ANNUAL REPORT
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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. Muhammad Ijaz Shahid Mr. Osama Saeed
Audit committee	
Chairman:	Mr. Osama Saeed
Member:	Mr. Anwaar Abbass
Member:	Mr. Muhammad Zubair
Human Resource & Remuneration committee	
Chairman:	Mr. Anwaar Abbass
Member:	Mr. Muhammad. Sarwar
Member:	Mr. Muhammad Ijaz Shahid
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 share holders of **BILAL FIBRES LIMITED** that the 28th **ANNUAL GENERAL MEETING** of the Company will be held at the registered office of the company, 112-C, Block-E/1, Ghalib Road, Gulberg III, Lahore on 31st of October 2014 (Friday) at 10:00 A.M to transact the following business:

1. To confirm the Minutes of last Annual General Meeting of the Company held on 31st of October 2013.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June 2014 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors and fix their remuneration for the next year ending on June 30, 2015.
4. To transact any other business with the permission of the chair.

By order of the Board

Lahore.
Dated: 9th October 2014

(Muhammad Ahmad)
Company Secretary

NOTES:

1) The share transfer books of the company will remain closed from 24th October 2014 to 31st October 2014 (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 National Identity Card along with the participants I.D number and their account numbers 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

The Directors of the Company welcome you to the 28th Annual General Meeting and are pleased to present the annual report together with Audited Accounts of the Company for the financial year ended June 30, 2014.

FINANCIAL PERFORMANCE

Alhamdulillah, during the financial year under review, the sales of the company has increased from Rs. 1,823.174 million to Rs.2,042.478 million mainly due to increase in yarn prices. The Company has earned before tax profit of Rs.2.205 million in the current period as compared to profit before tax of Rs.101.105 million in the previous year.

The directors have injected equity for Rs.31.238 million in the current year for the smooth operations of the company. The company has invested Rs.19.784 million in the plant & machinery to enhance the profitability and liquidity of the Company and to improve quality of yarn as well. The Company is having regular business with Silk Bank and NIB Bank and debts are being paid off regularly. The Company has also paid to The Bank of Punjab around Rs. 81.00 million during the current year and the management is quite optimistic to resolve the matter amicably & in favor of the Company.

The financial results are summarized hereunder: -

	YEAR			
	2014		2013	
	Rs. in Million	%age to sales	Rs. in Million	%age to sales
Sales	2,042.478	-	1,823.174	-
Gross Profit	106.109	5.20	136.468	7.49
Finance Cost	45.085	2.21	55.182	3.03
Net pre-tax profit/ (loss)	2.205	0.11	101.105	5.55
Net (Loss) / profit	(17.580)	(0.86)	62.816	3.45
Earning per share (Rs.)	(1.25)	-	4.46	-

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 7.323 Million Kgs (2013 - 6.634 million kgs.). The 20 single yarn converted production worked out for the year is 11.356 Million Kgs (2013 - 10.308 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. Due to all these unavoidable circumstances, the Company has earned profit with a very little margin and hoping it will increase in the next year because the management has invested huge amount in import of machinery to improve its productivity as well as quality. The management & staff are working very hard and quite optimistic that with the efforts, self commitment and above all with blessing of Allah (SWT) the company will overcome these problems soon.

FUTURE PROSPECTS

The management of the company is continuously making efforts in order to improve the profitability of the company. In this regard, the management has invested Rs.50 million for BMR & and the following machinery has been added.

a) Fourteen (14) ring frames
b) Nine (9) card machines
c) Two (2) filters
d) One (1) auto coner `21-C.

After addition of latest machinery, the Company is planning to produce high quality of yarn to remain competitive in the market.

CODE OF CORPORATE GOVERNANCE:
Regarding Director training program as specified in clause (xi) of CCG, the Company is taking measures to get its director registered with Director training program in accordance with the requirements of the Code of Corporate Governance in the following year.

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. Osama Saeed	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. Muhammad Ijaz Shahid	Member

DIVIDEND
Due to Accumulated losses of the company, directors do not recommend any dividend for the year ended 30th June 2014.

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, 2015.

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, 2014 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 30-06-2014 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 10 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	09
Mr. Anwar Abbas	09
Mr. Abdul Sattar	03
Mr. Muhammad Zubair	06
Mr. Muhammad Asghar	07
Mr. Amjad Ali	03
Mr. Muhammad Sarwar	09

For and on behalf of the Board of Directors

Lahore
Dated: 9th October 2014

(Naeem Omer)
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED JUNE 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in listing Regulations 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 code in the following manner:

1) The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. However, at present the Board includes:

Category	Name
Independent Director	Mr. Muhammad Ijaz Shahid
Executive Director	Mr. Naeem Omer
Non-Executive Directors	Mr. Anwar Abbas Mr. Muhammad Zubair Mr. Muhammad Sarwar Mr. Muhammad Asghar Mr. Osama Saeed

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

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

4) Casual vacancy was filled by Mr. Muhammad Ijaz Shahid s/o Mr. Nawaz Ahmad in place of Amjad Ali s/o Mr. Muhammad Anwar and Mr. Osama Saeed s/o Mr. Tariq Saeedin place of Mr. Abdul Sattar s/o Haji Muhammad Hussain in the Board during the period under report.

5) The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

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

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

8) The meetings of the Board were presided over by the Chairman 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 Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes were appropriately recorded and circulated.

9) Appropriate arrangement to carry out Director training program has not been carried out as specified in clause (xi) of CCG. Subsequent to the year company is taking measure to get its director register with Director training program in accordance with the requirements of the Code.

10) The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO, when new appointments are made.

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

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 & financial reporting requirements of the code.

15) The Board has formed an audit committee. It comprises three members; none of them are executive directors including the Chairman of the committee, who is a independent non executive director

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

17) The Board has formed human resource and remuneration committee. It comprises three members; none of them are executive directors including the Chairman of the committee.

18) The meetings of human resource and remuneration committee will be held at least once every quarter as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance. In last quarter only one meeting was held and attended by the members.

19) The Board has set-up an effective internal audit function for which staff appointment who are suitable qualified and experience for the purpose and conversant with policies and procedure of the company.

20) The statutory auditors of the Company have confirmed that that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan and they or any of the partners of the firm, their spouse 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 Institute of Chartered Accountants of Pakistan.

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

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

23) Material/price sensitivity information has been disseminated among or market participants at once to stock exchanges.

24) We confirm that all other material principles contained in the Code 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: 9th October 2014

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 enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Bilal Fibres Limited** for the year ended June 30, 2014 to comply with the requirement of Listing Regulation No. 35 of the Karachi Stock Exchange Limited, Islamabad Stock Exchange Limited and Lahore Stock Exchange Limited where the company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of directors' 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.

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

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

Further, we highlight below instances of non compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the statement of Compliance:

Paragraph Reference	Description
9	Appropriate arrangement to carry out Director training program has not been carried out as specified in clause (xi) of CCG.

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

Karachi:

Dated: 9th October 2014

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, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

(b) in our opinion;
(I) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, , except for change in accounting policies as stated in note 4.9 to the accompanying financial statements with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and
(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

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

Karachi:
Dated: 9th October 2014

KEY OPERATING AND FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	Year Ended 30th June 2014	2013	2012	2011	2010	2009
ASSETS EMPLOYED						
Property, plant and equipment	1,044.195	1,054.930	876.684	879.203	740.645	721.687
Long term deposits	3.601	3.601	3.594	3.594	3.374	1.313
Current assets	303.972	290.650	297.678	287.997	263.264	236.893
Total assets employed	1,351.769	1,349.182	1,177.956	1,170.794	1,007.283	959.893
FINANCED BY						
Shareholders' equity	(76.681)	(69.983)	(137.552)	(101.669)	(92.725)	(88.930)
Surplus on revaluation of fixed assets	323.212	332.625	228.606	237.230	158.464	164.062
Loan from directors/sponsors	83.738	52.500	52.500	52.500	38.500	38.500
	330.269	315.142	143.554	188.061	104.239	113.632
Deferred Income	14.570	19.426	24.283	29.139	33.996	-
Long term liabilities	518.513	549.656	493.630	490.866	525.717	450.782
Deferred tax liability	127.231	129.339	57.544	76.259	15.799	27.400
Other deferred liabilities	19.236	22.455	20.242	8.996	10.140	7.652
	146.467	151.793	77.786	85.255	25.939	35.052
Current Liabilities	341.949	313.164	438.703	377.473	317.392	360.427
Toal funds invested	1,351.769	1,349.182	1,177.956	1,170.794	1,007.283	959.893
PROFIT & LOSS						
Turnover (net)	2,042.478	1,823.174	1,634.807	1,930.499	1,309.870	945.592
Gross profit	106.109	136.468	79.496	140.924	113.695	10.840
Operating profit	47.290	156.287	36.582	96.921	47.912	(25.385)
Finance cost	45.085	55.182	64.848	73.295	62.357	66.582
Profit/(loss) before taxation	2.205	101.105	(28.266)	23.625	(14.445)	(91.968)
(Loss)/Profit after taxation	(17.580)	62.816	(34.950)	(17.960)	(9.393)	(95.629)
Earnings per share (Rs.)	(1.25)	4.46	(2.48)	(1.27)	(0.67)	(6.78)
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)	11.356	10.308	11.262	12.050	12.536	11.974

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees	2012 Rupees
			Restated	
NON - CURRENT ASSETS				
Property, plant and equipment	5	1,044,194,871	1,054,930,423	876,684,182
Long term deposits	6	3,601,320	3,601,320	3,593,820
		1,047,796,191	1,058,531,743	880,278,002
CURRENT ASSETS				
Stores, spare parts and loose tools	7	12,808,869	13,700,570	8,949,899
Stock in trade	8	149,667,927	185,158,510	195,196,468
Trade debts	9	51,007,743	35,828,500	28,894,894
Loans and advances	10	20,475,085	16,784,054	22,621,822
Trade deposits and short term prepayments	11	25,989,074	4,587,070	5,025,273
Other receivables	12	509,094	548,994	548,994
Tax refunds due from Government	13	34,426,927	27,352,525	27,270,024
Cash and bank balances	14	9,087,624	6,689,882	9,171,038
		303,972,343	290,650,105	297,678,412
		1,351,768,534	1,349,181,848	1,177,956,414
SHARE CAPITAL AND RESERVES				
Authorized capital 15,000,000 (2013: 15,000,000) ordinary shares of Rs. 10 each		150,000,000	150,000,000	150,000,000
Issued, subscribed and paid up capital 14,100,000 (2013: 14,100,000) ordinary shares of Rs. 10 each fully paid in cash	15	141,000,000	141,000,000	141,000,000
Accumulated loss		(217,680,823)	(210,982,816)	(278,551,513)
		(76,680,823)	(69,982,816)	(137,551,513)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax	16	323,211,781	332,625,286	228,605,988
DEFERRED INCOME	17	14,569,568	19,426,092	24,282,616
NON - CURRENT LIABILITIES				
Long term financing from banking companies	18	422,557,155	450,670,668	393,294,377
Long term financing from directors and associates	19	83,738,000	52,500,000	52,500,000
Liabilities against assets subject to finance lease	20	95,956,331	98,984,866	100,335,144
Deferred liabilities	21	146,467,497	151,793,259	77,786,971
		748,718,983	753,948,793	623,916,492
CURRENT LIABILITIES				
Trade and other payables	22	68,473,279	38,558,471	74,047,024
Accrued interest / mark up	23	76,369,109	53,924,459	60,175,837
Short term borrowings	24	89,597,828	132,025,971	130,804,688
Current portion of:				
Long term financing from banking companies	18	75,415,191	67,882,532	149,959,215
Liabilities against assets subject to finance lease	20	12,350,000	10,849,000	7,368,000
Provision for taxation		19,743,619	9,924,059	16,348,067
		341,949,026	313,164,492	438,702,831
Contingencies and commitments	25			
		1,351,768,534	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, 2014

	Note	2014 Rupees	2013 Restated Rupees
Sales	**26**	2,042,478,025	1,823,174,371
Cost of sales	**27**	(1,936,368,752)	(1,686,706,090)
Gross profit		106,109,273	136,468,281
Other operating income	**28**	5,383,912	78,631,425
Distribution cost	**29**	(25,661,602)	(23,248,505)
Administrative expenses	**30**	(38,496,186)	(33,477,605)
Other operating expenses	**31**	(45,008)	(2,086,934)
Finance cost	**32**	(45,084,984)	(55,181,692)
Profit before taxation		2,205,404	101,104,970
Provision for taxation	**33**	(19,785,864)	(38,288,698)
(Loss) / profit for the year		(17,580,460)	62,816,272
(Loss) / profit per share - basic and diluted	**34**	(1.25)	4.46

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

CHIEF EXECUTIVE **DIRECTOR**

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

	Issued, subscribed and paid up capital	Accumulated loss	Total
	---------------------------- Rupees	--------------------------	
Balance as at July 01, 2012 - as previously reported	141,000,000	(268,995,844)	(127,995,844)
Effect of retrospective application of change in an accounting policy referred in note 4.9	-	(9,555,670)	(9,555,670)
Balance as at July 01, 2012 - restated	141,000,000	(278,551,513)	(137,551,513)
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	-	59,395,235	59,395,235
Balance as at June 30, 2013 - restated	141,000,000	(210,982,817)	(69,982,817)
Surplus realized on disposal of property, plant and equipment - net of deferred tax	-	820,239	820,239
Incremental depreciation on revalued assets for the year - net of deferred tax	-	12,218,352	12,218,352
Total comprehensive loss for the year	-	(19,736,598)	(19,736,598)
Balance as at June 30, 2014	141,000,000	(217,680,823)	(76,680,823)

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

CHIEF EXECUTIVE DIRECTOR

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

	Note	2014 Rupees	2013 Restated Rupees
(Loss) / profit for the year		(17,580,460)	62,816,272
Other comprehensive income for the year			
Item that will not be reclassified to profit and loss account:			
Remeasurement of staff retirement benefits		(3,098,469)	(4,996,767)
Deferred tax on remeasurement of staff retirement benefits		942,331	1,575,730
Total other comprehensive income - net of tax		(2,156,138)	(3,421,037)
Total comprehensive (loss) / income for the year		(19,736,598)	59,395,235

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

CHIEF EXECUTIVE DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Restated Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,205,404	101,104,970
Adjustments for:			
Depreciation on property, plant and equipment		50,099,671	41,011,643
Provision for staff retirement benefits - gratuity		6,029,875	6,282,098
Loss on disposal of property, plant and equipment		-	540,190
Gain on disposal of property, plant and equipment		(504,235)	(220,700)
Finance cost		45,084,984	55,181,692
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		98,059,175	127,464,822
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		891,701	(4,750,671)
Stock in trade		35,490,583	10,037,958
Trade debts		(15,179,243)	(6,933,606)
Loans and advances		(3,691,031)	5,837,768
Trade deposits and short term prepayments		(21,402,004)	438,203
Other receivables		39,900	-
Tax refunds due from Government		4,914,264	(1,801,737)
Decrease in trade and other payables		29,914,808	(36,609,693)
		30,978,978	(33,781,778)
Cash generated from operations		129,038,154	93,683,044
Payments for :			
Finance cost		(10,792,388)	(11,636,336)
Taxation		(19,494,960)	(14,718,424)
Staff retirement benefits - gratuity		(12,346,700)	(9,066,900)
Net cash generated from operating activities		86,404,106	58,261,384
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(38,218,429)	(63,764,606)
Addition in capital work in progress		(4,971,455)	-
Proceeds from disposal of property, plant and equipment		4,330,000	1,475,000
Long term deposits		-	(7,500)
Net cash used in investing activities		(38,859,884)	(62,297,106)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of:			
Long term financing repayment to banking companies		(29,956,337)	(8,656,667)
Liabilities against assets subject to finance lease		(4,000,000)	(1,000,000)
Short term borrowings		(42,428,143)	11,211,233
Increase in long term financing from directors		31,238,000	-
Net cash (used in) / from financing activities		(45,146,480)	1,554,566
Net increase / (decrease) in cash and cash equivalents		2,397,742	(2,481,156)
Cash and cash equivalents at beginning of the year		6,689,882	9,171,038
Cash and cash equivalents at end of the year		9,087,624	6,689,882

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

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on 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.

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, 2013:

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

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

¤ IFRIC 20 - Stripping cost in the production phase of a surface mining. The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment at revalued 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, 2014 using the Projected Unit Credit Method.

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

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

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

	As at	
	30-Jun-13	30-Jun-12
	---------Rupees---------	
Impact on Balance Sheet		
Increase in the retirement benefits obligation	17,600,207	14,222,392
Decrease in deferred tax liability	5,550,225	4,666,722
Decrease in accumulated profits	12,049,982	9,555,670

	Year ended	
	30-Jun-13	30-Jun-12
	---------Rupees---------	
Impact on profit and loss account		
Increase in profit and loss account	1,618,952	244,956
Decrease in deferred taxation - current year	883,503	4,666,722
Decrease in other comprehensive income - net of tax	(3,421,037)	-

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

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	5.1	1,039,223,416	1,054,930,423
Capital work in progress - plant and machinery		4,971,455	-
		1,044,194,871	1,054,930,423

5.1 Operating fixed assets

BILAL FIBRES LIMITED

2014

	Cost as at July 01, 2013	Additions / (deletions)	Transfers	Revaluation (Adjustments)	Revaluation Surplus	Cost as at June 30, 2014	Annual depreciation rate %	Accumulated depreciation as at July 01, 2013	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014
	Rupees											
Owned assets												
Freehold land	123,440,000	-	-	-	-	123,440,000	-	-	-	-	-	123,440,000
Building on freehold land	240,954,800	-	-	-	-	240,954,800	5%	-	12,047,740	-	12,047,740	228,907,060
Plant and machinery	598,797,752	19,784,048	-	-	-	616,522,976	5%	-	30,291,830	-	30,214,625	586,308,351
		(2,058,824)							(77,206)			
Factory equipment	129,250	-	-	-	-	129,250	10%	85,335	4,392	-	89,727	39,523
Office & electric equipment	8,950,064	1,106,730	-	-	-	10,056,794	10%	4,727,255	480,426	-	5,207,681	4,849,113
Furniture and fixture	3,164,392	-	-	-	-	3,164,392	10%	2,144,249	102,015	-	2,246,264	918,128
Vehicles	8,248,761	17,327,651	-	-	-	23,691,595	20%	-	3,263,156	-	3,222,485	20,469,110
		(1,884,817)							(40,670)			
Leased assets												
Plant and machinery	92,365,821	-	-	-	-	92,365,821	5%	14,163,578	3,910,112	-	18,073,690	74,292,131
30-06-2014	1,076,050,840	38,218,429	-	-	-	1,110,325,628		21,120,417	50,099,671	-	71,102,212	1,039,223,416
		(3,943,641)							(117,876)			

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
	Rupees											
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)			

5.1.1 Depreciation for the period has been allocated as under.

	Note	2014 Rupees	2013 Rupees
Cost of sales	27.1	46,254,074	38,985,707
Administrative expenses	30	3,845,597	2,025,936
		50,099,671	41,011,643

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 indepen
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	2014 Rupees	2013 Rupees
Freehold land		30,070,354	30,070,354
Building on freehold land		74,391,069	78,306,388
Plant and machinery		398,694,407	400,085,153
Vehicles		19,551,079	7,101,222
		522,706,908	515,563,116

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-Carding	Mr. Khalid Mahmood	Negotiation	2,058,824	77,206	1,981,618	1,200,000
Vehicle	Mr. Usman Nadeem Siddiqui	Negotiation	1,329,417	22,157	1,307,260	2,500,000
Vehicle	Mr. Osama Saeed	Negotiation	555,400	18,513	536,887	630,000
	Total		3,943,641	117,876	3,825,765	4,330,000

	Note	2014 Rupees	2013 Rupees
5.3 Gain on disposal of property, plant and equipment			
Cost		3,943,641	2,175,000
Less : Accumulated depreciation		(117,876)	(380,510)
		3,825,765	1,794,490
Sale proceeds		(4,330,000)	(1,475,000)
Net (gain)/ loss on disposal of property, plant and equipment		(504,235)	319,490

		Note	2014 Rupees	2013 Rupees
6.	**Long term deposits**			
	Utilities		3,368,720	3,368,720
	Others		232,600	232,600
			3,601,320	3,601,320
7.	**Store, Spare parts and loose tools**			
	Stores		6,945,206	4,675,026
	Spare parts		5,825,498	8,985,892
	Loose tools		38,165	39,652
			12,808,869	13,700,570
8.	**Stock in trade**			
	Raw material		116,209,942	156,218,836
	Work in process		16,665,147	14,744,454
	Finished goods		15,581,083	13,631,192
	Waste		1,211,755	564,028
			149,667,927	185,158,510

8.1 It includes carrying value of pledged stock amounting to Rs. 94,031,993 (June 30, 2013: Rs. 149,976,622)

8.2 Raw material amounting to Rs. 118.793 million (June 30, 2013 : Rs. Nil), finished goods amounting to Rs. 16.791 million (June 30, 2013: Rs. Nil) stated at their net realizable value aggregating Rs. 115.696 million (June 30, 2013 : Rs. Nil) and Rs. 15.581 million (June 30, 2013 : Rs. Nil) respectively. The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 4.307 million (June 30, 2013 : Rs. Nil)

		Note	2014 Rupees	2013 Rupees
9.	**Trade debts**			
	Considered good - secured			
	Foreign		2,173,028	5,077,900
	Considered good - unsecured			
	Local		48,834,715	30,750,600
			51,007,743	35,828,500
10.	**Loans and advances**			
	Considered good - unsecured			
	Employees	10.1	632,684	725,335
	For services / expenses		398,031	239,035
	Suppliers		19,444,370	15,819,684
			20,475,085	16,784,054

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

		Note	2014 Rupees	2013 Rupees
11.	**Trade deposits and short term prepayments**			
	Margin against letter of credit		16,768,329	-
	Bank guarantee margin		8,545,150	4,070,150
	Prepayments		675,595	516,920
			25,989,074	4,587,070
12.	**Other receivables**			
	Considered good			
	Export rebate		509,094	509,094
	Insurance claim receivable		-	39,900
			509,094	548,994

13. Tax refunds due from Government

	Note	2014 Rupees	2013 Rupees
Advance income tax	13.1	26,085,132	14,096,466
Sales tax		8,341,795	13,256,059
		34,426,927	27,352,525

13.1 Advance income tax

	2014 Rupees	2013 Rupees
Opening	14,096,466	15,815,702
Deducted during the year	17,994,043	14,718,424
Adjusted against provision for taxation	(6,005,377)	(16,437,660)
	26,085,132	14,096,466

14. Cash and bank balances

	2014 Rupees	2013 Rupees
Cash with banks		
In current accounts	8,455,473	5,817,997
In business plus account	9,045	617,992
	8,464,518	6,435,989
Cash in hand	623,106	253,893
	9,087,624	6,689,882

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.

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

	Note	2014 Rupees	2013 Rupees
Surplus on revaluation of property, plant and equipment at the beginning of the year		455,878,193	311,164,981
Addition during the year		-	157,287,768
Transfer to unappropriated profit in respect of:			
Disposal of property, plant and equipment		820,239	386,750
Incremental depreciation on revalued assets		12,218,352	7,786,711
Related deferred tax liability		6,421,993	4,401,094
		19,460,584	12,574,555
Surplus on revaluation of property, plant and equipment as at the end of year		436,417,609	455,878,193
Related deferred tax liabilities on			
Revaluation at the beginning of the year		123,252,907	82,558,993
Related deferred tax liability on addition to surplus		-	47,328,091
Effect of change in tax rate		(3,625,085)	(2,233,083)
Amount realized during the year			
Incremental depreciation on revalued assets		(6,017,994)	(4,192,844)
Disposal of property, plant and equipment		(403,998)	(208,250)
		113,205,829	123,252,907
		323,211,781	332,625,286

17. Deferred income

	2014 Rupees	2013 Rupees
Opening balance	19,426,092	24,282,616
Amortized during the year	(4,856,524)	(4,856,524)
	14,569,568	19,426,092

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	2014 Rupees	2013 Rupees
Secured			
Under mark up arrangements			
Demand finance			
Demand finance - Settled amount	18.1	144,626,996	165,225,333
Demand finance - II	18.2	4,540,000	5,601,000
Demand finance - III	18.3	8,568,063	10,569,063
Demand finance - IV	18.4	174,170,823	174,170,823
Demand finance - IV (unserviceable)	18.5	62,820,000	62,820,000
Demand finance - VIII	18.6	24,484,937	30,204,937
Frozen mark up			
Demand finance - II	18.7	290,000	366,000
Demand finance - III	18.8	162,091	206,091
Demand finance - IV	18.9	76,614,951	67,239,468
Demand finance - VIII	18.10	1,694,485	2,150,485
		497,972,346	518,553,200
Less : Current portion from banking companies			
Overdue installments		41,836,195	26,223,195
Installments due within one year		33,578,996	41,659,337
		75,415,191	67,882,532
		422,557,155	450,670,668

18.1 During the year ended June 30, 2013 the company had 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 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, 2013 : 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.

18.3 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, 2013 : 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 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, 2013 : 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.

18.5 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.

18.6 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.

18.7 Deferred mark up on demand finance II as disclosed above for Rs.0.290 million (June 30, 2013 : for Rs. 0.366 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.

18.8 Deferred mark up on demand finance III as disclosed above of Rs.0.162 million (June 30, 2013 : for Rs. 0.206 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.

18.9 Deferred mark up on demand finance IV of Rs. 76.615 million (June 30, 2013: Rs. 67.239 million) freezed and converted in to long term financing. During the year markup of Rs. 9.375 is deferred and freezed. Frozen markup will be paid in lump sum on December 31, 2017.

18.10 Deferred mark up on demand finance VIII as disclosed above for Rs.1.694 million (June 30, 2013 : for Rs. 2.150 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.

19. Long term financing from directors and associates	**Note**	**2014 Rupees**	**2013 Rupees**
Unsecured			
From directors and associates	19.1	83,738,000	52,500,000
		83,738,000	52,500,000

19.1 These are unsecured, interest free and not repayable in next twelve months. Out of the above amount, Rs. 52,500,000 are subordinated to the loans from banking companies.

20. Liabilities against assets subject to finance lease

	2014			2013		
	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	43,560,000	31,210,000	12,350,000	33,415,000	22,566,000	10,849,000
Later than one year but not later than five years	114,963,331	19,007,000	95,956,331	126,635,866	27,651,000	98,984,866
Later than five years	-	-	-	-	-	-
	158,523,331	50,217,000	108,306,331	160,050,866	50,217,000	109,833,866

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. 22.645 million (June 30, 2013 : Rs. 20.172 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	**2014 Rupees**	**2013 Rupees**
Lease liability		85,661,821	89,661,821
Deferred markup transferred to memo account		22,644,510	20,172,045
		108,306,331	109,833,866

20.3 Current maturity of the lease liabilities

	Note	2014 Rupees	2013 Rupees
Over due installments		6,849,000	6,368,000
Payable within one year		5,501,000	4,481,000
		12,350,000	10,849,000

21. Deferred liabilities

	Note	2014 Rupees	2013 Restated Rupees
Staff retirement benefits - gratuity	21.1	19,236,219	22,454,575
Deferred tax	21.2	127,231,278	129,338,684
		146,467,497	151,793,259

21.1 Staff retirement benefits-gratuity

21.1.1 Movement in the liability

	2014	2013
Opening liability	22,454,575	20,242,610
Expense recognized in profit and loss account	6,029,875	6,282,098
Remeasurements recognized	3,098,469	4,996,767
Paid during the year	(12,346,700)	(9,066,900)
Closing liability	19,236,219	22,454,575

21.1.2 Movement in present value of defined benefit obligation

	2014	2013
Present value of defined benefit obligation	22,454,575	20,242,610
Current service cost	4,280,034	4,583,988
Interest cost	1,749,841	1,698,110
Remeasurements (gain)/ loss	3,098,469	4,996,767
Benefits paid	(12,346,700)	(9,066,900)
Present value of defined benefit obligation	19,236,219	22,454,575

21.1.3 Historical information

	2014	2013	2012	2011	2010
Present value of defined benefit obligation	19,236,219	22,454,575	20,242,610	12,189,265	12,869,572
Experience adjustments on plan liabilities	(3,098,469)	(4,996,767)	-	(644,338)	(800,242)

21.1.4 Liability recognized in the balance sheet

	Note	2014 Rupees	2013 Rupees
Present value of obligation		19,236,219	22,454,575
		19,236,219	22,454,575

21.1.5 Expense recognized

21.1.5.1 In profit and loss account

	2014	2013
Current service cost	4,280,034	4,583,988
Interest cost	1,749,841	1,698,110
	6,029,875	6,282,098

21.1.5.2 In other comprehensive income

	2014	2013
Remeasurement in the year	3,098,469	4,996,767
	3,098,469	4,996,767

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.

	Note	2014 Rupees	2013 Rupees
21.1.7 Principle actuarial assumptions			
Discount factor used		13.25%	10.50%
Expected rate of salary increases		12.25%	10.00%

21.1.8 Expected gratuity expense for the year ended June 30, 2015

Expected gratuity expense for the year ending June 30, 2015 works out Rs. 6,508,511

21.2 Deferred taxation	Note	2014 Rupees	2013 Restated Rupees
Opening balance		129,338,684	57,544,361
(Reversed) / provided during the year on surplus - net		(3,625,085)	45,095,008
Prior year tax - effect of change in tax rate		(3,804,079)	(1,777,460)
Provided during the year through profit and loss		6,264,089	29,541,968
Charged through other comprehensive income due to remeamurements		(942,331)	(1,065,194)
		127,231,278	129,338,684
This comprises the following:			
Deferred tax liability on taxable temporary differences:			
Surplus on revaluation of property, plant and equipment		113,205,829	123,252,907
Tax depreciation allowance		122,538,052	127,576,701
		235,743,881	250,829,608
Deferred tax asset on deductible temporary differences:			
Finance lease		(32,938,988)	(34,636,110)
Tax losses and tax credits		(69,723,343)	(78,631,303)
Staff retirement benefits - gratuity		(5,850,273)	(8,223,512)
		(108,512,604)	(121,490,924)
		127,231,277	129,338,684

22. Trade and other payables	Note	2014	2013
Creditors		33,579,180	7,552,133
Advance from customer		2,061,831	1,654,962
Accrued liabilities		30,991,255	22,041,196
Worker's profit participation fund	22.1	-	1,120,010
Worker's welfare fund		45,008	425,604
Unclaimed dividend		235,838	235,838
Withholding tax payable		1,131,313	4,817,383
Others		428,854	711,345
		68,473,279	38,558,471

22.1 Worker's profit participation fund	Note	2014 Rupees	2013 Rupees
Opening balance		1,120,010	-
Provision for the year		-	1,120,010
		1,120,010	1,120,010
Payment made during the year		(1,120,010)	-
		-	1,120,010

23. Accrued interest / mark up		2014	2013
Interest / mark up on secured finances:			
Long term financing from banking companies		22,347,032	14,555,000
Liabilities against assets subject to finance lease		19,625,000	13,425,000
Short term borrowings		34,397,077	25,944,459
		76,369,109	53,924,459

23.1 It includes overdue markup of Rupees 19.801 million (June 30, 2013 11.006 million), Rupees 17.428 (June 30, 2013: Rupees 12.582 million) and Rupees 31.484 million (June 30, 2013: 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	2014 Rupees	2013 Rupees
24.	**Short term borrowings**			
	Secured			
	From banking companies			
	Cash finance	24.2	89,597,828	132,025,971
			89,597,828	132,025,971

24.1 The aggregate of credit limits available for short term borrowings from banking companies are Rs. 250 million (2013 : 250 million). These above facilities are expiring on various date by July 07, 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 18.3 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, 2013: 3 months KIBOR to KIBOR plus 3 percent). The effective markup rate is 11 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 140 million (outstanding amount is Rs. 19.671 million) was expired on November 22, 2011 without further renewal.

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 ended June 30, 2013 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 had applied to the court to withdrawal of its suit C.O.S No. 99/2009 filed against the bank and the case is disposed of by the Honorable judge of 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. 74/2012 against the bank before the Honorable Lahore High court, Lahore. The outcome of the case is not ascertainable as at June 30, 2014.

		2014 Rupees	2013 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	28,082,000	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. 27,498,939 as at June 30, 2014 (June 30, 2013 : Rs.Nil).

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26. Sales - net	Note	2014 Rupees	2013 Rupees
Yarn			
Local		1,840,992,661	1,632,974,576
Export	26.1	163,667,253	162,695,120
		2,004,659,914	1,795,669,696
Raw material - local		27,770,442	17,525,980
Waste - local		10,047,669	9,978,695
		2,042,478,025	1,823,174,371

26.1 It includes exchange gain amounting to Rs. 33,871 (June 30, 2013 : Rs. 14,754).

27. Cost of sales	Note	2014 Rupees	2013 Restated Rupees
Cost of goods manufactured	27.1	1,938,966,370	1,683,962,546
Finished goods			
Opening stock		14,195,220	16,938,764
Closing stock		(16,792,838)	(14,195,220)
		1,936,368,752	1,686,706,090

27.1 Cost of goods manufactured

	Note	2014 Rupees	2013 Restated Rupees
Raw material consumed	27.1.1	1,405,544,545	1,241,531,835
Cost of raw material sold	27.1.1	28,809,376	17,139,798
Packing material consumed		26,640,123	22,737,425
Salaries, wages and benefits		134,127,455	116,076,770
Staff retirement benefits - gratuity		4,576,811	5,858,569
Stores and spares consumed		22,560,486	27,301,763
Fuel and power		257,103,863	199,557,668
Repairs and maintenance		8,485,331	7,937,648
Insurance		2,883,699	2,143,400
Depreciation	5.1.1	46,254,074	38,985,707
Others		3,901,300	4,452,014
		1,940,887,063	1,683,722,597
Work in process			
Opening stock		14,744,454	14,984,404
Closing stock		(16,665,147)	(14,744,454)
		(1,920,693)	239,950
		1,938,966,370	1,683,962,546

27.1.1 Raw material consumed

		2014 Rupees	2013 Restated Rupees
Opening stock		156,218,836	163,273,301
Purchases		1,394,345,027	1,251,617,168
		1,550,563,863	1,414,890,469
Cost of raw material sold		(28,809,376)	(17,139,798)
Closing stock		(116,209,942)	(156,218,836)
		1,405,544,545	1,241,531,835

28. Other operating income	Note	2014 Rupees	2013 Rupees
From other than financial assets			
Scrap sales		-	854,514
Gain on sale of property, plant and equipment		504,235	220,700
Amortization of deferred income	17	4,856,524	4,856,524
Mark-up waived off	28.1	-	72,699,687
Exchange gain on translation of foreign bills		23,153	-
		5,383,912	78,631,425

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.

29. Distribution cost	2014 Rupees	2013 Restated Rupees
Ocean freight	1,409,874	1,997,652
Commission	10,533,056	9,213,692
Local freight	2,770,668	1,856,016
Staff salaries and benefits - gratuity	4,220,393	3,305,590
Miscellaneous export expenses	1,711,619	1,981,633
Wharfage	437,330	414,599
Export development surcharge	413,537	401,595
Others	4,165,125	4,077,728
	25,661,602	23,248,505

30. Administrative expenses	Note	2014 Rupees	2013 Restated Rupees
Directors' remuneration		1,800,000	1,800,000
Staff salaries and benefits		14,539,575	12,849,256
Staff retirement benefits - gratuity		1,453,063	423,529
Postage and telecommunication		877,537	879,058
Vehicles running and maintenance		952,491	826,101
Traveling and conveyance		1,175,104	2,201,342
Printing and stationery		404,305	358,447
Fee and subscriptions		275,049	359,345
Utilities		848,194	746,222
Newspapers and periodicals		10,005	18,898
Advertisement		44,450	82,000
Insurance		689,345	430,269
Auditors' remuneration	30.1	616,000	610,000
Legal and professional		996,900	2,228,650
Rent, rates and taxes		1,695,580	1,498,708
Donations	30.2	624,000	412,000
Repairs and maintenance		148,026	46,359
Depreciation	5.1.1	3,845,597	2,025,936
Others		7,500,965	5,681,485
		38,496,186	33,477,605

30.1 Auditors' remuneration

	2014	2013
Audit fee	550,000	550,000
Half yearly	66,000	60,000
	616,000	610,000

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

31. Other operating expenses

	Note	2014 Rupees	2013 Rupees
Loss on disposal of property, plant and equipment		-	540,190
Exchange loss on translation of foreign bills		-	1,130
Workers profit participation fund		-	1,120,010
Workers welfare fund		45,008	425,604
		45,008	2,086,934

32. Finance cost

	Note	2014 Rupees	2013 Rupees
Interest / mark up on			
Long term financing from banking companies		21,686,483	29,132,278
Liabilities against assets subject to finance lease		8,672,465	8,634,722
Short term borrowings		13,834,155	16,043,125
Bank charges and commission		891,881	1,371,567
		45,084,984	55,181,692

33. Provision for taxation

	2014	2013 Restated
Current		
Current year	19,743,619	9,924,059
Prior year	(2,417,765)	89,593
Deferred		
Current year	6,264,089	30,052,506
Prior year - effect of change in tax rate	(3,804,079)	(1,777,460)
	19,785,864	38,288,698

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, 2013.

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.

34. (Loss) / earnings per share - basic and diluted

		2014	2013 Restated
(Loss) / profit for the year	Rupees	(17,580,460)	62,816,272
Weighted average number of ordinary shares	Numbers	14,100,000	14,100,000
(Loss) / earnings per share - basic	Rupees	(1.25)	4.46

There is no dilutive effect on basic (loss) / earnings 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. 72.875 million (June 30, 2013 : Rs. 50.955 million), financial assets which are subject to credit risk aggregate to Rs. 63.787 million (June 30, 2013 : Rs. 44.270 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2014 Rupees	2013 Rupees
Long term deposits	3,601,320	3,601,320
Trade debts	51,007,743	35,828,500
Loans and advances	632,684	725,335
Trade deposits and short term prepayments	8,545,150	4,070,150
Other receivables	-	39,900
Cash and bank balances	9,087,624	6,689,882
	72,874,521	50,955,087

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

	2014 Rupees	2013 Rupees
Domestic	48,834,715	30,750,600
Export	2,173,028	5,077,900
	51,007,743	35,828,500

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.

	2014 Rupees	2013 Rupees
Yarn	50,812,423	35,680,487
Waste	195,320	148,013
	51,007,743	35,828,500

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

	Gross debtors	
	2014	2013
	Rupees	
Not past due	2,173,028	8,376,310
Past due 0 - 90 days	48,834,715	27,452,190
More than one year	-	-
	51,007,743	35,828,500

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.

	2014					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	497,972,346	564,267,399	61,158,823	24,212,000	386,059,576	92,837,000
Long term loans from directors	83,738,000	83,738,000	-	-		83,738,000
Finance lease	108,306,331	158,523,331	21,780,000	21,780,000	114,963,331	-
Trade and other payables	66,366,440	66,366,440	66,366,440	-	-	-
Accrued markup / interest	76,369,109	76,369,109	76,369,109	-	-	-
Short term borrowings	89,597,828	92,419,553	92,419,553	-	-	-
	922,350,054	1,041,683,832	318,093,925	45,992,000	501,022,907	176,575,000

	2013					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	518,553,200	606,535,732	53,711,825	26,480,331	430,706,576	95,637,000
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 mark up and 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	1,046,996,616	298,329,343	43,187,831	557,342,442	148,137,000

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 2014	22,050.00	-	-	2,173,028
Trade debts 2013	51,500.00	-	-	5,077,900

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
Financial assets	2014	2013	2014	2013
US Dollar to Rupee	98.58	96.30	98.55	98.60

	Average rates		Reporting date rates	
Financial liabilities	2014	2013	2014	2013
US Dollar to Rupee	98.78	96.50	98.75	98.80

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 follows.

	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	39,739,576	49,097,576
Variable rate instruments		
Financial assets	-	-
Financial liabilities	633,492,419	691,143,416

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, 2014.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2014	441,931	(441,931)	-	-
Cash flow sensitivity - variable rate instruments 2013	538,101	(538,101)	-	-

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	2014 Rupees	2013 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	28,082,000	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.

		2014	2013
Borrowings	Rupees	779,614,505	812,913,037
Total equity	Rupees	(76,680,823)	(69,982,816)
Total capital employed	Rupees	702,933,682	742,930,221
Gearing ratio	Percentage	110.91	109.42

37 Plant capacity and production

	2014	2013
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.)	11,355,745	10,307,544

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.

38 Transactions with related parties

		2014 Rupees	2013 Rupees
Key management personnel	Salaries and benefits	9,723,032	9,798,667
	Retirement benefits	460,000	460,000
Directors	Reciepts of loan from directors	31,238,000	-

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

	2014		2013	
	Chief executive	Executive	Chief executive	Executive
	Rupees		Rupees	
Remuneration	1,200,000	5,229,201	1,200,000	5,279,120
House rent allowance	540,000	2,353,141	540,000	2,375,604
Utility allowance	60,000	340,690	60,000	343,943
	1,800,000	7,923,032	1,800,000	7,998,667
Number of persons	1	8	1	5

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.

	2014	2013
41 NUMBER OF EMPLOYEES		
Total number of employees as at	832	811
Average number of employees during the year	815	790

42 Events after the balance sheet date

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

43 Date of authorization for issue

These financial statements have been authorized for issue on October 09, 2014 by the board of directors of the company.

CHIEF EXECUTIVE **DIRECTOR**

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2014

No. of Shareholders	------Shareholding------ From	To	Total Shares Held
171	1	100	9,924
424	101	500	180,226
100	501	1000	91,727
106	1001	5000	280,330
21	5001	10000	165,116
7	10001	15000	92,915
4	15001	20000	72,134
3	20001	25000	68,000
1	45001	50000	50,000
1	50001	55000	52,100
1	60001	65000	60,598
1	70001	75000	75,000
1	105001	110000	108,500
1	180001	185000	183,000
1	235001	240000	236,000
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	1160001	1165000	1,163,113
2	1295001	1300000	2,600,000
1	3780001	3785000	3,784,371
853			**14,100,000**

Categories of shareholders	**Share held**	**Percentage**
Directors, Chief Executive Officers, and their spouse and minor childern	5,008,299	35.5199
Associated Companies, undertakings and related parties	-	-
NIT and ICP	8,533	0.0605
Banks Development Financial Institutions, Non Banking Financial Institutions.	-	-
Insurance Companies	52,100	0.3695
Modarabas and Mutual Funds	33	0.0002
Share holders holding 10% or more	3,784,371	26.8395
General Public		
a. Local	9,029,002	64.0355
b. Foreign	--	--
Others (to be specified)		
Joint Stock Companies	2,033	0.0144

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2014

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. OSAMA SAEED	10,000	0.0709%
6	MR. MUHAMMAD IJAZ SHAHID	10,000	0.0709%
7	MR. MUHAMMAD ANWAR ABBAS	9,800	0.0695%
8	MRS. FARAH NAEEM W/O MIAN NAEEM OMER	1,163,113	8.2490%
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	MRS. FARAH NAEEM	1,163,113	8.2490%
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. FARHAT IQBAL	971,505	6.8901%
8	MR. SHAHZAD IQBAL	923,561	6.5501%
9	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
1	MRS. FARAH NAEEM W/O MIAN NAEEM OMER	-	1,163,113

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 28th Annual General Meeting of the Company to be held on Friday, the 31st October, 2014 and at any adjournment thereof.

Signed this ____________ day of ____________ 2014

Witness:

1.

2.

Please
affix
Revenue Stamp

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

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.