Annual Report 2013





MAHMOOD GROUP

MAHMOOD TEXTILE MILLS LTD.


بسم الله الرحمن الرحيم

Contents

Corporate Information

Board of Directors:

Khawaja Muhammad Masood	Chairman
Khawaja Muhammad Iqbal	Chief Executive Officer
Khawaja Muhammad Ilyas	Director
Khawaja Muhammad Younus	Director
Jalal-ud-Din Roomi	Director
Mst. Khadija Qureshi	Director
Muhammad Muzafar Iqbal	Director

Chief Financial Officer / Company Secretary

Muhammad Amin Pal
F.C.A.

Auditors

Hameed Chaudhri & Co
Chartered Accountants
H M House, 7-Bank Square, Lahore.

Audit Committee

Khawaja Muhammad Ilyas	Chairman
Khawaja Muhammad Younus	Member
Muhammad Muzafar Iqbal	Member

Stock Exchange Listing

The Mahmood Textile Mills Limited is a listed Company and its shares are traded on Karachi Stock Exchanges (Guarantee) Ltd. Karachi - Pakistan.

Bankers

MCB Bank Limited
United Bank Limited
Habib Bank Limited
Allied Bank Limited
Bank Al-Habib Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Bank Alfalah Limited

Mills

Mahmoodabad, Multan Road, Muzaffargarh.
Masoodabad, D.G. Khan Road, Muzaffargarh.
Chowk Sarwar Shaheed, District Muzaffargarh.

Registered Office

Mehr Manzil, Lohari Gate, Multan.
Tel.: 061-111-181-181 Fax: 061-4511262
E-mail: info@mahmoodgroup.com

Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.
H M House, 7-Bank Square, Lahore.
www.mahmoodgroup.com

Vision

To be recognized internationally
and locally as dynamic,
quality conscious
and ever progressive
Textile Product manufacturer
in the Textile Industry
of Pakistan

Mission

Mahmood Group is committed to:

- Be ethical in its practices.
- Excel through continuous improvement by adopting most modernized technology in production.
- Operate through professional Team work.
- Retain our position as leaders and innovators in the Textile Industry.
- Achieve Excellence in the quality of our product.
- Be a part of country's economic development and social Prosperity.

Notice Of Annual General Meeting

Notice is hereby given that 43rd Annual General Meeting of the Company will be held on Thursday, 31st October, 2013, at 11.00 A.M., at its Registered Office, Mehr Manzil, Lohari Gate, Multan to transact the following business:

1. To confirm the Minutes of the 42nd Annual General Meeting held on 31st October, 2012.
2. To receive consider and adopt the Audited Accounts for the year ended 30th June, 2013 together with Director's and Auditor's Reports thereon.
3. To approve payment of Cash Dividend @ 100 % (Rs.10/- per ordinary Share of Rs. 10/- each) for the year ended 30th June, 2013 as recommended by the Board of Directors.
4. To appoint Auditors for the year 2013 - 2014 and to fix their remuneration. The present Auditors Hameed Chaudhri & Company, Chartered Accountants, Lahore being eligible have offered themselves for re-appointment.
5. To transact any other business as may be placed before the Meeting with the Permission of the Chair.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
MUHAMMAD AMIN PAL
Company Secretary

Multan.
Date: 5th October, 2013.

NOTE:-

i) The Share Transfer Books of the Company will remain Closed from 20th October to 31ST October, 2013 (Both days inclusive).

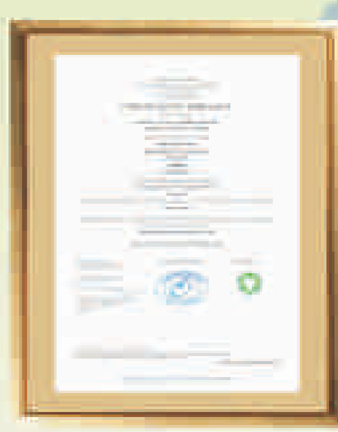
ii) A Member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy Form duly completed should reach the Registered Office of the Company at least 48 hours before the time of Meeting.

iii) Any individual beneficial owner of CDC entitled to attend and vote at this Meeting must bring his/her CNIC or Passport to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representative of Corporate Member should bring the usual documents required for such purpose.

iv) The Shareholders, who have not yet sent their copies of CNIC to this Company, they are again requested in their own interest to send copies of their CNIC at Head Office address given above, in compliance with the instructions of SECP, vide SRO No.779(1)2011, dated 18th August, 2011, otherwise their Dividend Warrants may be with-held.

v) Members are requested to notify immediately any Change in their addresses.

Honours & Achievements



Directors' Report To The Shareholders

In The Name Of Allah, The Most Beneficent, The Most Merciful

The Directors are pleased to welcome you on the 43rd Annual General Meeting and place before you Annual Report along with Audited Financial Statements of the Company comprising Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year ended June 30, 2013. Report also covers comments on financial performance highlighting key areas and business challenges along with corporate social achievements.

Economy and Industry Review

World Economy is still struggling for revival after eruption of global financial crisis. In the year under review terrorism, Energy crisis in terms of supply and rate hike remained the major challenges for Pakistan Economy and accordingly economic performance in terms of GDP was lowered down to 3.59% as compared to last year growth of 3.67%.

Textile industry is backbone of Pakistan's economy by contributing more than 60% to country' exports and is always playing a crucial support to alleviate employment in the country. High cost of production due to an instant rise in the energy costs and load shedding is much concern for the industry.

Textiles Policy (2009-14) was duly approved by the Cabinet in which various initiatives were stated to support the textile sector. One of the major initiative was technology up gradation funds for investment and markup subsidy to support modernization in textile machinery import but it is written with serious concern that yet no action has been taken by Govt for disbursements of such support funds. It is also worth mentioning that other neighbour countries have also announced this support funds and have disbursed them timely.

Business Review

Country is passing through critical economic situation thus Company operations were also directly hearted by severe load shedding issues and other Govt unfriendly business policies. If there would have been no Load Shedding of electricity and gas, the results would have been much better.

We were supplying electricity to MEPCO on furnace oil basis which was cheaper than supplied by IPPS, but due to non performance in payment by MEPCO we were compelled to disconnect supply.

Management of the Company is committed to do his best level of efforts towards achievement of profitability objective and exploring new opportunities around the globe. During the year under review, Management of the Company was successful to achieve encouraging results and the Company earned net profit of Rs. 668.925 millions as compared to last year profit Rs. 474.653 millions after providing depreciation and taxation.

The operating results along with appropriations are summarized as under:

Description	**For the Year ended June 30, 2013**	**June 30, 2012**
	.... Rupees	....
Local Sales - Net	2,307,474,059	2,675,387,417
Exports - Net	11,918,032,353	11,470,146,243
Total Sales	14,225,506,412	14,145,533,660
Gross Profit	1,936,139,072	1,656,421,510
Profit before tax	817,722,335	632,675,377
Profit after taxation	668,925,394	474,653,358
Unappropriated profit B/F	3,450,677,720	3,126,024,362
Proposed cash dividends Rs.10 per share (2012 @10 per share)	(150,000,000)	(150,000,000)
Balance retained earning	3,969,603,114	3,450,677,720
Earning per share	44.60	31.64

Resource Management

The Company's objectives when managing resources are to safeguard and utilize the Company's assets in the best way in order to provide safer returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. According to the financial policy substantial portion of profit for the year is transferred to general reserves and retained earnings so that company possess sound financial position to meet any adverse situation.

The financial parameters are regularly reviewed to comply with prudential regulations and standard financial ratios. The company is earning satisfactory profit every year and posses strong financial stability in respect of Equity and liquidity position.

Capital Investment

It is a part of Company's strategic policy to review technical aspects regularly, we emphasize to run our plant with most modern techniques, BMR and expansion is made to Cater the need of our valued customers and to get quality production in economical way. This year Company has made investment of Rs. 818.80 million to upgrade existing Plant and Machinery of Spinning business.

Corporate Social Responsibility

We are fully committed in helping the deserving people for education, health and social uplift. Mahmood Textile Mills ltd considers its moral duty to invest and work for the betterment of the community and the environment in which it is growing.

Dividend Payout

According to Dividend pay out strategy the management wish to pay good return to the share holders of the Company keeping in view profitability for the year. Board has recommended to pay 100% cash dividend @ Rs. 10 per share this year which will be put up in the Annual General Meeting for final approval.

Future Outlook

In December 2013 European Parliament is most likely to grant GSP Plus (Generalized Scheme of Preferences) status to Pakistan which would open new avenues for Pakistani exporters to export their textile products to huge European market. So Govt should take concrete steps to ensure GSP Plus status for Pakistan.

The availability of cotton at economical prices always play major role for the success of textile sector. Next year (2013-14) target of cotton production is still uncertain, thus it is very difficult to ascertain cotton prices for the coming year which at present are being traded at exorbitant rate and ruling out Parity. At the moment international prices are also very high and devaluation of currency is also having its toll. Further, rates of energy have been enhanced manifold which will have effect on the results of the next year.

It is greatly emphasized that Govt should immediately resolve energy crisis, devise business friendly policies and overcome terrorism for smooth running of country's economy.

Pattern of Shareholding

Pattern of share holding is annexed and details have been submitted according to the requirement of Code of Corporate, Governance and Section 236 of the Companies Ordinance 1984.

Auditors

The present Auditors M/S Hameed Chaudhri & Co, Chartered Accountants retire and being eligible offers themselves for reappointment for the year ending June 30, 2014.

Compliance With The Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its listing Rules, relevant for the year ended 30th June 2013 have been duly complied with. A statement to this effect is annexed with the report.

The various information and statements as required by the Code are given below:

a) Proper books of accounts have been maintained by the Company for the year ended June 30, 2013.

b) Financial statement prepared by the management of the Company present fairly It's state of affairs, the results of its operations, cash flow and changes in equity.

c) The board of directors exercised its powers and carried out its fiduciary duties with a sense of objective judgment and independence in the best interests of the company.

d) All significant issues and significant matters including budgets, annual business plan, cash flow projections, internal audit reports, quarterly financial statements etc. reported during the year were keenly reviewed and all corrective measures were successfully implemented by Board of Directors.

e) Appropriate accounting policies have consistently been applied in preparation of financial statement.

f) International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weaknesses in control will be overcome.

g) The company is confident to continue as a progressive concern.

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

i) Key financial data for last six years is annexed.

j) There are no outstanding statutory payments due on account of taxes, duties, charges except for those discussed in the financial statements.

k) During the year, there is no trade reported in the shares of the company, carried out by Directors, CEO, CFO. Company Secretary and their spouses and minor children.

l) Audit Committee has been established and is working satisfactorily.

Acknowledgment

At the end the Directors wish to place on record their sincere appreciations for the Company's employees at all levels for their dedicated efforts and efficiency. They also wish to put on record their thanks for the co-operation and support extended by the shareholders, the Company's banks, Customers and Suppliers of the Company and hope their wholehearted support will continue in future with the same spirit and zeal.

For and on behalf of the board

Sd/-
(Khawaja Muhammad Masood)
Chairman

Multan
Dated: 04 October, 2013

Performance Review

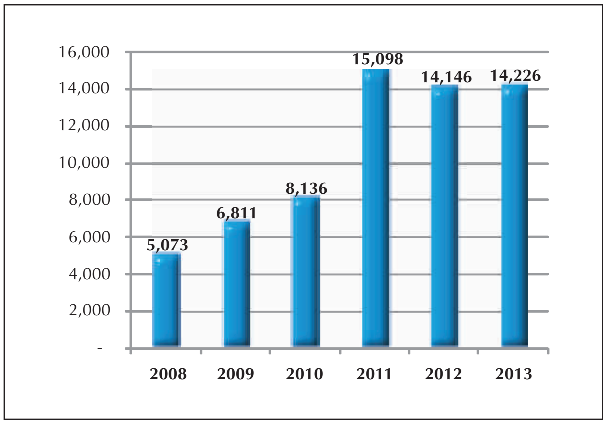
Six Years Review At A Glance

Rupees in Million

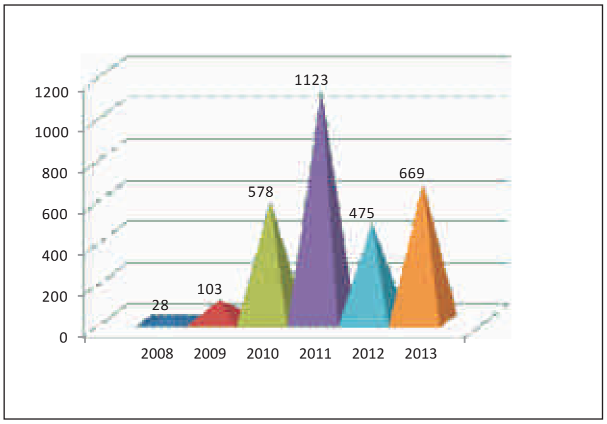
	2013	2012	2011	2010	2009	2008
ASSETS :						
FIXED ASSETS	3,057	2,426	2,298	1,774	1,632	1,756
LONG TERM INVESTMENTS	1,074	921	839	562	338	273
LONG TERM DEPOSITS	8	44	42	7	7	4
CURRENT ASSETS	5,046	3,566	3,560	2,672	2,441	2,264
TOTAL ASSETS	9,185	6,957	6,739	5,015	4,418	4,297
FINANCED BY:						
EQUITY	4,127	3,608	3,283	2,250	1,711	1,624
LONG TERM LIABILITIES	1,144	830	987	689	595	656
DEFFERED LIABILITIES	115	115	115	120	140	93
CURRENT LIABILITIES	3,799	2,404	2,354	1,956	1,972	1,924
TOTAL FUNDS INVESTED	9,185	6,957	6,739	5,015	4,418	4,297
PROFIT AND LOSS:						
SALES - NET	14,226	14,146	15,098	8,136	6,811	5,073
OPERATING PROFIT	1,127	1,012	1,604	933	523	254
PROFIT BEFORE TAXATION	818	633	1,275	646	190	50
PROFIT AFTER TAXATION	669	475	1,123	578	103	(5)
CASH DIVIDENDS	100%	100%	100%	60%	40%	15%
PROFIT C/F	3,970	3,451	3,126	2,093	1,604	1,517

Graphical Presentation

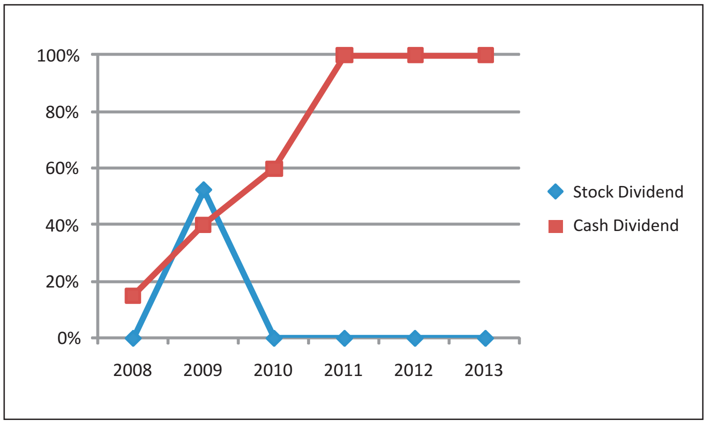
Revenue (Rs. in Million)



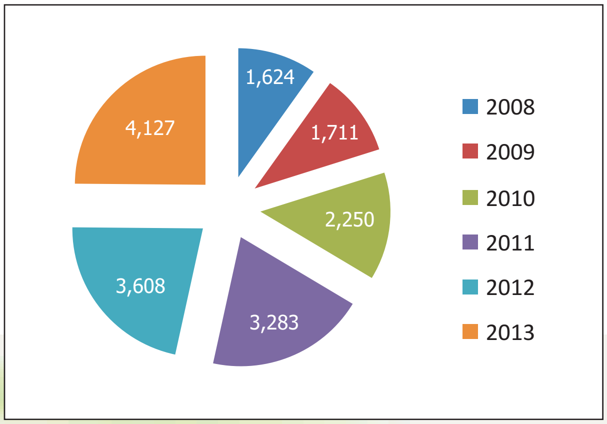
Profit After Taxation (Rs. in Million)



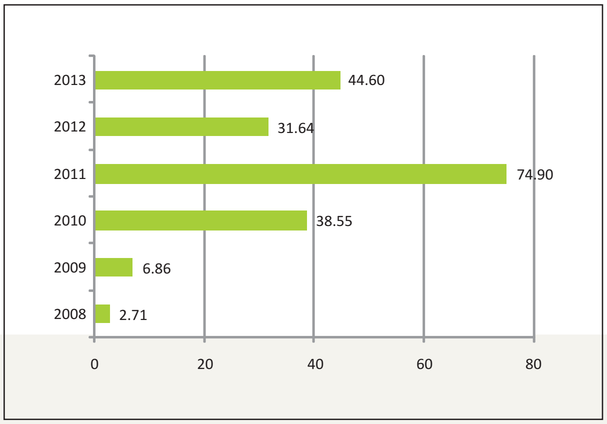
Dividend (In Percentage)



Equity (Rs. In Million)



Earning Per Share (In Rs.)



Board Human Resource Committee

Composition

Khawaja Muhammad Younus
Chairman

Jalaluddin Roomi
Member

Muhammad Muzaffar Iqbal
Member

Terms of Reference

The Committee makes recommendations to the Board for maintaining (i) a sound organizational plan of the Company, (ii) an effective employee development programme and (iii) sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve said objectives.

The Terms of Reference of the Board Human Resource Committee include review and recommendations for the Board's approval, matters relating to:

(i) Changes in organization, functions and relationships affecting management positions.

(ii) Establishment of Human Resource plans and procedures.

(iii) Determination of appropriate limits of authority and approval procedures for personnel matters.

(iv) Review of employee development system and procedures, early identification and development of key personnel and specific succession plans for senior management positions.

(v) Review and evaluation of compensation policies, practices and procedures.

Board Audit Committee

Composition

The Board Audit Committee is composed of the following Directors:

Khawaja Muhammad Ilyas
Chairman

Khawaja Muhammad Younus
Member

Muhammad Muzafar Iqbal
Member

Terms of Reference

The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

(i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.

(ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.

(iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

(iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.

(v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.

(vi) Institute special projects or other investigations on any matters specified by the Board of Directors.

The Board Audit Committee met four (4) times during the year with an average participation of all members.

Statement Of Compliance With The Code Of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance Contained in Listing Regulation No. 37 of the Karachi 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. At present there is no independent non executive director in the Board.

2. The directors have confirmed that none of them is serving as a director in more than ten listed Companies including this Company.

3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DF1 or an NBF1.

4. No casual vacancies were occurred in the Board during the year.

5. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees of the Company.

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 decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

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

9. There were no new appointments of CFO, Company Secretary or head of internal Audit Department during the year.

10. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be.

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

12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share-holding.

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

14. The Board has formed an Audit Committee, which comprises of 3 members.

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

16. The Board has set-up an effective internal audit function.

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

18. The statutory auditors or the persons associated with them have not been appointed to provide other service, except in accordance with the Listing Regulations and the auditors have confirmed that they have observed (IFA) guidelines in this regard.

19. We confirm that all other material principles contained in the Code have been complied.

For and on behalf of the Board of Directors.

Multan: Sd/

Dated: 05 October, 2013 Chairman

Directors Attendance At Board Meetings

From July 1st 2012 to June 30, 2013

Sr. No.	Name	Designation	Meeting Held	Meeting Attended
1.	Khawaja Muhammad Masood	Chairman	4	4
2.	Khawaja Muhammad Iqbal	CEO	4	4
3.	Khawaja Muhammad Ilyas	Director	4	4
4.	Khawaja Muhammad Younus	Director	4	4
5.	Jalal-ud-Din Roomi	Director	4	4
6.	Mrs. Mehr Fatima	Director	4	1
7.	Muhammad Muzaffar Iqbal	Director	4	4

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 contained in the Code of Corporate Governance prepared by the Board of Directors of Mahmood Textile Mills Limited (the Company) to comply with the Listing Regulations of the Karachi Stock Exchange where the Company is listed.

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

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

Further, Listing Regulations of the Karachi Stock Exchange require the Company to place before the Board of Directors for their consideration and approval 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of the related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried-out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Hameed Chaudhri & Co.,
Chartered Accountants.
Audit Engagement Partner Nafees ud din

Lahore:
Dated: 05 October, 2013

Auditors' Report To The Members

We have audited the annexed balance sheet of MAHMOOD TEXTILE MILLS LIMITED (the Company) as at 30 June, 2012 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Hameed Chaudhri & Co.,
Chartered Accountants.
Audit Engagement Partner Nafees ud din

Lahore:
Dated: 05 October, 2013

Balance Sheet

AS AT JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	7	3,056,632,349	2,425,654,697
Long term investments	8	1,073,764,201	921,086,939
Loan to an executive	9	4,500,000	0
Long term deposits	10	8,201,271	44,213,191
		4,143,097,821	3,390,954,827
Current assets			
Stores, spares and loose tools	11	157,458,101	139,743,809
Stock-in-trade	12	3,646,587,131	2,244,874,684
Trade debts	13	539,697,404	693,220,778
Short term investments	14	275,422,630	0
Loans and advances	15	88,463,042	132,340,944
Other receivables	16	70,796,091	153,642,441
Tax refunds due from the Government	17	249,301,731	193,224,817
Cash and bank balances	18	13,845,947	9,118,046
		5,041,572,077	3,566,165,519
TOTAL ASSETS		9,184,669,898	6,957,120,346
EQUITY AND LIABILITIES			
Capital and reserves			
Authorized capital			
30,000,000 ordinary shares of Rs. 10 each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	19	150,000,000	150,000,000
Capital reserve		7,120,600	7,120,600
Unappropriated profit		3,969,603,114	3,450,677,720
		4,126,723,714	3,607,798,320
Liabilities			
Non-current liabilities			
Long term financing	20	1,143,628,695	829,929,547
Deferred taxation	21	115,243,874	115,243,874
		1,258,872,569	945,173,421
Current liabilities			
Trade and other payables	22	817,438,001	865,993,322
Accrued mark-up	23	104,706,463	82,056,308
Short term borrowings	24	2,408,991,217	1,041,514,579
Current maturity of long term financing	20	303,607,674	266,584,396
Taxation	25	164,330,260	148,000,000
		3,799,073,615	2,404,148,605
Total liabilities		5,057,946,184	3,349,322,026
TOTAL EQUITY AND LIABILITIES		9,184,669,898	6,957,120,346
Contingencies and commitments	26		

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

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Profit And Loss Account

FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales - Net	27	14,225,506,412	14,145,533,660
Cost of Sales	28	12,289,367,340	12,489,112,150
Gross Profit		1,936,139,072	1,656,421,510
Distribution Cost	29	574,120,041	423,838,781
Administrative Expenses	30	219,109,395	190,157,124
Other Expenses	31	66,541,404	30,708,551
Other Income	32	(50,284,774)	(218,662)
		809,486,066	644,485,794
Profit from Operations		1,126,653,006	1,011,935,716
Finance Cost	33	469,607,933	471,631,064
		657,045,073	540,304,652
Share of Profit of Associates	8	160,677,262	92,370,725
Profit before Taxation		817,722,335	632,675,377
Taxation	25	148,796,941	158,022,019
Profit after Taxation		668,925,394	474,653,358
Other Comprehensive Income		0	0
Total Comprehensive Income		668,925,394	474,653,358
Earnings Per Share	34	44.60	31.64

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

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2013

	2013 Rupees	2012 Rupees
Cash flows from operating activities		
Profit for the year - before taxation and share of profit of Associates	657,045,073	540,304,652
Adjustments for non-cash charges and other items:		
Depreciation	280,860,831	242,377,894
Loss / (Gain) on sales of operating fixed assets - net	18,357	(58,786)
Loss on sale of investments in Dandot Cement Company Ltd.	11,447,760	0
Fair value gain on re-measurement of short term investments	(16,420,237)	0
Gain on sale of short term investments	(8,678,583)	0
Dividend on short term investments	(25,116,558)	0
Return on bank deposits	(30,096)	(72,630)
Finance cost	469,607,933	471,631,064
Profit before working capital changes	1,368,734,480	1,254,182,194
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(17,714,292)	(9,506,936)
Stock-in-trade	(1,401,712,447)	223,864,167
Trade debts	153,523,374	(86,178,103)
Loans and advances	43,877,902	(59,224,982)
Other receivables	71,398,590	(44,060,838)
Sales Tax refunds	(70,419,210)	(55,943,726)
(Decrease) / Increase in trade and other payables	(62,317,509)	103,110,857
	(1,283,363,592)	72,060,439
Cash generated from operations	85,370,888	1,326,242,633
Income tax paid	(104,715,385)	(144,264,861)
Loan to an executive - net	(4,500,000)	0
Net cash (used in) / generated from operating activities	(23,844,497)	1,181,977,772
Cash flow from investing activities		
Purchase of property, plant and equipment	(957,135,611)	(374,551,476)
Sale proceeds of operating fixed assets	45,278,771	4,158,000
Long term deposits	36,011,920	(1,908,832)
Short term investments - net	(250,323,810)	0
Dividends received on long term and short term investments	33,116,558	10,000,000
Return on bank deposits	30,096	72,630
Net cash used in investing activities	(1,093,022,076)	(362,229,678)
Cash flow from financing activities		
Long term financing - net	350,722,426	(120,929,234)
Dividend paid	(149,646,812)	(149,805,270)
Short term borrowings - net	1,367,476,638	(70,787,135)
Finance cost paid	(446,957,778)	(480,664,739)
Net cash generated from / (used in) financing activities	1,121,594,474	(822,186,378)
Net increase / (decrease) in cash and cash equivalents	4,727,901	(2,438,284)
Cash and cash equivalents - at beginning of the year	9,118,046	11,556,330
Cash and cash equivalents - at end of the year	13,845,947	9,118,046

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

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Statement Of Changes In Equity

FOR THE YEAR ENDED JUNE 30, 2013

	Share capital	Capital reserve	Unappropriated profit	Total
	------------------------ Rupees --------------------			
Balance as at June 30, 2011	150,000,000	7,120,600	3,126,024,362	3,283,144,962
Transactions with owners:				
Final cash dividend for the year ended June 30, 2011 @ Rs.10 per share	0	0	(150,000,000)	(150,000,000)
Total comprehensive income for the year ended June 30, 2012	0	0	474,653,358	474,653,358
Balance as at June 30, 2012	150,000,000	7,120,600	3,450,677,720	3,607,798,320
Transactions with owners:				
Final cash dividend for the year ended June 30, 2012 @ Rs.10 per share	0	0	(150,000,000)	(150,000,000)
Total comprehensive income for the year ended June 30, 2013	0	0	668,925,394	668,925,394
Balance as at June 30, 2013	150,000,000	7,120,600	3,969,603,114	4,126,723,714

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

sd/-
(KH. MUHAMMAD MASOOD)
CHAIRMAN

sd/-
(KH. MUHAMMAD IQBAL)
CHIEF EXECUTIVE OFFICER

sd/-
(KH. MUHAMMAD YOUNUS)
DIRECTOR

sd/-
(MUHAMMAD AMIN PAL)
CHIEF FINANCIAL OFFICER

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2013

1. CORPORATE INFORMATION

Mahmood Textile Mills Limited (the Company) was incorporated in Pakistan on February 25, 1970 as a Public Company and its shares are quoted on the Karachi Stock Exchange. The Company is principally engaged in manufacture and sale of yarn, grey cloth & generation & sale of electricity. The registered office of the Company is situated at Multan whereas the mills are located at District Muzaffargarh, Dera Ghazi Khan Division, Punjab.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

3.1 Accounting Convention

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

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional currency of the Company. All financial information presented in Pak Rupees has been rounded-off to the nearest Rupee, unless otherwise stated.

4. NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

4.1 New standards, amendments to approved accounting standards and interpretations, which became effective during the year ended June 30, 2013

There are certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee, which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

4.2 New standards, amendments to approved accounting standards and new interpretations, which are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the date specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases.

(a) IAS 28 (Revised), 'Associates and joint ventures' (effective for periods beginning on or after January 01, 2013). This standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. The Company is yet to assess the full impact of IAS 28 (Revised).

(b) IAS 32 (Amendment), 'Financial instruments: presentation' (effective for periods beginning on or after January 01, 2014). This amendment updates the application guidance in IAS 32, 'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment does not have any significant impact on the Company's financial statements.

(c) Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 01, 2013. This set of amendments includes changes to five standards: IFRS 1 'First time adoption of IFRSs', IAS 1 'Presentation of financial statements', IAS 16 'Property, plant and equipment', IAS 32 'Financial instruments: presentation' and IAS 34 'Interim financial reporting'. The application of these amendments have no material impact on the Company's financial statements.

(d) IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2015). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.

(e) IFRS 13, 'Fair value measurement' (effective for periods beginning on or after January 01, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance and how it should be applied where its use is already required or permitted by other standards within IFRSs. The Company shall apply this standard from July 01, 2013 and does not expect to have a material impact on its financial statements.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment and depreciation

These are stated at cost less accumulated depreciation and impairment in value, if any, except freehold & leasehold land and capital work-in-progress, which are stated at cost.

Depreciation is charged to income applying reducing balance method to write-off the historical cost and capitalised exchange fluctuations over estimated remaining useful life of the assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 7.1. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month of disposal.

Gains or losses on disposal or retirement of property, plant and equipment are determined as the difference between the sale proceeds and the carrying amount of asset and are included in the profit and loss account.

Normal repairs and maintenance are taken to profit and loss account as and when incurred. Major renewals and replacements are capitalised and the assets so replaced, if any, other than those kept as stand-by, are retired.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

5.2 Long term investments

(a) Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments.

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

(b) Other investments

Other investments where the Company does not have significant influence that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available-for-sale. These investments are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserve in the period in which these arise.

(c) Bonus shares are accounted for by increase in number of shares without any change in value.

5.3 Stores, spares and loose tools

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

5.4 Stock-in-trade

Basis of valuation are as follows:

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

- Cost in relation to work-in-process and finished goods represents the annual average manufacturing cost, which consists of prime cost and appropriate manufacturing overheads.

- Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

5.5 Trade debts and other receivables

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

5.6 Short term investments (at fair value through profit or loss)

Investments at fair value through profit or loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognised in income.

5.7 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.

5.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the balance sheet date.

5.9 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all its eligible employees. Provision is made annually to cover obligation under the scheme. The payable balance of gratuity is paid fully to the employees before the year-end.

5.10 Trade and other payables

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

5.11 Provisions

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

5.12 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax

Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

5.13 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

5.14 Dividend and appropriation to reserves

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

5.15 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include long term investments, loan to an executive, long term deposits, trade debts, short term investments, loans & advances, other receivables, bank balances, long term financing, trade & other payables, accrued mark-up and short term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.16 Off-setting of financial assets and liabilities

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

5.17 Revenue recognition

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

- Local sales through agents are booked on intimation from agents.
- Direct local sales are accounted for when goods are delivered to customers and invoices raised.

- Export sales are booked on despatch of goods.
- Export rebate is accounted for on accrual basis.
- Dividend income is recognised when the right to receive dividend is established.
- Interest / mark-up is accounted for on accrual basis.

5.18 Impairment loss

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

5.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed-out in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.20 Segment reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products being produced and sold, the Company has been organised into three operating segments i.e. spinning, weaving and power.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Finance cost, other income & expenses and taxation are managed at the Company level. Unallocated assets mainly include long term investments, long term deposits, tax refunds due from the Government and cash & bank balances.

6. ACCOUNTING ESTIMATES AND JUDGMENTS

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

6.1 Property, plant and equipment

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

6.2 Stores & spares and stock-in-trade

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

6.3 Provision for impairment of trade debts

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

6.4 Taxation

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2013 Rupees	2012 Rupees
Operating fixed assets	7.1	3,050,204,685	2,393,014,828
Capital work-in-progress	7.5	6,427,664	32,639,869
		3,056,632,349	2,425,654,697

7.1 **Operating fixed assets** - tangible

Particulars	Leasehold land	Owned													Total
		Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Protective dam	Electric installations	Gas installations	Tools and equipment	Computer and accessories	Weighing bridge	
	Rupees														
COST															
Balance as at June 30, 2011	20,755,743	12,137,499	432,534,177	24,714,302	3,419,491,956	8,497,464	66,236,526	3,401,248	5,552,185	146,468,970	2,720,023	7,234,204	21,278,354	3,861,872	4,174,884,523
Additions during the year	0	0	43,215,314	0	331,436,742	917,100	12,668,375	0	955,128	28,932,553	0	120,000	3,358,602	64,000	421,667,814
Disposals during the year	0	0	0	0	(4,770,279)	0	0	0	0	0	0	0	0	0	(4,770,279)
Balance as at June 30, 2012	20,755,743	12,137,499	475,749,491	24,714,302	3,746,158,419	9,414,564	78,904,901	3,401,248	6,507,313	175,401,523	2,720,023	7,354,204	24,636,956	3,925,872	4,591,782,058
Balance as at June 30, 2012	20,755,743	12,137,499	475,749,491	24,714,302	3,746,158,419	9,414,564	78,904,901	3,401,248	6,507,313	175,401,523	2,720,023	7,354,204	24,636,956	3,925,872	4,591,782,058
Additions during the year	0	0	87,785,903	0	818,803,430	924,637	29,287,503	0	0	43,544,925	0	482,791	1,078,370	1,440,257	983,347,816
Disposals during the year	0	0	0	0	(139,264,660)	0	(4,027,320)	0	0	0	0	0	0	0	(143,291,980)
Balance as at June 30, 2013	20,755,743	12,137,499	563,535,394	24,714,302	4,425,697,189	10,339,201	104,165,084	3,401,248	6,507,313	218,946,448	2,720,023	7,836,995	25,715,326	5,366,129	5,431,837,894
DEPRECIATION															
Balance as at June 30, 2011	0	0	234,188,091	10,562,771	1,594,844,627	4,370,380	34,770,525	2,453,660	2,250,836	51,593,488	1,190,096	5,021,940	13,821,710	1,992,277	1,957,060,401
Charge for the year	0	0	21,602,059	1,415,153	197,809,402	465,840	6,643,179	94,759	208,844	10,701,724	152,993	229,226	2,863,500	191,215	242,377,894
Charge on disposals	0	0	0	0	(671,065)	0	0	0	0	0	0	0	0	0	(671,065)
Balance as at June 30, 2012	0	0	255,790,150	11,977,924	1,791,982,964	4,836,220	41,413,704	2,548,419	2,459,680	62,295,212	1,343,089	5,251,166	16,685,210	2,183,492	2,198,767,230
Balance as at June 30, 2012	0	0	255,790,150	11,977,924	1,791,982,964	4,836,220	41,413,704	2,548,419	2,459,680	62,295,212	1,343,089	5,251,166	16,685,210	2,183,492	2,198,767,230
Charge for the year	0	0	27,073,685	1,273,638	226,302,433	533,596	9,328,587	85,283	202,382	12,822,720	137,693	225,132	2,651,079	224,603	280,860,831
Charge on disposals	0	0	0	0	(96,466,926)	0	(1,527,926)	0	0	0	0	0	0	0	(97,994,852)
Balance as at June 30, 2013	0	0	282,863,835	13,251,562	1,921,818,471	5,369,816	49,214,365	2,633,702	2,662,062	75,117,932	1,480,782	5,476,298	19,336,289	2,408,095	2,381,633,209
BOOK VALUE AS AT June 30, 2012	20,755,743	12,137,499	219,959,341	12,736,378	1,954,175,455	4,578,344	37,491,197	852,829	4,047,633	113,106,311	1,376,934	2,103,038	7,951,746	1,742,380	2,393,014,828
BOOK VALUE AS AT June 30, 2013	20,755,743	12,137,499	280,671,559	11,462,740	2,503,878,718	4,969,385	54,950,719	767,546	3,845,251	143,828,516	1,239,241	2,360,697	6,379,037	2,958,034	3,050,204,685
Annual depreciation rate (%)	0	0	10	10	10	10	20	10	5	10	10	10	30	10	

7.2 Leasehold land and buildings on leasehold land represent the leased assets allotted by the Board of Management, Industrial Estate, Multan for a period of 99 years.

7.3 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book Value	Sale proceeds	(Loss)/ gain	Sold through negotiations to:
	----------	----------	Rupees	----------	----------	
Plant and machinery						
Drawing Frames	10,919,992	8,614,390	2,305,602	1,380,000	(925,602)	Al-Barkat Enterprises, 32-KM, Lahore Road, Sheikhupura.
China Scutcher	5,318,090	4,764,881	553,209	500,000	(53,209)	--- do ---
Drawing Frames	8,362,687	3,269,312	5,093,375	5,000,000	(93,375)	--- do ---
Spinning Ring Frames	40,614,936	33,322,409	7,292,527	7,200,000	(92,527)	Allah Wasaya Textile Mills Ltd., Vehari Road, Multan.
High Production Cards	8,105,959	3,780,748	4,325,211	4,800,000	474,789	Fahad Javed Textile Mills Ltd., Lahore.
High Production Cards	5,900,087	2,520,499	3,379,588	3,200,000	(179,588)	Noor Group of Industries, 32-KM, Lahore Road, Sheikhupura.
Murata Autocone Winder	11,497,487	7,658,856	3,838,631	4,700,000	861,369	Pride Spinning Mills (Pvt.) Ltd., Chowk Aziz Hotel, Multan.
High Production Cards	7,719,126	951,600	6,767,526	6,600,000	(167,526)	Rehman Cotton Mills Ltd., Takht Bai Road, Mardan.
Drawing Frames	4,275,720	4,052,380	223,340	253,701	30,361	Sanyo Lahore, Office # 508 Al-Hafeez Shopping Mall, Culberg III, Lahore.
Spinning Ring Frames	8,655,505	4,323,071	4,332,434	4,145,070	(187,364)	Shadman Textile Mills Ltd., City Tower, Lahore.
Murata Autocone Winder	27,895,071	23,208,780	4,686,291	4,700,000	13,709	Zahidjee Textile Mills Ltd., Club Road, Faisalabad.
	139,264,660	96,466,926	42,797,734	42,478,771	(318,963)	
Vehicles						
Toyota Land Cruiser	2,568,000	1,009,056	1,558,944	1,850,000	291,056	Anwar Sharif Motors, Gultex Road, Multan.
Toyota Corolla	1,459,320	518,870	940,450	950,000	9,550	Premier Insurance Ltd., Old Bahawalpur Road, Multan.
	4,027,320	1,527,926	2,499,394	2,800,000	300,606	
	143,291,980	97,994,852	45,297,128	45,278,771	(18,357)	

7.4 Depreciation for the year has been apportioned as under:	**2013 Rupees**	**2012 Rupees**
Cost of sales	268,262,286	232,310,616
Administrative expenses	12,598,545	10,067,278
	280,860,831	242,377,894

	Note	2013 Rupees	2012 Rupees
7.5 Capital work-in-progress			
Plant and machinery - cost and expenses		6,427,664	19,068,814
Advances to suppliers against civil works		0	13,571,055
		6427,664	32,639,869

8. LONG TERM INVESTMENTS

Associated Companies - Un-quoted

	Note	2013 Rupees	2012 Rupees
Masood Spinning Mills Limited			
4,000,000 fully paid ordinary shares of Rs.10 each - **cost**		40,000,000	40,000,000
Equity held: 13.33%			
Post acquisition profit brought forward		162,901,257	136,460,103
		202,901,257	176,460,103
Share of profits			
- current year		54,871,345	35,199,155
- adjustment for last year profits based on audited financial statements		1,045,938	1,241,999
		55,917,283	36,441,154
Dividend received		(8,000,000)	(10,000,000)
		250,818,540	202,901,257
Roomi Fabrics Limited (RFL)			
4,000,000 fully paid ordinary shares of Rs.10 each - **cost**		40,000,000	40,000,000
Equity held: 18.18%			
Post acquisition profit brought forward		243,260,682	187,331,111
		283,260,682	227,331,111
Share of profits			
- current year		72,324,241	57,997,488
- adjustment for last year profits based on audited financial statements - net	8.1	32,435,738	(2,067,917)
		104,759,979	55,929,571
		388,020,661	283,260,682
Others - Un-quoted			
Orient Power Company (Pvt.) Limited (OPCL)			
39,842,500 fully paid ordinary shares of Rs. 10 each - **cost**	8.3	434,925,000	434,925,000
		1,073,764,201	921,086,939

8.1 These adjustments represent the Company's share of the following, which were either not or excess recognised in the draft financial statements of RFL:

- fair value gain on remeasurement of available-for-sale investments	42,222,899
- reversal of excess recognition of profit	(9,787,161)
	32,435,738

8.2 Summarised financial information of Masood Spinning Mills Limited and Roomi Fabrics Limited, based on the un-audited financial statements for the year ended June 30, 2013, is as follows:

	2013 Rupees	2012 Rupees
Masood Spinning Mills Limited		
Total assets	3,497,612,921	2,482,637,831
Total liabilities	1,616,003,471	960,497,872
Revenue for the year	4,590,985,509	4,561,562,223
Profit after tax for the year	411,637,995	264,059,675
Roomi Fabrics Limited		
Total assets	3,512,378,801	3,047,517,880
Total liabilities	1,378,051,730	1,489,428,319
Revenue for the year	4,996,080,990	5,421,862,701
Profit after tax for the year	397,823,107	319,018,087

8.3 **(a)** The Company, on June 22, 2010, had entered into a shares subscription agreement with OPCL, which is engaged in generation of 225 MW electric power. The project is located near Balloki, District Kasur, Punjab. As per the agreement terms, the Company had agreed to purchase 27,500,000 shares of OPCL at a price of Rs.11 per share.

(b) The Company, during year ended June 30, 2011, had acquired 36,500,000 shares at a price of Rs.11 per share as per the shares subscription agreement entered into with OPCL and 3,342,500 right shares at a price of Rs.10 per share.

9. LOAN TO AN EXECUTIVE

	2013	2012
Unsecured - considered good		
Loan advanced during the year	6,000,000	0
Add: mark-up accrued during the year	195,000	0
Less: deductions made during the year	300,000	0
Closing balance	5,895,000	0
Less: recoverable within one year		
- principal	1,200,000	0
- mark-up	195,000	0
	1,395,000	0
	4,500,000	0

9.1 This loan carries mark-up at the rate of 10% per annum and is advanced for personal use in accordance with the terms of employment. The outstanding balance of this loan along with mark-up is recoverable in fifty seven equal monthly instalments ending March, 2018.

9.2 This loan has been carried at cost as the effect of carrying this balance at amortised cost is not material in the overall context of these financial statements.

9.3 The maximum aggregate amount of loan to an executive at any month-end during the year was Rs.6,000,000 (2012: Rs.Nil).

10. LONG TERM DEPOSITS

Sui Northern Gas Pipelines Ltd., during the year, has refunded deposits aggregating Rs.35.868 million as the Company has provided bank guarantees as security for gas connections.

	Note	2013 Rupees	2012 Rupees
11. STORES, SPARES AND LOOSE TOOLS			
Stores including in-transit inventory valuing Rs.18,156,092 (2012: Rs.1,810,532)		82,341,220	74,349,578
Spares		74,805,419	65,137,383
Loose tools		311,462	256,848
		157,458,101	139,743,809

11.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	Note	2013 Rupees	2012 Rupees
12. STOCK-IN-TRADE			
Raw materials including in-transit inventory valuing Rs.69,261,365 (2012: Rs.71,705,084)	12.1	2,725,170,066	1,510,421,363
Work-in-process		103,560,454	99,005,434
Finished goods			
- own manufactured		808,313,121	635,447,887
- trading		9,543,490	0
		817,856,611	635,447,887
		3,646,587,131	2,244,874,684

12.1 Raw materials inventory as at June 30, 2013 includes inventory costing Rs.81.146 million (2012: Rs.275.130 million), which has been stated at net realisable value; the amount charged to profit and loss account in respect of inventory write down to net realisable value worked-out to Rs.14.523 million (2012: Rs.101.286 million) approximately.

	Note	2013 Rupees	2012 Rupees
13. TRADE DEBTS			
Unsecured			
- considered good		173,822,958	136,718,593
Secured			
- local		51,927,085	98,916,868
- export		313,947,361	457,585,317
		365,874,446	556,502,185
		539,697,404	693,220,778
14. SHORT TERM INVESTMENTS - Quoted (at fair value through profit or loss)			
Bank Alfalah Ltd. - 15,116,500 shares of Rs.10 each		259,002,393	0
Add: adjustment on re-measurement to fair value		16,420,237	0
		275,422,630	0

	Note	2013 Rupees	2012 Rupees
15. LOANS AND ADVANCES			
Advances to:			
- executives		438,990	2,498,747
- employees		6,177,770	4,841,456
- suppliers and contractors		53,959,030	92,108,487
Advance customs duty, sales tax and income tax		7,887,873	0
Current portion of loan to an executive	9	1,395,000	0
Deposit with Sui Northern Gas Pipelines Ltd.	26.2	16,508,070	15,800,000
Deposit against infrastructure cess	26.3	0	16,244,706
Letters of credit		2,096,309	847,548
		88,463,042	132,340,944

16. OTHER RECEIVABLES

	Note	2013 Rupees	2012 Rupees
Export rebate receivable		239,376	377,997
Cotton claims receivable		1,410,995	778,581
Receivable against sale of shares	16.1	67,946,912	83,546,912
Insurance claims receivable		0	67,261,763
Containers' deposits		151,327	230,920
Others		1,047,481	1,446,268
		70,796,091	153,642,441

16.1 **(a)** This represents amount receivable from Three Star Hosiery Mills (Pvt.) Ltd. [TSHM] against sale of 4,284,457 shares of Dandot Cement Company Ltd. (DCCL) sold at the rate of Rs.19.50 per share vide agreement dated September 11, 2008. These shares were sold against post dated cheques of Rs.83.546 million, which could not be encashed on their due dates.

(b) Initially, the Company had transferred one million shares to a director of TSHM on May 29, 2008 whereas another transfer of one million shares to the same director of TSHM was made on June 02, 2008. Against both the transfers, the Company had received two post dated cheques, which were due on August 18, 2008 and September 16, 2008 respectively. Later on, at the request of TSHM, the Company had entered into an agreement for sale of all the shares of DCCL including the balance left with it and its Associated Companies. The Company had handed-over to TSHM CDC transfer orders and against them TSHM issued post dated cheques; the aforementioned two cheques were also included in that agreement with new payment date.

(c) TSHM had also failed to make payment of mark-up on delayed payments as per terms of the agreement i.e. TSHM was liable to pay mark-up at the rate of 3-months KIBOR plus 2% per annum for the delayed period.

(d) The Company, through its legal counsel, had issued legal notices to TSHM for recovery of outstanding amounts and mark-up thereon on March 31, 2009 and May 20, 2009; TSHM failed to make payments even in response to the legal notices issued by the Company. Consequently, the Company had filed a suit in the Court of District Judge, Multan for recovery of the outstanding amounts along with mark-up at the rate of 3-months KIBOR + 2% per annum to be calculated on daily product basis from date of the cheques till the final realisation of the amount due. Mark-up on the balance receivable from TSHM amounting Rs.41.262 million approximately has not been accrued in these financial statements as the ultimate outcome of the matter depends upon judgment of the Court. The proceedings of the Court are still in progress.

(e) The management, during the year, has sold 800,000 shares of DCCL having carrying value of Rs.15,600,000 against consideration of Rs.4,152,240. These shares were part of the total holding of 4,284,457 shares sold to TSHM; however, TSHM had not accepted ownership of these shares and these shares were in the CDC account of the Company. Loss amounting Rs.11,447,760 arisen on this sale transaction has been grouped under other expenses (note 31). Receivable from TSHM has been reduced with Rs.15,600,000.

	Note	2013 Rupees	2012 Rupees
17. TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax refundable, advance tax and tax deducted at source		112,897,418	127,239,714
Sales tax refundable		136,404,313	65,985,103
		249,301,731	193,224,817
18. CASH AND BANK BALANCES			
Cash-in-hand		1,909,591	1,838,919
Cash at banks on:			
- current accounts		11,632,960	7,071,189
- saving accounts	**18.1**	303,396	207,938
		11,936,356	7,279,127
		13,845,947	9,118,046

18.1 These carry profit at the rates ranging from 1% to 2% (2012: 1% to 2%) per annum.

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013 (No. of shares)	2012 (No. of shares)		2013 Rupees	2012 Rupees
6,288,800	6,288,800	Ordinary shares of Rs. 10 each fully paid in cash	62,888,000	62,888,000
11,000	11,000	Ordinary shares of Rs. 10 each issued as fully paid against shares of Mahmood Power Generation Ltd. upon merger	110,000	110,000
8,700,200	8,700,200	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	87,002,000	87,002,000
15,000,000	15,000,000		150,000,000	150,000,000

19.1 Ordinary shares held by the related parties at the reporting date are as follows:

	2013	2012
	-- Number of shares --	
Roomi Fabrics Limited	142,954	104,654
Masood Spinning Mills Limited	172,974	157,005
	315,928	261,659

19.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All the shares rank equally with regard to the Company's residual assets.

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

19.4 The Company has no reserved shares for issuance under options and sale contracts.

	Note	2013 Rupees	2012 Rupees
20. LONG TERM FINANCING - Secured			
From banking companies			
United Bank Limited (UBL)	20.1	571,231,497	540,514,721
Habib Bank Limited (HBL)	20.2	426,004,872	555,999,222
MCB Bank Limited (MCB)	20.3	450,000,000	0
Balance as at June 30,		1,447,236,369	1,096,513,943
Less: current portion grouped under current liabilities:			
- UBL		156,550,322	136,590,046
- HBL		109,557,352	129,994,350
- MCB		37,500,000	0
		303,607,674	266,584,396
		1,143,628,695	829,929,547

	No. of instalments and repayment commencement date	Rate of mark-up per annum	2013 Rupees	2012 Rupees
20.1 UBL				
Demand Finance-NIDF-III	10 Half yearly February, 2009	1.5% over 6 months KIBOR	0	8,691,708
Demand Finance-NIDF-V	12 Half yearly June, 2009	-do-	3,183,960	5,306,600
Demand Finance-NIDF-VI	10 Half yearly November, 2012	1.75% over 6 months KIBOR	53,670,661	67,088,325
Demand Finance-NIDF-VIII	10 Half yearly July, 2013	-do-	48,766,925	48,766,925
Demand Finance-NIDF-X	10 Half yearly August, 2012	2% over 6 months KIBOR	49,755,278	49,755,278
Demand Finance-NIDF-XI	10 Half yearly April, 2014	-do-	160,231,240	0
Balance c/f			315,608,064	179,608,836

	No. of instalments and repayment commencement date	Rate of mark-up per annum	2013 Rupees	2012 Rupees
Balance b/f			315,608,064	179,608,836
State Bank of Pakistan - Export Oriented Projects				
- Finance No.1	9 Half-yearly May, 2010	2% p.a. over the rate of refinance as worked-out by SBP	20,229,571	40,459,141
- Finance No. 2	9 Half-yearly June, 2010	-do-	4,501,002	9,002,004
- Finance No. 3	9 Half-yearly June, 2010	-do-	255,119	510,238
- Finance No. 4	9 Half-yearly January, 2010	-do-	17,541,242	35,082,484
- Finance No. 5	11 Half-yearly May, 2010	-do-	18,773,600	28,160,400
- Finance No. 6	11 Half-yearly May, 2010	-do-	7,668,338	11,502,506
- Finance No. 7	11 Half-yearly June, 2010	-do-	10,678,600	16,017,900
- Finance No. 8	11 Half yearly June, 2010	-do-	3,273,335	4,910,002
- Finance No. 9	12 Half yearly January, 2010	-do-	3,020,000	4,228,000
- Finance No. 10	12 Half yearly April, 2010	-do-	16,602,081	23,242,915
- Finance No. 11	12 Half yearly March, 2010	-do-	1,818,331	2,545,665
- Finance No. 12	12 Half yearly June, 2010	-do-	18,293,335	25,610,669
- Finance No. 13	12 Half yearly September, 2010	-do-	17,000,002	22,666,668
- Finance No. 14	12 Half yearly September, 2010	-do-	20,000,002	26,666,668
- Finance No. 15	16 Half yearly May, 2012	As stipulated by SBP	56,593,875	65,300,625
- Finance No. 16	16 Half yearly July, 2012	-do-	39,375,000	45,000,000
			571,231,497	540,514,721

	No. of instalments and repayment commencement date	Rate of mark-up per annum	2013 Rupees	2012 Rupees
20.2 HBL				
Demand Finance - I	14 half yearly April, 2006	1% over 6 months KIBOR	0	26,528,187
Demand Finance - II	24 quarterly April, 2012	2% over 3 months KIBOR	6,997,662	8,470,854
Demand Finance - III	24 quarterly April, 2012	-do-	13,959,901	16,898,828
Demand Finance - IV	24 quarterly May, 2012	-do-	68,713,975	83,180,075
Demand Finance - V	24 quarterly June, 2012	-do-	47,261,550	57,211,350
Demand Finance - VI	24 quarterly October, 2012	-do-	41,134,624	47,011,000
Demand Finance - VII	24 quarterly May, 2013	- do -	9,929,376	10,361,088
Term Loan-I	12 half-yearly May, 2011	2% over 6 months KIBOR	51,068,967	65,660,100
Term Loan-II	10 half-yearly November, 2011	1.75% over 3 months KIBOR	120,000,000	160,000,000
Finance Against Fixed Assets - I	12 half-yearly February, 2011	2% over 6 months KIBOR	3,747,177	4,817,799
Finance Against Fixed Assets - II	10 Half-yearly December, 2010	-do-	5,066,400	7,599,600
Export Oriented Projects				
- Finance No.1	12 half-yearly February, 2011	10.25% flat	3,747,177	4,817,799
- Finance No.2	10 half-yearly December, 2010	10.40% flat	4,187,200	6,280,800
- Finance No.3	10 half-yearly December, 2010	11.10% flat	879,200	1,318,800
- Finance No.4	24 equal quarterly April, 2012	11.20% flat	6,997,662	8,470,854
- Finance No.5	24 equal quarterly October, 2012	12.70% flat	32,384,625	37,011,000
- Finance No.6	24 equal quarterly May, 2013	12.70% flat	9,929,376	10,361,088
			426,004,872	555,999,222
20.3 MCB				
Demand Finance - I	12 half-yearly April, 2014	2% over 6 months KIBOR	450,000,000	0

20.4 (a) The finance facilities available from UBL are secured against first charge over all present and future fixed assets including land and buildings of Units 4 & 5 of the Company to the tune of Rs.1.155 billion.

(b) The Company, during the current year, has obtained a demand finance facility of Rs.160.231 million from UBL.

20.5 The finance facilities available from HBL are secured against first pari passu charge on entire fixed assets on land consisting total area of 219 kanals and 6 marlas situated at District Muzaffargarh and exclusive charge on plant & machinery imported through HBL.

20.6 The Company, during the current year, has obtained a demand finance facility of Rs.450 million from MCB, which is secured against first exclusive charge of Rs.450 million over specific plant & machinery imported through MCB.

20.7 The effective mark-up rates that prevailed during the year on these finance facilities ranged from 7% to 14.06% per annum (2012: 7% to 15.80% per annum).

21. DEFERRED TAXATION

The Company's income for the current year is chargeable to tax under presumptive tax regime of the Income Tax Ordinance, 2001; however, deferred taxation has been recognised as the management is not certain whether income for the subsequent years will be chargeable to tax under presumptive tax regime or normal tax regime.

22. TRADE AND OTHER PAYABLES

	Note	2013 Rupees	2012 Rupees
Creditors		70,152,003	91,805,605
Bills payable - secured	22.1	57,376,884	28,699,521
Due to an associated undertaking	22.2	296,386,218	443,237,462
Accrued expenses		285,994,996	241,132,297
Advances from customers		23,941,195	5,971,864
Tax deducted at source		4,796,600	0
Workers' (profit) participation fund	22.3	35,287,000	28,437,087
Workers' welfare fund		36,201,610	22,792,610
Unclaimed dividends		915,938	562,750
Others		6,385,557	3,354,126
		817,438,001	865,993,322

22.1 These are secured against the securities as detailed in note 24.2.

22.2 This represents amounts payable to M/s Khawaja Muzaffar Mahmood Muhammad Masood on account of normal trading transactions.

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

	2013	2012
Opening balance	28,437,087	60,255,960
Add:		
- interest on funds utilised in the Company's business	7,128,750	15,476,702
- allocation for the year	35,287,000	28,437,087
	42,415,750	43,913,789
	70,852,837	104,169,749
Less:		
- amount paid to the fund	35,562,551	75,729,200
- amount deposited with the Government Treasury	3,286	3,462
	35,565,837	75,732,662
Closing balance	35,287,000	28,437,087

* The Fund's audit for the period from July 01, 2012 to October 30, 2012 was carried-out by M/s Ghazi & Co., Chartered Accountants, Abdali Road, Multan.

		2013 Rupees	2012 Rupees
23. ACCRUED MARK-UP			
Mark-up accrued on:			
- long term financing		37,441,265	33,080,815
- short term borrowings		67,265,198	48,975,493
		104,706,463	82,056,308
24. SHORT TERM BORROWINGS			
Secured			
- Short term borrowings	24.1	712,123,734	241,094,899
- Short term running finances	24.1	1,695,776,686	800,419,680
		2,407,900,420	1,041,514,579
Un-secured			
- Temporary bank overdrafts		1,090,797	0
		2,408,991,217	1,041,514,579

24.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.11.150 billion (2012: Rs.10.190 billion) including facilities aggregating Rs.4.400 billion (2012: Rs.1.700 billion) available on Group basis. These finance facilities, during the year, carried mark-up at the rates ranging from 9.89% to 14.79% (2012: 12.55% to 15.29%) per annum. The aggregate finance facilities are secured against charge over the Company's current assets, lien over export bills and banks' lien over letters of credit. These facilities are expiring on various dates by April 30, 2014.

24.2 Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs.2.790 billion (2012:Rs.2.665 billion) including facilities aggregating Rs.0.650 billion (2012:Rs.0.650 billion) available on Group basis. Out of the available facilities, facilities aggregating Rs.2.365 billion (2012: Rs.1.968 billion) remained unutilised at the year-end. These facilities are secured against lien over import documents and charge over current assets of the Company. These facilities are expiring on various dates by April 30, 2014.

	2013 Rupees	2012 Rupees
25. TAXATION - Net		
Opening balance	148,000,000	157,000,000
Add: provision / (reversal) made during the year for:		
- current year	151,000,000	148,000,000
- prior years - net	(2,203,059)	10,022,019
	148,796,941	158,022,019
	296,796,941	315,022,019
Less: payments / adjustments made during the year against completed assessments	132,466,681	167,022,019
Closing balance	164,330,260	148,000,000

25.1 Income tax assessments of the Company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the year ended June 30, 2012.

25.2 No numeric tax rate reconciliation is presented in these financial statements as the Company is only liable to pay tax due under sections 5 (tax on dividends), 113 (minimum tax on turnover) and 154 (tax on export proceeds) of the Ordinance.

26. CONTINGENCIES AND COMMITMENTS

26.1 Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs.302.599 million as at June 30, 2013 (2012: Rs.105.502 million).

26.2 Sui Northern Gas Pipelines Ltd. (SNGPL) raised arrears demand aggregating Rs.39.462 million from the Company against the charge that sui gas meter of the Company was not working properly. The Company challenged the said demand by filing a petition before the General Manager SNGPL, Lahore (the GM). The Company, as per direction of the GM, deposited Rs.16.508 million representing 42% of the demand under protest and grouped it under advances (note 15). The GM formed a Committee to probe into the matter. If the case is decided in the Company's favour, the Company will receive back 42% of the demand paid under protest; otherwise the Company will have to deposit the remaining demand of Rs.22.954 million.

26.3 The Company had challenged the imposition of infrastructure cess by the Directorate of Excise & Taxation, Karachi (the Directorate) at the rate of 0.85% of the value of imported goods by filing a suit before the High Court of Sindh at Karachi (the Court). The Court had directed the Company to furnish a bank guarantee covering the disputed amount of cess. The Company, during the period from December 28, 2006 to May 30, 2011, had utilised bank guarantees to the tune of Rs.32.489 million. The Directorate, vide its letter dated July 13, 2011, had requested the Company to furnish a bank guarantee of 50% of the aforementioned amount along with a demand draft for the balance 50% of the aforementioned amount in order to return of the previous bank guarantees.

The Company had submitted a bank draft amounting Rs.16.245 million to the Directorate during September, 2011, which was grouped under advances (note 15). Habib Bank Ltd., on behalf of the Company in consideration of allowing the release of consignments imported from time to time for the purpose of carriage of goods by road within the province of Sindh, has undertaken and guaranteed to pay an amount of Rs.16.245 million to the Directorate in case if the Court decides that the cess imposed under the Sindh Finance Act, 1994 is lawful and validly imposed. The bank guarantee is valid upto August 15, 2013. The management, during the current year, has expensed the advance of Rs.16.245 million as it is highly unlikely that this balance will be realised.

26.4 Foreign bills discounted outstanding as at June 30, 2013 aggregated Rs.2.251 billion (2012: Rs.0.561 billion).

26.5 No discounted local bills were outstanding as at June 30, 2013 (local bills discounted outstanding as at June 30, 2012 aggregated Rs.10.791 million).

	2013	2012
26.6 Commitments for irrevocable letters of credit:	**(Rupees in million)**	
- capital expenditure	10.700	512.907
- others	54.428	49.861
	65.128	562.768

	Note	2013 Rupees	2012 Rupees
27. SALES - Net			
LOCAL			
Own produced:			
- yarn		1,675,880,386	1,157,020,496
- cloth		136,127,092	25,686,468
- electricity sales to Multan Electric Power Company Ltd. (MEPCO)		88,573,347	699,068,897
- waste		237,895,945	296,876,279
- doubling / sizing income		7,566,838	6,011,201
		2,146,043,608	2,184,663,341
Purchased products:			
- cotton		98,899,476	280,802,233
- yarn		61,104,865	209,626,466
- cloth		1,426,110	295,377
		161,430,451	490,724,076
	27.1	2,307,474,059	2,675,387,417
EXPORT			
Own produced:			
- yarn		8,178,681,426	7,470,654,985
- cloth		2,216,746,698	2,520,827,698
- waste		119,299,712	122,640,547
		10,514,727,836	10,114,123,230
Purchased products:			
- yarn		1,403,304,517	1,347,520,042
- waste		0	8,502,971
		1,403,304,517	1,356,023,013
	27.2	11,918,032,353	11,470,146,243
		14,225,506,412	14,145,533,660

27.1 Local sales have been shown after deduction of sales tax aggregating Rs.50.401 million (2012: Rs.111.851 million).

27.2 Loss aggregating Rs.9.836 million (2012: gain aggregating Rs.73.123 million) arisen upon realisation of foreign currency export debtors has been grouped under export sales.

28. COST OF SALES

	Note	2013 Rupees	2012 Rupees
Raw materials consumed	28.1	8,463,623,525	8,082,137,470
Stores and spares consumed		322,716,308	233,411,006
Packing materials consumed		164,530,720	146,350,846
Salaries, wages and benefits	28.4	634,329,823	504,091,946
Power and fuel		1,132,998,868	1,448,681,976
Repair and maintenance		26,479,654	14,834,779
Depreciation		268,262,286	232,310,616
Insurance		75,399,964	52,111,099
Doubling charges		38,198,947	56,213,085
		11,126,540,095	10,770,142,823
Adjustment of work-in-process			
Opening		99,005,434	102,755,212
Closing		(103,560,454)	(99,005,434)
		(4,555,020)	3,749,778
Cost of goods manufactured		11,121,985,075	10,773,892,601
Adjustment of finished goods			
Opening stock		635,447,887	870,274,312
Closing stock		(808,313,121)	(635,447,887)
		(172,865,234)	234,826,425
Cost of goods sold - Own manufactured		10,949,119,841	11,008,719,026
Cost of goods sold - Purchased products			
Purchases		1,349,790,989	1,480,393,124
Closing stock		(9,543,490)	0
		1,340,247,499	1,480,393,124
		12,289,367,340	12,489,112,150

28.1 Raw materials consumed

	Note	2013 Rupees	2012 Rupees
Opening stock		1,510,421,363	1,495,709,327
Purchases and purchase expenses		7,399,028,881	5,829,193,053
Transfer from Ginning Section - net	28.3	2,269,388,644	2,263,916,599
		9,668,417,525	8,093,109,652
		11,178,838,888	9,588,818,979
Less: closing stock		(2,725,170,066)	(1,510,421,363)
		8,453,668,822	8,078,397,616
Cotton cess		9,954,703	3,739,854
		8,463,623,525	8,082,137,470

28.2 Insurance claims aggregating Rs.5.916 million (2012: Rs.17.447 million), against loss of raw materials due to fire and quality claims lodged with suppliers, have been adjusted against raw materials consumption for the year.

	Note	2013 Rupees	2012 Rupees
28.3 Production cost of Ginning Section - Net			
Raw materials consumed including local taxes aggregating Rs. 4,237,577 (2012: Rs. 5,275,026)		2,649,464,563	3,070,233,584
Lease charges		1,600,000	1,600,000
Salaries, wages and benefits		43,607,358	44,226,514
Travelling and conveyance		1,877,391	576,411
Repair and maintenance		12,727,167	9,735,253
Stores consumption		9,886,784	12,747,175
Utilities		39,150,263	35,928,550
Entertainment		919,966	729,040
Stationery		178,915	190,940
Communication		206,110	272,992
Insurance		5,517,492	4,356,355
Bank charges		4,914,087	9,327,751
Export expenses		0	2,654,354
Others		1,426,425	1,757,044
		2,771,476,521	3,194,335,963
Less:			
- sale of cotton seed		502,087,877	634,711,448
- cotton sale - local		0	238,812,023
- cotton sale - export		0	56,895,893
		502,087,877	930,419,364
Transferred to Spinning Section		2,269,388,644	2,263,916,599

The Company has acquired three Cotton Ginning Factories on operating lease; their total cost of production, after adjustment of sale of cotton seed (2012: cotton sold to outsiders as well), has been transferred to Spinning Section as raw materials cost.

28.4 Expense for the year includes staff retirement benefits - gratuity amounting Rs.28.671 million (2012: Rs.29.603 million).

29. DISTRIBUTION COST

	2013 Rupees	2012 Rupees
Advertisement	933,310	543,154
Export expenses	202,541,891	131,922,698
Commission	276,226,790	200,741,797
Export development surcharge	19,443,848	19,708,061
Freight and other expenses	74,974,202	70,923,071
	574,120,041	423,838,781

	Note	2013 Rupees	2012 Rupees
30. ADMINISTRATIVE EXPENSES			
Salaries and benefits	30.1	54,192,969	44,713,642
Travelling and conveyance	30.2	58,673,898	50,796,187
Rent, rates and taxes		852,367	761,896
Entertainment		9,283,970	7,706,496
Utilities		9,110,488	5,848,472
Communication		12,921,542	14,290,944
Printing and stationery		8,445,522	4,811,973
Insurance		1,457,532	1,752,787
Repair and maintenance		8,068,953	13,093,503
Vehicles' running and maintenance		19,702,271	16,266,281
Subscription		5,321,094	4,122,823
Auditors' remuneration:			
- statutory audit		1,000,000	1,000,000
- half yearly review		100,000	100,000
- certification charges		11,500	11,500
		1,111,500	1,111,500
Legal and professional charges (other than Auditors)		966,765	511,440
Depreciation		12,598,545	10,067,278
General		16,401,979	14,301,902
		219,109,395	190,157,124

30.1 Expense for the year includes staff retirement benefits - gratuity amounting Rs.4.639 million (2012: Rs.3.675 million).

30.2 These include directors' travelling expenses aggregating Rs.46.797 million (2012: Rs.43.181 million).

	Note	2013 Rupees	2012 Rupees
31. OTHER EXPENSES			
Donations (without directors' interest)		6,377,713	2,264,000
Loss on sale of operating fixed assets - net	7.3	18,357	0
Workers' (profit) participation fund		35,287,000	28,437,087
Workers' welfare fund		13,409,000	0
Loss on sale of investments in Dandot Cement Company Ltd.	16.1(e)	11,447,760	0
Others		1,574	7,464
		66,541,404	30,708,551

	Note	2013 Rupees	2012 Rupees
32. OTHER INCOME			
Income from financial assets			
Return on bank deposits		30,096	72,630
Dividend on short term investments		25,116,558	0
Fair value gain on re-measurement of short term investments	14	16,420,237	0
Gain on sale of short term investments	32.1	8,678,583	0
Income from non-financial assets			
Rent		39,300	75,600
Export rebate		0	11,646
Gain on sale of operating fixed assets - net		0	58,786
		50,284,774	218,662

32.1 This represents gain arisen upon sale of 6,025,000 units of JS Growth Fund; these units were purchased and sold during the year.

	2013 Rupees	2012 Rupees
33. FINANCE COST - Net		
Interest / mark-up on:		
- long term financing - net of mark-up subsidy Rs. 2,147,087 (2012: Rs.Nil)	148,765,323	142,004,599
- short term borrowings - net of mark-up accrued on loan advanced to an executive Rs.195,000 (2012: Rs. Nil)	273,326,199	270,481,849
- workers' (profit) participation fund	7,128,750	15,476,702
Bank charges and commission	40,387,661	43,667,914
	469,607,933	471,631,064

34. EARNINGS PER SHARE

34.1 Basic

Basic earnings per share has been computed by dividing the net profit for the year after taxation by the weighted average number of ordinary shares outstanding during the year.

	2013	2012
Profit after taxation attributable to ordinary shareholders	668,925,394	474,653,358
	No. of shares	
Weighted average number of ordinary shares outstanding during the year	15,000,000	15,000,000
	Rupees	**Rupees**
Earnings per share	44.60	31.64

34.2 Diluted

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

35. SEGMENT INFORMATION

Segment analysis

	Spinning	Weaving	Power	Total
	----------	Rupees	----------	
Year ended June 30, 2013				
Revenue	11,760,579,830	2,376,353,236	88,573,347	14,225,506,413
Segment results	1,100,262,768	46,267,634	(3,620,766)	1,142,909,636
Year ended June 30, 2012				
Revenue	10,899,655,220	2,546,809,543	699,068,897	14,145,533,660
Segment results	962,441,820	156,776,370	(76,792,586)	1,042,425,605

Reconciliation of segment results with profit from operations:

	2013 Rupees	2012 Rupees
Total results for reportable segments	1,142,909,636	1,042,425,605
Other expenses	(66,541,404)	(30,708,551)
Other income	50,284,774	218,662
Finance cost	(469,607,933)	(471,631,064)
Profit from Associates	160,677,262	92,370,725
Profit before taxation	817,722,335	632,675,377

Information on assets and liabilities by segment is as follows:

	Spinning	Weaving	Power	Total
	----------	Rupees	----------	
As at June 30, 2013				
Segment assets	6,122,673,630	1,131,831,723	278,433,245	7,532,938,598
Segment liabilities	2,834,637,656	87,351,445	232,035,569	3,154,024,670
As at June 30, 2012				
Segment assets	4,237,145,582	1,058,042,768	376,980,171	5,672,168,521
Segment liabilities	1,264,362,235	278,299,092	3,518,211	1,546,179,538

Reconciliation of segments assets and liabilities with totals in the balance sheet is as follows:

	As at June 30, 2013		As at June 30, 2012	
	Assets	Liabilities	Assets	Liabilities
	----------	Rupees	----------	
Total for reportable segments	7,532,938,598	3,154,024,670	5,672,168,521	1,546,179,538
Unallocated assets/liabilities	1,651,731,300	1,903,921,514	1,284,951,825	1,803,142,488
Total as per balance sheet	9,184,669,898	5,057,946,184	6,957,120,346	3,349,322,026

Sales to domestic customers in Pakistan are 16.22% (2012: 18.91%) and to customers outside Pakistan are 83.78% (2012: 81.09%) of the revenues during the year.

The Company's customer base is diverse with no single customer accounting for more than 10% of net revenues.

Geographical Segments
All segments of the Company are managed on nation-wide basis and operate manufacturing facilities and sale offices in Pakistan.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

36.1 Financial Risk Factors

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

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

36.2 Market risk

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

(a) Currency risk

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

	2013			
	Rupees	**U.S.$**	**Euro**	**JPY**
Trade debts	(313,947,361)	(3,199,120)	0	0
Bills payable	57,376,884	579,857	0	0
Gross balance sheet exposure	(256,570,477)	(2,619,263)	0	0
Outstanding letters of credit	65,127,672	528,206	62,753	4,764,700
Net exposure	(191,442,805)	(2,091,057)	62,753	4,764,700

	2012			
	Rupees	**U.S.$**	**Euro**	**JPY**
Trade debts	(457,585,317)	(4,856,155)	0	0
Bills payable	28,699,521	302,795	0	0
Gross balance sheet exposure	(428,885,796)	(4,553,360)	0	0
Outstanding letters of credit	562,768,064	638,967	2,094,720	214,006,609
Net exposure	133,882,268	(3,914,393)	2,094,720	214,006,609

The following significant exchange rates have been applied:

	Average rate 2013	Average rate 2012	Balance sheet date rate 2013	Balance sheet date rate 2012
U.S. $ to Rupee	96.58	90.10	98.95 / 98.75	94.4 / 94.2
EURO to Rupee	123.70	121.09	129.12	118.28
Yen to Rupee	1.0945	1.1290	0.9988	1.1901

Sensitivity analysis

At June 30, 2013, if Rupee had strengthened by 10% against U.S.$ with all other variables held constant, profit after taxation for the year would have been lower by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign currency financial assets and liabilities.

	2013 Rupees	2012 Rupees
Effect on profit for the year:		
U.S. $ to Rupee	25,657,048	42,888,580

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

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

(b) Interest rate risk

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

	2013 Effective mark-up rate %	2012 Effective mark-up rate %	2013 Carrying amount -------- (Rupees) --------	2012 Carrying amount -------- (Rupees) --------
Fixed rate instruments				
Financial assets				
Bank balances at saving accounts	1% to 2%	1% to 2%	303,396	207,938
Variable rate instruments				
Financial liabilities				
Long term financing	7% to 14.60%	7% to 15.80%	1,447,236,369	1,096,513,943
Short term borrowings	9.89% to 14.79%	12.55% to 15.29%	2,407,900,420	1,041,514,579

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2013, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been

Rs.38,551 thousand (2012: Rs.21,380 thousand) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

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

36.3 Credit risk exposure and concentration of credit risk

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

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

Credit risk primarily arises from trade debts, investments, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 60 to 90 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2013 along with comparative is tabulated below:

	2013 Rupees	2012 Rupees
Long term investments	434,925,000	434,925,000
Loan to an executive	5,895,000	0
Long term deposits	8,201,271	44,213,191
Trade debts	539,697,404	693,220,778
Short term investments	275,422,630	0
Loans and advances	6,616,760	7,340,203
Other receivables	70,796,091	153,642,441
Bank balances	11,936,356	7,279,127
	1,353,490,512	1,340,620,740

Trade debts exposure by geographic region is as follows:

Domestic	225,750,043	235,635,461
Export	313,947,361	457,585,317
	539,697,404	693,220,778

The majority of export debts of the Company are situated in Asia and Europe.

	2013 Rupees	2012 Rupees
The ageing of trade debts at the year-end was as follows:		
Not past due	521,184,524	675,915,293
Past due Less than 3 months	12,873,500	9,600,146
Past due from 3 to 6 months	2,618	66,377
Past due more than 6 months	5,636,762	7,638,962
	539,697,404	693,220,778

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.453.277 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time. Further, export debts are secured through letters of credit.

Credit rating

Credit rating of investments in Bank Alfalah Ltd. has been assigned A1+ by PACRA.

36.4 Liquidity risk

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

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

	2013				
	Carrying amount	Contractual cash flows	Less than 1 Year	Between 1 to 5 years	5 years and above
	---------- Rupees ----------				
Long term financing	1,447,236,369	1,864,792,680	447,799,237	1,245,972,668	171,020,775
Short term borrowings	2,407,900,420	2,576,322,294	2,576,322,294	0	0
Trade and other payables	717,211,596	717,211,596	717,211,596	0	0
Accrued mark-up	104,706,463	104,706,463	104,706,463	0	0
	4,677,054,848	5,263,033,033	3,846,039,590	1,245,972,668	171,020,775

	2012				
	Carrying amount	Contractual cash flows	Less than 1 Year	Between 1 to 5 years	5 years and above
	---------- Rupees ----------				
Long term financing	1,096,513,943	1,416,194,725	379,969,244	943,071,915	93,153,566
Short term borrowings	1,041,514,579	1,110,648,240	1,110,648,240	0	0
Trade and other payables	808,791,761	808,791,761	808,791,761	0	0
Accrued mark-up	82,056,308	82,056,308	82,056,308	0	0
	3,028,876,591	3,417,691,034	2,381,465,553	943,071,915	93,153,566

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

36.5 Fair value of financial instruments

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

At June 30, 2013, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for loan to an executive and advances to employees, which are valued at their original costs less repayments.

37. CAPITAL RISK MANAGEMENT

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

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

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

38. REMUNERATION OF EXECUTIVES

	2013 Rupees	2012 Rupees
Managerial remuneration	20,762,902	15,520,800
Bonus	2,595,363	1,862,411
Retirement benefits - gratuity	1,730,242	1,531,275
Other perquisites and benefits	1,932,367	1,518,159
	27,020,874	20,432,645
Number of persons	21	17

38.1 Some of the executives have been provided with the Company maintained cars.

39. TRANSACTIONS WITH RELATED PARTIES

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

Material transactions with associated companies & an undertaking during the year were as follows:

	2013 Rupees	2012 Rupees
- sale of goods	2,544,402,682	2,392,539,084
- purchase of goods	1,155,966,648	719,036,352
- purchase of waste / comber noil	0	1,580,332
- doubling charges	6,866,310	13,030,116
- doubling revenue	6,024,538	1,842,201
- dividend received	8,000,000	10,000,000

40. CAPACITY AND PRODUCTION

		2013	2012
Yarn			
Number of spindles installed		107,760	104,976
Number of spindles-shift worked		106,083,962	107,643,838
Production capacity at 20's count			
1,092 shifts (2012: 1,093 shifts)	Kgs.	36,089,200	36,619,861
Actual production converted into 20's count	Kgs.	33,718,241	34,148,783
Cloth			
Number of looms installed		100	100
Number of looms-shifts worked		109,500	109,700
Installed capacity at 60 picks			
1,092 shifts (2012: 1,093 shifts)	Sq. mtrs.	22,424,754	23,112,724
Actual production converted into 60 picks	Sq. mtrs.	17,763,802	20,505,609
Power House			
Number of generators installed		9	9
Number of shifts worked		1,092	1,093
Generation capacity in Mega Watts		19	19
Actual generation in Mega Watts		16	17

It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist, the width and construction of fabric woven, etc. It also varies according to the pattern of production adopted in a particular year.

41. NUMBER OF EMPLOYEES

	2013	2012
	--- Numbers ---	
Number of permanent employees as at June 30,		
- permanent	1,926	1,789
- contractual	277	234
Average number of employees during the year		
- permanent	1,880	1,751
- contractual	252	203

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 05, 2013 by the board of directors of the Company.

43. DIVIDEND

The Board of Directors in its meeting held on October 05, 2013 has proposed a final cash dividend of Rs.10 per share (2012: Rs.10 per share) for the year ended June 30, 2013. The financial statements for the year ended June 30, 2013 do not include the effect of proposed dividend amounting Rs.150 million (2012: Rs.150 million), which will be accounted for in the financial statements for the year ending June 30, 2014 after approval by the members in the annual general meeting to be held on October 31, 2013.

44. FIGURES

Corresponding figures, have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no material rearrangements and reclassifications have been made in these financial statements.

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

FORM-34
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2013

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
20	1	100 Shares	878
63	101	500 Shares	15,580
21	501	1,000 Shares	14,972
47	1,001	5,000 Shares	85,789
3	5,001	10,000 Shares	24,755
3	10,001	15,000 Shares	37,354
1	15,001	20,000 Shares	15,165
2	30,001	35,000 Shares	60,314
1	95,001	100,000 Shares	98,935
3	105,001	110,000 Shares	323,059
1	110,001	115,000 Shares	111,854
2	160,001	165,000 Shares	323,060
6	170,001	175,000 Shares	1,026,186
1	190,001	195,000 Shares	190,035
3	215,001	220,000 Shares	649,059
1	245,001	250,000 Shares	246,144
3	280,001	285,000 Shares	851,865
1	290,001	295,000 Shares	291,466
2	320,001	325,000 Shares	645,788
1	415,001	420,000 Shares	415,633
1	685,001	690,000 Shares	685,204
1	740,001	745,000 Shares	743,438
1	820,001	825,000 Shares	824,914
1	865,001	870,000 Shares	865,397
1	935,001	940,000 Shares	939,873
1	975,001	980,000 Shares	997,945
1	1,005,001	1,010,000 Shares	1,009,088
1	1,095,001	1,100,000 Shares	1,095,479
1	1,125,001	1,130,000 Shares	1,127,858
1	1,300,001	1,305,000 Shares	1,302,913
195			15,000,000

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	PERCENTAGE
Directors, Chief Executive Officer, & their spouse & minor Children:	11	6,530,990	43.54
Associated Companies, Undertakings & related parties:	2	315,928	2.10
NIT & ICP:	2	30,469	0.20
Banks, Development Financial Institutions, Non-Banking Financial Institutions:	2	253,244	1.69
Joint Stock Companies:	1	1,921	0.01
Insurance Companies:	-	-	-
Modarabas & Mutual Funds:	-	-	-
Shareholders Holding 10%:	-	-	-
General Public:			
a. Local:	177	7,867,448	52.46
b. Foreign:	-	-	-
Others:	-	-	-
	195	15,000,000	100

N.B: The above two statements include (307) shareholders Holding 1,127,858 Share through Central Depository Company of Pakistan Limited.

SHAREHOLDINGS OF DIRECTORS.
ALONGWITH SPOUSE AND MINORS

Sr. No.	Name fo Director.	No. of shares Held	TOTAL SHARES
1	Khawaja Muhammad Masood	1,009,088	1,009,088
2	Khawaja Muhammad Iqbal	824,914	
	Mst. Khadija Qureshi (Spouse)	98,935	923,849
3	Khawaja Muhammad Ilyas	685,204	
	Mst. Bilquees Akhtar (Spouse)	743,438	1,428,642
4	Khawaja Muhammad Younus	977,945	
	Mst. RubinaYounus (Spouse)	111,854	1,089,799
5	Khawaja Muhammad Jalaluddin Roomi	1,302,913	
	Mrs. Humera Jalaluddin (Spouse)	190,035	1,492,948
6	Mr. Muhammad Muzaffar Iqbal	415,633	
	Mrs. Attiya Fatima (Spouse)	171,031	586,664
		Grand Total:	6,530,990

FORM OF PROXY

I,____

of____

being a member of Mahmood Textile Mills Ltd., hereby appoint____________________________

____

of____

as my proxy in my absence to attend and vote for me and on my behalf at the (Ordinary or/ and extraordinary as the case may be) General Meeting of the Company to be held on the

____

and at any adjournment thereof____

Day of__________________________ 2013.

Signed by the siad

Affix
Revenue Stamp

IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Registered Office at Mehr Manzil, Lohari Gate, Multan not less than 48 hours before the time for holding the meeting.