54th Annual Report 2014

JDM

BIBOJEE GROUP

JANANA DE MALUCHO TEXTILE MILLS LIMITED

بسم اللہ الرحمن الرحیم

CONTENTS

COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK	Chairman
	LT. GEN. (RETD.) ALI KULI KHAN KHATTAK,	Chief Executive
	MR. AHMAD KULI KHAN KHATTAK	
	MR. MUSHTAQ AHMAD KHAN, FCA	
	MRS. ZEB GOHAR AYUB	
	MRS. SHAHNAZ SAJJAD AHMAD	
	DR. SHAHEEN KULI KHAN	
	CH.SHER MUHAMMAD	
	BRIG. (RETD) ABDUL SAMAD KHAN	
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN	Chairman
	MR. RAZA KULI KHAN KHATTAK	Member
	MR. AHMAD KULI KHAN KHATTAK	Member
	MR. MUSHTAQ AHMAD KHAN, FCA	Member
	CH.SHER MUHAMMAD	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	MR. RAZA KULI KHAN KHATTAK	Chairman
	LT. GEN. (RETD.) ALI KULI KHAN KHATTAK	Chief Executive / Member
	MR. AHMAD KULI KHAN KHATTAK	Member
	MR. MUSHTAQ AHMAD KHAN, FCA	Member
	BRIG. (RETD) ABDUL SAMAD KHAN	Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs	
HEAD OF INTERNAL AUDIT	MR. NADEEM AHMED, ACCA, CIA	
AUDITORS	HAMEED CHAUDHRI & CO., Chartered Accountants	
BANKERS	NATIONAL BANK OF PAKISTAN HABIB BANK LIMITED UNITED BANK LIMITED BANK ALFALAH LIMITED	
LEGAL ADVISOR	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
TAX CONSULTANTS	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
REGISTRARS & SHARES REGISTRATION OFFICE	MANAGEMENT & REGISTRATION SERVICES (PVT) LTD. BUSINESS EXECUTIVE CENTRE, F/17/3, BLOCK 8, CLIFTON, KARACHI TEL. 021-35375127-29, FAX. 021-35820325 EMAIL registrationservices@live.co.uk	
REGISTERED OFFICE & MILLS	HABIBABAD, KOHAT (KPK) TEL. 0922 - 862161 - 512930 - 510494 FAX. 0922 - 510474 E-MAIL: janana@brain.net.pk, janana_textile@hotmail.com WEB SITE: www.jdm.com.pk	

VISION

"TO BE MARKET LEADERS IN YARN, BUILDING COMPANY IMAGE THROUGH INNOVATION AND COMPETITIVENESS, ENSURING SATISFACTION TO CUSTOMERS' AND STAKEHOLDERS AND TO FULFILL SOCIAL OBLIGATIONS."

MISSION STATEMENT

"LEAD PRODUCER OF QUALITY YARN WE SHALL BUILD ON OUR CORE COMPETENCIES AND ACHIEVE EXCELLENCE IN PERFORMANCE. WE AIM AT EXCEEDING EXPECTATIONS OF ALL STAKEHOLDERS. WE TARGET TO ACHIEVE TECHNOLOGICAL ADVANCEMENTS TO INCULCATE THE MOST EFFICIENT, ETHICAL AND TIME TESTED BUSINESS PRACTICES IN OUR MANAGEMENT.

WE SHALL STRIVE TO INNOVATE AND INTRODUCE ALTERNATE USES OF PRODUCT TO BROADEN OUR CUSTOMER BASE TO HELP STRENGTHEN THE PHYSICAL INFRASTRUCTURE OF THE COUNTRY."

OVER ALL CORPORATE STRATEGY

A. TO ACHIEVE GROWTH BY MONITORING OUR MARKET NICHE IN SUPER FINE COUNTS, AND AT THE SAME TIME DIVERSIFYING OUR PRODUCTS RANGE TO ENTER NEW PROFITABLE MARKETS.

B. TO CONSTANTLY IMPROVE PRODUCTIVITY, QUALITY AND SERVICES, WHICH WILL NOT ONLY SERVE THE MARKET CONSUMERS, BUT WILL ALSO RESULT IN ENHANCED PAYMENT OF SALES TAX, INCOME TAX AND OTHER GOVERNMENT LEVIES?

C. TO PROVIDE CLEAN AND POLLUTION FREE ENVIRONMENT TO OUR EMPLOYEES FOR IMPROVING THEIR PERFORMANCE & CREATING A CORPORATE CULTURE THAT FOSTERS INITIATIVE IN ITS WORK FORCE.

D. TO CONSTANTLY STRIVE FOR INCREASING INVESTOR'S SHARE VALUE BY ACHIEVING COMMENDABLE RESULTS EVEN IN VERY DIFFICULT AND HIGHLY COMPETITIVE INTERNATIONAL & LOCAL MARKETS.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 54th Annual General Meeting of the Shareholders of Janana De Malucho Textile Mills Limited will be held at the registered office of the Company, Habibabad, Kohat on **Monday** the **27th October, 2014** at **11:30 A.M.** to transact the following business.

1. To confirm the minutes of Extra Ordinary General Meeting held on 31st March, 2014.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June, 2014 together with the directors' and auditors' reports thereon.

3. To consider and approve the payment of final cash dividend for the year ended 30th June, 2014. The Board of Directors has recommended & approved the final cash dividend @30% i.e. Rs.3/- per share for the year ended 30th June, 2014.

4. To appoint auditors for the year ending 30th June, 2015 and to fix their remuneration.

5. To consider any other business with the permission of the Chair.

By order of the Board

Kohat
Dated: 27th September, 2014

AMIN-UR-RASHEED
Company Secretary &
Sr. General Manager Corporate Affairs

NOTES:

BOOK CLOSURE:

1. The Share transfer books of the Company shall remain closed from 20th October, 2014 to 26th October, 2014 (both days inclusive). The shares received in the Company's Registrar office i.e. Management & Registration Services (Pvt) Limited, Business Executive Centre, F-17/3, Block 8, Clifton, Karachi before close of business hours on 18th October, 2014 will be considered in order for registration in the name of the transferees.

2. The share holder having physical shares are requested to send clear photo copy of the valid CNIC copy to the Registrar namely M/s. Management & Registration Services (Pvt) Limited, Business Executive Centre, F/17/3, Block 8, Clifton, Karachi. Fax No.021-35820325 to receive Dividend and copies of Financial Statements vide SRO 286 (I)/2005 dated March 31, 2005 & to comply with the requirements of SECP SRO No. 831(1) of 2012.

3. Shareholders are requested to provide option for dividend mandate to our share registrar in order to comply with the requirements of SECP Circular 18 of 2012 dated June 05, 2012.

4. SECP vide SRO 787 (1) 2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements alongwith notice of Annual General Meeting electronically through e-mail. Hence, members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are required to submit their e-mail address and consent for electronic transmission to the share registrar.

5. Members are requested to communicate to the Company's Registrar any change in their addresses

NATIONAL TAX NUMBER FOR WITHHOLDING TAX

6. In pursuance of the Provisions of Section 150 Income Tax Ordinance, 2001, effective from 1st January, 2014 has prescribed following Tax rates for payment of Dividend for Filer & Non—Filer of Income Tax Returns:

i.	Rate of Tax for Filer	10%
ii.	Rate for Non—Filer	15%

The status of deduction of Withholding Tax will be determined as per "Active Taxpayer List (ATL) available on FBR website.

Shareholders are requested to intimate National Tax Number (NTN) and CNIC Number at the earliest to our share Registrar.

CHANGE IN ADDRESSES AND CONSOLIDATION OF FOLIOS:

7. Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio numbers.

PARTICIPATION IN ANNUAL GENERAL MEETING:

8. Any member entitled to attend and vote at this meeting shall be entitled to appoint any other member as his/her proxy to attend and vote in respect of him/her and the proxy instrument shall be received by the Company not later than 48 hours before the date of the meeting.

INSTRUCTION FOR CDC ACCOUNT HOLDERS:

9. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange commission of Pakistan;

a. For attending the meeting:

i. In case of account holder of CDC their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original National Identity Card (N.I.C.) or Original Passport at the time of attending the Meeting.

ii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with certified specimen signature of the nominee shall be produced at the time of the meeting.

b. For appointing proxies:

i. In case of individuals account holder of CDC registration details are uploaded as per the regulations shall submit the proxy form as per the above requirements along with attested copies of N.I.C. or the Passport of the beneficial owner and shall be furnished with proxy form.

ii. The proxy shall produce his original N.I.C. or original Passport at the time of the meeting.

iii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with proxy form to the company.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your Company have pleasure in presenting the 54th Annual Report and Audited Financial Statements of the Company for the financial year ended 30th June, 2014.

PERFORMANCE REVIEW

We are immensely pleased to report that your Company with the infinite benevolence of **Allah Karim** dealt with opportunities and threats as and when they came and despite heavy odds have given very positive results. The major highlights of the Company's financial results as compared to the preceding year are as follows:

Particulars	2014	2013
	Rupees in million	
Sales	**2,983.385**	2,714.679
Cost of sales	**(2,554.361)**	(2,245.799)
Gross profit	**429.024**	468.880
Profit from operations	**302.924**	378.451
Profit before taxation	**249.465**	319.789
Profit after taxation	**180.597**	235.790
	------ Rupees -----	
Earnings per share	**37.74**	49.28

TURNOVER

Gross sales of yarn for the current year have increased by Rs.350.753 million due to increased yarn sale of 813,304 lbs coupled with increase in average sale rates by Rs.13.48 per lbs during the year under report as compared to previous year.

GROSS PROFIT

Gross Profit of the Company, for the year has decreased by Rs.39.856 million in comparison with last year. Gross Profit percentage for the year was 14.38% viz-a-viz 17.27% of last year's. Gross Profit has decreased in comparison with last year, mainly due to increase in imposition of sales tax on yarn sales throughout the year under report, increase in minimum wages from Rs.8,000 to Rs.10,000 and due to increase in electricity and gas prices which were beyond the ambit of the company's management.

FINANCE COST

Finance cost has decreased by Rs.27.820 million from Rs.104.604 million of the previous year to Rs.76.784 million for the current year resulting in saving of Rs.27.820 million mainly due to total payment of interest bearing demand finances thereby reducing the finance cost of the company.

The Company has fully paid all the interest bearing demand finance loans on July 12, 2013 which is a great landmark in the history of the Company. The Company has paid Principal amount of Rs.225.130 million and Markup Rs.47.216 million mainly to NBP to liquidate total amount of demand finance loans.

BALANCING AND MODERNIZATION OF MACHINERY:

We are pleased to inform the shareholders that the Company, during the current year has also done some innovative changes in the machinery to improve the profitability of its operations. The Company has installed Compact Spinning Assembly on 14,400 spindles of its Ring Spinning Frames to improve the quality and quantitative production of yarn which was readily saleable on premium. The installation of compact assembly on 26,448 spindles in the preceding year along with 14,400 spindles in current year has greatly improved the quality and increased the production of yarn resulting into higher profit. In addition to the above, to save the company from intermittent load shedding, we have purchased one new gas generator which helped the company to curtail its forced idle capacity. Further, the company has completed top overhauling of its three gas generators which has crossed the threshold of 60,000 hours uninterrupted operations which is another land mark to further improve the operations of the company.

GENERAL ECONOMIC REVIEW

The industry in Pakistan especially the Textile Sector is not being given its due importance by the Government of Pakistan. The Government levied Sales Tax on Textile Sector in the previous year. Further to the bane of Textile Industry, the energy crisis worsened in the current year. Serious energy supply constraints have already led to forced closures of production capacities to the extent of 40 to 50 percent. The industry would also be unable to procure cotton crop already started arriving in the market if the issues were not addressed immediately. Sustainability and growth of textile industry was being marred by energy supply constraints and liquidity crunch due to high mark-up rates, limiting industrial potential to operate on full scale. As a result, the textile industry exports witnessed dismal performance during the previous fiscal year, closing at $13.7 billion against $13 billion exports during the corresponding period. It reflects poor performance of the textile industry, as the actual export target for the last fiscal year was $16 billion. A limited energy supply, both electricity and gas, to the textile mills has proven a major hurdle in smooth operations and steady growth of the industry. Accordingly, exports of both yarn and fabric registered 26 percent and 35 percent decline in quantity and value terms respectively during the last three months.

Under the given circumstances, the Government should ensure uninterrupted electricity supply to industry and 250 MMCFD gas supply to Punjab-based mills for in-house generation and consumption of 1,000 MW electricity besides expeditious processing and liquidation of sales tax refunds. Pakistani exports are under pressure due to prevailing economic financial, industrial crisis in the country as well as persistent law and order situation, high mark-up rates and Energy crisis are badly affecting the industrial and trade activities. Poor governance, dumping of duty free cheap Indian yarn and stoppage of Chinese yarn imports have proved last straw on camel's back in already flowing local yarn market with excess availability of yarn. Economic meltdown and financial crisis cast its long shadows on Pakistan economy if the Government is not giving to improve its governance across the board.

FUTURE PROSPECTS:

Despite all its difficulties, the Textile Industry of Pakistan still has great potential as it has shown in the past. It is a major export oriented sector. However the policies of the Govt. in respect of application of sales tax, its economic policies coupled with persistent increase in electricity, gas tariff, fuel prices and inconsistency in supply of electricity and gas to textile sector has brought the development of this sector to a standstill. However, the Government claims that it is fully aware of the problems being faced by the textile sector. Energy crisis is the major hurdle in the path of progress and without tackling this, textile industry could not get momentum. Further, the Government is devising a comprehensive strategy to counter this issue not only to resume the industrial pace but also to save livelihood of millions of workers as has been announced by the textile ministry. Textile ministry will make all out efforts for immediate payment of pending refund claims of textile exporters to ease their financial stress. All stakeholders will be taken on board while making policies directly or indirectly influencing textile industry, especially its value addition sector. All these claims of the Government would be fruitful if the Government takes concrete steps for resolving the textile related issues immediately.

All in all, despite all the seemingly negative indicators, we can definitely still hope to find numerous positives. We also hope and pray to **Allah Karim** that the next year shall be a good year for textile industry in general and for your Company in particular provided the Government took some corrective measures to save the textile industry from the various prelude narrated above.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE:

As required under the Code of Corporate Governance the Directors are pleased to confirm that:

1. The financial statements, prepared by the management of Janana De Malucho Textile Mills Ltd present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied for the year ended 30-06-2014 and accounting estimates are based on reasonable and prudent judgment.
3. Proper books of account of Janana De Malucho Textile Mills Limited have been maintained.
4. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no doubts upon Janana De Malucho Textile Mills Limited's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 30 June 2014, except for those disclosed in the financial statements.
9. The pattern of shareholding and additional information regarding pattern of shareholding is included in this annual report.
10. No trades in the shares of Janana De Malucho Textile Mills Limited were carried-out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year ended 30th June 2014.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING:

The Company is compliant with the best practices of transfer pricing as contained in the listing regulations of The Karachi Stock Exchange Limited.

BOARD AUDIT COMMITTEE

The Board of Directors, in compliance with the Code of Corporate Governance, has established a Board Audit Committee.

1.	Mr. Ahmed Kuli Khan Khattak	Chairman
2.	Mr. Raza Kuli Khan Khattak	Member
3.	Mr. Mushtaq Ahmad Khan, FCA	Member
4.	Ch. Sher Muhammad	Member

The Committee consists of four members including the Chairman of the Committee and all members of the Committee are non-executive directors.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board of Directors, in compliance with the clause (xxv) of the revised Code of Corporate Governance, has established a Human Resource & Remuneration (HR&R) Committee. The composition of HR&R is as below.

*	Mr. Ahmed Kuli Khan Khattak	Chairman
*	Lt. Gen. (Retd) Ali Kuli Khan Khattak	Member/CEO
*	Mr. Raza Kuli Khan Khattak	Member
*	Mr. Mushtaq Ahmad Khan, FCA	Member
*	Brig. (Retd.) Abdul Samad Khan	Member

BOARD MEETINGS AND ATTENDANCE OF EACH DIRECTOR:

	Number
Total number of Board meetings held during the year under review	5
Attendance of each Director	
Mr. Raza Kuli Khan Khattak	5
Lt. Gen. (Retd). Ali Kuli Khan Khattak	5
Mr. Ahmad Kuli Khan Khattak	4
Mr. Mushtaq Ahmad Khan, FCA	5
Mrs. Zeb Gohar Ayub	3
Mrs. Shahnaz Sajjad Ahmad	5
Dr. Shaheen Kuli Khan	3
Ch. Sher Muhammad	2 } *
Brig. (Retd.) Abdul Samad Khan	2 } *

- Leave of absence was granted to the directors who could not attend the board meetings due to their busy schedule and other appointments.
- The Board is pleased to report further that Janana De Malucho Textile Mills Limited is compliant with the provisions of best practices of Code of Corporate Governance as on 30th June 2014.

  * **Elected Director on 31st March, 2014**

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY):

Key operating and financial data of last six years is enclosed.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding of the company as on 30th June 2014 is enclosed. This statement is prepared in accordance with the Code of Corporate Governance and the provisions of Companies Ordinance 1984 read with Companies (Amendment) Ordinance 2002.

CONTRIBUTION OF OUR COMPANY TOWARDS GOVERNMENT AND SOCIAL SECTOR:

We wish to give hereunder our Company's revenue contribution towards the Government, Semi Government sectors, banks and Social sector during the year ended 30th June 2014.

		(Rs. In Million)
I.	GOVERNMENT SECTOR	
	a. Income Tax paid	18.906
	b. Power & Fuel	333.034
	c. Financial Institution/ Banks	58.294
II.	SOCIAL SECTOR	
	Employees/Workers' salaries, Wages and other benefits	303.158

We are also providing employment to 1,082 permanent workers (1,082 families with an average of 8 family members in KPK province) the employment cost of which shall now be about Rs.350 million.

CORPORATE SOCIAL RESPONSIBILITY:

We believe that education plays a vital role for economic development and poverty alleviation. Pakistan has an urgent need for excellent academic facilities, to develop and prepare young people to acquire skills and help them to utilize their highest potential. For this purpose we have donated Rs.13.121 million to Waqf-e-Kuli Khan Trust in this year. This trust was established in the year of 1971 by Late. Lt. Gen. (Retd.) Habibullah Khan Khattak (May Allah Rest His Soul in Eternal Peace) the founder chairman Bibojee Group of Companies for providing financial assistance in the form of scholarships and payment of fee etc. to the brilliant needy students of KPK province who cannot afford their educational expenses.

DIVIDEND:

The Board has recommended a final cash dividend @ 30% i.e Rs.3 per share for the year ended June 30, 2014.

APPOINTMENT OF AUDITORS:

The Company's auditors M/s Hameed Chaudhri & Co., Chartered Accountants, H. M. House, 7 – Bank Square, Lahore retire and offer themselves for reappointment. The Board of Directors of the Company as recommended by the Board Audit Committee hereby recommends that the retiring auditors be re-appointed.

ACKNOWLEDGEMENT:

Your Directors wish to record their appreciations for the efforts made by the workers, staff and senior executives for achieving these results in the present difficult circumstances and continued support of the financial institutions specially the National Bank of Pakistan since 1962 to sustain the production activities of the company.

For & on behalf of Board of Directors

Raza Kuli Khan

RAZA KULI KHAN KHATTAK
CHAIRMAN

Dated: 20th September 2014

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

PARTICULARS		2014	2013	2012	2011	2010	2009
			Re-stated				
Spindles installed	Nos.	**62,304**	62,304	62,304	62,304	64,704	70,896
Rotors installed	Nos.	**600**	600	600	600	600	600
PRODUCTION	Lbs. in million	**13.322**	13.013	11.956	10.851	10.213	10.296
Sales - Net	Rs. in million	**2,983.385**	2,714.679	2,314.948	2,134.841	1,454.537	1,071.738
Gross Profit	----- " -----	**429.024**	468.880	243.563	190.198	311.726	61.647
Profit from operations	----- " -----	**302.924**	378.451	170.520	116.801	257.257	20.901
Profit / (Loss) before Taxation	----- " -----	**249.465**	319.789	109.559	111.058	174.411	(149.174)
Provision for Taxation	----- " -----	**(68.868)**	(83.999)	(35.103)	(40.990)	57.769	(39.288)
Profit / (Loss) after Taxation	----- " -----	**180.597**	235.790	144.662	152.048	116.642	(109.886)
Earning / (Loss) per share	Rupees	**37.74**	49.28	30.23	33.57	30.54	(34.71)
Breakup Value per share	----- " -----	**213.86**	174.63	125.56	91.50	61.15	34.21
Total Assets	Rs. in million	**3,576.849**	3,339.138	3,183.565	2,725.271	2,444.962	1,977.223
Current Liabilities	----- " -----	**(867.418)**	(823.469)	(770.262)	(771.642)	(559.916)	(698.670)
	----- " -----	**2,709.431**	2,515.669	2,413.303	1,953.629	1,885.046	1,278.553
REPRESENTED BY:							
Share Capital	Rs. in million	**47.848**	47.848	47.848	47.848	43.064	31.655
Reserves and Un-appropriated Profit	----- " -----	**2,252.968**	2,077.962	1,855.426	1,404.026	1,248.711	800.075
Equity	----- " -----	**2,300.816**	2,125.810	1,903.274	1,451.874	1,291.775	831.730
Long Term Loans	----- " -----	**9.269**	35.037	260.713	321.057	361.228	326.339
Deferred Liabilities	----- " -----	**399.346**	354.822	249.316	180.698	232.043	120.484
	----- " -----	**2,709.431**	2,515.669	2,413.303	1,953.629	1,885.046	1,278.553

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. CUIN (Incorporation Number) | **0 | 0 | 0 | 1 | 1 | 9 | 3** |

2. Name of the Company | JANANA DE MALUCHO TEXTILE MILLS LIMITED |

3. Pattern of holding of the shares held by the shareholders as at | 3 0 | 0 6 | 2 0 1 4 |

4. No of shareholders		Shareholdings		Total shares held
484		shareholding from 1 to 100 shares		15,793
380		shareholding from 101 to 500 shares		88,787
101		shareholding from 501 to 1000 shares		71,440
118		shareholding from 1001 to 5000		251,653
11		shareholding from 5001 to 10000		74,283
11		shareholding from 10001 to 15000		133,069
4		shareholding from 15001 to 20000		71,321
3		shareholding from 20001 to 25000		69,723
1		shareholding from 25001 to 30000		30 000
1		shareholding from 30001 to 35000		31,000
4		shareholding from 35001 to 40000		148,527
3		shareholding from 40001 to 45000		127,030
1		shareholding from 45001 to 50000		46,000
1		shareholding from 110000 to 115000		114,000
1		shareholding from 130,001 to 135,000		134,062
1		shareholding from 145001 to 150000		147,762
1		shareholding from 280001 to 285000		281,050
1		shareholding from 340001 to 345000		341,000
1		shareholding from485001 to 490000		486,869
1		shareholding from 560001 to 565000		562,195
1		shareholding from 1555001 to 1560000		1,559,230
1130		**Total**		**4,784,794**

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	74,183	1.55
5.2. Associated Companies, undertakings and related parties.	2,462,425	51.46
5.3 NIT and ICP	114,770	2.40
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	492,205	10.29
5.5 Insurance Companies	38,422	0.80
5.6 Modarabas and Mutual Funds	NIL	NIL
5.7 Share holders holding 10%		
Bannu Woollen Mills Ltd	1,559,230	32.59
Bibojee Services (Pvt.) Ltd	562,195	11.75
National Bank of Pakistan	486,869	10.18
5.8 General Public		
a. Local	1,182,289	24.71
b. Foreign	NIL	NIL
5.9 Others (to be specified)		
Joint Stock Companies	1,952	0.04
Secretary to Govt. of N.W.F.P	134,062	2.80
Deputy Administrator Abandoned Properties	3,422	0.07
Trusts	281,063	5.88
SECP	1	0.00

6. Signature of Secretary	
7. Name of Signatory	**AMIN-UR-RASHEED**
8. Designation	Company Secretary & Sr. General Manager Corporate Affairs
9. NIC Number	1 4 3 0 1 - 4 5 7 5 7 6 4 - 3
10. Date	Day: 3 0 / Month: 0 6 / Year: 2 0 1 4

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

	CATEGORIES OF SHAREHOLDERS		SHARES HELD
1.	ASSOCIATED COMPANIES, UNDERTAKINGS & RE LATED PARTIES:		
	M/S BANNU WOOLLEN MILLS LTD,		1,559,230
	M/S.BIBOJEE SERVICES (PVT) LTD.		562,195
	M/S BABRI COTTON MILLS LTD,		341,000
2.	N.I.T. & I.C.P:		
	M/S. NATIONAL INVESTMENT TRUST LTD		114,000
	M/S. INVESTMENT CORPORATION OF PAKISTAN		770
3.	DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:		
	MR.RAZA KULI KHAN KHATTAK,	Chairman	12,482
	LT.GEN. (RETD) ALI KULI KHAN KHATTAK	Chief Executive	11,114
	MR.AHMED KULI KHAN KHATTAK	Director	12,214
	MR.MUSHTAQ AHMED KHAN (FCA)	Director	13,241
	MRS.ZEB GOHAR AYUB	Director	12,808
	MRS.SHAHNAZ SAJJAD AHMED	Director	6,107
	DR. SHAHEEN KULI KHAN	Director	6,107
	CH. SHER MUHAMMAD	Director	100
	BRIG. (RETD) ABDUL SAMAD KHAN	Director	10
4.	EXECUTIVES		1,155
5.	JOINT STOCK COMPANIES		1,952
6.	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS		530,627
7.	SHAREHOLDERS HOLDING 10% OR MORE:		
	M/S BANNU WOOLLEN MILLS LTD,		1,559,230
	M/S.BIBOJEE SERVICES (PVT) LTD.		562,195
	M/S. NATIONAL BANK OF PAKISTAN		486,869
8.	GENERAL PUBLIC & OTHERS		1,599,682

Statement of Compliance with the Code of
Corporate Governance
[See clause (xl)]

Name of Company JANANA DE MALUCHO TEXTILE MILLS LIMITED

Year Ending 30TH JUNE 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock ExchangeLimited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

CATEGORY	NAMES
Independent Director	Brig. (Retd) Abdul Samad Khan
Executive Directors	Lt. Gen. (Retd) Ali Kuli Khan Khattak Dr. Shaheen Kuli Khan
Non-Executive Directors	Mr. Raza Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mr. Mushtaq Ahmad Khan, FCA Mrs. Zeb Gohar Ayub Mrs. Shahnaz Sajjad Ahmad Ch. Sher Muhammad

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors of the Company during the year ended 30th June 2014.
5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been approved by the board/shareholders.
8. 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 at least once in every quarter. 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 meetings were appropriately recorded and circulated.

9. The Directors are well conversant with the legal requirements and as such are fully aware of their duties and responsibilities.
10. There were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year ended 30th June 2014.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises four members, of whom three are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises Fivemembers, of whom two are non-executive directors, oneis independent director and the chairman of the committee is a non executive director.
18. The board has set up an effective internal audit department/function and the employees working therein are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors haveconfirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

Signature

(Name in block letters) LT. GEN. (RETD.) ALI KULI KHAN KHATTAK

(Chief Executive)

NIC Number 37405 -0360603-3

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No.35 of the Karachi Stock Exchange, where the Company is listed.

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

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

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

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

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE; September 20, 2014

AUDITORS' REPORT TO THE MEMBERS

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

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

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

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in an accounting policy as stated in note 5 to the annexed financial statements with which we concur;

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

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

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

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

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

LAHORE; September 20, 2014

BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014	(Re-stated) 2013	(Re-stated) July 01, 2012
ASSETS		---------Rupees in thousand---------		
Non-current assets				
Property, plant and equipment	6	**2,324,453**	2,270,452	2,246,422
Investments in Associated Companies	7	**178,740**	150,812	108,784
Loans to employees	8	**4,400**	3,164	1,065
Security deposits		**1,029**	1,029	1,029
		2,508,622	2,425,457	2,357,300
Current assets				
Stores, spares and loose tools	9	**49,026**	49,452	40,551
Stock-in-trade	10	**771,782**	688,101	671,596
Trade debts - unsecured, considered good		**41,055**	9,404	7,527
Advances to employees		**2,991**	3,314	1,820
Advance payments	11	**27,090**	33,637	16,595
Trade deposits and prepayments	12	**4,771**	1,614	1,215
Due from Associated Companies	13	**10,277**	20,208	7,615
Other receivables		**0**	1,844	3,421
Sales tax refundable		**18,392**	30,300	29,000
Income tax refundable, advance tax and tax deducted at source		**75,761**	62,387	43,791
Cash and bank balances	14	**67,082**	13,420	3,134
		1,068,227	913,681	826,265
TOTAL ASSETS		**3,576,849**	3,339,138	3,183,565
EQUITY AND LIABILITIES				
Equity				
Authorised capital	15	**200,000**	200,000	200,000
Issued, subscribed and paid-up capital	16	**47,848**	47,848	47,848
Reserves	17	**389,983**	389,983	217,673
Unappropriated profit		**585,489**	397,753	317,465
Shareholders' equity		**1,023,320**	835,584	582,986
Term finance certificates	18	**9,269**	34,759	49,821
Surplus on revaluation of property, plant and equipment	19	**1,277,496**	1,290,226	1,302,472
Liabilities				
Non-current liabilities				
Demand finances	20	**0**	278	210,892
Staff retirement benefits - gratuity	21	**104,139**	88,912	76,102
Deferred taxation	22	**295,207**	265,910	191,030
		399,346	355,100	478,024
Current liabilities				
Trade and other payables	23	**164,480**	184,959	223,931
Accrued mark-up / interest		**24,101**	3,581	25,142
Short term finances	24	**636,485**	585,112	461,246
Current portion of non-current liabilities	25	**13,904**	43,233	58,728
Taxation	26	**27,234**	5,369	0
Preference shares redemption account	27	**1,214**	1,215	1,215
		867,418	823,469	770,262
Total liabilities		**1,266,764**	1,178,569	1,248,286
Contingencies and commitments	28			
TOTAL EQUITY AND LIABILITIES		**3,576,849**	3,339,138	3,183,565

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

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

Mushtaq Ahmad Khan, FCA
Director

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

	Note	2014	(Re-stated) 2013
		Rupees in thousand	
Sales	29	**2,983,385**	2,714,679
Cost of Sales	30	**2,554,361**	2,245,799
Gross Profit		**429,024**	468,880
Distribution Cost	31	**15,440**	7,930
Administrative Expenses	32	**79,371**	64,310
Other Expenses	33	**33,924**	25,407
Other Income	34	**(2,635)**	(7,218)
		126,100	90,429
Profit from Operations		**302,924**	378,451
Finance Cost	35	**76,784**	104,604
		226,140	273,847
Share of Profit of Associated Companies	7	**23,325**	45,942
Profit before Taxation		**249,465**	319,789
Taxation	36	**68,868**	83,999
Profit after Taxation		**180,597**	235,790
Other Comprehensive Loss			
Items that will not be reclassified to profit or loss:			
- (loss) / gain on remeasurement of staff retirement benefit obligation (net of deferred tax)		**(14,987)**	1,661
- share of other comprehensive loss of Associated Companies (net of taxation)		**(1,146)**	(2,578)
		(16,133)	(917)
Total Comprehensive Income		**164,464**	234,873
		------- Rupees -------	
Earnings per Share	37	**37.74**	49.28

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

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

Mushtaq Ahmad Khan, FCA
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	Rupees in thousand	
Cash flow from operating activities		
Profit for the year - before taxation and share of profit of Associated Companies	**226,140**	273,847
Adjustments for non-cash charges and other items:		
Depreciation	**67,722**	66,681
Gain on disposal of operating fixed assets	**0**	(598)
Provision for obsolete generators' parts	**11,160**	0
Amortisation of restructuring cost on demand finances	**(278)**	(2,136)
Staff retirement benefits - gratuity (net)	**(7,141)**	15,327
Finance cost	**75,367**	103,323
Profit before working capital changes	**372,970**	456,444
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**426**	(8,901)
Stock-in-trade	**(83,681)**	(16,505)
Trade debts	**(31,651)**	(1,877)
Loans and advances to employees	**(913)**	(3,593)
Advance payments	**6,547**	(17,042)
Trade deposits and prepayments	**(3,157)**	(399)
Due from Associated Companies	**9,931**	(12,593)
Other receivables	**1,844**	1,577
Sales tax refundable	**11,908**	(1,300)
Decrease in trade and other payables	**(20,479)**	(38,972)
	(109,225)	(99,605)
Cash generated from operations	**263,745**	356,839
Taxes paid	**(18,906)**	(18,143)
Net cash generated from operating activities	**244,839**	338,696
Cash flow from investing activities		
Fixed capital expenditure	**(132,883)**	(91,533)
Sale proceeds of operating fixed assets	**0**	1,420
Dividend received from an Associated Company	**0**	1,756
Net cash used in investing activities	**(132,883)**	(88,357)
Cash flow from financing activities		
Term finance certificates redeemed	**(25,490)**	(13,903)
Demand finances	**(29,329)**	(225,132)
Short term finances - net	**51,373**	123,866
Preference shares redeemed	**(1)**	0
Finance cost paid	**(54,847)**	(124,884)
Net cash used in financing activities	**(58,294)**	(240,053)
Net increase in cash and cash equivalents	**53,662**	10,286
Cash and cash equivalents - at beginning of the year	**13,420**	3,134
Cash and cash equivalents - at end of the year	**67,082**	13,420

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

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

Mushtaq Ahmad Khan, FCA
Director

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

	Share capital	Reserves					Unappr-opriated profit	Total
		Capital			Revenue			
		Capital redemp-tion	Tax holiday	Share premium	General	Sub-total		
	------------------------------------ Rupees in thousand ------------------------------------							
Balance as at July 01, 2012 - as previously reported	47,848	6,694	350	11,409	199,220	217,673	335,281	600,802
Effect of change in accounting policy with respect to accounting for recognition of actuarial loss on staff retirement benefits scheme - gratuity (net of tax) - note 5	0	0	0	0	0	0	(17,816)	(17,816)
Balance as at July 01, 2012 - as restated	47,848	6,694	350	11,409	199,220	217,673	317,465	582,986
Transfer	0	0	0	0	172,310	172,310	(172,310)	0
Total comprehensive income for the year ended June 30, 2013:								
- profit for the year	0	0	0	0	0	0	235,790	235,790
- other comprehensive loss	0	0	0	0	0	0	(917)	(917)
	0	0	0	0	0	0	234,873	234,873
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation) on account of incremental depreciation for the year	0	0	0	0	0	0	17,305	17,305
Effect of items directly credited in equity by Associated Companies - restated	0	0	0	0	0	0	420	420
Balance as at June 30, 2013 - as restated	47,848	6,694	350	11,409	371,530	389,983	397,753	835,584
Total comprehensive income for the year ended June 30, 2014:								
- profit for the year	0	0	0	0	0	0	180,597	180,597
- other comprehensive loss	0	0	0	0	0	0	(16,133)	(16,133)
	0	0	0	0	0	0	164,464	164,464
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation): - on account of incremental depreciation for the year	0	0	0	0	0	0	16,690	16,690
- upon obsolescence of revalued assets	0	0	0	0	0	0	833	833
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	5,749	5,749
Balance as at June 30, 2014	47,848	6,694	350	11,409	371,530	389,983	585,489	1,023,320

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

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

Mushtaq Ahmad Khan, FCA
Director

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

1. LEGAL STATUS AND OPERATIONS

Janana De Malucho Textile Mills Ltd. (the Company) was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Karachi Stock Exchange Limited. It is principally engaged in manufacture and sale of yarn. The Company's mills and its registered office are located at Habibabad, Kohat.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) Stores & spares and stock-in-trade

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(c) Provision for impairment of trade debts

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 21.

(e) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

2.5 No critical judgment has been used in applying the accounting policies.

3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on July 01, 2013:

(a) Amendment to IAS 1, ' Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The new amendment is not expected to materially affect the disclosures in the financial statements of the Company.

(b) IAS 19 (revised) ‘Employee Benefits’ has eliminated the corridor approach. The Company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognised actuarial losses net of taxes associated with retirement benefit obligation by adjusting the opening balance of unappropriated profit and retirement benefit for the prior years presented.

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2013 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following new standards and amendments to published approved standards are not effective (although available for early adoption) for the financial year beginning on July 01, 2013 and have not been early adopted by the Company:

(a) IAS 32 (Amendment) 'Financial Instruments: Presentation', is applicable on accounting periods beginning on or after January 01, 2014. This amendment updates the application guidance in IAS 32 'Financial Instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The Company shall apply this amendment from July 01, 2014 and does not expect to have a material impact on its financial statements.

(b) IFRS 9 'Financial Instruments - Classification and Measurement' is applicable on accounting periods beginning on or after January 01, 2015. This standard is yet to be notified by SECP. IFRS 9 replaces the parts of IAS 39 'Financial Instruments: Recognition and Measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The Company does not expect to have a material impact on its financial statements due to application of this standard.

(c) IAS 36 (Amendment) 'Impairment of Assets', is applicable on accounting periods beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The Company shall apply this amendment from July 01, 2014 and this will only affect the disclosures in the Company's financial statements in the event of impairment.

There are number of other standards, amendments and interpretations to the published approved standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment and depreciation

These, other than freehold land, buildings on freehold land, plant & machinery, generators and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land, plant & machinery and generators are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Freehold land, buildings on freehold land, plant & machinery and generators were revalued during prior years. Surplus arisen on revaluation of these assets has been credited to surplus on revaluation of property, plant and equipment account in accordance with the requirements of section 235 of the Companies Ordinance, 1984 and shall be held on the balance sheet till realisation. Revaluation is carried-out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of these assets (net of deferred taxation) is transferred directly to equity.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 6.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

4.2 Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognised in the Associated Companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of investments is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

4.3 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.4 Stock-in-trade

Basis of valuation are as follows:

Particulars	**Mode of valuation**
Raw materials:	
-At warehouses	- At lower of annual average cost and net realisable value.
-In transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.

- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.
- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.
- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.5 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

4.7 Borrowings and borrowing costs

Borrowings are recognised initially at fair value.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.8 Staff retirement benefits (defined benefit plan)

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2014 on the basis of the projected unit credit method by an independent Actuary.

4.9 Trade and other payables

Trade and other payables are initially measured at cost, which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

4.10 Provisions

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

4.11 Taxation

(a) Current

Provision for current taxation is based on taxable income / turnover at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments, where necessary, relating to prior years, which arise from assessments framed / finalised during the year.

(b) Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductable temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the profit and loss account except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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 realised.

4.12 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.13 Financial instruments

Financial instruments include security deposits, trade debts, due from Associated Companies, other receivables, bank balances, term finance certificates, trade & other payables, accrued mark-up / interest, short term finances and redeemable preference shares. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.14 Off-setting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.15 Foreign currency translations

Foreign currency transactions are recorded in Pakistan Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account.

4.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- sales are recorded on dispatch of goods.
- return on deposits is accounted for on 'accrual basis'.
- dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

4.17 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.18 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company’s products, as required by the approved accounting standards, is presented in note 42 to these financial statements.

5. CHANGE IN ACCOUNTING POLICY

IAS 19 (Revised) - 'Employee Benefits' effective for annual periods beginning on or after January 01, 2013 amends the accounting for employee benefits. The revised standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation. Further, a new term 'remeasurements' has been introduced, which is made up of actuarial gains and losses. The revised standard requires 'remeasurements' to be recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Following the application of IAS 19 (revised), the Company's policy for 'staff retirement benefits - gratuity' in respect of 'remeasurements' stands amended as follows:

- The amount arising as a result of 'remeasurements' is recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.
- The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's financial statements are affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

	2013	July 01, 2012
	Rupees in thousand	
Impact on Balance Sheet		
Increase in staff retirement benefits- gratuity	22,912	27,409
Decrease in deferred taxation	(7,790)	(9,593)
Decrease in unappropriated profit	15,122	17,816
Impact on Statement of Changes in Equity		
Decrease in unappropriated profit		
- cumulative effect from prior years	0	17,816
- impact for the year ended	(2,694)	
Impact on Profit and Loss Account		
Decrease in:		
- cost of sales	1,485	
- distribution cost	40	
- administrative expenses	455	
Increase in profit before taxation	1,980	
Impact on Other Comprehensive Income		
Item that will not be reclassified to profit or loss	1,661	

The effect of change in accounting policy, due to application of IAS 19 (Revised), on earnings per share for the year ended June 30, 2013 is immaterial in the overall context of these financial statements. There is no cash flow impact as a result of the retrospective application of change in accounting policy.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
		Rupees in thousand	
Operating fixed assets - tangible	6.1	**2,309,742**	2,270,452
Capital work-in-progress	6.6	**1,421**	0
Stores held for capital expenditure		**13,290**	0
		2,324,453	2,270,452

6.1 Operating fixed assets - owned

	Freehold land	Roads, paths and culverts	Buildings on freehold land				Plant & machinery	Genera-tors	Work-shop equip-ment	Furniture and fixtures	Office & other equip-ment	Vehicles	Arms	Secur-ity & survei-llance	Total
			Factory	Non-factory	Residential: Officers	Residential: Workers									
	------ Rupees in thousand ------														
As at June 30, 2012															
Cost / revaluation	956,700	1,247	185,816	6,679	12,447	9,067	1,124,956	131,932	3,358	10,684	2,897	26,726	272	0	2,472,781
Accumulated depreciation	0	0	3,103	133	208	151	167,481	32,069	1,978	4,614	1,298	15,259	65	0	226,359
Book value	956,700	1,247	182,713	6,546	12,239	8,916	957,475	99,863	1,380	6,070	1,599	11,467	207	0	2,246,422
Year ended June 30, 2013:															
Additions	0	0	0	0	0	0	82,299	170	0	777	170	1,744	6,373	0	91,533
Disposals:															
Cost	0	0	0	0	0	0	0	0	0	0	0	(2,172)	0	0	(2,172)
Depreciation	0	0	0	0	0	0	0	0	0	0	0	1,350	0	0	1,350
Depreciation for the year	0	0	9,135	327	612	446	48,286	4,998	69	322	83	2,274	129	0	66,681
Book value	956,700	1,247	173,578	6,219	11,627	8,470	991,488	95,035	1,311	6,525	1,686	10,115	6,451	0	2,270,452
Year ended June 30, 2014:															
Additions	0	0	2,707	0	0	0	45,758	64,146	0	421	189	1,821	375	2,755	118,172
Transfer to stores & spares inventory (note 6.2):															
Cost	0	0	0	0	0	0	0	(17,612)	0	0	0	0	0	0	(17,612)
Depreciation	0	0	0	0	0	0	0	6,452	0	0	0	0	0	0	6,452
Depreciation for the year	0	0	8,713	311	581	423	49,767	4,970	66	338	89	2,061	334	69	67,722
Book value	956,700	1,247	167,572	5,908	11,046	8,047	987,479	143,051	1,245	6,608	1,786	9,875	6,492	2,686	2,309,742
As at June 30, 2013															
Cost / revaluation	956,700	1,247	185,816	6,679	12,447	9,067	1,207,255	132,102	3,358	11,461	3,067	26,298	6,645	0	2,562,142
Accumulated depreciation	0	0	12,238	460	820	597	215,767	37,067	2,047	4,936	1,381	16,183	194	0	291,690
Book value	956,700	1,247	173,578	6,219	11,627	8,470	991,488	95,035	1,311	6,525	1,686	10,115	6,451	0	2,270,452
As at June 30, 2014															
Cost / revaluation	956,700	1,247	188,523	6,679	12,447	9,067	1,253,013	178,636	3,358	11,882	3,256	28,119	7,020	2,755	2,662,702
Accumulated depreciation	0	0	20,951	771	1,401	1,020	265,534	35,585	2,113	5,274	1,470	18,244	528	69	352,960
Book value	956,700	1,247	167,572	5,908	11,046	8,047	987,479	143,051	1,245	6,608	1,786	9,875	6,492	2,686	2,309,742
Depreciation rate (%)			5	5	5	5	5	5	5	5	5	20	5	30	

6.2 Transfer of two gas generators' parts

These parts having book value of Rs.11.160 million were transferred to stores and spares inventory during the year after overhauling of the generators. These parts, due to continuous use, had fully exhausted their useful life. The management intends to sell these parts within the next financial year.

6.3 The management in order to ascertain the useful life of operating fixed assets had carried-out an internal exercise during the financial year ended June 30, 2007 and assessed the remaining useful life of depreciable assets other than vehicles. Keeping in consideration the assessed useful life of these assets, the depreciation rates of depreciable assets were found excessive and consequently depreciation rates were reduced to 5% from 10%. The management, in this regard, had also obtained opinion from independent Valuers [M/s. Dimen Associates (Pvt.) Ltd., approved Valuers of Pakistan Banks Association]; the Valuers had confirmed the depreciation rates adopted by the management.

6.4 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

	2014	2013
	Rupees in thousand	
Freehold land	**340**	340
Buildings on freehold land:		
Factory	**41,454**	40,822
Non-factory	**971**	1,023
Residential:		
- officers	**170**	179
- workers	**3,019**	3,177
Plant & machinery	**665,200**	652,247
Generators	**132,978**	83,110
	844,132	780,898

6.5 **Depreciation for the year has been apportioned as under:**

Cost of sales	**63,939**	62,934
Administrative expenses	**3,783**	3,747
	67,722	66,681

6.6 **Capital work-in-progress**

Buildings	**22**	0
Plant and machinery	**130**	0
Advance payment made for overhauling of gas generators and other expenses	**1,269**	0
	1,421	0

		(Re-stated)
7. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted	**2014**	2013
	Rupees in thousand	
Babri Cotton Mills Ltd. (BCM)		
587,493 (2013: 587,493) ordinary shares of Rs.10 each - cost	**10,973**	10,973
Equity held: 16.09% (2013: 16.09%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM	**85,175**	48,445
Profit for the year - net of taxation	**13,194**	34,700
Share of other comprehensive loss - net of taxation	**(752)**	(1,536)
	108,590	92,582
Bannu Woollen Mills Ltd. (BWM)		
731,626, including 146,325 bonus shares received during the year, (2013: 585,301) ordinary shares of Rs.10 each - cost	**7,697**	7,697
Equity held: 7.70% (2013: 7.70%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BWM	**52,716**	42,089
Dividend received during the year	**0**	(1,756)
Profit for the year - net of taxation	**10,131**	11,242
Share of other comprehensive loss - net of taxation	**(394)**	(1,042)
	70,150	58,230
	178,740	150,812

7.1 Market value of the Company's investment in BCM and BWM as at June 30, 2014 was Rs.42.893 million (2013: Rs.36.947 million) and Rs.54.945 million (2013: Rs.45.010 million) respectively.

7.2 Summarised financial information of BCM, based on the audited financial statements for the year ended June 30, 2014, is as follows:

- equity as at June 30,	**673,113**	575,541
- total assets as at June 30,	**2,149,359**	1,804,133
- total liabilities as at June 30,	**869,859**	607,915
- revenue for the year ended June 30,	**1,927,396**	2,064,442
- profit before taxation for the year ended June 30,	**113,915**	302,660
- profit after taxation for the year ended June 30,	**82,020**	215,712
- other comprehensive loss for the year ended June 30,	**(4,678)**	(9,547)

7.3 Summarised financial information of BWM, based on the audited financial statements for the year ended June 30, 2014, is as follows:

- equity as at June 30,	**901,923**	756,597
- total assets as at June 30,	**1,918,192**	1,786,122
- total liabilities as at June 30,	**453,055**	459,868
- revenue for the year ended June 30,	**788,882**	807,725
- profit before taxation for the year ended June 30,	**152,076**	176,130
- profit after taxation for the year ended June 30,	**131,640**	146,067
- other comprehensive loss for the year ended June 30,	**(5,120)**	(13,542)

7.4 The Company, during the financial years 1972-73 and 1973-74, had declared dividend in specie by distributing its investment in the share capital of Babri Cotton Mills Ltd. The Company wrote-back these unclaimed dividends in specie during the years 1989 and 1990 and incorporated these as investment. During the current and preceding years, no distribution by way of dividend in specie was made.

8. LOANS TO EMPLOYEES - Secured

	Note	2014	2013
		Rupees in thousand	
Loans to:			
- executives	**8.1**	**3,900**	2,400
- employees	**8.3**	**2,524**	2,159
		6,424	4,559
Less: current portion grouped under current assets		**2,024**	1,395
		4,400	3,164

8.1 Movement in the account of loans to executives is as follows:

	2014	2013
Opening balance	**2,400**	820
Loans advanced during the year	**1,700**	1,700
Less: deductions made during the year	**(200)**	(120)
Closing balance	**3,900**	2,400

These interest free loans to four (2013: three) executives have been advanced for construction of house and certain other purposes. Out of the year-end receivable balance from the executives, the balance of Rs.550 thousand is receivable in equal monthly instalments whereas the balance of Rs.3.350 million is adjustable against final settlements of three executives.

8.2 The maximum aggregate amount of loans due from executives at any month-end during the year was Rs.4.200 million (2013: Rs.2.473 million).

8.3 These interest free loans to employees have been advanced for various purposes and are recoverable in instalments which vary from case to case.

8.4 The fair value adjustments as required by IAS 39 (Financial Instruments: Recognition and Measurement) arising in respect of staff loans are not considered material and hence not recognised.

9. STORES, SPARES AND LOOSE TOOLS

	Note	2014	2013
Stores			
- at mills		**23,120**	22,633
- in transit		**1,002**	1,834
Spares (including transfer of obsolete gas generators' parts as detailed in note 6.2)		**35,647**	24,625
Loose tools		**417**	360
		60,186	49,452
Less: provision against obsolete gas generators' parts	**6.2**	**11,160**	0
		49,026	49,452

10. STOCK-IN-TRADE

	Note	2014	2013
Raw materials:			
- at mills		**653,282**	490,305
- in transit		**41,537**	62,959
	10.1	**694,819**	553,264
Work-in-process		**51,096**	51,857
Finished goods	**10.1**	**25,867**	82,980
		771,782	688,101

10.1 Raw materials and finished goods inventories are pledged with National Bank of Pakistan and The Bank of Khyber as security for short term finance facilities (note 24).

		Note	2014	2013
11.	**ADVANCE PAYMENTS** - Unsecured			
	Considered good	**Note**	**Rupees in thousand**	
	Raw material suppliers		**38**	33
	Store suppliers		**20,878**	30,550
	Others		**6,174**	3,054
			27,090	33,637
12.	**TRADE DEPOSITS AND PREPAYMENTS**			
	Letters of credit		**118**	616
	Prepayments		**653**	998
	Advance payment to Peshawar Electric Supply Company		**4,000**	0
			4,771	1,614
13.	**DUE FROM ASSOCIATED COMPANIES**			
	Babri Cotton Mills Ltd.		**2,787**	955
	The Universal Insurance Company Ltd.		**6,811**	7,077
	Bannu Woollen Mills Ltd.		**82**	5,016
	Bibojee Services (Pvt.) Ltd.		**597**	7,160
			10,277	20,208

13.1 The year-end balances include mark-up aggregating Rs.628 thousand (2013: Rs.283 thousand) accrued on short term advances made to Associated Companies.

		Note	2014	2013
14.	**CASH AND BANK BALANCES**			
	Cash-in-hand		**84**	66
	Cash at banks on:			
	- current accounts	**14.1**	**16,832**	13,196
	- PLS security deposit account	**14.2**	**154**	146
	- PLS account (employees/staff gratuity fund account)	**14.2**	**50,000**	0
	- PLS account	**14.2**	**12**	12
			66,998	13,354
			67,082	13,420

14.1 These include foreign currency balance of U.S.$ 46,955 (2013: U.S.$ 42,890), which has been translated in Pak Rupees at the exchange rate ruling on the balance sheet date i.e. 1 U.S. $ = Rs.98.55 (2013: 1 U.S.$ = Rs.98.60).

14.2 PLS accounts carry profit at the rates ranging from 6% to 7% (2013: 5% to 6%) per annum.

15. AUTHORISED SHARE CAPITAL

2014	2013			2014	2013
---- Numbers ----			Note	Rupees in thousand	
18,000,000	18,000,000	Ordinary shares of Rs.10 each		**180,000**	180,000
700,000	700,000	7.5% redeemable cumulative preference shares of Rs.10 each		**7,000**	7,000
1,300,000	1,300,000	10% redeemable cumulative preference shares of Rs.10 each		**13,000**	13,000
20,000,000	20,000,000			**200,000**	200,000

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

1,640,900	1,640,900	Ordinary shares of Rs.10 each fully paid in cash		**16,409**	16,409
2,130,544	2,130,544	Ordinary shares of Rs.10 each issued to Financial Institutions by conversion of loans and debentures		**21,305**	21,305
6,832	6,832	Ordinary shares of Rs.10 each issued by conversion of preference shares		**68**	68
1,006,518	1,006,518	Ordinary shares of Rs.10 each issued as fully paid bonus shares		**10,066**	10,066
4,784,794	4,784,794			**47,848**	47,848

16.1 Ordinary shares held by the Associated Companies at the year-end are as follows:

	2014	2013
	Number of shares	
Bibojee Services (Pvt.) Ltd.	**562,195**	562,195
Bannu Woollen Mills Ltd.	**1,559,230**	1,559,230
Babri Cotton Mills Ltd.	**341,000**	341,000
	2,462,425	2,462,425

17. RESERVES

	Note	2014	2013
		Rupees in thousand	
Capital:			
- capital redemption reserve		**6,694**	6,694
- tax holiday reserve		**350**	350
- share premium reserve	**17.1**	**11,409**	11,409
		18,453	18,453
Revenue - general reserve		**371,530**	371,530
		389,983	389,983

17.1 This represents premium at the rate of Rs.10 per share received on 1,140,900 ordinary shares allotted during the financial year ended June 30, 2010.

18. TERM FINANCE CERTIFICATES - Secured

	Note	2014	2013
		Rupees in thousand	
Balance as at June 30,	**20.5**	**23,173**	48,663
Less: current portion grouped under current liabilities		**13,904**	13,904
		9,269	34,759

19. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

19.1 The Company had revalued its freehold land on September 30, 1998, September 30, 2004, June 30, 2007 and March 31, 2010. Buildings on freehold land, plant & machinery and generators were revalued on September 30, 2004, June 30, 2007 and March 31, 2010. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs.1.173 billion.

19.2 The Company, as at February 29, 2012, again revalued its freehold land, buildings on freehold land, plant & machinery and generators. The revaluation exercise was carried-out by independent Valuers - M/s Yunus Mirza & Co., Architects, Engineers and approved Surveyors, I.I. Chundrigar Road, Karachi. Freehold land was revalued on the basis of current market value whereas buildings on freehold land, plant & machinery and generators were revalued on the basis of depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.366.113 million was credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	2014	2013
Opening balance	**1,462,217**	1,488,841
Less: transferred to unappropriated profit:		
- on account of incremental depreciation for the year	**(25,287)**	(26,624)
- upon obsolescence of generators' parts	**(1,261)**	0
	1,435,669	1,462,217
Less: deferred tax on:		
- opening balance of surplus	**171,991**	186,369
- incremental depreciation for the year	**(8,597)**	(9,319)
- obsolescence of generators' parts	**(428)**	0
	162,966	177,050
	1,272,703	1,285,167
Resultant adjustment due to reduction in tax rate	**4,793**	5,059
Closing balance	**1,277,496**	1,290,226

20. DEMAND FINANCES - Secured

National Bank of Pakistan (NBP)

	Note	2014	2013
Demand Finance I (DF I)	**20.2**	**0**	17,692
Demand Finance V (DF V)	**20.2**	**0**	11,637
		0	29,329
Add: restructuring cost arisen upon extinguishment of demand finances against issuance of ordinary shares		**0**	278
		0	29,607
Less: current portion grouped under current liabilities		**0**	29,329
		0	278

20.1 The Company and NBP had entered into a finance facilities agreement on January 12, 2011 whereby the Company was allowed to repay / settle the outstanding portions of all demand finance facilities through conversion of loans into ordinary shares, proceeds of issuance of preference shares and term finance certificates.

20.2 The outstanding balances of demand finances as at June 30, 2013 were fully repaid during July, 2013.

20.3 Mark-up rate

After the expiry of KPK Package on December 31, 2011, these finances carried mark-up at the rate of 10.94% (2013: mark-up rates were 11.23% and 13.91%) per annum.

20.4 Securities

The aggregate demand finance facilities were secured against first charge on fixed assets of the Company for Rs.1.160 billion.

20.5 Mark-up portion of finance facilities

NBP had allowed the Company to repay the aggregate overdue (frozen) mark-up of Rs.76.470 million in respect of finance facilities through the proceeds of issuance of privately placed Term Finance Certificates (TFCs) with nil mark-up rate. NBP had subscribed these TFCs during the financial year ended June 30, 2011. Significant terms and conditions of this TFCs issue are as follows:

Total issue size	Rs.76.470 million
Instrument	Unrated, unlisted and secured TFCs issued as redeemable capital under section 120 of the Companies Ordinance, 1984.
Purpose of issuance of TFCs	To pay overdue mark-up of NBP (TFC holder) against demand finance facilities availed by the Company during the period from December, 2008 to December, 2010.
Tenor	6 years from the issue date i.e. January 12, 2011.
Security	First charge on entire fixed assets of the Company for Rs.1.160 billion.
Profit rate	Nil
Profit payment	None
Principal repayment	6 years with the condition that at least 10% of the original TFCs amount is redeemed each year. The outstanding balance of TFCs as at June 30, 2014 amounting Rs.23.173 million is redeemable in four instalments ending in financial year June 30, 2017.
Redemption reserve	No redemption reserve has been created for redemption of TFCs. In view of projected financial cash flows, the Company is expected to have adequate funds to meet its financial obligations.
Transfer of TFCs	The TFCs are transferable in the manner as provided in the Companies Ordinance, 1984.

21. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	2014	2013
- discount rate	**13.25%**	11%
- expected rate of growth per annum in future salaries	**12.25%**	10%

Amount recognised in the balance sheet is the present value of defined benefit obligation at the reporting date:

The movement in the present value of defined benefit obligation is as follows:	Note	2014	(Re-stated) 2013
		Rupees in thousand	
Opening balance		**88,912**	76,102
Current service cost		**13,941**	12,010
Interest cost		**8,171**	10,654
Benefits paid	**21.1**	**(29,253)**	(7,337)
Remeasurements: experience adjustments		**22,368**	(2,517)
Closing balance		**104,139**	88,912
Expense recognised in profit and loss account			
Current service cost		**13,941**	12,010
Interest cost		**8,171**	10,654
Charge for the year		**22,112**	22,664
Remeasurement recognised in other comprehensive income			
Experience adjustments (net of deferred tax)		**(14,987)**	1,661

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2014	2013	2012	2011	2010
	------------------ Rupees in thousand ------------------				
Present value of defined benefit obligation	**104,139**	88,912	76,102	64,433	38,465
Experience adjustment on obligation	**22,368**	(2,517)	0	11,028	1,779

Year-end Sensitivity Analysis:

	Impact on defined benefit obligation		
	Change in assumption	Increase	Decrease
		--- Rupees in thousand ---	
Discount rate	1%	117,984	127,014
Salary growth rate	1%	127,127	117,813

21.1 Benefits paid during the current year include partial payment of gratuity benefits to Senior General Manager (Finance, Commercial and Corporate Affairs) aggregating Rs. 18 million.

22. DEFERRED TAXATION - Net

	Note	2014	(Re-stated) 2013
		Rupees in thousand	
This is composed of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		**204,222**	197,313
- surplus on revaluation of property, plant and equipment		**158,173**	171,991
		362,395	369,304
Deductible temporary differences arising in respect of:			
- staff retirement benefits - gratuity		**(34,366)**	(30,230)
- unused tax losses		**0**	(59,572)
- alternative corporate tax / minimum tax recoverable against normal tax charge in future years		**(32,822)**	(13,592)
		(67,188)	(103,394)
		295,207	265,910

23. TRADE AND OTHER PAYABLES

	Note	2014	2013
		Rupees in thousand	
Creditors		**23,997**	38,473
Bills payable against imported:			
- plant and machinery		**0**	1,411
- raw materials		**19,642**	39,905
Advance payments	**23.1**	**184**	184
Accrued expenses	**23.2**	**90,656**	63,638
Tax deducted at source		**1,097**	623
Due to Waqf-e-Kuli Khan	**23.3**	**4,543**	13,121
Security deposits repayable on demand - interest free		**112**	112
Workers' (profit) participation fund	**23.4**	**12,389**	14,859
Workers' welfare fund		**11,746**	12,456
Others		**114**	177
		164,480	184,959

23.1 These advances have been received against sale of land.

23.2 These include Rs.414 thousand (2013: Rs.511 thousand) payable to Associated Companies.

23.3 Waqf-e-Kuli Khan (a Charitable Institution) is administered by the following directors of the Company:

- Mr. Raza Kuli Khan Khattak
- Mr. Ahmad Kuli Khan Khattak
- Lt. General (Retd.) Ali Kuli Khan Khattak
- Dr. Shaheen Kuli Khan Khattak
- Mrs. Zeb Gohar Ayub Khan
- Mrs. Shahnaz Sajjad Ahmad
- Mr. Mushtaq Ahmad Khan, FCA

23.4 **Workers' (profit) participation fund** (the Fund)*

	Note	2014	2013
		Rupees in thousand	
Opening balance		**14,859**	4,722
Add: interest on funds utilised in the Company's business		**383**	229
		15,242	4,951
Less:			
- paid to workers		**15,195**	4,925
- deposited with the Government Treasury		**47**	26
		15,242	4,951
		0	0
Add: allocation for the year		**12,389**	14,859
Closing balance		**12,389**	14,859

* The Fund's audit for the year ended June 30, 2013 was carried-out by M/s Inaam ul Haq & Co., Chartered Accountants, 33-A, Behind Queens Centre, Shahrah-e-Fatima Jinnah, Lahore.

24. **SHORT TERM FINANCES**

	Note	2014	2013
Secured	**24.1**	**636,485**	574,167
Un-secured (temporary bank overdraft)		**0**	10,945
		636,485	585,112

24.1 Short term finance facilities available from National Bank of Pakistan (NBP) and The Bank of Khyber (BoK) under mark-up arrangements aggregate Rs.1.130 billion (2013: Rs.1.030 billion) and are secured against pledge of raw materials & finished goods, first charge on current & fixed assets of the Company and personal guarantees of three directors of the Company. These facilities, during the year, carried mark-up at the rates ranging from 10.46% to 13.17% (2013: 10.44% to 14.92%) per annum.

Facilities available for opening letters of credit and guarantee from NBP and BoK aggregate Rs.360 million (2013: Rs.350 million) out of which facilities amounting Rs.246.958 million (2013: Rs.178.515 million) remained unutilised at the year-end. These facilities are secured against lien on import documents and the securities as detailed in the preceding paragraph.

These facilities are available upto December 31, 2014.

25. CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2014	2013
		Rupees in thousand	
Term finance certificates	18	**13,904**	13,904
Demand finances	20	**0**	29,329
		13,904	43,233

26. TAXATION - Net

	Note	2014	2013
Opening balance		**5,369**	0
Add: provision made / (written-back) during the year:			
current [net of tax credit for investment in plant & machinery under section 65B of the Income Tax Ordinance, 2001 amounting Rs. 10.990 million; (2013: Rs.8.230 million)]	26.2	**27,454**	5,369
prior year - minimum tax	26.3	**(57)**	(293)
- others		**0**	(160)
		27,397	4,916
		32,766	4,916
Less: payments/adjustments made against completed assessments		**5,532**	(453)
		27,234	5,369

26.1 Income tax assessments of the Company have been completed upto the tax year 2013 i.e. accounting year ended June 30, 2013 creating refund of Rs.18.616 million.

26.2 Provision for the current year mainly represents alternative corporate tax payable under section 113(c) of the Income Tax Ordinance, 2001 (the Ordinance); (2013: minimum tax payable under section 113 of the Ordinance).

26.3 Due to location of the mills in the most affected area, the income of the Company was exempt from tax under clause 126F of the second schedule to the Ordinance starting from the tax year 2010. As per management's contention, exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue to the specific areas of Khyber Pakhtunkhwa. The Company has filed a writ petition before the Islamabad High Court, Islamabad, praying exemption from levy of minimum tax under section 113 of the Ordinance, which is still pending adjudication. The Peshawar High Court, Peshawar, in an identical writ petition concerning exemption of minimum tax filed by a Group Company, had granted exemption from levy of minimum tax. The management is confident that Islamabad High Court will also grant exemption from levy of minimum tax; accordingly, no provision for minimum tax for the preceding financial year was made in the financial statements as well as provisions for minimum tax made during the financial years ended June 30, 2010 and June 30, 2011 aggregating Rs.28.655 million were written-back in the financial statements. An adverse judgment by the Islamabad High Court will create tax liability under section 113 of the Ordinance aggregating Rs.51.828 million.

26.4 The Commissioner Inland Revenue, Appeals [CIR(A)], during the preceding year, has vacated the order and held that workers' welfare demand amounting Rs.3.488 million for the tax year 2010 was not chargeable in case of the Company. The Income Tax Department (the Department) has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the CIR(A)'s order, which is pending adjudication.

26.5 The Department, during the year, has charged tax under section 122(5A) of the Ordinance for the tax year 2008 amounting Rs.214 thousand against which the Company has filed an appeal with the CIR(A), which is pending adjudication.

26.6 The Department charged tax under section 221 of the Ordinance amounting Rs.2.772 million for the tax year 2007 against which an appeal has been filed with the CIR(A), who has remanded back the matter to the concerned officer.

26.7 The Department has charged tax under section 122(5A) of the Ordinance amounting Rs.1.641 million for the tax year 2007. CIR(A), during the year, has decided the appeal and allowed relief of Rs.3.361 million resulting therein no change in tax liability due to brought forward losses. The Company has filed an appeal before the ATIR, which is pending adjudication.

26.8 The Department has charged tax under section 122(5A) of the Ordinance amounting Rs.0.894 million for the tax year 2006 against which an appeal has been filed with the CIR(A), which is pending adjudication.

26.9 The Department has charged tax under sections 161/205 of the Ordinance amounting Rs.0.560 million for the tax year 2006 against which the Company and the Department have filed appeals with the ATIR, which are pending adjudication.

26.10 The Department has charged tax under section 122(5A) of the Ordinance amounting Rs.2.289 million for the tax year 2005 against which the Company and the Department have filed appeals with the ATIR, which are pending adjudication.

26.11 The Department has charged tax under section 122(5A) of the Ordinance amounting Rs.7.123 million for the tax year 2004; the CIR(A) deleted the additions against which the Department has filed an appeal with the ATIR, which is pending adjudication.

27. PREFERENCE SHARES REDEMPTION ACCOUNT		**2014**	2013
	Note	**Rupees in thousand**	
Amounts payable on:			
- 7.5% redeemable cumulative preference shares	**27.1**	**134**	134
- 10% redeemable cumulative preference shares	**27.2**	**1,080**	1,081
		1,214	1,215

27.1 This represents the balance of total issue of 250,000 shares, which became convertible at par into ordinary shares of the Company or redeemable in cash at the option of the shareholders of the said class of shares after August 30, 1976. The Company had redeemed 118,828 shares during the year 1976, which were tendered for redemption in accordance with the terms of the issue.

3,060 shares were converted into ordinary shares of the Company after the year 1976 at the option exercised by the shareholders.

These shares totalling 128,112 could not be redeemed during the preceding years due to non-availability of adequate funds and incurrence of persistent losses. The Company's profitability and availability of funds in the recent past had allowed the management to redeem these shares fully as provided under section 85 of the Companies Ordinance, 1984.The Company, during the current year, had redeemed no further shares and the opening balance of 13,435 shares was outstanding as at June 30, 2014.

27.2 This represents the balance of total issue of 426,250 shares, which were convertible at par into ordinary shares of the Company at the option of the shareholders of the said class of shares during the period from October 01, 1977 to October 01, 1981. As per terms of the issue, the unconverted shares were to be redeemed on October 01, 1982. However, 3,772 shares were converted into ordinary shares of the Company after the year 1984 at the request of the shareholders although the time for conversion as fixed by the Controller of Capital Issues had expired on October 01, 1981. These shares are due for redemption at par since October 01, 1982.

As stated in the preceding note, the Company's profitability and availability of funds in the recent past had allowed the management to redeem these shares also. The Company, upto June 30, 2013, had redeemed 314,377 shares whereas 106 further shares were redeemed during the current year.

28. CONTINGENCIES AND COMMITMENTS

28.1 The Enquiry Officer of the Government of Pakistan had raised demands for war risk insurance premium (including surcharge and interest) amounting Rs.655 thousand against which the Company made provision to the tune of Rs.403 thousand. The Company has filed an appeal with the Secretary, Ministry of Commerce, which is pending for decision. The Company, however, had paid Rs.201 thousand towards this demand.

28.2 Pakistan Industrial Development Corporation (Pvt.) Limited (PIDC) had filed a case against the Company during the year 1975 for recovery of Rs.1.674 million payable to Bannu Sugar Mills Limited (an ex-associated company). The management had filed an affidavit with the Sindh High Court challenging the suit against the Company as the said amount was subject to adjustment against compensation payable to one of its Associated Company {Bibojee Services (Pvt.) Limited}.

A Government Committee, during the year 1985, had decided the compensation claims of Bibojee Services (Pvt.) Limited according to which no amount was payable to PIDC. Negotiations for withdrawal of the suit are still in process between Bibojee Services (Pvt.) Limited and PIDC.

28.3 Central Excise and Land Customs Department claimed additional duty on count variation amounting Rs.51 thousand. However, the Lahore High Court, on an appeal filed by the Company, ordered for reassessment of the case.

28.4 Counter guarantee given by the Company to a commercial bank outstanding as at June 30, 2014 was for Rs.60 million (2013: Rs.40 million).

28.5 Commitments against irrevocable letters of credit outstanding at the year-end were for:

	2014	2013
	Rupees in thousand	
- stores and spares	**4,554**	12,712
- raw materials	**28,846**	77,457
	33,400	90,169

28.6 Refer contents of notes 26.3 to 26.11.

29. SALES - Net

Yarn	**2,982,283**	2,631,530
Waste	**83,749**	98,544
Raw materials purchased for resale	**3,524**	4,704
	3,069,556	2,734,778
Less: sales tax	**86,171**	20,099
	2,983,385	2,714,679

			(Re-stated)
30. COST OF SALES		**2014**	2013
	Note	**Rupees in thousand**	
Raw materials consumed	**30.1**	**1,662,729**	1,633,066
Packing materials consumed		**42,197**	39,276
Salaries, wages and benefits	**30.2**	**303,158**	202,888
Power and fuel		**333,034**	255,053
Stores consumed		**70,880**	66,482
Repair and maintenance		**9,426**	8,429
Depreciation		**63,939**	62,934
Insurance		**8,181**	7,294
Others		**300**	1,006
		2,493,844	2,276,428
Adjustment of work-in-process			
Opening		**51,857**	62,397
Closing		**(51,096)**	(51,857)
		761	10,540
Cost of goods manufactured		**2,494,605**	2,286,968
Adjustment of finished goods			
Opening stock		**82,980**	38,185
Closing stock		**(25,867)**	(82,980)
		57,113	(44,795)
Cost of goods sold - own manufactured		**2,551,718**	2,242,173
Cost of goods sold - raw materials purchased for resale		**2,643**	3,626
		2,554,361	2,245,799

30.1 Raw materials consumed	**2014**	2013
	Rupees in thousand	
Opening stock	**553,264**	571,014
Purchases	**1,803,664**	1,614,058
	2,356,928	2,185,072
Less: closing stock	**694,819**	553,264
Raw materials issued	**1,662,109**	1,631,808
Cess on cotton consumed	**620**	1,258
	1,662,729	1,633,066

30.2 These include Rs.16.584 million (2013: Rs.16.998 million) in respect of staff retirement benefits - gratuity.

				(Re-stated)
31.	**DISTRIBUTION COST**		**2014**	2013
		Note	**Rupees in thousand**	
	Salaries and benefits	**31.1**	**10,237**	4,675
	Commission		**3,080**	1,939
	Freight and handling		**1,797**	1,086
	Gifts and samples		**30**	11
	Others		**296**	219
			15,440	7,930

31.1 These include Rs.442 thousand (2013: Rs.453 thousand) in respect of staff retirement benefits - gratuity.

32.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	**32.1**	**56,357**	42,341
	Printing and stationery		**1,151**	1,225
	Travelling and conveyance - staff		**1,351**	1,078
	Travelling - directors		**202**	264
	Communication		**1,651**	1,350
	Rent, rates and taxes		**2,134**	2,408
	Guest house expenses and entertainment		**922**	828
	Insurance		**571**	686
	Vehicles' running and maintenance		**6,241**	6,171
	Advertisement		**93**	99
	Subscription		**633**	662
	Repair and maintenance		**428**	612
	Auditors' remuneration:			
	- statutory audit		**575**	575
	- half yearly review		**126**	110
	- consultancy and certification charges		**115**	60
	- out-of-pocket expenses		**42**	40
	- short provision for the preceding year		**60**	0
			918	785
	Legal and professional charges (other than Auditors')		**1,903**	1,206
	Depreciation		**3,783**	3,747
	Others		**1,033**	848
			79,371	64,310

32.1 These include Rs.5.086 million (2013: Rs.5.213 million) in respect of staff retirement benefits - gratuity.

33. OTHER EXPENSES

	Note	2014	2013
		Rupees in thousand	
Donations (without directors' interest)		**1,110**	60
Donation to Waqf-e-Kuli Khan	**23.3**	**4,543**	4,841
Workers' (profit) participation fund	**23.4**	**12,389**	14,859
Workers' welfare fund		**4,708**	5,647
Provision against obsolete generators' parts	**9**	**11,160**	0
Exchange fluctuation loss - net		**14**	0
		33,924	25,407

34. OTHER INCOME

	2014	2013
Income from financial assets		
Mark-up earned on Associated Companies' balances	**669**	309
Return on bank deposits	**10**	9
Exchange fluctuation gain - net	**0**	331
Income from non-financial assets		
Sale of scrap - net of sales tax amounting Rs.266 thousand (2013: Rs.627 thousand)	**1,546**	3,703
Quarters' rent	**132**	132
Amortisation of restructuring cost on demand finances	**278**	2,136
Gain on sale of vehicles	**0**	598
	2,635	7,218

35. FINANCE COST

	Note	2014	2013
Mark-up on demand finances		**97**	24,536
Mark-up on short term finances		**74,887**	78,512
Interest accrued on:			
- Associated Companies' balances		**0**	46
- workers' (profit) participation fund	**23.4**	**383**	229
Bank charges		**1,417**	1,281
		76,784	104,604

36. TAXATION

	Note	2014	(Re-stated) 2013
		Rupees in thousand	
Current			
- for the year		**27,454**	5,369
- for prior years		**(57)**	(453)
	26	**27,397**	4,916
Deferred:			
- for the year		**36,678**	74,024
- resultant adjustment due to reduction in tax rate	**19**	**4,793**	5,059
		41,471	79,083
		68,868	83,999

37. EARNINGS PER SHARE

	2014	(Re-stated) 2013
	Rupees in thousand	
There is no dilutive effect on earnings per share of the Company, which is based on:		
Profit after taxation attributable to ordinary shareholders	**180,597**	235,790
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	**4,784,794**	4,784,794
	------- Rupees -------	
Earnings per share - basic	**37.74**	49.28

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

38.1 Financial Risk Factors

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

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

38.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of raw materials, plant & machinery and stores & spares denominated in U.S. Dollar and Euro. The Company's exposure to foreign currency risk for U.S. Dollar and Euro is as follows:

	Rupees	U.S.$	Euro
		--------- in thousand ---------	
2014			
Bills payable	**19,642**	**199**	**0**
Bank balances	**(4,627)**	**(47) C**	**0**
Gross balance sheet exposure	**15,015**	**152**	**0**
Outstanding letters of credit	**33,400**	**292**	**34**
Net exposure	**48,415**	**444**	**34**
2013			
Bills payable	41,316	418	0
Bank balances	(4,229)	(43)	0
Gross balance sheet exposure	37,087	375	0
Outstanding letters of credit	90,169	793	91
Net exposure	127,256	1,168	91

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2014	2013	**2014**	2013
U.S. $ to Rupee	**100.04**	96.32	**98.75**	98.80
Euro to Rupee	**144.58**	131.37	**134.73**	129.11

Sensitivity analysis

At June 30, 2014, if Rupee had strengthened by 10% against U.S.$ with all other variables held constant, profit after taxation for the year would have been higher by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign currency financial assets and liabilities.

	2014	2013
	Rupees in thousand	
Effect on profit for the year:		
U.S. $ to Rupee	**1,501**	3,705

The weakening of Rupee against U.S. $ would have had an equal but opposite impact on profit after taxation.

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

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2014	2013	**2014**	2013
	Effective rate		**Carrying amount**	
	%	**%**	**Rupees in thousand**	
Fixed rate instruments				
Financial assets				
Bank balances	**6 to 7**	5 to 6	**166**	158
Variable rate instruments				
Financial liabilities				
Demand finances	**10.94**	11.23 to 13.91	**0**	29,329
Short term finances	**10.46 to 13.17**	10.44 to 14.92	**636,485**	574,167

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2014, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs.6.365 million (2013: Rs.6.035 million) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result 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 instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

38.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 10 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2014 along with comparative is tabulated below:

	2014	2013
	Rupees in thousand	
Security deposits	**1,029**	1,029
Trade debts	**41,055**	9,404
Due from Associated Companies	**10,277**	20,208
Other receivables	**0**	1,844
Bank balances	**66,998**	13,354
	119,359	45,839

All the trade debts at the balance sheet date represent domestic parties.

The ageing of trade debts at the year-end was as follows:

Not past due	**39,504**	8,367
Past due more than one year	**1,551**	1,037
	41,055	9,404

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.31.206 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

38.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

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

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 3 years
	---------------- Rupees in thousand ----------------			
2014				
Term finance certificates	**23,173**	**23,173**	**13,904**	**9,269**
Trade and other payables	**139,064**	**139,064**	**139,064**	**0**
Accrued mark-up / interest	**24,101**	**24,101**	**24,101**	**0**
Short term finances	**636,485**	**676,082**	**676,082**	**0**
Redeemable preference shares	**1,214**	**1,214**	**1,214**	**0**
	824,037	**863,634**	**854,365**	**9,269**
2013				
Term finance certificates	48,663	48,653	13,904	34,749
Demand finances	29,329	29,329	29,329	0
Trade and other payables	156,837	156,837	156,837	0
Accrued mark-up / interest	3,581	3,581	3,581	0
Short term finances	574,167	607,755	607,755	0
Redeemable preference shares	1,215	1,215	1,215	0
	813,792	847,370	812,621	34,749

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

38.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm’s length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At June 30, 2014, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for loans to employees, which are valued at their original costs less repayments.

39. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Director		Executives	
	2014	2013	**2014**	2013	**2014**	2013
	----------------------------Rupees in thousand----------------------------					
Managerial remuneration	**7,104**	6,859	**4,260**	4,573	**50,040**	28,572
Bonus / ex-gratia	**868**	1,210	**592**	869	**5,238**	2,581
Retirement benefits	**528**	528	**355**	355	**3,089**	2,166
Leave salary	**477**	478	**326**	326	**3,554**	1,655
Medical	**91**	75	**150**	63	**1,498**	991
Utilities	**598**	512	**200**	167	**324**	217
	9,666	9,662	**5,883**	6,353	**63,743**	36,182
No. of persons	**1**	1	**1**	1	**10**	9

40.1 Meeting fees of Rs.800 thousand (2013: Rs.870 thousand) were also paid to six (2013: five) non-working directors during the year.

40.2 Chief executive, one (2013: one) working director and seven (2013: six) of the executives are provided with free use of residential telephones and the Company maintained cars. Working director and executives are also provided with free housing facility.

40.3 Also refer contents of note 21.1.

41. TRANSACTIONS WITH ASSOCIATED COMPANIES AND RELATED PARTIES

41.1 The Company's shareholders, vide a special resolution, have authorised the chief executive to advance loans upto Rs.5.0 million to any of the Company's associates to meet the business transactions involving payment / reimbursement of branch office / other expenses incurred on the Company's behalf.

41.2 Maximum aggregate debit balance of the Associated Companies at any month-end during the year was Rs.20.490 million (2013: Rs.27.377 million).

41.3 Mark-up has been accrued at the rates ranging from 11.08% to 12.18% (2013: at the rate of 12%) per annum on the current account balances of the Associated Companies.

41.4 The related parties of the Company comprise of associated undertakings, its directors and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties, remuneration of directors and key management personnel as well as benefits paid to them are disclosed in the relevant notes. There were no transactions with key management personnel other than under the terms of employment. The transactions with related parties are made at normal market prices.

Material transactions with related parties during the year were as follows:

Name	Nature of relationship	Nature of transaction	2014	2013
			--- Rupees in '000 ---	
Babri Cotton Mills Ltd.	Associated Company	Residential rent received	**132**	132
		Utilities:		
		- paid	**116**	0
		- received	**1,015**	246
		Salaries recovered	**801**	490
		Mark-up earned	**0**	19
Bannu Woollen Mills Ltd.	-do-	Sale of raw materials	**3,524**	4,704
		Dividend received	**0**	1,756
		Mark-up:		
		- earned	**274**	106
		- paid	**0**	255
		- expensed	**0**	46
Rahman Cotton Mills Ltd.	-do-	Purchase of raw materials	**5,442**	0
The Universal Insurance Co. Ltd.	-do-	Rent expensed	**267**	288
Ghandhara Nissan Ltd.	-do-	Earnest money paid for purchase of five trucks	**0**	20,000
Gammon Pakistan Ltd.	-do-	Rent expensed	**0**	225
		Utilities paid	**9**	0
Bibojee Services (Pvt.) Ltd.	-do-	Mark-up earned	**395**	184
Waqf-e-Kuli Khan	Associated Undertaking	Donation	**4,543**	4,841

42. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

42.1 Yarn sales represent 97.16% (2013: 96.22%) of the total gross sales of the Company.

42.2 All of the Company's sales relate to customers in Pakistan.

42.3 All non-current assets of the Company as at June 30, 2014 are located in Pakistan.

42.4 Three (2013: four) of the Company's customers contributed towards 79.61% (2013: 55.52%) of the gross yarn sales during the year aggregating Rs.2.374 billion (2013: Rs.1.461 billion).

43. CAPACITY AND PRODUCTION	2014	2013
	---- Numbers ----	
Spindles installed	**62,304**	62,304
Rotors installed	**600**	600
Shifts worked	**1,093**	1,093
Spindles / rotors shifts worked	**65,705,201**	65,298,641
	----KGs.----	
Installed capacity at 20's count on the basis of shifts worked	**27,093,552**	25,608,505
Actual production of yarn of all counts	**6,043,035**	5,902,494
Actual production converted into 20's count	**25,892,099**	24,332,608

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles' speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

44. NUMBER OF EMPLOYEES

Number of permanent employees as at June 30, 2014 was 1,082 (2013: 1,086) and average number of employees during the year was 1,159 (2013: 1,037).

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 20, 2014 by the board of directors of the Company.

46. EVENTS AFTER THE BALANCE SHEET DATE

46.1 The Supreme Court of Pakistan, vide its judgment dated August 22, 2014, has declared Gas Infrastructure Development Cess (GIDC) Act, 2011 illegal and unconstitutional. The Company intends to file a petition to recover GIDC charges aggregating Rs.22.853 million paid with sui gas bills during the last 31 months. Necessary adjustments in the Company's books of account will be incorporated after filing of the petition.

46.2 The Board of Directors in its meeting held on September 20, 2014 has proposed a final cash dividend of Rs.3 per share (2013: Rs.nil) for the year ended June 30, 2014. The financial statements for the year ended June 30, 2014 do not include the effect of proposed dividend amounting Rs.14.355 million (2013: Rs.nil), which will be accounted for in the financial statements for the year ending June 30, 2015 after approval by the members in the annual general meeting to be held on October 27, 2014.

47. CORRESPONDING FIGURES

Figures of prior years have been restated consequent to the retrospective application of IAS 19 (Revised) as detailed in note 5. Other corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

Mushtaq Ahmad Khan, FCA
Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED

FORM OF PROXY

I/We ____of ____________________being in the district of ____________________ being a member of Janana De Malucho Textile Mills Limited and holder of ____________________ Ordinary Shares as per the Share Register Folio No. ____________________and CDC Participant I.D. No. ____________________and Sub-Account No.____________________ hereby appoint ____________________ of ____________________ or failing him/her ______________________________ as my/our proxy to vote for me/us and on my/our behalf at the 54th Annual General Meeting of the Company to be held at Registered Office, Janana De Malucho Textile Mills Limited, Habibabad, Kohat on **27th** October 2014 11:30 A.M and at any adjournment thereof.

Witnesses:

1. As witness my hand this …………… day of …………… 2014.

Signed by the said member in the presence of ____________

2. As witness my hand this …………… day of …………… 2014.

Signed by the said member in the presence of ____________

Please affix five rupees revenue stamp

Signatures of member

Please fill in the applicable columns:

For Physical shares	For CDC Account Holders		Shares Held
Folio No.	CDC Participant I.D. No.	Sub Account No.	

Note:

A member entitle to attend and vote at the meeting may appoint another member as proxy, in writing duly notarised to attend the meeting and vote on the member's behalf. Only a member can be appointed as a proxy.

If a member is unable to attend the meeting, he may complete and sign this form and send it to Company Secretary, Janana De Malucho Textile Mills Limited, Habibabad, Kohat so as to reach not less than 48 hours before the time appointed for holding the meeting.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met.

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC No. shall be stated on the forms.
2. Attested copies of CNICs or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
3. The proxy shall produce his original CNIC or original passport at the time of the meeting.
4. In case of corporate entity, the Board of Directors resolution/power of attorney with attested specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company