



Jubilee Spinning & Weaving Mills Ltd.

Annual Report 2014



Contents

1. Company information	3
2. Notice of Annual General Meeting	4
3. Director's Report to the Shareholders	5
4. Key Operating & Financial Ratios.....	8
5. Vision Statement & Mission Statement	09
6. Statement of compliance with the Code of Corporate Governance	10
7. Review Report of the Members on Statement of Compliance with the best practices of Code of Corporate Governance	12
8. Auditors Report to the Members	13
9. Balance Sheet	14
10. Profit & Loss Account	16
11. Statement of Comprehensive Income	17
12. Cash Flow Statement	18
13. Statement of Changes in Equity	19
14. Notes to the Accounts	20
15. Pattern of Shareholding	55
16. Form of Proxy	enclosed



Company Information

Board of Directors

Mr. Shaukat Shafi	(Chief Executive)
Mr. Tariq Shafi	
Mr. Jahanzeb Shafi	
Mr. Usman Shafi	
Mr. Aurangzeb Shafi	
Mr. Umer Shafi	
Mr. Masood A. Sheikh	

Audit Committee

Mr. Usman Shafi	(Chairman)
Mr. Jahanzeb Shafi	(Member)
Mr. Masood A. Sheikh	(Member)

Company Secretary

Mr. Masood A. Sheikh

Auditors

Riaz Ahmed & Company
Chartered Accountants

Legal Advisor

Ghani Law Associate
Mr. Anser Mukhtar

Bankers

Habib Bank Limited
National Bank of Pakistan
Bank Al-Habib Limited
Standard Chartered Bank (Pakistan) Limited
Habib Metropolitan Bank Limited
NIB Bank Limited
Emirates Global Islamic Bank Limited
Faysal Bank Limited
United Bank Limited
Allied Bank Limited
Registered Office

45-A, Zafar Ali Road, Gulberg-V
Lahore, Pakistan

Mills

B-28, Manghopir Road, S.I.T.E.
Karachi



Notice of Annual General Meeting

Notice is hereby given that the 41st Annual General Meeting of the shareholders of Jubilee Spinning & Weaving Mills Limited (the "Company") will be held on Saturday, the November 29, 2014 at 9:30 a.m. at the registered office of the company at 45-A, Off: Zafar Ali Road, Gulberg-V, Lahore to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon.
2. To appoint Auditors of the Company and fix their remuneration.

By Order of The Board

Masood A. Sheikh
Corporate Secretary

Registered Office:

45-A, Off: Zafar Ali Road, Gulberg-V, Lahore:

T # (042) 111-245-245

F # (042) 111-222-245

Dated: November 07, 2014

Notes:

1. The Members' Register will remain closed from November 21, 2014 to November 29, 2014 (both days inclusive). Physical / CDC transfers received at the Registered Office of the Company by the close of business on November 20, 2014.
2. A member eligible to attend and vote in this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
3. Shareholders are requested to immediately notify the change in address, if any.
4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

5. Computerized National Identity Card (CNIC) / National Tax Number (NTN)

CNIC or NTN of the shareholders is mandatory in terms of the directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated 5 July 2012 for the issuance of future dividend warrants etc., and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs or NTN are once again advised to provide the attested copies of their CNICs or NTN (if not already provided) directly to our Independent Share Registrar without any further delay.

6. Availability of Audited Financial Statements on Company's Website

The Company has placed the Audited Annual Financial Statements for the year ended 30 June 2014 along with Auditors and Directors Reports thereon on its website: www.jsw.com.pk

7. Transmission of Financial Statements to the Members through e-mail

In pursuance of SECP notification S.R.O 787 (I)/2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through e-mail to the members of the company. Members desiring to avail this facility may provide the requisite information to the Company. Members desiring to avail this facility may provide the requisite information to the company for which form may be downloaded from the Company's website: www.jsw.com.pk



Director's Report To The Shareholders

Dear Shareholders,

The Directors of your Company feel pleasure in presenting audited accounts and annual report of the company for the year ended June 30, 2014 along with Auditors' Report thereon.

Financial Results

During the year, the company suffered net loss of Rs. 37,910,786 after charging costs, expenses and provisions for the year as compared to previous year's net loss of Rs. 6,707,532.

The financial results of the company are summarized as follows:

	Rupees	Rupees
Year ended on	June 30, 2014	June 30, 2013
Sales	332,942,054	394,450,854
Cost of sales	(361,576,224)	(399,231,021)
Gross loss	(28,634,170)	(4,780,167)
Gross loss rate %	(8.60)%	(1.22)%
Selling, admin and other operating cost	(22,145,868)	(22,120,314)
Other income	11,628,827	26,910,417
Finance Charges	(2,335,499)	(2,720,467)
Provision for tax	3,575,924	(1,620,508)
Loss after tax	(37,910,786)	(6,707,532)
Basic loss per share	(1.17)	(0.21)

Review of Operations and future prospects

The company has suffered losses due to shortage of working and resulting decreased output, energy & marketing crises prevalent in Pakistan and high inflation costs during the year. The production was also suspended during the last quarter due to financial difficulties. However, the company has successfully repaid its overdue obligations to the lenders during the year. The balance sheet depicts a healthy financial position regardless of the losses, and the liquid and current ratios are considerably positive. We are confident that the company will overcome existing temporary factors that are negatively affecting its bottom line. In view of stabilized raw material prices and the current assets profile of the company, we are hopeful to resume the profitable operations going forward. The sponsor directors are fully committed to the profitable operations of the company and have provided an interest-free loan of aggregating to Rupees 84.017 million during previous years. Sponsor directors may also support the company in future, if the need arises.

Reservations in auditors' report

The auditors' report for the year carries the adverse opinion on the matter of going concern assumption used in the preparation of financial statements as reproduced below:

Quote

The company sustained net loss of Rupees 37.911 million for the year ended 30 June 2014 and as of that date its accumulated loss was Rupees 506.868 million due to which its equity stood negative by Rupees 71.780 million. Effective from March 2014, the company also closed its operations due to shortage of working capital and could not resume operations till the date of this report. The company has been unable to arrange fresh financing for working capital and other purposes from banks. Salaries and wages amounting to Rupees 20.583 million could not be paid to the employees and were outstanding at the year end. Most of the employees have left their job



subsequent to the year-end. The management of the company did not provide us its assessment of going concern assumption used in preparation of these financial statements, the future financial projections indicating the economic viability of the company and evidence of future commitment of sponsors to support the company financially. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements and notes thereto do not fully disclose this fact along with definitive mitigating factors and approved future plan, if any. These financial statements have been prepared on the going concern basis.

Unquote

The losses have occurred due to shortage of working capital resulting in under-utilization of plant capacity and some other adverse economic conditions. On the basis of factors mentioned earlier together with the strong assets base and healthy financial position, the directors strongly believe that the company will shortly be resuming its profitable operations, and therefore, the company continues to be a going concern.

Key Operating and Financial Data

A statement summarizing key operating and financial data for the last six years is attached.

Pattern of Shareholding

The statement of pattern of shareholding of the company as at June 30, 2014 is annexed. This statement is prepared in accordance with Code of Corporate Governance.

Earning per Shares

The basic loss per share for the period under review is Rs.1.17 (2013: Rs. 0.21).

Appointment of Auditors

The present auditors Messrs Riaz Ahmad and Company, Chartered Accountants retire and being eligible offers themselves for re-appointment.

Corporate Governance Compliance

As required by the Code of Corporate Governance, directors are pleased to report that:

- a) The financial statements of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements except for those disclosed in financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International accounting standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and is being consistently and effectively reviewed by the internal audit department and will continue to be reviewed and any weakness in the system will be eliminated.
- f) There are no significant doubts upon the company's ability to continue as a going concern. The auditors' reservation regarding going concern matter has been duly addressed above.
- g) There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations.



- h) The company did not declare dividend because of loss sustained during the year. Accumulated losses have prevented the company declaring dividend or issuance of bonus shares.
- i) Two of the Directors are exempt from Directors' training program on basis of criteria laid down in the Code of Corporate Governance whereas one director has undergone the directors' training program.
- j) Transactions with Related Parties have been approved by the Audit Committee and the Board.
- k) Value of gratuity was Rupees 43.38 million as on June 30, 2014 as per audited accounts.
- l) Attendance at 4 meetings of the Board of Directors held during the year under review were as under:

Name of Director	Meetings attended
Mr. Shaukat Shafi	4
Mr. Masood A. Sheikh	4
Mr. Tariq Shafi	1
Mr. Jahanzeb Shafi	1
Mr. Usman Shafi	1
Mr. Umer Shafi	-
Mr. Aurangzeb Shafi	-

Mr. Aurangzeb Shafi and Mr. Umer Shafi had expressed their inability to attend the meetings and requested for leave of absence which the Board granted.

- m) During the period from July 01, 2013 to 30th June 2014 change in the holding of Directors, CEO, CFO and Company Secretary and their spouses as under:

	Opening Balance As on 30-06-2013	Change	Closing Balance As on 30-6-2014
Mr. Shaukat Shafi	2,400,529	-	2,400,529
Mr. Tariq Shafi	-	5,285,231	5,285,231
Mr. Jahanzeb Shafi	-	204,218	204,218
Mr. Umer Shafi	1,206,073	-	1,206,073
Mr. Usman Shafi	-	1,198,434	1,198,434
Mr. Masood A. Sheikh	3,725	-	3,725

- n) Following associated companies have the investments as under:

Crescent Sugar and Distillery Limited	474,323
---------------------------------------	---------

- o) The holdings of NIT and ICP are as under:

Investment Corporation of Pakistan	1891
IDBP	90

For and on behalf of the Board of Directors

Shaukat Shafi
Chief Executive

Karachi
November 07, 2014



Key Operating and Financial Ratios

For The Period From 2009 To 2014

Operating Information		2014	2013	2012	2011	2010	2009
			(restated)	(restated)	(restated)	(restated)	(restated)
Sales - Net	Rs. In Mln	332.94	394.45	217.25	783.74	703.59	763.28
Cost of Goods Sold	Rs. In Mln	361.58	399.23	230.47	792.22	665.91	707.36
Gross Profit/(Loss)	Rs. In Mln	(28.64)	(4.78)	(13.21)	(8.48)	37.68	55.92
Operating Profit/(Loss)	Rs. In Mln	(39.15)	0.09	5.17	(25.18)	6.47	22.68
Profit/(Loss) before taxation	Rs. In Mln	(41.49)	(5.08)	(107.60)	(105.16)	29.44	24.16
Profit/(Loss) after taxation	Rs. In Mln	(37.91)	(6.71)	(109.92)	(113.76)	24.69	22.85
Financial Information							
Paid up Capital	Rs. In Mln	324.91	324.91	324.91	324.91	324.91	324.91
Equity Balance	Rs. In Mln	(71.78)	(39.03)	(51.27)	42.68	147.07	103.03
Fixed Assets	Rs. In Mln	643.43	627.50	638.00	763.04	859.13	829.61
Current Assets	Rs. In Mln	270.74	307.22	158.49	107.43	106.96	141.53
Current Liabilities	Rs. In Mln	252.65	273.50	160.06	172.84	137.08	151.39
Total Assets	Rs. In Mln	914.17	934.72	796.49	870.47	966.09	971.14
Key Ratios							
Gross Margin	percent	(8.60)	(1.21)	(6.08)	(1.08)	5.36	7.33
Operating Margin	percent	(11.76)	0.02	2.38	(3.21)	0.92	2.97
Net Profit/(Loss) after tax	percent	(11.39)	(1.70)	(50.60)	(14.52)	3.51	2.99
Return on Capital Employed	percent	(0.06)	0.0001	0.01	(0.04)	0.01	0.03
Current Ratio	Times	1.07	1.12	0.99	0.62	0.78	0.93
Earning Per Share	Rs.	(1.17)	(0.21)	(3.38)	(3.50)	0.76	0.70
Production Statistics							
Number of Spindle		9,000	9,000	9,000	9,000	8,840	8,840
Production converted into 20/s Count (kgs)		750,277	793,510	362,011	990,769	1,506,193	1,390,622



Vision statement

Jubilee Spinning & Weaving Mills Limited is a manufacturing concern produces high quality of cotton and polyester carded and combed yarn. The company is committed to make sustained efforts towards optimum utilization of its resources and intends to play a pivotal role in the economic and social development of Pakistan thereby improving the quality of life of its people.

Mission Statement

To achieve a leadership position in providing high quality products in all sector of operations.

To be recognized as an organization that delivers on its commitments with integrity.

To be an equal opportunity employer and to motivate every employee to strive for excellence in meeting and exceeding customers' needs to ensure the company's future prosperity.

To be a responsible corporate citizen and contribute to our community by participating in social and environmental causes.



Statement of Compliance With The Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited 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 board encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes:

CATEGORY	NAME
Independent directors	
Executive directors	Mr. Shaukat Shafi (Chief Executive) Mr. Masood A. Sheikh Mr. Aurangzeb Shafi
Non-executive directors	Mr. Tariq Shafi Mr. Jahanzeb Shafi Mr. Umer Shafi Mr. Usman Shafi

The requirement of independent directors in composition of Board under the code will be fulfilled at the time of next election of directors.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred on the Board was filled within the stipulated time.
5. The Company is in the process of preparing a "Code of Conduct" and will take appropriate steps during the next year to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement; and the overall corporate strategy and significant policies are being developed having regard to the level of materiality.
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 directors, have been taken by the Board / shareholders.
8. The meetings of the Board were presided over by the Chairman. Board meets at least once in every quarter. The Board held four meetings during the year. 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 meeting were appropriately recorded and circulated.
9. Orientation courses:
All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through in-house briefings and information package to acquaint them with the CCG, applicable laws, their duties and responsibilities.



Directors Training Program:

Two directors of the company are exempt due to 14 years of education and 15 years of experience on the Board of listed companies. During last year, one Director completed the directors' training program from Pakistan Institute of Corporate Governance (PICG). No director attended the directors' training program during the year. All remaining directors will fulfill the directors' training program's requirement in due course.

10. No new appointments of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit were made during the year. No changes to the remuneration, terms and conditions of CFO, Company Secretary and Head of Internal Audit were made during the year.
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 Code.
15. The Board has formed an audit committee. It comprises 03 members, of whom 02 are non-executive directors.
16. The meetings of the audit committee were held once every quarter prior to approval of interim and final 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 set-up an effective internal audit department with qualified and experienced persons and they are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
18. The board will form HR and Remuneration Committee during the next financial year.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme 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 company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enriched in the CCG have been complied with except for the following, toward which progress is being made by the company to seek earliest compliance.
 - Representation of independent director on the Board will be fulfilled at the time of next election of directors.
 - The company is in the process of formulating the "Code of Conduct" and appropriate steps will be taken to disseminate it throughout the Company along with its supporting policies and procedures.
 - Overall corporate strategy and significant policies are being developed having regard to level of materiality.
 - The board will establish Human Resource and Remuneration Committee during the next financial year.
 - Remaining directors will fulfill the directors' training program's requirement in due course


Shaukat Shafi
Chief Executive

November 7, 2014
Karachi



Review Report To The Members On Statement of Compliance With The Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of JUBILEE SPINNING & WEAVING MILLS LIMITED ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

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

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

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

- One member of the audit committee is not a non-executive director and chairman of the audit committee is not an independent director in contravention of clause xxiv of the code;
- The positions of the Chairman of the Board of Directors and Chief Executive Officer of the Company are held with same person in contravention of clause vi of the Code;
- The internal audit function of the Company is ineffective in contravention of clause xxxi of the Code;
- The Company Secretary is also a member of the audit committee and secretary to the audit committee; and
- The Company has not complied with the corporate and financial reporting requirements of the Code. The financial statements of the Company have not been prepared in accordance with approved accounting standards as applicable in Pakistan. Therefore, the financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended.

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

We draw attention to note 23 of the Statement of Compliance with the Code of Corporate Governance which describes following significant instances of non-compliance with the requirements of the Code: (i). there is no independent director on the board of directors; (ii). the Code of Conduct along with its supporting policies and procedures has not been developed and disseminated; (iii). overall corporate strategy and significant policies having regard to level of materiality have not been developed; (iv). the Human Resource and Remuneration Committee has not been established; and (v) no director attended any directors' training program during the year. Our report is not further qualified in respect of these matters.

Riaz Ahmed & Company
Chartered Accountant

Name of Engagement Partner:
Mubasher Mehmood

Karachi
November 7, 2014



Auditors' Report To The Members of Jubilee Spinning & Weaving Mills Limited

We have audited the annexed balance sheet of JUBILEE SPINNING & WEAVING MILLS LIMITED ("the company") as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) the company sustained net loss of Rupees 37.911 million for the year ended 30 June 2014 and as of that date its accumulated loss was Rupees 506.868 million due to which its equity stood negative by Rupees 71.780 million. Effective from March 2014, the company also closed its operations due to shortage of working capital and could not resume operations till the date of this report. The company has been unable to arrange fresh financing for working capital and other purposes from banks. Salaries and wages amounting to Rupees 20.583 million could not be paid to the employees and were outstanding at the year end. Most of the employees have left their job subsequent to the year-end. The management of the company did not provide us its assessment of going concern assumption used in preparation of these financial statements, the future financial projections indicating the economic viability of the company and evidence of future commitment of sponsors to support the company financially. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements and notes thereto do not fully disclose this fact along with definitive mitigating factors and approved future plan, if any. These financial statements have been prepared on the going concern basis.
- b) in our opinion, except for the possible effects of the matter stated in paragraphs (a), proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- c) in our opinion:
 - i) except for the possible effects of the matters stated in paragraphs (a) above, if any, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change referred to in note 2.2 and 2.5 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;
- d) in our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter stated in paragraph (a) above, 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 do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at 30 June 2014 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended. In all other respects, in our opinion the financial statements give the information required by the Companies Ordinance, 1984, in the manner so required; and
- e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Riaz Ahmed & Company
Chartered Accountant

Name of Engagement Partner:
Mubasher Mehmood

Karachi
Date: November 7, 2014



BALANCE SHEET

	Note	2014 Rupees	2013 Rupees Restated	2012 Rupees Restated
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
34,000,000 (2013: 34,000,000) ordinary shares of Rupees 10 each		<u>340,000,000</u>	<u>340,000,000</u>	<u>340,000,000</u>
Issued, subscribed and paid up share capital	3	324,912,050	324,912,050	324,912,050
Reserves (2013 & 2012: restated)	4	<u>(396,691,698)</u>	<u>(363,607,521)</u>	<u>(371,872,273)</u>
Total equity		(71,779,648)	(38,695,471)	(46,960,223)
Surplus on revaluation of property, plant and equipment-net of tax	5	588,195,344	567,736,264	566,836,170
Surplus on revaluation of investment property-net of tax		19,664,538	19,664,538	19,664,538
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing	6	63,529,994	56,773,900	48,902,189
Deferred income tax	7	18,529,063	16,465,876	19,221,216
Employees' retirement benefits	8	43,381,029	39,276,602	28,769,151
		<u>125,440,086</u>	<u>112,516,378</u>	<u>96,892,556</u>
CURRENT LIABILITIES				
Trade and other payables	9	218,172,139	183,814,721	90,265,585
Accrued mark-up		24,517,429	30,522,745	30,195,974
Short term borrowings	10	-	19,781,976	1,519,152
Current portion of long term liabilities	6	-	25,483,808	25,870,474
Provisions	11	9,928,940	9,928,940	9,928,940
Provision for taxation		29,641	3,964,909	2,278,237
		<u>252,648,149</u>	<u>273,497,099</u>	<u>160,058,362</u>
TOTAL LIABILITIES		378,088,235	386,013,477	256,950,918
CONTINGENCIES AND COMMITMENTS				
	12			
TOTAL EQUITY AND LIABILITIES		<u>914,168,469</u>	<u>934,718,808</u>	<u>796,491,403</u>

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

Shaukat Shafi
Chief Executive

Tariq Shafi
Director



AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees Restated	2012 Rupees Restated
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment				
Operating assets	13	610,919,112	596,324,792	604,758,364
Capital work in progress - plant and machinery		5,000,000	5,000,000	5,000,000
Investment property	14	24,233,658	23,940,655	23,500,000
Long term investments	15	769,370	520,000	2,896,493
Long term loans	16	1,798,751	1,005,306	1,134,856
Long term deposits		710,722	710,722	710,722
		643,431,613	627,501,475	638,000,435
CURRENT ASSETS				
Stores and spares	17	1,778,935	2,518,179	2,724,328
Stock in trade	18	1,249,856	41,079,450	8,697,507
Trade debts	19	181,829,910	185,750,106	91,341,023
Loans and advances		1,756,457	1,436,867	1,207,955
Short term deposits and prepayments		654,109	635,749	726,037
Other receivables		20,115,067	17,447,397	13,241,846
Advance income tax and refund		7,160,618	7,808,618	9,864,353
Short term investments	20	53,851,123	49,396,954	29,337,166
Cash and bank balances	21	2,340,781	1,144,013	1,350,753
		270,736,856	307,217,333	158,490,968
TOTAL ASSETS		914,168,469	934,718,808	796,491,403

Shaukat Shafi
Chief Executive

Tariq Shafi
Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
SALES	22	332,942,054	394,450,854
COST OF SALES (2013: restated)	23	(361,576,224)	(399,231,021)
GROSS LOSS		(28,634,170)	(4,780,167)
DISTRIBUTION COST	24	(1,393,832)	(1,631,660)
ADMINISTRATIVE EXPENSES	25	(20,298,658)	(20,488,654)
OTHER OPERATING EXPENSES	26	(453,378)	-
		(22,145,868)	(22,120,314)
		(50,780,038)	(26,900,481)
OTHER INCOME	27	11,628,827	26,910,417
(LOSS) / PROFIT FROM OPERATIONS		(39,151,211)	9,936
FINANCE COST	28	(2,335,499)	(2,720,467)
		(41,486,710)	(2,710,531)
SHARE OF LOSS IN ASSOCIATED COMPANIES		-	(2,376,493)
LOSS BEFORE TAXATION		(41,486,710)	(5,087,024)
PROVISION FOR TAXATION	29	3,575,924	(1,620,508)
LOSS AFTER TAXATION		(37,910,786)	(6,707,532)
LOSS PER SHARE- BASIC AND DILUTED (RUPEES)	30	(1.17)	(0.21)

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

Shaukat Shafi
Chief Executive

Tariq Shafi
Director



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	2014 Rupees	2013 Rupees
LOSS AFTER TAXATION	(37,910,786)	(6,707,532)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
- Actuarial gain / (loss) on remeasurement of employees retirement benefits	594,880	(5,411,786)
- Related deferred tax	(196,310)	1,840,007
	398,570	(3,571,779)
Items that may be reclassified subsequently to profit or loss		
- Fair value reserve reclassified on disposal of available for sale investments	(1,582,406)	-
- Fair value adjustment on available for sale investments	8,531,565	19,024,704
	6,949,159	19,024,704
	7,347,729	15,452,925
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(30,563,057)	8,745,393

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

Shaukat Shafi
Chief Executive

Tariq Shafi
Director



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	31	49,819,771	(17,836,238)
Finance cost paid		(8,340,815)	(2,380,569)
Income tax paid		(1,892,997)	(222,502)
Gratuity paid		(3,477,543)	(1,756,043)
Net (increase) / decrease in long term loans to employees		(793,445)	129,550
Net cash flow from / (used in) operating activities		35,314,971	(22,065,802)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		363,000	-
Proceeds on disposal of short-term investment		10,488,173	-
Dividends received		296,408	958,849
Net cash flow from investing activities		11,147,581	958,849
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(25,483,808)	-
Long term loan obtained		-	3,037,182
Repayment of finance lease liabilities		-	(399,793)
Net cash (used in) / flow from financing activities		(25,483,808)	2,637,389
Net increase / (decrease) in cash and cash equivalents		20,978,744	(18,469,564)
Cash and cash equivalents at the beginning of the year		(18,637,963)	(168,399)
Cash and cash equivalents at the end of the year	32	2,340,781	(18,637,963)

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

Shaukat Shafi
Chief Executive

Tariq Shafi
Director



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

Share capital	RESERVES						TOTAL EQUITY	
	CAPITAL			REVENUE				Total
	Fair value reserve on 'available for sale' investments	Equity portion of shareholders' loans	Sub Total	General reserve	Accumulated loss	Sub Total		

-----Rupees-----

Balance as at 30 June 2012	324,912,050	12,703,545	-	12,703,545	51,012,000	(439,896,102)	(388,884,102)	(376,180,557)	(51,268,507)
Effect of restatement (Note: 2.2 & 4.1)	-	-	32,077,811	32,077,811	-	(27,769,527)	(27,769,527)	4,308,284	4,308,284
Balance as at 30 June 2012 - restated	324,912,050	12,703,545	32,077,811	44,781,356	51,012,000	(467,665,629)	(416,653,629)	(371,872,273)	(46,960,223)

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation
Related deferred tax

-	-	-	-	-	6,698,289	6,698,289	6,698,289	6,698,289
-	-	-	-	-	(2,344,401)	(2,344,401)	(2,344,401)	(2,344,401)

Loss for the year

Other comprehensive income for the year

Total comprehensive loss for the year

Transactions with the owners of the Company:

Fair value adjustment on interest free loans from directors

Balance as at 30 June 2013

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation

Related deferred tax

Loss for the year

Other comprehensive income for the year

Total comprehensive loss for the year

Transactions with the owners of the Company:

Fair value adjustment on interest free loans from directors

Balance as at 30 June 2014

-	-	-	-	-	4,353,888	4,353,888	4,353,888	4,353,888
-	-	-	-	-	(6,707,532)	(6,707,532)	(6,707,532)	(6,707,532)
-	19,024,704	-	19,024,704	-	(3,571,779)	(3,571,779)	15,452,925	15,452,925
-	19,024,704	-	19,024,704	-	(10,279,311)	(10,279,311)	8,745,393	8,745,393
-	-	(4,834,529)	(4,834,529)	-	-	-	(4,834,529)	(4,834,529)
324,912,050	31,728,249	27,243,282	58,971,531	51,012,000	(473,591,052)	(422,579,052)	(363,607,521)	(38,695,471)
-	-	-	-	-	6,416,627	6,416,627	6,416,627	6,416,627
-	-	-	-	-	(2,181,653)	(2,181,653)	(2,181,653)	(2,181,653)
-	-	-	-	-	4,234,974	4,234,974	4,234,974	4,234,974
-	-	-	-	-	(37,910,786)	(37,910,786)	(37,910,786)	(37,910,786)
-	6,949,159	-	6,949,159	-	398,570	398,570	7,347,729	7,347,729
-	6,949,159	-	6,949,159	-	(37,512,216)	(37,512,216)	(30,563,057)	(30,563,057)
-	-	(6,756,094)	(6,756,094)	-	-	-	(6,756,094)	(6,756,094)
324,912,050	38,677,408	20,487,188	59,164,596	51,012,000	(506,868,294)	(455,856,294)	(396,691,698)	(71,779,648)

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

Shaukat Shafi
Chief Executive

Tariq Shafi
Director



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2014

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Jubilee Spinning & Weaving Mills Limited (the Company) was incorporated in Pakistan as a public limited company on 12 December 1973 under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The Company obtained certificate of commencement of business in January 1974. Shares of the Company are listed on all Stock Exchanges in Pakistan. Its registered office is situated at 40-A, Off: Zafar Ali Khan Road, Gulberg V, Lahore whereas the production facilities are located at B-28, Manghopir Road, S.I.T.E, Karachi. The Company is engaged in the business of manufacturing and selling of yarn, buying, selling and otherwise dealing in yarn and raw cotton. The Company also operates electric power generation facilities which generate electricity primarily for the Company's own requirements.

1.2 GOING CONCERN ASSUMPTION

During the year, the Company incurred a net loss of Rupees 37.911 million resulting in an accumulated loss of Rupees 506.868 million as at 30 June 2014 (2013: Rupees 473.591 million - restated). The plant capacity also remained under-utilized due to intermittent availability of raw materials owing to shortage of working capital. From March 2014, the Company has abandoned its core operations due to losses and lack of resources.

However, the management of the Company is confident to overcome existing temporary factors that are negatively affecting its bottom line. This is evidenced by full repayment of the facility provided by National Bank of Pakistan. The sponsor directors are fully committed to the profitable operations of the Company and have provided an interest-free loan aggregating to Rupees 84.017 million during previous years. Sponsor directors have also expressed their continuing commitment to support the Company financially, if the need arises. This not only reflects their commitment to ensuring the success of the Company but also their positive outlook on the Company.

The sponsor directors and the management are confident to resume the operations of the company and achieve profitability going forward. Accordingly, these financial statements have been prepared on a going concern basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

a) Statement of compliance

These financial statements have been prepared in accordance with 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.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for certain fixed assets and financial assets and liabilities which have been stated at revalued amounts, fair values, cost, amortized cost and present value as mentioned in respective policy notes. Accrual basis of accounting has been used in these financial statements except for the cash flow information.



c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Post employment gratuity - defined benefit plan

The provision for gratuity has been accounted for based on independent actuarial valuation as at the reporting date which depends upon certain actuarial assumptions and judgments made by the actuary.

Useful lives, patterns of economic benefits and impairments - Property, plant and equipment

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

Current taxation

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

Provision for doubtful debts

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

Impairment of investments in associated companies

In making an estimate of future cash flows from the company's investments in associated companies, the management considers future dividend stream and an estimate of the terminal value of these investments.

Classification of investments

Classification of an investment is made on the basis of intended purpose for holding such investment. The classification of investments is re-evaluated on regular basis.

Inventories

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

d) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.



e) Amendments to published approved standards that are effective in current year and are relevant to the Company

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2013:

IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 - 2011 Cycle, incorporating amendments to five IFRS more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation' that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

f) Standards and amendments to published standards that are relevant to the Company and with effective dates falling within the current year but have not yet been notified by the Securities and Exchange Commission of Pakistan (SECP)

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2013) provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, 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. This standard is not expected to have a material impact on the Company's financial statements.

g) Interpretations and amendments to published approved standards that are effective in current year but not relevant to the Company

There are other standards, new interpretation and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2013 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

h) Standards and amendments to published approved standards that are not yet effective but relevant to the Company

Following standard, interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2014 or later periods:



IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2014) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company's financial statements.



On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 - 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IFRS 13 'Fair Value Measurement', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 - 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Company's financial statements.

i) Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the Company

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee Benefits

The company operates an unfunded gratuity scheme for its permanent employees who complete the eligible period of service. Provision has been made in accordance with actuarial recommendations using the projected unit credit method. Actuarial gains and losses are recognized in statement of comprehensive income as remeasurement effect of employees retirements benefits.

Change in accounting policy

Previously, the portion of actuarial gains or losses was recognized if the net cumulative unrecognized actuarial gains or losses at the end of the previous year exceeded the "corridor" which was defined as the greater of ten percent of the defined benefit obligation and fair value of the plan assets at that date.

According to new policy actuarial gains and losses are recognized in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. The effect of the change in accounting policy on the current and prior periods financial statements have been summarized below:



	2014 Rupees	2013 Rupees
Effect on balance sheet:		
Decrease in employees retirement benefits	710,274	6,527,703
Increase in deferred tax liability	379,412	2,219,419
Decrease in accumulated loss	330,862	4,308,284
Effect on profit and loss account:		
Increase in cost of sale	405,643	-
Increase in loss per share	0.01	-

3 Taxation

a) Current

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

b) Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases 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 reporting 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.

2.4 Foreign currencies

All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit and loss account.

2.5 Property, plant, equipment and depreciation

a) Owned

Initial recognition

An item of property, plant and equipment is initially recognized at cost which is equal to the fair value of



consideration paid at the time of acquisition or construction of the asset.

Measurement subsequent to initial recognition

Revaluation model

Leasehold Land, Building on Leasehold Land and Plant and Machinery, are stated at revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses (if any). Surplus on revaluation is credited to "surplus on revaluation of property, plant and equipment", net of related deferred tax liability, except in case of surplus on leasehold land where deferred tax is not recognized. Revaluation is carried out by independent valuers with sufficient regularity so that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment net of related deferred tax is transferred directly to retained earnings (accumulated loss account) in statement of changes in equity. Previously, incremental depreciation was transferred to statement of changes in equity gross of the related deferred tax. This change has been made in view of recommendations from the regulators and to follow the industry practice. This change has following impact:

	2014 Rupees	2013 Rupees
Effect on profit and loss account:		
Decrease in provision for tax	2,344,401	-
Decrease in loss per share	0.07	-

Cost model

Property, plant and equipment other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the year in which these are incurred.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 14. The Company charges the depreciation on a proportionate basis from the date when the asset is available for use till the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

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

b) Capital Work in progress

Capital work-in-progress is stated at cost less impairment (if any) and represents expenditure incurred on



Property, plant and equipment in the course of construction. These expenditures are transferred to relevant fixed assets category as and when the assets start operation.

2.6 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in associates, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

a) Investment at fair value through profit or loss

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

c) Investment in associates - (with significant influence)

Investments in associates where the company has a significant influence are recorded under equity method as required by International Accounting Standard (IAS)-28 'Investments in Associates'.

d) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Unquoted

Available for sale investments in unquoted investments are carried at cost less impairment in value, if any.

e) De-recognition of investments

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.



2.7 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

Cost of raw material, work-in-process and finished goods are determined as follows:

- | | |
|--------------------------|--|
| (i) For raw materials | Weighted average cost |
| (ii) For work-in-process | Weighted average cost of raw material plus proportion of the factory overhead expenses |
| (iii) Finished goods | Weighted average manufacturing cost. |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon.

Waste stock/rags are valued at net realizable value.

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

2.8 Borrowing cost

The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalized as part of the cost of that asset. All other interest, mark-up and other charges are recognized in profit and loss account.

2.9 Revenue recognition

Revenue and income from different sources is recognized as under:

- Sales are recognized on the basis of dispatch of goods to customers, which is invoice date.
- Profit on bank deposits is recognized on accrual basis.
- Dividend income is recognized when the company's right to receive the dividend has been established.
- In case of investments in associates stated using equity method under IAS-28, Company's share in the post acquisition profits of the associates is recognized in profit and loss account there-by adjusting the carrying amounts of related investments. The dividend received from such associates is deducted from the carrying value of the related investments.

2.10 Share Capital

Ordinary shares are classified as equity.

2.11 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which is measured initially at fair value.



Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item and in the accounting policy of investments (Note 2.6).

a) Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

b) Borrowings

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

c) Trade and other payables

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

2.12 Provisions

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

2.13 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account except in case of revalued property, plant and machinery in which case these are first adjusted against related revaluation surplus and remaining loss, if any, is taken to profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account except where revaluation surplus was previously reduced in which case such reversal is credited to revaluation surplus.



2.14 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements 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 to settle the liabilities simultaneously.

2.15 Investment properties

Properties comprising leasehold land and building which are not occupied by the company and are held for capital appreciation or to earn rental income are classified as investment property in accordance with the requirements of International Accounting Standard (IAS)-40 'Investment Property'. These properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or losses arising from a change in fair value of investment property are included in the profit and loss account currently.

2.16 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cheques in hand and deposit with banks net off short term finances/borrowings maturing within one year from the date of acquisition, if any.

2.17 Segment reporting

Segment reporting is based on the operating segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), and Power Generation.

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated if there is any potential dilutive effect on the Company's reported net profits.

2.19 Dividend and other appropriations

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



3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2014 (NUMBER OF SHARES)	2013		2014 Rupees	2013 Rupees
700	700	Ordinary shares of Rupees 10 each fully paid in cash	7,000	7,000
1,500,000	1,500,000	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash (Note 3.1)	15,000,000	15,000,000
5,516,167	5,516,167	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	55,161,670	55,161,670
16,500,000	16,500,000	Ordinary shares of Rupees 10 each issued against conversion of loan from directors and associates (Note 3.2)	165,000,000	165,000,000
8,974,338	8,974,338	Ordinary shares of Rupees 10 each issued to shareholders of Jubilee Energy Limited under the Scheme of Amalgamation (Note 3.3)	89,743,380	89,743,380
32,491,205	32,491,205		324,912,050	324,912,050

- 3.1 Issue of shares for consideration other than cash represents shares issued to shareholders of the Crescent Textile Mills Limited on bifurcation in the year 1974.
- 3.2 These represent the ordinary shares issued to directors and associates against their loan after obtaining approval from shareholders in an Extra Ordinary General Meeting and from Securities and Exchange Commission of Pakistan (SECP).
- 3.3 These represent the ordinary shares issued to the shareholders of Jubilee Energy Limited pursuant to approval of scheme of amalgamation by the honorable Lahore High Court.
- 3.4 As at 30 June 2014, Crescent Cotton Mills Limited (associated company) held 474,323 (2013: 474,323) ordinary shares of Rupees 10 each of the company.
- 3.5 Capital risk management policies and procedures

The company's objective when managing the capital are:

- to safeguard its ability to continue as a going concern so that it can continue to provide return to shareholders and benefits other stakeholders; and
- to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure by monitoring return on net assets and to maintain 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 to shareholders, issue new shares and adopt other means commensurating to the circumstances.



4. RESERVES

	2014 Rupees	2013 Rupees	2012 Rupees
Composition of reserves is as follows:			
Capital			
Fair value reserve on 'available for sale' investments	38,677,408	31,728,249	12,703,545
Equity portion of shareholders' loan (Note 4.1)	20,487,188	27,243,282	32,077,811
	<u>59,164,596</u>	<u>58,971,531</u>	<u>44,781,356</u>
Revenue			
General	51,012,000	51,012,000	51,012,000
Accumulated loss	(506,868,294)	(473,591,052)	(467,665,629)
	<u>(455,856,294)</u>	<u>(422,579,052)</u>	<u>(416,653,629)</u>
	<u>(396,691,698)</u>	<u>(363,607,521)</u>	<u>(371,872,273)</u>

4.1 Equity portion of shareholders' loan

Opening balance	27,243,282	32,077,811	-
Add: Amortization portion on loan obtained during the year	-	1,203,089	32,077,811
Less: Fair value adjustment for the year	(6,756,094)	(6,037,618)	-
Closing balance	<u>20,487,188</u>	<u>27,243,282</u>	<u>32,077,811</u>

Loan from Sponsor Directors have been recognised at amortised cost using discount rate of 11.90% per annum (2013: 11.90% per annum). The resulting change has been charged to equity portion of shareholders loan. Previously, this change was erroneously charged to profit and loss account which has now been rectified retrospectively as required by International Accounting Standard (IAS)-8 "Accounting Policies, Changes in Accounting Estimates and Errors". The is no effect of this retrospective restatement on balance sheet. The effect of this retrospective restatement on profit and loss account for years ended 30 June 2013 and 30 June 2012 is tabulated below:

	2013 Rupees	2012 Rupees
Effect on profit and loss account		
(Decrease) / increase in loss after taxation	<u>(4,834,529)</u>	<u>32,077,811</u>
(Decrease) / increase in loss per share	<u>(0.15)</u>	<u>0.99</u>

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED TAX

This represents the surplus resulting from revaluation of certain property, plant and equipment (Leasehold Land, Buildings and Plant and Machinery) , net of deferred tax and incremental depreciation arising out of revaluation.

	2014 Rupees	2013 Rupees
Balance as at 01 July	504,634,378	504,649,617
Addition to surplus due to revaluation (Note 5.2)	28,742,584	6,683,050
Incremental depreciation charged during the year transferred to equity	(6,416,627)	(6,698,289)
	<u>22,325,957</u>	<u>(15,239)</u>
	<u>526,960,335</u>	<u>504,634,378</u>



	2014 Rupees	2013 Rupees
Less: Related deferred tax liability (Note 7)		
Opening balance	15,412,033	16,327,366
Increase in deferred tax on revaluation	5,012,478	1,429,068
Effect of incremental depreciation charged during the year	(2,181,653)	(2,344,401)
Effect of change in tax rate	(963,948)	-
	<u>17,278,910</u>	<u>15,412,033</u>
	509,681,425	489,222,345
Surplus on revaluation of associated company accounted for under equity method (Note 5.4)	78,513,919	78,513,919
	<u>588,195,344</u>	<u>567,736,264</u>

- 5.1 Surplus attributable to incremental depreciation taken to statement of changes in equity (net of deferred tax) amount to Rupees 4,234,974 (2013: 4,353,888).

	2014 Rupees	2013 Rupees Restated
Revaluation surplus transferred to equity on account of incremental depreciation - gross	6,416,627	6,698,289
Less: Related deferred tax (Note 2.5(a))	(2,181,653)	(2,344,401)
	<u>4,234,974</u>	<u>4,353,888</u>

- 5.2 The latest revaluation of Lease hold land, Building on leasehold land and Plant and Machinery has been carried out by an independent valuer 'Danish Enterprises' as at 30 June 2014 based upon fair values. Fair values of Building on leasehold land and Plant and Machinery were determined on the basis of depreciated replacement method. The independent valuers reported the fair values as under:

	Rupees
Land	474,600,000
Building on leasehold land	41,735,510
Plant and machinery	89,634,858
	<u>605,970,368</u>

- 5.3 Had the revalued assets been stated under cost model, the carrying amounts would have been as under:

	2014		2013	
	COST	ACCUMULATED DEPRECIATION	WRITTEN DOWN VALUE	WRITTEN DOWN VALUE
	Rupees	Rupees	Rupees	Rupees
Leasehold land	-	-	-	-
Building on leasehold land	37,376,984	24,749,357	12,627,627	14,030,697
Plant and machinery	98,052,763	51,802,262	46,250,501	51,389,446
	<u>135,429,747</u>	<u>76,551,619</u>	<u>58,878,128</u>	<u>65,420,143</u>

- 5.4 This represents the company's share of the surplus on revaluation of property, plant and equipment of the associated company {Cresox (Private) Limited} accounted for in previous years as a result of amalgamation of the associated company with its wholly owned subsidiary. The last revaluation of leasehold land was carried out as at 30 June 2010. Before this revaluation, the lease hold land was also revalued as at 30 September 1995, 30 September 2002, 30 September 2004, 30 June 2008, and 30 June 2009 respectively.



6. LONG TERM FINANCING
From banking companies:

National Bank of Pakistan

	2014 Rupees	2013 Rupees
Opening balance	25,483,808	25,483,808
Less: Paid during the year	(25,483,808)	-
Outstanding liability	-	25,483,808
Less: Current portion	-	-
Overdue portion	-	(25,483,808)
	-	(25,483,808)
Subtotal	-	-

From directors of the company:

Opening Balance	56,773,900	48,902,189
Loan obtained during the year (Note 6.1)	-	1,834,093
Add: Fair value adjustment under IAS-39	6,756,094	6,037,618
	63,529,994	56,773,900
Less: Paid during the year	-	-
	63,529,994	56,773,900
Less: Current portion	-	-
Subtotal	63,529,994	56,773,900
Total	63,529,994	56,773,900

6.1 From directors of the company

As at 30 June	-	3,037,182
Fair value adjustment under IAS-39	-	(1,203,089)
	-	1,834,093

6.2.1 These represent unsecured interest free loans obtained from the sponsor directors of the Company and are repayable after 30 June 2017. These have been recognized at amortized cost under IAS-39 "Financial Instruments: Recognition and Measurement" using discount rate of 11.90% per annum. The resulting difference has been transferred to equity and is being amortized over the remaining term of the loan as referred to in note 4.1.

7. DEFERRED INCOME TAX

	2014 Rupees	2013 Rupees	2012 Rupees
Deferred tax liability on revaluation of property, plant and equipment (Note 5 & 30.2)	17,278,910	15,412,033	16,327,366
Deferred tax liability on revaluation of investment property (Note 30.2)	674,431	674,431	674,431
Deferred tax liability on remeasurement of employees retirement benefits (Note 2.2)	575,722	379,412	2,219,419
	18,529,063	16,465,876	19,221,216

8. EMPLOYEES RETIREMENT BENEFITS
Staff gratuity scheme -unfunded

	2014 Rupees	2013 Rupees Restated	2012 Rupees Restated
Present value of defined benefit obligation	43,381,029	39,276,602	28,769,151



8.1 General description

The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the Company. Annual provision is based on actuarial valuation, which was carried out as on 30 June 2014.

	2014 Rupees	2013 Rupees Restated	2012 Rupees Restated
8.2 Movement in present value of defined benefit obligation			
Balance at beginning of the year	39,276,602	28,769,151	30,447,051
Current service cost	4,235,378	3,111,718	4,021,606
Interest cost	3,941,472	3,739,990	4,262,587
Benefits paid during the year	(3,477,543)	(1,756,043)	(5,365,469)
Actuarial loss / (gain) - experience adjustments	(594,880)	5,411,786	(4,596,624)
Balance as at end of the year	43,381,029	39,276,602	28,769,151

8.3 Movement in balances

Balance at beginning of the year	39,276,602	28,769,151	30,447,051
Charge for the year (Note 8.4)	7,581,970	12,263,494	3,687,569
	46,858,572	41,032,645	34,134,620
Benefits paid during the year	(3,477,543)	(1,756,043)	(5,365,469)
Balance at the end of the year	43,381,029	39,276,602	28,769,151

8.4 Charge for the year

In profit and loss account:			
Current service cost	4,235,378	3,111,718	4,021,606
Interest cost	3,941,472	3,739,990	4,262,587
	8,176,850	6,851,708	8,284,193
In statement of comprehensive income:			
Actuarial (gain) / loss	(594,880)	5,411,786	(4,596,624)
	7,581,970	12,263,494	3,687,569

8.5 Principal actuarial assumption

Following principal actuarial assumptions were used for the valuation:	2013	2012
Estimated rate of increase in salary of the employees	12.25%	9.5%
Discount rate	13.25%	10.5%

9. TRADE AND OTHER PAYABLES

	2014 Rupees	2013 Rupees
Creditors	97,179,354	95,994,596
Accrued liabilities	26,770,278	13,332,543
Advances from customers	23,616,946	15,737,116
Income tax deducted at source	17,541,402	15,684,397
Unclaimed dividend	577,737	577,737
Unclaimed balance of Workers' profit participation fund	1,672	1,672
Due to director, associates and others	1,820,620	1,820,620
Other liabilities	50,664,130	40,666,040
	218,172,139	183,814,721



10. SHORT TERM BORROWINGS

	2014 Rupees	2013 Rupees
From banking company - secured		
Habib Bank Limited - Cash finance (Note 10.1)	-	19,781,976

10.1 Maximum limit under this facility was Rupees 20 million (2013: Rupees 20 million) with sublimit of cash in transit Rupees 12 million (2013: Rupees 12 million). During the year, this facility has expired / repaid.

11. PROVISIONS

Provision for penalty on account of non-deposition of withholding tax	9,928,940	9,928,940
---	-----------	-----------

This represents provision made for penalty against non-deposition of withholding tax in prescribed time as per the Income Tax Ordinance, 2001.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

Bank Guarantee from:		
Faysal Bank Limited (Note 12.1.1)	8,600,000	8,600,000
Standard Chartered Bank (Pakistan) Limited (Note 12.1.2)	793,800	793,800
Habib Bank Limited (Note 12.1.3)	2,000,000	2,000,000
	11,393,800	11,393,800

12.1.1 This represents a guarantee issued by Faysal Bank Limited to the collector of customs on behalf of the company against the custom duty on imports.

12.1.2 This represents a guarantee issued by Standard Chartered Bank (Pakistan) Limited to the Honorable High Court, Sindh on account of cotton soft waste (carded and combed) fully paid.

12.1.3 This represents a guarantee issued by Habib Bank Limited in favor of Sui Southern Gas Company Limited on behalf of the company for payment of gas bills. The guarantee is secured against hypothecation charge over current assets of Rupees 12 million (2013: Rupees 12 million).

12.2 Commitments

There were no capital or other commitments as at 30 June 2014 (2013: Nil).



13 OPERATING ASSETS

Lease hold land	Building on lease hold land	Plant and machinery	Installation and equipment	Office machines and electrical appliances	Owned					Leased		
					Vehicles	Office equipment	Furniture & fixtures	Factory tools and equipments	Sub total	Vehicles	Sub total	Total

Rupees

Net Carrying value as at 01 July 2012

Opening net book amount	458,000,000	44,143,114	95,327,455	2,299,363	106,165	1,352,502	520,418	90,916	755,463	602,595,396	2,162,968	2,162,968	604,758,364
Additions / Transfer in	-	-	-	-	-	1,730,374	-	-	-	1,730,374	-	-	1,730,374
Surplus on revaluation during the year	2,600,000	2,470,555	1,612,495	-	-	-	-	-	-	6,683,050	-	-	6,683,050
Transfer/Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	6,497,671	6,497,671	6,497,671	6,497,671
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(4,767,297)	(4,767,297)	(4,767,297)	(4,767,297)
Disposals - net	-	-	-	-	-	-	-	-	-	1,730,374	1,730,374	1,730,374	1,730,374
Depreciation charge	-	(4,426,495)	(9,540,698)	(229,936)	(15,925)	(270,500)	(78,063)	(9,092)	(113,319)	(14,684,028)	(432,594)	(432,594)	(15,116,622)
	460,600,000	42,187,174	87,399,252	2,069,427	90,240	2,812,376	442,355	81,824	642,144	596,324,792	-	-	596,324,792

Gross carrying value as at 30 June 2013

Cost / Re-assessed value	460,600,000	120,527,196	240,902,300	8,613,452	452,842	12,710,634	1,514,899	841,301	8,735,261	854,897,885	-	-	854,897,885
Accumulated depreciation	-	(78,340,022)	(153,503,048)	(6,544,025)	(362,602)	(9,898,258)	(1,072,544)	(759,477)	(8,093,117)	(258,573,093)	-	-	(258,573,093)
Net book amount	460,600,000	42,187,174	87,399,252	2,069,427	90,240	2,812,376	442,355	81,824	642,144	596,324,792	-	-	596,324,792

Net carrying value as at 01 July 2013

Opening net book amount	460,600,000	42,187,174	87,399,252	2,069,427	90,240	2,812,376	442,355	81,824	642,144	596,324,792	-	-	596,324,792
Additions / Transfer in	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation during the year	14,000,000	3,767,053	10,975,531	-	-	-	-	-	-	28,742,584	-	-	28,742,584
Transfer/Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	907,500	-	-	-	907,500	-	-	907,500
Accumulated depreciation	-	-	-	-	-	(666,777)	-	-	-	(666,777)	-	-	(666,777)
Disposals - net	-	-	-	-	-	240,723	-	-	-	240,723	-	-	240,723
Depreciation charge	-	(4,218,717)	(8,739,925)	(206,943)	(13,536)	(557,563)	(66,353)	(8,182)	(96,322)	(13,907,541)	-	-	(13,907,541)
	474,600,000	41,735,510	89,634,858	1,862,484	76,704	2,014,090	376,002	73,642	545,822	610,919,112	-	-	610,919,112

Gross carrying value as at 30 June 2014

Cost / Re-assessed value	474,600,000	124,294,249	251,877,831	8,613,452	452,842	11,803,134	1,514,899	841,301	8,735,261	882,732,969	-	-	882,732,969
Accumulated depreciation	-	(82,558,739)	(162,242,973)	(6,750,968)	(376,138)	(9,789,044)	(1,138,897)	(767,659)	(8,189,439)	(271,813,857)	-	-	(271,813,857)
Net book amount	474,600,000	41,735,510	89,634,858	1,862,484	76,704	2,014,090	376,002	73,642	545,822	610,919,112	-	-	610,919,112

Rate of depreciation (%)	0	10	10	10	15	20	15	10	15	20			
--------------------------	---	----	----	----	----	----	----	----	----	----	--	--	--



	2014 Rupees	2013 Rupees
13.1 Depreciation charge for the year has been allocated as follows:		
Owned		
Cost of sales (Note 23.1)	13,285,711	14,335,465
Administrative expenses (Note 25)	621,830	348,563
	<u>13,907,541</u>	<u>14,684,028</u>
Leased		
Administrative expenses (Note 25)	-	432,594
	<u>13,907,541</u>	<u>15,116,622</u>

13.2 Detail of operating assets disposed of during the year is as follows:

Description	Cost	Net Book Value	Sale Proceeds	Gain	Mode of disposal	Particulars of Purchaser
Honda City AQW - 360	907,500	240,723	363,000	122,277	Negotiation	Muhammad Arshad, Employee

14. INVESTMENT PROPERTY

Investment property - at revalued amount	<u>24,233,658</u>	<u>23,940,655</u>
--	-------------------	-------------------

- 14.1 Investment property represents the leasehold land and building comprising a storage godown leased out by the Company to its associated company Cresox (Private) Limited. The fair value of investment property as at 30 June 2014 has been determined by an independent valuer "Danish Enterprises". The fair value was determined from market based evidence in accordance with the market values of similar land and building existing in the near vicinity. The independent valuers reported the fair value of investment property at Rupees 24.234 million as at 30 June 2014. No expenses directly related to the investment property have been incurred during the year.

14.2 Movement during the year

Opening balance	23,940,655	23,500,000
Add: Gain on remeasurement of fair value	293,003	440,655
Closing balance	<u>24,233,658</u>	<u>23,940,655</u>

15. LONG TERM INVESTMENTS

Available for sale - Associated company (without significant influence)

Taxmac (Private) Limited (Note 15.1)	520,000	520,000
Premier Insurance Limited - quoted (Note 15.2 & 15.4)	249,370	-
	<u>769,370</u>	<u>520,000</u>

**Associated companies (with significant influence)
- Under equity method**

Premier Insurance Limited - quoted (Note 15.2 & 15.4)	-	-
Cresox (Private) Limited (Note 15.5)	-	-
Crescent Industrial Chemical Limited (Note 15.6)	-	-
	<u>769,370</u>	<u>520,000</u>



- 15.1 Taxmac (Private) Limited is an associate under provisions of the Companies Ordinance, 1984. However, the Company has no power to participate in financial and operating decisions of Taxmac (Private) Limited. Therefore, the investment has been carried at cost. All other investments have been carried using equity method.
- 15.2 Premier Insurance Limited (PIL) was accounted for under equity method (Note 15.4) of accounting being associated company due to common directorship which ceased to exist during the year. On ceasing to be an associate, the investment in PIL was initially measured at fair value and the resulting difference between the carrying value under equity method and the fair value was charged to profit and loss account. Subsequent to initial recognition, investment is being measured at fair value in accordance with applicable accounting standards.

	2014 Rupees	2013 Rupees
Fair value on ceasing to be an associate (Note 15.4)	291,989	-
Fair value adjustment	(42,619)	-
	249,370	-

15.3 Name of Associate

Basis of significant influence

Premier Insurance Company Limited	Common directorship creating significant influence up to 16 May 2014.
Crescent Industrial Chemical Limited	Common directorship creating significant influence
Cresox (Private) Limited	Shareholding 24.93% creating significant influence

15.4 Premier Insurance Company Limited

The movement is as follows:

Opening balance of investment	-	-
Share of profit of associate for the period	1,946	10,501
Share of loss of previous years - unrecognized	(19,982)	(30,483)
Prior year adjustment	-	-
Dividend income	-	-
Closing balance	(18,036)	(19,982)
Unrecognised loss	18,036	19,982
Net closing balance on ceasing to be an associate	-	-
Fair value on ceasing to be an associate recognized in balance sheet	291,989	-
Fair value gain recognized in profit and loss account	291,989	-

15.4.1 Summarized financial position of Premier Insurance Limited:

Total assets	3,320,180,000	3,367,596,000
Total Liabilities	1,820,901,000	1,627,984,000
Net Assets	1,499,279,000	1,739,612,000
Profit after tax	5,935,000	28,053,000
Cost of investment	134	134
Market value	249,370	181,360
Ownership interest	0.0374%	0.0374%
Number of ordinary shares held 22,670 (2013: 22,670) of Rupees 10 each.		



	2013 Rupees	2012 Rupees
15.5 Cresox (Private) Limited (CSPL)		
The movement is as follows:		
Opening balance of investment	-	2,376,493
Share of loss of associate for the year	(98,706,868)	(105,849,638)
Share of loss of previous years - unrecognized	(103,473,145)	-
	(202,180,013)	(103,473,145)
Unrecognized loss	202,180,013	103,473,145
	-	-

15.5.1 Summarized financial position of CSPL on the basis of unaudited financial statements:

Total assets	1,886,690,598	2,001,878,889
Total Liabilities	2,718,293,094	2,413,553,153
Net Assets	(831,602,496)	(411,674,264)
Gross Turnover	1,133,799,445	1,125,341,975
Loss after tax	(395,936,094)	(424,587,395)
Cost of investment	89,821,600	89,821,600
Ownership interest	24.93%	24.93%

Number of ordinary shares held 8,982,160 (2013: 8,982,160) of Rupees 10 each.

Market value	Un-quoted	Un-quoted
--------------	-----------	-----------

15.6 This represents investment of 184,000 shares in Crescent Industrial Chemical Limited which was fully impaired in previous years.

16. LONG TERM LOANS

Due from employees	2,149,906	1,296,906
Less: Current portion	(351,155)	(291,600)
	1,798,751	1,005,306

16.1 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

17. STORES AND SPARES

Stores	773,941	836,454
Spare parts	1,004,994	1,681,725
	1,778,935	2,518,179

18. STOCK IN TRADE

Raw materials	-	33,318,877
Work in process	-	6,517,653
Finished goods	784,016	661,844
Waste stock	235,532	572,806
Packing material	230,308	8,270
	1,249,856	41,079,450



	2014 Rupees	2013 Rupees
19. TRADE DEBTS		
Considered good:		
Unsecured (Note 19.1, 19.2 & 19.3)	181,829,910	185,750,106
Considered doubtful:		
Others - unsecured	8,942	138,468
Less: Provision for doubtful debts		
As at 01 July	138,468	19,535,392
Less: Reversal due to recovery	(129,526)	(19,396,924)
As at 30 June	8,942	138,468
	-	-
19.1 This include amount of Rupees 178,429,203 (2013:Rupees 182,908,992) reveivable from Cresox(Private) Limited - a related party		
19.2 As at 30 June 2014, trade debt due from related party amounting to Rupees 178,429,203 (30 June 2013 : Rupees 155,060,340) were past due but not impaired. The ageing analysis of is as follows:		
Upto 6 months	159,983,037	95,444,738
6 months to 1 year	18,446,166	58,005,943
more than 1 year	-	1,609,659
	178,429,203	155,060,340
19.3 As at 30 June 2014, trade debt due from other than related party amounting to Rupees 3,400,707 (30 June 2013 : Rupees 2,392,014) were past due but not impaired. The ageing analysis of is as follows:		
Upto 6 months	-	2,201,668
6 months to 1 year	44,085	44,640
more than 1 year	3,356,622	145,706
	3,400,707	2,392,014
19.4 Trade debts of Rupees 0.129 million (2013 : Rupees 19.535 million) were recovered that were provided in previous years.		
20. SHORT TERM INVESTMENTS		
Available for sale (Note 20.1)	50,035,258	46,189,892
Investment at fair value through profit or loss in listed securities (Note 20.2)	3,815,865	3,207,062
	53,851,123	49,396,954
20.1 Investments available for sale		
Related parties - Quoted		
The Crescent Textile Mills Limited		
827 (2013: 827) fully paid ordinary shares of Rupees 10 each (bonus shares)	-	-
Crescent Cotton Mills Limited 510,600 (2013: 510,600) fully paid ordinary shares of Rupees 10 each	3,150,402	3,150,402



	2014 Rupees	2013 Rupees
Other than related parties - Quoted		
Samba Bank Limited 1,917,545 (2013: 5,240,737) fully paid ordinary shares of Rupees 10 each	24,211,563	37,311,525
Crescent Jute Products Limited 1,716,683 (2013: 1,716,683) fully paid ordinary shares of Rupees 10 each	13,732,069	13,732,069
Crescent Spinning Mills Limited 290,000 (2013: 290,000) fully paid ordinary shares of Rupees 10 each	362,500	362,500
Crescent Steel and Allied Products Limited 36,253 (2013: 36,253) fully paid bonus ordinary shares of Rupees 10 each	-	-
Shakarganj Mills Limited 39,138 (2013: 39,138) fully paid ordinary shares of Rupees 10 each	228,175	228,175
Shakarganj Mills Limited (Prefer. Shares) 184,335 (2013: 184,335) fully paid preference shares of Rupees 10 each	1,843,350	1,843,350
PICIC Insurance Company Limited 11,658 (2013: 11,658) fully paid ordinary shares of Rupees 10 each	116,580	116,580
	<u>43,644,639</u>	<u>56,744,601</u>
Opening impairment loss	(42,282,958)	(42,282,958)
Impairment loss on investment disposed of during the year	9,953,550	-
Closing balance of impairment loss	(32,329,408)	(42,282,958)
Carrying cost net of impairment loss	<u>11,315,231</u>	<u>14,461,643</u>
Opening balance of fair value reserve	31,728,249	12,703,545
Fair value adjustment for the year	8,574,184	19,024,704
Fair value reserve reversed on disposal of investment	(1,582,406)	-
	<u>38,720,027</u>	<u>31,728,249</u>
	<u>50,035,258</u>	<u>46,189,892</u>

20.2 Investment at fair value through profit or loss in listed securities

Nishat Mills Limited 6,525 (2013: 6,525) fully paid ordinary shares of Rupees 10 each	730,278	614,720
Oil & Gas Development Company Limited 3,800 (2013: 3,800) fully paid ordinary shares of Rupees 10 each	992,864	869,250
Pakistan Oilfield Limited 1,680 (2013: 1,680) fully paid ordinary shares of Rupees 10 each	964,824	835,582
Pakistan Petroleum Limited 4,963 (2013: 3,309) fully paid ordinary shares of Rupees 10 each	1,113,399	875,095
Fatima Fertilizer Company Limited 500 (2013: 500) fully paid ordinary shares of Rupees 10 each	14,500	12,415
	<u>3,815,865</u>	<u>3,207,062</u>



	2014 Rupees	2013 Rupees
21. CASH AND BANK BALANCES		
Cash in hand	1,666,872	380,679
Cash at bank at current account (Note 21.1)	673,909	763,334
	2,340,781	1,144,013
21.1 This includes an amount of Rupees. 0.763 million (2013:Rupees 0.763 million) under lien with Standard Chartered Bank (Pakistan) Limited against the guarantees issued on behalf of the Company.		
22. SALES		
Gross		
Yarn	299,603,060	390,010,605
Waste	6,844,120	5,759,569
Service revenue	26,415,321	-
Scrap	357,111	2,707,974
	333,219,612	398,478,148
Less: Sales tax	(277,558)	(4,027,294)
	332,942,054	394,450,854
23. COST OF SALES		
Finished stock - opening	1,234,650	1,067,838
Add: Cost of goods manufactured (Note 23.1)	361,361,122	399,397,833
	362,595,772	400,465,671
Less: Finished stock - closing	(1,019,548)	(1,234,650)
	361,576,224	399,231,021
23.1 Cost of goods manufactured		
Raw material consumed (Note 23.2)	229,828,029	291,685,710
Packing materials consumed	2,418,474	2,223,484
Stores and spares	6,001,810	3,630,430
Salaries, wages and other benefits	64,974,448	56,039,833
Repair and maintenance	134,805	231,214
Rent, rates & taxes	956,132	669,233
Fuel and power	33,324,113	26,178,981
Insurance	1,945,551	2,305,678
Depreciation (Note 13.1)	13,285,711	14,335,465
Other factory overheads	1,974,396	2,607,274
	354,843,469	399,907,302
Work-in-process		
Opening stock	6,517,653	6,008,184
Closing stock	-	(6,517,653)
	6,517,653	(509,469)
Cost of goods manufactured	361,361,122	399,397,833



23.2 Raw material consumed

	2014 Rupees	2013 Rupees
Opening stock	33,318,877	1,608,159
Add: Purchased during the year	196,509,152	323,396,428
	229,828,029	325,004,587
Less: Closing stock	-	(33,318,877)
	229,828,029	291,685,710

24. DISTRIBUTION COST

Salaries and other benefits	547,097	335,940
Outward freight and handling	829,035	1,108,175
Commission Yarn	17,700	187,545
	1,393,832	1,631,660

25. ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits	15,222,738	14,865,661
Travelling, conveyance and entertainment	1,182,398	1,069,590
Printing stationery	345,385	332,338
Communication	614,944	780,295
Insurance	306,594	328,018
Subscription amnd periodicals	777,689	797,428
Repair and maintenance	7,560	31,445
General expenses	488,310	424,222
Auditors' remuneration (Note 25.1)	445,000	419,000
Advertisement	192,500	161,000
Legal and professional charges	93,710	498,500
Depreciation (Note 13.1)	621,830	781,157
	20,298,658	20,488,654

25.1 Auditors' remuneration

Audit fee	275,000	275,000
Half yearly review	70,000	70,000
Out of pocket expenses	100,000	74,000
	445,000	419,000

26. OTHER OPERATING EXPENSES

Late payment penalties	453,378	-
------------------------	----------------	---

27. OTHER INCOME

Income from financial assets

Dividend income (27.1)	296,408	958,849
Gain on sale of short term investment	7,341,761	-
Unrealized gain on loss of significant influence over associate (Note 15.2 & 15.4)	291,989	-
Unrealized gain on re-measurement of investments at fair value through profit or loss	608,803	1,035,084
	8,538,961	1,993,933



	2014 Rupees	2013 Rupees
Income from non financial assets		
Commission income	202,640	204,000
Rental income	1,617,420	4,874,580
Gain on disposal of operating fixed assets	122,277	
Gain on remeasurement of investment property	293,003	440,655
Reversal of provision for doubtful trade debts	129,526	19,396,924
Others	725,000	325
	3,089,866	24,916,484
	11,628,827	26,910,417

27.1 Included therein is dividend income of Rupees 0.0227 million 2013: Rupees 0.0227 million) received from Premier Insurance Limited - ex related party.

28. FINANCE COST

Mark-up on:		
Long term financing	823,162	1,146,771
Short term borrowings	1,152,321	968,988
Finance charges on lease liabilities	-	13,127
Bank charges and commission	360,016	591,581
	2,335,499	2,720,467

29. PROVISION FOR TAXATION

Current (Note 29.1)	29,641	3,964,909
Prior year	(1,423,912)	-
Deferred (Note 5.1) (2013: restated)	(2,181,653)	(2,344,401)
	(3,575,924)	1,620,508

29.1 Current

The tax liability of the company for the year has been calculated under the normal provisions of the Income Tax Ordinance, 2001. The income tax assessments of the company have been finalized up to and including tax year 2009. Due to available tax losses of Rupees 156.337 million, no provision for tax is required except for income chargeable to final taxation and minimum taxation on turnover. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of final and minimum taxation.

29.2 Deferred

Deferred tax asset of Rupees 51.591 million (2013: Rupees 57.517 million) arising from excess of deductible temporary differences and accumulated tax losses over taxable temporary differences chargeable to profit and loss account has not been accounted for in these financial statements. The management expects that it is not probable that taxable profits / taxable temporary differences would be available in near future against which the deferred tax asset can be utilized. However, the deferred tax liability arising on surplus on revaluation of property, plant and equipment, the surplus on revaluation of investment property, and on remeasurement of employees retirement benefits respectively, has been fully recognized in these financial statements (Note 7).



30. LOSS PER SHARE - BASIC AND DILUTED

2014
Rupees

2013
Rupees

There is no dilutive effect on the basic loss per share which is based on:

Loss attributable to ordinary shares	(Rupees)	<u>(37,910,786)</u>	<u>(6,707,532)</u>
Weighted average number of ordinary shares	(Numbers)	<u>32,491,205</u>	<u>32,491,205</u>
Loss per share	(Rupees)	<u>(1.17)</u>	<u>(0.21)</u>

2014
Rupees

2013
Rupees
Restated

31. CASH GENERATED FROM OPERATIONS

Loss before taxation	(41,486,710)	(5,087,024)
----------------------	--------------	-------------

Adjustments for non-cash charges and other items:

Depreciation	13,907,541	15,116,622
Provision for gratuity	8,176,850	6,851,708
Share of loss from associate	-	2,376,493
Dividend income	(296,408)	(958,849)
Unrealized gain on remeasurement of investments	(900,792)	(1,035,084)
Gain on disposal of property, plant and equipment	(122,277)	-
Gain on remeasurement of investment property	(293,003)	(440,655)
Gain on disposal of short term investments	(7,341,761)	-
Finance cost	2,335,499	2,720,467
	<u>15,465,649</u>	<u>24,630,702</u>
Net cash (used in) / flow from operating activities before working capital	(26,021,061)	19,543,678

Working capital changes

(Increase) / Decrease in current assets

Stores and spares	739,244	206,149
Stock-in-trade	39,829,594	(32,381,943)
Trade debts	3,920,196	(94,409,083)
Loans and advances	(319,590)	(228,912)
Short term deposits and prepayments	(18,360)	90,288
Other receivables	(2,667,670)	(4,205,551)
Increase / (Decrease) in current liabilities		
Trade and other payables	34,357,418	93,549,136
Working capital changes	<u>75,840,832</u>	<u>(37,379,916)</u>

Net cash generated from / (used in) operations after working capital changes

49,819,771

(17,836,238)

32. CASH AND CASH EQUIVALENTS

Cash and bank balance	2,340,781	1,144,013
Short term borrowings	-	(19,781,976)
	<u>2,340,781</u>	<u>(18,637,963)</u>



33. CHIEF EXECUTIVE OFFICER'S, DIRECTORS' AND EXECUTIVES' REMUNERATION

Chief Executive Officer

Managerial remuneration and other benefits
House rent and utilities
Gratuity

2014 Rupees	2013 Rupees
3,630,000	3,630,000
1,996,500	1,996,500
398,544	398,544
6,025,044	6,025,044
1,1	1

Number of executive

Directors

Managerial remuneration
Housing and utilities
Gratuity

1,598,400	1,241,935
797,700	683,065
170,000	170,000
2,566,100	2,095,000
1	1

Number of directors

Executives

Managerial remuneration
Housing and utilities
Gratuity

2,692,800	2,334,839
1,343,400	1,284,161
286,450	286,450
4,322,650	3,905,450
2	2

Number of executives

33.1 The chief executive officer is provided with free use of company maintained cars. Two (2013: Two) other executives are also provided with the company maintained cars.

33.2 No meeting fee was paid to any director during the year (2013: Nil).

33.3 No remuneration was paid to non-executive directors of the Company (2013: Nil).

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Transactions	2014		2013	
	Associates	Other related parties	Associates	Other related parties
	Rupees	Rupees	Rupees	Rupees
Insurance premium	-	-	2,633,696	-
Rental income	1,617,420	-	4,874,580	-
Sale of cotton	-	-	-	-
Sale of yarn	292,163,700	-	342,481,630	-
Service revenue	26,415,321	-	-	-
Dividend income	-	-	22,670	-
Balances as at 30 June				
Insurance premium payable	-	-	(8,999,160)	-
Receivable from customer	178,429,203	-	155,060,340	-



	2014 Rupees	2013 Rupees
35. PLANT CAPACITY AND ACTUAL PRODUCTION		
Spinning		
Total number of spindles available for production	9,000	9,000
Total number of spindles worked during the year	4,517	4,770
Number of shifts per day	3	3
Plant capacity of yarn (Kg.) on the basis of total number of spindles worked	1,965,435	2,098,800
Actual production of yarn (Kg.)	1,521,664	1,426,537
Actual production in 20 / s (Kg.)	750,277	793,590
Total shifts worked	852	813
Power plant		
Generation Capacity (KW)	1,053	1,053
Actual generation (KW)	648	646

35.1 Reasons for low production

Change of product mix towards courser counts resulted in utilization of less spindles keeping the production in bags almost same. From March 2014 onwards, production is stopped due to the shortage of working capital. Under utilization of power plant capacity is due to normal maintenance and intermittent supply of the raw material as stated in note 1.2.

36. SEGMENT INFORMATION

36.1 The company has 02 reportable business segments. The following summary describes the operation in each of the company's reportable segments:

Spinning: Production of different quality of yarn using natural and artificial fibers.

Power Generation: Generation and distribution of power.

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases have been eliminated from the total.



37.1 Segment results	Spinning		Power Generation		Elimination of Inter-segment transactions		Total - Company	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Sales	332,942,054	394,450,854	28,356,128	35,767,728	(28,356,128)	(35,767,728)	332,942,054	394,450,854
Cost of sales	(363,007,320)	(407,056,840)	(26,925,032)	(27,941,909)	28,356,128	35,767,728	(361,576,224)	(399,231,021)
Gross (loss) / profit	(30,065,266)	(12,605,986)	1,431,096	7,825,819	-	-	(28,634,170)	(4,780,167)
Distribution cost	(1,393,832)	(1,631,660)	-	-	-	-	(1,393,832)	(1,631,660)
Administrative expenses	(20,097,202)	(20,275,324)	(201,456)	(213,330)	-	-	(20,298,658)	(20,488,654)
	(21,491,034)	(21,906,984)	(201,456)	(213,330)	-	-	(21,692,490)	(22,120,314)
Loss before taxation and								
Unallocated expenses and income	(51,556,300)	(34,512,970)	1,229,640	7,612,489	-	-	(50,326,660)	(26,900,481)
Unallocated income and expenses:								
Finance cost							(2,335,499)	(2,720,467)
Fair value adjustment on interest free loan							-	-
Other operating expenses							(453,378)	-
Other operating income							11,628,827	26,910,417
Share of loss in associated companies							-	(2,376,493)
Taxation							3,575,924	(1,620,508)
Loss after taxation							<u>(37,910,786)</u>	<u>(6,707,532)</u>

36.2 The sales of yarn to a single customer amounts to Rupees 292.163 million (2013: Rupees 342.482 million) out of the total revenue/sales of the company. All the reported segments operate in same geographical location.

37.3 Segment Assets	Spinning		Power Generation		Total - Company	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	<u>900,455,942</u>	<u>920,829,992</u>	<u>13,712,527</u>	<u>13,888,816</u>	914,168,469	934,718,808
Unallocated assets					-	-
					<u>914,168,469</u>	<u>934,718,808</u>
Segment liabilities	<u>375,819,706</u>	<u>383,691,712</u>	<u>2,268,529</u>	<u>2,321,765</u>	378,088,235	386,013,477
Unallocated liabilities					-	-
					<u>378,088,235</u>	<u>386,013,477</u>

37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

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

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and manages financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, and investment of excess liquidity.



(a) Market risk

(i) Currency risk

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

The company is not exposed to this risk because there were no receivables and payables in any foreign currency as at the reporting date.

Sensitivity analysis

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and financial liabilities at the reporting date.

(ii) Other price risk

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

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Statement of other comprehensive income (fair value reserve)	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
KSE 100 (5% increase)	190,793	160,353	2,514,231	2,309,495
KSE 100 (5% decrease)	(190,793)	(160,353)	(2,514,231)	(2,309,495)

(iii) Interest rate risk

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk. As at reporting date, there were no fixed rate borrowings.

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



	2014 Rupees	2013 Rupees
Floating rate instruments		
Financial liabilities		
Long term financing	-	25,483,808
Short term borrowings	-	19,781,976

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Nil (30 June 2013: Rupees 0.45 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

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

Investments	54,620,493	49,916,954
Loans and advances	3,555,208	2,442,173
Deposits	1,210,722	710,722
Trade debts	181,829,910	185,750,106
Other receivables	15,428,860	13,636,657
Bank balances	673,909	763,334
	257,319,102	253,219,946

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

	Short Term	Rating Long term	Agency	2014 Rupees	2013 Rupees
Banks					
National Bank of Pakistan	A1+	AAA	JCR-VIS	40,658	40,658
Allied Bank Limited	A1+	AA+	PACRA	19,040	19,110
Faysal Bank Limited	A1+	AA	JCR-VIS	21,241	21,241
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	(259,361)	(181,947)
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	829,164	829,164
United Bank Limited	A1+	AA+	JCR-VIS	20,630	34,053
Habib Bank Limited	A1+	AAA	JCR-VIS	1,482	-
Al-Barka Bank Limited	A1	A	PACRA	1,055	1,055
				673,909	763,334
Investments					
Samba Bank Limited	A1	AA-	JCR-VIS	12,770,184	13,468,694



The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 19.

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and cash and bank balances. At 30 June 2014, the Company had Rupees Nil (2013: Rupees 0.218 million) available unused borrowing limits from financial institutions and Rupees 2.341 million (2013: Rupees 1.144 million) cash and bank balances. Management believes the liquidity risk to be low considering the nature of individual items in the net-working capital position and their realizability pattern. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2014

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term financing	63,529,994	84,017,182	-	-	-	84,017,182
Trade and other payables	177,013,791	177,013,791	88,506,896	88,506,895	-	-
Accrued Markup	24,517,429	24,517,429	24,517,429	-	-	-
	265,061,214	285,548,402	113,024,325	88,506,895	-	84,017,182

Contractual maturities of financial liabilities as at 30 June 2013

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term financing	82,257,708	109,500,990	25,483,808	-	-	84,017,182
Trade and other payables	152,393,208	152,393,208	76,196,604	76,196,604	-	-
Short term borrowings	19,781,976	22,155,813	15,509,069	6,646,744	-	-
Accrued markup	30,522,745	30,522,745	30,522,745	-	-	-
	284,955,637	314,572,756	147,712,226	82,843,348	-	84,017,182

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 6 and note 10 to these financial statements.

37.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:



Financial assets As at 30 June 2014	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Available for sale financial assets	50,284,628	-	520,000	50,804,628
Financial assets at fair value through profit or loss	3,815,865	-	-	3,815,865
	54,100,493	-	520,000	54,620,493
As at 30 June 2013				
Available for sale financial assets	46,189,892	-	520,000	46,709,892
Financial assets at fair value through profit or loss	3,207,062	-	-	3,207,062
	49,396,954	-	520,000	49,916,954

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2014.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments. The Company has no such type of financial instruments as on 30 June 2014.

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

37.3 Financial instruments by categories

	Loans and receivables Rupees	Assets at fair value through profit or loss Rupees	Available for sale Rupees	Total Rupees
Investments	-	3,815,865	50,804,628	54,620,493
Loans and advances	3,555,208	-	-	3,555,208
Deposits	1,210,722	-	-	1,210,722
Trade debts	181,829,910	-	-	181,829,910
Other receivables	15,428,860	-	-	15,428,860
Cash and bank balances	2,340,781	-	-	2,340,781
	204,365,481	3,815,865	50,804,628	258,985,974



	Financial liabilities at amortized cost Rupees
Liabilities as per balance sheet	
Long term financing	63,529,994
Accrued mark-up	24,517,429
Trade and other payables	177,013,791
	<u>265,061,214</u>

As at 30 June 2013 Assets as per balance sheet	Loans and receivables Rupees	Assets at fair value through profit or loss Rupees	Available for sale Rupees	Total Rupees
Investments	-	3,207,062	46,709,892	49,916,954
Loans and advances	2,442,173	-	-	2,442,173
Deposits	710,722	-	-	710,722
Trade debts	185,750,106	-	-	185,750,106
Other receivables	13,636,657	-	-	13,636,657
Cash and bank balances	1,144,013	-	-	1,144,013
	<u>203,683,671</u>	<u>3,207,062</u>	<u>46,709,892</u>	<u>253,600,625</u>

	Financial liabilities at amortized cost Rupees
Liabilities as per balance sheet	
Long term financing	82,257,708
Accrued mark-up	30,522,745
Short term borrowings	19,781,976
Trade and other payables	152,393,208
	<u>284,955,637</u>

38. NUMBER OF EMPLOYEES

The number of employees during the year is as follows:

	2014		2013	
	At year end	Average	At year end	Average
Number of employees	297	249	202	201

39. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on November 07, 2014 by the Board of Directors of the Company.

40. CORRESPONDING FIGURES

During the year no significant reclassification or rearrangements of corresponding figures have been made.

41. GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

Shaukat Shafi
Chief Executive

Tariq Shafi
Director



Form 34 Pattern of Share Holding As on June 30, 2014

Shareholders	From	To	Total Shares
456	1	100	15,681
420	101	500	110,862
111	501	1,000	85,223
181	1,001	5,000	428,740
29	5,001	10,000	212,179
16	10,001	15,000	205,211
11	15,001	20,000	201,781
7	20,001	25,000	160,427
15	25,001	30,000	431,929
7	30,001	35,000	225,873
1	35,001	40,000	39,381
5	40,001	45,000	213,564
6	45,001	50,000	276,880
4	50,001	55,000	211,367
1	55,001	60,000	57,372
1	65,001	70,000	68,411
4	70,001	75,000	284,625
5	75,001	80,000	390,810
1	80,001	85,000	80,630
1	85,001	90,000	88,673
1	95,001	100,000	98,500
1	115,001	120,000	116,462
1	145,001	150,000	150,000
1	160,001	165,000	163,450
1	175,001	180,000	179,921
1	180,001	185,000	182,629
1	200,001	205,000	204,218
1	225,001	230,000	225,855
1	250,001	255,000	250,500
1	285,001	290,000	285,357
1	390,001	395,000	393,350
2	470,001	475,000	948,574
1	510,001	515,000	512,462
1	685,001	690,000	689,348
1	1,055,001	1,060,000	1,056,073
1	1,195,001	1,200,000	1,198,434
1	2,390,001	2,395,000	2,391,204
1	2,400,001	2,405,000	2,400,529
1	2,420,001	2,425,000	2,422,162
1	2,595,001	2,600,000	2,598,012
1	2,745,001	2,750,000	2,747,852
1	4,200,001	4,205,000	4,201,463
1	5,285,001	5,290,000	5,285,231
1,306			32,491,205



Categories of Shareholders	Numbers	Shares held	% age
More than 5%	5	14,388,152	44.3
Individual	1,255	16,993,566	52.3
Joint Stock companies	36	1,098,507	3.4
Modaraba	1	127	0.0
Insurance Companies	2	5,130	0.0
Financial Institution	5	3,742	0.0
NIT & ICP	2	1,981	0.0
Total	1,306	32,491,205	100



Pattern of Share Holding As on June 30, 2014

Categories of Shareholder

Directors, Chief Executive Officer, their spouse and minor children

Number of shares held

Chief Executive/Director	
Shaukat Shafi	2,400,529
Directors	
Tariq Shafi	5,285,231
Usman Shafi	1,198,434
Jahanzeb Shafi	204,218
Umer Shafi	1,206,073
Aurangzeb Shafi	225,855
Masood A. Sheikh	3,725
Directors' Spouse and their minor children	
Zahida Shaukat	42,859
Naryman Tariq	14,165
	10,581,089
2	NIT & ICP
Investment Corporation Of Pakistan	1,891
Idbl (Icp Unit)	90
	1,981
3	Banks, DFI, NBFIs
	3,742
4	Insurance Companies
	5,130
5	Modaraba and Mutual Funds
	127
6	Shareholders More than 5%
	14,388,152
7	Other companies, Corporate Bodies, Trust etc.
	1,098,507
8	General Public
	6,412,477
Grand Total	32,491,205



41st Annual General Meeting Form of Proxy

I/We _____
of _____
member/members of Jubilee Spinning & Weaving Mills Limited and holder of = _____
_____ = shares as per Registered Folio No. _____ do hereby appoint
_____ of _____ of failing him
_____ of _____ who is also member of the company
vide Registered Folio No. _____ as my / our Proxy to attend, speak and vote for
me / us and on my / our behalf at the 41st Annual General Meeting of the Company to be held
on Saturday the November 29, 2014 at 9:30 AM at Registered Office, 45-A,
Zafar Ali Road, Gulberg V, Lahore and at any adjournment thereof.

As witness my hand this _____ day of _____ 2014.

(Member's Signature)

(Witness's Signature)

Please
Affix Here
Revenue Stamp.

Date:

Place:

Note:

The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.