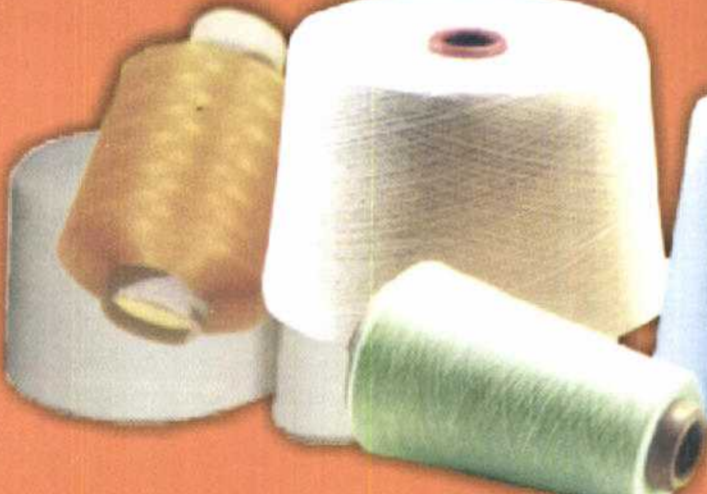
2014



REGISTERED TO ISO 9001:2008 NO.1072/A/0002/UK/En
URS
J. A. TEXTILE MILLS LTD.
UKAS
QUALITY MANAGEMENT
043

J. A. Textile Mills Limited

VISION

TO TURN AROUND THE COMPANY INTO A PROFITABLE UNDERTAKING THROUGHOUT ITS LIFE AND TO BE A MARKET LEADER BY BEING THE BEST.

MISSION

TO BE A FOREMOST COMPANY RECEPTIVE TO THE NEEDS OF ITS CUSTOMERS BY PROVIDING FINE QUALITY PRODUCTS TO THEIR ENTIRE SATISFACTION. TO CONTRIBUTE FULLY IN SUPPORTING OUR COUNTRY'S ECONOMY BY EARNING VALUABLE FOREIGN EXCHANGE, EXPANSION OF INDUSTRY AND PROVISION OF JOBS.

CONTENTS

COMPANY INFORMATION

Board of Directors

Chief Executive:	Mr. Imran Zahid
Directors:	Mr. Zahid Anwar
	Mrs. Rukhsana Begum
	Ms. Quratul-Ain Zahid
	Mr. Muhammad Yousaf
	Mr. Muhammad Ali
	Mr. Muhammad Anwar-ul-Haq

Audit Committee:

Chairman:	Mr. Muhammad Ali
Member:	Mr. Muhammad Anwar-ul-Haq
Member:	Ms. Quratul-Ain Zahid

Human Resources & Remuneration (HR&R) Committee:

Chairman:	Mr. Muhammad Anwar-ul-Haq
Member:	Ms. Quratul-Ain Zahid
Member:	Mr. Muhammad Yousaf
Company Secretary:	Mr. Ajmal Shabab
Chief Financial Officer:	Mr. Aftab Younis
Head of Internal Audit:	Mr. Muhammad Umer Farooq
Auditors:	Kreston Hyder Bhimji & Company, Chartered Accountants
Banks:	Al Baraka Islamic Bank B.S.C. (E.C.)
	Dubia Islamic Bank Pakistan Limited
	JS Bank Limited
	National Bank of Pakistan
	United Bank Limited
Legal Advisor:	Mr. Zia-ul-Haq (Advocate)
Registered Office:	JK House, 32-W, Susan Road, Madina Town, Faisalabad
Share Registrar Office:	National Biz Management (Private) Limited Plot No.,2-C, Mezzanine Floor, Badar Commercial Area, Street No. 9, Phase-V(Ext.), D. H. A., Karachi
Mills:	29-KM, Sheikhupura Road, Faisalabad
Web Site:	www.jatml.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the members of J. A. Textile Mills Limited will be held at registered office, JK House, 32-W, Susan Road, Madina Town, Faisalabad at 9:00 AM on 31.10.2014 to transact the following business:-

1. To confirm the minutes of the Annual General Meeting held on 31.10.2013.

2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2014 together with the Directors' and Auditor's reports thereon.

3. To appoint auditors for the year ending June 30, 2015 and fix their remuneration. The retiring auditors M/S Kreston Hyder Bhimji & Co. chartered accountants being eligible offered themselves for reappointment.

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

FOR AND ON BEHALF OF THE BOARD

FAISALABAD: 03.10.2014

(Company Secretary)

NOTES:

1. The share transfer books of the company will remain closed from 25.10.2014 to 31.10.2014 (both days inclusive).

2. A member entitled to attend and vote at the general meeting is entitled to appoint another member as 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 the meeting.

3. CDC shareholders are requested to bring with them their National Identification Cards alongwith participants ID and their account number at the time of Annual General Meeting' in order to facilitate identification. In case of a corporate entity, a certified copy of the resolution passed by the Board of Directors/valid power of attorney with the specimen signatures of the nominee be produced at the time of meeting.

4. Members are requested to immediately notify the change in their addresses, if any.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Board of Directors is pleased to present 27th Annual Report for the year ended June 30, 2014

Industry review

During the year performance of textiles specially spinning sector is badly affected by the decrease in export of yarn, shortage of gas and electricity, unstable prices of cotton and decrease of demand of cotton yarn.
Unsupportive government policies and financing barriers for investment in machinery and heavy taxation also badly effect the growth of industry.

Operational review

Synopsis of financial year 2014:

- Gross earnings were badly effected and decreased to 59.435 million negative from 64.564 million positive during last year due to sudden fall in yarn prices in financial year 2014.
- Operational costs Increased by 1.39% (Increased from 795.480 million to 806.572 million during the year under review) main reason of this is due to less availability of sui gas, relay on electricity was increased and leads of 41.88% increase in fuel and power.
- Sales revenue decreased by 13.13% due to decrease in yarn prices.

Summarized financial results

	2014		2013	
	Millions Rupees	% of Sales	Millions Rupees	% of Sales
Gross (Loss)/profit margin	(59.435)	(7.96)	64.564	7.51
Operating (Loss)/profit before tax	(69.115)	(9.25)	46.292	5.38

Future Outlook

Your company has trying continuously its level best to bring new advancement in machinery to improve products and performance. During the previous year your company has opened a letter of credit of rupees 16 million for acquiring new machinery for modernization of further 6 frames of ring department. Despite of the very challenging business conditions and heavy losses, we are very much optimistic for future prospects and following steps are taken for improvement of plant and machinery and discovering new markets will ensure better outcome in coming years.

1- An investment of Rs.8.3million has been made in Autocone, drawing and blow room machinery. These machines are under trail production.
2- Additions of four machines in Carding of Rs.8.5 million have been made and are under the installation phase.

3- The management also planning to add another 3000 spindles in Ring department during next year.
4- Management is also planning for the increase the use of cheaper source of energy i.e. gas by replacing one gas genset with newer one for reduction of energy cost.

We positively look forward to counter all challenges and firmly committed to deliver best possible results in future and will continue to meet our objectives and goals.

Compliance to good governance, social and environmental requirements

Your company is committed to fulfill its responsibilities towards good governance, social and environmental responsibilities. To protect health and safety of employees and environment, company provides able conditions and means to ensure compliance.

Your company has established implemented and maintained systems in compliance with the requirements of international standards and achieved third party certifications for the following product/ management systems standards;

- ISO 9001:2008 Quality Management Systems

Contribution to national exchequer

During the financial year the company contributed Rs.20.956 million to the national exchequer in shape of direct and indirect taxes.

Human resource and industrial relations

Under a defined and documented criteria in line with national and international laws people are recruited and hired. This is demonstrated at all level beyond any racism, cast, sex or religion and respects human rights, ethics and standards.

To keep work friendly environment company has setup procedures, rules and regulations which regulate employment guidance. The operations of the company were carried out keeping in view the dignity, respect, support and protection as per national and international standards set to meet the working environments.

Earnings per share and dividend

Based on the loss after tax for the year ended June 30, 2014, the earnings per share is rupee 3.42 negative.

Considering current financial results and accumulated losses brought forward, no dividend is recommended for the year ended June 30, 2014.

Contingencies and commitments

There is no material change in position of ongoing litigation and other matters related to court as reported in the Directors' report to the shareholders for the year ended June 30, 2013.

Outstanding statutory payment

An amount of Rs. 5,591,401 has been shown in the balance sheet as custom levies payable. This consists of import duty and import surcharge on the import of ring spinning frames. SRO 1076(I)/95 provides that 30% of total import duty and surcharge was leviable which the Company has already paid. However this long outstanding issue is still pending with the custom authorities.

Financial and Corporate Reporting Framework

The Directors are pleased to state that your company is compliant with the provisions of the practices of Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP).

In order to protect and enhance the long term value of shareholders the Board is responsible for the overall corporate governance of the company including approving strategic policies and decisions, capital expenditures, appointing, removing, and creating succession policies.

Following are the statements of Corporate and Financial Reporting Framework:

- **a)** Financial statements prepared by the management of the Company represent fairly and accurately the company's state of affairs, results of its operation, cash flows and changes in equity.
- **b)** Proper books of accounts have been maintained.
- **c)** Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- **d)** International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- **e)** The system of internal control is sound in design, has been effectively implemented and being monitored continuously. Ongoing review will continue in future for further improvement in controls.
- **f)** There are no significant doubts upon the company's ability to continue as a going concern.
- **g)** There has been no material departure from best practices of corporate governance.
- **h)** Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.
- **i)** The value of investments in respect of Employees Provident Fund was Rs. 4.620/- millions for the year ended June 30, 2014. (2013: Rs. 4.700 millions)

j) During the year under review, four meetings of the Board were held:-

Name of directors	Meetings attended
Mr. Imran Zahid (CEO)	4
Mr. Zahid Anwar	2
Mrs Rukhsana Begum	2
Ms Quratul Ain Zahid	4
Mr. Muhammad Anwar ul Haq	4
Mr. Muhammad Ali	4
Mr. Muhammad Yousaf	4

k) Statement of compliance with the Best Practices of Corporate Governance is annexed.

Auditors' report- emphasis paragraphs
The Directors would like to draw your attention to the last paragraph of the Auditors' report relating to note 18.1 and 18.2 to the financial statements. As per directors' view company is at sound footing and prima facie all the cases is expected to be decided in its favor.

Post balance sheet events
There was no significant post balance sheet event which warrants mention in the Directors' Report.

Key financial highlights
Financial data of the last six (06) year is attached.

Shareholding
The pattern of shareholding as at June 30, 2014 is annexed.

Audit committee
The Board has formed an audit committee. It comprises of three members, all are non-executive directors and the chairman of the committee is independent director. The committee meets every quarter for review of audit reports and interim/ annual financial results prior to the approval of the Board.

Auditors

Present auditors, M/s Kreston Hyder Bhimji and Company, Chartered Accountants, retire and offer themselves for re-appointment. The Audit Committee has recommended the re-appointment of retiring auditors for the year 2015 on same terms and conditions.

Acknowledgement

We would like to express our appreciation for the dedication and hard work put in by the entire team at J. A. Textile Mills Limited and all its partners within the country and all across the world.

For and on behalf of the Board.

Imran Zahid
Chief Executive
October 03, 2014

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

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulation No. 35 of Karachi and Lahore Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	Mr. Muhammad Yousaf and Mr. Muhammad Ali.
Executive Directors	Mr. Imran Zahid and Mr. Zahid Anwar.
Non-Executive Directors	Mrs. Rukhsana Begum, Ms. Quratul-Ain Zahid, Mr. Muhammad Anwar-ul-Haq.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

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

4. Two Casual vacancies occurred on the Board on 23rd October 2013 was filled up by the directors within same day.

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

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

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

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

9. Orientation course has been arranged during the year.

10. The appointment of CEO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment have been duly approved by the Board.

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

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

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

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

15. The Board has formed an audit committee. It comprises of three members, all are non-executive directors and the chairman of the committee is independent director.

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

17. The Board has formed an HR and Remuneration Committee. It comprises three members, all are non-executive directors and the chairman of the committee is non- executive director.

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

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by institute of Chartered Accountants of Pakistan.

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

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

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

IMRAN ZAHID
CHIEF EXECUTIVE
OCTOBER 03, 2014

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	2013	2012	2011	2010	2009	2008
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
FINANCIAL POSITION						
Fixed assets (cost)	575.398	540.010	403.994	386.603	388.471	387.927
Accumulated depreciation	160.407	140.704	128.618	106.589	83.066	55.736
Current assets	138.812	72.502	50.668	63.223	30.891	77.511
Paid up capital	126.012	126.012	126.012	126.012	126.012	126.012
Current liabilities	94.409	77.904	43.508	65.877	43.982	51.841
INCOME						
Sales	860.044	589.264	716.222	571.674	480.345	572.154
Other income	2.256	2.362	0.510	0.984	0.009	0.031
Pre-tax profit/(loss)	46.292	11.720	(0.245)	2.298	(40.925)	(33.719)
Taxation charge/(credit)	17.299	10.323	6.326	8.517	(4.144)	(6.326)
STATISTICS AND RATIOS						
Pre-tax profit/(loss) to sales %	5.38	1.99	(0.03)	0.402	(8.520)	(5.893)
Pre-tax profit/(loss) to capital %	24.31	7.23	(0.39)	3.310	(26.790)	(26.759)
Current Ratio	1 : 1.47	1 : 0.93	1 : 1.16	1 : 0.96	1 : 0.70	1 : 1.50
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Earning after tax per share (Rs.)	2.25	0.11	(0.52)	(0.49)	(2.92)	(2.17)
Break-up value per share (Rs.)	15.11	12.87	5.01	5.51	6.00	8.92

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

We have reviewed the Statement of Compliance with the best practices ("the Statement") contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **J. A. Textile Mills Limited** ("the Company") to comply with the Listing Regulation No.35 of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shabir Ahmed

DATE: OCTOBER 03, 2014
FAISALABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **J.A. TEXTILE MILLS LIMITED** ("the Company") 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 purposes of our audit.

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

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

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied.

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with 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, 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.

Wit... ut qualifying our opinion, we draw attention of the members to;

(a) Note 1.2 to the financial statements, which disclose the appropriateness of going concern assumption used by the Company in the preparation of financial statements, in spite of the fact that the Company incurred net loss of Rs. 43.042 million during the current year and its accumulated loss stands at Rs. 204.758 million against the paid up share capital of Rs.126.012 as at June 30, 2014 along with negative current ratio. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

(b) Note 18.1 to the financial statements, which indicate that the Company has filed appeal before the Supreme Court of Pakistan against the decision of the Lahore High Court Lahore for remitting back the case to Banking Court-II, Faisalabad for necessary calculations of mark up, which had originally decided in favour of the Company. Due to litigation the bank has not confirmed the balances as appearing in these financial statements. Although the management of the company is affirmative that the case will be decided in Company's favour, the ultimate outcome of the matter cannot presently be determined with any degree of certainty.

(c) Note 18.2 to the financial statements, which indicate that the Company has filed a suit against MCB Bank Limited for charging compound mark up on long term financing and that the balances as appearing in these financial statements have also not been confirmed by the Bank. Although the management of the company is affirmative that the case will be decided in Company's favour, the ultimate outcome of the matter cannot presently be determined with any degree of certainty.

DATE: OCTOBER 03, 2014
FAISALABAD

KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shabbir Ahmed

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	424,791,022	416,076,266
Long term deposits	6	17,171,926	17,171,926
		441,962,948	433,248,192
CURRENT ASSETS			
Stores and spares	7	15,810,317	8,065,296
Stock in trade	8	89,917,610	87,237,176
Trade debts	9	497,010	7,962,413
Advances, prepayment and other receivables	10	16,545,565	3,115,879
Short term investment	11	316,959	293,133
Tax refunds due from Government	12	9,638,140	7,747,271
Cash and bank balances	13	2,215,049	24,390,863
		134,940,650	138,812,031
TOTAL ASSETS		576,903,598	572,060,223
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 ordinary shares of Rs.10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital			
12,601,160 ordinary shares of Rs. 10 each, fully paid in cash		126,011,600	126,011,600
Accumulated loss		(204,758,459)	(170,731,401)
		(78,746,859)	(44,719,801)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	14	226,187,459	235,178,750
NON CURRENT LIABILITIES			
Long term financing	15	174,110,750	186,179,049
Deferred liabilities	16	74,232,686	101,012,763
		248,343,436	287,191,812
CURRENT LIABILITIES			
Trade and other payables	17	152,509,510	72,377,587
Accrued mark up/interest		22,031,875	22,031,875
Current portion of long term financing	15	6,578,177	-
		181,119,562	94,409,462
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		576,903,598	572,060,223

The annexed notes 1 to 36 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 Rupees
Sales - net	19	747,136,933	860,044,093
Cost of sales	20	806,572,113	795,479,816
Gross (loss) / profit		(59,435,180)	64,564,277
Operating expenses			
Distribution costs	21	222,000	6,057,761
Administrative expenses	22	12,242,835	10,819,403
Other operating expenses	23	-	3,420,353
Finance cost	24	300,248	230,654
		12,765,083	20,528,171
		(72,200,263)	44,036,106
Other income	25	3,084,779	2,255,925
(Loss)/profit before taxation		(69,115,484)	46,292,031
Taxation	26	(26,073,309)	17,992,580
(Loss)/profit for the year		(43,042,175)	28,299,451
Earnings per share - Basic & Diluted	27	(3.42)	2.25

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

CHIEF EXECUTIVE **DIRECTOR**

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

	2014 Rupees	2013 Rupees
(Loss)/profit for the year	(43,042,175)	28,299,451
Other comprehensive income for the year:		
Items that will not be reclassified subsequently to profit or loss:		
Unrealized income on change in fair value of investment	23,826	23,328
Total Comprehensive (loss)/income for the year	(43,018,349)	28,322,779

The annexed notes 1 to 36 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 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(69,115,484)	46,292,031
Adjustments for non cash and other items:			
Depreciation		20,426,312	20,149,921
Profit on deposit accounts		(982,932)	(2,149,990)
Profit on deposit with SNGPL		(2,075,233)	-
Workers' welfare fund		-	240,385
Workers' profit participation fund		-	2,449,075
Gain on disposal of vehicle		-	(101,619)
Finance cost		300,248	230,654
Operating cash flows before working capital changes		(51,447,089)	67,110,457
Changes in working capital			
(Increase)/decrease in current assets			
Stores and spares		(7,745,021)	(911,905)
Stock in trade		(2,680,434)	(54,732,002)
Trade debts		7,465,403	264,776
Advances, prepayment and other receivables		(11,666,733)	(441,496)
Tax refunds due from Government		2,251,450	(1,991,223)
Increase/(decrease) in current liabilities			
Trade and other payables		82,389,323	15,116,071
		70,013,988	(42,695,779)
Cash generated from operations		18,566,899	24,414,678
Finance cost paid		(108,573)	(190,056)
Workers' welfare fund paid		-	(240,385)
Workers' profit participation fund paid		(2,449,075)	(670,620)
Taxes paid		(4,849,087)	(4,139,289)
Net cash generated from operating activities		11,160,164	19,174,328
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property, plant and equipment		(29,141,068)	(9,065,540)
Sale proceeds from the disposal of vehicle		-	300,000
Profit on deposit accounts		1,069,697	2,061,131
Profit on deposit with SNGPL		225,515	-
Profit on short term investment		23,826	23,328
Short term investment		(23,826)	(23,328)
Long term deposits		-	25,907
Net cash used in investing activities		(27,845,856)	(6,678,502)
c) CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(5,490,122)	(6,130,869)
Net cash used in financing activities		(5,490,122)	(6,130,869)
Net (decrease) / increase in cash and cash equivalents (a+b+c)		(22,175,814)	6,364,957
Cash and cash equivalents at the beginning of the year		24,390,863	18,025,906
Cash and cash equivalents at the end of the year	13	2,215,049	24,390,863

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

CHIEF EXECUTIVE **DIRECTOR**

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

	Share Capital	Accumulated loss	Total
	[Rupees]		
Balance as at July 01, 2012	126,011,600	(208,568,809)	(82,557,209)
Total comprehensive income for the period	-	28,322,779	28,322,779
Incremental depreciation on revalued property, plant and equipment for the period	-	13,889,482	13,889,482
Tax effect on incremental depreciation	-	(4,374,853)	(4,374,853)
Balance as at June 30, 2013	**126,011,600**	**(170,731,401)**	**(44,719,801)**
Total comprehensive loss for the period	-	**(43,018,349)**	**(43,018,349)**
Incremental depreciation on revalued property, plant and equipment for the period	-	**13,045,244**	**13,045,244**
Tax effect on incremental depreciation	-	**(4,053,953)**	**(4,053,953)**
Balance as at June 30, 2014	126,011,600	(204,758,459)	(78,746,859)

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

CHIEF EXECUTIVE **DIRECTOR**

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

1. THE COMPANY AND ITS OPERATIONS

1.1 J.A. Textile Mills Limited (the Company) was incorporated in Pakistan on 25 May, 1987 under the Companies Ordinance, 1984. The shares of the company are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The Mill is situated at Tehsil Jaranwala, District Faisalabad in the province of Punjab and the registered office of the Company is situated at JK House, 32-W Susan Road, Madina Town, Faisalabad. The principal business activity of the Company is manufacturing and sale of yarn.

1.2 The Company has accumulated loss of Rs. 204.758 million (2013: Rs. 170.731 million) as against issued, subscribed and paid up capital of Rs. 126.012 million, thereby having a negative equity of Rs. 78.747 million (2013: Rs.44.719 million); and its current assets has decreased from its current liabilities by Rs. 46.179 million as at 30-06-2014 as compared to positive balance of Rs. 44.402 million as at 30-06-2013. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, and therefore the Company may be unable to discharge its liabilities and realize its assets in the normal course of business.

Inspite of the huge accumulated losses and negative equity, the management is optimistic that the current balancing and modernization of plant and machinery as well as the proposed change in line of product from cotton yarn to polyster yarn will improve the future financial results. The management is also optimistic that improvement in future industry situation, better production efficiency, continuing financial support from directors and associates will also lead to improved financial results. Based upon these aspects, the financial statements have been prepared on going concern basis.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting Periods beginning on or After)
IFRS-2	Shared-based Payments (Amendments)	July 01, 2014
IFRS-3	Business Combinations (Amendments)	July 01, 2014
IFRS-8	Operating Segments (Amendments)	July 01, 2014
IAS-16	Property, Plant and Equipment (Amendments)	July 01, 2014
IAS-24	Related Party Disclosures (Amendments)	July 01, 2014
IAS-32	Financial Instrument: Presentation (Amendments)	January 01, 2014
IAS-36	Impairments of Assets (Amendments)	January 01, 2014
IAS-39	Financial Instrument: Recognition & Measurement (Amendments)	January 01, 2014
IFRIC-21	Levies	January 01, 2014

The management anticipate that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

		IASB Effective date Accounting Periods beginning on or After
IFRS 1	First-time adoption of International Financial Reporting standards	July 01, 2009
IFRS 9	Financial instruments	January 01, 2015
IFRS 10	Consolidated financial statements	January 01, 2013
IFRS 11	Joint arrangements	January 01, 2013
IFRS 12	Disclosure of interests in other entities	January 01, 2013
IFRS 13	Fair value measurement	January 01, 2013

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except property, plant and equipment referred in note 4.3 are carried at revalued amounts. The company's significant accounting policies are stated in note 4. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of setting up and applying the Company's accounting policies. 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of the management assumptions, judgment and estimates in these financial statements are as follows:

Useful life of the depreciable assets	(Note : 4.1)
Store and spares	(Note : 4.2)
Provision for doubtful debts and other receivable	(Note : 4.4)
Taxation	(Note : 4.10)
Contingencies	(Note : 4.13)

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the subsequent years.

4. SUMMERY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

Operating assets

Operating fixed assets except land and capital work in progress are stated at cost / revalue amounts less accumulated depreciation and impairment, if any. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Free hold land is stated at revalued amount and capital work in progress is stated at historical cost.

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 them will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of the property, plant and equipment is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the reducing balance method so as to write off the historical cost of the assets over their expected useful life at the rates mentioned in property, plant and equipment note - 5.1.

Depreciation on additions during the year is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Gains and losses on disposal of property, plant and equipment are included in current income.

Capital work in progress is shown at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.2 Stores and spares

These are valued at lower of moving (monthly weighted) average cost and net realizable value except items-in-transit which are valued at cost accumulated to the balance sheet date. Stores, spares and loose tools are regularly reviewed by the management to assess their net realizable value (NRV). Provision is made for slow moving and obsolete store items when so identified.

4.3 Stock in trade

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

Raw material - At factory	Annual average cost
- In Transit	Invoice value plus direct charges in respect thereof.
Work in process and finished goods	Prime cost including a proportion of production overheads.
Wastes	At net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to be incurred in order to make the sale.

.4 Trade and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future. Balances considered bad are written off when identified.

4.5 Short term investment

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available -for -sale.

Subsequent to initial recognition at cost, these are measured at fair value. The Company uses latest stock exchange quotations to determine the fair value of quoted investments. Gain or losses on available for sale investments are recognized directly in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

4.6 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (functional and presentation currency) at the rates of exchange approximating those appearing on the dates of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevalent on the balance sheet date. All exchange differences arising from foreign currency transactions / translations are charged to profit and loss account.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

4.8 Surplus on revaluation of property, plant and equipment

The surplus arising on revaluation of these assets is credited to the "Surplus on revaluation of property, plant and equipment'" account shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance 1984. The Company has adopted the following accounting treatment of depreciation on revalued assets in accordance with the provisions of the above said section:

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

An amount equal to incremental depreciation for the year net of deferred taxation is transferred from " Surplus on Revaluation of Fixed Assets account" to accumulated profits/losses through Statement of Changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.9 Staff retirement benefits

The Company operates an approved funded contributory Provident Fund Scheme for all its employees eligible for benefits. Equal monthly contributions are made, both by the Company, and the employees, to the fund at the rate of 8.33% of the basic salary. The Company's contribution to the fund is charged to profit and loss account for the year.

4.10 Taxation

Current Taxation

Under normal law

The current taxation is computed on the basis of profit for the year adjusted for fiscal purposes, minimum tax u/s 113 or Alternate Corporate Tax (ACT) u/s 113C of the Income Tax Ordinance, 2001 after taking into account the tax credit or rebate, if any.

Under presumptive tax regime

Taxation in relation to export of goods under section 154 read with section 169 is provided on the basis of Presumptive Tax Regime in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred Taxation

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

4.11 Trade and other payables

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

4.12 Provisions

A provision is recognized when the Company has a present, legal or constructive obligation as a result of a past event when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.13 Contingencies

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

4.14 Related party transactions and transfer pricing

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method.

4.15 Borrowing costs

Borrowing costs to the extent of borrowing costs that are directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account in the period of incurrence.

4.16 Dividend and other appropriations

Dividend is recognized as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

4.17 Financial Instruments

Financial assets are long term deposits, trade debtors, advances & other receivables and cash and bank balances. These are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred; and the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term borrowings and trade and other payables. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

4.18 Offsetting of financial assets and financial liabilities

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

4.19 Impairment

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount by charging the impairment loss against profit and loss account for the year.

4.20 Revenue recognition

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable and is recognized on the following basis;

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the customers usually when goods are delivered/ dispatched and title has passed.

Profit on short term investments and bank deposits is recognized on accrual basis.

Interest income on deposit with Sui Northern Gas Pipelines Limited (SNGPL) is recognized on accrual basis.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	5.1	415,763,252	414,991,616
Capital work in progress	5.5	9,027,770	1,084,650
		424,791,022	416,076,266

5.1 OPERATING FIXED ASSETS

2014

DESCRIPTION	COST / REVALUATION As at July 1, 2013	Addition/ (deletion)	As at June 30, 2014	DEPRECIATION As at July 1, 2013	For the year	Adjustment	As at June 30, 2014	W.D.V As at June 30, 2014	Rate %
Freehold land	78,800,000	-	78,800,000	-	-	-	-	78,800,000	-
Building on freehold land									
- factory	152,567,415	-	152,567,415	43,370,615	5,459,840	-	48,830,455	103,736,960	5
- residential	29,130,889	-	29,130,889	8,616,323	1,025,728	-	9,642,051	19,488,838	5
Plant and machinery	237,936,253	19,991,448	257,927,701	77,944,022	8,815,425	-	86,759,447	171,168,254	5
Power Generators	29,997,446	1,185,000	31,182,446	5,376,812	2,570,688	-	7,947,500	23,234,946	10
Electric installations	16,621,598	-	16,621,598	10,951,598	567,000	-	11,518,598	5,103,000	10
Factory equipments	14,785,075	-	14,785,075	3,445,075	1,134,000	-	4,579,075	10,206,000	10
Electric appliances	940,688	-	940,688	747,730	19,296	-	767,026	173,662	10
Office equipments	2,807,355	21,500	2,828,855	1,854,300	96,573	-	1,950,873	877,982	10
Furniture and fixtures	290,516	-	290,516	245,387	4,513	-	249,900	40,616	10
Vehicles	11,521,112	-	11,521,112	7,854,869	733,249	-	8,588,118	2,932,994	20
Total 2014	575,398,347	21,197,948	596,596,295	160,406,731	20,426,312	-	180,833,043	415,763,252	

2013

DESCRIPTION	COST / REVALUATION As at July 1, 2012	Addition/ (deletion)	As at June 30, 2013	DEPRECIATION As at July 1, 2012	For the year	Adjustment	As at June 30, 2013	W.D.V As at June 30, 2013	Rate %
Freehold land	78,800,000	-	78,800,000	-	-	-	-	78,800,000	-
Building on freehold land									
- factory	152,567,415	-	152,567,415	37,623,415	5,747,200	-	43,370,615	109,196,800	5
- residential	28,647,509	483,380	29,130,889	7,547,209	1,069,114	-	8,616,323	20,514,566	5
Plant and machinery	204,635,320	33,300,933	237,936,253	69,995,320	7,948,702	-	77,944,022	159,992,231	5
Power Generators	29,653,910	343,536	29,997,446	2,653,910	2,722,902	-	5,376,812	24,620,634	10
Electric installations	16,621,598	-	16,621,598	10,321,598	630,000	-	10,951,598	5,670,000	10
Factory equipments	14,785,075	-	14,785,075	2,185,075	1,260,000	-	3,445,075	11,340,000	10
Electric appliances	940,688	-	940,688	726,290	21,440	-	747,730	192,958	10
Office equipments	2,789,355	18,000	2,807,355	1,749,009	105,291	-	1,854,300	953,055	10
Furniture and fixtures	290,516	-	290,516	240,373	5,014	-	245,387	45,129	10
Vehicles	10,278,507	1,888,375 (645,770)	11,521,112	7,662,000	640,258	(447,389)	7,854,869	3,666,243	20
Total 2013	540,009,893	35,388,454	575,398,347	140,704,199	20,149,921	(447,389)	160,406,731	414,991,616	

5.2 Detail of property, plant and equipment disposed of during the year:

	Description	Mode of disposal	Cost	Book value	Sale proceeds	Gain
2014	-	-	-	-	-	-
	Vehicles:					
2013	Muhammad Hammad Riaz	Negotiation	645,770	198,381	300,000	101,619

	2014 Rupees	2013 Rupees
5.3 Depreciation charge for the year has been allocated as under		
Cost of sales	19,591,977	19,399,358
Administrative expenses	834,335	750,563
	20,426,312	20,149,921

5.4 Had there been no revaluation, the related figures of freehold land, building on freehold land, plant and machinery, power generators, electric installation and factory equipments as at June 30 would have been as follows:

	2014		
	Cost	Accumulated depreciation	Written down value
	[R U P E E S]		
Freehold land	3,848,875	-	3,848,875
Building on freehold land			
- Factory	32,519,124	28,241,051	4,278,073
- Residential	6,147,674	5,017,902	1,129,772
Plant and machinery	285,909,988	193,564,252	92,345,736
Power Generators	17,355,514	5,320,384	12,035,130
Electric installations	12,569,808	10,748,758	1,821,050
Factory equipments	2,711,074	2,285,015	426,059
	361,062,057	245,177,362	115,884,695

	2013		
	Cost	Accumulated depreciation	Written down value
	[R U P E E S]		
Freehold land	3,848,875	-	3,848,875
Building on freehold land			
- Factory	32,519,124	28,015,889	4,503,235
- Residential	6,147,674	4,958,440	1,189,234
Plant and machinery	265,918,540	188,897,381	77,021,159
Power generators	16,170,514	3,994,119	12,176,395
Electric installations	12,569,808	10,546,419	2,023,389
Factory equipments	2,711,074	2,237,675	473,399
	339,885,609	238,649,923	101,235,686

	Note	2014 Rupees	2013 Rupees
5.5 Capital work in progress			
Plant and machinery	5.5.1	4,195,600	1,084,650
Advances for capital expenditure	5.5.2	4,832,170	-
		9,027,770	1,084,650
5.5.1 Movement of plant and machinery			
Opening balance		1,084,650	28,053,334
Addition during the year		21,042,825	-
		22,127,475	28,053,334
Less: Capitalization during the year		(17,931,875)	(26,968,684)
		4,195,600	1,084,650
5.5.2 Advances for capital expenditure			
Plant and machinery		4,832,170	-

	Note	2014 Rupees	2013 Rupees
6. LONG TERM DEPOSITS			
Security deposits	6.1	17,171,926	17,171,926

6.1 This includes Rs. 14,216,046/- (2013: Rs. 14,216,046/-) security deposit with Sui Northern Gas Pipelines Limited (SNGPL) against supply of natural gas to the company. It is subject to interest at the rate of 5% per annum.

	Note	2014 Rupees	2013 Rupees
7. STORES AND SPARES			
Stores		3,211,519	4,103,401
Spares		12,598,798	3,961,895
		15,810,317	8,065,296
8. STOCK IN TRADE			
Raw material		48,515,992	57,285,474
Work in process			7,472,432
Finished goods		41,401,618	22,479,270
		89,917,610	87,237,176
9. TRADE DEBTS			
Considered good			
Local - unsecured		497,010	7,962,413
10. ADVANCES, PREPAYMENT AND OTHER RECEIVABLES			
Advances-considered good:			
Advances to suppliers		13,575,561	1,963,994
Advances to employees		42,112	30,336
Prepaid insurance		211,306	167,916
Accrued profit		1,851,812	88,859
Others		864,774	864,774
		16,545,565	3,115,879
11. SHORT TERM INVESTMENT			
Available for sale			
NAFA Government Securities Liquid Fund	11.1	316,959	293,133

11.1 These have been valued by using published net asset value (NAV) as at 30th June, the number of units held by the Company are 31,526.2428 units (2013: 29,202.6628 units).

	Note	2014 Rupees	2013 Rupees
12. TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax receivable		3,475,062	5,726,512
Income tax refundable		6,163,078	2,020,759
		9,638,140	7,747,271
13. CASH AND BANK BALANCES			
Cash in hand		541,767	21,722
Cash at bank			
In current accounts - including US$ 970 (2013: US$: 970)		679,765	334,720
In deposit accounts	13.1	993,517	24,034,421
		1,673,282	24,369,141
		2,215,049	24,390,863

13.1 The rate of profit on deposit accounts is ranging from 5% to 8% per annum (2013: ranging from 5% to 9% per annum).

	2014 Rupees	2013 Rupees
14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance as on July 01,	235,178,750	244,693,379
Less: Incremental depreciation on revalued property, plant and equipment		
for the year transferred to accumulated loss	13,045,244	13,889,482
Related effect of deferred tax liability	(4,053,953)	(4,374,853)
	8,991,291	9,514,629
Balance as on June 30,	226,187,459	235,178,750

This represents surplus on revaluation of freehold land, building on freehold land, plant and machinery, factory equipments, electric installations and power generators. Revaluation of freehold land on market value, building on freehold land and plant and machinery on depreciated replacement values was carried out by M/S Yousaf Adil Saleem & Co. Chartered Accountants as on September 30, 1998 and by M/S Nizamy Associates as on June 30, 2007 and June 30, 2012.

15. LONG TERM FINANCING

	Note	2014 Rupees	2013 Rupees
From banking companies - secured			
IBRD foreign currency	15.1	164,509	164,509
Demand finance	15.2	14,946,241	14,946,241
		15,110,750	15,110,750
From related parties - unsecured			
Chief executive, Directors and Members	15.3	165,578,177	171,068,299
Less: Current portion shown under current liabilities		(6,578,177)	-
		159,000,000	171,068,299
		174,110,750	186,179,049

15.1 It obtained from MCB Bank Limited and secured against first charge by way of equitable mortgage on fixed assets of the Company, hypothecation of plant and machinery and equipment and floating charge on book debts. It is further secured by a demand promissory note and personal guarantees of the directors of the Company. It is subject to markup @ 14% per annum (provision of markup not accounted for as described in note 18.2). In case of default in payment of any installment of principal and/or markup on due date, additional markup @ 5% per annum will be payable on the amount of default.

However the company has filed a suit against charging the compound mark up by MCB Bank Limited. The bank has also filed a counter suit against the Company. In the opinion of the management, the suits are not likely to be finally decided in the next twelve months from the balance sheet date, hence shown as non current liability.

15.2 These represent credit facilities created against deferral of installments of IBRD foreign currency loan and are covered against securities provided to secure the loan in note 15.1. These are subject to mark up ranging from 14% to 17% per annum (markup provision not accounted for as described in note 18.2).

15.3 These are interest free. Terms of repayment have not been decided so far, however it is confirmed by lenders that they will not demand repayment within twelve months from balance sheet date except the payment of personal expenses in the next twelve months approximately of Rs. 6,578,177/- keeping in view the past transactions.

16. DEFERRED LIABILITIES

	Note	2014 Rupees	2013 Rupees
Deferred taxation	16.1	68,641,285	95,421,362
Deferred custom levies	16.2	5,591,401	5,591,401
		74,232,686	101,012,763

16.1 DEFERRED TAXATION

	Note	2014	2013
16.1.1 Balance as on July 01,		95,421,362	79,117,433
Provided/(adjusted) during the year		(26,780,077)	16,303,929
Balance as on June 30,	16.1.2	68,641,285	95,421,362
16.1.2 This comprise of following:			
Deferred tax liability:			
Taxable temporary differences relating to operating assets		19,486,246	21,701,568
Taxable temporary differences relating to surplus on revaluation of property, plant and equipment		69,665,841	73,719,794
Deferred tax assets:			
Deductible temporary differences on tax losses		(20,362,934)	-
Deferred tax asset related to minimum tax		(147,868)	-
		68,641,285	95,421,362

16.1.3 The liability of deferred tax has been computed by applying the tax rate of 33% as reduced by the Finance Act 2014 from 34%.

16.1.4 Deferred tax debit balance is recognized on tax losses and minimum tax based on the projected taxable profits of the Company for future years.

	2014	2013
16.2 DEFERRED CUSTOM LEVIES	5,591,401	5,591,401

It represents 70% of the import duty and surcharge on ring spinning frames levied by the custom authorities. whereas SRO 1076(I)/95 provides that 30% of total import duty and surcharge was leviable which the Company has already paid. However, this long outstanding issue is pending with the custom authorities and is not expected to be settled in near future.

17. TRADE AND OTHER PAYABLES	Note	2014 Rupees	2013 Rupees
Trade creditors		134,998,456	37,565,371
Accrued expenses		12,038,667	15,825,846
Advances from customers		4,177,854	13,470,430
Withholding tax payable		20,182	74,557
Unclaimed dividend		443,720	443,720
Provident fund trust	17.1	224,516	1,261,198
Sales tax payable		414,440	1,287,390
Workers' profit participation fund	17.2	191,675	2,449,075
		152,509,510	72,377,587

17.1 This represents amount due to provident fund trust for the month of June, 2014 of which payment was made at 20th July, 2014.

17.2 Workers' profit participation fund

	2014	2013
Balance as at July 01,	2,449,075	630,022
Interest on funds utilized in the Company's business	191,675	40,598
	2,640,750	670,620
Allocation for the year	-	2,449,075
	2,640,750	3,119,695
Less : Payments during the year	(2,449,075)	(670,620)
	191,675	2,449,075

18. CONTINGENCIES AND COMMITMENTS

Contingencies

18.1 The Faysal Bank Limited has filed an appeal before the Lahore High Court, Lahore against the decision of Banking Court # 2 Fisalabad for recovery of Rs.45.616 Million (2013: Rs.45.616 Million) along with costs etc. Consequently on 6th July 2010, the Honorable Lahore High Court has remitted back the case to Banking Court-II, Faisalabad by modifying the decision of Banking Court for necessary calculations and verification of payment to the tune of Rs. 26.890 Million to determine the balance outstanding liability which is not acknowledged by the company on the ground that due relief has been given by the apex courts in identical cases. Therefore, the Company has filed an appeal before the Honorable Supreme Court of Pakistan against the decision of the Honorable Lahore High Court. The management of the company is affirmed that the case will be decided in its favor. Due to litigation, the bank has also not confirmed current accounts balances of Rs. 20,889/- appearing in these financial statements.

18.2 The Company has filled a suit of rendition of accounts against charging excessive mark up by MCB Bank Limited instead of agreed one in all financing facilities availed in 1996. The bank has also filed a counter suit against the Company for recovery of outstanding liabilities. In the opinion of the management and its legal advisor, the case of the Company is based on strong legal grounds as the superior courts have already decided certain cases against charging of compound markup / profit and the case of the Company is also based on similar question of law. Due to litigation, the bank has not confirmed the balances appearing in these financial statements. However the management of the Company has decided that further mark up on long term financing from MCB Bank Limited will not be charged from July 01, 2008 to June 30, 2014 on the plea that as per management's assertion, the provision of Rs. 22.032 million already existed in the books of account is much more than the amount that may be payable by the Company on decision.

18.3 Two ex-employees of the company filed suits against the company of which;

18.3.1 One employee has filed a suit against the company in Labor Court for the claim of outstanding dues against his services. The financial impact of the case is immaterial. The legal advisor has confirmed that the Company is at sound footing and prima facie the case is expected to be decided in its favor.

18.3.2 Another employee has filed a suit for the claim of reinstatement of his services and dues which has been decided by the Labor Court No.4, Faisalabad in appellant's favor. The Company has filed an appeal before Punjab Labor Appellate Tribunal against the decision of Labor Court. In compliance with the order of Punjab Labor Appellate Tribunal Rs.119,774 as 50% of employee's dues have been deposited with Appellate Authority. The legal advisor has confirmed that the Company is at sound footing and prima facie the case is expected to be decided in its favor.

Commitments	Note	2014 Rupees	2013 Rupees
Under letters of credit (Sight)		100,000,000	15,987,816

19. SALES -NET	Note	2014 Rupees	2013 Rupees
Yarn sales			
Export	19.1	-	13,309,465
Local		735,941,310	820,025,071
Waste sales - local		28,717,227	31,904,272
Gross sales		764,658,537	865,238,808
Less: Sales Tax		(17,229,204)	(5,067,902)
Commission		(292,400)	(126,813)
		(17,521,604)	(5,194,715)
		747,136,933	860,044,093

19.1 It includes exchange gain amounting to Rs. Nil (2013: Rs.16,876/-)

	Note	2014 Rupees	2013 Rupees
20. COST OF SALES			
Raw material consumed	20.1	547,264,144	581,079,038
Stores and spares consumed		20,791,649	20,034,211
Packing material consumed		8,871,295	10,454,384
Salaries, wages and benefits		72,712,187	74,826,146
Provident fund contribution		2,102,493	2,148,033
Fuel and power		142,011,353	100,094,521
Repairs and maintenance		359,029	626,108
Postage and telecommunication		61,331	80,136
Vehicles running and maintenance		763,963	708,572
Insurance		2,227,983	1,965,295
Depreciation	5.3	19,591,977	19,399,358
Others		1,264,625	1,185,951
		818,022,029	812,601,753
Work in process			
Balance as on July 01,		7,472,432	4,721,559
Balance as on June 30,		-	(7,472,432)
		7,472,432	(2,750,873)
Finished goods			
Balance as on July 01,		22,479,270	8,108,206
Balance as on June 30,		(41,401,618)	(22,479,270)
		(18,922,348)	(14,371,064)
		806,572,113	795,479,816

20.1 RAW MATERIAL CONSUMED

	2014 Rupees	2013 Rupees
Balance as on July 01,	57,285,474	19,675,409
Purchases	538,494,662	618,689,103
	595,780,136	638,364,512
Balance as on June 30,	(48,515,992)	(57,285,474)
	547,264,144	581,079,038

21. DISTRIBUTION COSTS

	Note	2014 Rupees	2013 Rupees
Ocean freight		-	506,589
Shipping expenses		191,700	122,266
Local freight		-	168,014
Postage and telephone		6,202	17,270
Others	21.1	24,098	5,243,622
		222,000	6,057,761

21.1 It includes an amount of Rs. Nil (2013: Rs. 5,228,621/-) sales tax paid into Government treasury to avail sales tax amnasty in terms of SRO. 179(I)/2013 dated 7th March, 2013.

22. ADMINISTRATIVE EXPENSES

	Note	2014 Rupees	2013 Rupees
Staff salaries and benefits		5,717,742	5,428,275
Provident fund contribution		207,516	201,850
Postage and telecommunication		386,379	501,132
Electricity, gas and water.		385,537	491,816
Printing and stationery		168,985	197,376
Traveling and conveyance		1,483,171	1,096,286
Fee and subscriptions		930,088	947,870
Legal and professional		725,911	27,213
Repairs and maintenance		66,395	94,058
Auditors' remuneration	22.1	320,000	320,000
Insurance		320,390	337,234
Depreciation	5.3	834,335	750,563
Others		696,386	425,730
		12,242,835	10,819,403

	Note	2014 Rupees	2013 Rupees
22.1 AUDITORS' REMUNERATION			
Statutory audit		250,000	250,000
Half yearly review		50,000	50,000
Out of pocket expenses		20,000	20,000
		320,000	320,000

23. OTHER OPERATING EXPENSES

Workers' welfare fund		-	240,385
Workers' profit participation fund		-	2,449,075
Mark up on provident fund		-	730,893
		-	3,420,353

24. FINANCE COST

Interest on workers' profit participation fund		191,675	40,598
Bank charges and commission		108,573	190,056
		300,248	230,654

25. OTHER INCOME

Income from financial assets			
Profit on deposit accounts		982,932	2,149,990
Exchange gain on foreign currency translation		388	4,316
Profit on deposit with SNGPL		2,075,233	-
Income from non-financial assets			
Gain on disposal of vehicle		-	101,619
Balances written back		26,226	-
		3,084,779	2,255,925

26. TAXATION

Current	26.1	-	1,688,651
Deferred			
Deferred tax (income) / expense relating to the origination and reversal of temporary differences, tax loss etc.		(23,973,566)	18,564,427
Deferred tax income resulting from reduction in tax rate		(2,806,511)	(2,260,498)
		(26,780,077)	16,303,929
Prior year		706,768	-
		(26,073,309)	17,992,580

26.1 In view of the gross loss in the current year, provision for minimum tax has not been made on turnover under Section 113 of the Income Tax Ordinance, 2001.

26.2 Reconciliation of tax expense and accounting profit has not been presented in these financial statements due to the reason discussed in note 26.1 above.

27. EARNINGS PER SHARE-BASIC

	2014	2013
(Loss) / Profit for the year (Rupees)	(43,042,175)	28,299,451
Weighted average number of ordinary shares outstanding during the year	12,601,160	12,601,160
(Loss) / Profit per share-basic (Rupees)	(3.42)	2.25

There is no dilutive effect on the basic earnings per share of the Company.

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	EXECUTIVES	
	2014	2013
	[RUPEES]	
Salary	693,333	-
House rent allowance	277,333	-
Utilities allowance	69,333	-
Total	1,039,999	-
Number of persons	1	-

No remuneration is paid to the Chief Executive Officer and directors, however Chief Executive Officer and Executive Directors are entitled to free use of Company maintained cars. The monetary value of these benefits is approximately Rs. 307,195/- (2013: Rs. 318,800/-).

29. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Amounts due from and due to related parties, if any, are shown under relevant notes to financial statements. Remuneration of Chief Executive Officer, Directors and Executives is disclosed in Note 28. Transactions with related parties other than specifically mentionned in related notes were as follows.

	2014 Rupees	2013 Rupees
Company's contribution to provident fund	2,310,009	2,349,883
Repayments to CEO/directors/members	5,490,122	6,130,869

30. PLANT CAPACITY AND PRODUCTION

	2014	2013
Number of spindles installed	21,528	21,528
Number of spindles worked	21,384	21,384
Number of shifts worked per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	6,811,893	6,811,893
Actual production of yarn after conversion into 20/s count (Kgs)	4,501,142	5,260,367

Reasons for shortfall

The short fall in actual production during the year when compared with capacity is mainly on account of:
- Temporary closure of business for maintenance and unfavorable market conditions and economic slow down in the country;
- The actual production is planned to meet the market demand and orders in hand; and
- Shortage of electricity.

31. EMPLOYEES PROVIDENT FUND TRUST

The following information is based on latest un-audited financial statements of the Fund:

	2014	2013
Size of the fund (Rupees)	9,126,304	7,719,117
Cost of investment made (Rupees)	7,695,780	6,147,600
Percentage of investment made (%)	84.33	79.64
Fair value of investment (Rupees)	8,261,953	6,321,795

31.1 The break-up of fair value of investments is:

	2014		2013	
	Rupees	% of full	Rupees	% of full
Bank balances	5,416,245	65.56	6,206,778	98.18
NBP Fullerton Asset Management Ltd	2,845,708	34.44	115,017	1.82
	8,261,953	100.00	6,321,795	100.00

31.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

32. NUMBER OF EMPLOYEES

The average number of employees for the year ended June 30, 2014 were 514 (2013: 574) and number of employees as at June 30, 2014 were 239 (2013: 570)

33. ....NCIAL INSTRUMENTS AND RELATED DISCLOSURE

33.1 Financial assets and liabilities by category and their respective maturities

Financial assets and liabilities of the company are as follows:-

	June 30, 2014						
	Interest/mark-up bearing			Non Interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	[R U P E E S]						
Financial assets							
Available for sale							
- Investment (NAFA Government Securities)				316,959	-	316,959	316,959
Long term deposits	-	-	-	-	17,171,926	17,171,926	17,171,926
Trade debts	-	-	-	497,010	-	497,010	497,010
Advances, prepayment and other receivables	-	-	-	2,716,586	-	2,716,586	2,716,586
Cash and bank balances	993,517	-	993,517	1,221,532	-	1,221,532	2,215,049
	993,517	-	993,517	4,752,087	17,171,926	21,924,013	22,917,530
Financial liabilities							
At amortized cost							
Long term financing	-	15,110,750	15,110,750	6,578,177	159,000,000	165,578,177	180,688,927
Trade and other payables	-	-	-	147,705,359	-	147,705,359	147,705,359
Accrued mark up/interest on long term financing	-	-	-	22,031,875	-	22,031,875	22,031,875
	-	15,110,750	15,110,750	176,315,411	159,000,000	335,315,411	350,426,161
Excess of financial liabilities over financial assets	993,517	(15,110,750)	(14,117,233)	(171,563,324)	(141,828,074)	(313,391,398)	(327,508,631)

	June 30, 2013						
	Interest/mark-up bearing			Non Interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	[R U P E E S]						
Financial assets							
Available for sale							
- Investment (NAFA Government Securities)		-	-	293,133	-	293,133	293,133
Loans and receivables							
Long term deposits	-	-	-	-	17,171,926	17,171,926	17,171,926
Trade debts	-	-	-	7,962,413	-	7,962,413	7,962,413
Advances, prepayment and other receivables	-	-	-	953,633	-	953,633	953,633
Cash and bank balances	24,034,421	-	24,034,421	356,442	-	356,442	24,390,863
	24,034,421	-	24,034,421	9,565,621	17,171,926	26,737,547	50,771,968
Financial liabilities							
At amortized cost							
Long term financing	-	15,110,750	15,110,750	-	171,068,299	171,068,299	186,179,049
Trade and other payables	-	-	-	55,096,135	-	55,096,135	55,096,135
Accrued mark up/interest on long term financing	-	-	-	22,031,875	-	22,031,875	22,031,875
	-	15,110,750	15,110,750	77,128,010	171,068,299	248,196,309	263,307,059
Excess of financial liabilities over financial assets	24,034,421	(15,110,750)	8,923,671	(67,562,389)	(153,896,373)	(221,458,762)	(212,535,091)

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair value.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company is exposed to market risk comprising interest rate risk, currency risk and other price / equity risk, credit risk and liquidity risk. The company's principal financial liabilities comprise long term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for company's operations. The company has various financial assets such as deposits, trade debts, prepayments, other receivables and cash and bank balances, which are directly related to its operations. The company's finance department oversees the management of these risks and provide assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite. No changes were made in the objectives, policies, procedures and assumptions during the year ended June 30, 2014. The policies for managing each of these risks are summarized below:

34.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk, such as equity risk. Financial instruments susceptible to / affected by market risk include loans, borrowings and deposits. The sensitivity analysis in the following sections relate to the position as at June.30, 2013 and 2014.

34.1.1 Yield/Mark-up rate risk:

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

The Company has no significant long term interest bearing financial assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates exposes the Company to cash flow interest rate risk. Borrowings obtained at fixed rate exposes the company to fair value interest rate risk.

	2014 Rupees	2013 Rupees
Fixed rate instruments:		
Financial liabilities		
Long term financing	**180,688,927**	186,179,049
Financial assets		
Security deposit with SNGPL	**14,216,046**	14,216,046
Floating rate instruments:		
Financial assets		
Bank balance-deposit accounts	**993,517**	24,034,421

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 rate at the balance sheet date would not affect profit or loss of the Company.

34.1.2 Currency risk

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

Financial assets include Rs. 96,224/- (2013: Rs. 95,836/-) which are subject to currency risk.

At June 30, 2014 had the currency been weakened / strengthened by 5% against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 4,474/- (2013: Rs.4,408/-) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts and foreign currency bank accounts.

34.1.3 Price Risk

Price risk represents risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The company does not believe to have been materially exposed to price risk as its investment is in NAFA Government Securities Liquid Fund.

Credit risk and concentration of credit risk:

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is mainly exposed to credit risk on trade debts amounting to Rs. 0.497 million (2013: Rs. 7.962 million). Company seeks to minimize the credit risk exposure through having exposure only to customers and suppliers considered credit worthy and also by obtaining advance against sales from customers. The carrying values of financial assets which are neither past due nor impaired are as under:

FINANCIAL ASSETS	2014 Rupees	2013 Rupees
Long term deposits	17,171,926	17,171,926
Trade debts	497,010	7,962,413
Advances and other receivables	2,716,586	953,633
Short term investment	316,959	293,133
Bank balances	1,673,282	24,369,141
	22,375,763	50,750,246

Credit quality of financial assets

The credit quality of the company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit rating determined based on their historical information for any defaults in meeting obligations.

	Rating			2014	2013
	Short term	Long term	Agency	Rupees	Rupees
Bank balances					
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	511,532	539,884
Bank Al-Habib Limited	A1+	AA+	PACRA	3,761	3,761
Faysal Bank Limited	A1+	AA	PACRA	20,889	20,889
JS Bank Limited	A1	A+	PACRA	17,345	16,465,835
National Bank of Pakistan	A-1+	AAA	JCR-VIS	34,905	184,263
United Bank Limited	A-1+	AA+	JCR-VIS	1,040,851	6,940,747
Dubai Islamic Bank (Pakistan) Limited	A-1	A+	JCR-VIS	43,999	213,762
				1,673,282	24,369,141
		Rating			
Short term investments					
NAFA Government Securities Liquid Fund		AAA		316,959	293,133
Counterparties without external credit rating					
Other receivables				2,716,586	953,633

34.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and cash equivalents.

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2014 and 2013 based on contractual undiscounted payments date and present market interest rates.

	Within 6 months	More than 6 months and less than 1 year	More than 1 year and up to 5 years	Total
	[R U P E E S]			
June 30, 2014				
Long term financing	3,617,997	2,960,180	174,110,750	180,688,927
Trade and other payables	147,705,359	-	-	147,705,359
Accrued interest/markup	-	-	22,031,875	22,031,875
	151,323,356	2,960,180	196,142,625	350,426,161
June 30, 2013				
Long term financing	-	-	186,179,049	186,179,049
Trade and other payables	55,096,135	-	-	55,096,135
Accrued interest/markup	-	-	22,031,875	22,031,875
	55,096,135	-	208,210,924	263,307,059

34.4. Capital risk management

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

The debt-to-adjusted capital ratios at June 30, 2014 and June 30, 2013 were as follows:

	2014 Rupees	2013 Rupees
Total Debts	180,688,927	186,179,049
Less: Cash and cash and bank balances	(2,215,049)	(24,390,863)
Net debt	178,473,878	161,788,186
Total equity	147,440,600	190,458,949
Total capital employed	325,914,478	352,247,135
Gearing ratio	54.76	45.93

34.5 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximate their fair value.

35. CORRESPONDING FIGURES

35.1 Previous year figures have been rearranged and reclassified wherever necessary for the purpose of comparison. Major reclassification made in the corresponding figures for better presentation are as under:

	2013	Reclassification	
	Rupees	From	To
Cotton cess payable	45,150	Trade creditors	Accrued expenses

36. DATE OF AUTHORIZATION FOR ISSUE

36.1 The financial statements were authorized for issue on October 03, 2014 by the Board of Directors of the Company.

36.2 Figures in these financial statements have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE

DIRECTOR

FORM - 34

PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2014

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
157	1	100	13,698
55	101	200	11,000
33	201	300	10,280
42	301	400	16,800
1,275	401	500	637,800
63	501	1,000	61,200
74	1,001	5,000	188,864
18	5,001	10,000	133,182
1	10,001	15,000	10,500
5	15,001	20,000	96,035
*1	20,001	25,000	25,000
2	45,001	55,000	98,200
2	60,001	75,000	135,727
4	250,001	400,000	1,129,261
3	550,001	700,000	1,885,753
1	1,150,001	1,155,000	1,154,850
1	6,990,001	6,995,000	6,993,010
1,737			12,601,160

NOTE: The slabs not applicable have not been shown.
(*) The shareholder holds 10% or more shares

Categories of Shareholders		Number	Shares Held	Holding Percentage
Individuals.		1,721	3,017,424	23.95
N. I. T.		1	418,841	3.32
I. C. P.		1	4,300	0.03
Mr. Imran Zahid	(CEO/Director)	1	630,000	5.00
(*) Mr. Zahid Anwar	(Director)	1	6,993,010	55.49
Mrs Rukhsana Begum	(Director)	1	1,154,850	9.16
Ms Quratul Ain Zahid	(Director)	1	325,500	2.58
Mr. Muhammad Anwar ul Haq	(Director)	1	2,500	0.02
Mr. Muhammad Ali	(Director)	1	2,500	0.02
Mr. Muhammad Yousaf	(Director)	1	2,500	0.02
Saudi Pak Ind & Inv (pvt) Ltd		1	200	0.00
Adamjee Insurance Co Ltd		1	1,000	0.01
Altowfeek Investment Bank Ltd		1	20,000	0.16
J. K. Exports (pvt) Ltd		1	100	0.00
Islamic Investment Bank Ltd		1	10,000	0.08
The Bank of Punjab		1	17,435	0.14
National Development Finance Corp.		1	1,000	0.01
		1,737	12,601,160	100.00

STATEMENT SHOWING SHARES BOUGHT AND SOLD BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSE AND MINOR CHILDREN FROM 01-07-2013 TO 30-06-2014.

Name	Designation	Shares Bought	Shares Sold
NILL	NILL	NILL	NILL

ANNUAL GENERAL MEETING

FORM OF PROXY

IMPORTANT

This Form of Proxy, in order to be effective, must be deposited duly completed at the Company's Registered Office JK House, 32-W, Susan Road, Madina Town, Faisalabad, not less than 48 hours before the time of holding the meeting.

A proxy must be a member of the Company. Signature should agree with the specimen registered with the company.

Please quote Registered Folio Number

I/We ____________________

of ____________________

being a member of the J. A. Textile Mills Limited ____________________ and holder

of ____________________ ordinary shares, hereby appoint

____________________ of ____________________

who is also a member of the company as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at registered office of the Company, JK House, 32-W, Susan Road, Madina Town, Faisalabad, on 31.10.2014 at 9:00 a.m. or at any adjournment thereof.

As witness my/our hand this ____________________ day of ____________________ 2014

Signed by the said ____________________ in the presence of

____

Date: ____________________ (Member's Signature)

Place ____________________ (Witness's Signature)

Affix Rs. 5/- revenue stamp which must be cancelled either by signature over it or by some other means

www.jatml.com