Shadman
Cotton Mills Limited

35th ANNAUL REPORT 2014

CONTENTS

SHADMAN COTTON MILLS LIMITED

VISION STATEMENT

To be a dynamic, profitable and growth oriented organization through dedication, integrity and professionalism.

MISSION STATEMENT

Our mission is to achieve higher levels of sustainable growth and profitability by:

- Striving for excellence and sustaining position as a preferred supplier of yarn with a customer focused strategy.
- Providing diversified and value added textile products.
- Building a long term relationship with our customers, suppliers and other stake holders.
- Enhancing the profitability by employing latest technologies for achieving higher levels of efficiency, quality and productivity.
- Continuously responding to the changing needs of all our customers.
- Nurturing a work culture that generates creativity, enthusiasm, participation and professionalism.
- Developing, motivation and retaining people to achieve high team performance.
- Being a good corporate citizen by fulfilling our social responsibilities.

SHADMAN COTTON MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	:	MR. SHAHID MAZHAR (Chief Executive / Chairman) MR. AHMED BIN SHAHID MRS. GHAZALA SHAHID MRS. NAUREEN REHAN MR. MUHAMMAD AKHTAR MR. ABDUL RAZZAQ MR. FIDA HUSSAIN
AUDITORS	:	M/S MUSHTAQ & CO CHARTERED ACCOUNTANTS
LEGAL ADVISOR	:	MR. FAZAL MAHMOOD (ADVOCATE)
AUDIT COMMITTEE	:	MRS. NAUREEN REHAN (Chairperson) MRS. GHAZALA SHAHID (Member) MR. MUHAMMAD AKHTAR (Member)
H.R. ADD REMUNERATION COMMITTEE	:	MR. AHMED BIN SHAHID (Chairman) MR. SHAHID MAZHAR (Member) MR. MUHAMMAD AKHTAR (Member)
CHIEF FINANCIAL OFFICER / COMPANY SECRETARY	:	MR. FIDA HUSSAIN FCMA
BANKERS	:	ALLIED BANK LIMITED SONERI BANK LIMITED THE BANK OF PUNJAB HABIB BANK LIMITED HABIB METROPOLITAN BANK LTD MEEZAN BANK LTD
REGISTERED OFFICE	:	58, AL-HUMRA COOPERATIVE HOUSING SOCIETY, BLOCK 7/8,TIPU SULTAN ROAD, OFF: SHAHEED-E-MILLAT ROAD, KARACHI - PAKISTAN PHONE: (021) 34312876
HEAD OFFICE	:	2-E, BLOCK - G, MUSHTAQ AHMED GURMANI ROAD, GULBERG - II, LAHORE - PAKISTAN TEL: 042-35959121-26 FAX: 042-35959120
SHARE REGISTRAR	:	M/S TECHNOLOGY TRADE (PVT) LTD. 241-C, BLOCK-2, P.E.C.H.S., KARACHI.
MILLS	:	KOT SHAH MOHAMMAD, WARBURTON ROAD, FEROZ WATOAN, TEHSIL & DISTRICT : NANKANA SAHIB.
URL	:	www.shadman.com.pk

SHADMAN COTTON MILLS LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 35th Annual General Meeting of the Company will be held at Pakistan Institute of International Affairs, Aiwan-e-Sadar Road, Karachi, on Thursday the 27th November 2014 at 03:30 p.m. to transact the following business.

ORDINARY BUSINESS

1. To confirm the Minutes of the Extra Ordinary General Meeting of the Company held on 11 March, 2014.
2. To receive, consider, and adopt the audited financial statements for the year ended 30th June, 2014 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors of the Company and fix their remuneration for the next term.
4. To transact any other ordinary business as may be placed before the meeting with the permission of the Chair.

SPECIAL BUSINESS

To pass the following special resolution with or without modification (s), addition(s) or deletion (s)
"RESOLVED THAT registered office of the Company is shifted from 58, Al-Humra Cooperative Housing Society, Block 7/8, Tipu Sulatan Road, Off: Shaheed-e-Millat Road, Karachi, Sindh province TO 2-E, Block-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore, Punjab province."
Pursuant to above change clause (ii) of Memorandum of Association is also required to be altered as under.
"RESOLVED THAT the registered office of the Company will be situated in the province of Punjab"

Karachi:-
Dated: 31ST October, 2014

BY ORDER OF THE BOARD
Fida Hussain
Company Secretary

Notes:

1) The share transfer books of the Company will remain closed from November 20, 2014 to November 27, 2014 (Both days inclusive). Transfers received at Technology Trade (Pvt.) Limited, 241-C, P.E.C.H.S., Karachi, the Registrar and Share Transfer Office of the Company, at the close of the Business on November 19, 2014 will be treated in time for the entitlement to attend the Annual General Meeting.
2) A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company.
3) The instrument appointing a proxy, in order to be valid must be received at the Registered Office of the Company, 58, Al-Humra Cooperative Housing Society, Block 7/8, Tipu Sulatan Road, Off: Shaheed-e-Millat Road, Karachi, not less than forty-eight (48) hours before the time fixed for the meeting.
4) An individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her participant ID number and account/sub account number along-with Original Computerized National identity Card (CNIC) or original passport at the time of attending the meeting to prove his/her identity.

5) Members are requested to immediately inform of any change in their addresses to our Share Registrar Technology Trade (PVT) Limited, 241-C, P.E.C.H.S. , Karachi.
6) The financial statement of the company for the year ended 30th June 2014 has been published on the website and may be downloaded from the following link: http://www.shadman.com.pk
7) Pursuant to SRO No. 787(1)/2014 issued by SECP Islamabad dated September 08, 2014. The Members willing to get soft copy of Annual Report along with Notice of Annual General Meeting instead of hard copy are requested to send their e-mail addresses to the Company Secretary at the following postal and e-mail address:
Shadman Cotton Mills Limited, 2-E, Block-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore.
Tel: 042-35959121-26 (6 Lines) Fax: 042-35959120 E-Mail: **cfo@shadman.com.pk**
8) The statement u/s 160 of the Companies ordinance 1984 pertaining to the special business is annexed with a notice of Annual General Meeting to the Shareholders.

STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE 1984, PERTAINING TO THE SPECIAL BUSINESS.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on November 27, 2014.

A. CHANGE OF REGISTERED OFFICE.

The company was incorporates as a Public Limited Company on 24th November 1979 with main object of manufacturing and sale of Yarn. The Company was having 3 spinning Units. Two spinning Units are situated at Warberton (Punjab) and one unit was in Kotri which was sold on 30th June 2013.

Now the Company has Two spinning Units at warberton District Nankana located near to Lahore. The Head Office of the Company is also situated at Lahore. Now it is the need that Registered office to be shifted to Lahore for the following reasons.

I. To run and carry on business more economically and more efficiently.

II. Six out of Seven Directors reside in Lahore.

III. That 124 Shareholders holding 15,505,270 shares in their name which constitute 88% of the total paid up capital of 17,636,719 shares reside in Lahore only. There are many other who live in Punjab province. It is more convenient for them to attend the meeting of the Shareholders. Thus the members attending shareholders meetings will be holding shares equivalent to plus 90% of the Total paid up capital.

IV. The company will attain its main purpose by taking quick decision in the Board meetings and Addressing various government department for timely reply who usually communicate on the registered office of the Company.

V. All our lending institutions are situated in Lahore. It will be more convenient to best utilize the financial resources without any loss of time and communication gap while having registered office in Lahore.

INTEREST OF DIRECTORS IN SPECIAL BUSINESS.

The Directors of the Company have no special interest in the Special business other than being shareholders of the Company.

SHADMAN COTTON MILLS LIMITED
DIRECTOR'S REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2014

The Directors of your Company are pleased to present the 35th Annual report of the Company together with Audited Financial Statements and Auditors report thereon for the year ended June 30, 2014.

SUMMARY OF FINANCIAL RESULTS.

Following is the brief highlights of the financial results of the Company for the year ended June 30, 2014.

	2014	2013
	Rupees in Million	
Sales:	2704.99	5689.89
Gross profit/(Loss)	0.31	239.84
Operating Profit/(loss)	(70.89)	128.88
Profit/(Loss) before Tax:	(37.29)	39.46
Profit/(Loss) after Tax:	(67.88)	(2.79)

BREAK-UP VALUE AND EARNING PER SHARE

The break-up value of the shares as on June 30, 2014 was Rs. 31.94 as compared to Rs. 35.53 as at June 30, 2013. The earning per share for the year ended June 30, 2014 is Rs. (3.84) as compared to Rs. (0.16) of previous year as per computation given below:

	2014	2013
	Rupees	
Profit /(loss) after taxation	(67,877,044)	(2,791,508)
No. of ordinary shares	17,636,719	17,636,719
Earnings per share	(3.85)	(0.16)

OVERVIEW

The Company recorded turnover of Rs. 2.70 Billion in 2013-2014 compared to Rs. 5.6 Billion last year, which included turnover of Sindh Unit of Rs. 1.9 Billion. This Unit was sold in last year. The main reasons attributed to the decline in results include:

i. In previous years, the bulk of our sales have been in the export market. Thus 70% of total production was being sold abroad. During the 2013-14 financial year, we have faced enormous competition from other countries which have offered their products at lower prices in international markets as they were getting incentive from their government on Export of yarn.

ii. The cost of production has increased due to an increase in the cotton price and energy cost as detailed below:
   - Scheduled and unscheduled load shedding of Electricity, which causes disruption in production and increases the cost.
   - Scarcity of Gas and increase in rates by 14%.
   - Electricity rates have increased by 67%.
   - Transportation charges increased from Rs. 95/liter to Rs. 115/liter resulting increase of 21% over last year.

iii. There has been an increase in the responsibility of the withholding agent as withholding tax is now required not only on purchases but also on sales. Costs of compliance have increased due to a higher frequency of information requests received from the relevant departments.

iv. The squeezing of working capital due to accumulation of Sales Tax Refunds which have not been released even after the assurance of Finance Minister in the post budget speech.

v. The Market conditions also remained unfavorable for yarn.

vi. Due to all above problems the mills remained closed for 59 days and thereafter worked on single shift for 35 days.

FUTURE OUT LOOK

The current environment in the Textile industry is challenging due to cost pressures and increased competition. We are trying to achieve reduction in our cost base by streamlining production. In addition, through better management of financial resources and appropriate diversification, we are trying to improve the results.
We are hopeful to be out of this hard time very soon.

AUDIT REPORT

1. WRITE OFF OF ALLIED BANK LIMITED LOAN AND MARKUP.

The company has recognized as income the amount of principal and mark up amounting to Rs.48,888,064 and Rs. 57,270,090 respectively upon meeting the condition set for waiver vide bank's letter dated 20th September 2014 whereby all payments as stipulated therein were made during the year in aggregate amounting to Rs.114,061,894 to the bank against DF and CF facility. These stands fully settled as of the balance sheet date as disclosed correctly in the relevant note which have not been taken into consideration by the auditors.

2. GOING CONCERN

With Regard to Paragraph regarding going concern added by the auditors without qualifying their opinion on the financial statements of the company for the year ended June 30, 2014, the management would like to state that the industry as a whole suffered loss for the year due to power outages, high cost of Electricity, short supply of gas, fall in foreign orders due to global market condition, low selling rate in the local market due to oversupply and high production cost. The company has met all its market commitments and shall continue to do so and have necessary working capital to continue its operations unabated in foreseeable future.

CODE OF CORPORATE GOVERNANCE:

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

AUDIT COMMITTEE:

The Board of Directors in compliance to the code of corporate governance has established an audit committee and the following Directors constitute as members of the Committee.

- **(i)** Mrs. Naureen Rehan (Chairperson)
- **(ii)** Mrs. Ghazala Shahid (Member)
- **(iii)** Mr. Muhammad Akhtar (Member)

The Chairperson is non-executive whereas other two members are the executives.
The Management is in the process of implementing true spirit of the code of corporate Governance, which will be implemented very soon.

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Board of Directors in compliance to the code of corporate governance has established human resource and remuneration committee in the last quarter of the financial year and the following non-executives directors are its member.

- (i) Mr. Ahmed Bin Shahid (Chairman)
- (ii) Mr. Shahid Mazhar (Member)
- (iii) Mr. Muhammad Akhtar (Member)

The HR Committee gives various suggestions from time to time, which are implemented to the best of the Company's resources. Opportunities of training at various levels are also provided to the employees of the Company.

SECTOR-WISE REPORTING:

The financial statements up to 30th June 2013 were prepared to report sector wise information. After the sale of Sindh Unit, now only Punjab Sector is operating, therefore the necessity of sector wise reporting does not arise.

SAFETY, HEALTH & ENVIRONMENT:

We maintain a culture of encouraging best health and safety practices amongst our workers by imparting awareness. We are pleased to inform you that there has been no incident of safety and health during the year. The Company actively strives to provide a safe and healthy workplace for its employees toward communities and environment in which it operates. There have been more plantations by increasing the area of green field to improve the environment.

CORPORATE SOCIAL RESPONSIBILITIES (CSR):

Corporate Social Responsibility (CSR) is about business giving back to society. As a routine, we strive to safeguard the health and well-being of our employees, neighbors and customers. As well as the communities in which we live, work and operate.

DEBT SERVICING:

The Company has completely settled with ALLIED BANK LIMITED two financial facilities i.e. cash finance and demand finance, whereas running finance is restructured.

The Company is repaying its installments on time and there has been no default. The payments to Meezan Bank are also on time except last due installment.

SALES TAX AND INCOME TAX REFUNDS:

There are Income and Sales Tax refund which have gradually increased and reached to a level of Rs.57.940 Million due from Government but the same have not been released by the Government Department for the last three years. Thus a huge amount of our working capital has been blocked.

DIVIDEND:

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

AWARD OF LITIGATION:

In the previous financial statement two Show Cause Notices from Sales Tax Department were reported.

a) Show Cause Notice of Audit 2011,
b) Crest Show Cause Notice:

The Company provided all the required documents to support our view point and both the above Show Cause Notice have been finalized by the DCIT raising a nominal demand which will be paid in due course.

Apart from above the other litigation matters are still being defended vigorously.

CODE OF CORPORATE GOVERNANCE:

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

- The financial statements, together with the notes thereon have been drawn up in conformity with the Companies ordinance 1984. These Statements present fairly the Company's state of affairs, results of its operation, cash flow, comprehensive income and changes in equity.
- The Company entered in arm length transaction with thirds parties. These transactions are in compliance with the directives issued by the Security & Exchange Commission of Pakistan (SECP) in this regard.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The international Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal Control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The key operating and financial data for the last six years in summarized from is annexed.
- Information about taxes and levies is given in the notes to the accounts.
- All the directors of the company are registered as tax-payer and none of all company's directors is in default of payment of any dues to a banking company, DFI, NBFI or Stock Exchange.
- None of the Directors of the Company is serving on the Board of 7 or more listed companies. The company operates an unfunded gratuity covering all its employees who have completed their qualifying period. Provision is made annually to cover current obligation under the scheme. The company has adopted the revised IAS 19 and as a result thereof actuarial valuation has been carried out as at June 30, 2014.
- Detail regarding acquisition of shares by CEO/Directors/CFO Company Secretary is as below.

Mian Shahid Mazhar (CEO) Acquired 7195956 shares from Mrs. Rafia Sultana as a gift.
Gifted 209488 shares to Mr. Ahmed Bin Shahid.
Gifted 1500000 shares to miner Mr. Afnan Bin Shahid. (Minor son)

Mr. Fida Hussain (Director) Acquired 500 Shares
Mr. Abdul Razzaq (Director) Acquired 500 Shares

BOARD MEETINGS:

During the year under review, two Board of Directors meetings were held by the previous management up to 27th January, 2014 and **6** meetings were held by the new management up to 30th June, 2014. The attendance record of the Directors is presented below.

Sr No.	Directors Names	No. of Meetings Attended	Sr No.	Directors Names	No. of Meetings Attended
1	Mr. Zahid Mazhar	2/2	7	Mr. Ahmed Bin Shahid	8/8
2	Mr. Omer Bin Zahid	2/2	8	Mrs. Naureen Rehan	8/8
3	Mr. Hassan Bin Zahid	2/2	9	Mr. Fida Hussain	5/5
4	Mrs. Naila Zahid	2/2	10	Mr. Muhammad Akhtar	5/5
5	Mr. Shahid Mazhar	8/8	11	Mr. Abdul Razzaq	5/5
6	Mrs. Ghazala Shahid	8/8			

AUDITORS:

The Auditors of the Company M/S. Mushtaq & Co. Chartered Accountants retire at the conclusion of the Annual General Meeting & being eligible; offer themselves for re-appointment as Auditors for the next term.

PATTERN OF SHARE HOLDING:

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

ACKNOWLEDGEMENT:

The Directors of the Company would like to take the opportunity to thank the Shareholders, valued clients and bankers for the co-operation extended by them during the course of business activities. The Directors are also pleased to record their appreciation for the continued diligence and devotion of the staff members and workers of the Company.

On behalf of the Board of Directors

Karachi:
Dated: 31st October, 2014

Chief Executive

KEY OPERATING & FINANCIAL DATA
FOR THE PERIOD FROM JULY 2008 TO JUNE 2014

PARTICULARS	July-June 2013-2014	July-June 2012-2013	July-June 2011-2012	July-June 2010-2011	July-June 2009-2010	July-June 2008-2009
Net Sales Revenue	2,704,995,003	5,689,892,326	4,281,832,449	5,445,986,182	4,292,240,669	3,215,227,415
Cost of Goods Sold	2,704,680,340	5,450,046,960	4,277,593,476	5,177,423,804	3,812,795,807	3,070,480,818
Gross Profit	314,663	239,845,366	4,238,973	268,562,378	479,444,862	144,746,597
Operating Profit/(Loss)	(70,890,818)	128,877,280	(97,094,112)	160,945,883	361,795,767	65,281,423
Profit/ (Loss) Before Tax	(37,296,905)	39,460,341	(269,152,707)	(32,322,315)	135,119,724	(188,110,461)
Profit/ (Loss) After Tax	(67,877,044)	(2,791,508)	(311,287,553)	(76,839,955)	93,878,058	(137,069,549)
Paid Up Capital	176,367,190	176,367,190	176,367,190	176,367,190	176,367,190	176,367,190
Current Assets	508,873,781	678,436,921	923,325,881	1,297,374,834	1,012,624,675	1,089,138,963
Current Liabilities	1,087,114,083	1,147,186,123	1,689,819,267	1,810,107,510	1,477,676,850	1,579,479,354

Production in ‘000’ kgs	8,961	19,850	18,687	21,090	25,574	25,401

SHADMAN COTTON MILLS LIMITED

STATEMENT OF COMPLIANCE

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

This statement is being presented to comply with the Code of corporate Governance contained in the Regulation No. 37 of listing Regulations of Karachi and Lahore Stock Exchanges. For the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Board comprises seven directors, including the CEO. The Company encourages representation of independent non-executive directors on its Board including those representing minority interests. At present, the Board includes one non-executive director and does not have independent director as required by clause of code. Subsequently, management is taking measure to appoint independent directors as required by the code. Present categorization is as under:-

Category	Name
Executive Directors	Mr. Shahid Mazhar Mr. Ahmed Bin Shahid Mrs. Ghazala Shahid Mr. Fida Hussain Mr. Muhammad Akhtar Mr. Abdul Razzaq
Non-Executive Directors	Mrs. Naureen Rehan

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

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

4. During the year, casual vacancies occurred in the Board of Directors and were filled as per law. The election of Board of Directors was also held during the year and new Board of Directors was approved in the EOGM.

5. The Company has prepared a statement of Ethics and Business Practices which has been signed by all the Directors and senior employees of the Company.

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

7. All the powers of the Board have been duly exercised and decisions on material transaction, including appointment and determination of terms and conditions of employment of the CEO have been taken by Board.

8. The meeting of the Board were presided by the Chairman. The Board met at least once in every quarter. Written notices of Board Meetings, along with agenda and work papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

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

10. New appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year. Presently, head of internal auditor does not meet the qualification criteria as required by the code.

Subsequent to the yearend management is considering to appoint Head of internal Audit having relevant qualification as required by the code.

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

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

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

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises three members, including One non-executive Directors who is the Chairperson of the Committee, where as the code requires that the company should have an Audit Committee comprising of at least three non-executive directors and at least one of them should be independent director. The company is currently in process of revising as per the requirement of code and will take necessary measures in subsequent periods.

16. The Board has formed a human Resource and Remuneration Committee. It comprises three members; Currently the committee does not contain three non-executive Directors as required by the code. The Company is in process of reconstituting the Committee to include one independent director and remaining non-executive Directors.

17. The meeting of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code.

    The terms of reference of the Committee have been formed and advised to the Committee for compliance.

18. The Board has setup an effective internal Audit function manned by suitable and experienced personnel who are conversant with the policies and procedures of the Company. They are involved in the internal Audit function on full time basis. The management is however in the process to reconstitute the same as explained at Serial # 10 above.

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

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

21. The " close period "prior to the announcement of interim / final results and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchange.

22. The Company has complied with all the major corporate and financial reporting requirements to the code. There is no related party's transaction which requires approval by the Board.

23. We confirm that all other material principles contained in the Code have been complied with except for the requirements pertaining to in composition of Board of Directors or some its committees.

On behalf of the Board of Directors

Karachi:

Dated: 31st October 2014

Chief Executive

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2014 (FORM-34)

No. of Shareholders	Shareholdings		Total Shares Held
654	Shareholding From 1	To 100	16,760
238	Shareholding From 101	To 500	54,064
166	Shareholding From 501	To 1000	118,108
127	Shareholding From 1001	To 5000	253,716
11	Shareholding From 5001	To 10000	67,189
16	Shareholding From 10001	To 100000	448,132
9	Shareholding From 100001	To 1000000	3,523,139
3	Shareholding From 1000001	To 2000000	4,105,528
1	Shareholding From 9000001	To 10000000	9,050,083
1225			**17,636,719**

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2014 (FORM-34)
ADDITIONAL INFORMATION

Categories of Shareholders		Number of Shares Held	Percentage %
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.			
	Sub - Totals :	0	0
INSURANCE COMPANIES			
	Sub - Totals :	0	0
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN			
MR. SHAHID MAZHAR		9,550,083	
MRS. GHAZALA SHAHID		401,566	
MR. AHMED BIN SHAHID		1,500,000	
MRS. NAUREEN REHAN		519,793	
MASTER AFNAN BIN SHAHID		1,500,000	
MR. FIDA HUSSAIN		500	
MR. MUHAMMAD AKHTAR		500	
MR. ABDUL RAZZAQ		500	
	Sub - Totals :	13,472,942	76.4
MODARABAS AND MUTUAL FUNDS.			
	Sub - Totals :	0	0
NIT AND ICP			
M/S. NATIONAL BANK OF PAKISTAN,		2,500	
IDBL (ICP UNIT)		600	
M/S. INVESTMENT CORPORATION		479	
	Sub - Totals :	3,579	0.02
FOREIGN INVESTORS			
MOHAMED HAFEEDH FAIROOZUDDIN WADHWA SAND		7,523	
M/S. COLOMBY TRADING LTD.		100	
	Sub - Totals :	7,623	0.04
OTHERS			
FIKREE'S (SMC - PVT) LTD.		500	
ELIXIR SECURITIES PAKISTAN (PVT.) LTD.		300	
128 SECURITIES (PVT) LTD.		66	
MUHAMMAD AHMED NADEEM SECURITIES (SMC - PV		27	
AWJ SECURITIES (PRIVATE) LIMITED.		3,386	
CAPITAL VISION SECURITIES (PVT) LTD.		1,361	
NH SECURITIES (PVT) LIMITED.		120	
NH HOLDINGS (PVT) LTD		1,077	
Y.S. SECURITIES & SERVICES (PVT) LTD.		78	
FIRST CAPITAL EQUITIES LIMITED		345	
KARACHI STOCK EXCHANGE LIMITED		39	
	Sub - Totals :	7,299	0.04
Individual			
Local - Individuals		4,145,276	
	Sub - Totals :	4,145,276	32.01
G- Totals :		**17,636,719**	**100**

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
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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 enclosed statement of compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Shadman Cotton Mills Limited for the year ended June 30, 2014 to comply with the requirements of 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 and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the Code.

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

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

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

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

Paragraph Reference	Description
1	Board of directors does not contain majority of non executive directors and Board of directors is not represented by any independent director as required by clause (I) of code.
9	Appropriate arrangement to carry out Director training program has not been carried out as specified in clause (XI) of Code.

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10	Head of internal auditor does not meet the qualification criteria as required by clause (XIV) the code.
15	Audit committee does not contain three non executive director and independent directors as required by clause (XXIV) of code.
16	Human resource and remuneration committee does not contain majority of non-executive Director including independent Directors as required by clause (XXV) the code.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Abdul Qadoos, ACA

Lahore:
Dated: 31st October 2014

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AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of Shadman Cotton 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) As fully explained in note 9.1.2 of the financial statements, company has written off outstanding bank liability aggregating to Rs. 106.158 million in respect of demand finance amounted to Rs. 16.315 million, cash finance amounted to Rs. 32.572 million accrued markup on demand and cash finance amounted to Rs. 57.270 million. The above balances were confirmed by the bank as receivable from the company in response to our balance confirmation request and have not been written off by the bank in its financial records as at June 30, 2014. Had the company accounted for the outstanding bank liability as confirmed by bank, loss for the year would have been higher by Rs. 106.158 million, accrued markup would have been higher by Rs. 57.270 million, loan liability would have been higher by Rs. 48.887 million and accumulated loss would have been higher by Rs. 106.158 million.

(b) in our opinion, except for the effect of matter discussed in paragraph (a) above, have been kept by the company as required by the Companies Ordinance, 1984;

(c) in our opinion;

(i) Except for the effect of matter discussed in paragraph (a) above, the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, except for change in accounting policies as stated in note 3.1 to the accompanying financial statements with which we concur;

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

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

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

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

(f) Without further qualifying our opinion, we draw attention to note 1.1 in the financial statements which indicates that the company incurred a net loss of Rupees 67,877,044 during the year ended June 30, 2014 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 578,240,302. These conditions, along with other matters as explained in note 1.1 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Abdul Qadoos, ACA

Lahore:
Dated: 31st October 2014

SHADMAN COTTOM MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

EQUITY AND LIABILITIES	Note	2014 Rupees	2013 Rupees
SHARE CAPITAL AND RESERVE			
Authorized Capital			
18,000,000 (2013: 18,000,000) Ordinary shares of Rs.10 each		180,000,000	180,000,000
Issued, subscribed and paid up capital	5	176,367,190	176,367,190
Capital reserve	6	53,218,752	53,218,752
Accumulated loss		(271,427,657)	(238,007,847)
		(41,841,715)	(8,421,905)
Surplus on revaluation of property, plant and equipment	7	654,224,618	635,097,915
Deferred income	8	4,045,217	6,742,029
NON-CURRENT LIABILITIES			
Long term financings	9	88,388,162	113,291,797
Liabilities against assets subject to finance lease	10	7,672,001	36,309,032
Deferred liabilities	11	109,195,910	171,848,413
		205,256,073	321,449,242
CURRENT LIABILITIES			
Trade and other payables	12	269,094,197	320,476,401
Accrued interest / mark-up on loans	13	260,747,752	260,229,309
Short term borrowings	14	364,745,189	392,852,743
Current portion of:			
Long term financings	9	23,333,330	20,000,000
Overdue bank liabilities	9	112,299,032	102,284,822
Liabilities against assets subject to finance lease	10	28,637,031	19,306,905
Provision for taxation		28,257,552	32,035,942
		1,087,114,083	1,147,186,123
CONTINGENCIES AND COMMITMENTS	15		
		1,908,798,276	**2,102,053,404**

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Karachi, 31st October 2014

SHADMAN COTTOM MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

ASSETS	Note	2014 Rupees	2013 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,380,998,221	1,408,043,568
Capital work in progress	17	3,353,359	-
Long term deposits	18	15,572,915	15,572,915
CURRENT ASSETS			
Stores, spare parts and loose tools	19	80,516,944	78,999,842
Stock in trade	20	233,301,350	216,347,983
Trade debts	21	90,869,831	150,199,642
Loans and advances	22	26,752,575	14,785,171
Trade deposits and short term prepayments	23	-	-
Other receivables	24	12,326,880	116,356,426
Other financial assets	25	1,031,250	924,250
Tax refund due from the Government	26	57,940,551	71,971,234
Cash and bank balances	27	6,134,400	28,852,373
		508,873,781	678,436,921
		1,908,798,276	**2,102,053,404**

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE

Karachi, 31st October 2014

DIRECTOR

SHADMAN COTTON MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	Restated 2013 Rupees
Sales - Net	28	2,704,995,003	5,689,892,326
Cost of sales	29	(2,704,680,340)	(5,450,046,960)
Gross profit		314,663	239,845,366
Distribution cost	30	(19,928,811)	(31,803,985)
Administrative expenses	31	(51,276,670)	(79,164,101)
Other operating expenses	32	(2,626,021)	(9,186,308)
Finance cost	33	(78,817,110)	(125,751,380)
		(152,648,613)	(245,905,774)
		(152,333,950)	(6,060,408)
Other income	34	115,037,045	45,520,749
(Loss) / profit before taxation		(37,296,905)	39,460,341
Taxation	35	(30,580,139)	(42,251,849)
Loss for the year		**(67,877,044)**	**(2,791,508)**
Loss per shares - Basic and diluted	36	**(3.85)**	**(0.16)**

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE
Karachi, 31st October 2014

DIRECTOR

SHADMAN COTTON MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	Restated 2013 Rupees
Loss for the year		(67,877,044)	(2,791,508)
Item that will not be reclassified to profit and loss account:			
Remeasurement on staff retirement benefits		1,504,380	(4,050,261)
Deferred tax on remeasurement of staff retirement benefits		-	-
Total other comprehensive income-net of tax		1,504,380	(4,050,261)
Total comprehensive loss for the year		**(66,372,664)**	**(6,841,769)**

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE
Karachi, 31st October 2014

DIRECTOR

SHADMAN COTTON MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	RESERVES		Sub total	Total equity
		Capital Reserve	Accumulated loss		
			PKR		
Balance as at July 01, 2012	**176,367,190**	**53,218,752**	**(364,421,443)**	**(311,202,691)**	**(134,835,501)**
Total comprehensive loss for the year - 2013	-	-	(6,841,769)	(6,841,769)	(6,841,769)
Transfer from surplus on revaluation of property, plant and equipment-disposed off			109,584,642	109,584,642	109,584,642
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation	-	-	23,670,721	23,670,721	23,670,721
Balance as at June 30, 2013	**176,367,190**	**53,218,752**	**(238,007,847)**	**(184,789,095)**	**(8,421,905)**
Comprehensive (loss) for the year - 2014	-	-	(66,372,664)	(66,372,664)	(66,372,664)
Transfer from surplus on revaluation of property, plant and equipment - disposed off			-	-	-
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation	-	-	32,952,854	32,952,854	32,952,854
Balance as at June 30, 2014	**176,367,190**	**53,218,752**	**(271,427,657)**	**(218,208,905)**	**(41,841,715)**

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE
Karachi, 31st October 2014

DIRECTOR

SHADMAN COTTON MILLS LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	Restated 2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		**(37,296,905)**	**39,460,341**
Adjustments for:			
Depreciation of property, plant and equipment		66,535,483	72,741,627
Amortization of deferred income		(2,696,812)	(2,844,661)
Provision for gratuity		4,079,034	18,837,749
Bank liabilities waived off		(48,888,064)	-
Accrued markup waived off		(57,270,090)	-
Exchange loss		316,763	5,825,245
Exchange gain		-	(1,122,421)
Investment at fair value through profit and loss		(107,000)	(142,000)
Credit balance written off		67,819	1,266,091
Bad debts written off		103,330	354,064
Worker's profit participation fund		-	1,899,682
Worker's welfare fund		-	683,886
Gain on disposal of property, plant and equipment		(358,448)	(33,577,376)
Loss on disposal of property, plant and equipment		-	423,431
Finance cost		78,817,110	125,751,380
Cash flow before working capital changes		**3,302,220**	229,557,038
(Increase)/decrease in current assets			
Store, spares and loose tools		(1,517,102)	16,541,894
Stock in trade		(16,953,367)	242,012,680
Trade debts		58,909,718	30,968,425
Loans and advances		(11,967,404)	37,491,642
Trade deposits and short term prepayments		-	899,053
Sales Tax refundable		(14,349,715)	36,594,852
Other receivables		104,029,546	(104,152,789)
		118,151,676	260,355,757
Increase/(decrease) in current liabilities:			
Trade and other payables		(49,550,341)	(21,401,022)
Cash generated from operation		**71,903,555**	**468,511,773**
Finance cost paid		(21,028,577)	(58,472,736)
Gratuity paid		(16,088,815)	(12,903,181)
Worker's profit participation fund paid		(1,899,682)	(5,373,269)
Taxes paid		(3,036,918)	(25,426,321)
		(42,053,992)	(102,175,507)
Net cash generated from operating activities		**29,849,562**	**366,336,265**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant & equipment		998,058	373,974,185
Capital expenditure		(43,483,104)	(89,173,798)
Loan written off		48,888,064	-
Long term deposit		-	(1,434,400)
Net cash generated/ (used in) investing activities		**6,403,018**	**283,365,987**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of long term financing		(11,556,095)	(215,293,710)
Short term borrowings		(28,107,554)	(415,083,442)
(Repayment) of liabilities against assets subject to finance lease		(19,306,905)	1,274,981
Net cash (used) in financing activities		(58,970,554)	**(629,102,171)**
Net (decrease) in cash and cash equivalents		(22,717,974)	20,600,081
Cash and cash equivalents at the beginning of year		28,852,373	8,252,292
Cash and cash equivalents at the end of year	27	**6,134,400**	**28,852,373**

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE
Karachi, 31st October 2014

DIRECTOR

SHADMAN COTTON MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. THE COMPANY AND ITS OPERATION

The Company was incorporated in Pakistan as a public limited company on November 24, 1979 under the Companies Act, 1913 (Now Companies Ordinance, 1984) and is quoted on Karachi and Lahore Stock Exchanges. The main business of company is manufacturing and sale of yarn. The registered office of the company is located at 58 Alhumra Housing society Block 7/8 Tipu Sultan Road, Shaheed-E-Millat Road Karachi.

1.1 During the year ended June 30, 2014 the company has incurred a net loss after tax of Rs. 67,877,044 and as on the said date its current liabilities exceed its current assets by Rs.578,240,302 and its accumulated loss compute to Rs. 271,427,657. These conditions along with adverse key financial ratios, pending litigations with the banking companies indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors:

a The management has considered all available information and based on the current market trends, results obtained in the subsequent months and other information has prepared a future projections for five years. The said projections entails that the company will be able to generate positive cash flows from its operations and negates any doubts over the going concern assumption of the entity.

b The management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the man power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adapting all such measures.

c During the year, management has injected director loan amounted to Rs. 19, 390,000. The management expects further equity injection from the sponsoring directors as and when required. Management believes that this equity injection will help the company in overcoming the current working capital deficit and will result in overcoming the present position.

The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the improvement of the Company Financial Position in the foreseeable future.

1.2 During previous year the Company sold Sindh segment of Shadman Cotton Mills Limited with the approval of Board of Directors and share holders in EOGM. U.Section 196 (3) and SRO No. 1227/2005 dated 5th December 2005 clause (i) complied with Section 160 (i) (b). In order to dispose off assets at market rate, valuation of assets at market value was determined by Independent Valuer.

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 (IFRSs) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provision of and directives issued under the Companies Ordinance, 1984, in case requirement differ the provision or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Accounting Convention

These financial statements have been prepared on 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 Pakistan Rupees which is the company's functional and presentation currency. All financial information in Pakistan 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 reported amounts of assets, liabilities, income and expenses. The estimates and associated assumption are based on historical experiences 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. Revision to accounting 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 to these financial statements.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

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

Following are the amendments that are applicable for accounting periods beginning on or after January 1, 2013:

- 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 'Employee 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 liability and the discount rate, measured at the beginning of the year. Refer note 4.13 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 is 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.

Effect on other comprehensive income	**2013 Rupees**
Remeasurement of gain / loss on defined benefits plan	4,050,261
Tax on remeasurement of gain / loss on defined benefits plan	-

Effect on profit and loss account	**2013 Rupees**
Increase in loss for the year - net of tax	4,050,261

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

- IFRIC 20 - Stripping cost in the production phase of a surface mining. The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company. The amendment does not have any effect on the company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

4 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.

4.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost/revalued amount less accumulated depreciation except freehold land and leasehold land, which are stated at cost/revalued amount less impairment losses, if any. Cost comprises of acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 16. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost of replacing part of an item of property, plant and equipment is recognized 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 carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the profit and loss account.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

4.2 Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

4.3 De-recognition

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

4.4 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

4.5 Investments

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

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

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

4.6 Investment at fair value through profit or loss

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

4.7 Held-to-maturity

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

4.8 Available-for-sale

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

a) Quoted

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

b) Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

4.9 Inventories

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

a) Stores, spares and loose tools

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

b) Stock in trade

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

(i)	For raw materials	Annual average basis
(ii)	For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.
(iii)	Materials in transit	Valued at cost comprising invoice value plus other charges paid

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

4.10 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy of financial reorganization, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

4.12 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

4.13 Staff Retirement Benefit

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

The Company's obligation is determined through actuarial valuations carried out under the 'Projected Unit Credit Method'. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. Any change in past service cost is immediately recognized in profit or loss account.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service costs are recognized in profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

4.14 Trade and other payables

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

4.15 Taxation

Current year

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

4.16 Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

4.17 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

4.18 Provisions

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

4.19 Revenue recognition

Revenue from sale of goods is recognized when goods are dispatched to customers and invoices raised.

Operating lease rentals are recorded in profit and loss account on a time proportion basis over the term of the lease arrangements.

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

4.20 Financial Instruments

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

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

4.21 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

4.22 Foreign currency transactions and translation

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

4.23 Impairment

a) Financial Assets

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

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

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

b) Non Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

4.24 Off-setting of financial assets and liabilities

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

4.25 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

4.26 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.27 Dividend and other appropriations

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

4.28 Related party transactions

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Ordinance 1984.

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014 No. of shares	2013 No. of shares		Note	2014 Rupees	2013 Rupees
11,627,344	11,627,344	Ordinary shares of Rs.10 each allotted for consideration paid in cash		116,273,440	116,273,440
6,009,375	6,009,375	Ordinary shares of Rs. 10 each allotted as bonus shares		60,093,750	60,093,750
17,636,719	17,636,719			176,367,190	176,367,190

5.1 There was no movement during the reporting year.

5.2 The shareholders are entitled to receive all distributions to them in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

6 CAPITAL RESERVE

	2014	2013
Share premium	53,218,752	53,218,752
	53,218,752	53,218,752

The company had issued 3,527,344 ordinary shares at a premium of Rs. 8 per share in the year 2002 and 2,500,000 ordinary shares at premium of Rs.10 per share in the year 1992.

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The land, building and plant & machinery of the company was revalued by M/s Sadruddin & Associates, Karachi, an approved valuer on March 01, 2009 on the basis of depreciated replacement value. The resulting revaluation surplus of Rs.707,335,349 has been credited to surplus on revaluation account.

The Revaluation of Land, Building and Plant & Machinery was carried by M/s K.G. Traders (PVT) Limited, an approved valuer on the basis of market value which resulted a revaluation surplus of Rs. 334.65 million, which has been credited to surplus on revaluation account on 30.06.2013.

	2014	2013
Opening balance - gross	765,476,502	610,489,525
Add: Surplus arised during the year	-	288,242,340
	765,476,502	898,731,865
Transfer to unappropriated profit in respect of:		
Disposal of property, plant and equipment	-	(109,584,642)
Incremental depreciation on revalued assets	(32,952,854)	(23,670,721)
	(32,952,854)	(133,255,363)
Closing balance - gross	732,523,648	765,476,502
Related deferred tax		
Deferred tax at the beginning of the year	130,378,587	132,382,714
Provided during the year	-	49,094,425
Effect of tax rate change	(3,834,664)	(3,782,363)
Effect of change in local sales percentage	(42,632,250)	(9,125,837)
Deferred tax on incremental depreciation	(5,612,643)	(4,031,679)
Deferred tax on disposal	-	(34,158,673)
Related deferred tax liability	78,299,030	130,378,587
Closing balance - net of tax	654,224,618	635,097,915

8 DEFERRED INCOME

	2014	2013
Deferred gain on sale and lease back	6,742,029	1,496,254
Add: Deferred gain arise on sale and lease back during the year	-	8,090,436
Less: Amortized during the year	(2,696,812)	(2,844,661)
	4,045,217	6,742,029

8.1 This represents excess of sale proceeds over carrying amount in sale and lease back of asset. This amount is being amortized over the lease term (3 years) in equal proportion.

		Note	2014 Rupees	Restated 2013 Rupees
9	**LONG TERM FINANCING**			
	From Banks - Secured			
	Allied Bank Limited - Demand Finance 1	9.1	-	16,315,958
	Allied Bank Limited - Demand Finance 2	9.2	53,334,152	81,307,162
	Allied Bank Limited - Demand Finance 2 - frozen markup	9.2	38,997,340	31,984,635
	The Bank of Punjab - Demand finance -1 -LTF	9.3	17,863,256	17,863,256
	The Bank of Punjab - Demand finance -2	9.4	80,000,000	80,000,000
	Habib Bank Limited - Term finance	9.5	8,105,608	8,105,608
	From related party - Unsecured			
	Associated company		-	122,813,014
	Directors	9.6	19,390,000	2,700,000
	Less : Transferred to Nadeem Textile Mills Limited	1.2	-	(125,513,014)
			217,690,356	235,576,619
	Less: Current maturity shown under current liabilities		(23,333,330)	(39,925,445)
	Transferred to Nadeem Textile Mills Ltd.	1.2	-	19,925,445
	Total Current Maturity		**(23,333,330)**	**(20,000,000)**
	Less: Overdue installments		(105,968,864)	(102,284,822)
			88,388,162	**113,291,797**

9.1 Allied Bank Limited - Demand Finance

9.1.1 The demand finance of Rs. 200 million was obtained and was secured by way of pari passu charge over the fixed assets of the company to the extent of Rs. 296 million. The loan was obtained for five years and payable in 10 half yearly installments commencing from June 2006. It carries mark-up 6 Months KIBOR plus 1.5% per annum payable quarterly.

9.1.2 The company had entered into restructuring agreement with Allied Bank Limited during the year ended June 30, 2013. As per agreement 70% payment of principal amount of each financial facilities was required to be paid. On 70% payment balance 30% principal and all accrued mark up was allowed to be waived off thus Rs. 76.002 million being 70% was Payable on CF, which has been successfully paid. Rs. 38.063 million being 70% was payable on DF which has been fully paid. Both the above finance facilities stand fully paid as per agreement. Thus balancing outstanding principal amount equal to 30 percent of demand finance amounting to Rs.16.315 million and accrued markup on demand finance amounted to Rs. 21.661 million has been written off upon successful payment of 70 percent amounted to Rs.38.063 million.

The company has also written off balancing outstanding principal amount equal to 30 percent of cash finance amounting to Rs.32.572 million and accrued markup on cash finance amounted to Rs. 35.609 million upon successful payment of 70 percent amounted to Rs.76.002 million.

Regarding running Finance of 100 million, the Bank has rescheduled 70% loan to be paid in 30 Installments of Rs. 2.33 million each amounting to Rs. 70.0 million. The company has successfully paid 20 installments amounting to Rs. 46.667 million and 10 installments amounting to Rs. 23.333 million are yet to be paid which will end in April 2015. Thus the company has not taken any write off on principal or accrued mark up on this loan as further explained in Note # 9.2.

On the whole in all three facilities of Rs. 262.95 million.Rs. 184.065 million being 70% of the principal was required to be paid. The company has paid Rs. 160.728 million which constitute 87% of the 70% of the principal agree to be payable on the whole. As a prudent policy in such situation the gradual write off is to be taken in the books to avoid distortion. Since payment of 70% on cash finance and demand finance facility was successfully made up to June 2014, hence the relevant remaining 30% balance is written off in the books.

9.2 The company has converted running finance of Rs. 100 million to demand finance II as a result of restructuring agreement with the bank. Out of the total 100 million amount, Rs.70 million is payable in 30 equal monthly installments of Rs. 2.333 million. Upon successful repayment of Rs. 70 million bank will write off balance amount of Rs. 30 million along with waiver of entire mark up on the facility (already accrued and to be accrued till the date of settlement) subject to compliance with the special terms and condition of the facility letter. During last year the agreement was carried out with the bank but the principal amount and accrued markup amount was wrongly shown in current liabilities instead of long term financing under non current liabilities. In current year, error has been corrected and DFII has been shown under non current liabilities. The correct treatment has been applied retrospectively in accordance with International Accounting Standard (IAS) 8 "Accounting policies, change in accounting estimates and errors" Consequently, current liabilities would have been lower by Rs. 113.292 million and non current liabilities would have been higher by the same amount as at June 30, 2013. The facility is secured by way of first pari passu charge over current assets of the company amounting to Rs. 184 million.

9.3 The Bank of Punjab - Demand Finance - 1 - LTF

This demand finance facility is Rs. 45 Million and is secured against first Pari Passu charge of Rs. 70 Million over the fixed assets of the company. The loan was obtained for five years repayable in half yearly installments, and the same was swapped under the LTF scheme launched by the SBP and carries mark-up 7% P.A. payable quarterly.

9.4 The Bank of Punjab - Demand Finance - 2

This demand finance facility of Rs. 100 Million was obtained and is secured against first Pari Passu charge over the fixed assets of the company. The loan was obtained for five years repayable in 10 half yearly installments with no grace period, it carries mark-up 3 Months KIBOR plus 2% payable quarterly.

9.5 Habib Bank Limited Term Finance

Term loan has been obtained for Rs. 20.84 Million at first equitable and hypothecation charge over all the fixed assets i.e. plant, machinery, equipment of what so ever nature ranking pari passu with the charge of ABL and BOP.

9.6 Loan from directors is interest free and unsecured . Period of payment is beyond one year.

	Note	2014 Rupees	2013 Rupees
10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Opening Balance		55,615,937	-
Add: Acquired during the year		-	55,615,937
		55,615,937	55,615,937
Less: Repaid during the year		(12,976,737)	-
		42,639,200	55,615,937
Current portion			
Current maturity		(28,637,031)	(19,306,905)
Over due installments		(6,330,168)	-
		(34,967,199)	(19,306,905)
Long Term Portion		7,672,001	36,309,032

10.1 Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows.

	2014 Rupees	2013 Rupees
Gross minimum lease payments		
Not later than one year	39,224,321	25,514,981
Later than one year but not later than five years	8,885,709	39,697,825
	48,110,030	65,212,806
Finance charges allocated to future period		
Not later than one year	4,257,122	6,208,076
Later than one year but not later than five years	1,213,708	3,388,793
	5,470,830	9,596,869
Present value of minimum lease payments		
Not later than one year	34,967,199	19,306,905
Later than one year but not later than five years	7,672,001	36,309,032
	42,639,200	55,615,937
Less: Current maturity shown under current liabilities	(34,967,199)	(19,306,905)
	7,672,001	**36,309,032**

10.2 The company has restructured the existing lease facility by an ijarah finance obtained under the sale and lease back arrangement for plant and machinery the total minimum lease payment are payable in (8) eight equal quarterly installments with one year grace period. Its installment will start from 30th November 2013. This is secured by charge on leased assets. The internal rate of return is 3 month kibor +1.75% (June 2013: 3 months kibor+1.75%) p.a and used for discounting factor. Current portion includes over due installments of Rs. 6,330,168 (June 30, 2013 Rs. NIL). Taxes, repair & Insurance cost are to be borne by lessee.

	Note	2014 Rupees	2013 Rupees
11 DEFERRED LIABILITIES			
Deferred tax	11.1	78,299,030	129,825,180
ETO Charges Payable	11.2	18,316,926	19,767,004
Gratuity	11.3	12,579,954	44,767,497
Transferred to Nadeem Textile Mills Ltd.	1.2	-	(22,511,268)
		109,195,910	171,848,413

11.1 DEFERRED TAX

The deferred taxation liability / (asset) comprises of following temporary differences:

	2014 Rupees	2013 Rupees
Taxable temporary differences (deferred tax liability)		
Accelerated tax depreciation allowance	49,143,977	67,840,884
Related deferred tax liability on revaluation	78,299,030	130,378,587
	127,443,007	198,219,471
Deductible temporary differences (deferred tax asset)		
Tax losses	(106,443,724)	(58,520,750)
Provision for bad debts	(1,478,191)	(2,180,729)
Lease rentals	(1,127,909)	(6,996,926)
Deferred debit arising in respect of provision for gratuity	(1,599,407)	(3,083,694)
	(110,649,231)	(70,782,099)
	16,793,777	127,437,372

11.1.1 During the year net deferred tax liability on taxable and deductible temporary differences amounting to Rs. 16,798,534 has arised. Deferred tax liability is restricted to Rs. 78,299,030 and deferred tax liability relating to timing differences of components of surplus on revaluation of property, plant and equipment have not been reversed through profit and loss account.

11.2 This represents amount payable to Excise and Taxation Department, Government of Sindh in respect of infrastructure fee levied through fifth version of law (i-e Sindh Finance (Amendment) Ordinance 2006). The Supreme Court in its judgment dated 17th May 2011 has decided the fifth version of law (i-e Sindh Finance (Amendment) Ordinance 2006) is valid and hence the levy imposed and collected from the effective date of the fifth version i-e 28th December 2006 is valid and all imposition and collection before 28th December 2006 are declared to be invalid. The company has now filed petition in Sindh High Court, challenging fifth version of law (i-e Sindh Finance (Amendment) Ordinance 2006 regarding levy of infrastructure fee from the 28th December 2006. During the pendency of decision on fifth version of law, Sindh High Court has directed on 31st May 2011 to pay 50% of liability to Excise and Taxation Department, Government of Sindh, and provide bank guarantee of the remaining amount as calculated in accordance with the decision of Supreme Court of Pakistan. Subsequent imports of the company be released against 50% payment of infrastructure fee to Excise and Taxation Department, Government of Sindh and furnishing bank guarantee of balance 50% amount. The company has provided bank guarantee is PKR. 18.317 million (June 30, 2013: PKR. 30.500 million) in respect of infrastructure fee. The company has accrued unpaid infrastructure fee.

	Note	2014 Rupees	Restated 2013 Rupees
11.3 Movement in the net liability recognized in the balance sheet			
Opening liability		26,094,115	34,782,668
Expenses for the year		4,079,034	18,837,749
Remeasurement recognized in Other Comprehensive Income		(1,504,380)	4,050,261
		28,668,769	57,670,678
Contribution paid		(16,088,815)	(12,903,181)
Transferred to Nadeem Textile Mills Ltd.	1.2	-	(18,673,382)
		12,579,954	26,094,115
11.3.1 Movement in present value of defined benefit obligation			
Present value of defined benefit obligation		26,094,115	20,473,719
Current service cost		2,952,662	8,634,032
Interest cost		1,126,372	1,659,103
Remeasurement (gain)/loss		(1,504,380)	4,050,261
Benefits paid		(16,088,815)	(8,723,000)
Present value of defined benefit obligation		12,579,954	26,094,115

	Note	2014 Rupees	Restated 2013 Rupees
11.3.2 Liabilities recognized in the balance sheet			
Present value of obligation		12,579,954	26,094,115
11.3.3 Expense recognized			
In profit and Loss account			
Current service cost		2,952,662	8,634,032
Interest cost		1,126,372	1,659,103
		4,079,034	10,293,135
In other Comprehensive Income			
Remeasurement in the year		(1,504,380)	4,050,261
		(1,504,380)	4,050,261

11.3.4 General description

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

11.3.5 Principal actuarial assumption

Following are a few important actuarial assumptions used in the valuation.

	Note	2014 Rupees	2013 Rupees
		%	%
Discount rate		13.25	10.5
Expected rate of increase in salary		12.25	10

11.3.6 Expected gratuity expense for the year ended June 30, 2015 works out to be Rs. 4,463,905.

	Note	2014 Rupees	2013 Rupees
12 TRADE AND OTHER PAYABLES			
Creditors		122,428,816	161,194,857
Accrued liabilities		50,434,414	130,306,663
Advance from customers		29,596,491	26,978,021
Other liabilities		66,634,476	87,888,527
Sales tax		-	15,114,251
Worker's welfare Fund payable		-	683,886
Worker's profit participation fund payable	12.1	-	1,899,682
Unclaimed dividend		-	1,158,015
Transferred to Nadeem Textile Mills Ltd-disposal of Sindh unit	1.2	-	(104,747,501)
		269,094,197	320,476,401
12.1 Worker's profit participation fund			
Balance at the beginning of the year		1,899,682	4,131,225
Allocation / expenses for the year		-	1,899,682
Interest on fund utilized in the company's business		-	1,242,044
		1,899,682	7,272,951
Paid during the year		(1,899,682)	(5,373,269)
Balance at the end of the year		-	1,899,682

	Note	2014 Rupees	Restated 2013 Rupees
13 ACCRUED INTEREST / MARK-UP ON LOANS			
Banking companies			
Long term finance		46,280,904	56,283,403
Short term borrowings		188,720,671	183,129,749
Non banking companies			
Finance lease		25,746,177	24,447,263
Transferred to Nadeem Textile Mills Ltd.	1.2	-	(3,631,106)
		260,747,752	260,229,309
14 SHORT TERM BORROWINGS			
From banking companies-Secured			
Short Term Loan	14.1	414,062,426	532,902,709
Book overdraft		4,016,915	1,497,162
Transferred to Nadeem Textile Mills Ltd.	1.2	-	(141,547,128)
Less: Transferred to long term loans	9.2	(53,334,152)	-
		364,745,189	392,852,743

14.1 The finance facilities are available from various banks amounting to Rs. 360.73 million (2013 Rs. 474.2 million). These carry mark up at the rate ranging from one month Kibor to six months average Kibor plus 0.5 percent to 2 percent per annum. (2013: mark up at the rate ranging from one month Kibor to six months average Kibor plus 0.5 percent to 2 percent per annum). These are secured by way of pledge of cotton, yarn, polyester and pari passu charge over stocks & book debts. The bank balance includes overdue balance (PAD) of Rs.89.855 Million (2013: 89.855 Million).

14.2 An amount of Rs. 113.4 million (June 30, 2012: 360.7 million) remain unconfirmed. Confirmation was sent.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Bank of Punjab

a) Suit filed by the Company against The Bank of Punjab, before the Lahore High Court vide COS No. 26/2012, wherein along other prayers recovery of Rs. 744.348 Million has also been claimed on account of acts and omission committed by the Bank against the company. There is no scope of any loss to the company in the instant matter as per legal opinion.

b) Suit filed by the Bank of Punjab, against the Company and others before Lahore High Court vide COS No. 23/2012 for the recovery of Rs. 577.391 Million. This case is vigorously and diligently being contested by the company.

15.1.2 Habib Bank Limited

Suit filed by the Habib Bank Limited, against the company before the Banking Courts Lahore vide Suit No. 496/2012 for recovery of Rs. 8.1 Million. This case is presently pending adjudication before the Banking Court No. II Lahore. This case is being vigorously and diligently contested by the company.

15.1.3 Guarantee

	Note	2014 Rupees	2013 Rupees
ETO bank guarantees issued to custom department		18,316,900	30,500,000
Bank guarantee issued to Sui Gas Northern Department		27,767,900	27,767,900

15.1.4 A Suite No. 1638 of 2010 has been filed in the High Court of Sindh by the Company against the Show Cause notice issued by the SECP on related party transactions and has obtained stay order from the High Court of Sindh, Karachi restraining SECP from taking any adverse action.

15.1.5 Bills Discounted

Post dated Cheques		-	475,158

15.2 Commitments

Letter of credit - for raw material		3,526,494	11,077,456

16 PROPERTY, PLANT AND EQUIPMENT

June 30, 2014

Particulars	COST/REVALUATION						Rate	ACCUMULATED DEPRECIATION				Written Down Value as at 2014
	As at July 01, 2013	Additions	(Disposal)	Revaluation (Decrease)	Revaluation Increase	As at June 30, 2014		As at July 01, 2013	(Disposal) / Adjustment	For The Year	As at June 30, 2014	
	PKR						%	PKR				PKR
Owned												
Land (freehold)	143,500,000	24,717,500	-	-	-	168,217,500		-	-	-	-	168,217,500
Factory building	477,667,348	-	-	-	-	477,667,348	5	103,292,348	-	18,718,750	122,011,098	355,656,250
Non-factory building	97,422,754	-	-	-	-	97,422,754	5	32,222,754	-	3,260,000	35,482,754	61,940,000
Plant and machinery	1,570,563,598	12,410,077	-	-	-	1,582,973,675	5	820,563,597	-	37,670,529	858,234,126	724,739,549
Office equipment	5,718,480	360,861	-	-	-	6,079,341	10	3,117,453	-	284,489	3,401,942	2,677,399
Furniture and Fittings	3,643,736	146,300	-	-	-	3,790,036	10	2,433,656	-	130,985	2,564,641	1,225,395
Vehicles	39,865,868	2,495,007	(1,356,638)	-	-	41,004,237	20	22,930,139	(717,028)	3,759,643	25,972,754	15,031,483
	2,338,381,784	**40,129,745**	**(1,356,638)**	**-**	**-**	**2,377,154,891**		**984,559,947**	**(717,028)**	**63,824,396**	**1,047,667,315**	**1,329,487,576**
Leased												
Plant and machinery	55,615,937	-	-	-	-	55,615,937	5	1,394,206	-	2,711,087	4,105,293	51,510,644
2014 - PKR	**2,393,997,721**	**40,129,745**	**(1,356,638)**	**-**	**-**	**2,432,770,828**		**985,954,153**	**(717,028)**	**66,535,483**	**1,051,772,608**	**1,380,998,220**

June 30, 2013

Particulars	COST/REVALUATION						Rate	ACCUMULATED DEPRECIATION				Written Down Value as at 2013
	As at July 01, 2012	Additions	(Disposal)	Revaluation (Decrease)	Revaluation Increase	As at June 30, 2013		As at July 01, 2012	(Disposal) / Adjustment	For The Year	As at June 30, 2013	
	PKR						%	PKR				PKR
Owned												
Land (freehold)	113,404,839	-	-	-	20,500,000	133,904,839		-	-	-	-	133,904,839
Land (leasehold)	29,595,161	-	-	-	10,250,000	9,595,161		-	-	-	-	9,595,161
Factory building	339,776,138	313,000	-	-	251,721,567	477,667,348	5	127,572,836	-	10,614,016	103,292,348	374,375,000
Non-factory building	138,826,621	725,000	(16,057,845)	(130,039)	14,072,794	97,422,754	5	48,169,808	(5,478,694)	4,278,791	32,222,754	65,200,000
Plant and machinery	1,904,897,385	29,345,641	-	(91,222,186)	81,987,305	1,570,563,598	5	978,681,895	55,920,026	48,149,079	820,563,597	750,000,001
Office equipment	9,204,315	2,261,902	(57,200)	(2,060,001)	-	5,718,480	10	4,608,805	(29,685)	548,758	3,117,453	2,601,027
Furniture and Fixture	5,529,718	29,200	-	(368,337)	-	3,643,736	10	3,492,959	-	205,301	2,433,656	1,210,080
Vehicle	49,760,910	5,062,640	(1,612,500)	-	3,491,237	39,865,868	20	28,901,192	(1,477,953)	4,094,534	22,930,139	16,935,729
	2,590,995,087	**37,737,383**	**(17,727,545)**	**(93,780,563)**	**382,022,903**	**2,338,381,784**		**1,191,427,495**	**48,933,694**	**67,890,479**	**984,559,947**	**1,353,821,837**
Leased												
Plant and machinery	148,576,747	55,615,937	(56,076,747)	-	-	55,615,937	5	61,014,327	(64,471,269)	4,851,148	1,394,206	54,221,731
2013 - PKR	**2,739,571,834**	**93,353,320**	**(73,804,292)**	**(93,780,563)**	**382,022,903**	**2,393,997,721**		**1,252,441,822**	**(15,537,575)**	**72,741,627**	**985,954,153**	**1,408,043,568**

		Note	2014 Rupees	2013 Rupees

16.1 Depreciation for the year has been allocated as follows:-

	Note	2014 Rupees	2013 Rupees
Cost of sales	29.1	62,260,366	49,957,931
Administrative expenses	31	4,175,117	3,852,729
Rental Income	34.3	100,000	66,667
Total		**66,535,483**	**53,877,327**

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

DESCRIPTION	JUNE 30, 2014			JUNE 30, 2013		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Free hold land	51,545,829	-	51,545,829	26,828,329	-	26,828,329
Factory building	110,523,931	75,465,506	35,058,425	110,523,931	73,620,326	36,903,605
Non-factory building	64,902,215	30,367,975	34,534,240	64,902,215	28,550,383	36,351,832
Plant and machinery	1,310,548,970	795,308,323	515,240,647	1,298,138,891	772,985,413	525,153,478
Vehicle	32,054,516	19,768,709	12,285,807	30,916,147	17,397,733	13,518,414
	1,569,575,461	**920,910,513**	**648,664,948**	**1,531,309,513**	**892,553,855**	**638,755,658**

16.3 Disposal of fixed assets

S. No.	Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain / (Loss)	Mode of Disposal	Buyer's Name
		--------PKR--------						
1	Vehicle LE-104	1,356,638	717,028	639,610	998,058	358,448	Negotiation	ARSHAD NADEEM Ex-Employee of the company
June 30, 2014		**1,356,638**	**717,028**	**639,610**	**998,058**	**358,448**		
June 30, 2013		671,093,026	330,678,053	340,414,973	373,974,185	33,559,212		

		Note	2014 Rupees	2013 Rupees
17	**CAPITAL WORK IN PROGRESS**			
	Plant and machinery			
	Opening balance		-	4,144,797
	Add: Additions during the year		3,353,359	-
			3,353,359	4,144,797
	Less: Transferred to Property, plant and equipment	1.2	-	(4,144,797)
			3,353,359	-
18	**LONG TERM DEPOSITS**			
	Security deposits		15,572,915	16,522,515
	Less: Transferred to Nadeem Textile Mills Limited	1.2	-	(949,600)
			15,572,915	**15,572,915**
19	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		49,484,932	56,497,786
	Spare parts		25,999,794	32,945,506
	Loose tools		5,032,218	4,804,837
	Less: Transferred to Nadeem Textile Mills Limited	1.2		(15,248,287)
			80,516,944	**78,999,842**
20	**STOCK IN TRADE**			
	Raw material		67,771,819	66,024,273
	Work in process		19,769,786	41,664,947
	Finished goods	20.1	140,115,713	139,698,845
	Waste		5,644,032	5,729,180
	Less: Transferred to Nadeem Textile Mills Limited	1.2	-	(36,769,262)
			233,301,350	**216,347,983**

20.1 The finished goods amounting to Rs 29,389,814 (June 30, 2013: 17,786,602) stated at their net realizable value aggregating to Rs. 27,319,965 (June 30, 2013: Rs. 14,223476). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 2,069,849 (June 30, 2013: Rs. 3,563,127).

20.2 The carrying value of stock pledged is Rs. 147.621 million (2013: Rs. 171.613 million).

		Note	2014 Rupees	2013 Rupees
21	**TRADE DEBTS**			
	Foreign			
	Secured -Considered good		20,757,860	86,332,134
	Local			
	Unsecured - considered good	21.1	70,111,971	136,940,894
	Unsecured - considered doubtful		11,626,545	13,502,344
			81,738,516	150,443,238
			102,496,376	236,775,372
	Provision for doubtful debts	21.2	(11,626,545)	(13,502,344)
	Less: Transferred to Nadeem Textile Mills Limited	1.2	-	(73,073,386)
			90,869,831	**150,199,642**

21.1 It includes amount Rs. 16,198,568 receivable from Lahore Electricity Supply Company (LESCO) regarding the sales of electricity which is under dispute and under the consideration of learned arbitrator. LESCO is of the view that some term and condition have not been complied with agreement. Management is of the view that outcome of the decision will be in favour of the company.

		Note	2014 Rupees	2013 Rupees
21.2	**Particulars of Provision for doubtful receivables**			
	Provision for bad debts at the beginning of year		9,420,617	17,640,407
	Bad debts provision provided during the year		2,205,928	-
	Bad debts provision written off		-	(1,488,063)
	Bad debts recovered during the year		-	(2,650,000)
	Less: Transferred to Nadeem Textile Mills Ltd.	1.2	-	(4,081,727)
	Provision for bad debts at the end of year		**11,626,545**	**9,420,617**
22	**LOAN AND ADVANCES**			
	Considered good			
	Due from employees		482,893	1,768,765
	Advance to Suppliers		21,917,175	12,676,705
	Letters of credit margin		499,106	1,862,574
	Bank Guarantee margin		3,853,401	4,485,400
	Less: Transferred to Nadeem Textile Mills Ltd.	1.2	-	(6,008,273)
			26,752,575	**14,785,171**

		Note	2014 Rupees	2013 Rupees
23	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Deposits		-	2,068,632
	Transferred to Nadeem Textile Mills Ltd.	1.2	-	(2,068,632)
			-	-
24	**OTHER RECEIVABLES**			
	Insurance claim receivables		10,147,408	14,907,028
	Others		2,179,472	101,449,398
			12,326,880	116,356,426

25 OTHER FINANCIAL ASSETS

Investment at fair value through profit and loss

Names of Securities	No. of Shares	Cost	Fair value at the beginning	Fair Value Adjustment	Fair Value at the end of the year
Pakistan Reinsurance Limited	25,000	397,500	590,750	57,000	647,750
NIB Bank Limited	50,000	75,500	116,000	(4,500)	111,500
JS Bank Limited	50,000	121,000	217,500	54,500	272,000
2014 - PKR	**719,000**	**594,000**	**924,250**	**107,000**	**1,031,250**
2013 - PKR	125,000	594,000	782,250	142,000	924,250

		Note	2014 Rupees	2013 Rupees
26	**TAX REFUND DUE FROM THE GOVERNMENT**			
	Sales Tax		32,136,892	76,686,730
	Advance income tax		25,252,137	53,632,535
	Special excise duty		551,522	551,522
	Less : Transferred to Nadeem Textile Mills Limited	1.2	-	(58,899,553)
			57,940,551	71,971,234
27	**CASH AND BANK BALANCES**			
	Cash at bank			
	In current account		6,061,327	29,835,694
	In saving account	27.1	23,578	635,507
			6,084,905	30,471,201
	Cash in hand		49,495	713,515
	Less: Transferred to Nadeem Textile Mills Ltd.	1.2	-	(2,332,343)
			6,134,400	28,852,373

27.1 It carries mark up at the rate 7 (June 30, 2013: 5.50 to 7.30) percent per month on average balance.

		Note	2014 Rupees	2013 Rupees
28	**SALES - NET**			
	Local	28.1	1,031,704,303	2,705,547,646
	Export - Direct		1,671,032,940	2,980,167,606
	Waste	28.1	33,399,403	61,383,294
	Processing		-	318,855
	Raw material	28.1	18,078,278	57,784,081
			2,754,214,924	5,805,201,482
	Less:			
	Ocean freight		(11,097,129)	(27,606,611)
	Commission on export		(14,915,135)	(45,085,798)
	Export development surcharge		(4,140,209)	(7,215,529)
	Export trailer charges		(12,023,200)	(25,977,578)
	Miscellaneous export expenses		(7,044,248)	(9,423,640)
			(49,219,921)	(115,309,156)
			2,704,995,003	5,689,892,326

28.1 Sales tax on local sales is Rs. 21,603,801 (2013: Rs.20,782,865)

		Note	2014 Rupees	Restated 2013 Rupees
29	**COST OF SALES**			
	Cost of goods manufactured	29.1	2,714,267,031	5,349,524,881
	Finished goods			
	Opening		136,173,054	214,978,755
	Yarn purchased		-	30,971,350
	Closing		(145,759,745)	(145,428,026)
			(9,586,691)	100,522,079
			2,704,680,340	**5,450,046,960**
29.1	**COST OF GOODS MANUFACTURED**			
	Raw material consumed	29.1.1	1,942,579,513	4,021,181,934
	Cost of raw material sold		17,226,470	53,208,304
	Stores consumed	29.1.2	72,793,814	94,689,012
	Packing material consumed	29.1.3	47,559,733	91,667,910
	Salaries, wages and other benefits	29.1.4	204,499,978	370,937,140
	Repair and maintenance		7,105,818	12,487,916
	Insurance		2,489,233	5,480,989
	Fuel and power		334,269,923	600,604,478
	Depreciation	16.1	62,260,366	65,944,351
	Others		15,553,971	24,594,959
			2,706,338,819	5,340,796,993
	Work in process			
	Opening		27,697,998	50,392,835
	Closing		(19,769,786)	(41,664,947)
			7,928,212	8,727,888
	Cost of goods manufactured		**2,714,267,031**	**5,349,524,881**
29.1.1	**RAW MATERIAL CONSUMED**			
	Opening stock		65,162,959	192,989,073
	Purchases		1,962,414,843	3,947,425,437
			2,027,577,802	4,140,414,510
	Raw material sold		(17,226,470)	(53,208,304)
	Less: Closing stock		(67,771,819)	(66,024,272)
			1,942,579,513	**4,021,181,934**
29.1.2	**STORES CONSUMED**			
	Opening stock		42,659,915	56,204,879
	Purchases		91,145,234	92,548,082
			133,805,149	148,752,961
	Capitalized during the year		(12,410,077)	-
	Capital Work in progress		(3,353,359)	-
	Less: Closing stock		(45,247,899)	(54,063,951)
			72,793,814	**94,689,010**
29.1.3	**PACKING MATERIAL CONSUMED**			
	Opening stock		36,339,927	39,336,855
	Purchases		46,488,850	92,515,233
			82,828,777	131,852,088
	Less: Closing stock		(35,269,044)	(40,184,178)
			47,559,733	**91,667,910**

29.1.4 This includes Rs. 2,781,090 (2013: Rs. 18,679,019) in respect of staff retirement benefits.

			2014 Rupees	2013 Rupees
30	**DISTRIBUTION COST**			
	Local freight and handling		3,850,003	6,202,138
	Commission-local		6,765,968	12,937,470
	Export bank charges		3,791,378	4,276,776
	Stamp Duty		-	510,480
	Forwarding charges		4,368,628	6,720,460
	Others		1,152,834	1,156,661
			19,928,811	**31,803,985**

		Note	2014 Rupees	2013 Rupees
31	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		4,008,001	1,888,000
	Staff salaries and other benefits	31.1	20,989,399	27,918,092
	Travelling and conveyance		6,826,460	4,828,639
	Legal and professional		3,514,964	8,529,079
	Fees & Subscription		618,628	1,684,590
	Rent rates and taxes		208,086	485,397
	Electricity, gas and water		1,517,517	2,822,136
	Repair and maintenance		1,780,241	9,335,929
	Postage, telephone telegraph and facsimile		1,725,521	3,244,289
	Printing and stationery		360,660	1,781,236
	Motor vehicle expenses		1,255,680	1,393,736
	Advertisement expenses		172,790	471,737
	Entertainment expenses		905,762	1,358,061
	Charity and donation	31.2	-	21,000
	Auditors Remuneration	31.3	580,500	1,025,780
	Miscellaneous expenses		2,630,985	5,610,543
	Watch and ward		-	6,700
	Newspaper and periodicals		6,359	28,549
	Depreciation	16.1	4,175,117	6,730,608
			51,276,670	**79,164,101**

31.1 This includes Rs. 1,297,944 (2013 : Rs.4,208,990) in respect of staff retirement benefits.

31.2 No directors or their spouse has any interest in the donees' fund.

		2014 Rupees	2013 Rupees
31.3	**AUDITORS REMUNERATION**		
	Audit fee	574,000	825,000
	Half yearly review	85,000	125,180
	Review of Code of Corporate Governance	36,000	36,000
	Out of Pocket Expenses	26,000	39,600
		721,000	**1,025,780**
32	**OTHER OPERATING EXPENSES**		
	Loss on sale of property, plant and equipment	-	423,431
	Bad debts	2,205,928	-
	Debt balance written off	103,330	354,064
	Foreign exchange loss	316,763	5,825,245
	Worker's profit participation fund	-	1,899,682
	Worker's welfare fund	-	683,886
		2,626,021	**9,186,308**
33	**FINANCE COST**		
	Long term finance	13,227,018	8,318,225
	Short term finance	50,336,889	101,752,286
	Finance lease obligation	5,827,928	5,330,787
	L/C discount charges	7,301,633	6,135,625
	Interest on WPPF	265,227	1,242,044
	Bank charges and commission	1,858,415	2,972,413
		78,817,110	**125,751,380**

		Note	2014 Rupees	2013 Rupees
34	**OTHER INCOME**			
	From financial assets			
	Exchange gain		-	1,122,421
	Dividend Income		-	62,500
	Bad debts recovered		-	2,650,000
	Profit on PLS Account		244,703	578,294
	Gain on measurement of investment at fair value		107,000	142,000
	From other than financial assets			
	Credit balance written off		67,819	1,266,091
	Mark-up waived off	34.1	57,270,090	-
	Bank liability waived off	34.2	48,888,064	-
	Rental Income - generator	34.3	5,404,109	3,277,406
	Amortization of deferred income		2,696,812	2,844,661
	Gain on sale of property, plant and equipment		358,448	33,577,376
			115,037,045	**45,520,749**

34.1 During the year company has written off accrued markup aggregating to Rs.57.270 million on cash finance and demand finance amounted to Rs. 35.609 and Rs. 21.661 million respectively as a result of successfully completion of terms and condition of restructuring agreement as fully disclosed in note no. 9.1.2.

34.2 As disclosed in note 9.1.2, company has written off balancing outstanding principal amount of Rs.48.888 million equal to 30 percent of cash finance and demand finance amounting to Rs.32.572 million and Rs. 16.315 million respectively as a result of successful completion of terms and condition of restructuring agreement as fully disclosed in note no. 9.1.2.

		2014 Rupees	2013 Rupees
34.3	**Rental income- generatc**		
	Direct cost of rental income -generator	5,966,000	3,400,000
	Salaries wages and other benefit	78,000	52,000
	Repair and maintenance	378,000	-
	Insurance	5,891	3,927
	Depreciation	100,000	66,667
		561,891	122,594
		5,404,109	**3,277,406**

34.3.1 Depreciation is allocated to generator income only for the month the generator is being given on rent.

35	**TAXATION**		
	Current tax - current year	28,257,552	43,899,650
	Current tax - prior year	(618,627)	(1,647,802)
	Deferred - prior year	2,941,214	-
		30,580,139	**42,251,849**

		2014 Rupees	Restated 2013 Rupees
36	**(Loss) per shares - Basic and diluted**		
36.1	**Basic Loss Per Share**		
	(Loss) after taxation	(67,877,044)	(2,791,508)
	Weighted average number of ordinary shares	17,636,719	17,636,719
	(Loss) per share	**(3.85)**	**(0.16)**

36.2 **There is no dilutive effect on loss per share.**

37	**PLANT CAPACITY AND ACTUAL PRODUCTION**		
	Total number of spindles installed	56,184	79,656
	Average number of spindles worked	44,701	71,918
	Number of shifts worked per day	1 to 3	3
	Installed capacity of conversion into 20/1 count (kg)	16,724,311	26,220,255
	Actual production after conversion into 20/1 count (kg)	9,833,367	19,850,285

37.1 Severe energy crisis in the form of unscheduled and unprecedented gas and electricity load shedding catastrophically impaired the production of the company resulting in a major production short fall as compared to the last year .Gas supply were available only for eight hours per day. Mills were remained closed for 59 days and only single shift were worked during 35 days. These all factors caused production short fall during the year.

38 **CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE REMUNERATION**

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVE		TOTAL	TOTAL
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Managerial remuneration	900,000	400,000	1,104,000	864,000	7,563,067	8,332,831	9,567,067	9,596,831
Remuneration allowances	900,000	200,000	1,104,000	424,000	3,780,966	3,865,836	5,784,966	4,489,836
Retirement benefits	-	-	-	-	630,256	644,403	630,256	644,403
	1,800,000	**600,000**	**2,208,000**	**1,288,000**	**11,974,289**	**12,843,070**	**15,982,289**	**14,731,070**
Number of persons	**1**	**1**	**2**	**3**	**13**	**14**	**16**	

The chief executive and one directors are provided with cars maintained by the company and telephone at their residence. The directors have waived their meeting fees.

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

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

39.1 Credit risk
39.2 Liquidity risk
39.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

39.1 Credit risk

39.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations , and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 125.688 million (June 30, 2013 : Rs. 315.743 million), financial assets which are subject to credit risk aggregate to Rs. 119.554 million (June 30, 2013 : Rs. 286.890 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2014 Rupees	2013 Rupees
Long term deposits	15,572,915	15,572,915
Trade debts	90,869,831	150,199,642
Loans and advances	482,893	1,768,765
Other financial assets	1,031,250	924,250
Trade deposits and short term prepayments	-	2,068,632
Other receivables	12,326,880	116,356,426
Cash and bank balances	6,134,400	28,852,373
	126,418,169	315,743,003

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

Domestic	70,111,971	123,438,550
Export	20,757,860	86,332,134
	90,869,831	209,770,684

The majority of export debtors of the company are situated in Asia.

39.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of the customers is as follows:

Yarn	44,436,505	142,117,811
Waste	10,299,304	8,081,831
Others	36,134,022	-
	90,869,831	150,199,642

39.1.4 The aging of trade debtors at the close of the balance sheet date is as follows:-

Not past due	1,272,664	64,047,771
0 - 30 days past due	41,419,371	38,578,509
31 - 90 days past due	2,260,946	29,325,570
90 - 1 year past due	4,475,232	18,247,792
Over one year	53,068,163	9,420,617
	102,496,376	159,620,259
Impairment	11,626,545	9,420,617
	90,869,831	150,199,642

Based on the past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sectors and generally the industry, the company believes that it is prudent to provide trade.

39.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

The Company manages liquidity risk by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Management believes the liquidity risk to be low.

Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at June 30, 2014:

	June 30, 2014					
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
	PKR					
Non derivative financial liabilities:-						
Long term financing	135,632,362	218,964,778	13,999,998	9,333,332	195,631,448	-
Long term loans from directors	88,388,162	88,388,162	-	-	88,388,162	-
Finance lease	42,639,200	48,110,030	23,696,703	15,527,618	8,885,709	-
Trade and other payables	269,094,197	269,094,197	269,094,197	-	-	-
Accrued mark up and interest	260,747,752	260,747,752	260,747,752	-	-	-
Short term borrowings	364,745,189	406,885,144	203,442,572	203,442,572	-	-
	1,161,246,862	1,292,190,063	770,981,222	228,303,522	292,905,319	-

Contractual maturities of financial liabilities as at June 30, 2013

	June 30, 2013					
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
	PKR					
Non derivative financial liabilities:-						
Long term financing	145,513,014	376,683,702	61,258,367	16,867,227	298,558,108	-
Long term loans from directors	2,700,000	2,700,000	-	-	2,700,000	-
Finance lease	55,615,937	73,208,070	23,643,846	2,658,735	46,905,489	-
Trade and other payables	301,620,567	301,620,567	301,620,567	-	-	-
Accrued mark up & interest	260,229,309	260,229,309	260,229,309	-	-	-
Short term borrowings	392,852,743	1,024,129,849	512,064,925	512,064,925	-	-
	1,158,531,571	2,038,571,497	1,158,817,014	531,590,887	348,163,597	-

- The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

39.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instruments, changes in market sentiments, speculative.

- **Currency risk**

Currency risk is the risk that the fair value or the future cash flows of the financial instrument will fluctuate because of the changes in the foreign exchange rates.

Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with the respect to United states Dollar(USD). Currently, The company's foreign exchange risk exposure is restricted to bank balances, The account receivables/payables from/to the foreign entities. The company's exposure to currency risk was as follows:

	US Dollar	Euro	Others	PKR
Trade debts 2014	210,206	-	-	20,757,860
Trade debts 2013	869,845	-	-	86,332,134

The following significant exchange rates applied during the year The following significant exchange rates applied during the year

	Average rates		Reporting date rates	
	2014	2013	2014	2013
US Dollar	98.75	99.25	98.60	98.60
Euro		122.55		118.50

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

- **Other Price Risk**

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

- **Interest Rate Risk**

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. Majority of the interest rate arises from short and long term borrowings from bank.

	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	171,941,394	177,900,759
Variable rate instruments		
Financial assets	23,578	635,507
Financial liabilities	364,745,189	392,852,743

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Profit and loss		Equity	
	100 bp Increase	100 bp Decrease	100 bp Increase	100 bp Decrease
	PKR			
Cash sensitivity analysis				
Variable rate instruments 2014	3,647,452	(3,647,452)	-	-
Cash sensitivity analysis				
Variable rate instruments 2013	3,928,527	(3,928,527)	-	-

- **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 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.

40 Capital risk management

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

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

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, 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.

		2014 Rupees	2013 Rupees
41	**Off balance sheet items**		
	Bank guarantee issued for SNGP	27,767,900	27,767,000
	Bank guarantees issued in ordinary course of business	18,316,900	30,500,000
	Post dated Cheques	-	475,158
	Letter of credit for raw material	3,526,494	11,077,456

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

		2014	2013
42	**NUMBER OF EMPLOYEES**		
	Total number of employees as at	739	2227
	Average number of employees	1410	2214

43 CORRESPONDING FIGURES

43.1 Nomenclature of the following accounts have been changed for better understanding and presentation

Note	Previous year classification	Current year classification	Reason
12	Trade and other payable-accrued expenses	Trade and other payable-accrued liabilities	Better presentation
16	Property, plant and equipment-furniture and fixture	Property, plant and equipment-furniture and fittings	Better presentation
17	Capital work in progress-written off	Capital work in progress-transferred to property, plant and equipment	Better presentation
19	Stores, spare parts and loose tools-spares	Stores, spare parts and loose tools-spare parts	Better presentation

43.2 Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions of the purposes of comparison. Significant reclassification made is as follow:

NOTE	FROM	TO	REASON	AMOUNT
9	Short Term Loan/Running Finance	Long Term Loan/Demand finance	Proper Classification	53,334,152
12	Trade and Other Payable -other liabilities	Trade and Other Payable - creditors	Proper Classification	15,584,776
12	Trade and Other Payable - creditors	Trade and other payable -accrued Liabilities	Proper Classification	521,500
26	Other Receivable	Tax refund due form Govt.-Sales tax	Proper Classification	272,668
14	Trade Creditors -Book Over draft	Short Term Loan -Book over draft	Proper Classification	475,158
12	Trade and Other Payable - creditors	Trade and Other Payable -other liabilities	Proper Classification	75,000
34.3	Cost of sales - salaries, wages and benefits	Rental income- salaries, wages and benefits	Better Presentation	52,000
34.3	Cost of sales - Repair and maintenance	Rental income - Repair and maintenance	Better Presentation	-
34.3	Cost of sales - Insurance	Rental income - Insurance	Better Presentation	3,927
34.3	Cost of sales - depreciation	Rental income -depreciation	Better Presentation	66,667

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 31, 2014 by the Board of Directors of the Company.

45 GENERAL

The figure have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE **DIRECTOR**

Karachi, 31st October 2014

SHADMAN COTTON MILLS LIMITED
FORM OF PROXY

I / We ____

Son / Daughter / Wife of ____________________________________

being a member of SHADMAN COTTON MILLS LIMITED and holder of ______________

Ordinary Shares as per registered Folio No. ____________ and / or CDC Participant ID No ______________ and Sub Account No. ____________________

hereby appoint Mr.________________ of ______________________

or failing him Mr. ________________ of ______________________

as my / our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on Thursday, November 27, 2014 at 03:30 P.M. and any adjournment thereof.

As witness my / our hand (s) this ______________ day of ________________ 2014

1. Witness:
   Signature ________________
   Name ________________
   Address ________________
   ____
   ____
   CNIC /Passport # ________________

Signature on Appropriate Revenue Stamp

____

Signature should agree with Specimen signature registered with the Company.

NOTE:

If a member is unable to attend the meeting, they complete and sign this and send it to the Share Registrar office Technology Trade (Pvt) Limited, Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahra-e-Quaideen, Karachi, at least 48 hours before the time of holding the meeting.

1. The proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.
2. Attested copy of CNIC or passport of the beneficial owner along with the proxy Form should ako be submitted.
3. The proxy nominee shall produce his/her original CNIC or original Passport at the time of the meeting.
4. In case of a Corporate entity, the Board of Directors Resolutions/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company