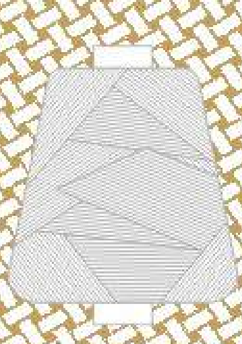
27th
Annual Report
2014



Khalid Siraj Textile Mills Ltd.

بسم الله الرحمن الرحیم

KHALID SIRAJ TEXTILE MILLS LIMITED
27TH ANNUAL
REPORT 2014

C O N T E N T S

COMPANY INFORMATION

CHIEF EXECUTIVE	-	MIAN TAYYAB IQBAL
DIRECTORS	-	MIAN TAHIR IQBAL
	-	MRS. RABIA FAHAD
	-	MRS. TAYYABA WASEEM
	-	MRS. RUKHSANA ARIF
	-	KH. IFTIKHAR-UD-DIN
	-	MR. MUHAMMAD ASIF (NIT NOMINEE)
AUDIT COMMITTEE		
- CHAIRMAN	-	MRS. RABIA FAHAD
- MEMBERS	-	MRS. TAYYABA WASEEM
	-	MRS. RUKHSANA ARIF
HR COMMITTEE		
- CHAIRMAN	-	MIAN TAHIR IQBAL
- MEMBERS	-	MRS. RABIA FAHAD
	-	MRS. TAYYABA WASEEM
COMPANY SECRETARY	-	HAJI TARIQ SAMAD
BANKERS	-	NATIONAL BANK OF PAKISTAN
	-	HABIB BANK LIMITED
	-	FAYSAL BANK LIMITED
	-	DUBAI ISLAMIC BANK PAKISTAN LIMITED
	-	HABIB METROPOLITAN BANK LIMITED
AUDITORS	-	KAMRAN & CO. CHARTERED ACCOUNTANTS A/2, INGOLA APPARTMENTS, 24-JAIL ROAD, LAHORE
INTERNAL AUDITOR	-	MR. MUHAMMAD NAEEM WAZIR
LEGAL ADVISOR	-	MR. MAJID ALI RANA (ADVOCATE)
SHARE REGISTRAR	-	M/S. CORPLINK (PVT) LIMITED WINGS ARCADE, 1-K, COMMERCIAL, MODEL TOWN, LAHORE PH: 042-35916714, FAX: 042-35869037
REGISTERED OFFICE	-	467-M BLOCK, MODEL TOWN EXTENSION, LAHORE.
MILLS	-	48 - KM, LAHORE - MULTAN ROAD, PHOOL NAGAR (BHAI PHERU), TEHSIL PATTOKI, DISTT. KASUR.

Vision

To accomplish, build up and sustain a good reputation of the project in textile sector locally and globally by manufacturing and marketing high quality of yarn through team work by means of honesty, integrity and commitment.

Mission

To provide maximum satisfaction to customers by supplying fine quality yarn for knitting and Weaving for well known textile Brands through effective utilization of men, material and machines by encouraging, supporting and rewarding the employees and sharing profits with our shareholders. We do have social responsibility towards our community in which we operate and we are committed to safety, health and environment in all our operations.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the shareholders of Khalid Siraj Textile Mills Ltd. will be held at 467-M Block, Model Town Extension, Lahore, on Friday, October 31, 2014 at 10:30 a.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting of the shareholders held on October 31, 2013.
2. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2014.
3. To appoint Auditors for the year ending June 30, 2015 and fix their remuneration. The retiring Auditors are eligible for re-appointment.
4. To transact any other business with the permission of the Chair.

By order of the Board
Khalid Siraj Textile Mills Limited

Lahore
October 09, 2014

Haji Tariq Samad
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 25, 2014 to November 01, 2014 (both days inclusive)
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote instead of him/her.
3. The instrument appointing a proxy must be received at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member with the Company, all such instruments of proxy shall rendered invalid.
4. An individual beneficial owner of CDC entitled to attend and vote at this meeting, must bring his/her CNIC or Passport in original to prove his/her identity and in case of a proxy, must enclose an attested copy of his/her CNIC or Passport along with CDC A/C No. Representatives of corporate members should bring the usual documents required for such purpose.
5. Shareholders are requested to promptly notify the change in their addresses, if any, to the Company Registrar i.e. M/S Corplink (Pvt) Ltd., Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35916714, Fax: 042-35869037.

DIRECTORS' REPORT TO THE SHAREHOLDERS

IN THE NAME OF ALLAH, THE MOST GRACIOUS, THE MOST MERCIFUL

DEAR SHAREHOLDERS:

The Directors of your company welcome you at the 27th Annual General Meeting and are pleased to present the audited accounts and auditors' report thereon for the year ended June 30, 2014.

The company sold 1.022 million kilograms of yarn valuing Rs. 271.428 million during the year under review as compared to 4.392 million kilograms of yarn valuing Rs. 1,069.039 million in the previous year. The gross loss during the year under review, but charging of depreciation on revalued fixed assets amounting to Rs. 20.494 million turned the gross profit into a gross loss of Rs. 46.701 million as compared to the gross loss of Rs. 3.688 million in the previous year. During the year, the company suffered a pre tax loss of Rs. 66.800 million as compared to pre tax loss of Rs. 38.525 million in the previous year.

APPROPRIATIONS

	2014	2013
	Rupees	
Loss before taxation	(66,799,715)	(38,525,415)
Taxation	4,251,799	7,633,568
Loss for the year	(62,547,916)	(30,891,847)
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss:		
Re-measurement of defined benefit obligations (net of tax)	685,723	3,026,692
Incremental depreciation of surplus on revaluation of property, plant and equipment realized for the year (net of tax)	13,321,145	14,775,692
Other comprehensive income for the year (net of tax)	14,006,868	17,802,384
Total comprehensive loss for the year	(48,541,048)	(13,089,463)
Loss per share (basic and anti-dilutive)	(5.85)	(2.89)

CORPORATE AND FINANCIAL REPORTING FRAME WORK

The Board of Directors state that:

a) The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

b) Proper books of accounts have been maintained by the company;

c) Appropriate accounting policies have been consistently applied in preparation of financial statements based on reasonable and prudent judgement;

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

e) The system of internal control is sound in design and has been effectively implemented and monitored;

f) There is no significant doubt the company's ability to continue as a going concern;

g) The main reason for non declaration of dividend is after tax loss of Rs. 62.548 million;

h) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

PATTERN OF SHAREHOLDINGS

A statement reflecting the pattern of shareholdings is attached to the Annual Report on page 10-11.

KEY OPERATING AND FINANCIAL DATA

A statement summarising the key operating and financial data of last seven years alongwith current year is attached to the Annual Report on page 12.

STATUTORY PAYMENTS

As on the closing date, no government taxes, duties, levies and charges were outstanding/overdue except the routine payments of various levies.

TRADE IN THE SHARES OF THE COMPANY

There was no trading in the shares of the Company by the Chief Executive, Directors, Chief Financial Officer, Company Secretary and their spouses and minor children during the year under review.

BOARD MEETINGS

During the period under consideration, six (6) meetings were held and the attendance by the respective Directors was as follows:

DIRECTORS	NUMBER OF MEETINGS ATTENDED
Mian Tayyab Iqbal	6
Mian Tahir Iqbal	6
Miss Rabia Iqbal	4
Mrs. Tayyaba Waseem	4
Mrs. Rukhsana Arif	4
Kh.Iftikhar-ud-Din	6
Mr. Muhammad Asif (NIT Nominee)	6

Leave of absence was granted by the board to the non attending directors.

FUTURE PROSPECTS

The Management of the company is taking steps to restart the operation of the mills. For this purpose, the directors of the company are making strong efforts to arrange funds in the near future.

AUDITORS

The Auditors M/s.Kamran & Co., Chartered Accountants, are retiring at the conclusion of the Annual General Meeting, scheduled to be held on 31-10-2014. The retiring auditors have offered their services for re-appointment.

MANAGEMENT / EMPLOYEES RELATIONS

The labour management relations remained cordial throughout the year. The Directors take the opportunity to express their appreciation of the spirit of understanding and good will reciprocated by the workers of the company. We trust that this spirit of harmony and mutual understanding will prevail in the times to come, Insha Allah.

Your Directors also place on record their appreciation for the loyalty and devotion to duty of the officers and members of the staff of the company.

APPRECIATION

The Directors place on record their appreciation for the support and co-operation extended by its bankers and other financial institutions to the company.

For and on behalf of the Board of Directors

MIAN TAYYAB IQBAL
CHAIRMAN/CHIEF EXECUTIVE OFFICER

Lahore: September 30, 2014.

Statement of Compliance with the Code of Corporate Governance
KHALID SIRAJ TEXTILE MILLS LIMITED
For the year ended 30 June 2014

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

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

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

Category	Names
Independent Director	None
Non - Executive Directors	Mrs. Rabia Fahad Mrs. Tayyaba Waseem Mrs. Rukhsana Arif Mr. Muhammad Asif
Executive Directors	Mian Tayyab Iqbal Mian Tahir Iqbal Kh. Iftikhar-ud-Din

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 the resident director of the company are registered as tax payers and none of them has defaulted in payment of any loan to a Banking company, a Development Finance Institution or a Non Banking Financial institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board of directors during the year ended 30 June 2014.
5. The company has prepared a "Code of Conduct" and has insured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other Executives and non-executive directors, have been taken by the Board / shareholders.
8. The meetings of the Board were presided over by the Chairman or 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 meetings were appropriately recorded and circulated.
9. The Company arranged orientation course for all its seven directors, who are fully aware of their duties and responsibilities. However, another fresh course for the directors will be arranged very shortly and no training program has been arranged during the year.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The director's report for this year has been prepared in compliance with requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises of 3 members, of whom, all are non-executive directors and the Chairman of the committee is a not an independent director but a non-executive director.
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 Code. The terms of reference of the committee have been formed and advised to the Committee for compliance.
17. The board has also formed a HR and Remuneration Committee. It comprises of 3 members, of whom 2 are non-executive directors and the Chairman of the committee is an executive director.
18. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partner of the firm, their spouses and 'minor children do not hold shares of the Company and that the firm all its partners are in compliance with international federation of accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The '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 exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through all the stock exchanges.
23. The board evaluation process has been implemented to evaluate the Board as a whole.
24. We confirm that all other material principles enshrined in the Code have been complied with except for the matters stated in para 1 and 9 toward which reasonable progress is being made by the Company to seek compliance by the end of the next fiscal year.

For and on behalf of the Board

MIAN TAYYAB IQBAL
CHIEF EXECUTIVE OFFICER
CNIC # 35202-7317351-7

Lahore: September 30, 2014.

KAMRAN & CO.
CHARTERED ACCOUNTANTS

A/2, Ingola Apartments, 24-Jail Road, Lahore-Pakistan
Tel: +92 (042)37424020-22, Fax: +92 (042)37424019
E-contacts: fatah@brain.net.pk / ca@kamranco.com.pk

REVIEW REPORT TO THE MEMBERS'

ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices ('the Statement') contained in the Code of Corporate Governance ('the Code') for the year ended 30 June 2014 prepared by the Board of Directors of KHALID SIRAJ TEXTILE MILLS LIMITED ('the Company') to comply with the Listing Regulations number 35 of Karachi and Lahore Stock Exchanges in Pakistan where the Company is listed.

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

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

Further, Listing Regulations of Karachi and Lahore Stock Exchanges require the Company to place before the audit committee, and upon recommendation of the audit committee, place before the Board of Directors for their consideration and approval of 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 requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, we draw attention to the following paragraphs of the Statement viz para 1 (independent directors) and para 9 (training program for directors), except for these matters nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2014.

KAMRAN & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Kamran Fatah (FCA)

Lahore
Dated : September 30, 2014.

PATTERN OF SHAREHOLDING

1. Incorporation Number **0017345**

2. Name of the Company **KHALID SIRAJ TEXTILE MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30/06/2014**

4. No. of Shareholders	From ----Shareholding----	To	Total Shares Held
488	1	100	21,132
267	101	500	79,337
247	501	1,000	159,591
218	1,001	5,000	460,489
29	5,001	10,000	206,018
3	10,001	15,000	41,080
4	15,001	20,000	70,969
3	20,001	25,000	75,000
1	25,001	30,000	30,000
5	35,001	40,000	184,400
1	40,001	45,000	43,000
1	55,001	60,000	56,129
2	60,001	65,000	126,413
2	70,001	75,000	149,400
1	85,001	90,000	86,567
1	100,001	105,000	102,800
3	105,001	110,000	324,712
10	110,001	115,000	1,130,987
2	145,001	150,000	298,530
2	150,001	155,000	305,318
1	155,001	160,000	159,160
1	160,001	165,000	162,500
1	205,001	210,000	209,972
1	225,001	230,000	227,000
1	240,001	245,000	240,750
1	295,001	300,000	299,600
1	305,001	310,000	306,062
1	365,001	370,000	369,973
1	370,001	375,000	373,002
1	380,001	385,000	382,232
1	395,001	400,000	399,431
1	420,001	425,000	420,304
1	545,001	550,000	546,682
1	550,001	555,000	553,840
2	695,001	700,000	1,397,122
1	700,001	705,000	700,498
1307			10,700,000

5. Categories of shareholders	Share held	Percentage %
5.1 Directors, Chief Executive Officers, and their spouse and minor children	217,929	2.036720
5.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.000000
5.3 NIT and ICP	7,900	0.073832
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions	4,899	0.045785
5.5 Insurance Companies	420,304	3.928075
5.6 Modarabas and Mutual Funds	711,733	6.651710
5.7 Share holders holding 10% or more	0	0.000000
5.8 General Public	9,259,541	86.537766
a. Local		
b. Foreign		
5.9 Others (to be specified)		
1- Joint Stock Companies	11,160	0.104299
2- Pension Funds	64,042	0.598523
3- Others Companies	2,492	0.023290

CATEGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG) AS ON JUNE 30, 2014

Sr. No.	Name	No. of Shares Held	Percentage %
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		0	0.0000
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	700,498	6.5467
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MIAN TAYYAB IQBAL	130,929	1.2236
2	MISS TAYYABA IQBAL	74,600	0.6972
3	MIAN TAHIR IQBAL	10,000	0.0935
4	MRS. RABIA FAHAD	1,400	0.0131
5	MRS. RUKHSANA ARIF	500	0.0047
6	KHAWAJA IFTIKHAR-UD-DIN	500	0.0047
7	MR. MUHAMMAD ASIF (NIT NOMINEE)	0	0.0000
Executives:		1,607,764	15.0258
Public Sector Companies & Corporations:		0	0.0000
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		500,480	4.6774

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

S. No.	NAME	Holding	%Age
1	MIAN FAROOQ BARKAT	616,211	5.7590
2	MIAN IQBAL BARKAT	699,900	6.5411
3	MIAN HASSAN BARKAT	927,230	8.6657
4	MIAN HUSSAIN BARKAT	907,864	8.4847
5	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	700,498	6.5467

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
	NIL	0	0

FINANCIAL HIGHLIGHTS
Seven Years at a Glance

(All amounts in thousand)

Particulars	2014	2013	2012	2011	2010	2009	2008
Turnover (Net) (Rupees)	278,100	1,084,470	796,442	1,110,715	724,343	431,304	655,468
Profit/Loss before taxation (Rupees)	(66,800)	(38,525)	(38,624)	(51,568)	(25,146)	(94,104)	(77,229)
Profit/Loss after taxation (Rupees)	(62,548)	(30,892)	(43,319)	(50,796)	(6,421)	(95,904)	(57,741)
Paid up capital (Rupees)	107,000	107,000	107,000	107,000	107,000	107,000	107,000
Number of Shares (Ordinary Shares)	10,700,000	10,700,000	10,700,000	10,700,000	10,700,000	10,700,000	10,700,000
Owner's equity (Ordinary Shareholders) (Rupees)	(143,276)	(84,735)	(81,646)	(54,699)	18,262	(15,322)	35,660
Break up value of Share of Rs. 10 each (Rupees)	(13,39)	(8.85)	(7.63)	(5.11)	1.71	(1.43)	3.33
Earning per share-basic (Rupees)	(5.85)	(2.89)	(4.05)	(4.75)	(0.60)	(8.96)	(5.40)
Total assets (Rupees)	451,472	511,660	515,368	528,185	580,858	545,760	682,004

KAMRAN & CO.

CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

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

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

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

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

b) in our opinion:

i) the balance sheet and profit and loss account / statement of comprehensive income 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, with the exception of changes referred to in note 4.1 to the financial statements, with which we concur;

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

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

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

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

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 3.3 to the financial statements which indicate that the Company incurred a net loss of Rs. 62.548 million (2013: Rs. 30.892 million) resulting in accumulated losses of Rs. 250.276 million (2013: Rs. 201.735 million) at the close of the year ended 30 June 2014. The Company's current liabilities exceed its current assets by Rs. 78.603 million (2013: Rs. 62.627 million). These conditions along with other matters as set forth in note 3.3 to the financial statements indicate the existence of uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

KAMRAN & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Kamran Fatah (FCA)

Lahore
Dated : September 30, 2014.

BALANCE SHEET
AS AT 30 JUNE 2014

	Note	30 / June / 2014 Rupees	restated 30 / June / 2013 Rupees	restated 30 / June / 2012 Rupees
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	5	**107,000,000**	107,000,000	107,000,000
Accumulated loss		**(250,276,181)**	(201,735,133)	(188,645,670)
		(143,276,181)	(94,735,133)	(81,645,670)
Surplus on revaluation of property, plant and equipment	6	**150,548,837**	163,869,982	178,645,674
Non-current liabilities				
Long-term finances	7	**218,087,980**	193,787,980	200,923,592
Deferred liabilities	8	**11,605,257**	18,428,136	32,411,352
		229,693,237	212,216,116	233,334,944
Current liabilities				
Trade and other payables	9	**128,739,237**	146,959,216	86,311,622
Mark-up accrued on borrowings	10	**8,417,976**	7,461,811	3,542,234
Short-term borrowings	11	**71,246,634**	71,286,334	95,179,352
Current portion of long-term finances	12	**6,102,122**	4,602,122	-
		214,505,969	230,309,483	185,033,208
Contingencies and commitments	13	**-**	-	
		451,471,862	511,660,448	515,368,156
ASSETS				
Non-current assets				
Property, plant and equipment	14	**297,917,526**	326,386,507	349,924,018
Long-term deposits	15	**2,001,000**	1,941,000	1,936,000
Long-term advances	16	**15,650,727**	15,650,727	15,650,727
		315,569,253	343,978,234	367,510,745
Current assets				
Stores, spare parts and loose tools	17	**35,944,287**	36,159,325	37,649,062
Stock in trade	18	**42,578,038**	69,964,550	59,052,936
Trade debts	19	**1,093,865**	9,324,768	8,519,036
Loans and advances	20	**719,182**	667,993	922,591
Trade deposits and short-term prepayments	21	**766,650**	882,815	915,245
Balances due from government	22	**53,616,750**	44,633,050	36,953,186
Cash and bank balances	23	**1,183,837**	6,049,713	3,845,355
		135,902,609	167,682,214	147,857,411
		451,471,862	511,660,448	515,368,156

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PROFIT AND LOSS ACCOUNT / STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	30 / June / 2014 Rupees	30 / June / 2013 Rupees
Sales (net)	24	278,099,719	1,084,470,360
Cost of sales	25	324,800,314	1,088,158,855
Gross loss		(46,700,595)	(3,688,495)
Other operating income	26	90,252	3,447
Distribution and marketing cost	27	934,038	1,988,055
Administrative and general expenses	28	10,928,972	14,346,285
Other operating expenses	29	-	1,211,000
Finance cost	30	8,326,362	17,295,027
		20,189,372	34,840,367
Loss before taxation		(66,799,715)	(38,525,415)
Taxation	31	4,251,799	7,633,568
Loss after taxation		(62,547,916)	(30,891,847)
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit obligations (net of tax)		685,723	3,026,692
Incremental depreciation of surplus on revaluation of property, plant and equipment realized for the year (net of tax)		13,321,145	14,775,692
Other comprehensive income for the year (net of tax)		14,006,868	17,802,384
Total comprehensive loss for the year		(48,541,048)	(13,089,463)
Loss per share (basic and anti-dilutive)	32	(5.85)	(2.89)

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

		Note	30 / June / 2014 Rupees	30 / June / 2013 Rupees
A	**Cash flow from operating activities**			
	Loss before taxation		(66,799,715)	(38,525,415)
	Add / (Less): Adjustment for non-cash items:			
	Depreciation on property, plant and equipment	14.3	29,286,214	31,626,932
	Provision for employee retirement benefits	8.1	1,188,102	4,798,106
	Impairment / loss on disposal of operating assets	29	-	1,211,000
	(Gain) on disposal of operating assets	26	(90,252)	-
	Finance cost	30	8,326,362	17,295,027
			38,710,426	54,931,065
	Operating (loss) / profit before working capital changes		(28,089,289)	16,405,650
	Working capital changes			
	(Increase) / Decrease in current assets			
	Stores, spare parts and loose tools		215,038	1,489,737
	Stock in trade		27,386,512	(10,911,614)
	Trade debts		8,230,903	(805,732)
	Loans and advances		(51,189)	254,598
	Trade deposits and short-term prepayments		116,165	32,430
	Balances due from government		(1,085,542)	(409,098)
	(Decrease) / Increase in trade and other payables		(18,219,979)	60,647,594
			16,591,908	50,297,915
	Net cash (used in) / generated from operations		(11,497,381)	66,703,565
	Income taxes paid	22.1	(7,898,158)	(12,752,877)
	Employee retirement benefits paid	8.1	(3,073,459)	(2,638,950)
	Finance cost paid		(7,370,197)	(13,375,450)
	Net cash (used in) / generated from operating activities		(29,839,195)	37,936,288
B	**Cash flow from investing activities**			
	Fixed capital expenditure	14.1	(886,981)	(10,065,422)
	Proceeds from impairment / disposal of operating assets	14.5	160,000	765,000
	(Increase) in long-term deposits	15.1	(60,000)	(5,000)
	Net cash out flow in investing activities		(786,981)	(9,305,422)
C	**Cash flow from financing activities**			
	Proceeds from / (Repayments of) long-term finances - net		25,800,000	(2,533,490)
	Repayment of short-term borrowings		(39,700)	(23,893,018)
	Net cash in / (out) flow in financing activities		25,760,300	(26,426,508)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)		(4,865,876)	2,204,358
	Cash and cash equivalents at beginning of the year	23	6,049,713	3,845,355
	Cash and cash equivalents at end of the year	23	1,183,837	6,049,713

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR

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

	Share Capital	Accumulated Loss	Total Equity
	------------------	Rupees	------------------
As at 30 June 2012			
As previously reported	**107,000,000**	**(188,626,925)**	**(81,626,925)**
Effects of retrospective change in accounting policy (refer note 4.1)	-	(18,745)	(18,745)
As at 30 June 2012 - as restated	**107,000,000**	**(188,645,670)**	**(81,645,670)**
Total comprehensive loss for the year			
Loss for the year	-	(30,891,847)	(30,891,847)
Other comprehensive income for the year			
Incremental depreciation on revaluation of property, plant and equipment for the year (net of tax)	-	14,775,692	14,775,692
Re-measurement of defined benefit obligations (net of tax)	-	3,026,692	3,026,692
	-	17,802,384	17,802,384
	-	(13,089,463)	(13,089,463)
As at 30 June 2013 - as restated	**107,000,000**	**(201,735,133)**	**(94,735,133)**
Total comprehensive loss for the year			
Loss for the year	-	(62,547,916)	(62,547,916)
Other comprehensive income for the year			
Incremental depreciation on revaluation of property, plant and equipment for the year (net of tax)	-	13,321,145	13,321,145
Re-measurement of defined benefit obligations (net of tax)	-	685,723	685,723
	-	14,006,868	14,006,868
	-	(48,541,048)	(48,541,048)
As at 30 June 2014	**107,000,000**	**(250,276,181)**	**(143,276,181)**

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER　　　　　　　　　　DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1 **STATUS AND ACTIVITIES**

"Khalid Siraj Textile Mills Limited (the ""Company"") was incorporated in Pakistan as a public limited company on 17 January 1988 under the Companies Ordinance, 1984 and is quoted on Karachi and Lahore Stock Exchanges in Pakistan. Registered office of the Company is situated at 467 M, Model Town Extension, Lahore. The project of the Company is located at 48 KM, Lahore Multan Road, Phool Nagar (Bhai Pheru), Tehsil Pattoki, District Kasur. The principle business of the Company is manufacturing and sale of yarn and the other related / allied operations."

2 **BASIS OF PREPERATION**

2.1 **Statement of compliance**

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

2.2 Adoption of new and revised International Financial Reporting Standards ('IFRSs'), International Accounting Standards ('IASs') and interpretations

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods beginning on or after the following dates:

a) International Financial Reporting Standards (IFRSs), interpretations and amendments to published approved accounting standards that are effective in the current year and applicable / relevant to the Company's operations -

Standard or interpretation	Effective date (annual reporting periods beginning on or after)
Annual improvements 2011; IFRS 1, 'First time adoption'. IAS 1, 'Financial statement presentation'. IAS 16, 'Property, plant and equipment'. IAS 32, 'Financial instruments: Presentation'. IAS 34, Interim financial reporting'. The application of these amendments have no material impact on the Company's financial statements.	1 January 2013
IAS 19 (Amendments), 'Employee Benefits ' eliminate the corridor approach and calculate finance costs on a net funding basis. The Company has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact of change in accounting policy on the Company's financial statements has been explained in note 4.1.	1 January 2013

b) International Financial Reporting Standards (IFRSs), interpretations and amendments to published approved accounting standards that are effective in the current year but not applicable / relevant to the Company's operations -

Standard or interpretation		Effective date (annual reporting periods beginning on or after)
IFRS 1	First-time adoption of International Financial Reporting Standards	1 January 2013
IFRS 9	Financial Instruments	1 January 2013

Standard or interpretation		Effective date (annual reporting periods beginning on or after)
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosures of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013

c) Interpretations and amendments that are effective in current year but are waived off by SECP.

Title	Standard or interpretation
IFRIC 4	Determining whether an arrangements contains lease
IFRIC 12	Service concession arrangements

d) International Financial Reporting Standards (IFRSs), interpretations and amendments to published approved accounting standards that are not yet effective in the current year and have not been early adopted by the Company

Title	Standard / Interpretation	Effective date (annual reporting periods beginning on or after)
IFRS 2	Shared Based Payments (Amendments)	July 1, 2014
IFRS 3	Business Combinations (Amendments)	July 1, 2014
IFRS 8	Operating Segments (Amendments)	July 1, 2014
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2014
IAS 24	Related Party Disclosures (Amendments)	July 1, 2014

IAS 32	Financial Instruments: Presentation (Amendments)	January 1, 2014
IAS 36	Impairment of Assets (Amendments)	January 1, 2014
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 39	Financial Instruments: Recognition and Measurement (Amendments)	January 1, 2014
IAS 40	Investment Property (Amendments)	July 1, 2014
IAS 41	Agriculture (Amendments)	January 1, 2016
IFRIC 21	Levies	January 1, 2014

3 BASIS OF MEASUREMENT

3.1 Measurement

These financial statements have been prepared under historical cost convention modified by:
- financial instruments at fair value;
- employee retirement benefits at present value; and
- revaluation of certain items of property, plant and equipment.

3.2 Significant accounting judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

a) Depreciation method, rates and useful lives of property, plant and equipment (note 14)
b) Revaluation of property, plant and equipment (note 6)
c) Employee benefits (note 8.1)
d) Recoverable amount of assets/cash generating units and impairment (note 14)
e) Taxation (note 31)
f) Provisions (note 9)
g) Contingencies (note 13)

3.3 Going concern assumption

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company incurred a net loss of Rs. 62.548 million (2013: Rs. 30.892 million) resulting in accumulated losses of Rs. 250.276 million (2013: Rs. 201.735 million) at the close of the year ended 30 June 2014. The Company's current liabilities exceed its current assets by Rs. 78.603 million (2013: Rs. 62.627 million).

The Company had ceased its operations since November 2013 due to working capital. However, subsequent to the balance sheet date, the management is taking steps to recommence operations and the Company is in negotiations with financial institutions / sponsors of the Company for borrowing of funds to manage working capital requirements.

The Company managed its liquidity constraints largely thru financing from its sponsors. The Company's ability to continue as a going concern is dependent on continued financing from sponsors.

"The management is confident that due to positive market indicators and improved efficiency, there is every likelihood that the Company will show improved performance in the coming years. To achieve the same, following measures were taken -
a) Related parties of the Company have agreed to continue financing the operations; and
b) Switching over from manufacturing of fine cotton yarn counts to course yarn counts.
In view of the above, the management believes that the Company will continue as a going concern and hence these financial statements have been prepared accordingly."

3.4 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been adopted and applied consistently to the period presented in the preparation of these financial statements:

4.1 Change in accounting policy

During the year, in accordance with IAS 19 - 'Employee Benefits' (revised), the Company has changed its accounting policy in respect of recognition of actuarial gains and losses, past service costs and expected return on plan assets, whereby with effect from current year, the Company has recognized actuarial gains and losses immediately in other comprehensive income; immediately recognized all past service costs in profit and loss account; and replaced interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset. This change has removed the corridor method and eliminated the ability for the Company to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which was previously allowed under IAS 19.

The change has been accounted for in accordance with IAS 19 - 'Employee Benefits' (Revised) and IAS 8 - 'Accounting Policies, Change in Accounting Estimates and Errors'. In accordance with requirements of IAS 8, the Company has applied the change in accounting policy retrospectively and IAS 1 - 'Presentation of Financial Statements' (Revised), the Company has presented balance sheet as at the beginning of the earliest comparative period (1 July 2012).

Impact on these financial statements of this change in the accounting policy due to recognition of actuarial gains and losses on defined benefit plan in accordance with IAS 19 is summarized below as of 1 July 2012 and 30 June 2013 and for the year then ended:

		30/Jun/2013 Rupees	30/Jun/2012 Rupees
a)	Impact on balance sheet		
	Increase / (Decrease) in deferred liabilities	3,026,692	(18,745)
	Decrease / (Increase) in accumulated loss	3,026,692	(18,745)
b)	Impact on other comprehensive income		
	Actuarial (losses) / gains recognized - net of tax	3,026,692	(18,745)

c) Effect on loss per share
This prior period restatement has no impact on earnings per share as previously reported.

d) Amendments' to IAS 1 Presentation of financial statements regarding disclosures for comparative information

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet as required by IAS 8 'Accounting policies, changes in accounting estimates and errors' the balance sheet should be as at the beginning of the preceding period i.e. the opening position. No notes are required to support this balance sheet.

4.2 Property, plant and equipment

Property, plant and equipment except freehold land is stated at cost / revalued amounts (if any) less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount. Capital work in progress and stores held for capital expenditure are stated at cost less accumulated impairment losses, if any. Cost also includes borrowing costs wherever applicable. Assets' residual values, if significant and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. When parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Depreciation is charged to profit and loss account applying reducing balance method over estimated useful life at the rates specified in note 14 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which they are available for use while no depreciation is charged for the month in which property, plant and equipment is disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits.

Surplus arising on revaluation of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its un-appropriated profit.

Exchange differences in respect of foreign currency loans obtained for acquisition of property, plant and equipment are incorporated in the cost of the relevant assets. Gains or losses on disposal of property, plant and equipment, if any, are recognized in the income of the relevant year, as and when incurred. Subsequent costs are recognized as a part of asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income during the period in which they are incurred.

4.3 Surplus on revaluation of fixed assets

Surplus arising on revaluation of items of property, plant and equipment is credited directly to equity after reversing deficit relating to the same item previously recognized in profit or loss, if any. Deficit arising on revaluation is recognized in profit or loss after reversing the surplus relating to the same item previously recognized in equity, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, is recognized, net of deferred tax, if any.

4.4 Taxation

Income tax expense comprise current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in 'profit and loss account / statement of comprehensive income' or 'equity', in which case it is recognized in 'profit and loss account / statement of comprehensive income' or 'equity'.

a) Current
The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits and exemptions available, if any or minimum taxation at the rate of one percent of the gross turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

b) Deferred
Deferred taxation if applicable, is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amount for financial reporting purposes. In this regard the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirements of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan.
Deferred tax liability is recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged in the profit and loss account, except in the case of items credited or charged to equity, in that case it is included in equity.

4.5 Borrowings

Loans and borrowings are recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Subsequent to initial recognition, borrowings are stated at originally recognized amount less subsequent repayments, while the difference between the original recognized amount as reduced by periodic payments and redemption value is recognized in the profit and loss account over the period of borrowings on an effective rate basis. Finance cost are accounted for on an accrual basis and are included in interest accrued on loans to the extent of amount remaining unpaid, if any.

4.6 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost as the case may be.

a) Classification
The Company classifies each of its financial assets and liabilities into one of the categories provided under International Accounting Standard - 39 "Financial Instruments, Recognition and Measurement". The classifications depend on the purpose for which the financial assets and liabilities are acquired or incurred. Management of the Company determines the classification of its financial assets and liabilities at initial recognition. As at the reporting date, all financial assets and financial liabilities of the Company are classified as "Loans and Receivables" and "Financial Liabilities at Amortized Cost" respectively. The Company does not hold financial assets and liabilities in any of the other categories as at the reporting date.

b) Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets. The Company's loans and receivables comprise advances, deposits, trade and other receivables, and cash equivalents. Regular way purchases and sales of financial assets are recognized on trade dates.

c) Financial liabilities at amortized cost
Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as non-current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The Company's financial liabilities at amortized cost comprise trade and other payables, and borrowings.

d) Recognition / Measurement / De-recognition
A financial instrument is recognized when Company becomes a party to contractual provisions of the instrument. Particular measurement method adopted is disclosed in individual policy statement associated with each instrument. A financial liability is de-recognized when the Company's obligations specified in the contract expire or are discharged or cancelled. Gains or losses arising on de-recognition are recognized in profit or loss.

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

4.7 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.

4.8 Trade debts and other receivables

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

b) Non-financial assets
These on initial recognition and subsequently are measured at cost.

4.9 Trade and other payables

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

b) Non-financial liabilities
These on initial recognition and subsequently are measured at cost.

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

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

4.12 Foreign currency translations
Transactions in currencies other than Pakistani Rupees are recorded at rates of exchange prevailing on the dates of transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities in that case, the rates contracted for are used. Gains and losses arising on translation are included in profit and loss account, except as stated in respective note to the financial statements.

4.13 Employee benefits

a) Short-term employee benefits / Compensated absences
The Company provides for compensated absences of its employees on unavailed balance of leaves according to the Company's policy in the period in which the leaves are earned. Charge for the year is included in profit and loss account.

b) Post-employment benefits
The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss. The amount recognized on balance sheet represents the present value of defined benefit obligation. The details of the scheme are referred to in note 8.1 also refer note 4.1 to the financial statements.

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

4.15 Stores, spare parts and loose tools

These are normally held for internal use and valued at moving average cost less allowances for obsolete and slow moving items except stores in transit which are valued at invoice values plus other charges incurred thereon up to the balance sheet date. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate impairment is recognized. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

4.16 Stock-in-trade

Basis of valuations are as follows:

Particulars	**Mode of Valuation**
Raw material - at warehouse	at lower of weighted average cost and net realizable value
Raw material - in transit	at cost accumulated to the balance sheet date
Work-in-process	at estimated manufacturing cost
Finished goods	at lower of cost and net realizable value
Waste	at realizable value

Cost in relation to work-in-process and finished goods represents average manufacturing cost which consists of prime cost and proportion of manufacturing overheads based on normal capacity. Net realizable value signifies selling price in ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

4.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represent amounts receivable for goods and services provided in the normal course of business.

Revenue is recognized when goods are dispatch and title has been passed to the customers.
Export rebate is recognized on accrual basis at the time of making the export sale.
Profit on saving account is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective profit rate applicable.

4.18 Impairment

a) Financial assets

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

b) Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. For nonfinancial assets, financial assets measured at amortized cost, available-for-sale financial assets that are debt securities, the reversal is recognized in profit and loss account.

4.19 Comprehensive income

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

4.20 Earnings per share ("EPS")

The Company calculates both basic and diluted EPS in accordance with IAS 33 "Earnings per Share". Under IAS 33, basic EPS is computed using weighted average number of shares outstanding during the year. Diluted EPS is computed using weighted average number of shares outstanding plus dilutive effect of stock options outstanding during the year.

4.21 Dividend distribution

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

4.22 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller. The accounting methods adopted for various types of transactions and balances with related parties are as follows:

a) Sale of goods and services

Revenue from sale of goods and services to related parties is recognized in accordance with the revenue recognition policy of the Company for such transactions. Receivables against sale of goods outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

b) Purchases of goods and services

Purchases of goods from related parties are recognized at actual cost to the Company. Payables against purchases from related parties outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

c) Dividend distribution

Distribution to related parties having shareholding in the Company is recognized in accordance with the accounting policy of the Company for dividend distribution to ordinary shareholders.

4.23 Determination of fair value

A number of Company's accounting policies require determination of fair value, for both financial and non-financial assets and liabilities. Fair values of assets and liabilities is determined as follows:

a) Trade and other receivables / payables

The fair value of trade and other receivables / payables is estimated as the present value of future net cash in / out flows, discounted at the market rate of interest at the reporting date.

b) Borrowings

The fair value of borrowings is determined using effective interest method.

4.24 Figures

Figures have been rounded off to the nearest of rupee.

	30 / June / 2014	30 / June / 2013	30 / June / 2014	30 / June / 2013
	------------- Number of shares	-------------	Rupees	Rupees
5 SHARE CAPITAL				
Authorized capital				
Ordinary shares of Rs. 10 each	**12,000,000**	12,000,000	**120,000,000**	120,000,000
Issued subscribed and paid up capital				
Ordinary shares of Rs. 10 each				
- fully paid in cash	**10,000,000**	10,000,000	**100,000,000**	100,000,000
- fully paid as bonus shares	**700,000**	700,000	**7,000,000**	7,000,000
	10,700,000	10,700,000	**107,000,000**	107,000,000

5.1 There is no movement in capital of the Company during the year

5.2 The Company has only one class of ordinary shares which carry no right to fixed income.

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	At beginning of the year	*Incremental depreciation (net of deferred tax)*	*At end of the year*
	-------------------------	*Rupees*	-------------------------
6.1 Reconciliation of carrying values at end of year - 30 June 2014			
Freehold land	26,284,453	-	**26,284,453**
Building on freehold land			
- Factory	30,889,632	(3,088,963)	**27,800,669**
- Others	8,748,164	(437,408)	**8,310,756**
	39,637,796	(3,526,371)	**36,111,425**
Plant and machinery	89,097,485	(8,909,749)	**80,187,736**
Electric installations	3,992,136	(399,214)	**3,592,922**
Laboratory equipment	4,858,112	(485,811)	**4,372,301**
	163,869,982	(13,321,145)	**150,548,837**
6.2 Reconciliation of carrying values at end of year - 30 June 2013			
Freehold land	26,284,453	-	**26,284,453**
Building on freehold land			
- Factory	34,321,813	(3,432,181)	**30,889,632**
- Others	9,208,593	(460,429)	**8,748,164**
	43,530,406	(3,892,610)	**39,637,796**
Plant and machinery	98,997,206	(9,899,721)	**89,097,485**
Electric installations	4,435,706	(443,570)	**3,992,136**
Laboratory equipment	5,397,903	(539,791)	**4,858,112**
	178,645,674	(14,775,692)	**163,869,982**

6.3 The Company, revalued its freehold land, buildings on freehold land and plant and machinery on 30 June 2010. The said revaluation exercise was carried-out to replace the carrying amounts of assets with the market values / depreciated market values. Previous revaluation exercise was conducted by independent valuers on 30 September 2001 and 30 April 2008.

The revaluation exercise was carried out by independent valuers M/s. Al-Noor Consultants & Evaluators (who are on the list of approved valuers of Pakistan Banks' Association, the same revaluation exercise is also certified by M/s. Avais Hyder Liaquat Nauman, Chartered Accountants) and revaluation adjustments were incorporated.

6.4 In accordance with the amendment introduced in Section 235 of the Ordinance and subsequent notifications of SECP, an amount equal to incremental depreciation for the year has been transferred to unappropriated profit to record realization of surplus to the extent of incremental depreciation

6.5 The basis of revaluation are as under:

Freehold land	The value of land is based on inquiries in the activity of land and also information obtained from different sources in the area.
Buildings on freehold land (both factory and non-factory)	The value of building is based on information of construction details, covered areas and quality of constructions were noted and new rate of construction per square foot was determined based upon estimates of balance life to arrive at new construction value.
Plant and machinery (inclusive of electric and lab equipments)	The value is based on inquiries from the local market, market based comparisons and setting price of machinery to obtain prevalent replacement values of similar local and imported machinery items.

		30 / June / 2014 Rupees	30 / June / 2013 Rupees
7 LONG-TERM FINANCES			
From related parties (current and prior) - unsecured			
Sponsors	- note 7.1	**30,400,000**	30,400,000
Sponsors' uncalled dividends	- note 7.2	**24,058,182**	24,058,182
Previous associated undertakings	- note 7.3	**32,329,798**	32,329,798
		86,787,980	86,787,980
Ex-directors			
Long-term loan	- note 7.5	**137,402,122**	111,602,122
Less: Current portion	- note 12	**(6,102,122)**	(4,602,122)
		131,300,000	107,000,000
		218,087,980	193,787,980

7.1 Loan from sponsors

These represents unsecured loan from sponsors of the Company. The terms of repayment has not yet been decided so far. The above loan along with uncalled dividends is subjudice before the Honorable Lahore High Court, Lahore (also refer note 7.2).

7.2 Sponsors' uncalled dividends

These represents uncalled dividends by sponsors of the Company. The above uncalled dividend alongwith loans from sponsors is subjudice before the Honorable Lahore High Court, Lahore (also refer note 7.1).

7.3 Previous associated undertakings

This represents unsecured loans from various companies which were previously associated undertakings but now have been allocated by the Honorable Lahore High Court, Lahore to other families of ex-Ittefaq group. This amount includes principal amount of Rs. 13.440 million (2013: Rs. 13.440 million) and mark-up accrued on said loans amounting to Rs. 18.890 million (2013: Rs. 18.890 million). The matter is still pending adjudication.

7.4 The legal council of the Company is of the view that these cases are not expected to be resolved / decided within next twelve months and as such the current maturities of the same have not been presented.

7.5 Long-term loans from ex-directors

These represents unsecured and interest free loans from chief executive officer, directors and sponsors. The terms of repayment has not yet been decided so far, however, the directors and sponsors have given undertaking that they have no intention to demand such loan within period of next twelve months, as such the current maturity (except for as provided in note 12) has not been presented.

		30 / June / 2014 Rupees	30 / June / 2013 Rupees
8 DEFERRED LIABILITIES			
Employee retirement benefits	- note 8.1	**5,118,508**	7,689,588
Deferred taxation	- note 8.2	**6,486,749**	10,738,548
		11,605,527	18,428,136

8.1 Employee retirement benefits

	30 / June / 2014 Rupees	30 / June / 2013 Rupees
The amount recognized in balance sheet is as follows:		
Net liability at beginning of the year	**7,689,588**	8,557,124
Add: Charge to profit and loss account	**1,188,102**	4,798,106
Less: Re-measurement of actuarial gains recognized in OCI	**(685,723)**	(3,026,692)
Less: Payments made during the year to outgoing members	**(3,073,459)**	(2,638,950)
	5,118,508	7,689,588
The movement in present value of defined benefit obligations is as under:		
At beginning of the year	**7,689,588**	8,557,124
Current service cost	**703,408**	3,600,109
Interest cost	**484,694**	1,197,997
Benefits paid	**(3,073,459)**	(2,638,950)
Actuarial (gains)	**(685,723)**	(3,026,692)
At end of the year	**5,118,508**	7,689,588
Amount charged in profit and loss account		
Current service cost	**703,408**	3,600,109
Interest cost	**484,694**	1,197,997
	1,188,102	4,798,106
Allocation of expense is as follows -		
Cost of sales	**772,266**	3,217,423
Administrative expenses	**415,836**	1,580,683
	1,188,102	4,798,106

Principal actuarial assumptions

Present value of obligation has been determined using projected unit credit method. The liability is based on actuarial valuation carried out by independent valuers. The assumptions used are:

	30 / June / 2014	30 / June / 2013
Discount rate	**10.50%**	10.50%
Expected rates of increase in salary	**9.50%**	9.50%
Expected average remaining working lives of employees	**4 years**	4 years

Historical information

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

	30/Jun/2014	30/Jun/2013	30/Jun/2012	30/Jun/2011	30/Jun/2010
	Rupees				
Present values	5,118,508	7,689,588	8,557,124	7,567,801	6,143,913
Experience adjustments	685,723	3,026,692	-	78,987	321,836

Year end sensitivity analysis on present value of defined benefit obligations -

	Rupees
Discount rate + 0.50%	5,362,246
Discount rate - 0.50%	4,874,770
Increase in salary level + 0.50%	740,429
Increase in salary level - 0.50%	666,387

			30 / June / 2014 Rupees	30 / June / 2013 Rupees
8.2	**Deferred taxation**			
	This comprise of the following:			
	Deferred tax liability on taxable temporary differences			
	Accelerated tax depreciation on property, plant and equipment		**17,548,842**	20,208,472
	Surplus on revaluation of property, plant and equipment		**66,911,591**	74,084,515
	Deferred tax asset on deductible temporary differences			
	Employee retirement benefits		**(1,740,293)**	(3,735,900)
	Unused tax losses		**(76,233,391)**	(79,818,539)
			6,486,749	10,738,548
	Charge to profit and loss account			
	Deferred tax	- note 31	**(4,251,799)**	(13,115,680)

		30 / June / 2014 Rupees	30 / June / 2013 Rupees
9	**TRADE AND OTHER PAYABLES**		
	Trade creditors	**95,432,726**	100,419,004
	Advances from customers	**4,251,061**	10,018,542
	Accrued liabilities	**26,051,478**	34,280,629
	Withholding taxes payable	**953,972**	1,741,041
	Securities payable	**300,000**	500,000
	Other payables	**1,750,000**	-
		128,739,237	146,959,216

9.1 Workers profit participation fund / Workers' welfare fund

As the Company is in loss for the year as in last year, hence no provision for workers' profit participation fund and 'workers' welfare fund' has been provided in these financial statements.

		30 / June / 2014 Rupees	30 / June / 2013 Rupees
10	**MARK-UP ACCRUED ON BORROWINGS**		
	Short-term borrowings	**8,417,976**	7,461,811

		Sanctioned Limits		Amount Availed	
		30 / June / 2014	30 / June / 2013	**30 / June / 2014**	30 / June / 2013
		Rupees	Rupees	**Rupees**	Rupees
11 SHORT-TERM BORROWINGS					
Cash finances	- note 11.1	**160,000,000**	160,000,000	**60,680,179**	60,719,060
FATR	- note 11.2	**7,500,000**	15,000,000	**7,500,000**	7,500,000
		167,500,000	175,000,000	**68,180,179**	68,219,060
Book overdrawn		**-**	-	**3,066,455**	3,067,274
		167,500,000	175,000,000	**71,246,634**	71,286,334

11.1 Cash finances

This facility has been obtained from National Bank of Pakistan for working capital requirements, and is secured by way of first pari passu charge amounting to Rs. 67.00 million (2013: Rs. 67.00 million) over the fixed assets of the Company, ranking charge amounting to Rs. 178.33 million (2013: Rs. 178.33 million) over the current assets of the Company, pledge of stocks of cotton bales and yarn and personal guarantees of sponsoring directors of the Company. This facility carries mark-up at the rate of 3 months KIBOR plus 300 bps (2013: 3 months KIBOR plus 300 bps) per annum payable on quarterly basis. This facility had expired on 31 December 2013 and had not been renewed by the bank till the authorization for issue of these financial statements.

11.2 Finance against trust receipts (FATR)

This facility has been obtained from National Bank of Pakistan for cotton procurement, and is secured by way of first pari passu charge amounting to Rs. 25.00 million on current assets of the Company, trust receipts duly executed by the Company and personal guarantees of sponsoring directors of the Company. This facility carries mark-up at the rate of 3 months KIBOR plus 300 bps (2013: 3 months KIBOR plus 300 bps) per annum. This facility had expired on 31 December 2013 and had not been renewed by the bank till the authorization for issue of these financial statements.

		30 / June / 2014	30 / June / 2013
		Rupees	Rupees
12 CURRENT PORTION OF LONG-TERM FINANCES			
Long-term finances (from ex-directors)	- note 7.5	**6,102,122**	4,602,122

13 CONTINGENCIES AND COMMITMENTS

Contingencies

Guarantees issued on behalf of the Company by financial institutions	**507,100**	507,100
Unavailed letters of credit (sight) facility	**20,000,000**	20,000,000

The Company is in litigation as regard to balances payable to sponsors amounting to Rs. 30.40 million (2013: Rs. 30.40 million), uncalled dividends of sponsors amounting to Rs. 24.06 million (2013: Rs. 24.06 million), previous associated undertakings amounting to Rs. 32.33 million (2013: Rs. 32.33 million) and balance receivable from previous associated undertakings amounting to Rs. 15.65 million (2013: Rs. 15.65 million). The said matters are subjudice with the Honorable Lahore High Court, Lahore.

Short-term borrowing facilities from National Bank of Pakistan have not been renewed by the financial institution during the year. The Company is in process of negotiations as to various terms of facilities and shall be renewed shortly.

Other than above, there is no known contingent liability of the Company as on year end (2013: Nil).

Commitments

There are no outstanding commitments of the Company as on year end (2013: Nil).

14 PROPERTY, PLANT AND EQUIPMENT

14.1 Reconciliation of carrying values at end of the year - 30 June 2014

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION				BOOK VALUE	Annual
	As at 1/July/2013	Additions / (Disposals)	Impairment in value	As at 30/June/2014	As at 1/July/2013	Adjustments in depreciation	Charge for the year	As at 30/June/2014	As at 30/June/2014	rate of dep.
	----------	----------	----------	----------	Rupees	----------	----------	----------		% age
Freehold land										
Cost	1,064,297	-	-	1,064,297	-	-	-	-	1,064,297	-
Revaluation	26,284,453	-	-	26,284,453	-	-	-	-	26,284,453	-
	27,348,750	-	-	27,348,750	-	-	-	-	27,348,750	
Factory building on freehold land										
Cost	32,841,298	-	-	32,841,298	23,515,151	-	932,615	24,447,766	8,393,532	10
Revaluation	92,860,508	-	-	92,860,508	45,337,998	-	4,752,251	50,090,249	42,770,259	10
	125,701,806	-	-	125,701,806	68,853,149	-	5,684,866	74,538,015	51,163,791	
Non-factory building on freehold land										
Cost	7,380,828	-	-	7,380,828	5,446,375	-	96,723	5,543,098	1,837,730	5
Revaluation	16,869,044	-	-	16,869,044	3,410,331	-	672,936	4,083,267	12,785,777	5
	24,249,872	-	-	24,249,872	8,856,706	-	769,659	9,626,365	14,623,507	
Plant and machinery										
Cost	315,712,974	886,981	-	316,599,955	247,602,350	-	6,895,936	254,498,286	62,101,669	10
Revaluation	300,795,024	-	-	300,795,024	163,721,969	-	13,707,306	177,429,275	123,365,749	10
	616,507,998	886,981	-	617,394,979	411,324,319	-	20,603,242	431,927,561	185,467,418	
Electric installations										
Cost	6,881,121	-	-	6,881,121	4,448,599	-	243,252	4,691,851	2,189,270	10
Revaluation	16,214,684	-	-	16,214,684	10,072,936	-	614,175	10,687,111	5,527,573	10
	23,095,805	-	-	23,095,805	14,521,535	-	857,427	15,378,962	7,716,843	
Laboratory equipment										
Cost	6,692,987	-	-	6,692,987	6,148,005	-	54,498	6,202,503	490,484	10
Revaluation	18,295,338	-	-	18,295,338	10,821,320	-	747,402	11,568,722	6,726,616	10
	24,988,325	-	-	24,988,325	16,969,325	-	801,900	17,771,225	7,217,100	
Tools and equipment	154,960	-	-	154,960	142,652	-	1,231	143,883	11,077	10
Concrete mixer	300,000	-	-	300,000	276,377	-	2,362	278,739	21,261	10
Weighing scales	233,200	-	-	233,200	213,287	-	1,991	215,278	17,922	10
Furniture and fixtures	7,609,088	-	-	7,609,088	4,628,802	-	298,029	4,926,831	2,682,257	10
Tube well	1,292,880	-	-	1,292,880	659,097	-	63,378	722,475	570,405	10
Arms and ammunition	27,350	-	-	27,350	22,263	-	509	22,772	4,578	10
Bicycles	11,880	-	-	11,880	11,433	-	89	11,522	358	20
Motor vehicles	13,834,767	(571,350)	-	13,263,417	12,491,229	(501,602)	201,531	12,191,158	1,072,259	15

14.2 Reconciliation of carrying values at beginning of the year - 30 June 2013

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION				BOOK VALUE	Annual
	As at 1/July/2012	Additions for the year	Disposals for the year	As at 30/June/2013	As at 1/July/2012	Adjustments in depreciation	Charge for the year	As at 30/June/2013	As at 30/June/2013	rate of dep.
	Rupees									% age
Freehold land										
Cost	1,064,297	-	-	1,064,297	-	-	-	-	1,064,297	-
Revaluation	26,284,453	-	-	26,284,453	-	-	-	-	26,284,453	-
	27,348,750	-	-	27,348,750	-	-	-	-	27,348,750	
Factory building on freehold land										
Cost	33,735,504	1,816,357	(2,710,563)	32,841,298	23,415,293	(734,563)	834,421	23,515,151	9,326,147	10
Revaluation	92,860,508	-	-	92,860,508	40,057,719	-	5,280,279	45,337,998	47,522,510	10
	126,596,012	1,816,357	(2,710,563)	125,701,806	63,473,012	(734,563)	6,114,700	68,853,149	56,848,657	
Non-factory building on freehold land										
Cost	7,380,828	-	-	7,380,828	5,344,562	-	101,813	5,446,375	1,934,453	5
Revaluation	16,869,044	-	-	16,869,044	2,701,978	-	708,353	3,410,331	13,458,713	5
	24,249,872	-	-	24,249,872	8,046,540	-	810,166	8,856,706	15,393,166	
Plant and machinery										
Cost	309,667,076	6,045,898	-	315,712,974	240,477,958	-	7,124,392	247,602,350	68,110,624	10
Revaluation	300,795,024	-	-	300,795,024	148,491,629	-	15,230,340	163,721,969	137,073,055	10
	610,462,100	6,045,898	-	616,507,998	388,969,587	-	22,354,732	411,324,319	205,183,679	
Electric installations										
Cost	5,965,235	915,886	-	6,881,121	4,228,379	-	220,220	4,448,599	2,432,522	10
Revaluation	16,214,684	-	-	16,214,684	9,390,520	-	682,416	10,072,936	6,141,748	10
	22,179,919	915,886	-	23,095,805	13,618,899	-	902,636	14,521,535	8,574,270	
Laboratory equipment										
Cost	6,692,987	-	-	6,692,987	6,087,451	-	60,554	6,148,005	544,982	10
Revaluation	18,295,338	-	-	18,295,338	9,990,873	-	830,447	10,821,320	7,474,018	10
	24,988,325	-	-	24,988,325	16,078,324	-	891,001	16,969,325	8,019,000	
Tools and equipment	154,960	-	-	154,960	141,284	-	1,368	142,652	12,308	10
Concrete mixer	300,000	-	-	300,000	273,752	-	2,625	276,377	23,623	10
Weighing scales	233,200	-	-	233,200	211,074	-	2,213	213,287	19,913	10
Furniture and fixtures	6,321,807	1,287,281	-	7,609,088	4,389,503	-	239,299	4,628,802	2,980,286	10
Tube well	1,292,880	-	-	1,292,880	588,677	-	70,420	659,097	633,783	10
Arms and ammunition	27,350	-	-	27,350	21,698	-	565	22,263	5,087	10
Bicycles	11,880	-	-	11,880	11,321	-	112	11,433	447	20
Motor vehicles	13,834,767	-	-	13,834,767	12,254,134	-	237,095	12,491,229	1,343,538	15
Total - 30/June/2013	858,001,822	10,065,422	(2,710,563)	865,356,681	508,077,805	(734,563)	31,626,932	538,970,174	326,386,507	

		30 / June / 2014 Rupees	30 / June / 2013 Rupees
14.3 Depreciation for the year has been allocated as -			
Cost of sales	- note 25	**28,407,628**	30,678,124
Selling and distribution cost	- note 27	**292,862**	316,269
Administrative and general expenses	- note 28	**585,724**	632,539
		29,286,214	31,626,932

14.4 Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets at 30 June 2014 and 30 June 2013 would be as under:

As at 30 June 2014

	Cost	*Accumulated depreciation*	*Book value*
	Rupees		
Freehold land	1,064,297	-	**1,064,297**
Buildings on freehold land			
- Factory	32,841,298	24,447,766	**8,393,532**
- Non factory	7,380,828	5,543,098	**1,837,730**
Plant and machinery	316,599,955	254,498,286	**62,101,669**
Electric installations	6,881,121	4,691,851	**2,189,270**
Laboratory equipment	6,692,987	6,202,503	**490,484**
	371,460,486	295,383,504	**76,076,982**

As at 30 June 2013

	Cost	*Accumulated depreciation*	*Book value*
	Rupees		
Freehold land	1,064,297	-	**1,064,297**
Buildings on freehold land			
- Factory	32,841,298	23,515,151	**9,326,147**
- Non factory	7,380,828	5,446,375	**1,934,453**
Plant and machinery	315,712,974	247,602,350	**68,110,624**
Electric installations	6,881,121	4,448,599	**2,432,522**
Laboratory equipment	6,692,987	6,148,005	**544,982**
	370,573,505	287,160,480	**83,413,025**

14.5 Disposals of property, plant and equipment

For the year ended 30 June 2014

Sold to	*Cost*	*Book value*	*Sale proceeds*	*Mode of disposal*
	Rupees			
Motor Vehicle				
Muhammad Idress, Lahore	571,350	69,748	160,000	- Negotiations -
	571,350	**69,748**	**160,000**	

There were no disposals during the year 2013.

		30 / June / 2014 Rupees	30 / June / 2013 Rupees
14.6 Impairment loss on property, plant and equipment			
Book Value Cost		-	2,710,563
Accumulated depreciation		-	(734,563)
Net carrying value		-	1,976,000
Less: Recoverable value		-	765,000
Impairment loss recognized	- note 29	-	(1,211,000)

15 LONG-TERM DEPOSITS

Deposits with various institutions	- note 15.1	**2,001,000**	1,941,000

15.1 Deposits with various institutions

At beginning of the year	**1,941,000**	1,936,000
Add: Deposits during the year	**60,000**	5,000
At end of the year	**2,001,000**	1,941,000

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

16 LONG-TERM ADVANCES

Due from previously associated undertakings	- note 16.1	**15,650,727**	15,650,727

16.1 This represents the amount receivable from various companies which were previously associated undertakings but have been allocated by the Honorable Lahore High Court, Lahore to other families involved in ex-Ittefaq group. The matter is still pending adjudication.

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

17 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	**3,333,535**	3,009,060
Spare parts and loose tools	**18,908,386**	19,312,175
Packing material	**13,702,366**	13,838,090
	35,944,287	36,159,325

18 STOCK IN TRADE

Raw material	**31,987,249**	31,926,614
Work in process	**9,640,068**	9,220,112
Finished goods	**950,721**	28,817,824
	42,578,038	69,964,550

18.1 Stock in trade is pledged with National Bank of Pakistan against short-term borrowings.

			30 / June / 2014 Rupees	30 / June / 2013 Rupees
19	**TRADE DEBTS**			
	Local debts - unsecured but considered good	- note 19.1	**1,093,865**	9,324,768

19.1 This includes normal trade receivables against sale of yarn and cotton from M/s. Barkat Textile Mills Limited amounting to Rs. Nil (2013: Rs. 2.35 million). Maximum aggregate outstanding balance at the end of any month during the year is Rs. 2.92 million (2013: Rs. 11.32 million).

19.2 As at 30 June 2014, none of the past due trade receivables were impaired as these relate to a number of independent customers for whom there is no recent history of default.

			30 / June / 2014 Rupees	30 / June / 2013 Rupees
20	**LOANS AND ADVANCES**			
	Advances to - unsecured but considered good			
	Employees		-	20,000
	Suppliers		**719,182**	647,993
			719,182	667,993
21	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Bank guarantee deposits		**507,100**	507,100
	Prepayments		**259,550**	375,715
			766,650	882,815
22	**BALANCES DUE FROM GOVERNMENT**			
	Income tax recoverable	- note 22.1	**49,321,660**	41,423,502
	Sales tax refundable	- note 22.2	**3,994,377**	2,908,835
	Excise duty		**300,713**	300,713
			53,616,750	44,633,050
22.1	**Income tax recoverable**			
	At beginning of the year		**41,423,502**	34,152,737
	Add: Income tax deducted / paid during the year		**7,898,158**	12,752,877
			49,321,660	46,905,614
	Less: Provision for taxation	- note 31.1	-	(5,482,112)
	At end of the year		**49,321,660**	41,423,502

22.2 Sales tax refundable

It represents accumulated differences of input tax on purchases and sales tax payable.

23	**CASH AND BANK BALANCES**			
	In hand		**432,498**	563,696
	With banks (on current accounts)		**751,339**	5,486,017
			1,183,837	6,049,713

		30 / June / 2014 Rupees	30 / June / 2013 Rupees
24 SALES (NET)			
Gross sales			
Fabric		-	2,402,599
Yarn		277,009,902	1,069,039,053
Waste		7,372,742	22,574,741
		284,382,644	1,094,016,393
Less: Sales tax		(5,581,035)	(8,024,487)
Sales commission		(701,890)	(1,521,546)
Net sales		278,099,719	1,084,470,360

24.1 Fabric sales in the year 2013 represent export sales, there is no export sale during the year.

25 COST OF SALES			
Raw material consumed	- note 25.1	**191,383,461**	806,520,069
Salaries, wages and other benefits	- note 25.2	**28,528,078**	94,612,118
Stores and spare parts consumed		**8,170,242**	24,686,633
Power and fuel		**38,342,948**	140,860,393
Repair and maintenance		**333,062**	1,731,050
Insurance		**1,302,500**	1,373,171
Depreciation on property, plant and equipment	- note 14.3	**28,407,628**	30,678,124
Other manufacturing overheads		**885,248**	3,500,284
		297,353,167	1,103,961,842
Adjustment of work in process			
Opening stocks		**9,220,112**	15,804,380
Less: Closing stocks		**(9,640,068)**	(9,220,112)
		(419,956)	6,584,268
Adjustment of finished goods			
Opening stocks		**28,817,824**	6,430,569
Less: Closing stocks		**(950,721)**	(28,817,824)
		27,867,103	(22,387,255)
Total cost of sales		**324,800,314**	1,088,158,855

25.1 Raw material consumed

Opening stocks		**31,926,614**	36,817,987
Add: Purchases and direct expenses		**191,444,096**	877,863,696
Less: Stocks lost due to fire	- note 25.1.1	**-**	(76,235,000)
Less: Closing stocks		**(31,987,249)**	(31,926,614)
		191,383,461	806,520,069

25.1.1 Stocks lost due to fire

Stocks of cotton bales were lost due to accidental fire incident. Insurance claim was lodged against which the Company recovered Rs. 76.235 million from insurance companies.

25.2 Salaries, wages and other benefits

Salaries, wages and benefits include employee retirement benefits amounting to Rs. 0.772 Million (2013: Rs. 3.217 Million).

			30 / June / 2014 Rupees	30 / June / 2013 Rupees
26	**OTHER OPERATING INCOME**			
	Gain on disposal of fixed assets (non-financial assets)		90,252	-
	Exchange gain on translation of foreign currency (financial assets)		-	3,447
			90,252	3,447
27	**DISTRIBUTION AND MARKETING COST**			
	Salaries and allowances		357,500	997,325
	Electricity, gas and water		76,621	153,706
	Communications		84,025	220,868
	Advertisements		123,030	286,665
	Exports related expenses		-	13,222
	Depreciation on property, plant and equipment	- note 14.3	292,862	316,269
			934,038	1,988,055
28	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Directors remuneration		2,016,960	2,289,900
	Salaries and allowances	- note 28.1	3,840,334	6,709,112
	Vehicle running and maintenance		1,021,128	905,104
	Repairs and maintenance		281,232	467,974
	Traveling and conveyance		217,178	227,922
	Printing and stationery		190,848	350,188
	Communications		321,373	362,527
	Electricity, gas and water		245,879	372,399
	Entertainment		173,854	409,976
	Legal and professional charges		993,200	318,500
	Auditors' remuneration	- note 28.2	597,500	600,000
	Fee and subscription		309,687	421,305
	Depreciation on property, plant and equipment	- note 14.3	585,724	632,539
	Other expenses		134,075	278,839
			10,928,972	14,346,285

28.1 Salaries and allowances

This include employee retirement benefits amounting to Rs. 0.416 Million (2013: Rs. 1.581 Million).

28.2 Auditors' remuneration

		30 / June / 2014 Rupees	30 / June / 2013 Rupees
	Audit fee	500,000	500,000
	Fee for interim review and other certifications	70,000	70,000
	Out of pocket expenses	27,500	30,000
		597,500	600,000

			30 / June / 2014 Rupees	30 / June / 2013 Rupees
29	**OTHER OPERATING EXPENSES**			
	Impairment loss on property, plant and equipment	- note 14.6	-	1,211,000
30	**FINANCE COST**			
	Mark-up on short-term borrowings		7,956,165	16,697,104
	Bank charges and commission		370,197	597,923
			8,326,362	17,295,027

		30 / June / 2014 Rupees	30 / June / 2013 Rupees
31 TAXATION			
Current	- note 22.1	-	5,482,112
Deferred	- note 8.2	(4,251,799)	(13,115,680)
		(4,251,799)	(7,633,568)

31.1 Current year's taxation

No provision for current year's taxation is provided in these financial statements due to gross loss incurred by the Company, in accordance with the provisions of section 113 of the Income Tax Ordinance, 2001. Last year's provision represents minimum tax payable under section 113 of the Income Tax Ordinance, 2001.

31.2 Prior period assessments

While framing the assessment for tax year 2011 under section 221 of the Income Tax Ordinance 2001, the Deputy Commissioner Inland Revenue has disallowed adjustment of prior periods' refunds amounting to Rs. 5.491 million against which the Company has deposited an amount of Rs. 0.812 million in year 2013. The Company has filed an appeal against above order.

The tax council of the Company is of the view that there is every likelihood of the case to be decided in favour of the Company.

31.3 Numerical reconciliation between the average tax rate and the applicable tax rate

	30 / June / 2014 % age	30 / June / 2013 % age	30 / June / 2014 Rupees	30 / June / 2013 Rupees
Applicable tax rate	34.00%	35.00%	(22,711,903)	(13,483,895)
Tax effects of amounts that are:				
Inadmissible expenses	-11.46%	-28.21%	7,654,490	10,866,151
Difference in tax rates	-17.67%	13.02%	10,805,614	(5,015,824)
Effective tax rate/tax	4.87%	19.81%	(4,251,799)	(7,633,568)

		30 / June / 2014	30 / June / 2013
32 LOSS PER SHARE (BASIC AND ANTI-DILUTIVE)			
Loss attributable to ordinary equity holders of the Company	*(Rupees)*	(62,547,916)	(30,891,847)
Weighted average number of ordinary shares	*(Number)*	10,700,000	10,700,000
Loss per share - basic and ant dilutive	*(Rupees)*	(5.85)	(2.89)

32.1 There is no ant dilutive effect on the basic earnings per share of the Company. Moreover, there are no ant dilutive potential ordinary shares outstanding as at 30 June 2014 and 2013.

	2014	2013
33 PLANT CAPACITY AND ACTUAL PRODUCTION		
Number of spindles installed	17,280	17,280
Number of shifts worked	106	1,083
Number of spindles shifts worked during the year	5,495,040	17,349,120
Installed capacity after conversion into 20 / S counts (Kgs.)	4,668,224	4,668,224
Actual production of yarn after conversion into 20 / S counts (Kgs.)	940,799	4,447,991

It is difficult to determine precisely production / rated capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, twist per inch and raw materials used etc.

34 FINANCIAL RISK MANAGEMENT

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

a) Credit risk;

b) Liquidity risk; and

c) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

34.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering application for credit approvals, granting, renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes, financial viability of all counterparties is regularly monitored/assessed.

Concentration of credit risk arise when a number of counterparties are engaged in a 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.

Credit risk primarily arises from long-term advances, trade debts, loans and advances and balances with banks. To manage exposures to credit risk in respect of trade debts, management performs credit reviews taking into account the customers' 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 30 days to reduce credit risk. Credit risk on bank balances is limited as the counterparties are banks with reasonably high credit ratings.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	30 / June / 2014	30 / June / 2013
	Rupees	Rupees
Long-term advances	**15,650,727**	15,650,727
Trade debts	**1,093,865**	9,324,768
Loans and advances	**719,182**	667,993
Bank balances	**751,339**	5,486,017
	18,215,113	31,129,505

Geographically, there is no concentration of credit risk. All trade debts at balance sheet date represents domestic parties.

There is no single significant customer in the trade debts of the Company.

	30 / June / 2014 Rupees	30 / June / 2013 Rupees
The aging of trade debts at the balance sheet date was as follows:		
Falling within 1 to 30 days	**715,678**	6,059,308
Falling within 30 to 90 days and over	**378,187**	3,265,460
	1,093,865	9,324,768

Impairment losses

Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered good and hence no impairment allowance is required in this regard.

34.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 13 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Liquidity and interest risk table

The following table detail the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay. For effective markup rate please see note 11 to these financial statements. Carrying amount and contractual cashflows of trade and other financial liabilities are approximately same.

	30 / June / 2014			
	Carrying amount	*Contractual cash flows*	*Not later than 1 year*	*Later than 1 year*
	------------ *Rupees* ------------			
Long-term finances	224,190,102	224,190,102	6,102,122	218,087,980
Trade payables	128,739,237	128,739,237	128,739,237	-
Short-term borrowings	71,246,634	79,664,610	79,664,610	-
	424,175,973	432,593,949	214,505,969	218,087,980

	30 / June / 2013			
	Carrying amount	*Contractual cash flows*	*Not later than 1 year*	*Later than 1 year*
	------------ *Rupees* ------------			
Long-term finances	198,390,102	198,390,102	4,602,122	193,787,980
Trade payables	146,959,216	146,959,216	146,959,216	-
Short-term borrowings	71,286,334	78,748,145	78,748,145	-
	416,635,652	424,097,463	230,309,483	193,787,980

34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

a) Foreign currency risk management

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 and plant and machinery, if any. The Company is not exposed to any foreign currency risk as there are very minimal such transactions.

b) Interest rate risk

The interest rate risk is the risk that value of financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and liabilities that mature in given period. At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

Variable rate instruments	30 / June / 2014	30 / June / 2013	30 / June / 2014	30 / June / 2013
	-------------% ------------		------------ Rupees ------------	
Short-term borrowings	3M KIBOR + 3%	3M KIBOR + 3%	71,246,634	71,286,334

Fair value sensitivity analysis for floating rate instruments

The Company does not account for any fixed / floating rate financial assets and liabilities at fair value through profit and loss therefore, a change in interest rate would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

At 30 June 2014, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, the Company's profit before tax for the year would have been Rs. 0.715 million (2013: Rs. 1.670 million) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities. There is only an immaterial impact on the Company's equity.

c) Price risk management

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuates 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 instrument traded in the market. The Company is not exposed to any significant price risk.

34.4 Determination of fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

35 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure which comprises capital and reserves 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, appropriation of amounts to capital reserves or/and 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 maintenance of debt to equity ratio under the financing agreements.

36 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of holding company, subsidiaries and associated undertakings, other related group companies, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amount due from related parties is shown under note 19 to the financial statements.

Nature and description of related party transactions during the year along with monetary value are as follows:

Nature of relation	Nature of transactions	30 / June / 2014 Rupees	30 / June / 2013 Rupees
Companies under common management of control	Sale of cotton / yarn	**7,950,900**	31,027,178
	Purchase of yarn / others	**286,118**	3,643,086
Key management personnel	Remuneration and other benefits	**3,216,960**	4,689,900

37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year as remuneration and benefits of the chief executive officer, directors and executives of the Company are as follows:

	30 / June / 2014		
	Directors	**Executives**	**Aggregate**
	..........Rupees..........		
Managerial remuneration	1,344,640	800,000	2,144,640
House rent allowance	605,088	360,000	965,088
Utilities	67,232	40,000	107,232
Total 2014	**2,016,960**	**1,200,000**	**3,216,960**
Number of persons	2	2	4

	30 / June / 2013		
	Directors	**Executives**	**Aggregate**
	..........Rupees..........		
Managerial remuneration	1,526,603	1,600,000	3,126,603
House rent allowance	686,970	720,000	1,406,970
Utilities	76,327	80,000	156,327
Total 2013	**2,289,900**	**2,400,000**	**4,689,900**
Number of persons	2	2	4

37.1 Chief executive officer of the Company had not drawn salary during the year as well as last year.

37.2 The chief executive officer, directors and certain executives of the Company have been provided with Company maintained cars.

37.3 Meeting fee amounting to Rs. 15,000 (2013: Rs. 25,000) has been paid to directors of the Company.

38 NUMBER OF EMPLOYEES

	30 / June / 2014	30 / June / 2013
Total number of employees (inclusive of contractual staff) at end of year	12	534
Average number of employees during the year	183	642

39 RECLASSIFICATIONS AND RE-ARRANGEMENTS

39 RECLASSIFICATIONS AND RE-ARRANGEMENTS

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-classification and re-arrangements are made.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 30, 2014.

CHIEF EXECUTIVE OFFICER DIRECTOR

Khalid Siraj
TEXTILE MILLS LIMITED

FORM OF PROXY

No. of Shares	Please Quote Folio No.

I/We ____________________ of ____________________

a member(s) of KHALID SIRAJ TEXTILE MILLS LIMITED and holding ____________________

____

ordinary shares, as per Register folio / CDC A/c No. ____________________

hereby appoint Mr. ____________________ of ____________________

of failing his ____________________ of ____________________

who is also a member of the company vide Register Folio / CDC A/c No. __________ as my/our proxy to vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to held on 31st October 2014 at 10:30 a.m. and at any adjournment thereof

As witness my/our hand this __________ day of __________ 2014.

REVENUE STAMP

1. Witness ____________________

2. Witness ____________________

SIGNATURE OF MEMBER (S)

A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of his behalf. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.

The instrument appointing a proxy should be signed by the member or by his attorney duly authorised in writing. If the member is a corporation its common seal (if any) should be affixed to the instrument.

The proxies shall be lodged with the company not later than 48 hours before the time of meeting.

For CDC account holders:

- The proxy form shall be witnessed by two persons where names, addresses and CNIC number shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of meeting.

Khalid Siraj
TEXTILE MILLS LIMITED

FORM OF PROXY

No. of Shares	Please Quote Folio No.

I/We ______________________________ of ______________________

a member(s) of KHALID SIRAJ TEXTILE MILLS LIMITED and holding ________________

____

ordinary shares, as per Register folio / CDC A/c No. ____________________________

hereby appoint Mr. ___________________________ of ______________________

of failing his ______________________________ of ______________________

who is also a member of the company vide Register Folio / CDC A/c No. ____________ as my/our proxy to vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to held on 31st October 2014 at 10:30 a.m. and at any adjournment thereof

As witness my/our hand this ______________________ day of __________________ 2014.

REVENUE STAMP

1. Witness ______________________

2. Witness ______________________

SIGNATURE OF MEMBER (S)

A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of his behalf. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.

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- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of meeting.