements on both cotton bales and spare parts, whichever is higher. Lien on import documents.
9	L/C Sight	50.00	0.20% for 1st qtr and 0.10% for Subqt. Qtrs and PAD as per CF-(Pledge) rare max for 6 days and penal rate thereafter	50.00	0.20% for 1st qtr and 0.10% for Subqt. Qtrs and PAD as per CF-P rare max for 6 days and penal rate thereafter		
Total		1,070					

10.2 This represents un-secured interest free loan obtained from one of the directors of the Company.

	Notes	2014 Rupees	2013 Rupees
11 PROVISION FOR TAXATION			
Opening balance		24,413,384	15,001,510
Adjustments during the year		(22,635,290)	(3,539,902)
Current year charge	28	3,556,933	13,196,113
Closing balance		<u>5,335,027</u>	<u>24,657,721</u>

Rupees in million

12 CONTINGENCIES AND COMMITMENTS

Contingencies

Bank Al-Falah FAFB/FDBC	192.44	271.33
Bank Al-Falah FAPC	2.40	-
Bank Al-Falah FBP Clean	111.43	-
Bank Al-Falah SLC/SLC-DTT	-	85.08
	<u>306.27</u>	<u>356.40</u>

- 12.1 During the current year the company expects that the additional tax liability as a result of demand for the assessment years 2010 and 2011 will be Rupees 1,040,300 and Rupees 1,000,000 respectively. However these anticipated tax liability of Rupees 2,040,300 which is amply covered out of refunds due for the tax years 2007 to 2009 amounting to approximately Rupees 8,000,000 as a result of cancellation of the orders by
- 12.2 The tax department also created demands for the assessment years 2011,2012 and 2013 u/s 122(1) / 221 of Income Tax Ordinance 2001 amounting to Rupees 12,408,370 , Rupees 11,308,461 and Rupees 11,940,865 respectively. However all of these have been set aside on the issue of incorrect apportionment of income between FTR and normal income and appeal before ATIR is pending. The company expects that these cases will be decided in the favour of company and do not anticipates any tax liability.

	Notes	2014 Rupees	2013 Rupees
13 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	516,494,228	468,903,282
Capital work-in-progress		409,260	-
		<u>516,903,488</u>	<u>468,903,282</u>

13.1 Operating fixed assets:

	COST/REVALUATION							Total
	Free hold Land	Building	Plant and Machinery	Office equipment	Furniture & fixture	Telephone installations	Vehicles	
	R U P E E S							
At July 01, 2012								
Cost	22,883,750	130,447,980	368,574,399	1,227,380	1,786,529	429,519	17,152,830	534,502,987
Accumulated depreciation	-	(12,735,654)	(46,901,123)	(863,298)	(1,396,786)	(383,314)	(8,988,868)	(71,269,043)
Net book amount	22,883,750	117,712,326	313,673,276	364,082	389,743	46,205	8,163,962	463,233,344
Year ended June 2013								
Opening net book amount	22,883,750	117,712,326	313,673,276	364,082	389,743	46,205	8,163,962	463,233,344
Additions	-	-	36,458,720	250,000	67,500	-	-	38,776,220
Disposals	-	-	(1,640,040)	-	-	-	-	(1,640,040)
Depreciation charge	-	(5,885,616)	(23,136,155)	(41,329)	(41,184)	(4,620)	(1,632,192)	(30,741,697)
Adjustment	-	-	1,275,466	-	-	-	-	1,275,466
Closing net book amount	22,883,750	111,826,710	326,831,256	572,753	416,059	41,584	6,531,170	468,903,282
At July 01, 2013								
Cost	22,883,750	130,447,980	365,393,079	1,477,380	1,854,029	429,519	17,152,830	569,638,567
Accumulated depreciation	-	(18,621,270)	(68,761,823)	(904,627)	(1,437,970)	(387,935)	(10,621,690)	(100,735,285)
Net book amount	22,883,750	111,826,710	326,831,256	572,753	416,059	41,584	6,531,170	468,903,282
Year ended June 2014								
Opening net book amount	22,883,750	111,826,710	326,831,256	572,753	416,059	41,584	6,531,170	468,903,282
Additions	-	-	106,010,864	-	581,500	-	4,074,000	110,666,364
Disposals	-	-	(31,000,000)	-	-	-	-	(31,000,000)
Depreciation charge	-	(5,591,335)	(29,384,657)	(57,275)	(80,580)	(4,158)	(1,795,928)	(36,913,934)
Adjustment	-	-	4,838,487	-	-	-	-	4,838,487
Closing net book amount	22,883,750	106,235,374	377,095,980	515,478	916,979	37,426	8,809,242	515,494,228
At June 30, 2014								
Cost	22,883,750	130,447,980	470,403,853	1,477,380	2,435,529	429,519	21,226,830	649,304,851
Accumulated depreciation	-	(24,212,606)	(93,307,863)	(961,802)	(1,518,550)	(392,093)	(12,417,588)	(132,810,723)
Net book amount	22,883,750	106,235,374	377,095,980	515,478	916,979	37,426	8,809,242	515,494,228
Rate of depreciation in %	0	5	5-15	10	10	10	20	

13.2 Plant and machinery items costing Rs. 2,302,070/- are not in use since acquisition.

	2014 Rupees	2013 Rupees
13.3 Depreciation for the year has been allocated as under:		
Cost of goods sold	22 34,975,992	29,021,769
Administrative expenses	24 1,937,942	1,719,926
	36,913,934	30,741,695

13.4 Detail of assets disposed off during the year:

Qty.	Description	Cost/Revalued Amount	Accumulated depreciation	Net book value	Sale price	Mode of Disposal	Sold to
Rupees							
1	12 Cards	9,000,000	1,476,034	7,523,966	1,200,000	Negotiation	United Waste & Yarn Factory
2	12 Cards	9,000,000	1,365,061	7,634,939	3,600,000	Negotiation	Global Spinning Mills (Pvt.) Ltd.
3	Scouter	2,600,000	394,962	2,205,038	250,000	Negotiation	Ellahi Cotton Mills Limited
4	Scouter	2,600,000	397,404	2,202,596	250,000	Negotiation	Ashiana Cotton Mills Limited
5	3 Scouter	7,800,000	1,205,036	6,594,964	854,700	Negotiation	Swabi Textile Mills Limited

- 13.5** Freehold land, building on freehold land and plant and machinery are stated at valuation. Had there been no revaluation, related figures of these assets as at 30 June 2014 would have been as follows:

	Cost	Accumulated Depreciation	Written Down Value
	Rupees		
Freehold land	3,879,645	-	3,879,645
Building on freehold land	55,051,956	41,531,657	13,520,299
Plant and machinery	621,995,767	335,222,246	286,773,522
2014	680,927,368	376,753,902	304,173,466
2013	574,215,142	381,991,354	192,223,788
	Notes	2014	2013
		Rupees	Rupees
14 LONG TERM DEPOSITS			
Security deposits		444,599	444,599
Excise duty		544,977	544,977
		<u>989,576</u>	<u>989,576</u>
15 STORES, SPARES AND LOOSE TOOLS			
Stores		11,345,845	19,995,556
Spares and loose tools		181,618	172,529
		<u>11,527,463</u>	<u>20,168,085</u>
16 STOCK-IN-TRADE			
Raw material		182,198,964	87,747,374
Work-in-process		11,628,798	10,566,230
Finished goods		17,893,665	14,575,976
Waste		766,977	853,856
		<u>212,488,404</u>	<u>113,743,436</u>
17 TRADE DEBTS			
Secured against letter of credit		32,580,949	15,895,749
Unsecured - considered good		4,097,619	918,177
		<u>36,678,568</u>	<u>16,813,926</u>
18 ADVANCES			
Advances considered good - unsecured			
- To suppliers		6,033,073	9,221,973
- To employees		1,096,629	927,595
Letter of credit	18.1	-	21,155,074
		<u>7,129,702</u>	<u>31,304,642</u>
18.1 The said amount is given as guarantee to Federal Board of Revenue in context to the letter of credit, to be recovered therefrom in case of default by the Company, the rate of guarantee withholding is 5 % and 16 % of the gross amount of two of the letters of credit utilized upto June 30, 2013, i.e. Rs. 20,20,420 and Rs.			
19 TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax refundable		17,267,938	17,538,089
Advance income tax		7,863,047	14,662,956
		<u>25,130,984</u>	<u>32,201,045</u>

	Notes	2014 Rupees	2013 Rupees
20 CASH AND BANK BALANCES			
Cash in hand		246,635	105,530
Cash at banks:			
on current accounts		9,595,951	23,663,993
on deposit accounts including US\$ 16,498/- (2013: US\$ 20.1)		2,680,553	11,073,030
		12,276,504	34,737,022
		12,523,139	34,842,552
20.1	Rate of profit on bank deposit is 7% per annum (2013: 5 %) per annum.		
21 SALES			
Local:			
Yarn		909,772,520	981,947,358
Waste		11,494,885	13,092,984
		921,267,405	995,040,342
Export of yarn		708,111,790	829,988,793
Sales tax			
Yarn		(17,838,670)	(5,855,640)
Waste		(1,251,179)	(89,593)
		(19,089,849)	(5,945,233)
		1,610,289,346	1,819,083,902
22 COST OF SALES			
Raw material consumed	22.1	1,162,988,894	1,254,583,503
Salaries, wages and benefits	22.2	92,803,522	110,168,201
Packing material		22,770,300	24,987,539
Fuel and power		210,730,009	214,674,773
Stores and spares consumed		4,424,992	5,907,896
Repairs and maintenance		28,758,566	28,198,074
Insurance		3,138,244	2,796,354
Cotton cess		392,050	1,189,400
Depreciation	13.3	34,975,992	29,021,769
Miscellaneous		451,069	1,103,023
		1,561,433,637	1,672,630,532
Work-in-process			
Opening stock		10,566,230	9,778,119
Closing stock		(11,628,798)	(10,566,230)
		(1,062,568)	(788,111)
Cost of goods manufactured		1,560,371,070	1,671,842,421
Finished goods			
Opening stock		15,429,832	10,931,907
Closing stock		(18,660,642)	(15,429,832)
		(3,230,810)	(4,497,925)
		1,557,140,259	1,667,344,496
		1,557,140,259	1,667,344,496

22.1	Raw material consumed	Notes	2014 Rupees	2013 Rupees
	Opening stock		87,747,374	126,261,995
	Purchases		1,257,440,484	1,216,068,882
			1,345,187,858	1,342,330,877
	Closing balance		(182,198,964)	(87,747,374)
			1,162,988,894	1,254,583,503
22.2	This includes employees' retirement benefits amounting to Rupees 2,743,343/- (2013: Rupees 2,297,535/-)			
23	SELLING AND DISTRIBUTION EXPENSES			
	Export expenses and freight		13,104,642	18,208,143
	Commission paid on local sales		522,020	939,208
	Commission paid on export sales		24,255,505	23,613,177
	Sales tax on local sales		-	2,883,342
			37,882,167	45,643,870
24	ADMINISTRATIVE EXPENSES			
		24.1	4,065,532	4,422,403
	Salaries, wages and benefits		4,396,256	3,120,854
	Directors' remuneration		227,164	180,918
	Insurance		2,037,684	1,694,830
	Vehicle running and maintenance		776,687	2,795,580
	Traveling and conveyance		174,480	202,978
	Entertainment		1,024,966	958,901
	Postage and telecommunication		319,037	229,685
	Printing and stationery		399,000	420,000
	Legal and professional charges		905,157	587,059
	Fees and subscription		62,756	113,700
	ISO system expenses		677,135	237,089
	Guest house expenses	13.3	1,937,942	1,719,926
	Depreciation		55,432	17,410
	News paper, books and priodicals		-	32,000
	Advetisement		378,268	256,760
	Miscellaneous expenses		17,437,497	16,990,093
24.1	This includes employees' retirement benefits amounting to Rupees 114,306/- (2013 : Rupees 101,707/-).			
25	OTHER OPERATING EXPENSES			
	Auditors' remuneration	25.1	625,000	600,000
	Donations	25.2	10,000	50,000
	Workers' profit participation fund		421,625	2,900,157
	Workers' welfare fund		553,141	629,376
			1,609,766	4,179,532
25.1	AUDITORS' REMUNERATION			
	Audit fee		600,000	575,000
	Out of pocket expenses		25,000	25,000
			625,000	600,000
25.2	None of the directors and their spouses have any interest in the donee's fund.			

26 OTHER OPERATING INCOME

Financial assets:

Profit on deposit accounts	227,257	411,272
Gain on exchange	7,355	51,849

Non-financial assets

(Loss) on disposal of fixed assets	(20,006,803)	(64,585)
	<u>(19,772,191)</u>	<u>398,535</u>

27 FINANCE COST

Markup on short term finance	31,124,450	21,732,659
Bank charges and commission	9,158,536	10,218,459
	<u>40,282,987</u>	<u>31,951,118</u>

28 TAXATION

Current year

Current	5,335,027	13,196,113
Prior	(1,778,094)	(1,994,360)
Deferred	3,556,933	11,201,753
- Current year	4,270,364	(2,160,821)
- Rate change	(843,463)	
	<u>6,983,834</u>	<u>9,040,932</u>

28.1 Provision for taxation has been made in accordance with sections 154 and 169 of the Income Tax Ordinance 2001. The assessments of the company have been finalized up to tax year 2013.

28.2 The applicable tax rate is 34% (2013: 35%) on the taxable income of the company.

29 EARNINGS PER SHARE - BASIC AND DILUTED

(Loss)/Profit after taxation	(70,819,354)	44,332,397
Number of ordinary share outstanding	7,560,000	7,560,000
(Loss)/Earnings per share	<u>(9.37)</u>	<u>5.86</u>

29.1 No figure for diluted earning per share has been presented as there is no dilutive effect on the basic earnings per share of the company.

30 REMUNERATION OF CHIEF EXECUTIVE & DIRECTORS

	2014		2013	
	Chief Executive	Director	Chief Executive	Director
	Rupees			
Remuneration	-	3,180,000	-	2,520,000
Utilities and other benefits	-	1,216,256	-	600,854
Total	-	4,396,256	-	3,120,854
Number	1	3	1	3

31 FINANCIAL RISK MANAGEMENT

31.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and foreign debtors. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2014	2013
Cash at banks - USD	16,498	16,477

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	100.84	97.2
Reporting date rate	99.2	98.8

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 81,828/- (2013: Rupees 80,058.89/-) and Rupees 81,828/- (2013: Rupees 81,356.71/-) higher / lower respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk as the company has not made any investment in equity instruments of other companies.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2014	2013
Floating rate instruments		
Financial assets		
Bank balances- deposit accounts	4,317,108	11,073,030
Financial liabilities		
Short term borrowings	206,966,907	

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 1,337,489 (30 June 2013: Rupees Nil) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities/deposits outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014	2013
	Rupees.....	
Long term deposits	989,576	989,576
Trade debts	36,678,568	16,813,926
Bank balances	12,276,504	34,737,022
	<u>49,944,648</u>	<u>52,540,524</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2014	2013
	Short Term	Long term	Agency	Rupees.....	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	27,962	773,383
Allied Bank Limited	A1+	AA+	PACRA	99,783	91,515
Bank Alfalah Limited	A1+	AA	PACRA	5,579,831	18,236,342
Habib Bank Limited	A-1+	AAA	JCR-VIS	177,833	8,682,915
MCB Bank Limited	A1+	AAA	PACRA	1,936,773	2,154,813
United Bank Limited	A-1+	AA+	JCR-VIS	10,716	2,038,716
Faysal Bank Limited	A-1+	AA	JCR-VIS	17,158	2,574,576
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	507,515	-
Meezan Bank Limited	A-1+	AA	JCR-VIS	3,733,969	-
Silk Bank Limited	A-2	A-	JCR-VIS	184,965	184,762
				<u>12,276,504</u>	<u>34,737,022</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in note 17 and hereunder:

The aging of trade debts at the reporting date was:

	2014		2013	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not yet due				
Past due 1-30 days	36,242,860		16,373,913	
Past due 31-90 days	185,187		60,125	
Past due 91-180 days	27,348		332,256	
Past due 181-360 days	71,988		5,409	
Over 360	151,185		42,223	
	<u>36,678,568</u>	<u>-</u>	<u>16,813,926</u>	<u>-</u>

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2014, the Company has available borrowing facilities from financial institutions as mentioned in note 10 and Rupees 12.5 million cash and bank balances. Also the Company has positive working capital position at the year end. So, management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2014:

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month
-----Rupees-----				
Trade and other payables	56,266,600	56,266,600	56,266,600	-
Accrued mark-up	3,409,110	3,409,110	3,409,110	-
Short term borrowings	209,514,934	209,514,934	-	209,514,934
	<u>269,190,645</u>	<u>269,190,645</u>	<u>59,675,710</u>	<u>209,514,934</u>

Contractual maturities of financial liabilities as at 30 June 2013:

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month
-----Rupees-----				
Trade and other payables	64,687,585	64,687,585	64,687,585	-
Accrued mark-up	4,030,162	4,030,162	4,030,162	-
Short term borrowings	2,548,027	2,548,027	-	2,548,027
	<u>71,265,774</u>	<u>71,265,774</u>	<u>68,717,747</u>	<u>2,548,027</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 10 to these financial statements.

31.2 Fair values of financial assets and liabilities

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

31.3 Financial instruments by categories

	2014	2013
FINANCIAL ASSETS		
.....Rupees.....		
Assets as per balance sheet		
Long term deposits	989,576	989,576
Advances	1,096,629	31,304,642
Trade debts	36,678,568	16,813,926
Cash and bank balances	12,523,139	34,842,552
	<u>51,287,912</u>	<u>83,950,697</u>
FINANCIAL LIABILITIES		
.....Rupees.....		
Liabilities as per balance sheet		
Trade and other payables	56,266,600	64,687,585
Accrued mark-up	3,409,110	4,030,162
Short term borrowings	209,514,934	2,548,027
	<u>269,190,645</u>	<u>71,265,774</u>

31.4 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 and the requirements of the lenders, the company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as bank borrowings divided by total capital employed. Borrowings represent short term borrowings obtained by the company. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The company's strategy is to maintain debt burden at minimum possible level. The capital structure of the company is equity based with no financing through long term borrowings. Company avails short term borrowing for working capital purposes only.

	2014	Restated 2013
	Rupees	Rupees
Borrowings	209,514,934	2,548,027
Total equity	286,305,673	331,677,065
Total capital employed	495,820,608	334,225,092
Gearing ratio (percentage)	42.26	0.76

32 PLANT CAPACITY AND PRODUCTION

	2014	2013
Number of Spindles installed	38,668	38,668
Installed capacity in 20's count	11,235,420	11,235,420
Actual production after conversion into 20's count in kgs for 723 shifts (2013:745 shifts) in kgs (approximately)	8,743,997	9,456,415

The variance in actual and installed capacity production, is due to power crisis faced by the Company during the year.

33 RELATED PARTY TRANSACTIONS

The related parties comprise of directors and major shareholders and entities under common directorship and employees' funds. Transactions with related parties and the balances outstanding at the year end are given below. Remuneration of chief executive, directors and executives are disclosed in note 30 to the financial statements respectively.

Loan from director	2,548,027	2,548,027
--------------------	-----------	-----------

34 NUMBER OF EMPLOYEES

	2014	2013
Number of employees at June 30	603	637
-Permanent		
Average number of employees during the year ended 30 June	587	621
-Permanent		

35 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 10 October 2014 by the Board of Directors of the Company.

36 GENERAL

Figures have been rounded off to the nearest rupees unless otherwise restated.

CHIEF EXECUTIVE

DIRECTOR

AL-QADIR TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDINGS AS AT JUNE 30, 2014

NO OF SHAREHOLDERS	SHAREHOLDINGS			NO. OF SHARES HELD
150	1	TO	100	13,670
580	101	TO	500	254,472
12	501	TO	1000	11,300
28	1001	TO	5000	74,400
3	5001	TO	10000	27,700
2	25001	TO	30000	45,900
3	30001	TO	60000	189,800
3	65001	TO	70000	200,650
3	70001	TO	100000	259,030
4	100001	TO	200000	596,800
4	200001	TO	300000	747,328
1	400001	TO	500000	437,400
2	500001	TO	600000	1,116,500
1	700001	TO	800000	787,050
1	2700001	TO	3000000	2,818,000
795				7,560,000

CATEGORIES OF SHAREHOLDINGS AS AT JUNE 30, 2014

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Individuals	789	7,550,900	99.88
2	Investment Companies	2	4,600	0.06
3	Financial Institutions	2	3,800	0.05
4	Joint Stock Companies	2	700	0.01
TOTAL		795	7,560,000	100%

AL-QADIR TEXTILE MILLS LIMITED

INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE

AS AT JUNE 30, 2014

CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% percentage
Associated Companies, Undertaking and Related Parties	0	0	0
Investment Companies	2	4,600	0.0608
Mr. Ghulam Ali Raja	1	2,844,000	37.6190
Mr. Muhammad Bashir Raja	1	787,050	10.4107
Mr. Adil Bashir Raja	1	107,778	1.4256
Mr. Asif Ali Raja	1	154,130	2.0387
Mst. Tasneem Akhtar	1	204,050	2.6991
Mst. Yasmeen Begum	1	116,600	1.5423
Mst. Asbah Rubina	1	58,300	0.7712
Sponsors, Directors Spouse and Minor Children	2	128,250	1.6964
Executives	0	0	0
Public Sectors Companies & Corporation	2	700	0.0093
Banks, DFIs, NBFIs, Insurance Companies, Modarabas & Mutual Funds	2	3,800	0.0503
Shareholders Holdings Ten Percent or More			
Mr. Ghulam Ali Raja		2,844,000	37.6190
Mr. Muhammad Bashir Raja		787,050	10.4107

PROXY FORM

Folio No.	
/CDC A/C No.	
Share held	

I/We
of
a member(s) of AL-QADIR TEXTILE MILLS LIMITED and holder of
ordinary shares, as per Registered Folio No. do hereby appoint.....
of a member of
AL-QADIR TEXTILE MILLS LIMITED, vide Registered Folio No. As my / our
proxy to act on my / our behalf at the 28th Annual General Meeting of the Company to be held on the 31st
October 2014 at 10:30 p.m at Mills 6-K.M. Jhelum Road, Chakwal and or at my adjournment thereof.

Signed this day of October, 2014

Signature

1. Witness:
Signature.....
Name.....
Address.....
.....

2. Witness:
Signature.....
Name.....
Address.....
.....

AFFIX
REVENUE
STAMP

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

NOTICE

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed on the instrument.
3. CDC shareholder are requested to bring with them their Computerized National Identity Cards along with the participants' ID number and their account numbers at the time of attending the Annual General meeting in order to facilitate identification of the respective shareholders.
4. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or notarially certified copy thereof, should be deposited at the Company's office not later than 48 hours before the time of holding the meeting.

