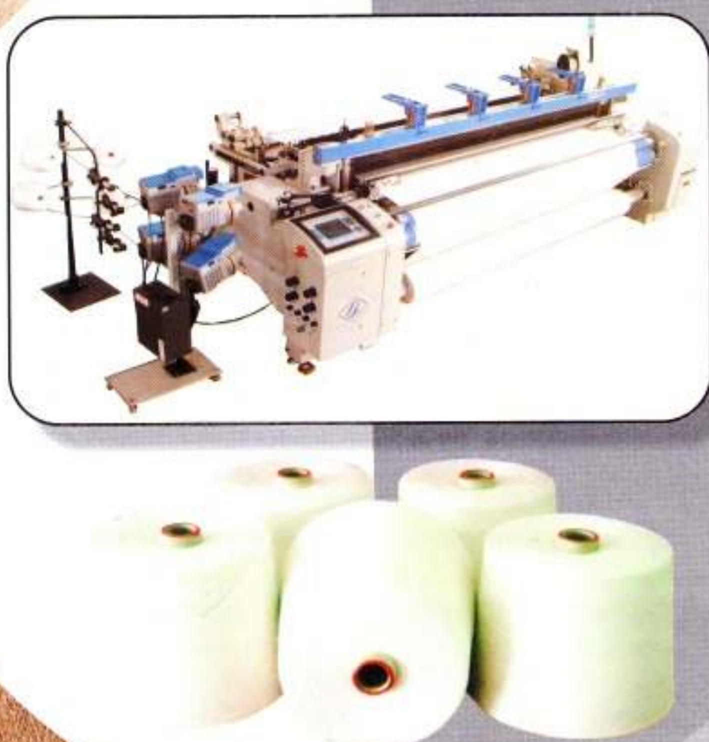
ISHAQ
TEXTILE MILLS LIMITED



33rd Annual Report **2014**

بسم الله الرحمن الرحيم

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COMPANY INFORMATION

CHAIRMAN	Mr.Muhammad Arshad
CHIEF EXECUTIVE	Mr.Nisar Ahmad Sheikh (Executive)
DIRECTORS	Mr.Shahzad Ahmad Sheikh (Executive) Mr.Shehryar Arshad Mr.Aizad Amer Mrs.Zareen Akhtar Mrs.Memoona Waseem Mrs.Noureen Shahzad
AUDIT COMMITTEE	
CHAIRMAN	Mr. Shehryar Arshad
MEMBER	Mr.Aizad Amer
MEMBER	Mrs.Noureen Shahzad
HR & REMUNERATION COMMITTEE	
CHAIRMAN	Mr.Muhammad Arshad
MEMBER	Mr.Shahzad Ahmad Sheikh
MEMBER	Mr.Shehryar Arshad
CHIEF FINANCIAL OFFICER	Mian Muhammad Tariq Iqbal
COMPANY SECRETARY	Mr.Muhammad Ikram Elahi
AUDITORS	Riaz Ahmad & Co. Chartered Accountants
BANKERS	Habib Bank Limited United Bank Limited Bank Alfalah Limited Faysal Bank Limited Bank Al-Habib Limited Al-Baraka Bank (Pakistan) Limited Habib Metropolitan Bank Limited
REGISTERED OFFICE	404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi. Tel. 021-32412814 Web: www.arshadgroup.com
SHARES REGISTRAR	Consulting One (Pvt) Limited, 478-D, Peoples Colony No.1, Faisalabad.
FACTORY	Sheikhupura Road, Tehsil Jaranwala, District Faisalabad.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of the shareholders of Ishaq Textile Mills Limited (the "Company") will be held on Friday, 31 October 2014 at 11:00 am at Haji Abdullah Haroon Gymkhana (Auditorium), Aiwan-e-Saddar Road, Shaheen Complex, Karachi-74200 to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 32nd Annual General Meeting held on 31 October 2013.

2. To receive, consider and approve the audited financial statements of the Company for the year ended 30 June 2014 together with the Auditors' report and Directors' Report thereon.

3. To appoint auditors for the year ending on 30 June 2015 and to fix their remuneration.

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

Special Business:

a) To consider and approve the disposal of certain items of plant and machinery of the Weaving Segment of the Company having book value of Rupees 137.413 million as at 30 June 2014 by passing the following resolution, with or without modification in terms of Section 196 (3) of the Companies Ordinance, 1984:

"Resolved that consent of the general meeting be and is hereby accorded to the disposal of 148 air jet looms having cost of Rupees 477.700 million and book value of Rupees 137.413 million as at 30 June 2014.

Resolved further that the Mr. Aizad Amir, Director of the Company, be and are hereby authorized and empowered on behalf of the Company to sell the above mentioned plant and machinery and related equipment in such lot or lots and in such manner and on such basis and on such terms and conditions and for such consideration as may be determined by them. They are further authorized to do all acts, deeds and take all necessary steps for the disposal of the plant and machinery including negotiations and signing and execution of the documents, deeds, papers, agreements and all other documents as may be necessary in order to give effect to, implementation and complete the sale of the assets as aforesaid and all matters connected, necessary and incidental thereto."

b) To consider and approve the transactions with related parties for the year ended 30 June 2014 by passing the following resolution:

"Resolved that consent of the general meeting be and is hereby accorded to all the transactions with the related parties for the year ended 30 June 2014."

Karachi

Dated: 02 October 2014

By Order of the Board

Muhammad Ikram Elahi

(Company Secretary)

Notes:

1. The Share Transfer Books of the Company will remain closed from 22nd October 2014 to 31st October 2014 (both days inclusive). Transfers received at Shares Registrar, Messrs Consulting One (Private) Limited, 478-D, Peoples Colony No. 1, Faisalabad at the close of business hours on 21st October 2014 will be treated in time.

2. A member entitled to attend and vote at this general meeting is entitled to appoint another member as proxy. Proxies must be received in order to effective at the registered office of the Company not less than 48 hours before the time for the meeting.

3. Any individual beneficial owner of Central Depository Company (CDC), entitled to attend and vote at this meeting, must bring his / her original CNIC to prove his / her identity and in case of proxy must enclose an attested copy of his / her CNIC. Representatives of corporate members should bring the usual documents required for such purpose.

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

STATEMENT UNDER SECTION 160 (1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company scheduled to be held on 31 October 2014.

a) The Company is operating Spinning and Weaving segments located at Tehsil Jaranwala, District Faisalabad. Consent of the shareholders is sought in the general meeting for the disposal of certain items of plant and machinery of the Weaving segment. The Board of Directors has already approved the disposal of such assets subject to the authorization of the Company's shareholders in the general meeting. The information required under S.R.O. No. 1227 / 2005 dated 12 December 2005 is as follows:

Description	:	Air Jet Looms
Quantity	:	148
Cost	:	Rupees 477.700 million
Book value	:	Rupees 137.413 million

The fair value of these assets is expected to be Rupees 160 million.

The proposed manner of disposal:

The plant and machinery will be disposed of on competitive prices offered or settled through negotiations with the buyers.

Reasons for the disposal of assets:

There are multiple factors, which have led to the decision by the directors of the Company to dispose of these assets. These are given hereunder:

i) Excess consumption of fuel and power during the process of production.

ii) Load shedding of gas and electricity hindering the process of production.

iii) Reduced profits in the recent years from the segment.

Benefits expected to accrue to the shareholders:

The proceeds from disposal of such assets will be utilized to acquire power looms which are more viable and can extract better profits in future.

Directors of the Company or their spouses have no direct or indirect interest in the above said business except as shareholders of the Company.

b) The Company is doing transactions with associated companies / undertakings of normal trade and the directors of the Company are also directors in associated companies / undertakings and therefore are common directors. On this ground they have indirect interest in associated companies / undertakings due to common directorship. All the transactions with the associated companies / undertakings as mentioned hereunder for the year ended 30 June 2014, seeks approval in general meeting and hence the notice of facts is given to shareholders.

Transactions with Associated Companies / Undertakings

	2014 (Rupees in Thousand)
Purchase of goods	357,694
Fuel and power purchased	9,043
Doubling, processing, packing, conversion and stitching charges	232,252
Expenses paid	42,139
Sale of goods	1,296,670
Doubling and conversion income	8,043
Sale of operating fixed assets	1,540
Expenses recovered	25,412

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of your Company feel pleasure in submitting audited financial statements of your Company for the year ended June 30, 2014.

FINANCIAL RESULTS	2014	2013
	(Rupees in Thousand)	
Sales	4,150,048	3,731,271
Cost of sales	(3,814,020)	(3,334,671)
Gross profit	336,028	396,600
Distribution cost	(107,830)	(104,577)
Administrative expenses	(66,275)	(60,598)
Other expenses	(2,364)	(6,961)
	(176,469)	(172,136)
	159,559	224,464
Other income	12,091	6,788
Profit from operations	171,650	231,252
Finance cost	(140,424)	(139,632)
Profit before taxation	31,226	91,620
Taxation	(23,070)	(19,557)
Profit after taxation	8,156	72,063
Earnings per share - basic and diluted (Rupees)	0.84	7.46

REVIEW OF OPERATING RESULTS

During the year under review, sales proceeds were Rs.4,150.048 million as compared to previous year's sales valuing Rs. 3,731.271 million. The cost of sales was Rs. 3,814.020 million as compared to previous year's valuing Rs. 3,334.671 million. Gross profit was 8.10% as compared to 10.63% in the corresponding year.

The textile industry in Punjab badly suffered due to severe interruption of the supply of gas and electricity during the year. The production was badly affected during the year. Due to the above-mentioned factor and increase in direct labor cost, the cost of production has increased a lot.

FUTURE OUTLOOK

Power shortage has impacted on the production of the Company which may continue in the next financial year. However the decline in raw material prices will expand the margin of profit to some extent. Although there is an abnormal increase in electricity / gas rates, the management has fully focused on quality products to fetch attractive prices in local markets.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are nominal and of routine nature.

STAFF RETIREMENT BENEFITS

The Company operates now funded provident fund scheme for all its employees and curtailed the gratuity scheme with effect from 01 July 2013. All the employees previously under gratuity scheme have now been transferred to provident fund scheme.

AUDITORS

The present Auditors M/S Riaz Ahmad & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2014 is annexed.

RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable un-controlled price method. The Company has complied with best practices on transfer pricing as contained in listing regulations of the Stock Exchanges of Pakistan.

CORPORATE GOVERNANCE

The statement of compliance of best practices of Code of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance to listing regulations of stock exchanges and as required under the Companies Ordinance, 1984, your Directors are pleased to state as under:

1. The financial statements prepared by the Management of your Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates, which are based on reasonable and prudent judgment.
4. International Financial Reporting Standards and International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. System of internal control is sound in design and has been effectively implemented and monitored.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Statement of value of investments in respect of employees' provident fund has been given in Note 37 to the financial statements.
9. Key operating financial data of last six years in summarized form is annexed.

NO. OF BOARD MEETINGS HELD:

During the period under review four (05) meetings of Board of Directors were held. Attendance of each director is as follows:

NAME OF DIRECTOR	MEETINGS ATTENDED
Mr. Nisar Ahmad Sheikh	05
Mr. Muhammad Arshad	05
Mr. Muhammad Saeed	03
Mr. Amjad Saeed	04
Mr. Shahzad Ahmad Sheikh	02
Mr. Shehryar Arshad	05
Mr. Aizad Amer	03

Directors who did not attend the above meetings were granted leave of absence by the Board of Directors.

ACKNOWLEDGEMENT:

The Board places on record its appreciation for the cooperation, commitment and hard work extended to the Company by the customers, suppliers, bankers and all the employees of the Company.

On behalf of the Board

FAISALABAD.
Dated: October 02, 2014

(Nisar Ahmad Sheikh)
Chief Executive Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE TO THE MEMBERS

This statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in the Listing Regulations of the Stock Exchanges of Pakistan 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 CCG in the following manner:

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

   Executive Directors
   i) Mr. Nisar Ahmad Sheikh
   ii) Mr. Shahzad Ahmad Sheikh
   iii) Mr. Aizad Amer

   Non-Executive Directors
   i) Mr. Muhammad Arshad
   ii) Mrs. Memoona Waseem
   iii) Mrs. Noureen Shahzad
   iv) Mr. Shehryar Arshad
   v) Mrs. Zareen Akhtar

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

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

4. Two casual vacancies were occurred in the Board during the year ended 30 June 2014, which was filled by the Board of Directors as per provisions of Articles of Association of the Company and under the provisions of Companies Ordinance, 1984.

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

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

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

8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met at least once in every quarter during the year ended 30 June 2014 including once in every quarter to approve the financial statements of the Company. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board of Directors of the Company arranged appropriate training programs for its Directors during the year.

. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for the year ended 30 June 2014 has been prepared in compliance with the requirements of the CCG and it 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 by the Board.

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

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

15. The Board has formed an Audit Committee. It comprises of three members, who are non-executive directors including the Chairman of the Committee.

16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises 3 members, who are non-executive directors including the Chairman of the Committee.

18. The Board has set-up an effective internal audit function having suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 ICAP.

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

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

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

23. We confirm that all other material principles enshrined in the CCG have been complied with except for the requirements pertaining to change in composition of Audit Committee which will be made in line with the requirements of CCG at the time of next election of Directors in accordance with the 'Implementation Deadlines of Code of Corporate Governance, 2012'.

By order of the Board

Nisar Ahmed Sheikh
Chief Executive Officer

Date: 02 October 2014

KEY OPERATING & FINANCIAL DATA
FOR LAST SIX YEARS

PARTICULARS	2014	2013	2012	2011	2010	2009
			(Rupees in Thousand)			
FINANCIAL POSITION						
Paid up capital	96,600	96,600	96,600	96,600	96,600	96,600
Share premium	17,250	17,250	17,250	17,250	17,250	17,250
Fixed assets at cost	1,833,702	1,805,257	1,511,009	1,490,470	1,482,528	1,460,924
Accumulated depreciation	917,942	859,297	811,855	759,620	703,368	644,164
Current assets	1,307,361	1,446,087	1,414,012	1,383,501	1,046,076	1,155,320
Current liabilities	1,206,483	1,308,931	1,297,014	1,219,159	964,863	1,156,218
INCOME						
Sales	4,150,048	3,731,271	3,748,190	4,210,345	3,196,504	2,389,314
Other income	12,091	6,788	4,903	4,080	3,085	8,976
Pre tax profit/(loss)	31,226	91,620	34,277	165,700	96,308	(20,646)
Taxation	23,070	19,557	23,630	46,240	50,424	2,245
STATISTICS AND RATIOS						
Pre tax profit/(loss) to sales %	0.75	2.45	0.91	3.94	3.01	(0.86)
Pre tax profit/(loss) to capital %	32.32	94.84	35.48	171.53	99.70	(21.37)
Current ratio	1:0.92	1:0.91	1:0.92	1:0.88	1:0.92	1:1
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Earnings after tax per share (Rs.)	0.84	7.46	1.10	12.37	4.75	(2.37)
Cash dividend %	---	10.00	---	5.00	8.00	---
Break up value per share (Rs.)	59.30	58.35	50.53	49.31	36.95	31.96

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH 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 **ISHAQ TEXTILE MILLS LIMITED** ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulations of the respective Stock Exchanges where the Company is listed.

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants
Riaz Ahmad & Co.

Name of engagement partner:
Muhammad Kamran Nasir
Date: October 02, 2014.
FAISALABAD

AUDITORS' REPORT TO THE MEMBERS

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

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

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

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

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change stated in Note 2.8 to the financial statements with which we concur;

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Riaz Ahmad & Co.

Name of engagement partner:
Muhammad Kamran Nasir
Date: October 02, 2014.
FAISALABAD

BALANCE SHEET AS AT 30 JUNE 2014

	NOTE	2014 (RUPEES IN THOUSAND)	2013 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 10 000 000 (2013: 10 000 000) ordinary shares of Rupees 10 each		100,000	100,000
Issued, subscribed and paid up share capital	3	96,600	96,600
Reserves	4	476,234	467,013
Total equity		572,834	563,613
Surplus on revaluation of property, plant and equipment - net of deferred income tax	5	237,582	240,269
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	154,056	186,278
Deferred income tax liability	7	64,844	85,391
Staff retirement gratuity	8	3,126	19,681
		222,026	291,350
CURRENT LIABILITIES			
Trade and other payables	9	121,520	177,040
Accrued mark-up	10	25,875	27,709
Short term borrowings	11	900,675	1,009,879
Current portion of non-current liabilities	12	116,979	66,961
Provision for taxation		41,434	27,342
		1,206,483	1,308,931
TOTAL LIABILITIES		1,428,509	1,600,281
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		2,238,925	2,404,163

	NOTE	2014 (RUPEES IN THOUSAND)	2013 (RUPEES IN THOUSAND)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	920,427	947,230
Long term investments	15	7,359	6,831
Long term loans	16	37	59
Long term deposits and prepayments	17	3,741	3,956
		931,564	958,076
CURRENT ASSETS			
Stores, spare parts and loose tools	18	49,396	61,045
Stock in trade	19	503,512	679,963
Trade debts	20	625,999	542,722
Loans and advances	21	35,295	54,336
Short term deposits and prepayments	22	652	378
Other receivables	23	82,516	51,986
Cash and bank balances	24	9,991	55,657
		1,307,361	1,446,087
TOTAL ASSETS		2,238,925	2,404,163

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

NISAR AHMAD SHEIKH
Chief Executive Officer

KH. AIZAD AMER
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014	2013
		(RUPEES IN THOUSAND)	
SALES	25	4,150,048	3,731,271
COST OF SALES	26	(3,814,020)	(3,334,671)
GROSS PROFIT		336,028	396,600
DISTRIBUTION COST	27	(107,830)	(104,577)
ADMINISTRATIVE EXPENSES	28	(66,275)	(60,598)
OTHER EXPENSES	29	(2,364)	(6,961)
		(176,469)	(172,136)
		159,559	224,464
OTHER INCOME	30	12,091	6,788
PROFIT FROM OPERATIONS		171,650	231,252
FINANCE COST	31	(140,424)	(139,632)
PROFIT BEFORE TAXATION		31,226	91,620
TAXATION	32	(23,070)	(19,557)
PROFIT AFTER TAXATION		8,156	72,063
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	33	0.84	7.46

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

NISAR AHMAD SHEIKH
Chief Executive Officer

KH. AIZAD AMER
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	8,156	72,063
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,156	72,063

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

NISAR AHMAD SHEIKH
Chief Executive Officer

KH. AIZAD AMER
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014	2013
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	285,511	300,897
Finance cost paid		(141,852)	(138,495)
Income tax paid		(42,341)	(37,645)
Staff retirement gratuity paid		(5,454)	(14,418)
Workers' profit participation fund paid		(5,283)	(1,886)
Dividend paid		(1,549)	-
Net decrease in long term loans		22	34
Net (decrease) / increase in long term deposits and prepayments		215	(99)
NET CASH GENERATED FROM OPERATING ACTIVITIES		89,269	108,388
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(36,507)	(124,610)
Proceeds from sale of property, plant and equipment		2,201	13,700
Investments made		-	(5,500)
NET CASH USED IN INVESTING ACTIVITIES		(34,306)	(116,410)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		68,000	100,000
Repayment of long term financing		(59,425)	(68,011)
Short term borrowings - net		(109,204)	22,302
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		(100,629)	54,291
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(45,666)	46,269
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		55,657	9,388
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 24)		9,991	55,657

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

NISAR AHMAD SHEIKH
Chief Executive Officer

KH. AIZAD AMER
Director

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

	SHARE CAPITAL	RESERVES			TOTAL EQUITY
		CAPITAL RESERVE	REVENUE RESERVE	TOTAL	
		Share premium	Unappropriated profit		
	(RUPEES IN THOUSAND)				
Balance as at 30 June 2013	96,600	17,250	374,224	391,474	488,074
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	3,476	3,476	3,476
Profit for the year	-	-	72,063	72,063	72,063
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	72,063	72,063	72,063
Balance as at 30 June 2013	96,600	17,250	449,763	467,013	563,613
Transactions with owners - Final dividend for the year ended 30 June 2013 at the rate of Rupee one per share	-	-	(1,622)	(1,622)	(1,622)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	2,687	2,687	2,687
Profit for the year	-	-	8,156	8,156	8,156
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	8,156	8,156	8,156
Balance as at 30 June 2014	96,600	17,250	458,984	476,234	572,834

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

NISAR AHMAD SHEIKH
Chief Executive Officer

KH. AIZAD AMER
Director

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

1. THE COMPANY AND ITS OPERATIONS

Ishaq Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges in Pakistan. Its registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi. The mill is located at Tehsil Jaranwala, District Faisalabad, in the Province of Punjab. The principal activity of the Company is manufacturing, sale and trading of yarn and cloth.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain operating fixed assets measured at revalued amounts.

c) Critical accounting estimates and judgments

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

Inventories

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

Taxation

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

Useful lives, patterns of economic benefits and impairments

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

Provision for doubtful debts

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

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

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

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

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

e) Standards, interpretation and amendments to published standards that are effective in current year but not relevant to the Company

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

f) Standards, interpretation and amendments to published standards that are not yet effective but relevant to the Company

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

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

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

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

related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

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

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

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

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

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

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

g) **Standard and amendments to published approved standards that are not yet effective and not considered relevant to the Company**

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

2.2 Property, plant, equipment and depreciation

Operating fixed assets

All operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any identified impairment losses and is transferred to the operating fixed assets as and when asset is available for use. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

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

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 14.1.1 and Note 14.1.2. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions upto the month when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. 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.

2.3 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 measured initially at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments.

2.3.1 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.

2.3.2 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.

2.3.3 Available-for-sale

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

Quoted

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

Unquoted

The investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, subsequent to after initial recognition are carried at cost less any identified impairment loss.

2.4 Impairment

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.5 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.

2.6 Inventories

Inventories, except for stock in transit and waste materials, are stated at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale. Cost is determined as follows:

Stores, spare parts and loose tools

Usable 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 stated at invoice amount plus other charges paid thereon.

Stock in trade

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

Raw materials	
In hand	Weighted average cost.
In transit	Cost comprising invoice value plus other charges paid thereon.

Work-in-process	Cost of direct materials, labour and appropriate manufacturing overheads.
Finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.
Waste	Net realizable value.

2.7 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.

2.8 Staff retirement benefits

The main features of the funds operated by the Company for its employees are as follows:

a) Gratuity

Change in accounting policy

The Company operated defined benefit plan - unfunded gratuity scheme for all its employees except the employees at Head Office. However, with effect from 01 July 2013, the Company has curtailed the unfunded gratuity scheme and started provident fund scheme for all its permanent employees who were previously under gratuity scheme. Impact of change of this accounting policy on figures recognized in these financial statements could not be determined due to non-availability of actuarial valuation of gratuity.

b) Employees' Provident Fund

The Company maintains provident fund for all of its permanent employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 8.25 percent of the basic salary. Obligation for contributions to the fund are recognized as an expense in the profit and loss account when they are due.

2.9 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.10 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. 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.

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the 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.

2.11 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.

2.12 Foreign currencies

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.

2.13 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, accrued mark-up, trade and other payables and short term borrowings etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for 'financial instrument at fair value through profit or loss' which are measured initially at fair value.

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

2.14 Trade and other payables

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

2.15 Borrowings

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

2.16 Trade and other receivables

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

2.17 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.

- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.18 Off setting

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.

2.19 Segment reporting

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

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

The Company has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibres) and Weaving (Producing different quality of greige fabric using yarn).

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2014	2013		2014	2013
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
9 060 000	9 060 000	Ordinary shares of Rupees 10 each fully paid in cash	90,600	90,600
600 000	600 000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	6,000	6,000
9 660 000	9 660 000		96,600	96,600

4. RESERVES

Composition of reserves is as follows:

	2014	2013
Capital reserve		
Share premium (Note 4.1)	17,250	17,250
Revenue reserve		
Unappropriated profit	458,984	449,763
	476,234	467,013

4.1 This reserve can be utilized by the Company only for the purpose specified in section 83(2) of the Companies Ordinance, 1984.

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

	2014	2013
Surplus on revaluation of property, plant and equipment as at 01 July	240,269	113,651
Net increase in surplus on revaluation of property, plant and equipment - net of deferred income tax	-	131,042
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred income tax	(2,687)	(3,476)
Adjustment of surplus on sale of plant and machinery - net of deferred income tax	-	(948)
	237,582	240,269

5.1 Freehold land, building thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment of Spinning segment were rev and Construction on 28 June 2013 on the basis of depreciated replacement values. Previously, these assets were revalued by independent valuers on 30 Se

6. LONG TERM FINANCING

	2014	2013
	(RUPEES IN THOUSAND)	
Secured		
Financing from banking companies (Note 6.1)	144,814	154,239
Unsecured		
Loan from Directors / sponsor (Note 6.2)	117,000	99,000
	261,814	253,239
Less: Current portion shown under current liabilities (Note 12)	107,758	66,961
	154,056	186,278

6.1

LENDER	FACILITY	2014	2013	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
		(RUPEES IN THOUSAND)						
United Bank Limited	Demand Finance	-	6,250	3 months KIBOR + 2% per annum	Twelve equal quarterly installments commenced on 09 December 2010 and ended on 09 September 2013.	Quarterly	Quarterly	First joint pari passu charge of Rupees 107 million over fixed assets of the Company with 25% margin.
Habib Bank Limited	Term Finance	18,164	47,989	3 months KIBOR + 2.50% per annum	Twenty equal quarterly installments commenced on 28 November 2009 and ending on 28 August 2014.	Quarterly	Quarterly	First joint pari passu charge on fixed assets of the Company for an amount of Rupees 255 million and personal guarantees of sponsor directors of the Company.
Habib Bank Limited	Fixed Assets Finance	81,650	100,000	3 months KIBOR + 2.25% per annum	Eighteen equal quarterly installments commenced on 08 August 2013 and ending on 08 November 2017.	Quarterly	Quarterly	
Bank Al - Habib Limited	Term Finance	45,000	-	3 months KIBOR + 2.00% per annum	Ten equal quarterly installments commenced on 31 March 2014 and ending on 30 June 2016.	Quarterly	Quarterly	Ranking charge for Rupees 70 million over plant and machinery and personal guarantee of one director of the Company.
		144,814	154,239					

6.2 Loans from directors / sponsor

This represents interest free loan from the directors / sponsor of the Company with no defined future settlement date. However, it is confirmed by the lenders that repayment would not be demanded within next twelve months from the balance sheet date except for the amount of Rupees 38.500 million (2013: Rupees Nil) shown under current portion of non-current liabilities. Due to in-definitive repayment terms, the fair value of the carrying amount of such financing from directors / sponsor under IAS-39 is impracticable. Out of this loan, an amount of Rupees 60.500 million (2013: Rupees 91.500 million) is subordinated to the bank borrowings.

7. DEFERRED INCOME TAX LIABIITY

	2014	2013
	(RUPEES IN THOUSAND)	
This comprises the following:		
Taxable temporary difference		
Accelerated tax depreciation	68,907	102,903
Deductible temporary differences		
Staff retirement gratuity	(2,011)	(3,243)
Tax credits	(2,052)	(14,269)
	(4,063)	(17,512)
	64,844	85,391

8. STAFF RETIREMENT GRATUITY

	2014	2013
Opening liability	19,681	24,184
Charge for the year	-	9,915
	19,681	34,099
Transferred to Employees' Provident Fund Trust	(1,880)	-
Paid during the year	(5,454)	(14,418)
	(7,334)	(14,418)
	12,347	19,681
Less: Current portion shown under current liabilities (Note 12)	9,221	-
	3,126	19,681

8.1 Board of Directors of the Company in their meeting held on 30 September 2013, decided to curtail the staff retirement gratuity with effect from 01 July 2013 and transferred all its permanent employees to provident fund scheme. A portion of the total amount has been transferred to Employees' Provident Fund Trust. While the remaining amount will be paid to all employees on monthly basis uptill 30 September 2015.

9. TRADE AND OTHER PAYABLES

	2014	2013
	(RUPEES IN THOUSAND)	
Creditors (Note 9.1)	44,309	74,539
Accrued liabilities (Note 9.2)	68,176	84,390
Advances from customers	4,222	9,107
Income tax deducted at source	25	14
Sales tax deducted at source	536	1,190
Unclaimed dividend	748	675
Security deposits - Interest free	15	515
Payable to Employees' Provident Fund Trust	556	794
Workers' profit participation fund (Note 9.3)	1,681	4,877
Workers' welfare fund	1,252	939
	121,520	177,040

9.1 This includes Rupees 4.713 million (2013: Rupees 13.750 million) due to associated undertakings.

9.2 This includes Rupees Nil (2013: Rupees 3.698 million) due to an associated company.

	2014	2013
	(RUPEES IN THOUSAND)	

9.3 Workers' profit participation fund

	2014	2013
Balance as on 01 July	4,877	1,774
Add: Provision for the year (Note 29)	1,681	4,877
Interest for the year (Note 31)	406	112
	6,964	6,763
Less: Payments during the year	5,283	1,886
Balance as on 30 June	1,681	4,877

9.3.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

10. ACCRUED MARK-UP

	2014	2013
Long term financing	4,690	4,218
Short term borrowings	21,185	23,491
	25,875	27,709

11. SHORT TERM BORROWINGS

	2014	2013
From banking companies:		
Secured		
Running and cash finances (Note 11.1)	431,856	341,172
Export finances (Note 11.2)	451,690	668,684
Unsecured		
Loan from director (Note 11.3)	17,000	-
Temporary bank overdraft	129	23
	900,675	1,009,879

11.1 These finances are obtained from banking companies under mark up arrangements and secured against hypothecation of stocks and further secured against the pledge of cotton, polyester and yarn. These form part of total credit facility of Rupees 915 million (2013: Rupees 695 million). The rates of mark-up range from 10.93% to 12.07% (2013: 11.04% to 15.00%) per annum on the balance outstanding.

11.2 These finances are obtained from banking companies under mark-up arrangements and secured against lien on export documents, hypothecation of stock in trade, charge over book debts and first pari passu charge over fixed assets of the Company. These form part of total credit facility of Rupees 1,575 million (2013: Rupees 1,275 million). The rates of mark-up range from 4.32% to 13.68% (2013: 4.40% to 13.98%) per annum on the balance outstanding.

11.3 This represents interest free loan obtained from director of the Company which is repayable on demand.

12. CURRENT PORTION OF NON-CURRENT LIABILITIES

	2014	2013
Current portion of long term financing (Note 6)	107,758	66,961
Current portion of staff retirement gratuity (Note 8)	9,221	-
	116,979	66,961

13. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company is contingently liable for Rupees 2.400 million (2013: Rupees 2.100 million) to Director Excise and Taxation on account of import duty.

ii) Guarantees of Rupees 34.442 million (2013: Rupees 26.942 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Faisalabad Electric Supply Company (FESCO) against electricity connection.

iii) Post dated cheques of Rupees 1.776 million (2013: Rupees 8.409 million) are issued to custom authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

b) Commitments

i) Letters of credit for capital expenditure are of Rupees Nil (2013: Rupees 3.063 million).

ii) There was no letter of credit or contract other than for capital expenditure (2013: Rupees Nil).

14. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Spinning Section (Note 14.1.1)	643,865	650,506
Weaving Section (Note 14.1.2)	271,895	295,454
Capital work-in-progress (Note 14.2)	4,667	1,270
	920,427	947,230

14.1.1 OPERATING FIXED ASSETS - SPINNING SECTION

	Freehold land	Buildings on freehold land		Plant and machinery	Electric installations/ appliances	Factory equipment	Generators	Laboratory equipment	Furniture, fixtures	Office equipment	Computers	Vehicles	Total
		Mills	Other										
	-(RUPEES IN THOUSAND)-												
At 30 June 2012													
Cost / revalued amount	59,826	46,252	11,703	402,991	6,042	567	8,950	8,626	1,304	1,419	2,151	10,400	560,231
Accumulated depreciation	-	(10,452)	(4,320)	(150,645)	(2,016)	(427)	(3,805)	(3,207)	(1,094)	(1,122)	(1,760)	(6,678)	(185,526)
Net book value	59,826	35,800	7,383	252,346	4,026	140	5,145	5,419	210	297	391	3,722	374,705
Year ended 30 June 2013													
Opening net book value	59,826	35,800	7,383	252,346	4,026	140	5,145	5,419	210	297	391	3,722	374,705
Additions	-	-	-	140,799	549	44	-	-	-	-	75	3,265	144,732
Disposals													
Cost													-
Accumulated depreciation													-
													-
Effect of revaluation as at 28 June 2013	28,339	55,652	37,529	32,095	6,643	-	612	1,018	-	-	-	-	161,888
Disposals:													
Cost	-	-	-	(16,360)	-	-	-	-	-	-	-	-	(16,360)
Accumulated depreciation	-	-	-	4,046	-	-	-	-	-	-	-	-	4,046
	-	-	-	(12,314)	-	-	-	-	-	-	-	-	(12,314)
Depreciation charge	-	(1,791)	(369)	(14,303)	(220)	(14)	(257)	(270)	(21)	(29)	(133)	(1,098)	(18,505)
Closing net book value	88,165	89,661	44,543	398,623	10,998	170	5,500	6,167	189	268	333	5,889	650,506
At 30 June 2013													
Cost / revalued amount	88,165	101,904	49,232	559,525	13,234	611	9,562	9,644	1,304	1,419	2,226	13,665	850,491
Accumulated depreciation	-	(12,243)	(4,689)	(160,902)	(2,236)	(441)	(4,062)	(3,477)	(1,115)	(1,151)	(1,893)	(7,776)	(199,985)
Net book value	88,165	89,661	44,543	398,623	10,998	170	5,500	6,167	189	268	333	5,889	650,506
Year ended 30 June 2013													
Opening net book value	88,165	89,661	44,543	398,623	10,998	170	5,500	6,167	189	268	333	5,889	650,506
Additions	-	-	-	15,195	-	32	1,270	-	-	-	-	9,829	26,326
Disposals:													
Cost	-	-	-	-	-	-	-	-	-	-	-	(4,091)	(4,091)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	2,505	2,505
	-	-	-	-	-	-	-	-	-	-		(1,586)	(1,586)
Depreciation charge	-	(4,483)	(2,227)	(20,608)	(550)	(19)	(338)	(308)	(19)	(27)	(100)	(2,702)	(31,381)
Closing net book value	88,165	85,178	42,316	393,210	10,448	183	6,432	5,859	170	241	233	11,430	643,865
At 30 June 2014													
Cost / revalued amount	88,165	101,904	49,232	574,720	13,234	643	10,832	9,644	1,304	1,419	2,226	19,403	872,726
Accumulated depreciation	-	(16,726)	(6,916)	(181,510)	(2,786)	(460)	(4,400)	(3,785)	(1,134)	(1,178)	(1,993)	(7,973)	(228,861)
Net book value	88,165	85,178	42,316	393,210	10,448	183	6,432	5,859	170	241	233	11,430	643,865
Annual rate of depreciation (%)	-	5	5	5	5	10	5	5	10	10	30	20	

14.1.2 OPERATING FIXED ASSETS - WEAVING SECTION

	Freehold land	Buildings on freehold land		Plant and machinery	Electric installations/ appliances	Factory equipment	Generators	Furniture, fixtures	Office equipment	Computers	Vehicles	Total
		Mills	Other									
	-(RUPEES IN THOUSAND)-											
At 30 June 2012												
Cost	1,571	76,476	8,543	761,712	11,137	949	73,103	1,531	1,647	1,453	12,657	950,779
Accumulated depreciation	-	(56,604)	(7,584)	(503,540)	(7,173)	(790)	(38,655)	(1,060)	(1,132)	(1,024)	(8,767)	(626,329)
Net book value	1,571	19,872	959	258,172	3,964	159	34,448	471	515	429	3,890	324,450
Year ended 30 June 2013												
Opening net book value	1,571	19,872	959	258,172	3,964	159	34,448	471	515	429	3,890	324,450
Additions	-	-	-	1,895	1,075	-	958	-	59	-	-	3,987
Depreciation charge	-	(1,987)	(96)	(25,894)	(495)	(16)	(3,489)	(47)	(52)	(129)	(778)	(32,983)
Closing net book value	1,571	17,885	863	234,173	4,544	143	31,917	424	522	300	3,112	295,454
At 30 June 2013												
Cost	1,571	76,476	8,543	763,607	12,212	949	74,061	1,531	1,706	1,453	12,657	954,766
Accumulated depreciation	-	(58,591)	(7,680)	(529,434)	(7,668)	(806)	(42,144)	(1,107)	(1,184)	(1,153)	(9,545)	(659,312)
Net book value	1,571	17,885	863	234,173	4,544	143	31,917	424	522	300	3,112	295,454
Year ended 30 June 2014												
Opening net book value	1,571	17,885	863	234,173	4,544	143	31,917	424	522	300	3,112	295,454
Additions	-	-	-	5,320	-	42	1,303	-	-	48	71	6,784
Disposals:												
Cost	-	-	-	-	-	-	-	-	-	-	(574)	(574)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	329	329
	-	-	-	-	-	-	-	-	-	-	(245)	(245)
Depreciation charge	-	(1,789)	(86)	(23,658)	(454)	(17)	(3,274)	(42)	(52)	(100)	(626)	(30,098)
Closing net book value	1,571	16,096	777	215,835	4,090	168	29,946	382	470	248	2,312	271,895
At 30 June 2014												
Cost	1,571	76,476	8,543	768,927	12,212	991	75,364	1,531	1,706	1,501	12,154	960,976
Accumulated depreciation	-	(60,380)	(7,766)	(553,092)	(8,122)	(823)	(45,418)	(1,149)	(1,236)	(1,253)	(9,842)	(689,081)
Net book value	1,571	16,096	777	215,835	4,090	168	29,946	382	470	248	2,312	271,895
Annual rate of depreciation (%)	-	10	10	10	10	10	10	10	10	30	20	

14.1.3 Depreciation charge for the year has been allocated as follows:

	2014	2013
	(RUPEES IN THOUSAND)	
Cost of sales (Note 26)	57,811	49,199
Administrative expenses (Note 28)	3,668	2,289
	61,479	51,488

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

Description	Qty.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
		---------- (RUPEES IN THOUSAND) ----------						
Toyota Altis LE-10-6666	1	1,979	1,143	836	850	14	Negotiation	Arshad Corporation (Private) Limited (Associated company)
Honda CD - 70 FDV-12-9287	1	86	13	73	87	14	Negotiation	Mr. Imtiaz Ahmad, House No. P - 231, Street No. 5, Mustafaabad, Faisalabad.
Honda Civic LED-10-6666	1	2,026	1,349	677	690	13	Negotiation	Arshad Corporation (Private) Limited (Associated company)
Suzuki Mehran FD-10-517	1	574	329	245	574	329	Negotiation	Mr. Mubashar Hussain Bhatti, Chak No. 51 - R.B. Kartarpura, Tehsil Shahkot, District Nankana Sahib.
		4,665	2,834	1,831	2,201	370		

14.2 Capital work-in-progress

	2014	2013
	(RUPEES IN THOUSAND)	
Buildings on freehold land	4,667	-
Generator	-	1,270
	4,667	1,270

14.3 There was no borrowing cost capitalized during the year (2013: Rupees 2.660 million capitalized using the capitalization rate of 11.49% to 11.56%).

14.4 Had there been no revaluation, cost, accumulated depreciation and book value of the revalued assets as at 30 June 2014 would have been as follows:

	Cost	Accumulated depreciation	Net book value
	(RUPEES IN THOUSAND)		
Freehold land	943	-	943
Buildings on freehold land:			
Mills	26,572	19,288	7,284
Other	7,441	6,489	952
Plant and machinery	535,885	186,485	349,400
Electric installations / appliances	6,758	3,022	3,736
Generators	4,677	2,316	2,361
Laboratory equipment	10,508	5,668	4,840
	592,784	223,268	369,516

15. LONG TERM INVESTMENTS

Held-to-maturity

	2014	2013
	(RUPEES IN THOUSAND)	
Izafa certificates (Note 15.1)	825	825
Term deposit receipt (Note 15.2)	5,500	5,500
	6,325	6,325
Interest / profit accrued (Note 15.3)	1,034	506
	7,359	6,831

15.1 These certificates were issued by Habib Metropolitan Bank Limited on 16 April 2012 with the maturity period of six years. Rate of interest is 16.67 (2013: 16.67) percent per annum. These investments are under lien against bank guarantee issued by the Bank to Sui Northern Gas Pipelines Limited.

15.2 This represents deposit with National Bank of Pakistan made on 16 August 2012 having maturity period of 36 months. Rate of profit is 7.10 (2013: 7.10) percent per annum.

15.3 Interest / profit accrued

	2014	2013
Balance as on 01 July	506	28
Interest / profit accrued during the year (Note 30)	528	478
Balance as on 30 June	1,034	506

16. LONG TERM LOANS

	2014	2013
	(RUPEES IN THOUSAND)	
Considered good:		
Executive - secured (Note 16.1 and Note 16.2)	-	76
Other employees - secured (Note 16.2)	123	127
	123	203
Less: Current portion shown under current assets (Note		
Executive	-	48
Other employees	86	96
	86	144
	37	59

16.1 Reconciliation of carrying amount of loan to executive:

	2014	2013
Balance as on 01 July	76	-
Add: Disbursement	-	76
	76	76
Less: Repayment	76	-
Balance as on 30 June	-	76

16.1.1 Maximum aggregate balance due from executive at the end of any month during the year was Rupees 0.072 million (2013: Rupees 0.076 million).

16.2 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balance to the credit of employees in retirement benefits. These are recoverable in equal monthly installments.

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

17. LONG TERM DEPOSITS AND PREPAYMENTS

	2014	2013
	(RUPEES IN THOUSAND)	
Long term deposits	3,895	3,895
Long term prepayments	75	164
	3,970	4,059
Less: Current portion shown under current assets (Note 22)	229	103
	3,741	3,956

18. STORES, SPARE PARTS AND LOOSE TOOLS

	2014	2013
Stores	11,273	10,575
Spare parts (Note 18.1)	37,937	50,294
Loose tools	186	176
	49,396	61,045

18.1 These include spare parts in transit of Rupees Nil (2013: Rupees 0.699 million).

	2014	2013
	(RUPEES IN THOUSAND)	

19. STOCK IN TRADE

	2014	2013
Raw materials	124,127	248,201
Work-in-process	10,428	53,189
Finished goods	368,957	378,573
	503,512	679,963

19.1 Stock in trade of Rupees 142.511 million (2013: Rupees 3.922 million) is being carried at net realizable value.

19.2 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 2.025 million (2013: Rupees Nil).

20. TRADE DEBTS

Considered good:

	2014	2013
Secured (against letters of credit)	18,785	158,915
Unsecured		
- Related party (Note 20.1 and Note 20.2)	394,349	163,209
- Others (Note 20.3)	212,865	220,598
	625,999	542,722

20.1 It includes amount receivable from a related party, Arshad Corporation (Private) Limited amounting to Rupees 394.349 million (2013: Rupees 163.209 million).

20.2 As at 30 June 2014, trade debts due from related party amounting to Rupees 136.799 million (2013: Rupees 162.240 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2014	2013
Upto 1 month	68,467	40,818
1 to 6 months	68,332	121,422
More than 6 months	-	-
	136,799	162,240

20.3 As at 30 June 2014, trade debts due from other than related parties of Rupees 194.604 million (2013: Rupees 204.624 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2014	2013
Upto 1 month	64,454	56,666
1 to 6 months	19,195	35,186
More than 6 months	110,955	112,772
	194,604	204,624

		2014	2013
		(RUPEES IN THOUSAND)	
21.	**LOANS AND ADVANCES**		
	Considered good:		
	Employees - interest free	99	615
	Current portion of long term loans (Note 16)	86	144
	Advances to suppliers / service providers (Note 21.1)	2,936	11,381
	Letters of credit	-	24
	Income tax	32,148	42,172
	Other advances	26	-
		35,295	54,336
21.1	These include amounts due from following related parties:		
	Arshad Corporation (Private) Limited	-	4,198
	Ideal Energy Limited	670	-
		670	4,198
22.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Short term prepayments	423	275
	Current portion of long term deposits and prepayments (Note 17)	229	103
		652	378
23.	**OTHER RECEIVABLES**		
	Considered good:		
	Export rebate and claims	11,862	11,689
	Sales tax and special excise duty refundable	29,312	37,231
	Income tax refundable	25,854	3,014
	Due from a related party	15,204	-
	Miscellaneous	284	52
		82,516	51,986
24.	**CASH AND BANK BALANCES**		
	With banks:		
	On current accounts	9,596	55,184
	On PLS saving accounts	10	10
		9,606	55,194
	Cash in hand	385	463
		9,991	55,657
25.	**SALES**		
	Local (Note 25.1)	2,744,870	2,438,939
	Export (Note 25.2)	1,398,502	1,286,639
	Export rebate	6,676	5,693
		4,150,048	3,731,271

	2014	2013
	(RUPEES IN THOUSAND)	

25.1 Local sales

	2014	2013
Sales:		
Yarn	1,507,300	1,485,790
Cloth (Note 25.3)	1,257,253	940,146
Conversion income	9,691	-
Waste	34,758	20,970
	2,809,002	2,446,906
Less: Sales tax	64,132	8,527
	2,744,870	2,438,379
Doubling income	-	560
	2,744,870	2,438,939

25.2 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 39.082 million (2013: Rupees 46.762 million) has been included in export sales.

25.3 This includes sale of Rupees 924.028 million (2013: Rupees 446.807 million) made to direct exporter against Special Purchase Order (SPO).

26. COST OF SALES

	2014	2013
Raw materials consumed (Note 26.1)	2,422,739	2,205,726
Cloth and yarn purchased	274,634	131,092
Processing charges	305,350	237,096
Sizing and beam filing	38,466	36,898
Loading and unloading charges	9,088	6,853
Salaries, wages and other benefits	185,727	168,557
Staff retirement benefits	5,975	12,369
Stores, spare parts and loose tools consumed	68,185	56,404
Packing materials consumed	28,967	23,046
Repair and maintenance	6,985	4,413
Fuel and power	349,673	287,146
Insurance	4,418	3,560
Other factory overheads	3,625	1,925
Depreciation (Note 14.1.3)	57,811	49,199
	3,761,643	3,224,284
Work-in-process		
Opening stock	53,189	31,214
Closing stock	(10,428)	(53,189)
	42,761	(21,975)
Cost of goods manufactured	3,804,404	3,202,309
Finished goods		
Opening stock	378,573	510,935
Closing stock	(368,957)	(378,573)
	9,616	132,362
	3,814,020	3,334,671

		2014	2013
		(RUPEES IN THOUSAND)	
26.1	**Raw materials consumed**		
	Opening stock	248,201	179,700
	Add: Purchased during the year	2,298,665	2,274,227
		2,546,866	2,453,927
	Less: Closing stock	124,127	248,201
		2,422,739	2,205,726
27.	**DISTRIBUTION COST**		
	Outward freight and handling	33,803	37,684
	Commission to selling agents	62,668	56,053
	Shipping and other expenses	8,802	9,275
	Local freight	2,557	1,565
		107,830	104,577
28.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits	35,771	32,383
	Directors' remuneration	3,840	4,320
	Staff retirement benefits	1,117	1,481
	Rent, rates and taxes	2,650	3,206
	Insurance	884	618
	Travelling and conveyance	3,229	3,224
	Vehicles' running	5,590	5,439
	Entertainment	703	653
	Auditors' remuneration (Note 28.1)	650	525
	Advertisement	66	33
	Postage and telephone	2,546	2,002
	Printing and stationery	1,149	978
	Repair and maintenance	346	211
	Fee and subscription	3,109	2,280
	Legal and professional	210	191
	Miscellaneous	747	765
	Depreciation (Note 14.1.3)	3,668	2,289
		66,275	60,598
28.1	**Auditors' remuneration:**		
	Audit fee	600	500
	Half yearly review	50	25
		650	525
29.	**OTHER EXPENSES**		
	Workers' profit participation fund (Note 9.3)	1,681	4,877
	Workers' welfare fund	313	939
	Stores, spare parts and loose tools written off	25	-
	Trade debts written off	345	1,145
		2,364	6,961

		2014	2013
		(RUPEES IN THOUSAND)	
30.	**OTHER INCOME**		
	Income from financial assets		
	Interest / profit on long term investments (Note 15.3)	528	478
	Exchange gain on foreign currency loans	2,537	-
	Income from non-financial assets		
	Gain on sale of property, plant and equipment	370	2,334
	Scrap sales	3,262	3,736
	Credit balances written back	5,394	-
	Rental income	-	240
		12,091	6,788
31.	**FINANCE COST**		
	Mark-up on:		
	Long term financing	15,531	15,822
	Short term borrowings	115,997	109,302
	Interest on workers' profit participation fund (Note 9.3)	406	112
	Bank charges and commission	8,490	8,664
	Exchange loss on foreign currency loans	-	5,732
		140,424	139,632
32.	**TAXATION**		
	Charge for the year:		
	Current (Note 32.1)	41,434	27,342
	Prior year adjustment	2,183	(155)
	Deferred (Note 32.2)	(20,547)	(7,630)
		23,070	19,557

32.1 Provision for current taxation represents minimum tax on local sales, tax deducted against export sales and tax on other income under the relevant provisions of the Income Tax Ordinance, 2001. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented, being impracticable.

32.2 Deferred income tax effect due to:

	2014	2013
Accelerated tax depreciation	68,907	102,903
Staff retirement gratuity	(2,011)	(3,243)
Tax credits	(2,052)	(14,269)
	64,844	85,391
Opening balance as at 01 July	(85,391)	(62,176)
Related to surplus on revaluation of property, plant and equipment	-	(30,845)
	(20,547)	(7,630)

33. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2014	2013
Profit for the year	(Rupees in thousand)	8,156	72,063
Weighted average number of ordinary shares	(Numbers)	9 660 000	9 660 000
Earnings per share	(Rupees)	0.84	7.46

	2014	2013
	(RUPEES IN THOUSAND)	
34. CASH GENERATED FROM OPERATIONS		
Profit before taxation	31,226	91,620
Adjustments for non-cash charges and other items:		
Depreciation	61,479	51,488
Gain on sale of property, plant and equipment	(370)	(2,334)
Provision for staff retirement gratuity	-	9,915
Transfer of staff retirement gratuity to Employees' Provident Fund Trust	(1,880)	-
Stores, spare parts and loose tools written off	25	-
Trade debts written off	345	1,145
Credit balances written back	(5,394)	-
Interest / profit on long term investments	(528)	(478)
Finance cost	140,424	139,632
Provision for workers' profit participation fund	1,681	4,877
Provision for workers' welfare fund	313	939
Working capital changes (Note 34.1)	58,190	4,093
	285,511	300,897

34.1 Working capital changes

	2014	2013
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	11,624	(26,571)
Stock in trade	176,451	41,886
Trade debts	(83,622)	5,682
Loans and advances	9,017	(7,879)
Short term deposits and prepayments	(274)	(18)
Other receivables	(7,690)	923
	105,506	14,023
Decrease in trade and other payables	(47,316)	(9,930)
	58,190	4,093

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	(RUPEES IN THOUSAND)					
Managerial remuneration	1,200	1,200	1,360	1,680	5,905	5,504
Allowances						
House rent	540	540	612	756	2,658	2,477
Utilities	60	60	68	84	37	35
Others	-	-	-	-	188	177
Contribution to provident fund	-	-	-	-	479	451
	1,800	1,800	2,040	2,520	9,267	8,644
Number of persons	1	1	2	2	7	7

35.1 Chief Executive Officer and Directors of the Company are provided with free Company maintained vehicles.

35.2 Chief Executive Officer, Directors and some Executives are entitled to reimbursement of travelling expenses, electricity, gas and water bills.

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

35.4 No remuneration was paid to non-executive directors of the Company.

36. TRANSACTIONS WITH RELATED PARTIES

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

	2014	2013
	(RUPEES IN THOUSAND)	
Associated companies / undertakings:		
Purchase of goods	357,694	259,578
Fuel and power purchased	9,043	31,679
Doubling, processing, packing, conversion and stitching charges	232,252	190,438
Expenses paid	42,139	-
Sale of goods	1,296,670	918,117
Doubling and conversion income	8,043	560
Sale of operating fixed assets	1,540	6,000
Expenses recovered	25,412	-
Other related parties		
Loan obtained from directors	35,000	-
Loan repaid to director	-	1,833
Company's contribution to Employees' Provident Fund Trust	7,092	3,935

37. PROVIDENT FUND RELATED DISCLOSURES

Following information is based on un-audited financial statements of the employees' provident fund trust for the years ended 30 June 2014 and 30 June 2013:

	UN-AUDITED 2014	UN-AUDITED 2013
	(RUPEES IN THOUSAND)	
Size of the fund - Total assets	28,348	15,496
Cost of investments (Note 37.1)	27,054	14,015
Percentage of investments made	95.44	90.44
Fair value of investments	26,303	13,451

37.1 Whole of the investment has been made in unit trust schemes.

37.2 The investment out of provident fund has not been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose as the investment in unit trust scheme exceeded the limits prescribed in SRO 261 (I) / 2002 regarding investment in unit trust schemes.

38. NUMBER OF EMPLOYEES

	2014	2013
	(Number of Persons)	
Number of employees as on 30 June	1,060	1,201
Average number of employees during the year	1,186	1,198

39. PLANT CAPACITY AND ACTUAL PRODUCTION

		2014	2013
Spinning			
100% plant capacity converted to 20s count based on 3 shifts per day for 1 095 shifts (2013: 1 095 shifts)	(Kgs.)	4 858 000	4 858 000
Actual production converted to 20s count based on 3 shifts per day for 1 095 shifts (2013: 1 095 shifts)	(Kgs.)	5 088 691	4 701 680
Weaving			
100% plant capacity at 60 picks based on 3 shifts per day for 1 095 shifts (2013: 1 095 shifts)	(Sq.Mtr.)	41 570 493	41 570 493
Actual production converted to 60 picks based on 3 shifts per day for 1 095 shifts (2013: 1 095 shifts)	(Sq.Mtr.)	24 137 238	26 598 435

39.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity of Weaving segment is mainly due to gas supply shut down and normal maintenance.

40. SEGMENT INFORMATION

	Spinning		Weaving		Elimination of Inter-segment transactions		Total - Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	(RUPEES IN THOUSAND)							
Sales	1,856,372	1,684,825	2,694,052	2,296,870	(400,376)	(250,424)	4,150,048	3,731,271
Cost of sales	(1,754,471)	(1,543,830)	(2,459,925)	(2,041,265)	400,376	250,424	(3,814,020)	(3,334,671)
Gross profit	101,901	140,995	234,127	255,605	-	-	336,028	396,600
Distribution cost	(7,703)	(8,090)	(100,127)	(96,487)	-	-	(107,830)	(104,577)
Administrative expenses	(32,568)	(29,712)	(33,707)	(30,886)	-	-	(66,275)	(60,598)
Other expenses	(1,261)	(4,414)	(1,103)	(2,547)	-	-	(2,364)	(6,961)
	(41,532)	(42,216)	(134,937)	(129,920)	-	-	(176,469)	(172,136)
	60,369	98,779	99,190	125,685	-	-	159,559	224,464
Other income	548	1,387	11,543	5,401	-	-	12,091	6,788
Finance cost	(28,797)	(39,031)	(111,627)	(100,601)	-	-	(140,424)	(139,632)
Profit / (loss) before taxation	32,120	61,135	(894)	30,485	-	-	31,226	91,620
Taxation							(23,070)	(19,557)
Profit after taxation							8,156	72,063

40.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total - Company	
	2014	2013	2014	2013	2014	2013
	(RUPEES IN THOUSAND)					
Total assets for reportable segments	1,055,263	1,069,178	1,183,662	1,334,985	2,238,925	2,404,163
Total liabilities for reportable segments	534,478	532,819	829,187	982,071	1,363,665	1,514,890
Unallocated liabilities:						
Deferred income tax liability					64,844	85,391
Total liabilities as per balance sheet					1,428,509	1,600,281

40.2 Geographical Information

The Company's revenue from external customers by geographical location is detailed below:

	2014	2013
	(RUPEES IN THOUSAND)	
South America	20,095	41,939
North America	5,193	101,710
Asia	23,432	65,662
Europe	1,144,798	892,453
Africa	165,557	190,568
Pakistan	2,790,973	2,438,939
	4,150,048	3,731,271

40.3 All non-current assets of the Company as at reporting date are located and operating in Pakistan.

40.4 Revenue from major customers

Revenue from major customers of the Company represents Rupees 604.322 million (2013: Rupees 311.677 million) related to Weaving Segment and Rupees 1,301.399 million (2013: Rupees 918.117 million) related to both segments.

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2014	2013
Trade debts - USD	2,030,521	3,749,354
Trade debts - Euro	1,942	120,854
Trade and other payables - USD	230,567	75,975
Trade and other payables - Euro	29,816	258,802
Short term borrowings - USD	200,162	705,400
Net exposure - USD	1,599,792	2,967,979
Net exposure - Euro	(27,874)	(137,948)

Following significant exchange rates were applied during the year:

	2014	2013
Rupees per US Dollar		
Average rate	101.87	94.48
Reporting date rate	98.55	98.60
Rupees per Euro		
Average rate	138.23	118.96
Reporting date rate	134.46	129.11

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 7.339 million (2013: Rupees 13.623 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. While if the functional currency, at reporting date, had weakened / strengthened by 5% against the Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.174 million (2013: Rupees 0.829 million) lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

The Company has no interest-bearing assets except for long term investments and bank balances in saving accounts. The Company's interest rate risk arises from long term financing, short term borrowings, long term investments and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2014	2013
	(RUPEES IN THOUSAND)	
Fixed rate instruments:		
Financial assets		
Long term investments	6,325	6,325
Floating rate instruments:		
Financial assets		
Bank balances-saving accounts	10	10
Financial liabilities		
Long term financing	144,814	154,239
Short term borrowings	883,546	1,009,856

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 or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 9.574 million (2013: Rupees 10.838 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amount of financial instruments outstanding at balance sheet date were outstanding for the whole year.

(b) Credit risk

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

	2014	2013
	(RUPEES IN THOUSAND)	
Investments	7,359	6,831
Loans and advances	248	818
Deposits	3,895	3,895
Trade debts	625,999	542,722
Other receivables	15,488	52
Bank balances	9,606	55,194
	662,595	609,512

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

	Rating			2014	2013
	Short Term	Long term	Agency	(RUPEES IN THOUSAND)	
National Bank of Pakistan	A-1+	AAA	JCR-VIS	388	1,006
Allied Bank Limited	A1+	AA+	PACRA	113	114
Askari Bank Limited	A1+	AA	PACRA	50	125
Bank Alfalah Limited	A1+	AA	PACRA	1,581	72
Faysal Bank Limited	A1+	AA	PACRA	52	350
Habib Bank Limited	A-1+	AAA	JCR-VIS	106	257
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	5,607	46,808
MCB Bank Limited	A1+	AAA	PACRA	1,219	1,621
Soneri Bank Limited	A1+	AA -	PACRA	12	12
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	20	29
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	53	2,421
Bank Al-Habib Limited	A1+	AA+	PACRA	258	1,372
United Bank Limited	A-1+	AA+	JCR-VIS	95	905
The Bank of Punjab	A1+	AA -	PACRA	52	102
				9,606	55,194

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 20.

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

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2014, the Company had Rupees 1,606.454 million (2013: Rupees 960.144 million) available borrowing limits from financial institutions and Rupees 9.991 million (2013: Rupees 55.657 million) cash and bank balances. The 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 30 June 2014:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(RUPEES IN THOUSAND)					
Non-derivative financial liabilities:						
Long term financing	261,814	289,868	94,940	27,165	130,203	37,560
Trade and other payables	113,248	113,248	113,248	-	-	-
Accrued mark-up	25,875	25,875	25,875	-	-	-
Short term borrowings	900,675	1,040,040	1,040,040	-	-	-
	1,301,612	1,469,031	1,274,103	27,165	130,203	37,560

Contractual maturities of financial liabilities as at 30 June 2013:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Non-derivative financial liabilities:						
Long term financing	253,239	245,947	45,065	36,294	100,365	64,223
Trade and other payables	160,119	160,119	160,119	-	-	-
Accrued mark-up	27,709	27,709	27,709	-	-	-
Short term borrowings	1,009,879	1,049,648	1,049,648	-	-	-
	1,450,946	1,483,423	1,282,541	36,294	100,365	64,223

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 6 and Note 11 to these financial statements.

Carrying amount of long term financing as at 30 June 2014 includes overdue installments of principal amounting to Rupees 17.535 million (2013: Rupees Nil).

41.2 Fair values of financial assets and liabilities

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

41.3 Financial instruments by categories

	Held-to-maturity (2014)	Loans and receivables (2014)	Total (2014)	Held-to-maturity (2013)	Loans and receivables (2013)	Total (2013)
	(RUPEES IN THOUSAND)					
Assets as per balance sheet						
Investments	7,359	-	7,359	6,831	-	6,831
Loans and advances	-	248	248	-	818	818
Deposits	-	3,895	3,895	-	3,909	3,909
Trade debts	-	625,999	625,999	-	542,722	542,722
Other receivables	-	15,488	15,488	-	52	52
Cash and bank balances	-	9,991	9,991	-	55,657	55,657
	7,359	655,621	662,980	6,831	603,158	609,989

	Financial liabilities at amortized cost 2014	Financial liabilities at amortized cost 2013
	(RUPEES IN THOUSAND)	
Liabilities as per balance sheet		
Long term financing	261,814	253,239
Accrued mark-up	25,875	27,709
Short term borrowings	900,675	1,009,879
Trade and other payables	113,248	160,119
	1,301,612	1,450,946

41.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders 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 and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing (except subordinated loans) and short term borrowings obtained by the Company as referred to in Note 6 and Note 11 respectively. Equity represents 'total equity' as shown in the balance sheet and directors' loans which are subordinated to long term financing as referred in Note 6.2. Total capital employed includes 'equity' plus 'borrowings'. The Company's overall strategy remained unchanged from last year.

		2014	2013
Borrowings	Rupees in thousand	1,101,989	1,171,618
Total equity	Rupees in thousand	633,334	655,113
Total capital employed	Rupees in thousand	1,735,323	1,826,731
Gearing ratio	Percentage	63.50	64.14

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 3, 2014 by the Board of Directors of the Company.

43. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made.

44. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise

NISAR AHMAD SHEIKH
Chief Executive Officer

KH. AIZAD AMER
Director

PATTERN OF SHAREHOLDINGS
AS ON 30-06-2014

SERIAL	TYPE OF SHARE HOLDERS		NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD
1	1	100	652	20935
2	101	500	265	62355
3	501	1000	42	37232
4	1001	5000	62	154328
5	5001	10000	9	83250
6	10001	20000	7	93569
7	20001	25000	2	45160
8	25001	30000	2	60000
9	40001	45000	1	40587
10	85001	115000	2	209933
11	115001	1135000	1	129643
12	135001	155000	1	151113
13	185001	205000	2	377112
14	205001	215000	4	828804
15	225001	280000	6	1447012
16	290001	310000	1	297206
17	310001	660000	7	3043503
18	660001	770000	1	759758
19	770001	800000	1	779726
20	940001	1040000	1	1038774
	TOTAL =====>>		**1,069**	**9,660,000**

Categories of Shareholding
As at June 30,2014

Categories of Shareholding		Numbers	Shares held	Percentage (%)
Associated Companies, Undertakings and Related Parties		-	-	-
NIT and ICP		7	503606	5.21
Directors, Chief Executive Officer & their spouse and minor children				
Mr. Muhammad Arshad	(Chairman) / Director	1	759758	7.86
Spouse		1	191920	1.99
Mr. Nisar Ahmed Sheikh	(CEO) / Director	2	804726	8.33
Spouse		1	297206	3.08
Mrs. Zareen Akhtar	(Director)	2	556343	5.76
Mr. Shahzad Ahmed Sheikh	(Director)	2	1050201	10.87
Mr. Aized Amer	(Director)	2	482536	5.00
Mrs. Memoona Waseem	(Director)	2	747439	7.74
Mrs. Noureen Shahzad	(Director)	1	241017	2.50
Mr. Sharhyar Arshad	(Director)	2	483064	5.00
Executives		-	-	-
Public Sector Companies and Corporations		-	-	-
Banks & Development Finance Institutions		1	200	0.00
Non - Banking Finance Institutions		2	10310	0.11
Insurance Companies, Modaraba and Mutual Funds		2	110033	1.14
Joint Stock Companies		7	11152	0.12
Individuals		1031	3408664	35.29
Others		3	1825	0.02
Total		**1069**	**9660000**	**100.00**

ISHAQ TEXTILE MILLS LIMITED
Room No.404-405, 4th Floor, Business Centre,
Mumtaz Hassan Road, Karachi.

PROXY FORM

I/We ____ of ______________________________________ being member(s) of ISHAQ TEXTILE MILLS LIMITED holding __________ordinary shares as per Registered Folio No./CDC A/c No. (for members who have shares in CDS) ____________________ hereby appoint Mr./Mrs./Miss ______________________________ of (full address) ______________________________ or failing him/her Mr./Mrs./Miss______________________________ of (full address)______________________________ (being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on October 31, 2014 at 11:30 a.m. and/or any adjournment thereof.

As witness my/our hand seal this ________________day of ________________2014 Signed by ______________________________________ in the presence of ______________________________________

Signatures on
Rs.5/-
Revenue Stamps

(Signature must agree with the specimen
signatures registered with the Company)

Notes:

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company, 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself/herself is a member of the Company, except that a Corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him/her to prove his/her identity, and in case of proxy, must enclose an attested copy of his / her National Identity Card. Representatives of Corporate members should bring the usual documents required for such purpose.