بسم الله الرحمن الرحيم

ANNUAL REPORT
2013

CONTENTS

COMPANY INFORMATION

Chairman / Chief Executive	Mr. Naeem Omer
Directors	Mr. Naeem Omer Mr. Anwaar Abbass Mr. Muhammad Sarwar Mr. Muhammad Zubair Mr. Muhammad Asghar Mr. Amjad Ali Mr. Abdul Sattar
Audit committee	
Chairman:	Mr. Amjad Ali
Member:	Mr. Anwaar Abbass
Member:	Mr. Muhammad Zubair
Human Resource & Remuneration committee	
Chairman:	Mr. Anwaar Abbass
Member:	Mr. Muhammad. Sarwar
Member:	Mr. Abdul Sattar
Secretary	Mr. Muhammad Ahmed
Auditors	M/s Mushtaq and Company Chartered Accountants 406-407 Commerce Centre, Hasrat Mohani Road, Karachi.
Bankers	The Bank of Punjab NIB Bank Limited Silk Bank Limited
Share Registrar	M/s Corplink (Pvt.) Ltd. Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone: 0423-591-6714, 35916719 Fax: 0423-5869037
Legal Advisor	Syed Waqar Hussain Naqvi 2nd Floor, Nawa-e-Waqt Building, 4 Shahrah-e-Fatima Jinnah Road, Lahore. Tel: 042-36360624-5
Head office/ Registered office	112-C, Block E/1, Ghalib Road, Gulberg III, Lahore. Telephone: 0423-5717701-6 Fax No. 0423-5717707 Email: info@bilalfibres.com Web site: www.bilalfibres.com
Mills	38th KM, Shiekhupura Road, Tehsil Jaranwala, District Faisalabad. Telephone: 041-4689075, 4689076 Fax No. 042-4689279 Email: mills@bilalfibres.com Email: bilalfib@fsd.comsats.net.pk

NOTICE OF ANNUAL GENERAL MEETINNG

Notice is hereby given to all members of **BILAL FIBRES LIMITED** that the 27th **ANNUAL GENERAL MEETING** of the Company will be held on Thursday 31st of October 2013 at 10:00 A.M at the Company's registered office, situated at 112-C, Block-E/1, Ghalib Road, Gulberg III, Lahore to transact the following business:

1) To confirm the Minutes of last Annual General Meeting of the Company held on 24th of October 2012.

2) To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June 2013 together with the Directors' and Auditors' reports thereon.

3) To appoint auditors and fix their remuneration for the next year ending on June 30, 2014.

4) To transact any other business with the permission of the chair.

By order of the Board

Lahore.
Dated: 7th October 2013

(Muhammad Ahmad)
Company Secretary

NOTES:

1) The share transfer books of the company will remain closed from 24th October 2013 to 31st October 2013 (both days inclusive).
2)
   a. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the time for holding the meeting. A proxy must be a member of the company.
   b. For identification, CDC Account holders who wish to attend the Annual General Meeting are requested to please bring with them original/attested copy of their Computerized National Identity Card along with the participants I.D number and their account number in Central Depository Company of Pakistan to facilitate identification at Annual General Meeting. In case of proxy an attested copy proxy's Identity card, Accounts & participants I.D numbers be enclosed. In case of corporate entity, the BOD, resolution/ Power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).
   c. Shareholders are requested to notify any change in their addresses, if any, immediately.

CORPORATE VISION / MISSION STATEMENT

VISION

To be a customer oriented company having wide & diversified customer base with a team of professionals working together to add value to all the stakeholders and contributing to society to help build a strong and progressive Pakistan.

MISSION

To be a distinctive yarn seller with international presence delivering best quality yarn through innovative techniques and effective resource management by maintaining high ethical and professional standards.

To accomplish excellent financial results which can benefit all the stakeholders including members and employees of the company.

To fulfill obligations toward the society, being a good corporate citizen.

DIRECTORS' REPORT

Dear Shareholders

On behalf of the Board of Directors, the under signed takes pleasure to present before you the 27th Annual Report for the financial year ended June 30, 2013 along with Auditors' Report there on.

FINANCIAL PERFORMANCE

By the grace of Allah (SWT), during the financial year under review, the sales of the company has increased from Rs.1,634.807 million to Rs.1,823.174 million due to increase in yarn rates. The Company has earned before tax profit of Rs.99.486 million in the current period as compared to loss before tax of Rs.28.265 million in the previous period.

The company has invested Rs.63.765 million in fixed assets to improve profitability, liquidity and quality of the yarn as well. The Company has rescheduled the loan of NIB bank on very favorable terms and also got approval of Rs.60.000 million Cash Finance limit for the purchase of raw cotton. The management is also working to reschedule its loan from The Bank of Punjab on the same terms. The management is quite optimistic to resolve the matter amicably in his favor. Company is also doing regular business with Silk Bank and paying off its debts regularly.

The financial results are summarized hereunder: -

	YEAR			
	2013		2012	
	Rs. in Million	%age to sales	Rs. in Million	%age to sales
Sales	1,823.174	-	1,634.807	-
Gross Profit	134.958	7.40	79.496	4.86
Finance Cost	55.182	3.03	64.848	3.97
Net profit / (loss) before tax	99.486	5.46	(28.266)	(1.73)
Net profit / (loss) after tax	61.708	3.38	(34.950)	(2.14)
Earning per share (Rs.)	4.38	-	(2.48)	-

OPERATING PERFORMANCE:

The factory remained operational throughout the year and worked on 3 shifts basis, except during shutdown of gas/electricity. The total yarn produced during the year is 6.634 Million Kgs (2012 - 6.614 million kgs). The 20 single yarn converted production worked out for the year is 10.308 Million Kgs (2012 - 11.262 million kgs).

The textile industry is facing un-controllable challenges such as unavailability of energy and its rising cost, high borrowing cost, volatile yarn prices. Despite of all unavoidable circumstances, the Company has earned considerable profit (Alhamdulillah) in the current year due to the endless efforts of management, staff & our workers, timely decisions, self commitment and favorable market conditions.

FUTURE PROSPECTS

The management of the company is continuously making efforts in order to improve the profitability of the company. In this regard, production capacity of the company has been increased. Now the company is planning to produce high quality of yarn with the better machinery setup.

PRESENTATION OF FINANCIAL STATEMENTS

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

BOOKS OF ACCOUTNS

The company has maintained proper books of accounts.

ACCOUNTING POLICIES

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

INTERNATIONAL ACCOUNTING STANDARDS (IAS)
International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements.

ACCOUNTING YEAR
The accounting year of the company is from 1st July to 30th June.

AUDIT COMIMITTEE
The board of directors in compliance to the code of corporate governance has established an audit committee and the following one independent non-executive director and two non-executive directors are its member.

Mr. Amjad Ali	Chairman
Mr. Anwar Abbas	Member
Mr. Muhammad Zubair	Member

HUMAN RESOURCE AND REMUNERATION COMIMITTEE
The board of directors in compliance to the code of corporate governance has established human resource and remuneration committee in the last quarter of the financial year and the following non-executives directors are its member.

Mr. Anwar Abbas	Chairman
Mr. Muhammad Sarwar	Member
Mr. Abdul Sattar	Member

DIVIDEND
Due to Accumulated losses of the company, directors do not recommend any dividend for the year ended 30th June 2013.

AUDITORS
The present Auditors M/s Mushtaq & Co., Chartered Accountants, being due for retirement has offered themselves for reappointment for the next year ending June 30, 2014.

CORPORATE & FINANCIAL REPORTING FRAME WORK
In compliance to new listing regulations of stock exchanges & as required under the Companies Ordinance 1984, your directors are pleased to state as under: -

a) The system of internal control is sound in design and has been effectively implemented and monitored.
b) Board is satisfied with the Company's ability to continue as a going concern.
c) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the Stock Exchanges.
d) Significant deviations from last year operating results of the Company and reasons thereof have been explained.
e) There are no statutory payments on account of taxes, duties, levies and charges those are outstanding as on June 30, 2013 except for those disclosed in the financial statements.
f) There are no significant plans for corporate restructuring, business expansions and discontinuation of operations except for improvement in the normal business activities to increase the business.
g) Key operating and financial data for the last six years in summarized form is included in this annual report.
h) Statement showing “Pattern of shareholding” as on 30-06-2013 is also enclosed herewith.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)
Corporate Social Responsibility (CSR) is about business giving back to society. As a routine, we strive to safeguard the health and well being of our employees, neighbors and customers. As well as the communities in which we live, work and operate. The Company continuously takes initiatives for CSR activities as mentioned in paragraphs to follow.

Society
We strive to contribute to society's welfare through providing educational opportunities and employment.

Employment Initiatives
With respect to our employment opportunities, there are more than 800 employees who are directly serving to the Company and earning the livelihood of their families.

Safety and Health
Safety is a fundamental component in all our operations. We strict our workers to follow the safety as specified.

Employee Welfare
Company has provided employees Medical Services such as medical insurance to employees and their families. Group life insurance is also given to staff, workers. Fair Price Shop at mill offers our workers basic necessity food and related items at affordable prices. It operates on a "No Profit" basis while certain products are available to workers at subsidized prices.

Training
Bilal Fibres gives training to students who want to complete their internships, we also provide necessary apprenticeship to industrial diploma holders in our production departments.

ACKNOWLEDGEMENT
The Directors would like to express their profound appreciation for continued /devoted services and hard work rendered by the company's executives, staff and workers. The Directors are also thankful and wish to place on record their deep gratitude to the bankers of our company.

DIRECTORS' MEETINGS
During the year 16 meetings of the Board of Directors were held. Attendance by each director is as follows:

Name of Director	Number of Meetings attended
Mr. Naeem Omer	15
Mr. Anwar Abbas	14
Mr. Abdul Sattar	11
Mr. Muhammad Zubair	09
Mr. Muhammad Asghar	12
Mr. Amjad Ali	14
Mr. Muhammad Sarwar	08

For and on behalf of the Board of Directors

Lahore
Dated: 7th October 2013

(Naeem Omer)
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED JUNE 30, 2013

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

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

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

Category	Name
Independent Director	Mr. Amjad Ali
Executive Director	Mr. Naeem Omer
Non-Executive Directors	Mr. Anwar Abbas Mr. Muhammad Zubair Mr. Muhammad Sarwar Mr. Muhammad Asghar Mr. Abdul Sattar

2. The directors have confirmed that none of them is serving as a director on 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 vacancy was filed in the board of directors of the company during the year.

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

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

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

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

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

10. There was new appointment of CFO and Company Secretary, however, their appointment including remuneration and terms and condition of employment are approved by the board of directors. During the year

new head of Internal audit has been appointed he is duly qualified and meet the requirements for the appointment according to Code of Corporate Governance, and his remuneration and terms and condition of employment has been approved by the board of directors.

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

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

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three (03) members, of whom all are non-executive directors and the chairman of the committee is a non-executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and remuneration committee. It comprises three (03) members; of who two (02) are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function for which 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 ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

For and on behalf of the Board of Directors

(NAEEM OMER)
Chairman/CEO
N.I.C No.33100-0571105-5

Lahore
Dated: 7th October 2013

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

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2013 prepared by the Board of Directors of **Bilal Fibres Limited** to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. 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 control or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub- Regulation (x) of Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 status of the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2013.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui
F.C.A

Karachi:
Dated: 7th October 2013

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Bilal Fibres Limited** as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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;

(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, 2013 and of the profit, comprehensive income , 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:
Shahabuddin A. Siddiqui
F.C.A

Karachi:
Dated: 7th October 2013

KEY OPERATING AND FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	Year Ended 30th June					
	2013	2012	2011	2010	2009	2008
ASSETS EMPLOYED						
Property, plant and equipment	1,054.930	876.684	879.203	740.645	721.687	727.389
Long term deposits	3.601	3.594	3.594	3.374	1.313	2.890
Current assets	290.650	297.678	287.997	263.264	236.893	287.931
Total assets employed	1,349.182	1,177.956	1,170.794	1,007.283	959.893	1,018.210
FINANCED BY						
Shareholders' equity	(58.115)	(127.996)	(101.669)	(92.725)	(88.930)	0.928
Surplus on revaluation of fixed assets	332.625	228.606	237.230	158.464	164.062	194.156
Loan from directors/sponsors	52.500	52.500	52.500	38.500	38.500	38.500
	327.011	153.110	188.061	104.239	113.632	233.584
Deferred Income	19.426	24.283	29.139	33.996	-	-
Long term liabilities	549.656	493.630	490.866	525.717	450.782	347.401
Deferred tax liability	135.071	62.211	76.259	15.799	27.400	-
Other deferred liabilities	4.854	6.020	8.996	10.140	7.652	7.335
	139.925	68.231	85.255	25.939	35.052	7.335
Current Liabilities	313.164	438.703	377.473	317.392	360.427	429.890
Toal funds invested	1,349.182	1,177.956	1,170.794	1,007.283	959.893	1,018.210
PROFIT & LOSS						
Turnover (net)	1,823.174	1,634.807	1,930.499	1,309.870	945.592	905.213
Gross profit	134.958	79.496	140.924	113.695	10.840	39.275
Operating profit	154.668	36.582	96.921	47.912	(25.385)	(3.481)
Finance cost	55.182	64.848	73.295	62.357	66.582	57.389
Profit / (Loss) before taxation	99.486	(28.266)	23.625	(14.445)	(91.968)	(60.870)
Profit / (Loss) after taxation	61.708	(34.950)	(17.960)	(9.393)	(95.629)	(24.359)
Earnings per share (Rs.)	4.38	(2.48)	(1.27)	(0.67)	(6.78)	(1.73)
Number of spindle installed	29,016	29,016	29,016	29,016	29,016	29,016
Number of spindle worked	29,016	29,016	29,016	29,016	29,016	29,016
Number of shifts per day	3	3	3	3	3	3
Actual production converted into 20's count (Kgs in million)	10.308	11.262	12.050	12.536	11.974	12.365

BALANCE SHEET
AS AT JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	5	1,054,930,423	876,684,182
Long term deposits	6	3,601,320	3,593,820
		1,058,531,743	880,278,002
CURRENT ASSETS			
Stores, spare parts and loose tools	7	13,700,570	8,949,899
Stock in trade	8	185,158,510	195,196,468
Trade debts	9	35,828,500	28,894,894
Loans and advances	10	16,784,054	22,621,822
Trade deposits and short term prepayments	11	4,587,070	5,025,273
Other receivables	12	548,994	548,994
Tax refunds due from Government	13	27,352,525	27,270,024
Cash and bank balances	14	6,689,882	9,171,038
		290,650,105	297,678,412
		1,349,181,848	1,177,956,414
SHARE CAPITAL AND RESERVES			
Authorized capital			
15,000,000 (2012: 15,000,000) ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid up capital			
14,100,000 (2012: 14,100,000) ordinary shares of Rs. 10 each fully paid in cash	15	141,000,000	141,000,000
Accumulated loss		(199,114,524)	(268,995,844)
		(58,114,524)	(127,995,844)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax	16	332,625,286	228,605,988
DEFERRED INCOME	17	19,426,092	24,282,616
NON - CURRENT LIABILITIES			
Long term financing from banking companies	18	450,670,668	393,294,377
Long term financing from directors and associates	19	52,500,000	52,500,000
Liabilities against assets subject to finance lease	20	98,984,866	100,335,144
Deferred liabilities	21	139,924,968	68,231,301
		742,080,502	614,360,822
CURRENT LIABILITIES			
Trade and other payables	22	38,558,471	74,047,024
Accrued interest / mark up	23	53,924,459	60,175,837
Short term borrowings	24	132,025,971	130,804,688
Current portion of:			
Long term financing from banking companies	18	67,882,532	149,959,215
Liabilities against assets subject to finance lease	20	10,849,000	7,368,000
Provision for taxation		9,924,059	16,348,067
		313,164,492	438,702,831
Contingencies and commitments	25		
		1,349,181,848	1,177,956,414

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

CHIEF EXECUTIVE DIRECTOR

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

	Note	2013 Rupees	2012 Rupees
Sales	26	1,823,174,371	1,634,806,742
Cost of sales	27	(1,688,216,858)	(1,555,311,213)
Gross profit		134,957,513	79,495,529
Other operating income	28	78,631,425	6,615,551
Distribution cost	29	(23,248,505)	(20,100,106)
Administrative expenses	30	(33,585,789)	(29,393,594)
Other operating expenses	31	(2,086,934)	(35,000)
Finance cost	32	(55,181,692)	(64,848,274)
Profit / (loss) before taxation		99,486,018	(28,265,894)
Provision for taxation	33	(37,778,160)	(6,684,469)
Profit / (loss) for the year		61,707,858	(34,950,363)
Profit / (loss) per share - basic and diluted	34	4.38	(2.48)

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

CHIEF EXECUTIVE DIRECTOR

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

	Note	2013 Rupees	2012 Rupees
Profit / (loss) for the year		61,707,858	(34,950,363)
Other comprehensive income / (loss) for the year		-	-
Total comprehensive Income / (loss) for the year		61,707,858	(34,950,363)

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

CHIEF EXECUTIVE DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2013 Rupees	2012 Rupees
Profit / (loss) before taxation		99,486,018	(28,265,894)
Adjustments for:			
Depreciation		41,011,643	40,229,574
Provision for staff retirement benefits - gratuity		7,901,050	6,019,384
Loss on disposal of property, plant and equipment		540,190	35,000
Gain on disposal of property, plant and equipment		(220,700)	(266,000)
Finance cost		55,181,692	64,848,274
Worker's profit participation fund		1,120,010	-
Mark-up written off		(72,699,687)	-
Exchange loss on translation of foreign currency		1,130	-
Amortization of deferred income		(4,856,524)	(4,856,524)
Operating cash flows before working capital changes		127,464,822	77,743,814
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(4,750,671)	2,392,117
Stock in trade		10,037,958	(48,540,201)
Trade debts		(6,933,606)	4,481,116
Loans and advances		5,837,768	767,615
Trade deposits and short term prepayments		438,203	692,117
Other receivables		-	(39,900)
Tax refunds due from Government		(1,801,737)	(1,744,674)
Decrease in trade and other payables		(36,609,693)	18,071,270
		(33,781,778)	(23,920,540)
Cash generated from operations		93,683,044	53,823,275
Payments for :			
Finance cost		(11,636,336)	(10,121,437)
Taxation		(14,718,424)	(15,066,257)
Staff retirement benefits - gratuity		(9,066,900)	(8,995,000)
Net cash generated from operating activities		58,261,384	19,640,581
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(63,764,606)	(38,995,192)
Proceeds from disposal of property, plant and equipment		1,475,000	1,515,000
Long term deposits		(7,500)	-
Net cash used in investing activities		(62,297,106)	(37,480,192)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of:			
Long term financing repayment to banking companies		(8,656,667)	(9,224,843)
Liabilities against assets subject to finance lease		(1,000,000)	-
Short term borrowings		11,211,233	4,155,834
Net cash used in financing activities		1,554,566	(5,069,009)
Net (decrease)/increase in cash and cash equivalents		(2,481,156)	(22,908,620)
Cash and cash equivalents at beginning of the year		9,171,038	32,079,658
Cash and cash equivalents at end of the year		6,689,882	9,171,038

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, 2013

	Issued, subscribed and paid up capital	Accumulated loss	Total
	---------- Rupees ----------		
Balance as at June 30, 2011	141,000,000	(242,669,207)	(101,669,207)
Surplus realized on disposal of property, plant and equipment - net of deferred tax	-	351,147	351,147
Incremental depreciation on revalued assets for the year - net of deferred tax	-	8,272,579	8,272,579
Total comprehensive loss for the year	-	(34,950,363)	(34,950,363)
Balance as at June 30, 2012	141,000,000	(268,995,844)	(127,995,844)
Surplus realized on disposal of property, plant and equipment - net of deferred tax	-	386,750	386,750
Incremental depreciation on revalued assets for the year - net of deferred tax	-	7,786,711	7,786,711
Total comprehensive income for the year	-	61,707,858	61,707,858
Balance as at June 30, 2013	141,000,000	(199,114,524)	(58,114,524)

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, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on April 13, 1987 and is quoted on stock exchanges at Karachi, Lahore and Islamabad. The principal business of the company is manufacture and sale of yarn. The registered office of the company is situated at 112-C, E/1, Ghalib Road, Gulberg III, Lahore.

1.2 The manufacturing unit is located at 38 Kilometer Sheikhupura Road, Tehsil Jaranwala, District Faisalabad 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 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 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, 2012:

¤ Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the company.

¤ IAS 12, 'Income Taxes' (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment Property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes – recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

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:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial losses amounting to Rs. 17.600 million at 30 June 2013 would need to be recognized in other comprehensive income in next financial year.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. 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 2013). 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.

- 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.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). 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.

- 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

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). 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.

- 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.

¤ Annual Improvements 2009-2011 (effective for annual periods beginning on or after 1 January 2013. The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

¤ IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

¤ IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

¤ IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

¤ IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

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

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

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

¤ IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2013, build on existing principles by identifying the concept of control as the determine factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

¤ IFRS 11, 'Joint Arrangements', applicable from January 01, 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 equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The company will apply this standard from April 01, 2013.

¤ IFRS12, 'Disclosures of interests in other entities', 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. The standard is not applicable until April 01, 2013 but is available for early adoption.

¤ 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 Standards, interpretations and amendments to published standards that are effective but not relevant to the company

¤ The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

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 amount, 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 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 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.

3.5.1 Estimation of net realizable value
3.5.2 Computation of deferred taxation
3.5.3 Disclosure of contingencies

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revaluation less accumulated depreciation and any identified impairment loss, if any. Freehold land is stated at cost / revaluation less any identified impairment loss, if any. 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 costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

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 / revalued amount of an asset over its estimated useful life at the rates as disclosed in note 5. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions is charged from the month in which the asset is acquired or capitalized 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 asset 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 intended 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. Stores held for capital expenditure are stated at cost less any accumulated impairment in value, if any.

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 / at nominal amount which is the fair value of the consideration to be received in future. 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 & saving accounts and short term borrowings.

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.

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 on June 30, 2013 using the Projected Unit Credit Method.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10 percent of present value of defined benefit obligation or 10 percent of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

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. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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 in contracted rates. Foreign currency translations are translated into pak rupee at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. No monetary items are translated into pak rupees 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. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

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 and other appropriations

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders. Appropriation of profits are reflected in the statements of changes in equity in the period in which such appropriations are made.

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Operating assets

BILAL FIBRES LIMITED

2013

	Cost as at July 01, 2012	Additions / (deletions)	Transfers	Revaluation (Adjustments)	Revaluation Surplus	Cost as at June 30, 2013	Annual depreciation rate %	Accumulated depreciation as at July 01, 2012	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2013	Book value as at June 30, 2013
Owned assets												
Freehold land	105,352,500	-	-	-	18,087,500	123,440,000	-	-	-	-	-	123,440,000
Building on freehold land	183,725,680	1,249,000	-	(21,870,800)	77,850,920	240,954,800	5%	13,346,643	8,524,157	(21,870,800)	-	240,954,800
Plant and machinery	547,500,714	56,130,213	-	(64,482,523)	61,349,348	598,797,752	5%	38,326,570	26,340,763	(64,482,523)	-	598,797,752
		(1,700,000)							(184,810)			
Factory equipment	129,250	-	-	-	-	129,250	10%	80,456	4,879	-	85,335	43,915
Office & electric equipment	7,988,728	961,336	-	-	-	8,950,064	10%	4,314,399	412,856	-	4,727,255	4,222,809
Furniture and fixture	3,111,892	52,500	-	-	-	3,164,392	10%	2,031,165	113,084	-	2,144,249	1,020,143
Vehicles	6,104,594	5,371,557	-	(2,752,390)	-	8,248,761	20%	1,448,094	1,499,996	(2,752,390)	-	8,248,761
		(475,000)							(195,700)			
Leased assets												
Plant and machinery	92,365,821	-	-	-	-	92,365,821	5%	10,047,670	4,115,908	-	14,163,578	78,202,243
30-06-2013	946,279,179	63,764,606	-	(89,105,713)	157,287,768	1,076,050,840		69,594,997	41,011,643	(89,105,713)	21,120,417	1,054,930,423
		(2,175,000)							(380,510)			

2012

	Cost as at July 01, 2011	Additions / (deletions)	Transfers	Revaluation (Adjustments)	Revaluation Surplus	Cost as at June 30, 2012	Annual depreciation rate %	Accumulated depreciation as at July 01, 2011	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012
	Rupees											
Owned Assets												
Freehold land	105,352,500	-	-	-	-	105,352,500	-	-	-	-	-	105,352,500
Building on freehold land	180,806,499	2,919,181	-	-	-	183,725,680	5%	4,520,163	8,826,480	-	13,346,643	170,379,037
Plant and machinery	513,513,839	33,986,875	-	-	-	547,500,714	5%	12,696,605	25,629,964	-	38,326,570	509,174,144
Factory equipment	112,250	17,000	-	-	-	129,250	10%	75,821	4,635	-	80,456	48,794
Office & electric equipment	7,391,562	597,166	-	-	-	7,988,728	10%	3,951,283	363,116	-	4,314,399	3,674,329
Furniture and fixture	2,885,002	226,890	-	-	-	3,111,892	10%	1,916,481	114,684	-	2,031,165	1,080,727
Vehicles	6,256,514	1,248,080	-	-	-	6,104,594	20%	605,935	958,160	-	1,448,094	4,656,500
		(1,400,000)							(116,000)			
Leased assets												
Plant and machinery	92,365,821	-	-	-	-	92,365,821	5%	5,715,135	4,332,535	-	10,047,670	82,318,151
30-06-2012	908,683,987	38,995,192	-	-	-	946,279,179		29,481,423	40,229,574	-	69,594,997	876,684,182
		(1,400,000)							(116,000)			

5.1.1 **Depreciation for the period has been allocated as under.**

	Note	2013 Rupees	2012 Rupees
Cost of sales	27.1	38,985,707	38,793,614
Administrative expenses	30	2,025,936	1,435,960
		41,011,643	40,229,574

5.1.2 The Company had its freehold land, buildings on freehold land, plant and machinery and vehicles revalued. Revaluation of the assets was carried out by the independent valuers " M/S Empire Enterprises (Pvt.) Ltd. " on June 30, 2013 . Freehold land was revalued at market value and building on free hold land, machinery and vehicles are valued at depreciated replacement cost.

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

	Note	2013 Rupees	2012 Rupees
Freehold land		30,070,354	30,070,354
Building on freehold land		133,606,848	76,420,597
Plant and machinery		467,647,436	356,499,710
Vehicles		7,491,386	2,139,269
		638,816,024	465,129,930

5.2 Disposal of property, plant and equipment

Particulars	Name of buyer	Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale proceeds
			Rupees			
	Outsiders					
Machine-Auto Plucker	Mr. Ihsan Ilahi	Negotiation	100,000	10,463	89,537	25,000
Machine-Mach Coner	Mr. Ihsan Ilahi	Negotiation	1,000,000	104,625	895,375	500,000
Machine-Ring Frames	Mr. Ihsan Ilahi	Negotiation	600,000	69,722	530,278	450,000
Vehicle	Mr. Muhammad Yousaf	Negotiation	475,000	195,700	279,300	500,000
	Total		2,175,000	380,510	1,794,490	1,475,000

	Note	2013 Rupees	2012 Rupees
5.3 Gain on disposal of property, plant and equipment			
Cost		2,175,000	1,400,000
Less : Accumulated depreciation		(380,510)	(116,000)
		1,794,490	1,284,000
Sale proceeds		(1,475,000)	(1,515,000)
Net loss on disposal of property, plant and equipment		319,490	(231,000)

		Note	2013 Rupees	2012 Rupees
6.	**Long term deposits**			
	Utilities		3,368,720	3,368,720
	Others		232,600	225,100
			3,601,320	3,593,820
7.	**Stores, spare parts and loose tools**			
	Stores		4,675,026	4,050,580
	Spare parts		8,985,892	4,855,095
	Loose tools		39,652	44,224
			13,700,570	8,949,899
8.	**Stock in trade**			
	Raw material		156,218,836	163,273,301
	Work in process		14,744,454	14,984,404
	Finished goods		13,631,192	16,192,364
	Waste		564,028	746,400
			185,158,510	195,196,468

8.1 It includes carrying value of pledged stock amounting to Rs. 149,976,622 (June 30, 2012: Rs. 144,068,054)

		Note	2013 Rupees	2012 Rupees
9.	**Trade debts**			
	Considered good - secured			
	Foreign		5,077,900	4,549,010
	Considered good - unsecured			
	Local		30,750,600	24,345,884
			35,828,500	28,894,894
10.	**Loans and advances**			
	Considered good - unsecured			
	Advances			
	Executives	10.1	-	-
	Employees	10.1.2	725,335	263,216
	For services/expenses		239,035	365,865
	Suppliers		15,819,684	21,992,741
			16,784,054	22,621,822
10.1	**Executives**			
	Opening		-	800,000
	Disbursed during the year		-	-
	Repayment during the year		-	(800,000)
			-	-

10.1.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs. Nil (June 30, 2012 : Rs. 800,000).

10.1.2 All the loans are granted to the employees, free of interest in accordance with their terms of employment.

		Note	2013 Rupees	2012 Rupees
11.	**Trade deposits and short term prepayments**			
	Deposits			
	Bank guarantee margin		4,070,150	4,070,150
	Prepayments		516,920	955,123
			4,587,070	5,025,273
12.	**Other receivables**			
	Considered good			
	Export rebate		509,094	509,094
	Insurance claim receivable		39,900	39,900
			548,994	548,994

		Note	2013 Rupees	2012 Rupees
13.	**Tax refunds due from Government**			
	Advance income tax	13.1	14,096,466	15,815,702
	Sales tax		13,256,059	11,454,322
			27,352,525	27,270,024
	13.1 Advance income tax			
	Opening		15,815,702	25,217,697
	Deducted during the year		14,718,424	14,663,305
	Adjusted against provision for taxation		(16,437,660)	(24,065,300)
			14,096,466	15,815,702
14.	**Cash and bank balances**			
	Cash with banks			
	In current accounts		5,817,997	6,115,263
	In business plus account		617,992	2,728,410
			6,435,989	8,843,673
	Cash in hand		253,893	327,365
			6,689,882	9,171,038

15. Issued, subscribed and paid up capital

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

15.2 There is no movement in share capital during the year.

		Note	2013 Rupees	2012 Rupees
16.	**Surplus on revaluation of property, plant and equipment - net of tax**			
	Surplus on revaluation of property, plant and equipment at the beginning of the year		311,164,981	324,432,252
	Addition during the year		157,287,768	-
	Transfer to unappropriated profit in respect of:			
	Disposal of property, plant and equipment		386,750	351,147
	Incremental depreciation on revalued assets		7,786,711	8,272,579
	Related deferred tax liability		4,401,094	4,643,545
			12,574,555	13,267,271
	Surplus on revaluation of property, plant and equipment as at the end of year		455,878,194	311,164,981
	Related deferred tax liabilities on			
	Revaluation at the beginning of the year		82,558,993	87,202,538
	Related deferred tax liability on addition to surplus		47,328,091	-
	Effect of change in tax rate		(2,233,083)	-
	Amount realized during the year			
	Incremental depreciation on revalued assets		(4,192,844)	(4,454,466)
	Disposal of property, plant and equipment		(208,250)	(189,079)
			123,252,907	82,558,993
			332,625,286	228,605,988
17.	**Deferred income**			
	Opening balance		24,282,616	29,139,140
	Amortized during the year		(4,856,524)	(4,856,524)
			19,426,092	24,282,616

17.1 This represents excess of sale proceeds over carrying amount in sale and lease back transactions. This amount is being amortized over the lease term in equal proportion.

18. Long term financing from banking companies	Note	2013 Rupees	2012 Rupees
Secured			
Under mark up arrangements			
Demand finance			
Demand finance - Settled amount	18.1	165,225,333	-
Demand finance - I	18.2	-	90,074,932
Demand finance - II	18.3	5,601,000	6,460,000
Demand finance - III	18.4	10,569,063	12,189,063
Demand finance - IV	18.5	174,170,823	174,170,823
Demand finance - IV (unserviceable)	18.6	62,820,000	62,820,000
Demand finance - VIII	18.7	30,204,937	34,834,937
Term finance			
Term finance - I	18.8	-	18,639,284
Term finances - III	18.9	-	7,335,804
Term finance - IV	18.10	-	40,000,000
Frozen mark up			
Demand finance - I	18.11	-	35,359,332
Demand finance - II	18.12	366,000	442,000
Demand finance - III	18.13	206,091	250,091
Demand finance - IV	18.14	67,239,468	58,070,841
Demand finance - VIII	18.15	2,150,485	2,606,485
		518,553,200	543,253,592
Less : Current portion from banking companies			
Overdue installments		26,223,195	128,106,215
Installments due within one year		41,659,337	21,853,000
		67,882,532	149,959,215
		450,670,668	393,294,377

18.1 During the year the company has rescheduled its Demand Finance - I amounted to Rs. 90.075 million, Term finance-I amounted to Rs. 18.639 million, Term finance III amounted to Rs. 7.336 million, Term finance IV amounted Rs. 40.00 million, Frozen markup on demand finance-I amounted 0.157 million and running finance amounted to Rs. 9.90 million in one demand finance facility aggregating to Rs.166.197 million. As per the terms of revised agreement, the rescheduled loan is repayable in 106 monthly installments, commenced from June 12, 2013 and expiring on March 31, 2022. The restructured loan is secured against existing securities of the respective loan i.e. against joint pari passu charge over land, building and machinery for Rs. 462.67 million(NIB bank's share in charge is Rs. 206.67 million), specific / exclusive charge of Rs. 124.246 million on machinery and 3 gas generators, second charge of Rs. 100.00 million over stocks and receivable and personal guarantee of the sponsoring directors of the company. The amount is settled as a result of consent decree passed by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million the basis of rescheduling agreement. Rescheduling agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decreetal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decreetal amount less any payment made against by the principal borrower and the guarantor.

18.2 As fully explained in note 18.1 above, the loan is rescheduled and merged in demand finance- settled amount. Previously the loan was repayable in 3 year monthly installments commenced from March 2009 and expired on October 2011 and carries mark up at the rate 3 months KIBOR (ask side) plus 1 percent.

18.3 The loan is obtained to finance fixed assets of the company. The loan is subject to mark up at the rate of 10 percent per annum payable quarterly (June 30, 2012 : 10 percent per annum payable quarterly). The loan is repayable in thirty two quarterly installments, commenced from March 31, 2010 and expired on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33.515 million over the textile machinery, first registered pari passu charge for Rs. 66.00 million over all present ad future fixed assets (including land, building and machinery) of the company.

18.4 The loan is obtained to adjust the existing RF facility of the company. The loan is subject to mark up at the rate of 10 percent per annum (June 30, 2012 : 10 percent per annum) payable quarterly . The loan is repayable in thirty two quarterly installments, commenced from March 31, 2010 and expired on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33.515 million over the textile machinery, first registered pari passu charge for Rs. 66.00 million over all present ad future fixed assets (including land, building and machinery) of the company.

18.5 The loan is rescheduled and merged in one Demand finance, previously disclosed as DF-IV amounted to Rs.25 million, DF-V amounted to Rs. 70 million, DF-VI amounted to Rs.17 million DF-VII amounted to Rs. 65.208 million and lease finance facility amounted Rs.6.925 million. The loan is subject to markup at the rate of 3 months average KIBOR of quarter (June 30, 2012 : 3 months average KIBOR). The loan is repayable in 30 installments payable quarterly commenced from September 30, 2009 and expired on December 31, 2017. The loan is secured against registered joint pari passu charge of Rs.190 million on the present and future fixed assets(including land, building, plant and machinery) of the company valuing Rs. 472 million (already registered with SECP), additional second charge on a plot amounting to Rs. 40 million (currently mortgaged with Meezan Bank Limited), ranking charge on fixed assets of the company of RS. 29.933 million, ranking charge on fixed assets (including land, building and machinery) of the company of Rs. 54.660, exclusive hypothecation charge over plant and machinery amounting to Rs. 50.350 million, floating charge over plant and machinery amounting to Rs. 23.140. Exclusive hypothecation over plant and machinery amounting to Rs. 2.188 and personal guarantees of sponsoring director.

18.6 Overdue markup is converted into demand finance facility amounted to Rs. 65.825 million. The loan is repayable in 34 quarterly installments started from September 30, 2009 and ending on December 31, 2017. The loan is secured against ranking charge on fixed assets of the company to cover markup for Rs. 65.825 million.

18.7 The loan is obtained to finance imported polyester subsequently restructured as demand finance. The loan is repayable in 32 quarterly installments commenced from March 31, 2010 and expired on December 31, 2017. The loan is secured against registered specific charge for Rs.33.515 million, registered pari passu charge of Rs.66 million on all present and future fixed assets of the company and accepted drafts and TRs.

18.8 As fully explained in note 18.1 above, the loan is rescheduled and merged in demand finance-settled amount. previously the loan was repayable in 7 monthly installments commenced from October 2011 and expire on April 2012 and carries mark up at the rate 3 months KIBOR (ask side) plus 1 percent from July 1, 2008 (June 30, 2012: 3 months KIBOR (ask side) plus 1 percent).

18.9 As fully explained in note 18.1 above, the loan is rescheduled and merged in demand finance-settled amount. previously the loan was repayable in 2 monthly installments commenced from February 2009 and expire on March 2009 and carries mark up at the rate 3 months KIBOR (ask side) plus 1 percent from July 1, 2008.

18.10 As fully explained in note 18.1 above, the loan is rescheduled and merged in demand finance-settled amount. previously the loan was repayable in the loan is repayable in 15 monthly installments commencing from April 2012 and expired on June 2013 and carries mark up at the rate of 3 months KIBOR (ask side) plus 1 percent.

18.11 As fully explained in note 18.1 above, deferred mark up on demand finance is rescheduled and as a result of rescheduling deferred markup amounting to Rs. 35.202 million is waived off by the bank and remaining deferred markup amounted to Rs. 0.157 million is merged in demand finance-settled amount. Previously, frozen markup is payable in 24 equal monthly installments after the repayment of principal installments.

18.12 Deferred mark up on demand finance II as disclosed above for Rs.0.366 million (June 30, 2012 : for Rs. 0.442 million) freezed and converted into long term financing. Frozen markup is payable in 28 equal quarterly installments of Rs. 0.019 million and 5 installments Rs. 0.020 million commenced from December 2009.

18.13 Deferred mark up on demand finance III as disclosed above of Rs.0.206 million (June 30, 2012 : for Rs. 0.250 million) freezed and converted in to long term financing. Frozen markup is payable in 33 equal quarterly installments of Rs. 0.011 million commenced from December 2009.

18.14 Deferred mark up on demand finance IV of Rs. 67.239 million (June 30, 2012: Rs. 58.071 million) freezed and converted in to long term financing. During the year markup of Rs. 9.169 is deferred and freezed. Frozen markup will be paid in lump sum on December 31, 2017.

18.15 Deferred mark up on demand finance VIII as disclosed above for Rs.2.150 million (June 30, 2012 : for Rs. 2.606 million) freezed and converted into long term financing. Frozen markup is payable in 33 quarterly installments of Rs. 0.114 million commenced from December 2009.

	Note	2013 Rupees	2012 Rupees
19. Long term financing from directors and associates			
Unsecured			
From directors and associates	19.1	52,500,000	52,500,000
		52,500,000	52,500,000

19.1 These are unsecured, interest free and not repayable in next twelve months. These loans are subordinated to the loans from banking companies.

20. Liabilities against assets subject to finance lease

	2013			2012		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	----Rupees----			----Rupees----		
Up to one year	33,415,000	22,566,000	10,849,000	24,871,000	17,503,000	7,368,000
Later than one year but not later than five years	126,635,866	27,651,000	98,984,866	52,400,000	33,325,000	19,075,000
Later than five years	-	-	-	84,727,144	3,467,000	81,260,144
	160,050,866	50,217,000	109,833,866	161,998,144	54,295,000	107,703,144

20.1 The lease is obtained under sale and lease back transaction of plant and machinery. The total lease rentals due under the lease agreements are payable in 33 quarterly installments commenced from December 31, 2009. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of 3 months average KIBOR of the last day of quarter. The cost of repairs and insurance are borne by the lessee. The liability is secured by a lease agreement lien on leased assets, trust receipts to be executed in bank's favor and 33 post dated cheques for complete adjustment of principal. The company intend to exercise the option of purchasing the leased assets at residual value upon completion of lease term.

20.2 Amount of lease liability includes an amount of Rs. 20.172 million (June 30, 2012 : Rs. 17.041 million) deferred markup transferred to memo account. The deferred markup is payable in 16 quarterly installments starting from March 31, 2014 and ending on December 31, 2017. The breakup of the present value of minimum lease payment is given below.

	Note	2013 Rupees	2012 Rupees
Lease liability		89,661,821	90,661,821
Deferred markup transferred to memo account		20,172,045	17,041,323
		109,833,866	107,703,144
20.3 Current maturity of the lease liabilities			
Over due installments		6,368,000	3,850,000
Payable within one year		4,481,000	3,518,000
		10,849,000	7,368,000
21. Deferred liabilities			
Staff retirement benefits - gratuity	21.1	4,854,368	6,020,218
Deferred tax	21.2	135,070,600	62,211,083
		139,924,968	68,231,301

21.1 Staff retirement benefits-gratuity

21.1.1 Movement in the liability

	2013 Rupees	2012 Rupees
Opening liability	6,020,218	8,995,834
Expense recognized in profit and loss account	7,901,050	6,019,384
Paid during the year	(9,066,900)	(8,995,000)
Closing liability	4,854,368	6,020,218

21.1.2 Movement in present value of defined benefit obligation

	2013 Rupees	2012 Rupees
Present value of defined benefit obligation	20,242,610	12,189,265
Current service cost	4,583,988	3,893,564
Interest cost	1,698,110	1,880,864
Actuarial loss	4,996,767	11,273,917
Benefits paid	(9,066,900)	(8,995,000)
Present value of defined benefit obligation	22,454,575	20,242,610

21.1.3 Historical information

	2013	2012	2011	2010	2009
Present value of defined benefit obligation	22,454,575	20,242,610	12,189,265	12,869,572	9,715,856
Experience adjustments on plan liabilities	(4,996,767)	(1,880,864)	(644,338)	(800,242)	(436,465)

21.1.4 Liability recognized in the balance sheet

	Note	2013 Rupees	2012 Rupees
Present value of obligation		22,454,575	20,242,610
Unrecognized actuarial losses		(17,600,207)	(14,222,392)
		4,854,368	6,020,218

21.1.5 Expense recognized in profit and loss

	2013 Rupees	2012 Rupees
Service cost	4,583,988	3,893,564
Interest cost	1,698,110	1,880,864
Actuarial loss recognized	1,618,952	244,956
	7,901,050	6,019,384

21.1.6 General description

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

21.1.7 Principle actuarial assumptions

	Note	2013 Rupees	2012 Rupees
Discount factor used		10.50%	13%
Expected rate of salary increases		10%	10%

21.1.8 Expected gratuity expense for the year ended June 30, 2014

Expected gratuity expense for the year ending June 30, 2014 works out Rs. 8,786,210

21.2 Deferred taxation

	Note	2013 Rupees	2012 Rupees
Opening balance		62,211,083	76,259,077
Provided / (reversed) during the year on surplus - net		45,095,009	-
Effect of change in tax rate		(1,777,460)	-
Provided / (reversed) during the year through profit and loss		29,541,968	(14,047,994)
		135,070,600	62,211,083
This comprises the following:			
Deferred tax liability on taxable temporary differences:			
Surplus on revaluation of property, plant and equipment		123,252,907	82,558,993
Tax depreciation allowance		127,576,701	131,297,391
		250,829,609	213,856,384
Deferred tax asset on deductible temporary differences:			
Finance lease		(34,636,110)	(35,340,094)
Tax losses and tax credits		(78,631,303)	(114,329,822)
Staff retirement benefits-gratuity		(2,491,596)	(1,975,384)
		(115,759,009)	(151,645,301)
		135,070,600	62,211,083

	Note	2013 Rupees	2012 Rupees
22. Trade and other payables			
Creditors		7,552,133	28,179,493
Advance from customer		1,654,962	15,064,117
Accrued liabilities		22,041,196	23,501,747
Worker's profit participation fund	22.1	1,120,010	-
Worker's welfare fund		425,604	-
Unclaimed dividend		235,838	235,838
Withholding tax payable		4,817,383	6,133,874
Others		711,345	931,955
		38,558,471	74,047,024
22.1 Worker's profit participation fund			
Opening balance		-	-
Provision for the year		1,120,010	-
		1,120,010	-
Payment made during		-	-
		1,120,010	-
23. Accrued interest / mark up			
Interest / mark up on secured finances:			
Long term financing from banking companies		14,555,000	25,619,859
Liabilities against assets subject to finance lease		13,425,000	7,921,000
Short term borrowings		25,944,459	26,634,978
+		53,924,459	60,175,837

23.1 It includes overdue markup of Rupees 11.006 million, Rupees 12.582 million and Rupees 22.412 million on long term financing from banking companies, liabilities against assets subject to finance lease and on short term borrowings from banking companies respectively.

	Note	2013 Rupees	2012 Rupees
24. Short term borrowings			
Secured			
From banking companies			
Cash finance	24.2	132,025,971	120,814,738
Running finance	24.3	-	9,989,950
		132,025,971	130,804,688

24.1 The aggregate of credit limits available for short term borrowings from banking companies are Rs. 250 million (2012 : 275 million). These above facilities are expiring on various date by February 02, 2014 and are renewable on expiry.

24.2 These are secured against pledge of cotton bales at 10 percent margin, imported cotton at invoice value, polyester / yarn at 15 percent margin under lock and key of banks' approved macadam, securities as mentioned in note 18.4 above and personal guarantees of sponsoring directors.

These are subject to mark up ranging between 3 months KIBOR to 3 months KIBOR plus 3 percent(June 30, 2012: 3 months KIBOR to KIBOR plus 3 percent). The effective markup rate is 14 percent.

Cash finance facility was availed from Bank of Punjab, Silk Bank Limited and NIB Bank Limited. Facility from Bank of Punjab amounted to Rupees 96.796 was expired on November 22, 2011 without further renewal.

24.3 As fully disclosed in note no. 18.1, running finance amounted to Rs. 9.90 million is rescheduled and transferred to long term financing in demand finance-settled amount. Previously, the loan were secured against hypothecation of stock of cotton bales with a margin of 15 percent, second charge of Rs. 100 million over stocks and receivables and personal guarantee of sponsoring directors and carried mark up at the rate of 3 months KIBOR plus 1 percent.

25 Contingencies and commitments

Contingencies

25.1 The NIB Bank Limited has filed suit C.O.S No. 85/2009 before Honorable Lahore High court, Lahore against the company for recovery of Rupees. 297.403 million as outstanding dues against the banking facilities provided by the bank. During the year consent decree has passed by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million on the basis of rescheduling agreement. Rescheduling agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decreetal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decreetal amount less any payment made against by the principal borrower and the guarantor, however, consent decree have been implemented. As required in rescheduling agreements company has applied to the court to withdrawal of its suit C.O.S No. 99/2009 filed against the bank which is pending adjudication in the Lahore High Court, Lahore.

25.2 The Bank of Punjab has filed suit C.O.S No. 55/2012 before Honorable Lahore High court, Lahore against the company for recovery of Rupees. 507.443 million as outstanding dues against the banking facilities provided by the bank. The company has also filed a suit C.O.S No. 74/2011 against the bank before the Honorable Lahore High court, Lahore. The outcome of the case is not ascertainable as at June 30, 2013.

	2013 Rupees	2012 Rupees
25.3 Claims not acknowledged in view of pending appeals before appellate authorities/high court	100,000	100,000
25.4 Indemnity bonds issued against exemption of sales tax and custom duty on import of machinery and local procurement of raw material	12,516,218	12,516,218
25.5 Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	23,082,000	23,082,000
25.6 Bank guarantee issued in favor of Collector of custom Karachi	2,675,000	2,675,000

Commitments outstanding

There are letter of commitments of Rs. Nil as at June 30, 2013(June 30, 2012 : Rs.3,286,073).

26. Sales - net	Note	2013 Rupees	2012 Rupees
Yarn			
Local		1,632,974,576	1,524,299,535
Export	26.1	162,695,120	98,973,418
		1,795,669,696	1,623,272,953
Raw material - local		17,525,980	-
Waste - local		9,978,695	11,533,789
		1,823,174,371	1,634,806,742

26.1 It includes exchange gain amounting to Rs. 14,754 (June 30, 2012 : Rs. 0.281 million).

27. Cost of sales			
Cost of goods manufactured	27.1	1,685,473,314	1,564,669,255
Finished goods			
Opening stock		16,938,764	7,580,722
Closing stock		(14,195,220)	(16,938,764)
		1,688,216,858	1,555,311,213

27.1 Cost of goods manufactured

Raw material consumed	27.1.1	1,241,531,835	1,211,803,234
Cost of raw material sold	27.1.1	17,139,798	-
Packing material consumed		22,737,425	23,624,690
Salaries, wages and benefits		116,076,770	97,058,430
Staff retirement benefits - gratuity		7,369,337	5,418,566
Stores and spares consumed		27,301,763	20,010,890
Fuel and power		199,557,668	154,572,673
Repairs and maintenance		7,937,648	7,262,125
Insurance		2,143,400	2,075,993
Depreciation	5.1.1	38,985,707	38,793,614
Others		4,452,014	2,761,616
		1,685,233,365	1,563,381,831
Work in process			
Opening stock		14,984,404	16,271,827
Closing stock		(14,744,454)	(14,984,404)
		239,950	1,287,423
		1,685,473,314	1,564,669,255

27.1.1 Raw material consumed	Note	2013 Rupees	2012 Rupees
Opening stock		163,273,301	122,803,718
Purchases		1,251,617,168	1,252,272,817
		1,414,890,469	1,375,076,535
Cost of raw material sold		(17,139,798)	-
Closing stock		(156,218,836)	(163,273,301)
		1,241,531,835	1,211,803,234

28. Other operating income

From other than financial assets	Note	2013 Rupees	2012 Rupees
Scrap sales		854,514	1,493,027
Gain on sale of property, plant and equipment		220,700	266,000
Amortization of deferred income	17	4,856,524	4,856,524
Mark-up waived off	28.1	72,699,687	-
		78,631,425	6,615,551

28.1 It represents Frozen mark up, markup on short term borrowing, markup on long term financing amounted to Rs.35,202,300, Rs. 11,719,192 and Rs. 25,778,195 respectively waived off by the bank as a result of rescheduling agreement as fully explained in note no. 18.1.1

29. Distribution cost	Note	2013 Rupees	2012 Rupees
Ocean freight		1,997,652	1,277,928
Commission		9,213,692	8,811,720
Local freight		1,856,016	3,105,480
Staff salaries and benefits		3,305,590	3,112,377
Miscellaneous export expenses		1,981,633	1,465,490
Wharfage		414,599	229,713
Export development surcharge		401,595	252,869
Others		4,077,728	1,844,529
		23,248,505	20,100,106

30. Administrative expenses	Note	2013 Rupees	2012 Rupees
Directors' remuneration		1,800,000	1,800,000
Staff salaries and benefits		12,849,256	11,747,694
Staff retirement benefits - gratuity		531,713	600,818
Postage and telecommunication		879,058	799,071
Vehicles running and maintenance		826,101	624,401
Traveling and conveyance		2,201,342	1,260,212
Printing and stationery		358,447	413,419
Fee and subscriptions		359,345	284,309
Utilities		746,222	627,770
Newspapers and periodicals		18,898	9,168
Advertisement		82,000	104,256
Insurance		430,269	225,379
Auditors' remuneration	30.1	610,000	555,000
Legal and professional		2,228,650	1,822,372
Rent, rates and taxes		1,498,708	1,475,316
Donations	30.2	412,000	694,950
Repairs and maintenance		46,359	474,271
Depreciation	5.1.1	2,025,936	1,435,960
Others		5,681,485	4,439,228
		33,585,789	29,393,594

30.1 Auditors' remuneration	2013 Rupees	2012 Rupees
Audit fee	550,000	500,000
Half yearly	60,000	55,000
	610,000	555,000

30.2 None of the directors or their spouses had any interest in the donee institutions.

		Note	2013 Rupees	2012 Rupees
31.	**Other operating expenses**			
	Loss on disposal of property, plant and equipment		540,190	35,000
	Exchange loss on translation of foreign bills		1,130	-
	Workers profit participation fund		1,120,010	-
	Workers welfare fund		425,604	-
			2,086,934	35,000
32.	**Finance cost**			
	Interest / mark up on			
	Long term financing from banking companies		29,132,278	36,176,252
	Liabilities against assets subject to finance lease		8,634,722	11,156,272
	Long term morabaha		-	160,340
	Short term borrowings		16,043,125	16,089,075
	Bank charges and commission		1,371,567	1,266,335
			55,181,692	64,848,274
33.	**Provision for taxation**			
	Current			
	Current year		9,924,059	16,348,067
	Prior year		89,593	4,384,396
	Deferred			
	Current year		29,541,968	(14,047,994)
	Prior year - effect of change in tax rate		(1,777,460)	-
			37,778,160	6,684,469

33.1 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001. Income tax assessment has been finalized up to June 30, 2012.

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

			2013	2012
34.	**Profit / (loss) per share - basic and diluted**			
	Profit / (loss) for the year	Rupees	61,707,858	(34,950,363)
	Weighted average number of ordinary shares	Numbers	14,100,000	14,100,000
	Profit /(loss) per share - basic	Rupees	4.38	(2.48)

There is no dilutive effect on basic profit / (loss) per share of the company.

35 Financial instruments and related disclosures

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

35.1 Credit risk
35.2 Liquidity risk
35.3 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.

35.1 Credit risk

35.1.1 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. 50.955 million (June 30, 2012 : Rs. 46.033 million), financial assets which are subject to credit risk aggregate to Rs. 44.270 million (June 30, 2012 : Rs. 36.862 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.

	2013 Rupees	2012 Rupees
Long term deposits	3,601,320	3,593,820
Trade debts	35,828,500	28,894,894
Loans and advances	725,335	263,216
Trade deposits and short term prepayments	4,070,150	4,070,150
Other receivables	39,900	39,900
Cash and bank balances	6,689,882	9,171,038
	50,955,087	46,033,018

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

	2013 Rupees	2012 Rupees
Domestic	30,750,600	24,345,884
Export	5,077,900	4,549,010
	35,828,500	28,894,894

Export debtor is situated in Hong Kong.

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

	2013 Rupees	2012 Rupees
Yarn	35,680,487	28,725,765
Waste	148,013	169,129
	35,828,500	28,894,894

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

	Gross debtors	
	2013	2012
	Rupees	
Not past due	8,376,310	2,598,372
Past due 0 - 90 days	27,452,190	24,096,522
More than one year	-	2,200,000
	35,828,500	28,894,894

35.2 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.

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	2013					
	Rupees					
Non - derivative Financial liabilities						
Long term financing	518,553,200	673,775,200	123,733,865	25,701,335	449,603,000	74,737,000
Long term loans from directors	52,500,000	52,500,000	-	-	-	52,500,000
Finance lease	109,833,866	160,050,866	16,707,500	16,707,500	126,635,866	-
Trade and other payables	35,357,895	35,357,895	35,357,895	-	-	-
Accrued markup / interest	53,924,459	53,924,459	53,924,459	-	-	-
Short term borrowings	132,025,971	138,627,664	138,627,664	-	-	-
	902,195,391	1,114,236,084	368,351,383	42,408,835	576,238,866	127,237,000

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	2012					
	Rupees					
Non - derivative Financial liabilities						
Long term financing	543,253,592	662,538,292	204,042,227	33,972,507	59,411,683	365,111,875
Long term loans from directors	52,500,000	52,500,000	-	-	-	52,500,000
Finance lease	107,703,144	158,362,821	10,396,500	10,396,500	53,116,000	84,453,821
Trade and other payables	58,982,907	58,982,907	58,982,907	-	-	-
Accrued mark up and interest	60,175,837	60,175,837	60,175,837	-	-	-
Short term borrowings	130,804,688	144,113,927	144,113,927	-	-	-
	953,420,168	1,136,673,784	477,711,398	44,369,007	112,527,683	502,065,696

35.2.1 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.

35.3 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.

35.3.1 Currency risk

Exposure to currency risk

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

	US Dollar	Japanese Yen	Euro	Rupees
Trade debts 2013	51,500.00	-	-	5,077,900
Trade debts 2012	48,393.72	-	-	4,549,010

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
Financial assets	**2013**	**2012**	**2013**	**2012**
US Dollar to Rupee	96.30	90.68	98.60	94.00

	Average rates		Reporting date rates	
Financial liabilities	**2013**	**2012**	**2013**	**2012**
US Dollar to Rupee	96.50	94.20	98.80	94.20

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.

35.3.2 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 form banking companies, long term murabaha, liabilities against assets subject to finance lease, short term borrowings and deposits in current accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as foll

	2013 Rupees	2012 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	49,097,576	56,782,576
Variable rate instruments		
Financial assets	-	-
Financial liabilities	691,143,416	707,937,525

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 2013	538,101	(538,101)	-	-
Cash flow sensitivity - variable rate instruments 2012	635,819	(635,819)	-	-

35.4 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.

35.5 Off balance sheet items	**2013 Rupees**	**2012 Rupees**
Claims not acknowledged in view of pending appeals before appellate authorities / High court	100,000	100,000
Indemnity bonds issued against exemption of sales tax and custom duty on import of machinery and local procurement of raw material	12,516,218	12,516,218
Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	23,082,000	23,082,000
Bank guarantee issued in favor of the directors excise and taxation, Karachi	2,675,000	2,675,000

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

36 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 from banking companies, long term financing from directors and associates, long term murabaha and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2013	**2012**
Borrowings	Rupees	812,913,037	834,261,424
Total equity	Rupees	(58,114,524)	(127,995,844)
Total capital employed	Rupees	754,798,513	706,265,580
Gearing ratio	Percentage	107.70	118.12

37 Plant capacity and production

Total number of spindles installed	29,016	29,016
Total number of spindles worked	29,016	29,016
Number of shifts per day	3	3
Installed capacity converted into 20/1 count (Kgs.)	11,889,912	11,889,912
Actual production converted into 20/1 count (Kgs.)	10,307,544	11,261,988

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindle speed, twist per inch and raw material used etc. It would also vary according to the pattern of production adopted in a particular year. 13.20 ounces as standard production per spindle has been used to calculate installed capacity. Actual production in last year was more than the installed capacity due to the conversion of fine count to 20/1 count.

38 Transactions with related parties

		2013 Rupees	**2012 Rupees**
Key management personnel	Salaries and benefits	9,798,667	8,592,000
	Retirement benefits	460,000	309,000

The company has related party relationship with its associated undertakings, its directors and executives officers. 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 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. Trade debts, long term financing from directors and associates, short term borrowings and remuneration to chief executive and executives are disclosed in notes 9, 18, 24 and 39 to the financial statements respectively.

39 Remuneration to chief executive and executives

	2013		2012	
	Chief executive	Executive	Chief executive	Executive
	Rupees		Rupees	
Remuneration	1,200,000	5,279,120	1,200,000	4,469,400
House rent allowance	540,000	2,375,604	540,000	2,037,600
Utility allowance	60,000	343,943	60,000	285,000
	1,800,000	7,998,667	1,800,000	6,792,000
Number of persons	1	5	1	4

40 Corresponding figures

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

41 Corrigendum of note 20 in financial year ended on June 30, 2012

Last year figures about minimum lease payment and finance charges for future years about liabilities against assets subject to finance lease was corrected and presented in these financial statements at note 20.

	2013	2012
42 NUMBER OF EMPLOYEES		
Total number of employees as at	811	812
Average number of employees during the year	790	796

43 Events after the balance sheet date

There are no subsequent events occurring after the balance sheet date.

44 Date of authorization for issue

These financial statements have been authorized for issue on October 07, 2013 by the board of directors of the company.

CHIEF EXECUTIVE DIRECTOR

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2013

Shareholders	------Shareholding------ From	To	Total Shares Held
172	1	100	10,718
447	101	500	190,886
113	501	1000	104,567
123	1001	5000	332,820
34	5001	10000	267,332
11	10001	15000	135,015
6	15001	20000	104,634
3	20001	25000	72,400
1	35001	40000	36,000
1	50001	55000	52,100
1	60001	65000	60,598
1	75001	80000	79,000
1	80001	85000	82,000
1	115001	120000	117,500
1	370001	375000	371,505
1	595001	600000	600,000
1	855001	860000	857,780
1	920001	925000	923,561
1	1010001	1015000	1,013,300
1	1060001	1065000	1,060,800
1	1240001	1245000	1,243,113
2	1295001	1300000	2,600,000
1	3780001	3785000	3,784,371
925			**14,100,000**

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	3,845,286	27.2715
Associated Companies, undertakings and related parties	--	0.0000
NIT and ICP	8,533	0.0605
Banks Development Financial Institutions, Non Banking Financial Institutions.	--	0.0000
Insurance Companies	52,100	0.3695
Modarabas and Mutual Funds	33	0.0002
Share holders holding 10%	3,784,371	26.8395
General Public		
a. Local	10,184,615	72.2313
b. Foreign	--	--
Others (to be specified)		
Joint Stock Companies	9,433	0.0669

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2013

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MIAN NAEEM OMER	3,784,371	26.8395%
2	MR.MUHAMMAD ASGHAR	11,015	0.0781%
3	MR. MUHAMMAD SARWAR	10,000	0.0709%
4	MR. MUHAMMAD ZUBAIR	10,000	0.0709%
5	MR. AMJAD ALI	10,100	0.0716%
6	MR. ABDUL SATTAR	10,000	0.0709%
7	MR. ANWAR ABBAS	9,800	0.0695%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		52,133	0.3697%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MIAN NAEEM OMER	3,784,371	26.8395%
2	MR. HASHIM OMER	1,243,113	8.8164%
3	MR. AKBAR REHMAN	1,300,000	9.2199%
4	MR. TASHBEEB GULZAR	1,300,000	9.2199%
5	MR. MUNIR AHMED	1,060,800	7.5234%
6	MR. RIZWAN ATTA	1,013,300	7.1865%
7	MR. SHAHZAD IQBAL	923,561	6.5501%
8	MR. MUHAMMAD RAFIQ ZAKI	857,780	6.0835%

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:

S.No	NAME	SALE	PURCHASE
	NIL		

PROXY FORM

Folio No. __________ CDC Participants Identity Card No. __________ A/C No. __________

I/We ______________________________

of ______________________________ being

a member(s) of BILAL FIBERS LIMITED, a holder of ______________________________

ordinary shares as per Registered Folio No. ______________________________

hereby appoint ______________________________

of ______________________________

Shares Registered Folio No. ______________________________

who is also member of BILAL FIBERS LIMITED, as my proxy to vote for me and my behalf at the 27th Annual General Meeting of the Company to be held on Thursday, the 31st October, 2013 and at any adjournment thereof.

Signed this ____________________ day of ____________________ 2013

Witness:

Please
affix
Revenue Stamp

1.

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

2.

NOTICE:

A member entitled to vote at this meeting may appoint a proxy. Proxies in order to be effective must be received at Registered Officer of the Company duly stamped and signed not later than 48 hours before the time of meeting.