# of Companies

26th Annual Report 2013

UMER GROUP OF COMPANIES

BLESSED TEXTILES LIMITED.

Contents

Vision

A Leader Company maintaining

an excellent Level of ethical and

Professional standards

Mission Statement

To become a top quality

Manufacturer of textile products

In the International

&

Local markets

CORPORATE INFORMATION

Board of Directors	Mr. Mohammad Amin	Chief Executive / Director
	Mr. Khurram Salim	Non Executive Director
	Mr. Bilal Sharif	Non Executive Director
	Mr. Adil Shakeel	Executive Director
	Mr. Mohammad Salim	Non Executive Director / Chairman
	Mr. Mohammad Sharif	Non Executive Director
	Mr. Mohammad Shaheen	Executive Director
	Mr. Mohammad Shakeel	Non Executive Director
	Mr. Iqbal Mehboob	Independent Director
Company Secretary	Syed Ashraf Ali, FCA	
Chief Financial Officer	Mr. Anwar Hussain, FCA	
Audit Committee	Mr. Iqbal Mehboob	Chairman
	Mr. Khurram Salim	Member
	Mr. Bilal Sharif	Member
Human Resource and Remuneration Committee	Mr. Mohammad Shakeel	Chairman
	Mr. Khurram Salim	Member
	Mr. Adil Shakeel	Member
Auditors	M/s Rehman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants 3- Shariff Colony, Iftikhar Ahmed Malik Road, Canal Park, Gulberg II, Lahore.	
Legal Advisor	Mr. Shahid Pervaiz Jami	
Bankers	Barclays Bank Plc Bank Al Habib Limited Dubai Islamic Bank MCB Bank Limited Meezan Bank Limited Samba Bank Limited Standard Charted Bank (Pakistan) Limited United Bank Limited	
Share Registrar	Hameed Majeed Associated (Private) Limited 5th Floor Karachi Chamber, Karachi	
Registered Office	Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, Pakistan Tel : 021 35115177 - 80 ; Fax: 021 -35063002-3 Email: khioff@umergroup.com Website: http://www.umergroup.com	
Liason / Correspondence office	9th Floor, City Towers, 6-K, Main Boulevard Gulberg - II, Lahore, Pakistan Tel : 042 111 130 130 ; Fax: 042 -35770015 Email: lhroff@umergroup.com Website: http://www.umergroup.com	
Mills At:	Spinning and weaving units are situated at Feroz Watwan, Sheikhupura, Punjab.	

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting of the members of **Blessed Textiles Limited** will be held on Tuesday 22nd October 2013 at 4:30 PM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extra Ordinary General Meeting held on 31st December 2012.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2013 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividend @ 50% (i.e. PKR 5 per share) for the year ended 30th June, 2013, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2013-2014 and fix their remuneration. The retiring auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the chairman.

Special Business

6. To approve the remuneration and perquisite of Chief Executive and Directors of Company

Statement Under Section 160(1)/(b) of the Companies Ordinance 1984; Regarding the Special Business
The shareholders approval is sought for remuneration and perquisite of Chief Executive and two Directors of the company; For this purpose it is proposed that the following resolution be passed with or without modification by the shareholders as an ordinary resolution;

"Resolved that the company hereby approves the monthly remuneration of Mr. Mohammad Amin, Chief Executive, a sum not exceeding PKR 400,000, Mr. Mohammad Shaheen - Director a sum not exceeding PKR 400,000 and Mr. Adil Shakeel - Director, a sum not exceeding PKR 400,000. In addition to above the company also approves following perquisites to them;

1. **Company maintained car**
   Estimated expenses for fuel and repair
   Chief Executive-Mr. Mohammad Amin
   PKR 800,000 per annum
   Director - Mr. Mohammad Shaheen
   PKR 800,000 per annum
   Director - Mr. Adil Shakeel
   PKR 800,000 per annum

2. **Telephone and mobile phone facilities for personal and official use**
   Chief Executive-Mr. Mohammad Amin
   PKR 125,000 per annum
   Director - Mr. Mohammad Shaheen
   PKR 125,000 per annum
   Director - Mr. Adil Shakeel
   PKR 125,000 per annum

3. **Business travelling**
   Chief Executive - Mr. Mohammad Amin
   On actual basis
   Director - Mr. Mohammad Shaheen
   On actual basis
   Director - Mr. Adil Shakeel
   On actual basis

(By the order of the Board)

Syed Ashraf Ali
FCA
Company Secretary

Karachi
Date: September 19, 2013

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 19th October 2013 to 26th October, 2013 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 18th October 2013 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2013.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/ her. No person other than a member shall act as proxy.

3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.

4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.

5. As instructed by Securities and Exchange Commission of Pakistan (SECP) vide their letter No. EMD/D-II/Misc/2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC Numbers; therefore, all shareholders holding physical shares were requested to submit copies of their valid CNICs as requested by our letters and also through advertisement in newspapers. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/National Tax numbers alongwith the folio numbers to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC numbers failing, which we will not be responsible if we are not able to pay the dividends.

6. In order to make process of payment of cash dividend more efficient, SECP vide circular No. 8(4) SM/CDC 2008 dated April 5, 2013 have issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. You may therefore authorize the Company to credit the dividend directly to your bank account for all future dividends declared by the Company. Accordingly all non CDC shareholders are requested to send their bank account details to the Company's Registrar at the address given above. Shareholders who hold shares with Participant/Central Depository Company of Pakistan (CDC) accounts are advised to provide the mandate to the concerned Stock Broker/ Central Depository Company of Pakistan Ltd.

7. Members are requested to immediately inform of any change in their addresses to our share Registrar, Hameed Majeed Associates (Private) Limited.

Directors' Report

The directors of the **Blessed Textiles Limited** have the pleasure in submitting 26th annual report together with audited financial statements of the company for the year ended 30th June 2013.

Overview
By the grace of Al-Mighty Allah your company earned a profit of PKR 394.614 million during the year ended 30th June 2013 as compared to PKR 283.282 Million in previous year. The earning per share of company is PKR 61.35 as compared to PKR 44.04 in previous year.

Current Economic Conditions and Textile Industry
Pakistan's economy continued to face challenges like energy shortages, law and order situation, floods and rains and other structural impediments that have hampered investment and growth in the country. The economy of Pakistan during the last five years grew on average at the rate of 2.9 percent per annum. Deterioration in the power sector is the main constraint on growth. Power outages have shaved off annual GDP growth 2 percent. GDP growth has been stuck at a level, which is half of the level of Pakistan's long-term trend potential of about 6.5 percent per annum.

The textile industry of Pakistan has potential for performing better both in productions as well as in export by virtue of its inherent competitiveness in the international market for its conventional products. However, to sustain its position and to move in high value added products as well as for the increased market share, a large investment in machinery equipment and new technology is essential. The training of workers, improvement in labour productivity, research & development, product diversification and branding are the immediate areas for companies to focus.

During the fiscal year 2013 various measures to increase the revenues was made which includes imposition of 2% sales tax on local supplies of five leading export sectors zero rating sector.

Operating Results
Financial results of the company are summarized as under;

	2013 Rupees	2012 Rupees
Sales	5,765,769,907	5,447,990,694
Gross profit	813,031,868	732,112,026
Profit before taxation	439,592,878	338,718,752
Taxation		
Current year	18,405,626	55,520,148
Prior year	160,587	(83,495)
Deferred	26,412,194	-
	44,978,407	55,436,653
Profit after taxation	394,614,471	283,282,099
Un-appropriated profit brought forward	94,446,992	159,404,893
Profit available for appropriation	489,061,463	442,686,992
Appropriations:		
Dividend paid	(32,160,000)	(48,240,000)
Transferred to General Reserve	(400,000,000)	(300,000,000)
appropriated profit carried forward	56,901,463	94,446,992
	=============	=============
Basic and diluted earning per share	61.35	44.04
	====	====

Turnover for the year was PKR.5.765 billion (2012: PKR. 5.447 billion) and operating costs were PKR.4.952 billion (2012: PKR.4.715 billion). The Company earned a net profit of PKR. 394.614 million during the year resulting in earnings per share of PKR.61.35 compared to a net profit of PKR 283.282 million and earnings per share of PKR 44.04 last year.

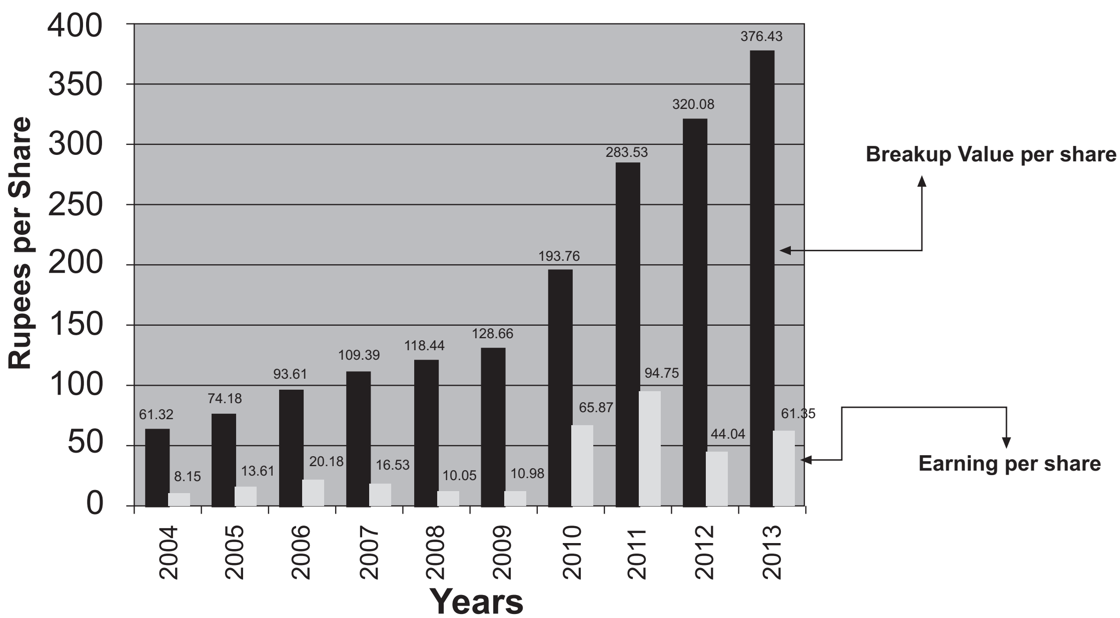
The Honourable Lahore High Court in its judgement on writ petition bearing number W.P. No. 8763/2011 decided that the amendments made in the Workers' Welfare Fund Ordinance through Finance Act 2006 and 2008 are unconstitutional and unlawful. Subsequently, Honourable Sindh High Court in its judgement on the same matter upheld the amendments. The Company has filed an appeal before the Honourable Supreme Court against the decision of Honourable Sindh High Court. The same has been admitted and pending for adjudication. No provision for Workers' Welfare Fund amounting to PKR 8.619 million (June 2012: PKR 6.641 million) has been made in these financial statements based on the Company's legal advisor the Company has a strong chances of a favourable judgment..

Dividend
The board of directors is pleased to recommend a final cash dividend of 50% i.e PKR 5.0 per share (June 2012: 50% i.e. PKR 5 per share) for the approval of shareholders at the forthcoming annual general meeting.

Balance Sheet
Gearing ratio is 0.52 at 30th June 2013 as compared to 0.40 at 30th June 2012. The liquidity position of the company is sound with a current ratio of 1.88 at 30th June 2013 (2012: 2.21). The total of shareholders' fund stood at PKR 2.421 billion (2012: PKR 2.058 billion). The interest cover is 4.18 times (2012: 3.46 times).

Cash Flow Management
The company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis. Working capital requirements are planned through internal cash generations and short term borrowings. The Board is satisfied that there are no short or long term financial constraints because of efficient and timely debt discharging history with efficient financial management.

Breakup Value and Earning per Share
The breakup value of your share as on 30th June 2013 is PKR 376.43 (30th June 2012: PKR 320.08). The Earning per Share (EPS) of your company for the year ended 30th June 2013 is PKR 61.35 (30th June 2012: PKR 44.04).



Statement on Corporate and Financial Reporting Framework
The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in your Company as required by the Code. As a part of the compliance of the Code, we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting 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.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- As required by the Code of Corporate Governance, we have included the following information in this report:
  - o Statement of pattern of shareholding has been given separately.
  - o Statement of shares held by associated undertakings and related persons.
  - o Statement of the Board meetings held during the year and attendance by each director has been given separately.
  - o Key operating and financial statistics for last six years.
- Information about taxes and levies is given in the notes to the financial statements.

Human Resource and Remuneration Committee:
The board of directors has formed Human Resource and Remuneration Committee. The committee consists of three members. Majority of members including chairman of committee is non-executive directors. The committee will be responsible for making recommendation to board of directors for maintaining;

- A sound plan of organization for the company
- An effective employees' development programme
- Sound compensation and benefits plans, policies and practices designed to attract and retain the caliber of personnel needed to manage the business effectively

1. To review and advise on the human resource policies of the company and its revision from time to time as and when necessary.
2. To determine the remuneration and terms of service of the Chief Executive and other executive of the company including their performance benefits and other benefits such as retirements benefits, perquisite and other contractual terms.
3. To ensure that the best practices are adopted by the management of the company with emphasis that:
   a. The people of appropriately high ability and caliber are recruited, retained and motivated by offering market competitive packages
   b. Clear statement of job description and responsibilities for each individual position are defined for proper performance measurement
   c. Performance evaluation process / mechanism is in place and carried out annually
   d. Market competitive pay scales of comparable size and turnover comspanies are determined through independent sources and compared with company's existing pay scale
4. To review and advice on the training, development and succession planning for the senior management of the company.
5. To devise a mechanism for the approval of HR related policies of the company.
6. To recommend any matter of significance to the board of directors.

Audit Committee
During the year the audit committee was reconstitute in terms of the requirement of Code of Corporate Governance. The independent director is now the Chairman of audit committee. The audit committee of the company is working as required by the code of corporate governance. The audit committee has established internal audit system to monitor and review the adequacy and implementation of internal control at each level. The meetings of audit committee were held in compliance of the requirements of Code of Corporate Governance. Interim and annual financial statements were reviewed by the audit committee before the approval of board of directors.

Financial statements
As required under listing regulations of stock exchanges the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2013 and clean review report on Statement of Code of Corporate Governance. These reports are attached with the financial statements.

No material changes in contingencies and commitments, affecting the financial position of your company, have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

Related Party transaction and Transfer Pricing
It is the policy of the company to ensure that all transactions entered with related parties must be at arms length. The company has adopted comparable uncontrolled price method for pricing of transaction with related parties.

Pattern of Shareholding
The pattern of shareholding and additional information regarding pattern of shareholding is attached separately. No trade in the shares of the company was carried out by CEO, CFO and Company Secretary and their spouses and minor children except those that have been duly reported as per the law.

Auditors
The present auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants shall retire on the conclusion of the 26th annual general meeting. Being eligible, they offer themselves for re-appointment as auditor of the company to hold office from the conclusion of 26th annual general meeting until the conclusion of 27th annual general meeting. The audit committee has recommended the appointment of aforesaid M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as external auditor for the year ended 30th June 2014. The external auditors, M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

Safety, Health and Environment
We take maintenance of health and safety standards at our plants and offices seriously. We are committed to actively managing health and safety risks associated with our business and are actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors. Due to these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

Director Education Program
During the year following directors have been awarded certification of Corporate Governance Leadership Skills by the Pakistan Institute of Corporate Governance.
Mr. Mohammad Shaheen - Executive Director
Mr. Iqbal Mehboob - Independent Director

Corporate Social Responsibility
Company is working positively to raise the educational, health and environmental standards of the country in general and local communities in particular. Company is extensively supporting educational and health projects with renowned NGO chartered by Government of Pakistan. Company spent PKR 1.4 million under social commitments during the year. The company worked closely with NGO to support their programs for Health and Education to provide socio-economic opportunities to a multitude of individuals and households.

Expansion Plan
Production capacity of spinning unit is being enhanced by 12,000 spindles. The expansion plan is under progress and expected to be completed by the end of first quarter of next calendar year. Total cost of expansion is around PKR 1,200.0 Million.

Risks, Challenges and Future Outlook
Government should overcome the problem of energy crises and law and order situation. These are main constraint for obtaining the reasonable GDP. Government should prepare the power policy and priority should be given to industries in order to boost the GDP.

The depreciation of Rupee and high inflation is another main concern for manufacturers. Exporters are losing competences in international market due to high inflation.

Currently the price of cotton is around PKR 7.000 per maund. It is expected that the prices of cotton will be moderate in subsequent quarter. As per the estimate the local production of cotton will be around 12.0 million bales whereas the estimate of cotton consumption is around 14.0 million bales.

The results of the First Quarter of the next fiscal year will depend on the direction of cotton prices. The management expects a reasonable profitability in subsequent period.

Acknowledgement
We would like to take advantage of this opportunity to thank our business partners and those who continue to steer the company forward. We owe special gratitude to company's bankers, shareholders and government authorities for the cooperation extended by them during this period.

For and on behalf of the Board of Directors

Karachi
Date: September 19, 2013

Mohammad Amin
Chief Executive

Year wise Operating Data

	Year Ended 30th June					
	2013	2012	2011	2010	2009	2008
Spinning Unit						
Spindle installed	47,616	47,616	47,616	47,616	47,616	47,616
Spindle worked	47,616	47,616	47,616	47,616	47,616	47,616
Installed capacity after conversion in to 20/s count (Kgs)	20,413,000	20,413,000	20,413,000	20,413,000	20,413,000	20,413,000
Actual production after conversion in to 20/s count (Kgs)	16,220,000	18,498,000	23,832,744	18,498,000	18,689,000	18,229,000
Weaving Unit						
Air jet looms installed	136	131	131	131	131	131
Air jet looms worked	136	131	131	131	131	131
Installed capacity after conversion into 50 picks - (meters)	19,771,000	17,483,076	17,483,076	17,483,076	17,483,076	17,483,076
Actual production after conversion into 50 picks - (meters)	19,735,000	25,059,000	23,245,090	25,059,000	23,892,170	23,892,170

Year wise Financial Data

	Year Ended 30th June					
	2013	**2012**	**2011**	**2010**	**2009**	**2008**
	Rupees in Thousands					
Fixed assets	1,994,404	1,734,165	1,539,364	1,623,295	1,565,526	1,624,082
Long term loans and deposits	7,298	7,298	8,128	12,864	11,314	7,688
Current assets	2,147,818	1,519,067	1,293,004	773,352	880,145	1,163,347
Shareholders equity	2,421,221	2,058,766	1,823,724	1,246,279	827,581	761,811
Long term liabilities	475,706	445,840	333,929	504,014	495,842	531,156
Deferred liabilities	107,607	67,474	57,830	57,639	81,956	68,644
Current liabilities	1,144,986	688,449	625,012	514,871	962,321	1,353,786
Turnover (Net)	5,765,569	5,447,990	6,124,843	4,054,211	3,254,301	2,961,744
Gross profit	813,031	732,112	1,160,396	801,314	466,696	365,722
Operating profit	602,628	494,923	923,186	637,523	357,270	275,028
Financial charges	138,293	137,939	192,407	175,417	1,257,167	159,347
Profit before tax	439,592	338,718	673,402	429,929	100,103	115,680
Profit after tax	394,614	283,282	609,605	423,522	70,593	64,627
Cash Dividend	32,160	48,240	32,160	4,824	4,824	6,432
Transfer to reserves	400,000	300,000	500,000	350,000	60,000	60,000
Profit carried forward	56,901	94,446	159,404	81,959	13,261	7,491

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
3- Shariff Colony,
Iftikhar Ahmed Malik Road,
Canal Park, Gulberg II, Lahore.

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Review Report to the members

on Statement of Compliance with Best practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **BLESSED TEXTILES LIMITED** (“the Company”) to comply with chapter XI of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited, the Lahore Stock Exchange (Guarantee) Limited and the Islamabad Stock Exchange (Guarantee Limited, where the Company is listed.

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

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

Further Sub- Regulations (xiii) of Listing Regulations No 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transaction distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the code of corporate governance for the year ended June 30, 2013.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: September 19, 2013
Place: Lahore

Engagement Partner:
ZUBAIR IRFAN MALIK

Rahman Sarfaraz Rahim Rafiq, Chartered Accountants, is a parthership firm registered in Pakistan and a member of Russell Bedford International, a global network of independent accounting firms and consultants with affiliated offiliated offices worldwide.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2013

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

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

1. The company encourages representation of independent non executive directors and directors representing minority interest on its Board of Directors. The Board of directors of the Company has always supported implementation of the highest standards of Corporate Governance at all times. At present the board includes;

Category	Name
Independent Director	Mr. Iqbal Mehboob
Executive Directors	Mr. Mohammad Amin Mr. Mohammad Shaheen Mr. Adil Shakeel
Non Executive Directors	Mr. Khurram Salim Mr. Bilal Sharif Mr. Mohammad Salim Mr. Mohammad Sharif Mr. Mohammad Shakeel

Independent director meets the criteria of independence under clause under the clause i(b) of the Code.

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

3. The Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the company.

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

5. There was no casual vacancy occurred in board of directors during the year.

6. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment as determined by the CEO. However, there was no new appointment made during the year.

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

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

9. The company arranged briefing for its directors to apprise them of their duties and responsibilities. An independent director also acquired certification by the Pakistan Institute of Corporate Governance (PICG).

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

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2013

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

12. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

13. The Board has formed an audit committee. It comprises three members. The Chairman of the committee is an independent director. The remaining two members are non-executive directors.

14. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, majority of them including Chairman of committee are non executive directors.

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

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

17. All material information as described in clause (Xiii) of the Code of Corporate Governance is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in time.

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

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

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

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

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

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

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

For and on behalf of the Board of Directors

Karachi: 19th September, 2013

Mohammad Amin
Chief Executive

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
3- Shariff Colony,
Iftikhar Ahmed Malik Road,
Canal Park, Gulberg II, Lahore.

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Auditors' Report to the Members

We have audited the annexed balance sheet of **BLESSED TEXTILES LIMITED** ("the Company") as at June 30, 2013 and the related profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

   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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, other 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.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner:
ZUBAIR IRFAN MALIK

Date: September 19, 2013
Place: Lahore

Balance Sheet
as at June 30, 2013

	Note	2013 Rupees	2012 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,500,000 (2012: 6,500,000) ordinary shares of Rs. 10 each		**65,000,000**	65,000,000
Issued, subscribed and paid-up capital	6	**64,320,000**	64,320,000
General reserve	7	**2,300,000,000**	1,900,000,000
Accumulated profit		**56,901,463**	94,446,992
TOTAL EQUITY		**2,421,221,463**	2,058,766,992
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - *Secured*	8	**475,706,138**	445,839,698
Liabilities against assets subject to finance lease - *Secured*	9	**-**	-
Deferred liabilities	10	**107,607,678**	67,473,999
		583,313,816	513,313,697
CURRENT LIABILTIES			
Trade and other payables	11	**345,400,085**	293,897,120
Accrued interest/mark-up		**12,023,491**	14,852,689
Short term borrowings - *Secured*	12	**627,290,326**	271,863,359
Current portion of non-current liabilities	13	**160,272,560**	107,836,694
		1,144,986,462	688,449,862
TOTAL LIABILITIES		**1,728,300,278**	1,201,763,559
CONTINGENCIES AND COMMITMENTS	14	**-**	-
TOTAL EQUITY AND LIABILITIES		**4,149,521,741**	3,260,530,551

The annexed notes 1 to 49 form an integral part of these financial statemements.

Mohammad Amin
Chief Executive

Karachi
Date: September 19, 2013

Balance Sheet
as at June 30, 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	**1,994,404,823**	1,734,165,084
Long term deposits -	16	**7,297,985**	7,297,985
		2,001,702,808	1,741,463,069
CURRENT ASSETS			
Stores, spares and loose tools	17	**82,903,666**	69,099,763
Stock in trade	18	**1,570,261,938**	1,156,335,546
Trade debts	19	**189,649,908**	132,020,836
Advances, prepayments and other receivables	20	**65,418,050**	31,686,455
Sales tax refundable		**90,399,343**	56,997,690
Income tax refundable	21	**112,207,491**	56,994,747
Cash and bank balances	22	**36,978,537**	15,932,445
		2,147,818,933	1,519,067,482
TOTAL ASSETS		**4,149,521,741**	3,260,530,551

The annexed notes 1 to 49 form an integral part of these financial statemements.

Mohammad Salim
Director

Profit and loss account
for the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales - *net*	23	**5,765,769,907**	5,447,990,694
Cost of sales	24	**4,952,738,039**	4,715,878,668
Gross profit		**813,031,868**	732,112,026
Selling and distribution expenses	25	**132,149,050**	146,251,386
Administrative and general expenses	26	**84,145,244**	93,637,271
		216,294,294	239,888,657
		596,737,574	492,223,369
Other income	27	**5,891,382**	2,700,271
Operating profit		**602,628,956**	494,923,640
Finance cost	28	**138,293,246**	137,939,486
Other charges	29	**24,742,832**	18,265,402
		163,036,078	156,204,888
Profit before taxation		**439,592,878**	338,718,752
Provision for taxation			
Current taxation	30	**18,566,213**	55,436,653
Deferred taxation	30	**26,412,194**	-
		44,978,407	55,436,653
Profit after taxation		**394,614,471**	283,282,099
Earnings per share - *basic and diluted*	31	**61.35**	44.04

The annexed notes 1 to 49 form an integral part of these financial statemements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 19, 2013

Statement of profit or loss and other comprehensive income
for the year ended June 30, 2013

	2013 *Rupees*	2012 *Rupees*
Profit after taxation	**394,614,471**	283,282,099
Other comprehensive income	**-**	-
Total comprehensive income	**394,614,471**	283,282,099

The annexed notes 1 to 49 form an integral part of these financial statemements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 19, 2013

Cash flow statement
for the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	33	**251,924,440**	411,015,647
Payments for:			
Employees retirement benefits		**(13,603,281)**	(10,347,295)
Interest/markup		**(120,611,185)**	(114,804,989)
Income tax		**(73,778,957)**	(62,639,881)
Net cash generated from operating activities		**43,931,017**	223,223,482
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		**(436,197,793)**	(355,650,678)
Proceeds from disposal of property, plant and equipment		**7,565,690**	2,370,000
Net cash used in investing activities		**(428,632,103)**	(353,280,678)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances obtained		**204,050,000**	219,749,518
Repayment of long term finances		**(108,247,000)**	(169,335,873)
Repayment of liabilities against assets subject to finance lease		**(13,500,694)**	(25,503,524)
Loan from sponsors repaid		**-**	(100,000,000)
Net decrease in short term borrowings		**355,426,967**	252,224,769
Dividend paid		**(31,982,095)**	(48,007,349)
Net cash generated from financing activities		**405,747,178**	129,127,541
Net increase/(decrease) in cash and cash equivalents		**21,046,092**	(929,655)
Cash and cash equivalents at the beginning of the year		**15,932,445**	16,862,100
Cash and cash equivalents at the end of the year	34	**36,978,537**	15,932,445

The annexed notes 1 to 49 form an integral part of these financial statemements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 19, 2013

Statement of changes in equity
for the year ended June 30, 2013

	Issued subscribed and paid-up capital	General reserve	Accumulated profit	Total equity
	Rupees	*Rupees*	*Rupees*	*Rupees*
Balance as at July 01, 2011	64,320,000	1,600,000,000	159,404,893	1,823,724,893
Comprehensive income				
Profit after taxation	-	-	283,282,099	283,282,099
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	283,282,099	283,282,099
Transaction with owners				
Final dividend @ 75% i.e. Rs. 7.5 per ordinary share	-	-	(48,240,000)	(48,240,000)
Profit transferred to general reserve	-	300,000,000	(300,000,000)	-
Balance as at June 30, 2012	64,320,000	1,900,000,000	94,446,992	2,058,766,992
Comprehensive income				
Profit after taxation	**-**	**-**	**394,614,471**	**394,614,471**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**394,614,471**	**394,614,471**
Transaction with owners				
Final dividend @ 50% i.e. Rs. 5.0 per ordinary share	**-**	**-**	**(32,160,000)**	**(32,160,000)**
Profit transferred to general reserve	**-**	**400,000,000**	**(400,000,000)**	**-**
Balance as at June 30, 2013	**64,320,000**	**2,300,000,000**	**56,901,463**	**2,421,221,463**

The annexed notes 1 to 49 form an integral part of these financial statements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 19, 2013

Notes to and forming part of financial statements
for the year ended June 30, 2013

1 REPORTING ENTITY

Blessed Textiles Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The Company is primarily a spinning unit engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at District Sheikhupura in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employee retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 Recoverable amount and impairment

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.3.3 Taxation

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.3.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.5 Obligation under defined benefit plan

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

Notes to and forming part of financial statements
for the year ended June 30, 2013

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 15.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

3.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

3.2 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held for capitalization are classifed as property, plant and equipment.

3.3 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

3.4 Employee benefits

Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

Notes to and forming part of financial statements
for the year ended June 30, 2013

Post-employment benefits
The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss. The amount recognized on balance sheet represents the present value of defined benefit obligation. Actuarial gains or loss are recognized in profit or loss. The details of the scheme are referred to in note 10 to the financial statements.

3.5 Financial instruments

3.5.1 Recognition
A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

3.5.2 Classification
The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

3.5.2(a) Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

3.5.2(b) Financial liabilities at amortized cost
Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

3.5.3 Measurement
The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.5.4 De-recognition
Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

3.5.5 Off-setting
A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.6 Ordinary share capital
Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

3.7 Loans and borrowings
Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

3.8 Finance leases
Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject

to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

3.9 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

3.10 Trade and other payables

3.10.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

3.10.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

3.11 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.12 Trade and other receivables

3.12.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

3.12.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

3.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer. Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For local sales transfer usually occurs on dispatch of goods to customers. For export sales transfer occurs upon loading the goods onto the relevant carrier. Interest income is recognized using effective interest method.

3.14 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

Notes to and forming part of financial statements for the year ended June 30, 2013

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

3.16 Income tax

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

3.16.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

3.16.2 Deferred taxation

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

3.17 Government grants

Government grants that compensate the Company for expenses or losses already incurred are recognized in profit or loss in the period in which these are received and are deducted in reporting the relevant expenses or losses.

3.18 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are classified as 'loans and receivables' and are carried at cost.

3.20 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

3.21 Impairment

3.21.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.21.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.22 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

4 ADOPTION OF NEW AND REVISED APPROVED ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The following amendments to approved accounting standards are effective in the current year and relevant to the Company.

Fourth Schedule to the Companies Ordinance, 1984

The Securities and Exchange Commission of Pakistan through S.R.O. 183(I)/2013 has notified certain amendments in the Fourth Schedule to the Companies Ordinance, 1984. These amendments have principally clarified certain matters, changed some of the presentation and classification requirements and incorporated additional disclosure requirements. The Company has adopted these changes which has resulted in additional disclosures made in the financial statements. However, no change in accounting policy was required and accordingly there was no impact on the amounts reported in these financial statements.

IAS 1 - Presentation of Financial Statements ('Amendments')

The amendments rename 'statement of comprehensive income' as 'statement of profit or loss and other comprehensive income' and require entities to group items presented as other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently, i.e. those that might be reclassified and those that will not be reclassified, and require tax associated with items presented before tax to be shown separately for each of the two groups, without changing the option to present items of other comprehensive income either before tax or net of tax. The adoption of amendment does not have any impact on these financial statements, with the exception of change of name to 'statement of profit or loss and other comprehensive income' as the Company has no other comprehensive income to report.

5 NEW AND REVISED APPROVED ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

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

Notes to and forming part of financial statements
for the year ended June 30, 2013

5.1 New and Revised Approved Accounting Standards and Interpretations

IFRS 9 - Financial Instruments: Classification and Measurement (2010)
The revised standard incorporates new requirements for the classification and measurement of financial instruments and carries over existing derecognition requirements from IAS 39 - Financial Instruments: Recognition and Measurement. The standard was originally effective for annual periods beginning on or after January 01, 2013, however IASB issued "Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7) which amended the effective date of IFRS 9 to annual periods beginning on or after January 01, 2015.

IFRS 10 - Consolidated Financial Statements (2011)
The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities. The standard is effective for annual periods beginning on or after January 01, 2013.

IFRS 11 - Joint Arrangements (2011)
The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non- monetary Contributions by Venturers. The standard is effective for annual periods beginning on or after January 01, 2013.

IFRS 12 - Disclosure of Interests in Other Entities (2011)
The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for annual periods beginning on or after January 01, 2013.

IFRS 13 - Fair Value Measurement (2011)
The standard establishes a single framework for measuring fair value where that is required by other standards. The standard is effective for annual periods beginning on or after January 01, 2013.

IAS 19 - Employee Benefits (Revised 2011)
The revised standard requires actuarial gains and losses to be recognized immediately in other comprehensive income and removes the corridor method as well as the option to recognize all changes in defined benefit obligation and plan assets in profit or loss. The revisions are effective for annual periods beginning on or after January 01, 2013.

IAS 27 - Separate Financial Statements (Revised 2011)
The revised standard supersedes IAS 27 - Consolidated and Separate Financial Statements (Revised 2008). The revised standard carries forward existing accounting and disclosure requirements for separate financial statements with some minor clarifications. The revised standard is effective for annual periods beginning on or after January 01, 2013.

IAS 28 - Investments in Associates and Joint Ventures (Revised 2011)
The revised standard supersedes IAS 28 - Investments in Associates (revised 2008). The revised standard makes amendments to apply IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations to investment, or a portion thereof, in an associate or joint venture, that meets the criteria to be classified as held for sale. The revised standard is effective for annual periods beginning on or after January 01, 2013.

IFRIC 20 - Stripping Cost in the Production Phase of a Surface Mining (2011)
The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The Interpretation is effective for annual periods beginning on or after January 01, 2013.

IFRIC 21 - Levies (2013)
The interpretation provides guidance on when to recognize a liability for levy imposed by a government. The Interpretation is effective for annual periods beginning on or after January 01, 2014.

5.2 Amendments to Approved Accounting Standards and Interpretations

Government Loans (Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards)
The amendments address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to International Financial Reporting Standards. The amendments are effective for annual periods beginning on or after January 01, 2013.

Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 - Financial Instruments: Disclosures)

The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendments are effective for annual periods beginning on or after January 01, 2013.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 - Financial Instruments: Presentation)

The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 01, 2014.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The amendments are effective for annual periods beginning on or after January 01, 2013.

Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption. The amendments are effective for annual periods beginning on or after January 01, 2014.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 – Impairment of Assets)

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount is determined using a present value technique. The amendments are effective for annual periods beginning on or after January 01, 2014.

Novation of Derivative and Continuation of Hedge Accounting (Amendments to IAS 39 – Financial Instruments: Recognition and Measurement)

The amendments clarify that there is no need to discontinue hedge accounting if a hedge derivative is novated provided certain criteria are met. The amendments are effective for annual periods beginning on or after January 01, 2014.

Annual Improvements 2009-2011(effective for annual periods beginning on or after January 01, 2013)

The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

IFRS 1 – First-time Adoption of International Financial Reporting Standards
The amendments clarify that an entity may apply IFRS 1 if its most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with International Financial Reporting Standards even if the entity applied IFRS 1 in the past.

IAS 1 - Presentation of Financial Statements

The amendments clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

Notes to and forming part of financial statements
for the year ended June 30, 2013

IAS 16 - Property, Plant and Equipment
The amendments clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

IAS 32 - Financial Instruments: Presentation
The amendments clarify that IAS 12 - Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

IAS 34 - Interim Financial Reporting
The amendments align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 - Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

	2013	2012
	Rupees	*Rupees*
6 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
6,432,000 (2012: 6,432,000) ordinary shares of Rs. 10 each issued for cash	**64,320,000**	64,320,000

7 GENERAL RESERVE

General reserve is primarily being maintained to have adequate resources for future requirements and business operations.

	Note	**2013**	2012
		Rupees	*Rupees*
8 LONG TERM FINANCES - SECURED			
These represent long term finances utilized under interest/markup arrangements from banking companies			
Term Finances ('TF')			
TF - I	*8.1*	**100,000,000**	125,000,000
TF - II	*8.2*	**31,350,000**	42,750,000
TF - III	*8.3*	**53,088,000**	79,632,000
TF - IV	*8.4*	**7,596,518**	7,596,518
TF - V	*8.5*	**212,153,000**	212,153,000
TF - VI	*8.6*	**204,050,000**	-
		608,237,518	467,131,518
Long Term Finances Facilities (LTFF)			
LTFF - I	*8.7*	**-**	20,867,000
LTFF - II	*8.8*	**7,043,180**	21,131,180
LTFF - III	*8.9*	**10,934,000**	16,402,000
LTFF - IV	*8.10*	**9,764,000**	14,644,000
		27,741,180	73,044,180
		635,978,698	540,175,698
Current maturity presented under current liabilities	*13*	**(160,272,560)**	(94,336,000)
		475,706,138	445,839,698

Notes to and forming part of financial statements
for the year ended June 30, 2013

8.1 The finance has been obtained from Meezan Bank Limited for balance sheet restructuring and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.1% per annum (2012: three months KIBOR plus 1.1% per annum), payable quarterly. The finance is repayable in seven quarterly installments with the first installment of Rs. 50 million due in January 2011 and thereafter six equal quarterly installments starting from April 2011.

8.2 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 2% per annum (2012: three months KIBOR plus 2% per annum), payable quarterly. The finance is repayable in twenty equal quarterly installments with the first installment due in June 2011.

8.3 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.65% per annum (2012: three months KIBOR plus 1.65% per annum), payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in August 2011.

8.4 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.25% per annum (2012: three months KIBOR plus 1.25% per annum) payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in September 2013.

8.5 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.25% per annum (2012: three months KIBOR plus 1.25% per annum) payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in July 2013.

8.6 The finance has been obtained from MCB Bank Limited to finance capital expenditure and represents partial disbusrement out of total limit sanctioned of Rs. 1,200 million. The remaining amounts will be disbursed as and when the shipments arrive and the related letters of credit are adjusted. The finance is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1% per annum payable quarterly. The finance is repayable in twenty four equal quarterly installments with the first installment due in September 2014.

8.7 The finance was obtained from Bank Al-Habib Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried mark-up at 7% per annum. The finance has been fully repaid during the year.

8.8 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 9% per annum (2012: 9% per annum), payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in February 2010.

8.9 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 10.4% per annum (2012: 10.4% per annum), payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in November 2011.

8.10 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 10.4% per annum (2012: 10.4% per annum), payable quarterly. The finance is repayable in eight equal semi-annual installments with the first installment due in October 2011.

8.11 For restrictions on title, and assets pledged as security, refer to note 40 to the financial statements.

	Note	**2013** ***Rupees***	2012 *Rupees*
9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED			
Present value of minimum lease payments	*9.1&9.2*	**-**	13,500,694
Current maturity presented under current liabilities	*13*	**-**	(13,500,694)
		-	-

Notes to and forming part of financial statements
for the year ended June 30, 2013

9.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from three to six months KIBOR plus 0.75% to 2% per annum (2012: three to six months KIBOR plus 0.75% to 2% per annum). Lease rentals are payable quarterly over a tenor of 3 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

9.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

	Note	**2013** *Rupees*	2012 *Rupees*
Not later than one year		**-**	14,158,341
Later than one year but not later than five years		**-**	-
Total future minimum lease payments		**-**	14,158,341
Finance charge allocated to future periods		**-**	(657,647)
Present value of future minimum lease payments		**-**	13,500,694
Not later than one year	*11*	**-**	(13,500,694)
Later than one year but not later than five years		**-**	-

10 DEFERRED LIABILITIES

These include the following:

Employees retirement benefits	*10.1*	**65,995,267**	56,574,327
Long term payables - *Secured*	*10.2*	**15,200,217**	10,899,672
Deferred taxation	*10.3*	**26,412,194**	-
		107,607,678	67,473,999

10.1 Employees retirement benefits

The amount recognized on balance sheet represents present value of defined benefit obligation.

	Note	**2013** *Rupees*	2012 *Rupees*
10.1.1 Movement in present value of defined benefit obligation			
As at beginning of the year		**56,574,327**	49,212,759
Charged to profit or loss for the year	*10.1.2*	**17,993,382**	15,864,841
Benefits paid during the year		**(13,603,281)**	(10,347,295)
Actuarial loss arising during the year	*10.1.2*	**5,030,839**	1,844,022
As at end of the year		**65,995,267**	56,574,327
10.1.2 Charge to profit or loss			
Current service cost		**12,221,055**	10,381,925
Interest cost		**5,772,327**	5,482,916
	10.1.1	**17,993,382**	15,864,841
Actuarial loss recognized during the year	*10.1.1*	**5,030,839**	1,844,022
		23,024,221	17,708,863
10.1.3 The charge to profit or loss has been allocated as follows			
Cost of sales	*24.2*	**18,259,886**	13,886,148
Administrative and general expenses	*26.1*	**4,764,335**	3,822,715
		23,024,221	17,708,863

Notes to and forming part of financial statements
for the year ended June 30, 2013

10.1.4 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date has been determined by the management of the Company based on internal estimates. Last independent actuarial valuation was carried out as at June 30, 2010. The principal assumptions used in determining present value of defined benefit obligation are:

	2013	2012
Discount rate	**10%**	12%
Expected rates of increase in salary	**10%**	11%
Expected average remaining working lives of employees	**5 years**	5 years

	2013	2012	2011	2010	2009
10.1.5 Historical information					
Present value of defined benefit obligation *(Rupees)*	**65,995,267**	56,574,327	49,212,759	39,418,887	32,620,765
Actuarial adjustment arising during the year *(%)*	**7.62**	3.26	12.57	4.64	9.71

10.2 Long Term Payables - Secured

This represents infrastructure cess levied by Excise and Taxation Officer ('ETO') Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan. The Company and others have filed a suit before the Sindh High Court ('SHC') challenging the levy. The Supreme Court of Pakistan through order has declared all levies and collections before December 26, 2008 to be invalid. During the pendency of decision on the levies and collections on or after December 26, 2008, SHC has directed the petitioners to pay 50% of liability for levies on or after December 26, 2008 to ETO and to arrange bank gaurantees for the remaining amount in favour of ETO. The liability represents 50% of levies after December 26, 2008 against which guarantees have been arranged in favour of ETO (see note 14.1.1).

	Note	**2013** *Rupees*	2012 *Rupees*
10.3 Deferred taxation			
Deferred tax liability on taxable temporary differences	*10.3.1*	**33,494,366**	-
Deferred tax asset on deductible temporary differences	*10.3.1*	**(7,082,172)**	-
		26,412,194	-

10.3.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2013			
	As at July 01 *Rupees*	**Recognized in profit or loss** *Rupees*	**Recognized in equity** *Rupees*	**As at June 30** *Rupees*
Deferred tax liabilities				
Operating fixed assets - owned	-	33,494,366	-	33,494,366
Operating fixed assets - leased	-	-	-	-
	-	33,494,366	-	33,494,366
Deferred tax assets				
Employees retirement benefits	-	(4,783,417)	-	(4,783,417)
Accumulated impairment	-	(2,298,755)	-	(2,298,755)
	-	(7,082,172)	-	(7,082,172)
	-	26,412,194	-	26,412,194

Notes to and forming part of financial statements
for the year ended June 30, 2013

	2012			
	Asat July01 *Rupees*	Recognizedin profitorloss *Rupees*	Recognized inequity *Rupees*	Asat June30 *Rupees*
Deferred tax liabilities				
Operating fixed assets - owned	-	-	-	-
Operating fixed assets - leased	-	-	-	-
	-	-	-	-
Employees retirement benefits	**-**	**-**	**-**	**-**
Accumulated impairment	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**
	-	**-**	**-**	**-**

10.3.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while theremaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 35% of the timing differences so determined. The Government vide Finance Act, 2013 has notified a reduced tax rate of 34% for tax year 2014 only, however deferred tax has been recognized using tax rate of 35% as the impact of reduction in tax rate for one tax year is immaterial.

	Note	**2013** *Rupees*	2012 *Rupees*
11 TRADE AND OTHER PAYABLES			
Trade creditors - *Unsecured*		**143,468,353**	104,596,067
Accrued liabilities		**158,320,826**	144,518,002
Advances from customers - *Unsecured*		**2,598,004**	10,445,504
Workers' Profit Participation Fund	*11.1*	**23,342,832**	17,965,402
Workers' Welfare Fund	*11.2*	**13,474,274**	13,474,274
Unclaimed dividend		**2,081,693**	1,903,788
Other payables - *Unsecured*		**2,114,103**	994,083
		345,400,085	293,897,120
11.1 Workers' Profit Participation Fund			
As at beginning of the year		**17,965,402**	37,677,480
Interest on funds utilized by the Company	*11.1.1*	**1,120,933**	2,023,874
Charged to profit or loss for the year	*29*	**23,342,832**	17,965,402
Paid during the year		**(19,086,335)**	(39,701,354)
As at end of the year		**23,342,832**	17,965,402

11.1.1 **Interest is charged at 37.5% (2012: 56.25%) per annum.**

11.2 Workers' Welfare Fund

The Honourable Lahore High Court in its judgement on writ petition bearing number W.P. No. 8763/2011 decided that the amendments made in the Workers' Welfare Fund Ordinance through Finance Act 2006 and 2008 are unconstitutional and unlawful. The outstanding liability represents the amounts recognized prior to the above referred judgement. Subsequently, Honourable Sindh High Court in its judgement on the same matter upheld the amendments. The Company has filed an appeal before the Honourable Supremen Court against the decision of Honourable Sindh High Court. The same has been admitted and pending for adjudication. No provision for Workers' Welfare Fund has been made in these financial statements as based on the Company's legal advisor the Company has a strong chances of a favourable judgement.

Notes to and forming part of financial statements for the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
12 SHORT TERM BORROWINGS - SECURED			
These represent short term finances utilized under interest/mark-up arrangements from banking companies			
Running finances		**13,340,326**	171,863,359
Term loans		**613,950,000**	100,000,000
		627,290,326	271,863,359

12.1 These facilities has been obtained from various banking companies for working capital requirements and are secured by charge over all present and future current assets of the Company and demand promissory notes. Interest/mark-up on term loans is payable along with principal on maturity and that on running finances is payable quarterly. These finances carry mark-up at rates ranging from one to six months KIBOR plus 0.1% to 2.5% per annum (2012: one to three months KIBOR plus 0.4% to 2.5% per annum). The aggregate available short term funded facilities amounts to Rs. 3,470 million (2012: Rs. 4,815 million) out of which Rs. 2,483 million (2012: Rs.4,543 million) remained unavailed as at the reporting date.

12.2 For restrictions on title, and assets pledged as security, refer to note 40 to the financial statements.

	Note	2013 Rupees	2012 Rupees
13 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long term finances - *Secured*	*8*	**160,272,560**	94,336,000
Liabilities against assets subject to finance lease - *Secured*	*9*	**-**	13,500,694
		160,272,560	107,836,694

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Guarantees issued by banks on behalf of the Company as at the reporting date amount to Rs. 74.964 million (2012: Rs. 69.81 million), however the Company has already recognized related liability amounting to Rs. 15.2 million (2012: Rs. 10.9 million). See note 10.2.

14.1.2 Bills discounted/negotiated as at the reporting date amount to Rs. 432.583 million (2012: Rs. 379.34 million).

14.1.3 The Company has issued post dated cheques collectively amounting to Rs. 52.155 million (2012: Rs. 46.6 million) in favour of Sales Tax Department in lieu of levies under various statutory notifications and these are likely to be released after fulfillment of the terms of related notifications.

14.2 Commitments

	Note	2013 Rupees	2012 Rupees
14.2.1 Commitments under irrevocable letters of credit for:			
- purchase of machinery		**860,566,143**	4,170,950
- purchase of raw material		**8,537,981**	-
		869,104,124	4,170,950
14.2.2 Commitments for capital expenditure		**160,000,000**	-

	Note	2013 Rupees	2012 Rupees
15 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	*15.1*	**1,560,483,230**	1,411,360,030
Capital work in progress	*15.2*	**433,921,593**	322,805,054
		1,994,404,823	1,734,165,084

Notes to and forming part of financial statements for the year ended June 30, 2013

15.1 Operating fixed assets

	2013										
	COST						DEPRECIATION				Net book value
	As at July 01, 2012 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2013 Rupees	Rate %	As at July 01, 2012 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2013 Rupees	as at June 30, 2013 Rupees
Assets owned by the Company											
Freehold land	48,126,891	12,447,704	-	-	60,574,595	-	-	-	-	-	60,574,595
Buildings on freehold land											
Factory buildings	371,787,979	-	-	1,841,886	373,629,865	10	213,935,605	15,831,284	-	229,766,889	143,862,976
Non-factory buildings	76,225,276	-	-	-	76,225,276	5	23,680,423	2,627,243	-	26,307,666	49,917,610
	448,013,255	-	-	1,841,886	449,855,141		237,616,028	18,458,527	-	256,074,555	193,780,586
Plant and machinery	2,151,959,502	27,866,535	(20,071,732)	368,098,772	2,527,853,077	10	1,121,380,772	134,446,568	20,666,856	1,276,494,196	1,251,358,881
Equipment and other assets	84,220,145	-	-	2,569,593	86,789,738	25-35	57,821,495	10,446,140	-	68,267,635	18,522,103
Electric installations	26,816,448	-	-	-	26,816,448	10	14,942,352	1,187,409	-	16,129,761	10,686,687
Office equipment - head office	4,919,754	-	-	-	4,919,754	10	3,414,698	163,577	-	3,578,275	1,341,479
Office equipment - factory	2,773,815	-	-	-	2,773,815	10	1,078,886	169,493	-	1,248,379	1,525,436
Furniture and fixtures - head office	199,098	-	-	-	199,098	10	139,442	5,966	-	145,408	53,690
Furniture and fixtures - factory	6,971,397	-	-	-	6,971,397	10	4,085,092	288,630	-	4,373,722	2,597,675
Vehicles	34,149,935	3,181,309	(887,997)	5,774,520	42,217,767	20	16,095,502	4,465,315	1,614,852	22,175,669	20,042,098
	2,808,150,240	43,495,548	(20,959,729)	378,284,771	3,208,970,830		1,456,574,267	169,631,625	22,281,708	1,648,487,600	1,560,483,230
Assets subject to finance lease											
Plant and machinery	90,924,545	-	-	(90,924,545)	-	10	34,528,208	-	(34,528,208)	-	-
Vehicles	5,774,520	-	-	(5,774,520)	-	20	2,386,800	-	(2,386,800)	-	-
	2,904,849,305	43,495,548	(20,959,729)	281,585,706	3,208,970,830		1,493,489,275	169,631,625	(14,633,300)	1,648,487,600	1,560,483,230

	2012										
	COST						DEPRECIATION				Net book value
	As at July 01, 2011 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2012 Rupees	Rate %	As at July 01, 2011 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2012 Rupees	as at June 30, 2012 Rupees
Assets owned by the Company											
Freehold land	25,432,849	22,694,042	-	-	48,126,891	-	-	-	-	-	48,126,891
Buildings on freehold land											
Factory buildings	370,663,107	1,124,872	-	-	371,787,979	10	196,458,943	17,476,662	-	213,935,605	157,852,374
Non-factory buildings	67,683,287	8,541,989	-	-	76,225,276	5	21,024,132	2,656,291	-	23,680,423	52,544,853
	438,346,394	9,666,861	-	-	448,013,255		217,483,075	20,132,953	-	237,616,028	210,397,227
Plant and machinery	2,161,576,221	210,000	(10,611,719)	785,000	2,151,959,502	10	1,015,382,763	114,540,005	(8,541,996)	1,121,380,772	1,030,578,730
Equipment and other assets	70,893,820	-	-	13,326,325	84,220,145	25-35	47,278,134	10,543,361	-	57,821,495	26,398,650
Electric installations	26,816,448	-	-	-	26,816,448	10	13,623,008	1,319,344	-	14,942,352	11,874,096
Office equipment - head office	4,451,754	575,000	(107,000)	-	4,919,754	10	3,383,692	125,751	(94,745)	3,414,698	1,505,056
Office equipment - factory	2,388,815	385,000	-	-	2,773,815	10	901,254	177,632	-	1,078,886	1,694,929
Furniture and fixtures - head office	199,098	-	-	-	199,098	10	132,814	6,628	-	139,442	59,656
Furniture and fixtures - factory	6,971,397	-	-	-	6,971,397	10	3,764,392	320,700	-	4,085,092	2,886,305
Vehicles	30,762,021	3,387,914	-	-	34,149,935	20	11,704,839	4,390,663	-	16,095,502	18,054,433
	2,767,838,817	36,918,817	(10,718,719)	14,111,325	2,808,150,240		1,313,653,971	151,557,037	(8,636,741)	1,456,574,267	1,351,575,973
Assets subject to finance lease											
Plant and machinery	90,924,545	-	-	-	90,924,545	10	28,164,212	6,363,996	-	34,528,208	56,396,337
Vehicles	5,774,520	-	-	-	5,774,520	20	1,539,872	846,928	-	2,386,800	3,387,720
	2,864,537,882	36,918,817	(10,718,719)	14,111,325	2,904,849,305		1,343,358,055	158,767,961	(8,636,741)	1,493,489,275	1,411,360,030

15.1.1 Disposal of property, plant and equipment

	2013						
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain on disposal Rupees	Mode of disposal	Particulars of buyer
Plant and machinery - owned							
Blowroom machinery and cards	16,279,732	11,867,940	4,411,792	4,870,690	458,898	Negotiation	Shahbaz Ali, Lahore
Cards	3,792,000	1,993,412	1,798,588	2,380,000	581,412	Market value	Bhanero Textile Mills Limited
	20,071,732	13,861,352	6,210,380	7,250,690	1,040,310		
Vehicles							
Suzuki Cultus - LGX 1089	567,100	466,009	101,091	200,000	98,909	Negotiation	Jawasd Ahmed, Charsada
Suzuki Mehran - LXJ 9622	320,897	305,939	14,958	115,000	100,042	Negotiation	Mumtaz Ali, Borewala
	887,997	771,948	116,049	315,000	198,951		
	20,959,729	14,633,300	6,326,429	7,565,690	1,239,261		

Notes to and forming part of financial statements for the year ended June 30, 2013

	2012						
	Cost *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*	Disposal proceeds *Rupees*	Gain on disposal *Rupees*	Mode of disposal	Particulars of buyer
Plant and machinery - owned							
Lath Machine	107,000	94,745	12,255	20,000	7,745	Negotiation	Prima Industries
Blowroom Machinery	2,300,000	1,179,545	1,120,455	1,200,000	79,545	Negotiation	Shadab Textile Mills Limited
Blowroom Machinery	8,311,719	7,362,451	949,268	1,150,000	200,732	Negotiation	Shadman Cotton Mills Limited
	10,718,719	8,636,741	2,081,978	2,370,000	288,022		

15.1.2 Transfers represent transfers from capital work in progress on related assets becoming available for use and those from assets subject to finance lease on transfer of title to the Company at the end of lease term.

	Note	**2013** ***Rupees***	2012 *Rupees*
15.1.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	*24*	**164,538,644**	152,899,659
Administrative and selling expenses	*26*	**5,092,981**	5,868,302
		169,631,625	158,767,961

15.2 Capital work in progress

	2013			
	As at July 01 ***Rupees***	**Additions** ***Rupees***	**Transfers** ***Rupees***	**As at June 30** ***Rupees***
Buildings on freehold land	**38,392,805**	**119,481,617**	**(1,841,886)**	**156,032,536**
Plant and machinery	**284,412,249**	**252,663,221**	**(277,174,227)**	**259,901,243**
Equipment and other assets	**-**	**20,557,407**	**(2,569,593)**	**17,987,814**
	322,805,054	**392,702,245**	**(281,585,706)**	**433,921,593**

	2012			
	Asat July01 *Rupees*	Additions *Rupees*	Transfers *Rupees*	Asat June30 *Rupees*
Buildings on freehold land	17,960,173	20,432,632	-	38,392,805
Plant and machinery	224,345	284,972,904	(785,000)	284,412,249
Equipment and other assets	-	13,326,325	(13,326,325)	-
	18,184,518	318,731,861	(14,111,325)	322,805,054

16 LONG TERM DEPOSITS

These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	Note	**2013** ***Rupees***	2012 *Rupees*
17 STORES, SPARES AND LOOSE TOOLS			
Stores, Spares and Loose Tools		**82,903,666**	69,099,763

17.1 It is impracticable to distinguish between stores, spares and loose tools.

17.2 There are no spare parts held specifically for capitalization as at the reporting date.

Notes to and forming part of financial statements for the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
18 STOCK IN TRADE			
Raw material	18.1	**1,317,094,984**	1,005,387,826
Work in process		**70,427,679**	68,095,807
Finished goods	18.2	**182,739,275**	82,851,913
		1,570,261,938	1,156,335,546

18.1 This includes raw material in transit valued at Rs. 97,768,623 (2012: Rs. 18,707,497).

18.2 Stock of finished goods include stock of waste valued at Rs. 566,104 (2012: Rs.752,154). The entire stock of waste is valued at net realizable value.

18.3 Entire stock in trade, with exception of stock of waste, is carried at cost being lower than net realizable value.

	Note	2013 Rupees	2012 Rupees
19 TRADE DEBTS			
Local - *unsecured*			
considered good		**97,612,204**	61,128,631
considered doubtful		**31,259,752**	33,759,752
		128,871,956	94,888,383
Foreign - *secured*	19.1	**92,037,704**	70,892,205
		220,909,660	165,780,588
Accumulated impairment	19.2	**(31,259,752)**	(33,759,752)
		189,649,908	132,020,836

19.1 These are secured against letters of credit

19.2 Movement in accumulated impairment is as follows:

	Note	2013 Rupees	2012 Rupees
As at beginning of the year		**33,759,752**	8,274,988
Recognized during the year	26	**-**	25,484,764
Reversed during the year on recovery		**(2,500,000)**	-
As at end of the year		**31,259,752**	33,759,752

	Note	2013 Rupees	2012 Rupees
20 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers - *unsecured, considered good*		**38,404,746**	13,510,736
Advances to employees - *unsecured, considered good*		**3,513,362**	3,761,048
Prepayments		**452,051**	1,000,713
Security deposits	20.1	**17,782,877**	12,263,277
Letters of credit		**-**	794,046
Insurance claim receivable		**4,538,833**	-
Other receivables - *unsecured, considered good*	20.2	**726,181**	356,635
		65,418,050	31,686,455

20.1 These include Rs.16,217,877 (2012: Rs. 11,067,877) deposited with a banking company against bank guarantees and carry a return at rates ranging from 7% to 9% (2012: 8% to 9.5%) per annum.

20.2 Particulars of other receivables

	2013 Rupees	2012 Rupees
Considered good	**726,181**	356,635
Considered doubtful	**99,583**	99,583
	825,764	456,218
Accumulated impairment	**(99,583)**	(99,583)
	726,181	356,635

Notes to and forming part of financial statements
for the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
21 INCOME TAX REFUNDABLE			
Advance income tax/income tax refundable		**130,797,788**	112,514,895
Provision for taxation	30	**(18,590,297)**	(55,520,148)
		112,207,491	56,994,747
22 CASH AND BANK BALANCES			
Cash at banks			
local currency		**33,053,276**	12,780,200
foreign currency		**3,925,261**	3,152,245
		36,978,537	15,932,445

23 SALES - NET

	2013		
	Local *Rupees*	**Export** *Rupees*	**Total** *Rupees*
Yarn	**1,144,075,543**	**2,280,208,337**	**3,424,283,880**
Fabric	**301,497,024**	**1,766,560,759**	**2,068,057,783**
Cotton	**244,727,593**	**-**	**244,727,593**
Waste and other	**46,250,919**	**-**	**46,250,919**
	1,736,551,079	**4,046,769,096**	**5,783,320,175**
Duty drawback on export	**-**	**2,067,159**	**2,067,159**
Trade discount	**-**	**-**	**-**
Sales tax	**(19,617,427)**	**-**	**(19,617,427)**
	1,716,933,652	**4,048,836,255**	**5,765,769,907**

	2012		
	Local *Rupees*	Export *Rupees*	Total *Rupees*
Yarn	600,414,990	2,753,595,429	3,354,010,419
Fabric	256,301,962	1,786,785,789	2,043,087,751
Cotton	9,759,120	-	9,759,120
Waste and other	41,459,024	-	41,459,024
	907,935,096	4,540,381,218	5,448,316,314
Duty drawback on export	-	105,609	105,609
Trade discount	-	-	-
Sales tax	(431,229)	-	(431,229)
	907,503,867	4,540,486,827	5,447,990,694

23.1 Export sales include indirect exports, taxable under Section 154 of the Income Tax Ordinance, 2001, amounting to Rs. 1,364,928,870 (2012: Rs. 2,161,744,199).

	Note	2013 Rupees	2012 Rupees
24 COST OF SALES			
Raw material consumed	24.1	**3,507,703,341**	3,307,410,834
Stores, spares and loose tools consumed		**185,790,891**	165,845,743
Salaries, wages and benefits	24.2	**299,513,744**	257,499,060
Processing charges		**10,767,965**	47,468,396
Fee and subscription		**61,270**	158,815
Fuel and power		**586,085,934**	466,349,631
Electricity duty		**-**	1,373,968

Notes to and forming part of financial statements
for the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Insurance		**10,232,818**	10,841,715
Vehicle running and maintenance		**8,949,229**	5,620,789
Rent, rates and taxes		**475,440**	139,610
Repair and maintenance		**22,471,064**	15,301,255
Communication		**591,236**	586,896
Traveling, conveyance and entertainment		**798,890**	1,259,315
Depreciation	*15.1.3*	**164,538,644**	152,899,659
Others		**3,898,260**	1,528,184
Manufacturing cost		**4,801,878,726**	4,434,283,870
Work in process			
As at beginning of the year		**68,095,807**	66,594,304
Loss of work in process		**(4,688,333)**	-
As at end of the year		**(70,427,679)**	(68,095,807)
		(7,020,205)	(1,501,503)
Cost of goods manufactured		**4,794,858,521**	4,432,782,367
Cost of cotton sold	*24.3*	**247,385,010**	10,509,161
Finished goods			
As at beginning of the year		**82,851,913**	279,527,477
Purchased during the year		**10,381,870**	75,911,576
As at end of the year		**(182,739,275)**	(82,851,913)
		(89,505,492)	272,587,140
		4,952,738,039	4,715,878,668

24.1 Raw material consumed

	2013	2012
As at beginning of the year	**1,005,387,826**	589,039,297
Purchased during the year	**4,068,501,942**	3,759,128,245
Sold during the year	**(249,091,443)**	(35,368,882)
As at end of the year	**(1,317,094,984)**	(1,005,387,826)
	3,507,703,341	3,307,410,834

24.2 These include charge in respect of employees retirement benefits amounting to Rs. 18,259,886 (2012: Rs.13,886,148).

24.3 Cost of cotton sold

	2013	2012
Cost of purchase	**238,709,573**	9,621,495
Salaries, wages and benefits	**5,556,580**	118,560
Loading and unloading	**231,360**	1,178
Insurance	**27,055**	144,322
Finance cost	**2,860,442**	623,606
	247,385,010	10,509,161

25 SELLING AND DISTRIBUTION EXPENSES

Export

	2013	2012
Ocean freight and forwarding	**67,135,986**	56,557,329
Export development surcharge	**6,564,310**	5,881,212
Export sales promotion	**4,895,288**	9,321,807
Commission	**29,521,906**	51,878,278
Others	**706,006**	2,836,709
	108,823,496	126,475,335

Notes to and forming part of financial statements
for the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Local			
Inland transportation		**1,663,462**	1,847,941
Commission		**15,805,102**	17,317,394
Others		**5,856,990**	610,716
		23,325,554	19,776,051
		132,149,050	146,251,386

26 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2013 Rupees	2012 Rupees
Directors' remuneration		**5,640,000**	2,880,000
Salaries and benefits	*26.1*	**41,846,334**	37,203,239
Traveling, conveyance and entertainment		**2,305,983**	3,054,156
Printing and stationery		**1,865,207**	1,140,386
Communication		**1,277,895**	1,200,292
Vehicles running and maintenance		**5,065,145**	4,104,326
Legal and professional charges		**854,721**	1,982,144
Auditors' remuneration	*26.2*	**1,160,000**	1,160,000
Fee and subscription		**2,238,804**	1,526,312
Repair and maintenance		**200,927**	262,609
Depreciation	*15.1.3*	**5,092,981**	5,868,302
Rent, rates and utilities		**8,473,623**	6,793,263
Impairment loss on trade debts	*19.2*	**-**	25,484,764
Oracle license and support fee		**7,573,842**	-
Others		**549,782**	977,478
		84,145,244	93,637,271

26.1 These include charge in respect of employees retirement benefits amounting to Rs. 4,764,335 (2012: Rs.3,822,715).

26.2 Auditor's remuneration

	2013 Rupees	2012 Rupees
Annual statutory audit	**1,000,000**	1,000,000
Half yearly review	**100,000**	100,000
Review report under Code of Corporate Governance	**50,000**	50,000
Out of pocket expenses	**10,000**	10,000
	1,160,000	1,160,000

27 OTHER INCOME

	Note	2013 Rupees	2012 Rupees
Gain on financial instruments			
Reversal of impairment on trade debts on recovery	*19.2*	**2,500,000**	-
Return on bank deposits		**1,068,285**	2,412,249
		3,568,285	2,412,249
Other income			
Gain on disposal of property, plant and equipment	*15.1.1*	**1,239,261**	288,022
Miscellaneous		**1,083,836**	-
		2,323,097	288,022
		5,891,382	2,700,271

Notes to and forming part of financial statements
for the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
28 FINANCE COST			
Interest / mark-up on borrowings:			
long term finances		**54,795,975**	56,243,209
liabilities against assets subject to finance lease		**58,780**	3,172,699
short term borrowings		**62,927,232**	56,753,181
		117,781,987	116,169,089
Interest on workers' profit participation fund	*13.1*	**1,120,933**	2,023,874
Bank charges and commission	*28.2*	**19,390,326**	19,746,523
		138,293,246	137,939,486

28.1 Interest/mark-up on borrowings includes interest/mark-up rate subsidy amouting to nil (2012: Rs. 215,092) recognized as government grant. See note 32.

28.2 These include letters of credit discounting charges amounting to Rs. 16,980 287 (2012: Rs. 12,941 233).

	Note	2013 Rupees	2012 Rupees
29 OTHER CHARGES			
Workers' Profit Participation Fund	*13.1*	**23,342,832**	17,965,402
Workers' Welfare Fund	*29.1*	**-**	-
Donations	*29.2*	**1,400,000**	300,000
		24,742,832	18,265,402

29.1 No provision for Workers' Welfare Fund ('WWF') has been made in the financial statements as the Company is has tax losses under the normal tax regime and no WWF is payable on accounting profit following the judgement of Honourable Lahore High Court referred to in note 13.2.

29.2 None of the directors or their spouses had any interest in donations made by the Company.

	Note	2013 Rupees	2012 Rupees
30 TAXATION			
Current taxation			
for current year	*30.1*	**18,405,626**	55,520,148
for prior year		**160,587**	(83,495)
		18,566,213	55,436,653
Deferred taxation	*10.3.1*	**26,412,194**	-
		44,978,407	55,436,653

30.1 Provision for current tax has been made in accordance with section 18 and section 154 of the Income Tax Ordinance, 2001 ('the Ordinance'). In calculating the amount of provision, tax credit under Section 65 B of the Ordinance amounting to Rs. 30,232,576 (June 2012: Nil) has been deducted from tax liability.

	Unit	2013	2012
30.2 Reconciliation between average effective tax rate and applicable tax rate			
Profit before taxation	*Rupees*	**439,592,878**	338,718,752
Provision for taxation	*Rupees*	**44,978,407**	55,436,653
Average effective tax rate	%	**10.23**	16.37
Tax effects of:			
Adjustments for prior years	%	**(0.04)**	0.02
Income chargeable to tax at different rates	%	**17.93**	18.61
Tax credit	%	**6.88**	-
Applicable tax rate	%	**35.00**	35.00

Notes to and forming part of financial statements for the year ended June 30, 2013

30.3 Assessments upto assessment year 2002-2003 have been finalized under the relevant provisions of the Repealed Income Tax Ordinance, 1979.

30.4 Assessments upto tax year 2012 have been finalized under relevant provisions of Income Tax Ordinance, 2001.

	Unit	2013	2012
31 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders	Rupees	**394,614,471**	283,282,099
Weighted average number of ordinary shares outstanding during the year	No.ofshares	**6,432,000**	6,432,000
Earnings per share	Rupees	**61.35**	44.04

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

32 GOVERNMENT GRANTS

During the year, the Company recognized 839,077 (2012: Rs. 215,092) as mark-up rate subsidy which has been accounted for as government grant in accordance with IAS 20 'Government Grants'. The amount has been deducted in reporting interest/mark-up expenses on relevant borrowings.

	Note	2013 Rupees	2012 Rupees
33 CASH GENERATED FROM OPERATIONS			
Profit before taxation		**439,592,878**	338,718,752
Adjustments for non-cash and other items			
Interest / markup on borrowings		**117,781,987**	116,169,089
Gain on disposal of property, plant and equipment		**(1,239,261)**	(288,022)
Provision for employees retirement benefits		**23,024,221**	17,708,863
Impairment loss on trade debts		**-**	25,484,764
Depreciation		**169,631,625**	158,767,961
		309,198,572	317,842,655
Operating profit before changes in working capital		**748,791,450**	656,561,407
Changes in working capital			
Stores, spares and loose tools		**(13,803,903)**	(13,197,822)
Stock in trade		**(413,926,392)**	(221,174,468)
Trade debts		**(57,629,072)**	7,350,835
Advances, prepayments and other receivables		**(33,731,595)**	5,930,543
Sales tax refundable		**(33,401,653)**	(23,352,965)
Trade and other payables		**51,325,060**	(3,384,177)
Long term payables		**4,300,545**	2,282,294
		(496,867,010)	(245,545,760)
Cash generated from operations		**251,924,440**	411,015,647
34 CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	36,978,537	15,932,445
		36,978,537	15,932,445

35 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise sponsors, associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits only and those with sponsors are limited to support in the form of interest free loans to the Company. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Notes to and forming part of financial statements for the year ended June 30, 2013

There are no balances with related parties as at the reporting date. Details of transactions with related parties is as follows:

35.1 Transactions with related parties

Nature of relationship	Nature of transactions	2013 Rupees	2012 Rupees
Associated companies	Sale of yarn	**694,635,797**	622,913,005
	Sale of fabric	**127,449**	2,217,175
	Sale of waste	**-**	1,204,418
	Sale of cotton	**146,820,154**	-
	Purchase of cotton	**56,380,985**	10,478,796
	Purchase of yarn	**500,779,314**	326,275,180
	Purchase of fabric	**2,637,451**	29,861,620
	Purchase of electricity	**274,154,815**	109,699,331
	Purchase of machinery	**6,728,000**	243,600
	Services received	**6,671,172**	11,144,700
	Dividend paid	**5,945,800**	8,918,700
Key management personnel	Short term employee benefits	**5,640,000**	2,880,000
	Post employment benefits	**-**	-
Sponsors	Loan repaid	**-**	100,000,000

36 FINANCIAL INSTRUMENTS

36.1 Financial instruments by class and category

		2013		2012	
		Loans and receivables *Rupees*	**Financial liabilities at amortized cost** *Rupees*	Loans and receivables *Rupees*	Financial liabilities at amortized cost *Rupees*
Long term deposits	16	**7,297,985**	-	7,297,985	-
Trade debts	19	**189,649,908**	-	132,020,836	-
Security deposits	20	**17,782,877**	-	12,263,277	-
Cash and bank balances	22	**36,978,537**	-	15,932,445	-
		251,709,307	-	167,514,543	-

		2013		2012	
		Loans and receivables *Rupees*	**Financial liabilities at amortized cost** *Rupees*	Loans and receivables *Rupees*	Financial liabilities at amortized cost *Rupees*
Financial liabilities					
Long term finances	8	-	**635,978,698**	-	540,175,698
Liabilities against assets subject to finance lease	9	-	-	-	13,500,694
Short term borrowings	12	-	**627,290,326**	-	271,863,359
Accrued interest/mark-up		-	**12,023,491**	-	14,852,689
Trade creditors	11	-	**143,468,353**	-	104,596,067
Accrued liabilities	11	-	**158,320,826**	-	144,518,002
		-	**1,577,081,694**	-	1,089,506,509
		251,709,307	**1,577,081,694**	167,514,543	1,089,506,509

Notes to and forming part of financial statements for the year ended June 30, 2013

36.2 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.

36.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

36.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

37 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

37.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

37.1.1 Maximum exposure to credit risk

The maximum exposure to credit risk as at the reporting date is as follows:

	Note	**2013**	2012
		Rupees	*Rupees*
Loans and receivables			
Long term deposits	*16*	**7,297,985**	7,297,985
Trade debts	*19*	**220,909,660**	165,780,588
Security deposits	*20*	**17,782,877**	12,263,277
Cash at banks	*22*	**36,978,537**	15,932,445
		282,969,059	201,274,295

37.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

Customers	**220,909,660**	165,780,588
Utility companies and regulatory authorities	**7,297,985**	7,297,985
Banking companies and financial institutions	**54,761,414**	28,195,722
	282,969,059	201,274,295

Notes to and forming part of financial statements
for the year ended June 30, 2013

37.1.3 Credit quality and impairment
Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

37.1.3(a)Counterparties with external credit ratings
These include banking companies and financial institutions, which are counterparties to cash deposits and security deposits. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

37.1.3(b)Counterparties without external credit ratings
These include customers which are counter parties to trade debts and utility companies and regulatory authorities which are counter parties to long term deposits. Credit risk in respect of long term deposits is considered to be insignificant as non-performance by these parties is not expected. The Company is exposed to credit risk in respect of trade debts. The analysis of ages of trade debts as at the reporting date is as follows:

	2013		2012	
	Gross carrying amount ***Rupees***	**Accumulated Impairment** ***Rupees***	Gross carryingamount *Rupees*	Accumulated Impairment *Rupees*
Neither past due nor impaired	**123,039,414**	**-**	131,979,145	-
Past due by 0 to 6 months	**64,969,024**	**-**	-	-
Past due by 6 months to 1 year	**219**	**-**	-	-
Past due by 1 to 2 years	**24,626,015**	**(22,984,764)**	25,484,764	(25,484,764)
Past due by 2 to 3 years	**-**	**-**	-	-
Past due by 3 years	**8,274,988**	**(8,274,988)**	8,316,679	(8,274,988)
	220,909,660	**(31,259,752)**	165,780,588	(33,759,752)

The Company's two (2012: two) significant customers account for Rs. 35.176 million (2012: Rs. 41.16 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 5% (2012: 5%) of trade debts. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected. Further, trade debts amounting to Rs. 92.04 million (2012: Rs. 70.89 million) secured through confirmed letters of credit and thus do not carry any significant credit risk. The Company believes that impairment recognized in respect of trade debts past due is adequate and no further allowance is necessary based on historical default rates.

37.1.4 Collateral held
The Company does not hold any collateral to secure its financial assets with the exception of trade debts, which are partially secured through confirmed letters of credit.

37.1.5 Credit risk management
As mentioned in note 37.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

37.2 Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

37.2.1 Exposure to liquidity risk
The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

Notes to and forming part of financial statements
for the year ended June 30, 2013

	2013				
	Carrying amount *Rupees*	**Contractual cash flows** *Rupees*	**One year or less** *Rupees*	**One to five years** *Rupees*	**More than five years** *Rupees*
Long term finances	**635,978,698**	**803,862,998**	**225,803,066**	**541,890,324**	**36,169,608**
Liabilities against assets subject to finance lease	**-**	**-**	**-**	**-**	**-**
Short term borrowings	**627,290,326**	**628,492,979**	**628,492,979**	**-**	**-**
Accrued interest/mark-up	**12,023,491**	**12,023,491**	**12,023,491**	**-**	**-**
Trade creditors	**143,468,353**	**143,468,353**	**143,468,353**	**-**	**-**
Accrued liabilities	**158,320,826**	**158,320,826**	**158,320,826**	**-**	**-**
	1,577,081,694	**1,746,168,647**	**1,168,108,715**	**541,890,324**	**36,169,608**

	2012				
	Carrying amount *Rupees*	Contractual cash flows *Rupees*	One year or less *Rupees*	One to five years *Rupees*	More than five years *Rupees*
Long term finances	540,175,698	662,623,523	258,667,183	403,956,340	-
Liabilities against assets subject to finance lease	13,500,694	14,158,341	14,158,341	-	-
Short term borrowings	271,863,359	273,120,707	273,120,707	-	-
Accrued interest/mark-up	14,852,689	14,852,689	14,852,689	-	-
Trade creditors	104,596,067	104,596,067	104,596,067	-	-
Accrued liabilities	144,518,002	144,518,002	144,518,002	-	-
	1,089,506,509	1,213,869,329	809,912,989	403,956,340	-

37.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies.

37.3 Market risk

37.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

37.3.1(a) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	2013 *Rupees*	2012 *Rupees*
Financial assets		
Trade debts	**92,037,704**	70,892,205
Cash at bank	**3,925,261**	3,152,245
Total exposure	**95,962,965**	74,044,450

Notes to and forming part of financial statements for the year ended June 30, 2013

37.3.1(b) Exchange rates applied during the year

All foreign currency balances are denominated in United States Dollars (US $). Exchange rates applied during the year are as follows:

	2013 **Rupees**	2012 Rupees
Financial assets	**98.75**	94.00
Financial liabilities	**98.95**	94.20

37.3.1(c) Sensitivity analysis

A ten percent appreciation in Pak Rupee against the US $ would have decreased profit for the year by Rs. 9.9 million (2012: Rs. 7.4 million). A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

37.3.1(d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

37.3.2 Interest rate risk

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

37.3.2(a) Interest/mark-up bearing financial instruments

The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/mark-up bearing financial instruments as at the reporting date are as follows:

	2012 **Rupees**	2011 Rupees
Fixed rate instruments		
Financial assets	**16,217,877**	11,067,877
Financial liabilities	**27,741,180**	73,044,180
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**1,235,527,844**	752,495,571

37.3.2(b) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

37.3.2(c) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 12.35 million (2012: Rs. 7.52 million). A decrease of 100 basis points wound have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

37.3.2(d) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

37.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of 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 instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

Notes to and forming part of financial statements
for the year ended June 30, 2013

38 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances and liabilities against assets subject to finances lease, including current maturity. Total capital employed includes total equity as shown in the balance sheet plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	Unit	**2013**	2012
Total debt	*Rupees*	**635,978,698**	553,676,392
Total equity	*Rupees*	**2,421,221,463**	2,058,766,992
		3,057,200,161	2,612,443,384
Gearing	*%age*	**20.80%**	21.19%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

39 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on September 19, 2013 has proposed dividend on ordinary shares at Rs.5 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by the shareholders in the forthcoming annual general meeting and has not been included as a liability in the financial statements.

	2013 *Rupees*	2012 *Rupees*
40 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Hypothecation of moveable and receivables	6,024,666,667	4,990,666,667
Mortgage over fixed assets	666,000,000	666,000,000
Hypothecation of plant and machinery	2,454,000,000	2,454,000,000

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2013		
	Chief Executive *Rupees*	**Directors** *Rupees*	**Executives** *Rupees*
Managerial remuneration	**2,280,000**	**3,360,000**	**-**
Allowances and perquisites	**-**	**-**	**-**
Post employment benefits	**-**	**-**	**-**
	2,280,000	**3,360,000**	**-**
Number of persons	**1**	**2**	**-**

	2012		
	Chief Executive *Rupees*	Directors *Rupees*	Executives *Rupees*
Managerial remuneration	662,000	1,324,000	-
Allowances and perquisites	298,000	596,000	-
Post employment benefits	-	-	-
	960,000	1,920,000	-
Number of persons	1	2	-

Notes to and forming part of financial statements for the year ended June 30, 2013

42 SEGMENT INFORMATION

42.1 Products and services from which reportable segments derive their revenuesInformation reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The Company's reportable segments are therefore as follows:

Segment	**Product**
Spinning	Yarn
Weaving	Fabric
Power	Electricity

Information regarding Company's reportable segments is presented below.

42.2 Information about reportable segment revenues, results, assets and liabilities

	2013			
	Spinning *Rupees*	**Weaving** *Rupees*	**Power** *Rupees*	**Total** *Rupees*
Revenue from external customers	**3,689,176,238**	**2,076,593,669**	**-**	**5,765,769,907**
Intersegment revenues	**-**	**-**	**123,252,245**	**123,252,245**
Depreciation	**114,254,617**	**46,788,655**	**8,588,353**	**169,631,625**
Segment results	**536,713,166**	**70,710,081**	**(4,794,291)**	**602,628,956**
Segment assets	**3,108,117,258**	**826,625,753**	**95,241,305**	**4,029,984,316**
Segment liabilities	**228,252,388**	**126,151,168**	**33,261,265**	**387,664,821**
Interest income	**1,068,285**	**-**	**-**	**1,068,285**
Additions to non-current assets	**401,348,591**	**34,849,202**	**-**	**436,197,793**
Disposals of property, plant and equipment	**6,326,429**	-	**-**	**6,326,429**

	2012			
	Spinning *Rupees*	Weaving *Rupees*	Power *Rupees*	Total *Rupees*
Revenue from external customers	3,373,769,234	2,074,221,460	-	5,447,990,694
Intersegment revenues	-	-	128,080,891	128,080,891
Depreciation	99,074,133	50,151,215	9,542,613	158,767,961
Segment results	479,799,838	23,749,286	(8,625,484)	494,923,640
Segment assets	2,409,425,303	684,619,844	102,192,672	3,196,237,819
Segment liabilities	182,352,584	114,196,843	31,478,228	328,027,655
Interest income	2,412,249	-	-	2,412,249
Additions to non-current assets	341,539,353	14,111,325	-	355,650,678
Disposals of property, plant and equipment	2,081,978	-	-	2,081,978

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment results represent operating profit earned by the segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

42.3 Reconciliations of reportable segment revenues, results, assets and liabilities

42.3.1 Segment revenues

	2013			
	Spinning *Rupees*	**Weaving** *Rupees*	**Power** *Rupees*	**Total** *Rupees*
Total for reportable segments	**3,689,176,238**	**2,076,593,669**	**123,252,245**	**5,889,022,152**
Inter-segment revenues	**-**	**-**	**(123,252,245)**	**(123,252,245)**
Total for the Company	**3,689,176,238**	**2,076,593,669**	**-**	**5,765,769,907**

Notes to and forming part of financial statements
for the year ended June 30, 2013

	2012			
	Spinning *Rupees*	Weaving *Rupees*	Power *Rupees*	Total *Rupees*
Total for reportable segments	3,373,769,234	2,074,221,460	128,080,891	5,576,071,585
Inter-segment revenues	-	-	(128,080,891)	(128,080,891)
Total for the Company	3,373,769,234	2,074,221,460	-	5,447,990,694

42.3.2 Segment assets

	2013			
	Spinning ***Rupees***	**Weaving** ***Rupees***	**Power** ***Rupees***	**Total** ***Rupees***
Total for reportable segments	**3,108,117,258**	**826,625,753**	**95,241,305**	**4,029,984,316**
Un-allocated assets				
Current taxation				**112,207,491**
Long term deposits				**7,297,985**
Total for the Company				**4,149,489,792**

	2012			
	Spinning *Rupees*	Weaving *Rupees*	Power *Rupees*	Total *Rupees*
Total for reportable segments	2,409,425,303	684,619,844	102,192,672	3,196,237,819
Un-allocated assets				
Current taxation				56,994,747
Long term deposits				7,297,985
Total for the Company				3,260,530,551

42.3.3 Segment liabilities

	2013			
	Spinning ***Rupees***	**Weaving** ***Rupees***	**Power** ***Rupees***	**Total** ***Rupees***
Total for reportable segments	**228,252,388**	**126,151,168**	**33,261,265**	**387,664,821**
Un-allocated liabilities				
Long term finances				**635,978,698**
Deferred taxation				**26,412,194**
Short term borrowings				**627,290,326**
Accrued interest/mark-up				**12,023,491**
Workers' Profit Participation Fund				**23,342,832**
Workers' Welfare Fund				**13,474,274**
Unclaimed dividend				**2,081,693**
Total for the Company				**1,728,268,329**

	2012			
	Spinning *Rupees*	Weaving *Rupees*	Power *Rupees*	Total *Rupees*
Total for reportable segments	182,352,584	114,196,843	31,478,228	328,027,655
Un-allocated liabilities				
Long term finances				540,175,698
Liabilities against assets subject to finance lease				13,500,694
Short term borrowings				271,863,359
Accrued interest/mark-up				14,852,689
Workers' Profit Participation Fund				17,965,402
Workers' Welfare Fund				13,474,274
Unclaimed dividend				1,903,788
Total for the Company				1,201,763,559

Notes to and forming part of financial statements
for the year ended June 30, 2013

42.4 Geographical information
The Company's operations are not distributed geographically.

43 SHARES IN THE COMPANY HELD BY ASSOCIATED COMPANIES
Faisal Spinning Mills Limited, an associated company, holds 1,189,160 (2012: 1,189,160) ordinary shares of Rs. 10 each in the Company.

44 PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning	*Unit*	2013	2012
Number of spindles installed	*No.*	**47,616**	47,616
Plant capacity on the basis of utilization converted into 20s count	*Kgs'000*	**20,413**	20,413
Actual production converted into 20s count	*Kgs'000*	**16,220**	18,498

Weaving	*Unit*	2012	2011
Number of looms installed	*No.*	**136**	131
Plant capacity on the basis of utilization converted into 50 picks	*Mtrs'000*	**19,771**	17,483
Actual production converted into 50 picks	*Mtrs'000*	**19,735**	25,059

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist, picks etc. It would also vary according to the pattern of production adopted in a particular year.

Power	*Unit*	2013	2012
Installed capacity	*Mwhs*	**47,304**	47,304
Power generated	*Mwhs*	**16,872**	33,896

Actual power generated is less than the installed capacity because requirement for self consumption is less then the installed capacity.

45 NUMBER OF EMPLOYEES

Number of persons employed by the Company as at the reporting date and average number of employees during the year are as follows:

	2013 *No. of persons*	2012 *No. of persons*
As at the reporting date	**997**	951
Average for the year	**981**	955

46 RECOVERABLE AMOUNTS AND IMPAIRMENT
As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

47 RECLASSIFICATIONS
Sales tax refundable amounting to Rs. 90,399,343 (2012: Rs. 56,997,690) previously presented under 'advances, deposits, prepayments and other receivables' has been reclassified and presented on the face of balance sheet for better presentation.

Notes to and forming part of financial statements
for the year ended June 30, 2013

48 DATE OF AUTHORIZATION FOR ISSUE
These financial statements were authorized for issue on September 19, 2013 by the Board of Directors of the Company.

49 GENERAL
Figures have been rounded off to the nearest rupee. Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year except for those referred to in note 47.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 19, 2013

Board of Directors Meetings

During the year four meetings of board of directors were held and the attendance by each director is as follows

Directors	2012	2013			Total
	24th Oct	28th Feb	30th April	19th Sept	
Mr. Mohammad Amin	★	★	★	★	4/4
Mr. Khurram Salim	★	★	★	★	3/4
Mr. Bilal Sharif	★	★	★	★	4/4
Mr. Adil Shakeel	★	★	★	★	4/4
Mr. Mohammad Salim	★	★	★	★	4/4
Mr. Mohammad Sharif	★	★	★	★	4/4
Mr. Mohammad Shaheen	★	★	★	★	4/4
Mr. Mohammad Shakeel	★	★	★	★	4/4
Mr. Iqbal Mehboob	-	★	★	★	3/3
Total	8/8	9/9	9/9	9/9	35/35

Audit Committee Meetings

During the year four meetings of audit committee were held and the attendance by each member is as follows.

Directors	2012	2013			Total
	17th Oct	21st Feb	23rd April	12th Sept	
Mr. Bilal Sharif	★	★	★	★	4/4
Mr. Mohammad Salim	★	-	-	-	1/1
Mr. Khurram Salim	★	★	★	★	4/4
Mr. Iqbal Mehboob	-	★	★	★	3/3
Total	3/3	3/3	3/3	3/3	12/12

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2013

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer their spouse and minor children	19	2,552,300	39.68
2	Associated Companies, Undertaking and Related Parties	11	2,593,000	40.31
3	Bank / Financial Institution	2	3,773	0.06
4	Insurance Companies	1	393,900	6.12
5	General Public / Individuals	447	744,101	11.57
6	Joint Stock Companies	5	28,700	0.45
7	Others Companies	6	116,226	1.81
		491	**6,432,000**	**100.00**

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2013

NUMBER OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
209	1	100	12,987
169	101	500	67,213
27	501	1000	25,750
42	1001	5000	107,742
5	5001	10000	29,444
2	10001	15000	24,400
1	15001	20000	18,000
1	20001	25000	24,000
2	25001	30000	56,000
2	35001	40000	77,500
3	40001	45000	127,600
4	45001	50000	192,500
1	55001	60000	57,764
1	60001	65000	63,900
2	65001	70000	134,500
3	90001	95000	276,200
3	95001	100000	294,500
1	100001	105000	103,000
1	125001	130000	126,100
1	130001	135000	135,000
1	135001	140000	138,200
1	160001	165000	163,200
1	265001	270000	268,100
1	280001	285000	282,400
1	285001	290000	288,500
1	330001	335000	330,400
1	390001	395000	393,900
2	440001	445000	888,040
1	535001	540000	536,000
1	1185001	1190000	1,189,160
491			6,432,000

* There is no shareholding in the slab not mantioned

AS AT JUNE 30, 2013

Sr #	Shareholder Category	Percentage	No. of Shares
1	**ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES**		
	M/s. Faisal Spinning Mills Ltd	18.49	1,189,160
	Mr. Farrukh Saleem	1.41	91,000
	Mr. Yousuf Saleem	1.96	126,100
	Mr. Saqib Saleem	1.47	94,700
	Mr. Muhammad Qasim	4.17	268,100
	Mr. Faisal Shakeel	6.90	443,740
	Mrs. Saba Yousuf	1.60	103,000
	Mrs. Saba Saqib	2.10	135,000
	Mrs. Sadaf Farrukh	2.15	138,200
	Miss Noor Shakeel	0.03	2,000
	Mr. Hamza Shakeel	0.03	2,000
2	**CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN**		
	Mr. Muhammad Shaheen	1.07	69,000
	Mr. Muhammad Saleem	0.78	50,000
	Mr. Muhammad Sharif	0.70	45,000
	Mr. Muhammad Shakeel	0.47	30,000
	Mr. Khurram Saleem	0.99	63,900
	Mr. Iqbal Mehboob Vohra	0.04	2,500
	Mr. Bilal Sharif	1.41	90,500
	Mr. Muhammad Amin	4.39	282,400
	Mr. Adil Shakeel	6.91	444,300
	Mrs. Yasmin Begum	0.65	42,000
	Mrs. Seema Begum	0.63	40,600
	Mrs. Nazli Begum	1.02	65,500
	Mrs. Amna Khurram	2.54	163,200
	Mrs. Samia Bilal	8.33	536,000
	Mrs. Fatima Amin	5.14	330,400
	Master Abdullah Bilal	1.53	98,100
	Master Umer Khurrum	0.04	2,500
	Master Azaan Bilal	1.53	98,200
	Master Ali Bilal	1.53	98,200
3	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES**		
	State Life Insurance Corporation of Pakistan	6.12	393,900
	National Bank of Pakistan	0.06	3,773

AS AT JUNE 30, 2013

Sr #	Shareholder Category	Percentage	No. of Shares
4	**JOINT STOCK COMPANIES**		
	Shafi (Private) Ltd	0.01	400
	Excel Securities (Pvt.) Ltd.	0.00	100
	Mazhar Hussain Securities (Pvt) Ltd	0.03	2,000
	Y.H. Securities (Pvt.) Ltd.	0.40	26,000
	M/s. Mehran Sugar Mills Ltd.	0.00	200
5	**INDIVIDUAL SHAREHOLDERS**	11.57	744,101
6	**OTHERS COMPANIES**	1.81	116,226
	TOTAL	**100.00**	**6,432,000**
7	**DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN**		
	Mrs. Anjum begum gifted shares to her grandsons		
	Master Abdullah Bilal	1.14	73,100
	Master Azaan Bilal	1.53	98,200
	Master Ali Bilal	1.53	98,200
8	**SHAREHOLDERS HOLDING 5% OR MORE**		
	M/s. Faisal Spinning Mills Ltd	18.49	1,189,160
	M/s. State Life Insurance Corporation of Pakistan	6.12	393,900
	Mr. Faisal Shakeel	6.90	443,740
	Mr. Adil Shakeel	6.91	444,300
	Mrs. Samia Bilal	8.33	536,000
	Mrs. Fatima Amin	5.14	330,400

PROXY FORM

I/We ____

of ____

being a member of **BLESSED TEXTILES LIMITED** and holder of_____________________

ordinary share as per Share Register Folio No. ___________________ and/or CDC Participant

ID No. ____________________ and Sub Account No.__________________ hereby appoint

Mr./Mrs./Miss____________________________________ of _______________ or failing

him/her________________________________ of____________________ as my / our

proxy to act on my/our behalf at the 26th Annual General Meeting of the Company to be held on Tuesday October 22nd, 2013 at 4:30 p.m. at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

WITNESS

Signature ____________________

Name ____________________

Address ____________________

____

CNIC/Passport # ____________________

Affix
Rs. 5/-
Revenue
Stamp

(Signature should agree with the specimen signature registered with the Company)

Signed this__________ day of ________ 2013

Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, **BLESSED TEXTILES LIMITED**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

(i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.

(ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.

(iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.

(iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.

REGISTERED OFFICE

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan
Phones : 021 - 35115177 - 80
Fax No. : 021 - 35063002 - 3
E-mail : khioff@umergroup.com
Website : www.umergroup.com