45th ANNUAL REPORT 2014

QUETTA

Quetta Textile Mills Limited

QUETTA TEXTILE MILLS LIMITED

CORPORATE VISION / MISSION STATEMENT

VISION

Quetta Textile Mills Limited is one of the leading manufacturers & exporters of yarns & fabrics in Pakistan. The Company aims to become a market leader by producing high quality products with the help of latest technologies. The Company strives to explore new markets worldwide and at the same time tries to integrate its supply chain and diversify its customer portfolio. The Company aims to be fittest in a changing market scenario through effective Balancing, Modernization & Replacement of existing machinery.

MISSION

Our aim is to make Quetta Textile Mills Limited a secure & rewarding investment for its shareholders & investors, a reliable source of high quality yarns & fabrics at affordable prices to its customers all over the world, a secure place of work to its employees & an ethical partner to its business associates.

QUETTA TEXTILE MILLS LIMITED

Annual Report 2014

For the Year Ended June 30, 2014

CONTENTS

QUETTA TEXTILE MILLS LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS	
Executive Director	Mr. Tariq Iqbal (Chief Executive)
Executive Director	Mr. Tauqir Tariq
Executive Director	Mr. Asim Khalid
Executive Director	Mr. Omer Khalid
Executive Director	Mrs. Saima Asim
Non-Executive Director	Mrs. Tabbasum Tariq
Non-Executive Director	Mrs. Sadaf Khalid
Non-Executive Independent Director	Mr. Farhan Saleem
AUDIT COMMITTEE	
Chairman	Mrs. Tabbasum Tariq
Member	Mrs. Sadaf Khalid
Member	Mr. Farhan Saleem
HUMAN RESOURCE & REMUNERATION COMMITTEE	
Chairman	Mr. Asim Khalid
Member	Mrs. Tabasum Tariq
Member	Mrs. Sadaf Khalid
CHIEF FINANCIAL OFFICER	Mr. Omer Khalid
COMPANY SECRETARY	Mr. Muhammad Sohrab Ghani
AUDITORS	Mushtaq and Company Chartered Accountants 407 / 4th Floor, Commerce Centre Hasrat Mohani Road, Karachi
BANKERS	Allied Bank Limited Al-Baraka Bank (Pakistan) Limited Bank Alfalah Limited Burj Bank Limited Dubai Islamic Bank (Pakistan) Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited KASB Bank Limited Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited Silk Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited
REGISTERED OFFICE	Nadir House (Ground Floor) I. I. Chundrigar Road, Karachi
MILLS	P/3 & B/4, S.I.T.E., Kotri 49 K.M. Lahore Multan Road, Bhai Pheru

QUETTA TEXTILE MILLS LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN of the 51[st] Annual General Meeting of the Shareholders to be held on Friday, October 31, 2014 at 09.00 a.m. at the Registered office of the company at Nadir House, Ground floor, I.I Chundrigar Road, Karachi to transact the following business.

1. To confirm the minutes of the 50[th] General Meeting held on January 28, 2014.
2. To receive, consider and approve the Audited Accounts and Directors Report thereon for the year ended June 30, 2014.
3. To appoint Auditors for the year 2014-2015 and fix their remuneration.
4. To transact any other business with the permission of the Chairman.

Karachi: October 09, 2014

By order of the Board
MOHAMMAD SOHRAB GHANI
Company Secretary

1. A member entitled to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. Proxies in order to be valid must be received at the registered office of the company 48 Hours before meeting commences.
2. For the purpose of entitlement of dividend, the Register of the members of the company will remain closed at registered office from October 25, 2014 to October 31,2014 (both days inclusive) and dividend approved will be paid to such members whose name appear in the Company's register of member at the close of business on October 24, 2014.
3. Guidelines for CDC Account Holders for personal attendance:
   i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his / her identity by showing his/her original NIC at the time of attending the meeting
   ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
4. Shareholders are required to promptly notify at registered office of the company of any change in their address.

QUETTA TEXTILE MILLS LIMITED

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

It is a pleasure to present the results of the company for the year ended June 30, 2014. Your company earned a profit before tax of Rs.214.910 (M) as compared to Rs.278.204 (M) last year. Turnover for the year ended was Rs.12.301 (B), as compared to corresponding year 2013 amounting to Rs.12.967 (B), mainly due to fall in US$ value Vs. PKR.

Prices of yarns and fabrics dropped abruptly after November 2013 and kept declining till June 2014, while cotton prices remained firm. Impact of this phenomenon negatively affected profitability for the last nine months. This decline in profitability is attributed to:

- Slowdown in demand for cotton yarns in the international markets, particularly China;
- Availability of cheap yarns from India;
- Sudden and sharp appreciation of PKR against US$ by around 10%;
- Higher fuel and electricity costs.

Cotton prices for the coming year are expected to remain stable and attractive for the spinning industry. We expect a good cotton crop this year in Pakistan as well as the world, and this will improve margins in spinning. However, the textile industry continues to suffer from acute gas & electricity shortages and severe lawlessness.

The company has re-paid the following long-term debts during the periods mentioned below:

	July 2011 to June 2012	July 2012 to June 2013	July 2013 to June 2014	TOTAL
Amounts Re-Paid	Rs.358 (M)	Rs.333 (M)	Rs.356 (M)	**Rs.1,047 (M)**

The company has reduced its financial costs significantly from almost Rs.950 (M) to around Rs.600 (M) in three years. The cash flows of the company are expected to improve with the reduced financial costs. Long-term outstanding stood at Rs.1,445 (M) in June 2013. As on June 2014, it is around Rs.1,088 (M). Further, two Sukuk installments totaling Rs.76.4 (M) [Rs.38.2 (M) + Rs.38.2 (M)] have been pre-paid.

Regular modernization and replacements are key to our survival, and the company continues to make changes and investments to improve production processes and efficiencies across its production lines. After our Grid Station came online with an investment of around Rs.164 (M), the company has now shifted its focus on Balancing, Modernization and Replacement in spinning with the proposed induction of new Ring Frames for its units located in Kotri & Bhai Pheru. This proposed investment of around Rs.50 (M) is critical for the company to keep its edge over competition and cater to the ever-changing demands of customers.

In the end, I would like to thank all the financial institutions for their continued support and confidence they have shown towards the company. To the workers, staff and officers, I extend my gratitude for their dedication and honesty.

TARIQ IQBAL
Chief Executive
Karachi: October 09, 2014

QUETTA TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE SHARE HOLDERS:

The Directors have pleasure in presenting the 45 th Annual Report of the company and the Auditor's Report thereon for the year ended June 30, 2014.

FINANCIAL RESULTS	Rupees
Net Profit before taxation	214,910,894
Less: Taxation	144,212,303
Net Profit after taxation	70,698,591
Un-appropriated profit brought forward	1,528,181,748
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation charged in current year	26,322,079
Dividend paid for the year ended June 30, 2013 @ 15% per share	(19,500,000)
Available for appropriation	1,605,702,418
Un-appropriated profit	1,605,702,418
Profit after Taxation	70,698,591
Ordinary Shares	13,000,000
Earnings per share	5.44

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Director's report.

Operational Performance

	Year ended June 30		Increase /
	2014	2013	(Decrease)
	(Amount in Rupees)		%age
Total Sales	12,301,405,336	12,967,979,229	-5.1%
Local Sales	5,484,107,246	5,968,725,122	-8.1%
Export Sales	6,817,298,090	6,999,254,107	-2.6%
Gross Profit	1,236,703,905	1,450,381,675	-14.7%

Salient Feature of the Accounting Results

The achievement of the year under review my be compared against preceding year in are as under

	Year ended June 30	
	2014	2013
	(Amount in Rupees)	
Sales	12,301,405,336	12,967,979,229
Cost of Sales	(11,064,701,431)	(11,517,597,554)
Gross profit	1,236,703,905	1,450,381,675
Distribution cost	(361,498,529)	(389,560,829)
Administrative Expenses	(51,667,542)	(42,084,577)
Other operating expenses	(17,810,804)	(21,975,157)
Finance cost	(596,925,412)	(725,307,502)
	(1,027,902,287)	(1,178,928,065)
Other Operating Income	6,109,276	6,750,562
Profit before Tax	214,910,894	278,204,172

Financial Management

Cash flow Management

The Company has an effective Cash Flow Management system in Place whereby cash inflows and out flows are projected on regular basis. Working Capital requirements are planned to be financed through internal cash generation and short term borrowings from external resources where necessary.

Risk Mitigation

The Inherent risks and uncertainties in running a business directly affect the success of business. The management of Quetta Textile Mills Limited has identified its exposure to the potential risks. As a part of our policy to produced forward looking statement we are outlining the risks which may effect our business. This exercise also helps the management focus on a strategy to mitigate risk factors.

Credit Risk

All financial assets of the company except cash in hand are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk. Exposure is Managed through application of credit limits to its customers secured by and on the base of past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sector and generally the industry. The company believes that it is prudent to provide Provision of doubt full debts.

Liquidity Risk

Prudent liquidity risk management ensures availability of the sufficient funds for meeting contractual commitments. The Company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit lines with financial institutions.

Interest Rate Risk

Majority of the interest rate exposure arises from short and long term borrowing from banks. Therefore, a change in interest rates at the reporting date would not effect the profit and loss accounts.

Foreign Exchange Risk.

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The company is mainly exposed to short term USD/ PKR parity on its imports of raw material and Plant and Machinery.

Production facilities.

Performance of our production facilities was excellent with unprecedented levels of output. Our team continued to improve efficiencies through harmonized efforts, eliminating wastage and avoidance of shutdowns on numerous occasions. The Company is determined to continue its focus on maximum capacity utilization for sustained profitability and to maintain its position as the leading Textile Manufacturer of the Country.

DIVIDEND

The Board of Directors have recommenced Nil Dividend for year ended June 30, 2014, due to slowdown in demand for cotton yarn particularly in China, sudden and sharp appreciation of PKR against US$ by around 10% and persistence energy crises in Punjab and Sindh. The Board has not recommended any dividend (2013: 15% cash Dividend).

AUDITORS

The Present Auditors M/s. Mushtaq and Company Chartered Accountants retired and being eligible offer themselves for re-appointment

Safety, Health and Environment

We maintain our commitment to higher standard of Safety, Health and Environment. All our employees undergo continuous training on all aspects of safety especially with regards to the safe production, delivery, storage and handling of the materials. In addition we have initiated a rotation exercise at the mill whereby our aim is to ensure that all supervisors are also safety managers and are fully cognizant of all aspects of safety training. Due these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

Environmental protection measures

Your company always ensures environment preservation and adopts all the possible means for environment protection. We have been taking various steps to ensure minimal dust and emission from our plant and our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions.

Corporate Social Responsibility

Your Company is fully aware of its corporate social responsibility and has been working positively to raise the educational, health and environmental standards of the Country in general and local communities in particular. Your Company is extensively supporting various educational and health projects.

Human Resource and Remuneration Committee

Human Resource planning and management is one of the essential matters and is at the spotlight at he senior management level. The Company has a Human Resource and Remuneration Committee that guides in the section evaluation, compensation and succession planning of key management personnel. Its responsibility entails recommending improvement in the company's human resource policies and procedures and their periodic review. The Committee keeps abreast with industries "Best Practices" and ensures to dis-cuss and implement this as and when the situation arises.

PATTERN OF SHARE HOLDING

The pattern of shareholding as on June 30, 2014 is annexed to this report.

SUMMARY OF FINANCIAL DATA

Financial data for last six years in summarized form is annexed.

ATTENDANCE AT THE BOARD MEETING DURING THE YEAR 2013-2014

All the directors keenly take interest in the company's affairs. During the year thirteen Board Meetings were held, Attendance by each director was as under:-

Name of Directors	No of Meetings attended
Mr. Tariq Iqbal	10
Tauqir Tariq	8
Mr. Asim Khalid	9
Mr. Omer khalid	11
Sadaf Kahlid	5
Mrs. Saima Asim	8
Mrs. Tabbasum Tariq	6
Mr. Farhan Saleem	4

Leave of absence was granted to the directors who could not attend some of the meetings. During the period under review there was no trading of the Company's share by the Chief Executive, Chief Financial Officer, and Company Secretary, there spouses and minor children.

AUDIT COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee. The name of its members are given in the company profile.

The term of reference of the Audit Committee based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the board of directors from time to time to improve the system and prsedures.Within the frame work of term of reference determined by board of directors, the Audit Committee, among other things, will recommend appointment of external auditors and review of periodical statements.

CORPORATE GOVERNANCE

The Board of Directors hereby declares that for the year ended June 30, 2014

a) The Financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and change in equity.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

e) There are no significant doubt upon the Company's ability to continue as a going concern.

f) The system of Internal control is sound in design and has been effectively implemented and monitored.

g) Key operating and financial data for the last six years in summarized from is annexed.

h) Outstanding duties, statutory charges and taxes if any, have been adequately disclosed in the annexed audited financial statements.

CONCLUSION

The Directors place on record their appreciation to the officers, members of the staff and workers for their efforts and hard work.

For and on behalf of the Board of Directors

TARIQ IQBAL
Chief Executive

Karachi: October 09, 2014

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

This statement is being presented to comply with the code of corporate governance contained in listing regulation of the Karachi Stock Exchange for purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The company applies the principles contained in the CCG in the following manner.

1. The company encourages representation of independent non executive directors and directors presenting minority interest on its Board of Directors. The Board of directors of the Company has always supported implementation of the highest standards of Corporate Governance at all times. Presently the company has Mr. Farhan Saleem on the Board of Director as independent director. The independent director meet the criteria of independent director under clause i(b) of the Code.

2. The directors have confirmed that none of the directors of the company are serving as a director in more than seven listed companies, including this company.

3. The Company has prepared a "Code of Conduct", which has been signed by all the directors, non workmen employees and has been communicated formally to workmen employees of the Company.

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

5. There was no casual vacancy occurred during the year.

6. There is no change in position of Chief Financial Officer, Head of Internal Audit and Company Secretary during the year ended 30th June 2014.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met once in every quarter. During the year four meetings of Board of Directors was held. 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.

8. All the directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFI. No director in the board is a member of any Stock exchange in Pakistan.

9. In accordance with the Criteria specified on clause (Xi) of CCG, the Certain Directors of the company are exempted from the requirement of director's training program and rest of the directors to be trained within specified time.

10. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.

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

12. 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.

13. The Board has formed an audit committee. It comprises three members, all of them non-executive directors including the Chairman.

14. The board has formed a Human Resource and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an executive director.

15. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors have been taken by the Board.

16. The Company has complied with all the corporate and financial reporting requirements of the CCG.

17. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.

18. 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.

19. The Board has set up effective internal audit function with suitable qualified and experienced personnel, which are involved in the internal audit function on full time basis.

20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programmer of the Institute of Chartered Accountants of Pakistan, that they are not aware of any instances where shares of the company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are compliant with International Federation of accountants (IFAC) guidelines on Code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).

21. The "Closed Period", prior to the announcement of interim and 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 exchanges.

22. All transactions with related parties have been carried out on arm's length basis. Transactions with related parties have been placed before the audit committee and board of directors' meeting for their consideration and formal approval.

23. 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.

24. We confirm that all other material principles contained in the CCG have been complied with.

On Behalf of the Board of Directors

TARIQ IQBAL
Chief Executive
Karachi: October 09, 2014

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Main Boulevard, Lahore. Tel: 35788637-8 Fax: 35788626
Email Address: mushtaq_vohra@hotmail.com

Member of
The Leading Edge Alliance
Illinois, USA

REVIEW REPORT TO THE MEMBERS

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

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2014 prepared by the Board of Directors of **Quetta Textile Mills Limited** to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange Limited where the company is listed.

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

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

Further, Sub- Regulation (x) of Listing Regulation No. 35 of Karachi requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Karachi: October 09, 2014

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Moshtaq Ahmed Vohra
F.C.A

QUETTA TEXTILE MILLS LIMITED

SUMMARY OF FINANCIAL DATA 2009-2014

	June 2009	June 2010	June 2011	June 2012	June 2013	June 2014
Profit and Loss						
Net sales (Rs.000)	7,514,898	9,334,111	14,343,553	11,141,096	12,967,979	12,301,405
Gross Profit (Rs.000)	1,337,706	1,707,970	2,293,589	1,471,067	1,450,381	1,236,703
Profit before tax (Rs.000)	98,968	375,591	773,468	157,549	278,204	214,910
Profit after tax (Rs.000)	30,721	255,034	583,795	36,440	168,700	70,698
Cash Outflows						
Taxes paid (Rs.000)	31,468	51,583	124,745	118,063	103,481	129,409
Financial charges paid (Rs.000)	859,771	958,328	927,091	888,786	741,287	594,229
Fixed capital expenditures (Rs.000)	458,072	156,914	455,966	190,057	217,235	189,448
Balance sheet						
Current assets (Rs.000)	3,857,386	3,552,358	4,483,595	4,426,787	4,402,188	5,128,633
Current liabilities (Rs.000)	4,408,998	4,069,031	4,551,077	4,855,243	4,702,128	5,532,753
Operating fixed assets (Rs.000)	4,871,288	4,775,130	5,090,266	5,057,443	4,978,446	4,995,808
Total assets (Rs.000)	8,912,046	8,508,167	9,646,738	9,553,696	9,499,464	10,167,984
Long term loans and finances (Rs.000)	2,123,703	1,743,354	1,619,468	1,721,125	1,445,078	1,089,075
Share holders' equity (Rs.000)	1,263,353	1,536,790	2,192,119	2,238,689	2,424,933	2,488,036
Ratios						
Current ratio (As per SBP regulations)	0.87	0.87	0.99	0.91	0.94	0.93
Equity: Debt ratio (As per SBP regulations)	0.39	0.47	0.58	0.57	0.64	0.71
Leverage	3.35	2.56	2.07	2.36	1.99	2.19
Gross profit to sales	17.8%	18.3%	15.99%	13.20%	11.184%	10.05%
Net Profit before tax to sales	1.32%	4.02%	5.39%	1.41%	2.15%	1.75%
Earning per share	9.83	28.60	44.91	2.80	12.98	5.44
Proposed Dividend	NIL%	20%	15%	NIL%	15%	NIL

QUETTA TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING (FORM - A)

Pattern of holding of the shares held by the shareholders as at 30-06-2014 is given below

No of Shareholders	Shareholding					Total Share Held
105	From	1	To	100	Shares	2,411
67	From	101	To	500	Shares	19,254
30	From	500	To	1,000	Shares	26,558
37	From	1,001	To	5,000	Shares	98,312
11	From	5,001	To	10,000	Shares	86,585
2	From	10,001	To	15,000	Shares	24,464
2	From	15,001	To	20,000	Shares	40,000
2	From	20,001	To	25,000	Shares	44,772
1	From	25,001	To	30,000	Shares	25,884
3	From	30,001	To	35,000	Shares	96,076
1	From	35,001	To	40,000	Shares	40,000
1	From	40,001	To	45,000	Shares	42,460
2	From	50,001	To	55,000	Shares	104,082
1	From	85,001	To	90,000	Shares	87,000
1	From	155,001	To	160,000	Shares	156,358
1	From	190,001	To	195,000	Shares	190,358
1	From	210,001	To	215,000	Shares	214,663
1	From	245,001	To	250,000	Shares	245,350
2	From	280,001	To	285,000	Shares	563,688
1	From	310,001	To	315,000	Shares	313,167
1	From	325,001	To	330,000	Shares	327,683
1	From	330,001	To	335,000	Shares	334,272
1	From	350,001	To	355,000	Shares	352,000
1	From	365,001	To	370,000	Shares	369,000
1	From	390,001	To	395,000	Shares	393,760
2	From	435,001	To	440,000	Shares	877,371
1	From	445,001	To	450,000	Shares	449,205
1	From	470,001	To	475,000	Shares	471,318
2	From	565,001	To	570,000	Shares	1,132,094
1	From	595,001	To	600,000	Shares	595,177
1	From	605,001	To	610,000	Shares	607,303
1	From	630,001	To	635,000	Shares	631,983
1	From	645,001	To	650,000	Shares	649,759
1	From	650,001	To	655,000	Shares	653,728
1	From	690,001	To	695,000	Shares	694,353
1	From	785,001	To	790,000	Shares	786,615
1	From	1,250,001	To	1,255,000	Shares	1,252,937
291			**Total**			**13,000,000**

Categories of Shareholders	No of Sharehoders	Share Held	Perentage
Individuals	277	12,918,735	99.37
Investment Corporation of Pakistan	1	250	0.00
Insurance Companies	1	52,082	0.40
Joint Stock Companies	6	17,072	0.13
Financial Institutions	3	10,061	0.08
Securities & Exchange Commission of Pakistan	1	1	0.00
Others	2	1,799	0.01
Total	**291**	**13,000,000**	**100.00**

QUETTA TEXTILE MILLS LIMITED

DETAIL OF PATTERN OF SHAREHOLDING AS PER
REQUIREMENT OF CODE OF CORPORATE GOVERNANCE
AS AT 30TH JUNE 2014

	Name of shareholders		No of Shareholders	Share held	Percentage
1	**ASSOCIATES COMPANIES**			Nil	
2	**NIT & ICP**				
	Investment Corporation of Pakistan		1	250	0.00
3	**Directors, CEO their Spouse and Minor Childern**		9		
	Mr. Tariq Iqbal	(Director & CEO)		566,059	4.35
	Mr. Asim Khalid	(Director)		935,730	7.20
	Mr. Omer Khalid	(Director)		959,303	7.38
	Mrs. Saima Asim	(Director)		8,700	0.07
	Mrs. Sadaf Khalid	(Director)		3,000	0.02
	Mrs. TabbasumTariq	(Director)		694,353	5.34
	Mr. Tauqeer Tariq	(Director)		631,983	4.86
	Mr. Farhan Saleem	(Director)		779	0.01
	Mrs. Tahmina Tauqeer			449,205	3.46
4	**Executive**			Nil	
5	**Public Sector Companies & Corporations**			Nil	
6	**Bank Development Finance Institution, Non-Banking Finance Institution, Insurance Companies, Modarabas & Mutual Fund**		4		
	State Life Insurance Corporation of Pakistan			52,082	0.40
	National Industries Co-operate Finance Corpration Ltd			364	0.00
	National Bank Of Pakistan			9,697	0.07
7	**ShareholdersHoding 10% or More**			Nil	
8	**Individuals**		268	8,669,623	66.69
9	**Others**		9		
	Securities & Commission of Pakistan			1	0.00
	Trustee NBP Employee Pension Fund			1,738	0.01
	Trustee NBP Employee Benevolent Fund			61	0.00
	Stock Master Security (Pvt) Ltd			1,190	0.01
	Vorah Engineering Co. (Pvt) Ltd			2,300	0.02
	UHF Consulting (Pvt) Ltd			40	0.00
	Fazal Cloth Mills Ltd			13,464	0.10
	Freedom Enterprises (Pvt) Ltd			62	0.00
	N H Securities (Pvt) Ltd			16	0.00
	Total		**291**	**13,000,000**	**100.00**

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Main Boulevard, Lahore. Tel: 35788637-8 Fax: 35788626
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Member of
The Leading Edge Alliance
Illinois, USA

AUDITORS' REPORT TO THE MEMBERS

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

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

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

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

(b) in our opinion;

  (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  Except for the change in accounting policy as stated in notes 2.5.1 to the financial statements with which we concur:

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

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

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

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Karachi: October 09, 2014

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Moshtaq Ahmed Vohra
FCA

QUETTA TEXTILE MILLS LIMITED

BALANCE SHEET

AS AT JUNE 30, 2014

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	5,008,146,385	5,056,794,377
Long term deposits	6	31,205,049	40,480,940
		5,039,351,434	5,097,275,317
CURRENT ASSETS			
Stores, spare and loose tools	7	529,949,869	439,274,908
Stock in trade	8	3,769,952,643	3,139,023,151
Trade debts	9	410,865,919	415,051,612
Other financial assets	10	3,227,989	4,510,225
Loans and advances	11	69,758,035	99,672,881
Trade deposits and short term prepayments	12	8,765,196	15,319,625
Income tax and sales tax refundable	13	289,977,522	251,361,945
Cash and bank balances	14	46,136,058	37,974,216
		5,128,633,231	4,402,188,563
		10,167,984,665	**9,499,463,880**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2013: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2013: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		350,000,000	350,000,000
Issued, subscribed and paid-up capital	15	130,000,000	130,000,000
Reserves	16	2,358,036,006	2,294,932,948
		2,488,036,006	2,424,932,948
Surplus on revaluation of property, plant and equipment	17	689,329,460	706,438,811
NON CURRENT LIABILITIES			
Long term finances	18	108,859,446	99,470,332
Redeemable capital - Sukuk	19	654,434,534	879,146,550
Loan from directors and others - subordinated	20	160,726,470	148,457,000
Liabilities against assets subject to finance lease	21	17,735,744	36,699,118
Deferred liabilities	22	516,109,062	502,191,333
		1,457,865,256	1,665,964,333
CURRENT LIABILITIES			
Trade and other payables	23	902,698,608	694,221,666
Accrued interest / mark-up	24	159,417,657	156,721,629
Short term borrowings	25	4,162,591,963	3,421,422,671
Current portion of			
Long term finances	18	78,310,038	176,069,486
Redeemable capital - Sukuk	19	204,413,793	191,034,485
Liabilities against assets subject to finance lease	21	25,321,884	62,657,851
		5,532,753,943	4,702,127,788
CONTINGENCIES AND COMMITMENTS	26		
		10,167,984,665	**9,499,463,880**

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi: October 09, 2014

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

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

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
			(Re-stated)
Sales	27	12,301,405,336	12,967,979,229
Cost of sales	28	(11,064,701,431)	(11,517,597,554)
Gross profit		1,236,703,905	1,450,381,675
Distribution cost	29	(361,498,529)	(389,560,829)
Administrative expenses	30	(51,667,542)	(42,084,577)
Other operating expenses	31	(17,810,804)	(21,975,157)
Finance cost	32	(596,925,412)	(725,307,502)
		(1,027,902,287)	(1,178,928,065)
Profit from operations		208,801,618	271,453,610
Other income	33	6,109,276	6,750,562
Profit before taxation		214,910,894	278,204,172
Taxation	34	(144,212,303)	(109,503,731)
Profit after taxation		**70,698,591**	**168,700,441**
Earnings per share - basic and diluted	35	5.44	12.98

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi: October 09, 2014

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2014

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
			(Re-stated)
Profit after taxation		70,698,591	168,700,441
Other comprehensive income			
Items that may not be reclassified subsequently to profit and loss:			
Loss on remeasurement of staff retirement benefits		(16,556,272)	(10,951,669)
Impact of deferred tax		2,138,660	1,525,184
Other comprehensive loss for the year		(14,417,612)	(9,426,485)
Total comprehensive income for the year		**56,280,979**	**159,273,956**

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi: October 09, 2014

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
			(Re-stated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	589,655,155	1,352,070,348
Long term loans and deposits		9,275,891	4,927,612
Interest paid		(594,229,384)	(741,287,724)
Gratuity paid		(44,294,441)	(15,807,794)
Workers' profit participation fund paid		(14,809,098)	(8,712,400)
Taxes paid		(129,409,347)	(103,480,814)
		(773,466,379)	(864,361,120)
Cash flows from operating activities		(183,811,224)	487,709,228
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(189,448,059)	(219,040,816)
Other financial assets		2,675,196	5,653,907
Proceeds from disposal of property, plant and equipment		60,000	1,056,000
Dividend received		404,000	382,000
Cash (used in) investing activities		(186,308,863)	(211,948,909)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances		(88,370,334)	(76,556,775)
Redeemable capital - Sukuk		(211,332,708)	(107,068,965)
Liabilities against assets subject to finance lease		(56,299,341)	(92,425,719)
Short term borrowings		741,169,292	(65,700,372)
Loans from directors & others		12,269,470	95,557,000
Dividend paid		(19,154,450)	-
		378,281,929	(246,194,831)
Net increase/(decrease) in cash and cash equivalents		8,161,842	29,565,488
Cash and cash equivalent at the beginning of the year		37,974,216	8,408,728
Cash and cash equivalent at the end of the year	14	46,136,058	37,974,216

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi: October 09, 2014

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

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

	Share Capital	Reserves				Unappropriated profit	Total equity
		Share premium	Capital reserve	General reserve	Sub total		
	Rupees						
Balance as at July 01, 2012	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,341,938,731	2,238,689,931
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) net of deferred tax	-	-	-	-	-	26,969,061	26,969,061
Total comprehensive income for the year ended June 30, 2013							
Profit after taxation for the year	-	-	-	-	-	168,700,441	168,700,441
Other comprehensive loss for the year	-	-	-	-	-	(9,426,485)	(9,426,485)
	-	-	-	-	-	159,273,956	159,273,956
Balance as at June 30, 2013	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,528,181,748	2,424,932,948
Balance as at July 01, 2013	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,528,181,748	2,424,932,948
Final Dividend for the year ended June 30, 2013 @ Rs.1.5 per share	-	-	-	-	-	(19,500,000)	(19,500,000)
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) net of deferred tax	-	-	-	-	-	26,322,079	26,322,079
Total comprehensive income for the year ended June 30, 2014							
Profit after taxation for the year	-	-	-	-	-	70,698,591	70,698,591
Other comprehensive loss for the year	-	-	-	-	-	(14,417,612)	(14,417,612)
	-	-	-	-	-	56,280,979	56,280,979
Balance as at June 30, 2014	130,000,000	651,750,000	1,200	115,000,000	766,751,200	1,591,284,806	2,488,036,006

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi: October 09, 2014

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan as a public limited Company in January 29, 1970 under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Karachi Stock Exchange. The registered office of the company is situated at ground floor Nadir House I.I Chundrigar road Karachi.

1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Kotri in the province of Sindh and 49 K.M Multan Road Bhai , District Kasur in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting 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 of and directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements , all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest Rupee.

2.4 Use Of Estimates And Judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 47 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretations do not have any material effect on the financial statements of the Company except for the revised IAS 19 'Employees Benefits', details of which are stated below:

IAS 19, 'Employee Benefits'. With effect from 01 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost is now recognized immediately in profit and loss account as soon as any change in benefit plan is made, previously only vested past service cost was recognized immediately in profit and loss account and non-vested cost was amortized to profit and loss account over the vesting period. The standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liabilitv and the discount rate. measured at the beginning of the year. Refer note 3.2.2 for revised accounting policy.

Effect of change in accounting policy:

The effects of the change have been accounted for retrospectively in accordance with IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" resulting in restatement of financial statements of prior years. Previously company had adopted the policy of recognizing the actuarial gains / losses immediately in profit and loss account therefore, in current year no unrecognized actuarial gains/losses required to be recognized retrospectively, therefore, opening retained earnings not required to be restated. Application of revised IAS 19 "employee benefits" has no impact on defined benefit liability of previous years, hence third column of the balance sheet at the beginning of preceding period as required by IAS-1 ' 'Presentation of Financial Statements' is not applicable and has not been presented. However comparative figures have been restated from profit and loss account to other comprehensive income for previously recognized gains/losses. Impact of restatement is shown below:

Effect on other comprehensive income	**2013**
	Rupees
Remeasurement of gain / loss on defined	(10,951,669)
Tax on remeasurement of gain / loss on defined	1,525,184

Effect on profit and loss account	**2013**
	Rupees
Decrease in loss for the year - net of tax	(9,426,485)

The following standards, amendments and interpretations are effective for the year ended June 30, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

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

	Standards, interpretations and amendments	Description
a	Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information	This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period. The amendment is effective from accounting period beginning on or after January 01, 2013.
b	Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The standard is effective from accounting period beginning on or after January 01, 2013.

c	Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The standard is effective from accounting period beginning on or after January 01, 2013.
d	Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures. The standard is effective from accounting period beginning on or after January 01, 2013.
e	Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendment is effective from accounting period beginning on or after January 01, 2013.
f	IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The amendment is effective from accounting period beginning on or after January 01, 2013.

2.5.3 Approved accounting standards, interpretations and amendments thereto issued but not effective as at the reporting date

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date. Their impact on the Company's financial statements cannot be ascertained as at the reporting date.

Standards, interpretations and amendments	Description
Amendments to IAS 19 Employee Benefits: Employee contributions	This amendment clarifies the application of IAS 19, 'Employee benefits' (2011) – referred to as 'IAS 19R', to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions. The 2011 revisions to IAS 19 distinguished between employee contributions related to service and those not linked to service. The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. The amendment is effective from accounting period beginning on or after July 01, 2014.
Amendments to IAS 19 - Employee Benefits	The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial loss in other comprehensive income in the period of initial application. The amendment is effective from accounting period beginning on or after January 01, 2014.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default. The amendment is effective effective from accounting period beginning on or after January 01, 2014.
IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	The amendments: - remove the requirement to disclose the recoverable amount of a cash-generating unit (or group of cash-generating units) to which a significant amount of goodwill or intangible assets with indefinite useful lives has been allocated in periods when no impairment or reversal has been recognized (this requirement having been inadvertently introduced as part of consequential amendments on the introduction of IFRS 13; and - introduce additional disclosure requirements in respect of assets for which an impairment has been recognized or reversed and for which the recoverable amount is determined using fair value less costs of disposal. The amendment is effective effective from accounting period beginning on or after January 01, 2014.
IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditiond are met.t off in accordance with IAS 32. The amendment is effective effective from accounting period beginning on or after January 01, 2014.
IFRIC 21 - Levies	IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy. The standard is effective effective from accounting period beginning on or after January 01, 2014.

2.5.4 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan till 30th June 2014:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.2 Employee benefits

3.2.1 Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

3.2.2 Defined benefit plans

The Company operates an unfunded gratuity scheme for its permanent employees as per the terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in profit or loss for the period in which these arise.

3.3 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.3.1 Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

3.3.2 Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.4 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.5 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the

3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation

Owned assets

Property, Plant and Equipment are stated at cost/ revalued amount less accumulated depreciation. Cost comprises of acquisition cost and other directly attributable cost.

Land, building and plant and machinery are stated at cost/revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluation are performed with sufficient regularity so that the fair value and carrying value don't differ materially at the end of reporting period.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

3.8 Capital work in process

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for intended use.

3.9 Investments

3.9.1 Investments in associate - Equity Method

Investment in associates is accounted for using the equity method. These are entities in which the company has significant influence which is neither a subsidiary nor a joint venture of the company.

3.9.2 Derivative financial instruments

The Company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency borrowings and effects on cash flow of any fluctuations in interest rates. Such derivative financial instruments are stated at fair value.

3.9.3 Financial assets at fair value through profit or loss

Financial assets classified as held for trading and those designed as such are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near item. Gains or losses on such investments are recognized in profit and loss account.

3.9.4 Held-to-maturity investments

Non-derivative financial assets 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.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuations techniques.

3.9.5 Available for sale

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale are stated at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available for sale investments are recognised directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

3.10 Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps and cross currency swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

3.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

3.12 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.13 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows;

Raw material	At weighted average cost or replacement cost which ever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realisable value which ever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.14 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.16 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the Buyer

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognised when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

3.17 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.18 Impairment

All company's assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated. Impairment losses are recognized in the profit and loss account currently.

3.19 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.

3.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.21 Transactions with related party

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Ordinance 1984.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant noted to the financial statements.

3.22 Segment reporting

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

4 CAPITAL MANAGEMENT

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		4,995,808,742	4,978,445,907
Capital work in progress - at cost		12,337,643	78,348,470
		5,008,146,385	5,056,794,377

QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

5.1 Operating fixed assets

	2014									
	Cost as at July 01, 2013	Additions / (deletions)	Transfers in/(out)	Cost as at June 30, 2014	Accumulated depreciation as at July 01, 2013	Depreciation charge / (deletion) for the year	Transfers in/(out)	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014	Annual depreciation rate %
	Rupees									
Owned Assets										
Spinning Units :										
Freehold land	439,940,000	-	-	439,940,000	-	-	-	-	439,940,000	-
Leasehold land	94,740,279		-	94,740,279	7,183,946	906,147	-	8,090,093	86,650,186	99 years
Building on freehold land	481,368,669	7,908,003	-	489,276,672	186,588,000	15,002,326	-	201,590,326	287,686,346	5%
Building on leasehold land	395,832,123	8,683,260	-	404,515,383	121,003,911	13,863,702	-	134,867,613	269,647,771	5%
Labour colony on freehold la	51,652,180		-	51,652,180	20,808,360	1,542,191	-	22,350,551	29,301,629	5%
Labour colony on leasehold l	81,115,005		-	81,115,005	18,583,546	3,126,573	-	21,710,119	59,404,886	5%
Plant and machinery	3,131,915,665	16,140,243	409,915,052	3,557,970,960	1,595,018,461	93,216,085	92,719,139	1,780,953,685	1,777,017,275	5%
Electrical fitting	61,635,133	187,040	-	61,822,173	40,595,842	3,179,379	-	43,775,221	18,046,952	15%
Factory equipment	22,734,560	140,000	-	22,874,560	17,560,591	792,147	-	18,352,738	4,521,822	15%
Office premises	22,120,321	-	-	22,120,321	14,802,243	1,097,712	-	15,899,955	6,220,366	15%
Office equipment	20,942,388	330,400	-	21,272,788	15,780,391	816,002	-	16,596,393	4,676,395	15%
Furniture and fixture	12,888,998	334,949	-	13,223,947	10,581,358	380,645	-	10,962,003	2,261,944	15%
Vehicles	49,680,128	4,225,225 (739,000)	-	53,166,353	34,278,699	2,577,093 (695,719)	-	36,160,073	17,006,280	15%
	4,856,565,450	37,210,120	409,915,052	5,313,690,621	2,082,785,348	135,804,283	92,719,139	2,311,308,770	3,002,381,851	
Weaving Unit :										
Building on freehold land	275,429,515	2,423,000	-	277,852,515	114,623,594	8,074,152	-	122,697,746	155,154,769	5%
Building on freehold land-Gr	-	41,936,352		41,936,352		620,428	-	620,428	41,315,924	5%
Labour colony on freehold la	24,609,823		-	24,609,823	8,973,413	781,821	-	9,755,234	14,854,589	5%
Plant and machinery	1,368,463,962	6,786,287	8,636,762	1,383,887,011	524,499,200	42,647,189	1,888,818	569,035,207	814,851,804	5%
Plant and machinery- Grid		122,544,717		122,544,717		1,812,500		1,812,500	120,732,217	5%
Electrical fitting	30,220,522	1,972,436	-	32,192,958	22,402,282	1,360,132	-	23,762,414	8,430,544	15%
Factory equipment	12,474,088		-	12,474,088	8,140,117	650,096	-	8,790,213	3,683,875	15%
Office equipment	3,913,173	105,500	-	4,018,673	1,519,811	371,707	-	1,891,518	2,127,155	15%
Furniture and fixture	1,995,653	158,413	-	2,154,066	1,332,016	112,885	-	1,444,901	709,165	15%
Vehicles	7,132,637		-	7,132,637	2,302,928	724,456	-	3,027,384	4,105,253	15%
	1,724,239,373	175,926,705	8,636,762	1,908,802,840	683,793,361	57,155,366	1,888,818	742,837,545	1,165,965,295	
Power Plant :										
Building on freehold land	89,391,861	-	-	89,391,861	30,760,938	2,931,546	-	33,692,484	55,699,377	5%
Building on leasehold land	32,202,356		-	32,202,356	26,558,739	282,181	-	26,840,920	5,361,436	5%
Plant and machinery	1,067,528,990	37,768,545	-	1,105,297,535	405,409,392	34,089,970	-	439,499,362	665,798,173	5%
Electrical fitting	44,783,117	166,816	-	44,949,933	29,550,219	2,286,969	-	31,837,188	13,112,745	15%
Factory equipment	7,168,574		-	7,168,574	4,749,648	362,839	-	5,112,487	2,056,087	15%
Office equipment	66,800		-	66,800	35,345	4,718	-	40,063	26,738	15%
Furniture and fixture	445,150		-	445,150	339,518	15,845	-	355,363	89,787	15%
Vehicles	940,725		-	940,725	873,527	10,080	-	883,607	57,118	15%
	1,242,527,573	37,935,361	-	1,280,462,934	498,277,326	39,984,148	-	538,261,474	742,201,460	
Leased Assets										
Plant and Machinery	517,052,210	-	(418,551,814)	98,500,396	107,082,665	4,301,284	(94,607,957)	16,775,992	81,724,404	5%
Vehicles	-	3,647,700	-	3,647,700		111,968	-	111,968	3,535,732	15%
	517,052,210	3,647,700	(418,551,814)	102,148,096	107,082,665	4,413,252	(94,607,957)	16,887,960	85,260,136	
Total - 30.06.2014	**8,350,384,606**	**255,458,886 (739,000)**	-	**8,605,104,491**	**3,371,938,699**	**238,052,768 (695,719)**	-	**3,609,295,749**	**4,995,808,742**	

QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

	2013									
	Cost as at July 01, 2012	Additions / (deletions)	Transfers in/(out)	Cost as at June 30, 2013	Accumulated depreciation as at July 01, 2012	Depreciation charge / (deletion) for the year	Transfers in/(out)	Accumulated depreciation as at June 30, 2013	Book value as at June 30, 2013	Annual depreciation rate %
	Rupees									
Owned Assets										
Spinning Units :										
Freehold land	439,940,000		-	439,940,000	-	-	-	-	439,940,000	-
Leasehold land	93,037,897	1,702,382	-	94,740,279	6,277,799	906,147	-	7,183,946	87,556,333	99 years
Building on freehold land	481,368,669	-	-	481,368,669	171,073,228	15,514,772	-	186,588,000	294,780,669	5%
Building on leasehold land	385,091,483	10,740,640	-	395,832,123	106,822,691	14,181,220	-	121,003,911	274,828,212	5%
Labour colony on freehold land	51,652,180		-	51,652,180	19,185,001	1,623,359	-	20,808,360	30,843,820	5%
Labour colony on leasehold land	81,115,005		-	81,115,005	15,292,417	3,291,129	-	18,583,546	62,531,459	5%
Plant and machinery	3,096,731,099	35,184,566	-	3,131,915,665	1,514,809,282	80,209,179	-	1,595,018,461	1,536,897,204	5%
Electrical fitting	60,350,850	1,284,283	-	61,635,133	37,018,045	3,577,797	-	40,595,842	21,039,291	15%
Factory equipment	22,425,620	308,940	-	22,734,560	16,668,889	891,702	-	17,560,591	5,173,969	15%
Office premises	22,120,321	-	-	22,120,321	13,510,817	1,291,426	-	14,802,243	7,318,078	15%
Office equipment	20,791,835	150,553	-	20,942,388	14,891,121	889,270	-	15,780,391	5,161,997	15%
Furniture and fixture	12,845,294	43,704	-	12,888,998	10,177,472	403,886	-	10,581,358	2,307,640	15%
Vehicles	49,381,298	2,249,730	-	49,680,128	33,586,390	2,472,554	-	34,278,699	15,401,429	15%
		(1,950,900)				(1,780,245)				
	4,816,851,551	49,713,898	-	4,866,565,449	1,959,313,152	123,472,196	-	2,082,785,348	2,783,780,101	
Weaving Unit :										
Building on freehold land	275,429,515	-	-	275,429,515	106,160,124	8,463,470	-	114,623,594	160,805,921	5%
Labour colony on freehold land	24,609,823	-	-	24,609,823	8,150,444	822,969	-	8,973,413	15,636,410	5%
Plant and machinery	1,302,714,957	65,749,005	-	1,368,463,962	481,224,740	43,274,460	-	524,499,200	843,964,762	5%
Electrical fitting	29,208,215	1,012,307	-	30,220,522	21,069,602	1,332,680	-	22,402,282	7,818,240	15%
Factory equipment	12,200,488	273,600	-	12,474,088	7,406,173	733,944	-	8,140,117	4,333,971	15%
Office equipment	3,376,673	536,500	-	3,913,173	1,142,679	377,132	-	1,519,811	2,393,362	15%
Furniture and fixture	1,893,524	102,129	-	1,995,653	1,222,538	109,478	-	1,332,015	663,637	15%
Vehicles	7,314,507	1,623,630	-	7,132,637	2,444,016	834,148	-	2,302,928	4,829,709	15%
		(1,805,500)				(975,236)				
	1,656,747,702	67,491,671	-	1,724,239,373	628,820,316	54,973,045	-	683,793,361	1,040,446,011	
Power Plant :										
Building on freehold land	89,391,861		-	89,391,861	27,675,100	3,085,838	-	30,760,938	58,630,923	5%
Building on leasehold land	31,724,992	477,364	-	32,202,356	26,272,238	286,501	-	26,558,739	5,643,617	5%
Plant and machinery	1,024,277,518	43,251,472	-	1,067,528,990	371,960,605	33,448,787	-	405,409,392	662,119,598	5%
Electrical fitting	44,783,117	-	-	44,783,117	26,862,063	2,688,156	-	29,550,219	15,232,898	15%
Factory equipment	7,109,074	59,500	-	7,168,574	4,326,059	423,589	-	4,749,648	2,418,926	15%
Office equipment	66,800	-	-	66,800	29,793	5,551	-	35,344	31,456	15%
Furniture and fixture	445,150	-	-	445,150	320,876	18,642	-	339,518	105,632	15%
Vehicles	940,725	-	-	940,725	861,669	11,858	-	873,527	67,198	15%
	1,198,739,237	43,788,336	-	1,242,527,573	458,308,403	39,968,922	-	498,277,325	744,250,248	
Leased Assets										
Plant and machinery	517,052,210	-	-	517,052,210	85,505,320	21,577,345	-	107,082,665	409,969,545	5%
	517,052,210	-	-	517,052,210	85,505,320	21,577,345	-	107,082,665	409,969,545	
Total - 30.06.2013	8,189,390,700	164,750,305	-	8,350,384,605	3,131,947,191	242,746,990	-	3,371,938,699	4,978,445,907	
		(3,756,400)	-			(2,755,481)	-			

5.1.1 Depreciation for the year has been allocated as under:

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
Cost of sales - spinning	28	135,880,432	141,365,492
Cost of sales - weaving	28	55,995,719	55,034,680
		191,876,151	196,400,172
Cost of sales - power plant	28.3.1	39,984,148	39,968,924
Administrative expenses	30	6,192,468	6,377,894
		238,052,767	242,746,990

5.1.2 Disposal of property, plant and equipment:

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal
Vehicles						
Toyota Corolla	Mr. Muhammad Kareem Lahore	739,000	695,719	43,281	60,000	Negotiation
	30-Jun-14	739,000	695,719	43,281	60,000	
	30-Jun-13	3,756,400	2,755,481	1,000,919	1,056,000	

5.1.3 Had there been no revaluation the related figures of land, building and plant and machinery at June 30, 2014 would have been as follows:

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
Freehold Land		439,940,000	439,940,000
Lease hold land		3,197,418	4,103,565
Building on freehold land		251,135,618	258,902,699
Building on lease hold land		28,484,062	35,605,078
Plant and machinery		232,892,480	242,596,333
		955,649,578	981,147,675

5.2 Capital work in progress - at cost

	30th June, 2014 Rupees	30th June, 2013 Rupees
Building - civil works	12,337,643	11,002,965
Building - grid station	-	20,410,084
Electric installation - grid station	-	46,935,421
	12,337,643	78,348,470

The movement in Capital work in progress is as follows:

	30th June, 2014 Rupees	30th June, 2013 Rupees
Balance at the beginning of the year	78,348,470	24,057,959
Addition during the year:		
Building - civil works	8,011,298	11,048,185
Building - grid station	21,526,268	20,277,291
Electric installation grid station	75,609,296	35,885,421
Plant and machinery	60,695,075	146,481,633
	165,841,937	213,692,530
Transfer to operating fixed assets:		
Building - civil works	6,676,620	12,920,386
Plant and machinery	60,695,075	146,481,633
Building - grid station	41,936,352	
Plant& Machinery Grid	122,544,717	-
	231,852,764	159,402,019
Balance at the end of the year	12,337,643	78,348,470

QUETTA TEXTILE MILLS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
6	**LONG TERM DEPOSITS**			
	Security deposits:			
	WAPDA		7,893,190	7,893,190
	SSGCL		13,066,676	13,026,276
	Leasing companies	22	8,700,015	15,196,306
	Others		1,545,168	4,365,168
			31,205,049	40,480,940
7	**STORES, SPARES AND LOOSE TOOLS**			
	Spinning:			
	Stores		75,452,101	74,318,202
	Spares and accessories		204,402,315	196,415,209
	Loose tools		18,343,700	18,870,626
			298,198,116	289,604,037
	Weaving:			
	Stores		64,018,176	55,724,676
	Power plant			
	Oil and stores		167,733,577	93,946,195
			529,949,869	439,274,908

7.1 No item of stores, spares and loose tools is pledged as security as at reporting date.

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
8	**STOCK IN TRADE**			
	Spinning			
	Raw material - in hand		1,756,799,186	1,147,045,197
	Raw material - in transit		235,389,024	86,865,038
	Work-in-process		109,825,650	105,343,028
	Finished goods		359,790,390	442,900,754
	Waste		130,816,468	135,100,090
			2,592,620,718	1,917,254,107
	Weaving:			
	Raw material		389,155,171	391,726,841
	Work-in-process		115,926,108	128,447,046
	Finished goods		672,246,821	701,541,857
	Waste		3,825	53,300
			1,177,331,925	1,221,769,044
			3,769,952,643	3,139,023,151

8.1 The caring value of Pledged stock is Rs. 1,840,391,856/- (June 30, 2013: Rs. 1,128,675,520,/-).

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
9	**TRADE DEBTS**			
	Considered good			
	Export debts - secured		-	5,814,555
	Local debts - unsecured		410,865,919	409,237,057
			410,865,919	415,051,612
10	**OTHER FINANCIAL ASSETS**			
	Held for trading			
	In listed companies	10.1	3,188,060	5,863,256
	Revaluation reserve for investment		39,929	(1,353,031)
			3,227,989	4,510,225

QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

10.1 Details are as under:

Name of securities	No. of shares	Cost	Fair value adjustments	Fair value
The Hub Power Company Limited	38,000	1,219,713	1,012,407	2,232,120
Standard Chartered Leasing Limited	120,000	1,867,802	(985,802)	882,000
Askari Bank Limited	4,901	65,285	27,883	93,168
Dewan Salman Fibre Limited	10,000	35,260	(14,560)	20,700
Total - 30.06.2014		3,188,060	39,928	3,227,988
Total - 30.06.2013		5,863,256	(1,353,031)	4,510,225

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
11 LOANS AND ADVANCES			
Considered good			
Workers Advance against Wages		1,637,741	1,494,113
Advance against:			
Letter of credit		5,688,634	1,269,521
Advance to cotton suppliers		-	23,190,840
Store suppliers and others		62,431,660	73,718,407
		68,120,294	98,178,768
		69,758,035	99,672,881
12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits - lease	21	-	8,344,915
Prepayments		8,765,196	6,974,710
		8,765,196	15,319,625
13 INCOME AND SALES TAX REFUNDABLE			
Income tax refundable	13.1	72,673,378	61,593,760
Sales tax refundable		217,304,144	189,768,185
		289,977,522	251,361,945
13.1 Income tax refundable			
Income tax refundable		56,244,101	28,403,232
Advance income tax		134,759,007	120,397,502
		191,003,108	148,800,734
Provision for taxation - current year		(118,329,730)	(87,206,974)
		72,673,378	61,593,760
14 CASH AND BANK BALANCES			
With banks on:			
- currents accounts		16,776,413	16,936,855
- deposit account	14.1	27,300,000	19,300,000
		44,076,413	36,236,855
Cash in hand		2,059,645	1,737,361
		46,136,058	37,974,216

14.1 It carries mark up at the rate of 7.4 % (June 30, 2013: 6.9%) per annum.

15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30th June, 2014	30th June, 2013		Note	30th June, 2014	30th June, 2013
Number of shares				Rupees	Rupees
1,200,000	1,200,000	Ordinary shares of Rs. 10 each allotted for consideration paid in cash		12,000,000	12,000,000
9,875,000	9,875,000	Ordinary shares of Rs. 10 each allotted as right shares		98,750,000	98,750,000
1,925,000	1,925,000	Ordinary shares of Rs. 10 each issued as bonus shares		19,250,000	19,250,000
13,000,000	13,000,000			130,000,000	130,000,000

15.1 The company had issued 9,875,000 Ordinary Shares in the ratio of 316 shares for every 100 ordinary Shares at exercise price of Rs. 76/= per share having premium of Rs. 66/= per share.

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
16 RESERVES			
Reserves:			
Share premium		651,750,000	651,750,000
Capital reserve		1,200	1,200
General reserves		115,000,000	115,000,000
		766,751,200	766,751,200
Revenue:			
Unappropriated profit		1,591,284,806	1,528,181,748
		2,358,036,006	2,294,932,948

17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	30th June, 2014	30th June, 2013
Opening balance	706,438,811	723,968,701
Less: Transferred from surplus on revaluation of Property Plant Equipment on account of incremental depreciation charged in the current year - net of deferred tax	(17,109,351)	(17,529,890)
Closing balance	689,329,460	706,438,811

17.1 On March 31, 2009, further revaluation was made of the Land, Building and Labour Colony, by Asif Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value which resulted in net revaluation surplus of Rs. 622,057,842.

17.2 On November 13, 2006 and December 28, 2006, further revaluation was made of the Land, Building and Plant and Machinery, by Asif Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation surplus of Rs. 154,291,391.

17.3 On May 27, 2005 and Jun 24, 2005 , Land was revalued by MYK Associate (Pvt) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation surplus amounting to Rs. 119,794,763.

17.4 On July 16, 2003, revaluation was made of the land, building and machinery , by MYK Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value which resulted in net revaluation surplus of Rs. 20,750,716.

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
18	LONG TERM FINANCES			
	Loans from banking companies - secured			
	Askari Bank Limited	18.1	2,424,971	13,313,373
	Al-Barka Bank (Pakistan) Ltd	18.2	5,000,000	-
	Faysal Bank Limited - LTF	18.3	597,000	8,271,000
	Habib Bank Limited - LTF	18.4	3,348,000	5,582,000
	Meezan Bank Limited- (Bai Muajjal)	18.5	32,026,751	-
	National Bank of Pakistan	18.6	17,710,666	36,566,000
	National Bank of Pakistan - LTF	18.7	63,434,000	63,434,000
	Pak Oman Investment Co. Limited	18.8	-	3,906,250
	Pak Oman Investment Co. Limited - LTF	18.9	-	3,906,250
	Silk Bank Limited- LTF	18.10	2,394,580	10,227,332
	Silk Bank Limited- LTF	18.11	653,000	3,265,000
	Silk Bank Limited- LTL	18.12	2,023,000	3,982,000
	Saudi Pak Ind, & Agri. Investment Company Limited - LTF	18.13	1,916,659	9,583,327
	Soneri Bank Limited	18.14	3,250,000	9,750,000
	Soneri Bank Limited - LTF	18.15	48,107,000	80,183,000
	United Bank Limited	18.16	2,142,857	10,714,286
	United Bank Limited- LTF	18.17	2,141,000	12,856,000
			187,169,484	275,539,818
	Less: Current maturity shown under current liabilities		(78,310,038)	(176,069,486)
			108,859,446	99,470,332

18.1 First pari passu equitable mortgage charge of Rs. 50 million on fixed assets of the Company. Total facility amount is Rs. 24.579 million, markup payable monthly @ 3MK + 2.50%. Loan is repayable in 24 monthly installments commencing From 31-05-2012.

18.2 First Pari Passu Hypo. charge on company's current assets Rs. 400 (M) with 25% margin & Equitable mortgage over banglow on plot # 7-8/A, justice sardar Iqbal Road, Gulberg-V, Lahore Rs 94.4 (M) with 40% margin. Markup payable quarterly @ 6 MK + 1.5% The facility amount is 5.0 million. This Loan is repayable in 6 quarterly installments commencing from 30-09-2014.

18.3 First pari passu charge on all Fixed assets of the Company amounting to Rs. 61.33 million. Total Facility amount is Rs.46 million, markup payable quarterly @ SBP rate + 2%. Loan is repayable in 24 quarterly installments commencing From 14-09-2007.

18.4 The loan was secured by First pari passu E/M and hypo (each) charge of Rs. 420 million on present and future fixed assets of the company. The charge amount of Rs. 393 million first pari passu and charge amount of Rs. 27 million to remain ranking. Total Facility amount is Rs. 13.4 million, markup payable quarterly @ SBP rate + 2% loan is repayable in 12 semi annual installments commencing from 24-05-2009

18.5 Ranking charge on Plant and Machinery of the company with 25% margin disbursement to be made on ranking charge. Total facility amount is Rs. 34.10 million, markup payable in December of each year for the entire validity of the facility @ 1 year GoP Ijarah Sukuk rate. Loan is repayable in 60 monthly installments commencing from 31.01.2014.

18.6 First pari passu charge on all fixed assets of the company amounting to Rs. 200 M. Total Facility amount is Rs.120 million but Rs 63.434 million converted in LTFF loan as on 20-06-2013 remaining amount re-scheduling in 09 quarterly installments commencing from 20-06-2013, markup payable quarterly @ 3MK + 3.5%.

18.7 Security charge same as notes no. 18.6. . Total Facility amount is Rs. 63.434 million. Loan is repayable in 20 quarterly installments commencing from 20-09-2015.markup payable quarterly @ SBP rate + 3%.

18.8 Ranking charge of Rs.34 million over all the present and future fixed assets of the company with 25% margin . Total facility amount is Rs. 12.5 million, markup payable quarterly @ 3MK + 3%. Loan is repayable in 16 quarterly installments commencing from 18-08-2010. However loan was settled during the period.

18.9 Security charge same as notes no. 18.8. Total facility amount is Rs. 12.5 million, markup payable quarterly @ SBP rate + 2.5%.Loan is repayable in 16 quarterly installments commencing from 18-08-2010. However loan was settled during the period.

18.10 First pari passu hypothecation charge of Rs. 61.33 (M) over Plant and Machinery of the company. Total Facility amount is Rs.46 Million, markup payable quarterly @ SBP rate + 2%. Loan is repayable in 24 quarterly installments commencing From 14-09-2007.

18.11 Ranking Charge over fixed assets of the company of Rs. 80 (M). Total facility amount is Rs. 13.060 million, markup payable quarterly @ SBP RATE + 2.5%Loan is repayable in 20 quarterly installments commencing from 20-09-2009.

18.12 Security charge same as notes no. 18.11. Total facility amount is Rs. 13.060 million, markup payable quarterly @ 3MK+3% Loan is repayable in 20 quarterly installments commencing from 22-08-2009.

18.13 First pari passu hypothecation charge of Rs. 61.33 (M) over Plant and Machinery of the company. Total Facility amount is Rs.46 Million, markup payable quarterly @ SBP rate + 2%. Loan is repayable in 24 quarterly installments commencing From 14-09-2007.

18.14 Exclusive charge over imported machinery of the company. Total facility amount is Rs. 26 million, markup payable quarterly @ 6MK + 3%. Loan is repayable in 08 semi annual installments commencing from 03-05-2011.

18.15 First specific charge over imported Machinery for Rs. 155 million of the company. Total facility is Rs. 128.3 million, markup payable quarterly @SBP Rate+2.5 % (11.10%). Loan is repayable in 16 quarterly installments commencing from 23-02-2012.

18.16 Joint pari pasu EMP charge over fixed assets for Rs. 300 million situated at unit 1. Total facility amount is Rs. 30 million, markup payable quarterly @ 3MK + 2%. Loan is repayable in 14 quarterly installments commencing from 29-06-2011.

18.17 Security same as note 18.16 above. Total facility amount is Rs. 30 million, markup payable quarterly @ SBP rate + 2%. This Loan is repayable in 14 quarterly installments commencing from 24-06-2011.

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
19	**REDEEMABLE CAPITAL - SUKUK**			
	Diminishing musharaka sukuk certificate		858,848,327	1,070,181,035
	Less: Current portion shown under current liabilities		(204,413,793)	(191,034,485)
			654,434,534	879,146,550

19.1 The company has restructured the entire facility maturing on March 20, 2020. The company had issued privately placed Sukuk Certificates of Rs. 1,385,000,000 divided into 277,000 certificates of Rs. 5,000 each. The significant terms and conditions and security of the Sukuk / certificates are as follows:

Tenure	7 years	7 years
Date of first installment	March 31, 2010	March 31, 2010
Date of last installment	March 20, 2020	March 20, 2020
Rate of return per annum	6 M KIBOR + 1.75%	6 M KIBOR + 1.75%
Convertible/non convertible	Non Convertible	Non Convertible
Redeemable/perpetual	Redeemable	Redeemable

19.2 **Security**

First Pari Passu charge of Rs. 1.846 billion (June 30, 2013: Rs. 1.846 billion) on all fixed assets of the company.

20	**LOAN FROM DIRECTORS AND OTHERS - SUBORDINATED**		
	Unsecured		
	Due to directors	109,378,610	102,185,000
	Due to others	51,347,860	46,272,000
		160,726,470	148,457,000

20.1 These are non mark-up bearing loan and are unsecured. It is repayable after more than one year. The loan upto Rs. 148,457,000/- (June 30, 2013: Rs. 148,457,000/-) is subordinated to bank loans.

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
21	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Payable within one year		28,812,361	72,196,721
	Payable after one year but not more than five years		10,133,864	16,944,145
			38,946,225	89,140,866
	Less: deferred finance cost		(4,588,612)	(13,325,118)
			34,357,613	75,815,748
	Add: security deposit	6 & 12	8,700,015	23,541,221
	Less: Current portion shown under current liabilities		(25,321,884)	(62,657,851)
	Present value of minimum lease payments		17,735,744	36,699,118

21.1 The Company has entered into lease agreement/ Ijarah of Plant and Machinery with various leasing companies and financial institutions on half yearly payment basis. The lease contains bargain purchase option.

21.2 The lease is secured by ranking charge of Rs. NIL (June 30, 2013: Rs. 321 million) over immovable assets of the Company, personal guarantees of two directors and security deposit equivalent to 0.1% to 10% of the facility amount.

21.3 Implicit rate of return on lease varies ranging from 11.09 % to 15.44 % (June 30, 2013: 11.07% to 16.5%) p.a.

21.4 Taxes, repairs and maintenance, insurance and other cost relating to the lease assets are borne by the Company.

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
22	**DEFERRED LIABILITIES**			
	Deferred taxation	22.1	245,256,955	221,513,042
	Deferred tax on surplus on revaluation of property, plant and equipment		167,355,092	176,567,820
	Staff retirement benefits - gratuity	22.3	103,497,015	104,110,471
			516,109,062	502,191,333
22.1	**Deferred taxation**			
	Deferred tax credits / (debits) arising in respect of:			
	Taxable temporary differences (deferred tax liabilities)			
	Accelerated tax depreciation allowances		263,771,712	301,633,489
	Deferred debit arising in respect of provisions, tax losses and refunds		18,514,757	80,120,447
		22.2	245,256,955	221,513,042
22.2	**Deferred debit arising in respect of provisions, tax losses and refunds**			
	Opening balance		221,513,042	200,741,469
	Closing balance of deferred tax liability reversal of differed tax liability		(245,256,955)	(221,513,042)
			(23,743,913)	(20,771,573)

		30th June, 2014 Rupees	30th June, 2013 Rupees (Re-stated)
22.3	**Staff retirement benefits - gratuity**		
	Movement in the net liability recognized in the Balance sheet		
	Opening net liability	104,110,471	77,734,605
	Expense for the year in profit and loss account	27,124,713	31,231,991
	Remeasurement recognized in other comprehensive income	16,556,272	10,951,669
		147,791,456	119,918,265
	Benefits paid during the year	(44,294,441)	(15,807,794)
	Closing net liability	103,497,015	104,110,471

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
22.4	**Expense for the year in profit and loss account**			
	Current service cost		16,655,626	18,271,672
	Interest cost		10,469,087	12,960,319
			27,124,713	31,231,991

22.5 Historical information

	2014	2013	2012	2011	2010
Present value of defined benefit obligation	103,497,015	104,110,471	77,734,605	87,414,829	67,761,911

22.6 General description

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

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
22.7	**Principal actuarial assumption**			
	Following are a few important actuarial assumption used in the valuation.			
			%	%
	Discount rate		12.50%	10.90%
	Expected rate of increase in salary		10.00%	10.00%

22.8 Expected gratuity expenses for the year ending June 30, 2015 works out Rs. 29,837,184/-.

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
23	**TRADE AND OTHER PAYABLES**			
	Trade creditors		621,779,909	476,647,909
	Accrued liabilities		261,341,875	194,709,038
	Workers' profit participation fund	23.2	11,777,087	14,532,295
	Workers' welfare fund		6,986,699	8,054,895
	Unclaimed dividend		540,191	194,641
	Others		272,847	82,888
			902,698,608	694,221,666
23.2	**Workers' profit participation fund**			
	Balance at the beginning of the year		14,532,295	8,522,793
	Allocation for the year	31	11,541,939	14,352,981
	Interest on fund utilized in the Company's business	23.2.1	511,951	368,921
			12,053,890	14,721,902
			26,586,185	23,244,695
	Less: Payments during the year		(14,809,098)	(8,712,400)
	Balance at the end of the year		11,777,087	14,532,295

23.2.1 Interest on workers' profit participation fund has been provided @ 11.09% (June 30, 2013: 11.236%) per annum.

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
24	**ACCRUED INTEREST / MARK-UP**			
	Accrued interest / mark-up on secured:			
	- long term finances		3,993,111	16,690,431
	- redeemable capital - Sukuk		39,152,888	34,215,309
	- short term borrowings		116,271,658	105,815,889
			159,417,657	156,721,629

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
Secured - Banking companies			
Finances under mark-up arrangement	25.1	4,155,123,033	3,413,107,968
Unsecured	25.2		
Directors		4,835,318	4,716,504
Others		2,633,612	3,598,199
		7,468,930	8,314,703
		4,162,591,963	3,421,422,671

25.1 Aggregate facilities amounting to Rs.4.712 billion (June 30, 2013: Rs. 4.364 billion) were available to the Company from banking companies. These are secured against hypothecation charge and pledge of stock in trade, book debts, plant & machinery, export bills under collection. These loans carry mark up at the rate ranging from 11.02 % to 13.67 % (June 30, 2013: 10.19% to 16.10 %) per annum payable quarterly and on the maturity dates. The above facilities are expiring on various dates and renewable annually.

25.2 These are non mark up bearing and unsecured. These are renewable and due on various dates within one year.

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

Guarantees issued by banks on behalf of the Company	277,255,245	214,475,248

26.2 Company has filed a suit No. 204 of 2011 against Enshaa NLC Development (Pvt) Limited before the Honorable Sindh High Court, Sindh seeking declarations, possession, permanent injunction and/or recession and damage in respect of the reservation contract followed by an agreement executed between parties whereby the defendants are liable to construct the project. The matter is pending for hearing and opinion of the legal advisor of the company is favorable and there is no likelihood of unfavorable outcome or any potential loss.

26.3 The Company has filed petition under W.P.No. 2420 of 2011 against the recovery of Electricity Duty on self generation of electricity and obtained stay order from Honorable Lahore High Court and opinion of the legal advisor of the company is favorable and there is no likelihood of unfavorable outcome or any potential loss.

26.4 Commitments

Civil work	10,000,000	101,000,000
Confirmed letter of credit in respect of:		
- Raw material	503,653,164	341,841,375
- Stores and spares	18,624,231	23,086,331
	522,277,395	364,927,706

27 SALES

	Export Sales		Local Sales		Total	
	2014	2013	2014	2013	2014	2013
	Rupees					
Yarn	3,969,135,468	4,206,233,477	4,159,469,470	4,308,453,119	8,128,604,938	8,514,686,596
Fabric	2,848,162,622	2,793,020,630	1,349,351,244	1,537,992,380	4,197,513,866	4,331,013,010
Waste	-	-	90,544,978	107,055,498	90,544,978	107,055,498
Cotton	-	-	-	59,058,263	-	59,058,263
Other	-	-	3,323,810	-	3,323,810	-
	6,817,298,090	6,999,254,107	5,602,689,502	6,012,559,260	12,419,987,592	13,011,813,367
Sales tax	-	-	(118,582,256)	(43,834,138)	(118,582,256)	(43,834,138)
	6,817,298,090	6,999,254,107	5,484,107,246	5,968,725,122	12,301,405,336	12,967,979,229

27.1 Exchange loss due to currency rate fluctuations relating to export sales amounts to Rs. 173/- (June 30, 2013: Rs. 9,756 exchange gain) has been included in export sales.

28 COST OF SALES

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
Raw material consumed	28.1	7,765,512,738	8,514,717,330
Salaries, wages and benefits	28.2	898,139,305	858,400,474
Stores and spares consumed		459,489,092	449,540,717
Fuel, power and water	28.3	1,363,539,034	1,297,862,450
Rent, rates and taxes		705,471	948,687
Insurance expenses		30,534,235	29,380,390
Repairs and maintenance		33,584,038	21,583,100
Vehicle running and maintenance		19,284,105	18,819,154
Entertainment expenses		5,436,470	5,068,729
Communication expenses		2,094,388	1,930,174
Other expenses		11,735,933	9,473,568
Processing charges		62,733,731	27,153,865
Depreciation expenses	5.1.1	191,876,151	196,400,172
		10,844,664,693	11,431,278,810
Work in process			
Opening stock		233,790,074	191,169,645
Closing stock		(225,751,758)	(233,790,074)
		8,038,316	(42,620,429)
Cost of goods manufactured		10,852,703,009	11,388,658,381
Cost of cotton sold		-	63,196,768
Cost of other material sold		(3,323,810)	-
		10,849,379,199	11,451,855,149
Finished goods			
Opening balance		1,279,596,001	1,144,206,969
Goods purchased:			
Other material purchases		3,323,810	-
Yarn Purchased		94,618,900	184,381,930
Fabric purchased		641,025	16,749,507
		98,583,735	201,131,437
Closing stock		(1,162,857,504)	(1,279,596,001)
		11,064,701,431	11,517,597,554

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
28.1	**Raw material consumed**			
	Opening balance		1,538,772,038	1,898,087,970
	Purchases		8,372,695,057	8,218,598,166
			9,911,467,095	10,116,686,136
	Less: Cost of cotton sold		-	(63,196,768)
	Closing stock		(2,145,954,357)	(1,538,772,038)
			7,765,512,738	8,514,717,330

28.2 Salaries, wages and benefits include Rs. 26,047,827/- (June 30, 2013: Rs. 29,992,041/-) in respect of staff retirement benefits.

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
28.3	**Fuel, power and water**			
	Electricity purchase from outside		407,944,855	191,275,273
	Electricity produced by self	28.3.1	944,075,213	1,096,583,041
	Water charges		3,578,200	3,013,611
	Gas charges		7,940,766	6,990,525
			1,363,539,034	1,297,862,450
28.3.1	**Electricity produced by self**			
	Salaries and wages	28.3.2	20,620,373	16,988,217
	Fuel and store consumed		874,830,057	1,034,542,844
	Repair and maintenance		5,793,503	2,818,017
	Other expenses		2,847,132	2,265,039
	Depreciation	5.1.1	39,984,148	39,968,924
			944,075,213	1,096,583,041

28.3.2 Salaries, wages and benefits include Rs. 486,893/- (June 30, 2013: Rs. 560,619/-) in respect of staff retirement benefits.

		30th June, 2014 Rupees	30th June, 2013 Rupees
29	**DISTRIBUTION COST**		
	On export sales		
	Export development surcharges	16,068,303	16,586,743
	Freight	119,395,839	118,627,007
	Commission	88,492,294	111,753,790
	Clearing and forwarding	75,014,598	78,940,689
		298,971,034	325,908,229
	On local sales		
	Freight	20,223,803	17,250,312
	Commission	42,303,692	46,402,288
		62,527,495	63,652,600
		361,498,529	389,560,829

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
30	**ADMINISTRATIVE EXPENSES**			
	Director's remuneration		3,899,749	4,270,314
	Salaries and benefits	30.1	17,821,954	14,174,708
	Printing and stationery		3,815,909	2,176,307
	Communication		1,254,646	1,105,926
	Traveling and conveyance		8,663,407	4,757,461
	Legal and professional charges		1,076,000	529,000
	Auditors' remuneration	30.2	1,687,400	1,539,010
	Rent, rates and taxes		1,859,965	2,201,398
	Entertainment		977,359	896,034
	Electricity, gas and water charges		2,016,717	1,679,149
	Fees and subscription		1,654,545	1,254,591
	Repairs and maintenance		177,423	72,785
	Charity and donation	30.3	570,000	1,050,000
	Depreciation	5.1.1	6,192,458	6,377,894
			51,667,542	42,084,577

30.1 Salaries, wages and benefits include Rs. 589,992/- (June 30, 2013: Rs. 679,331-) in respect of staff retirement benefits.

			30th June, 2014 Rupees	30th June, 2013 Rupees
30.2	**Auditors' remuneration**			
	Audit fee		1,464,100	1,331,000
	Half yearly review fee		168,300	153,010
	Code of corporate governance review fee		30,000	30,000
	Out of pocket expenses		25,000	25,000
			1,687,400	1,539,010

30.3 Directors and their spouse have no interest in the donees.

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
31	**OTHER OPERATING EXPENSES**			
	Loss on sale of shares		1,882,928	2,168,043
	Workers' profit participation fund	23.2	11,541,939	14,352,981
	Workers' welfare fund	31.1	4,385,937	5,454,133
			17,810,804	21,975,157
32	**FINANCE COST**			
	Interest / mark-up on			
	- short term finances		459,307,263	527,385,179
	- long term loans		124,296,401	173,973,729
	- lease		2,744,617	13,599,788
	- workers' profit participation fund		511,951	368,921
	Bank charges, commission and others charges		11,882,623	11,196,890
			598,742,855	726,524,507
	Less: Finance income			
	- on deposit account		1,817,443	1,217,005
			596,925,412	725,307,502
33	**OTHER INCOME**			
	Commission Income- weaving		962,329	-
	Profit on sale of property, plant and equipment	33.1	16,719	55,081
	Rental income		3,333,267	3,271,017
	Dividend income		404,000	382,000
	Appreciation in the fair value of investment		1,392,961	3,042,464
			6,109,276	6,750,562

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees
34	**TAXATION**			
	Current			
	- for the year		118,329,730	87,206,974
	Deferred	22.2	25,882,573	22,296,757
			144,212,303	109,503,731
35	**EARNINGS PER SHARES**			
	Profit after taxation		70,698,591	168,700,441
			Number of shares	
	Weighted average number of ordinary shares		13,000,000	13,000,000
			(Rupees)	
	Earnings per share - basic and diluted		5.44	12.98

35.1 There is no dilutive effect on basic earnings per share.

36	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		214,910,894	278,204,172
	Adjustment for items involving non movement of fund			
	Depreciation		238,052,767	242,746,990
	Financial charges		596,925,412	725,307,502
	(Gain) on sale of fixed assets		(16,719)	(55,081)
	Dividend income		(404,000)	(382,000)
	Provision for gratuity		27,124,713	31,231,991
	Provision for (appreciation) in the value of investment		(1,392,961)	(3,042,464)
	Provision for workers' welfare fund		4,385,937	5,454,133
	Provision for workers' profit participation fund		11,541,939	14,352,981
			876,217,088	1,015,614,052
	Profit before working capital changes		1,091,127,982	1,293,818,224
	(Increase)/decrease in current assets			
	Stocks, stores and spares		(721,604,453)	145,763,368
	Trade debts		4,185,693	(79,153,593)
	Loans and advances, prepayments, sales tax and		8,933,316	1,216,297
			382,642,538	1,361,644,296
	Increase in current liabilities			
	Creditors, accrued and other liabilities		207,012,617	(9,573,948)
			589,655,155	1,352,070,348

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
Managerial remuneration	480,024	480,024	1,600,080	1,600,080	30,202,935	16,580,030
Allowances						
House rent	192,024	192,024	640,080	640,082	-	-
Utilities	280,972	292,437	706,569	1,065,667	-	-
	953,020	964,485	2,946,729	3,305,829	30,202,935	16,580,030
Number of persons	1	1	5	5	33	19

Chief executive, five directors and certain executives of the Company are provided with free maintained vehicle.

38 FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

38.1 - Credit risk

38.2 - Liquidity risk

38.3 - Market risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

38.1 Credit risk

38.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the long term investments, long term deposits, trade debts, loans and advances, trade deposits and prepayments, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs. 569.96 million (June 30, 2013: Rs. 613.01 million), financial assets which are subject to credit risk aggregate to Rs. 567.899 million (June 30, 2013: Rs. 611.272 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
Long term deposits		31,205,049	40,480,940
Trade debts		410,865,919	415,051,612
Other financial assets		3,227,989	4,510,225
Loans and advances		69,758,035	99,672,881
Trade deposits and short term prepayments		8,765,196	15,319,625
Cash and bank balances		46,136,058	37,974,216
		569,958,246	613,009,499

38.1.2 The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

Domestic	410,865,919	409,237,057
Export	-	5,814,555
	410,865,919	415,051,612

38.1.3 The maximum exposure to credit risk for debts at the reporting date by type of product is as follows:

Yarn	281,251,237	248,364,046
Fabric	129,614,682	166,687,566
	410,865,919	415,051,612

38.1.4 The aging of trade debts at the reporting date as follows:

Not past due	180,667,041	174,206,553
Past due 0 - 30 days	125,858,183	135,441,394
Past due 31 - 90 days	88,570,478	89,472,789
Past due 91 - 1 year	15,770,217	15,930,876
More than one year	-	-
	410,865,919	415,051,612

38.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding trough an adequate amount of committed credits facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credits

38.2.1 Financial liabilities in accordance with their contractual maturities are presented below:

	2014				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	187,169,484	266,122,419	99,347,888	166,774,531	-
Redeemable capital - Sukuk	858,848,327	1,594,432,379	259,272,730	1,168,617,329	166,542,320
Loan from directors and others - suborc	160,726,470	160,726,470	-	160,726,470	-
Finance lease	43,057,628	47,646,240	10,133,864	37,512,376	-
Trade and other payables	902,698,608	902,698,608	902,698,608	-	-
Accrued interest / mark-up	159,417,657	159,417,657	159,417,657	-	-
Short term borrowings	4,162,591,963	4,709,764,677	4,709,764,677	-	-
	6,474,510,137	7,840,808,449	6,140,635,423	1,533,630,706	166,542,320

	2013				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	275,539,818	441,147,177	207,040,162	234,107,015	-
Redeemable capital - Sukuk	1,070,181,035	1,761,057,785	256,663,337	1,335,159,649	169,234,799
Loan from directors and others - suborc	148,457,000	148,457,000	-	148,457,000	-
Finance lease	99,356,969	112,682,087	25,289,060	87,393,027	-
Trade and other payables	694,221,666	694,221,666	694,221,666	-	-
Accrued interest / mark-up	156,721,629	156,721,629	156,721,629	-	-
Short term borrowings	3,421,422,671	3,871,168,681	3,871,168,681	-	-
	5,865,900,788	7,185,456,025	5,211,104,535	1,805,116,691	169,234,799

38.2.2 The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-end. The rates of mark-up / interest have been disclosed in the respective notes to these financial

38.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments.

38.3.1 Currency risk

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

	US Dollar	Euro	Others	Rupees
Trade debts 2014	-	-	-	-
Trade debts 2013	58,989	-	-	5,814,555

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2014	2013	2014	2013
US Dollar to Rupee	99.12	96.29	98.10	98.57

38.3.2 Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
US Dollar		-	(290,728)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

38.3.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At reporting date the interest rate profile of the company's interest bearing financial instrument is as follows:

	Carrying Amount	
	30th June, 2014 Rupees	30th June, 2013 Rupees
Fixed rate instruments		
Financial assets	27,300,000	19,300,000
Financial liabilities	1,046,017,811	1,345,720,853
Variable rate instruments		
Financial assets	-	-
Financial liabilities	4,205,649,591	3,520,779,640

38.4 Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit & loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit & loss account.

38.5 Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2013.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2014	42,056,495.91	(42,056,496)	-	-
Cash flow sensitivity - variable rate instruments 2013	35,207,796.40	(35,207,796)	-	-

38.6 Fair value of financial assets and liabilities

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

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observed.

Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2014 other financial assets was categorized in level 1.

There were no transfers between Level 1 and 2 in the year.

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
38.7 Off balance sheet items			
Bank guarantees issued in ordinary course of business		277,255,245	214,475,248
Civil work		10,000,000	101,000,000
Letters of credit for raw material		503,653,164	341,841,375
Letters of credit for stores and spares		18,624,231	23,086,331

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

38.8 Capital risk management

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		30th June, 2014 Rupees	30th June, 2013 Rupees
Borrowings	Rupees	5,251,667,402	4,866,500,493
Total equity	Rupees	2,488,036,006	2,424,932,948
Total capital employed	Rupees	7,739,703,408	7,291,433,441
Gearing ratio	Percentage	67.85	66.74

39 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2014 is as follows:

39.1 Operating results

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2014 Rupees	30th June, 2013 Rupees	30th June, 2014 Rupees	30th June, 2013 Rupees	30th June, 2014 Rupees	30th June, 2013 Rupees	30th June, 2014 Rupees	30th June, 2013 Rupees
SALES									
Export		3,969,135,468	4,206,233,477	2,848,162,622	2,793,020,630	-	-	6,817,298,090	6,999,254,107
Local		4,159,469,470	4,308,453,119	1,349,351,244	1,537,992,380	-	-	5,508,820,714	5,846,445,499
Waste		90,544,978	107,055,498	-	-	-	-	90,544,978	107,055,498
Cotton		-	59,058,263	-	-	-	-	-	59,058,263
Other		3,323,810		-	-	-	-	3,323,810	-
		8,222,473,726	8,680,800,357	4,197,513,866	4,331,013,010	-	-	12,419,987,592	13,011,813,367
Inter - segment sales		879,515,609	1,280,786,321	-	-	944,075,213	1,096,583,041	1,823,590,822	2,377,369,362
Sales tax		(82,034,978)	(32,292,737)	(36,547,278)	(11,541,401)	-	-	(118,582,256)	(43,834,138)
Total sales		9,019,954,357	9,929,293,941	4,160,966,588	4,319,471,609	944,075,213	1,096,583,041	14,124,996,158	15,345,348,591
Cost of sales	41	(8,198,482,227)	(8,878,908,494)	(3,745,734,813)	(3,919,475,381)	(944,075,213)	(1,096,583,041)	(12,888,292,253)	(13,894,966,916)
Gross profit		821,472,130	1,050,385,447	415,231,775	399,996,228	-	-	1,236,703,905	1,450,381,675
Distribution cost	42	(225,213,739)	(259,456,284)	(136,284,790)	(130,104,544)	-	-	(361,498,529)	(389,560,828)
Administrative expenses	43	(34,205,483)	(28,029,275)	(17,462,059)	(14,055,303)	-	-	(51,667,542)	(42,084,578)
		(259,419,222)	(287,485,559)	(153,746,849)	(144,159,847)	-	-	(413,166,071)	(431,645,406)
Operating Results		562,052,909	762,899,888	261,484,926	255,836,381	-	-	823,537,834	1,018,736,269
39.2 Segment assets		6,389,281,317	5,869,241,702	2,543,474,360	2,491,064,479	910,818,428	847,804,589	9,843,574,105	9,203,110,770
39.3 Unallocated assets								324,410,560	296,353,110
								10,167,984,665	9,499,463,880
39.4 Segment liabilities		661,205,504	421,446,817	181,811,181	228,417,832	59,681,923	44,357,017	902,698,608	694,221,666
39.5 Unallocated liabilities								6,087,920,591	5,673,870,455
								6,990,619,199	6,368,092,121
39.6 Depreciation		139,980,033	145,613,313	58,088,585	57,164,753	39,984,148	39,968,924	238,052,766	242,746,990

39.7 Inter-segment pricing

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

39.8 There were no major customer of company which formed 10 percent or more of the company's revenue.

	Note	30th June, 2014 Rupees	30th June, 2013 Rupees
40 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES			
40.1 Sales			
Total sales for reportable segment	39.1	14,124,996,158	15,345,348,591
Elimination of inter-segment	39.1	(1,823,590,822)	(2,377,369,362)
Total sales		12,301,405,336	12,967,979,229
40.2 Cost of sales			
Total cost of sales for reportable segment	41	12,888,292,253	13,894,966,916
Elimination of inter-segment	41.1	(1,823,590,822)	(2,377,369,362)
Total cost of sales		11,064,701,431	11,517,597,554
40.3 Assets			
Total assets for reportable segments	39.2	9,843,574,105	9,203,110,770
Long term deposits	6	31,205,049	40,480,940
Other financial assets	10	3,227,989	4,510,225
Income tax and sales tax	13	289,977,522	251,361,945
Unallocated assets	39.3	324,410,560	296,353,110
		10,167,984,665	9,499,463,880
40.4 Liabilities			
Total liabilities for reportable segments	39.4	902,698,608	694,221,666
Long term finances	18	187,169,484	275,539,818
Redeemable capital - Sukuk	19	858,848,327	1,070,181,035
Loan from directors and others	20	160,726,470	148,457,000
Liabilities against assets subject to finance lease	21	43,057,628	99,356,969
Deferred liabilities	22	516,109,062	502,191,333
Accrued interest / mark up	24	159,417,657	156,721,629
Short term borrowings	25	4,162,591,963	3,421,422,671
Unallocated liabilities	39.5	6,087,920,591	5,673,870,455
		6,990,619,199	6,368,092,121

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2014 Rupees	30th June, 2013 Rupees	30th June, 2014 Rupees	30th June, 2013 Rupees	30th June, 2014 Rupees	30th June, 2013 Rupees	30th June, 2014 Rupees	30th June, 2013 Rupees
41 COST OF SALES									
Raw material consumed	41.1	5,928,545,045	6,736,416,012	2,716,483,302	3,059,087,639	-	-	8,645,028,347	9,795,503,651
Stores and spares consumed		279,849,888	294,075,467	179,639,204	155,465,250	874,830,057	1,034,542,844	1,334,319,149	1,484,083,561
Sizing material consumed		960,548	-	61,773,183	27,153,865	-	-	62,733,731	27,153,865
Salaries, wages and benefits		727,511,317	692,180,700	170,627,989	165,219,774	20,620,373	16,988,217	918,759,679	875,388,691
Fuel, power and water:									
Inter-segment		557,413,750	615,705,404	386,661,463	480,877,637	-	-	944,075,213	1,096,583,041
Others		324,098,942	197,458,062	95,364,879	3,821,347	-	-	419,463,821	201,279,409
Repairs and maintenance		17,283,335	12,612,912	16,300,703	8,970,208	5,793,503	2,818,017	39,377,541	24,401,137
Insurance expenses		24,574,273	26,958,502	5,959,962	2,421,888	-	-	30,534,235	29,380,390
Rent, rates and taxes		705,471	948,687	-	-	-	-	705,471	948,687
Vehicle running and maintenance		15,844,161	15,764,599	3,439,944	3,054,555	-	-	19,284,105	18,819,154
Entertainment expenses		3,931,931	3,699,617	1,504,540	1,369,112	-	-	5,436,471	5,068,729
Communication expenses		1,406,846	1,393,983	687,542	536,191	-	-	2,094,388	1,930,174
Other expenses		2,946,024	2,486,155	8,789,909	6,987,413	2,847,132	2,265,039	14,583,065	11,738,607
Depreciation expenses		135,880,432	141,365,492	55,995,719	55,034,680	39,984,148	39,968,924	231,860,299	236,369,096
		8,020,951,963	8,741,065,592	3,703,228,339	3,970,999,559	944,075,213	1,096,583,041	12,668,255,515	13,808,648,192
Work in process									
Opening stock		105,343,028	96,935,168	128,447,046	94,234,457	-	-	233,790,074	191,169,625
Closing stock		(109,825,650)	(105,343,028)	(115,926,108)	(128,447,046)	-	-	(225,751,758)	(233,790,074)
		(4,482,622)	(8,407,860)	12,520,938	(34,212,589)	-	-	8,038,316	(42,620,449)
Cost of goods manufactured		8,016,469,341	8,732,657,732	3,715,749,277	3,936,786,970	944,075,213	1,096,583,041	12,676,293,831	13,766,027,743
Cost of cotton sold		-	63,196,768	-	-	-	-	-	63,196,768
Cost of other material sold		(3,323,810)	-	-	-	-	-	(3,323,810)	-
		8,013,145,531	8,795,854,500	3,715,749,277	3,936,786,970	944,075,213	1,096,583,041	12,672,970,021	13,829,224,511
Finished goods									
Opening balance		578,000,844	476,672,908	701,595,157	667,534,061	-	-	1,279,596,001	1,144,206,969
Finished goods purchased:									
Cost of other material sold		3,323,810	-	-	-	-	-	3,323,810	-
Yarn		94,618,900	184,381,930	641,025	16,749,507	-	-	95,259,925	201,131,437
		97,942,710	184,381,930	641,025	16,749,507	-	-	98,583,735	201,131,437
Closing stock		(490,606,858)	(578,000,844)	(672,250,646)	(701,595,157)	-	-	(1,162,857,504)	(1,279,596,001)
		8,198,482,227	8,878,908,494	3,745,734,813	3,919,475,381	944,075,213	1,096,583,041	12,888,292,253	13,894,966,916

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2014 Rupees	30th June, 2013 Rupees	30th June, 2014 Rupees	30th June, 2013 Rupees	30th June, 2014 Rupees	30th June, 2013 Rupees	30th June, 2014 Rupees	30th June, 2013 Rupees
41.1 Raw material consumed									
Opening balance		1,147,045,197	1,640,295,316	391,726,841	257,792,654	-	-	1,538,772,038	1,898,087,970
Purchases:									
Inter-segment		-	-	879,515,609	1,280,786,321	-	-	879,515,609	1,280,786,321
Other		6,538,299,034	6,306,362,661	1,834,396,023	1,912,235,505	-	-	8,372,695,057	8,218,598,166
		6,538,299,034	6,306,362,661	2,713,911,632	3,193,021,826	-	-	9,252,210,666	9,499,384,487
Cost of cotton sold		-	(63,196,768)	-	-	-	-	-	(63,196,768)
Closing stock		(1,756,799,186)	(1,147,045,197)	(389,155,171)	(391,726,841)	-	-	(2,145,954,357)	(1,538,772,038)
		5,928,545,045	6,736,416,012	2,716,483,302	3,059,087,639	-	-	8,645,028,347	9,795,503,651
42 DISTRIBUTION COST									
On export sales									
Export development surcharge		9,231,834	11,047,145	6,836,469	5,539,599	-	-	16,068,303	16,586,743
Regulatory duty on export		-	-	-	-	-	-	-	-
Freight		65,512,283	79,008,258	53,883,556	39,618,749	-	-	119,395,839	118,627,007
Commission		37,795,802	74,430,541	50,696,492	37,323,249	-	-	88,492,294	111,753,790
Clearing and forwarding		56,275,173	52,576,276	18,739,425	26,364,412	-	-	75,014,598	78,940,689
		168,815,092	217,062,220	130,155,942	108,846,009	-	-	298,971,034	325,908,229
On local sales									
Freight		20,064,303	11,489,096	159,500	5,761,216	-	-	20,223,803	17,250,312
Commission		36,334,344	30,904,968	5,969,348	15,497,319	-	-	42,303,692	46,402,287
		56,398,647	42,394,064	6,128,848	21,258,535	-	-	62,527,495	63,652,600
		225,213,739	259,456,284	136,284,790	130,104,544	-	-	361,498,529	389,560,829

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2014	30th June, 2013	30th June, 2014	30th June, 2013	30th June, 2014	30th June, 2013	30th June, 2014	30th June, 2013
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
43 ADMINISTRATIVE EXPENSES									
Director's remuneration		2,581,752	2,844,116	1,317,997	1,426,189	-	-	3,899,749	4,270,304
Salaries and benefits		11,798,675	9,440,675	6,023,279	4,734,033	-	-	17,821,954	14,174,708
Printing and stationery		2,526,248	1,449,469	1,289,661	726,838	-	-	3,815,909	2,176,307
Communication		830,614	736,572	424,032	369,354	-	-	1,254,646	1,105,926
Traveling and conveyance		5,735,439	3,168,576	2,927,968	1,588,885	-	-	8,663,407	4,757,461
Legal and professional charges		712,345	352,325	363,655	176,674	-	-	1,076,000	529,000
Auditors' remuneration		1,117,110	1,025,013	570,290	513,997	-	-	1,687,400	1,539,010
Rent, rates and taxes		1,231,353	1,466,181	628,612	735,217	-	-	1,859,965	2,201,398
Entertainment		647,041	596,779	330,318	299,255	-	-	977,359	896,034
Electricity, gas and water charges		1,335,128	1,118,360	681,589	560,798	-	-	2,016,717	1,679,158
Fees and subscription		1,095,359	835,586	559,186	419,005	-	-	1,654,545	1,254,591
Repairs and maintenance		117,459	48,476	59,964	24,309	-	-	177,423	72,785
Charity and donation		377,357	699,325	192,643	350,676	-	-	570,000	1,050,001
Depreciation		4,099,602	4,247,822	2,092,866	2,130,073	-	-	6,192,468	6,377,895
						-	-	-	-
		34,205,483	28,029,275	17,462,059	14,055,303	-	-	51,667,542	42,084,577

		Note	30th June, 2014 Rupees	30th June, 2013 Rupees

44 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises directors and key management personnel. Amounts due to related parties are shown in the relevant notes to the financial statements. Transactions with related parties are disclosed below.

Nature of transaction	Relationship	30th June, 2014 Rupees	30th June, 2013 Rupees
Loan received/(paid) - net	Key management personnel	11,423,697	83,471,881
Salaries and other benefits	Key management personnel	3,899,749	4,270,314

The company continues to have a policy whereby all transactions with related parties are entered at arm's length price using admissible valuation method and expenses are charged on actual basis.

45 PLANT CAPACITY AND PRODUCTION

Spinning

	30th June, 2014	30th June, 2013
Total no of spindles installed	73,488	73,488
Total no of rotors installed	1,104	1,104
Average no of spindles worked	72,560	73,488
Average no of rotors worked	1,064	1,104
Numbers of shift worked per day	3	3
Capacity of industrial unit after conversion into 20/s count - KGS	29,438,125	29,438,125
Actual production after conversion into 20/s count - KGS	22,482,266	24,823,951

It is difficult to describe the production capacity in textile industry since it fluctuates widely depending upon various factors such as count of the yarn spun spindles speed twist per inch and raw material used etc.

Weaving

	30th June, 2014	30th June, 2013
Rated capacity converted into 60 picks - Square meters	70,763,414	70,763,414
Actual production converted to 60 picks - square meters	56,933,450	65,301,382
Total numbers of looms worked	234	234
Number of shifts worked per day	3	3

Power Plant

		30th June, 2014	30th June, 2013
Installed capacity	MW	36.2	36.2
Installed capacity per hour per day	MWH	317.112	317.112
Prime capacity	MW	20	20
Stand by	MW	16.2	16.2
Installed prime capacity per hour per day	MWH	175.2	175.2
Actual generated per hour per day	MWH	93.594	115.402

Reason for Short Fall if Any

The installed capacity includes the stand by generation which is only used case of emergency shutdown of the prime engines.

46 NON ADJUSTING EVENT AFTER BALANCE SHEET

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2014 of Rs. NIL /- (June 30, 2013: Rs. 1.5) per ordinary share amounting to Rs. NIL /- (June 30, 2013:19,500,000) at their meeting held on **October 9, 2014** for approval of the members at the Annual General meeting to be held on **October 31, 2014**. These financial statements don't reflect this impact.

47 ACCOUNTING ESTIMATES AND JUDGMENTS

47.1 Income taxes

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

47.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

47.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

47.4 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

47.5 Interest rate and cross currency swap

The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

48 RECLASSIFICATION

There is no reclassification of items as compare to previuos year.

49 NUMBER OF EMPLOYEES

	30th June, 2014	30th June, 2013
Total number of employees as at	4,278	4,276
Average number of employees during the year	4,259	4,243

50 GENERAL

The figures have been rounded off to the nearest Rupee.

51 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 9, 2014.

Karachi: October 09, 2014

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

FORM OF PROXY

Please quote Registered Folio Number

I / We ____

Of ____

being member of QUETTA TEXTILE MILLS LIMITED and a holder of ______________

Ordinary shares, hereby appoint ____________________________________

______________________ of ______________________

who is also a member of the Company, as my / our proxy in my / our absence to attend and vote of me / us and on my / our behalf at the 51th Annual General Meeting of the Company to be held at the Registered Office at Nadir House (Ground Floor), I.I. Chundrigar Road, Karachi, on Friday, October 31 , 2014 at 9:00 a.m. or at any adjournment thereof

As witness my / our hand this ____________ day of ______________________ 2014

Signed by the said ____________________________________ in presence of

Member's Signature

Affix Five Rupees Revenue Stamps which must be cancelled either by signature over it or by some other means

Date : ______________

Witness's Signature

Important:

(1) This form of proxy, in order to be effective must be deposited duly completed at the Company's registered office at Nadir House (Ground Floor), I.I. Chundrigar Road, Karachi, not less than 48 hours before the time for holding the meeting.

(2) A proxy must be member of the Company.

(3) Signature should agree with the specimen registered with the Company.

Quetta Textile Mills Limited
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