QUETTA TEXTILE MILLS LIMITED

CORPORATE VISION / MISSION STATEMENT

VISION

Quetta Textile Mills Limited is one of the leading manufacturers & exporters of yarns & fabrics in Pakistan. The Company aims to become a market leader by producing high quality products with the help of latest technologies. The Company strives to explore new markets worldwide and at the same time tries to integrate its supply chain and diversify its customer portfolio. The Company aims to be fittest in a changing market scenario through effective Balancing, Modernization & Replacement of existing machinery.

MISSION

Our aim is to make Quetta Textile Mills Limited a secure & rewarding investment for its shareholders & investors, a reliable source of high quality yarns & fabrics at affordable prices to its customers all over the world, a secure place of work to its employees & an ethical partner to its business associates.

QUETTA TEXTILE MILLS LIMITED

Annual Report 2013

For the Year Ended June 30, 2013

CONTENTS

QUETTA TEXTILE MILLS LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Tariq Iqbal (Chief Executive) Mr. Tauqir Tariq Mr. Asim Khalid Mr. Omer Khalid Mrs. Saima Asim Mrs. Tabbasum Tariq Mrs. Sadaf Khalid
AUDIT COMMITTEE	Mr. Asim Khalid (Chairman) Mrs. Sadaf Khalid (Member) Mrs. Tabbasum Tariq (Member)
CHIEF FINANCIAL OFFICER	Mr. Omer Khalid
COMPANY SECRETARY	Mr. Muhammed Sohrab Ghani
AUDITORS	Mushtaq and Company Chartered Accountants 407 / 4th Floor, Commerce Centre Hasrat Mohani Road, Karachi
BANKERS	Allied Bank Limited Al-Baraka Bank (Pakistan) Limited Bank Alfalah Limited Burj Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited KASB Bank Limited Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited Silk Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited
REGISTERED OFFICE	Nadir House (Ground Floor) I. I. Chundrigar Road, Karachi
MILLS	P/3 & B/4, S.I.T.E., Kotri 49 K.M. Lahore Multan Road, Bhai Pheru

QUETTA TEXTILE MILLS LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN of the 49th Annual General Meeting of the Shareholders to be held on Thursday, October 31, 2013 at 08.45 a.m. at the Registered office of the company at Nadir House, Ground floor, I.I Chundrigar Road, Karachi to transact the following business.

1. To confirm the minutes of the 48th General Meeting held on October 31, 2012.
2. To receive, consider and approve the Audited Accounts and Directors Report thereon for the year ended June 30, 2013.
3. To appoint Auditors for the year 2013-2014 and fix their remuneration.
4. To approve 15% cash dividend for the year ended June 30, 2013 as recommended by the Board of Directors
5. To transact any other business with the permission of the Chairman.

Karachi: October 08, 2013

By order of the Board
MOHAMMAD SOHRAB GHANI
Company Secretary

1. A member entitled to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. Proxies in order to be valid must be received at the registered office of the company 48 Hours before meeting commences.

2. For the purpose of entitlement of dividend, the Register of the members of the company will remain closed at registered office from October 25, 2013 to October 31,2013 (both days inclusive) and dividend approved will be paid to such members whose name appear in the Company's register of member at the close of business on October 24, 2013.

3. Guidelines for CDC Account Holders for personal attendance:
   i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his / her identity by showing his/her original CNIC at the time of attending the meeting
   ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

4. Shareholders are required to promptly notify at registered office of the company of any change in their address.

QUETTA TEXTILE MILLS LIMITED

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

It is a pleasure to present the results of the company for the year ended June 30, 2013.

Your company earned a profit before tax of Rs.267.25 (M) as compared to Rs.157.55 (M) last year. Turnover for the year ended was Rs.12.97 (B), as compared to corresponding year 2012 amounting to Rs.11.14 (B), showing an increase of 16% due to increase in coarse yarn production and also increase in the prices of both yarns and fabrics. Demand for yarns and fabrics were particularly strong in China. During this year, demand from Europe also started picking up as the European economies have started to tackle their financial issues.

Persisting shortages of electricity and continuous gas curtailment have continued to be the main hurdles in our business, and these problems are likely to be more aggravated in the future. The company's own grid station is in the final stages of completion, and we hope our grid will come online by October or November 2013. This is vital to our survival.

Re-structuring of the company's Sukuk was completed in June 2013, and this will provide a much needed breathing space to the company. Our long-term total bank debt now stands at Rs.1.4 (B) as the company has been paying down its long-term loans. This has also helped us bring down our financial costs substantially to Rs.725.3 (M) for the year ending June 2013, as compared to Rs.893.5 (M) incurred in year ending June 2012. The cash flows of the company are expected to improve with the reduced financing costs.

The company has re-paid the following long-term debts during the periods mentioned below:

	July 2009 to June 2010	July 2010 to June 2011	July 2011 to June 2012	July 2012 to June 2013	Total
Amount re-paid	Rs.380 (M)	Rs.475 (M)	Rs.358 (M)	Rs.333 (M)	Rs.1,546 (M)

Regular modernization and replacements are key to our survival and the company continues to make changes to improve production processes across its production lines.

I would like to thank all the financial institutions for their continued support and confidence they have shown towards the company. To the workers, staff and officers, I extend my gratitude for their dedication and honesty.

TARIQ IQBAL
Chief Executive
Karachi: October 08, 2013

QUETTA TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE SHARE HOLDERS:

The Directors have pleasure in presenting the 44 th Annual Report of the company and the Auditor's Report thereon for the year ended June 30, 2013.

FINANCIAL RESULTS	Rupees
Net Profit before taxation	267,252,503
Less: Taxation	107,978,547
Net Profit after taxation	159,273,956
Un-appropriated profit brought forward	1,341,938,731
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation charged in current year	26,969,061
Available for appropriation	1,528,181,748
Un-appropriated profit	**1,528,181,748**
Profit after Taxation	159,273,956
Ordinary Shares	13,000,000
Earnings per share	**12.25**

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Director's report.

Operational Performance

	Year ended June 30		Increase /
	2013	2012	(Decrease)
	(Amount in Rupees)		%age
Total Sales	12,967,979,229	11,141,096,998	16.40%
Local Sales	5,968,725,122	4,842,463,546	23.26%
Export Sales	6,999,254,107	6,298,633,452	11.12%
Gross Profit	1,439,430,006	1,471,067,861	-2.15%

Salient Feature of the Accounting Results

The achievement of the year under review my be compared against preceding year in are as under

	Year ended June 30	
	2013	2012
	(Amount in Rupees)	
Sales	12,967,979,229	11,141,096,998
Cost of Sales	(11,528,549,223)	(9,670,029,137)
Gross profit	1,439,430,006	1,471,067,861
Distribution cost	(389,560,829)	(375,466,269)
Administrative Expenses	(42,084,577)	(38,237,210)
Other operating expenses	(21,975,157)	(11,010,624)
Finance cost	(725,307,502)	(893,506,964)
	(1,178,928,065)	(1,318,221,067)
Other Operating Income	6,750,562	4,702,331
Profit before Tax	267,252,503	157,549,126

Financial Management

Cash flow Management

The Company has an effective Cash Flow Management system in Place whereby cash inflows and out flows are projected on regular basis. Working Capital requirements are planned to be financed through internal cash generation and short term borrowings from external resources where necessary.

Risk Mitigation

The Inherent risks and uncertainties in running a business directly affect the success of business. The management of Quetta Textile Mills Limited has identified its exposure to the potential risks. As a part of our policy to produced forward looking statement we are outlining the risks which may effect our business. This exercise also helps the management focus on a strategy to mitigate risk factors.

Credit Risk

All financial assets of the company except cash in hand are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk. Exposure is Managed through application of credit limits to its customers secured by and on the base of past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sector and generally the industry. The company believes that it is prudent to provide Provision of doubt full debts.

Liquidity Risk

Prudent liquidity risk management ensures availability of the sufficient funds for meeting contractual commitments. The Company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit lines with financial institutions.

Interest Rate Risk

Majority of the interest rate exposure arises from short and long term borrowing from banks. Therefore, a change in interest rates at the reporting date would not effect the profit and loss accounts.

Foreign Exchange Risk.

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The company is mainly exposed to short term USD/ PKR parity on its imports of raw material and Plant and Machinery.

Production facilities.

Performance of our production facilities was excellent with unprecedented levels of output. Our team continued to improve efficiencies through harmonized efforts, eliminating wastage and avoidance of shutdowns on numerous occasions. The Company is determined to continue its focus on maximum capacity utilization for sustained profitability and to maintain its position as the leading Textile Manufacturer of the Country.

DIVIDEND

The Directors of the company are please to recommend final cash divdend of 15% (2012: Nil) for year ended June 30, 2013.

AUDITORS

The Present Auditors M/s. Mushtaq and Company Chartered Accountants retired and being eligible offer themselves for re-appointment

Safety, Health and Environment

We maintain our commitment to higher standard of Safety, Health and Environment. All our employees undergo continuous training on all aspects of safety especially with regards to the safe production, delivery, storage and handling of the materials. In addition we have initiated a rotation exercise at the mill whereby our aim is to ensure that all supervisors are also safety managers and are fully cognizant of all aspects of safety training. Due these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

Environmental protection measures

Your company always ensures environment preservation and adopts all the possible means for environment protection. We have been taking various steps to ensure minimal dust and emission from our plant and our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions.

Corporate Social Responsibility

Your Company is fully aware of its corporate social responsibility and has been working positively to raise the educational, health and environmental standards of the Country in general and local communities in particular. Your Company is extensively supporting various educational and health projects.

Human Resource Management

Human Resource planning and management is one orf the essential matters and is at the spolight at he senior management level. The company has a Human Resource and Remuneration Committee that giudes in the section evalation, compenstion and succession planning of key management personnel.Its responsibility entails recommending improvement in the company,s human resource policies and procedures and their periodic review. The Committee keeps abreast with industries "Best Practices" and ensures to discuss and implement thes as and when the situation arises,

PATTERN OF SHARE HOLDING

The pattern of shareholding as on June 30, 2013 is annexed to this report.

SUMMARY OF FINANCIAL DATA

Financial data for last six years in summarized form is annexed.

ATTENDANCE AT THE BOARD MEETING DURING THE YEAR 2012-2013

All the directors keenly take interest in the company's affairs. During the year Fourteen Board Meetings were held, Attendance by each director was as under:-

Name of Directors	No of Meetings attended
Mr. Tariq Iqbal	9
Tauqir Tariq	7
Mr. Asim Khalid	8
Mr. Omer khalid	7
Sadaf Kahlid	6
Mrs. Saima Asim	7
Mrs. Tabbasum Tariq	05

Leave of absence was granted to the directors who could not attend some of the meetings. During the period under review there was no trading of the Company's share by the Chief Executive, Chief Financial Officer, and Company Secretary, there spouses and minor children.

AUDIT COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee. The name of its members are given in the company profile.

The term of reference of the Audit Committee based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the board of directors from time to time to improve the system and prsedures.Within the frame work of term of reference determined by board of directors, the Audit Committee, among other things, will recommend appointment of external auditors and review of periodical statements.

QUETTA TEXTILE MILLS LIMITED

CORPORATE GOVERNANCE

The Board of Directors hereby declares that for the year ended June 30, 2013.

a) The Financial statements,prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and change in equity.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

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

e) There are no significant doubt upon the Company's ability to continue as a going concern.

f) The system of Internal control is sound in design and has been effectively implemented and monitored.

g) Key operating and financial data for the last six years in summarized from is annexed.

h) Outstanding duties, statutory charges and taxes if any, have been adequately disclosed in the annexed audited financial statements.

CONCLUSION

The Directors place on record their appreciation to the officers, members of the staff and workers for their efforts and hard work.

For and on behalf of the Board of Directors

TARIQ IQBAL
Chief Executive

Karachi: October 08, 2013

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2013

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

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

1. The company encourages representation of independent non executive directors and directors presenting minority interest on its Board of Directors. The Board of directors of the Company has always supported implementation of the highest standards of Corporate Governance at all times. The condition of clause 1 (b) of the CCG in relation to independent director will be applicable after election next Board of Director election in January 2014
2. The directors have confirmed that none of the directors of the company are serving as a director in more than ten listed companies, including this company.
3. The Company has prepared a "Code of Conduct", which has been signed by all the directors, non workmen employees and has been communicated formally to workmen employees of the Company.
4. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
5. There was no casual vacancy occurred during the year.
6. There is no change in position of Chief Financial Officer, Head of Internal Audit and Company Secretary during the year ended 30th June 2013.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met once in every quarter. During the year four meetings of Board of Directors was held. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
8. All the directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFI. No director in the board is a member of any Stock exchange in Pakistan.
9. In accordance with the Criteria Specified on clause (Xi) of CCG, the Certain directors of the company are exampted from the requirement of director's training program and rest of the director's to be trained within specified time.
10. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.
11. The director's report has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.
12. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

13. The Board has formed an audit committee. It comprises three members, of whom two are non executive directors.

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

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

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

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

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

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

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

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

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

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

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

On Behalf of the Board of Directors

TARIQ IQBAL
Chief Executive
Karachi: October 08, 2013

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Main Boulevard, Lahore. Tel: 35788637-8 Fax: 35788626
Email Address: mushtaq_vohra@hotmail.com

Member of
The Leading Edge Alliance
Illinois, USA

REVIEW REPORT TO THE MEMBERS

On the 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 for the year ended June 30, 2013 prepared by the Board of Directors of **Quetta Textile Mills Limited** to comply with the Listing Regulations No. 35 of the Karachi Stock Exchange Limited, where the company is listed.

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control system 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 the risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (x) of Listing Regulation No. 35 of Karachi Stock Exchange Limited 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 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 respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2013.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra
F.C.A

Karachi: October 08, 2013

QUETTA TEXTILE MILLS LIMITED

SUMMARY OF FINANCIAL DATA 2008-2013

	June 2008	June 2009	June 2010	June 2011	June 2012	June 2013
Profit and Loss						
Net sales (Rs.000)	5,769,155	7,514,898	9,334,111	14,343,553	11,141,096	12,967,979
Gross Profit (Rs.000)	593,843	1,337,706	1,707,970	2,293,589	1,471,067	1,439,430
Profit before tax (Rs.000)	46,556	98,968	375,591	773,468	157,549	267,252
Profit after tax (Rs.000)	27,187	30,721	255,034	583,795	36,440	159,274
Cash Outflows						
Taxes paid (Rs.000)	56,467	31,468	51,583	124,745	118,063	103,481
Financial charges paid (Rs.000)	501,913	859,771	958,328	927,091	888,786	740,071
Fixed capital expenditures (Rs.000)	863,987	458,072	156,914	455,966	190,057	217,235
Balance sheet						
Current assets (Rs.000)	3,254,813	3,857,386	3,552,358	4,483,595	4,426,787	44,021,188
Current liabilities (Rs.000)	3,568,583	4,408,998	4,069,031	4,551,077	4,855,243	4,702,128
Operating fixed assets (Rs.000)	3,972,109	4,871,288	4,775,130	5,090,266	5,057,443	4,978,446
Total assets (Rs.000)	7,513,237	8,912,046	8,508,167	9,646,738	9,553,696	9,499,464
Long term loans and finances (Rs.000)	2,164,689	2,123,703	1,743,354	1,619,468	1,721,125	1,445,078
Share holders' equity (Rs.000)	413,903	1,263,353	1,536,790	2,192,119	2,238,689	2,424,933
Ratios						
Current ratio (As per SBP regulations)	0.91	0.87	0.87	0.99	0.91	0.94
Equity: Debt ratio (As per SBP regulations)	0.35	0.39	0.47	0.58	0.57	0.64
Leverage	3.69	3.35	2.56	2.07	2.36	1.99
Gross profit to sales	10.3%	17.8%	18.3%	15.99%	13.20%	11.10%
Net Profit before tax to sales	0.81%	1.32%	4.02%	5.39%	1.41%	2.06%
Earning per share	8.70	9.83	28.60	44.91	2.80	12.25
Proposed Dividend	NIL%	NIL%	20%	15%	NIL%	15%

QUETTA TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING (FORM - A)

Pattern of holding of the shares held by the shareholders as at 30-06-2013 is given below

No of Shareholders	Shareholding					Total Share held
98	From	1	To	100	Shares	2,454
59	From	101	To	500	Shares	14,516
23	From	501	To	1,000	Shares	18,845
22	From	1,001	To	5,000	Shares	40,248
10	From	5,001	To	10,000	Shares	79,557
2	From	10,001	To	15,000	Shares	24,464
1	From	15,001	To	20,000	Shares	20,000
3	From	20,001	To	25,000	Shares	69,522
1	From	25,001	To	30,000	Shares	25,884
1	From	30,001	To	35,000	Shares	33,826
1	From	40,001	To	45,000	Shares	42,460
1	From	45,001	To	50,000	Shares	47,500
1	From	50,001	To	55,000	Shares	52,082
1	From	85,001	To	90,000	Shares	89,500
1	From	155,001	To	160,000	Shares	156,358
1	From	190,001	To	195,000	Shares	190,358
1	From	210,001	To	215,000	Shares	214,663
2	From	280,001	To	285,000	Shares	563,688
1	From	310,001	To	315,000	Shares	313,167
1	From	325,001	To	330,000	Shares	327,683
1	From	330,001	To	335,000	Shares	334,272
1	From	350,001	To	355,000	Shares	352,000
1	From	390,001	To	395,000	Shares	393,760
1	From	435,001	To	440,000	Shares	437,393
1	From	445,001	To	450,000	Shares	449,205
1	From	470,001	To	475,000	Shares	471,318
1	From	485,001	To	490,000	Shares	485,978
2	From	565,001	To	570,000	Shares	1,132,094
1	From	595,001	To	600,000	Shares	595,177
1	From	605,001	To	610,000	Shares	607,303
1	From	630,001	To	635,000	Shares	631,983
1	From	645,001	To	650,000	Shares	649,759
1	From	650,001	To	655,000	Shares	653,728
1	From	690,001	To	695,000	Shares	694,353
1	From	745,001	To	750,000	Shares	745,350
1	From	785,001	To	790,000	Shares	786,615
1	From	1,250,001	To	1,255,000	Shares	1,252,937
249			**Total**			**13,000,000**

Categories of Shareholders	No of Shareholders	Share held	Percentage
Financial Institutions	3	10,061	0.077
Individuals	234	12,918,614	99.374
Investment Companies	1	250	0.002
Insurance Companies	1	52,082	0.401
Joint Stock Companies	7	17,193	0.132
Securities & Exchange Commission of Pakistan	1	1	0.000
Other	2	1,799	0.014
	249	**13,000,000**	**100.00**

QUETTA TEXTILE MILLS LIMITED

DETAIL OF PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE AS AT 30TH JUNE 2013

	Name of Shareholders		No of Shareholders	Share held	Percentage
1	**Associates Companies**			NIL	
2	**NIT & ICP**		1		
	Investment Corporation of Pakistan			250	0.00
3	**Directors, CEO their Spouse and Minor Children**		8		
	Mr. Tariq Iqbal	(Director & CEO)		566,059	4.35
	Mr. Asim Khalid	(Director)		935,728	7.20
	Mr. Omer Khalid	(Director)		959,303	7.38
	Mrs. Saima Asim	(Director)		8,700	0.07
	Mrs. Sadaf Khalid	(Director)		3,000	0.02
	Mrs. TabbasumTariq	(Director)		694,353	5.34
	Mr. Tauqir Tariq	(Director)		631,983	4.86
	Mrs. Tahmina Tauqir			449,205	3.46
4	**Executive**			NIL	
5	**Public Sector Companies & Corporations**			NIL	
6	**Bank Development Finance Institution, Non Banking Finance Institution, Insurance Companies, Modarabas & Mutual Fund**		4		
	State Life Insurance Corporation of Pakistan			52,082	0.40
	National Bank of Pakistan,			9,697	0.07
	National Industrial Co-operate Finance Corporation Ltd			364	0.00
7	**Shareholders Holding 10% or More**			NIL	
8	**Individuals**		226	8,670,283	66.69
9	**Others**		10		
	Securities & Exchange Commission of Pakistan			1	0.00
	UHF Consultant (Pvt) Ltd			40	0.00
	Trustee NBP Employees Pension Fund			1,738	0.01
	Trustee NBP Employees Pension Fund			61	0.00
	Vorah Engineering (Pvt) Ltd			2,300	0.02
	Stock Master Securities (Pvt) Ltd			1,190	0.01
	Pearl Capital Management (Pvt) Ltd			121	0.00
	N. H. Security (Pvt) Ltd			16	0.00
	Fazal Cloth Mills Ltd			13,464	0.10
	Freedom Enterprises (Pvt) Ltd			62	0.00
	TOTAL		**249**	**13,000,000**	**100.00**

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Main Boulevard, Lahore. Tel: 35788637-8 Fax: 35788626
Email Address: mushtaq_vohra@hotmail.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Quetta Textile Mills Limited** as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

(a) in our opinion, proper books of accounts 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 accounts 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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

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

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra
F.C.A

Karachi: October 08, 2013

QUETTA TEXTILE MILLS LIMITED

BALANCE SHEET

AS AT JUNE 30, 2013

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	5,056,794,377	5,081,501,470
Long term deposits	6	40,480,940	45,408,552
		5,097,275,317	5,126,910,022
CURRENT ASSETS			
Stores, spare and loose tools	7	439,274,908	469,317,021
Stock in trade	8	3,139,023,151	3,254,744,406
Trade debts	9	415,051,612	335,898,019
Other financial assets	10	4,510,225	7,121,668
Loans and advances	11	99,672,881	154,740,781
Trade deposits and short term prepayments	12	15,319,625	7,290,735
Income tax and sales tax refundable	13	251,361,945	189,265,392
Cash and bank balances	14	37,974,217	8,408,728
		4,402,188,564	4,426,786,750
		9,499,463,880	9,553,696,772
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2012: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2012: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		350,000,000	350,000,000
Issued, subscribed and paid-up capital	15	130,000,000	130,000,000
Reserves	16	2,294,932,948	2,108,689,931
		2,424,932,948	2,238,689,931
Surplus on revaluation of property, plant and equipment	17	706,438,811	723,968,701
NON CURRENT LIABILITIES			
Long term finances	18	99,470,332	206,510,861
Redeemable capital - Sukuk	19	879,146,550	923,333,333
Loan from directors and others - subordinated	20	148,457,000	52,900,000
Liabilities against assets subject to finance lease	21	36,699,118	88,567,741
Deferred liabilities	22	502,191,333	464,483,065
		1,665,964,333	1,735,795,000
CURRENT LIABILITIES			
Trade and other payables	23	694,221,666	692,331,979
Accrued interest / mark-up	24	156,721,629	173,070,772
Short term borrowings	25	3,421,422,671	3,487,123,043
Current portion of			
Long term finances	18	176,069,486	145,585,732
Redeemable capital - Sukuk	19	191,034,485	253,916,667
Liabilities against assets subject to finance lease	21	62,657,851	103,214,947
		4,702,127,788	4,855,243,140
CONTINGENCIES AND COMMITMENTS	26		
		9,499,463,880	9,553,696,772

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi: October 08, 2013

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
Sales	27	12,967,979,229	11,141,096,998
Cost of sales	28	(11,528,549,223)	(9,670,029,137)
Gross profit		1,439,430,006	1,471,067,861
Distribution cost	29	(389,560,829)	(375,466,269)
Administrative expenses	30	(42,084,577)	(38,237;210)
Other operating expenses	31	(21,975,157)	(11,010,624)
Finance cost	32	(725,307,502)	(893,506,964)
		(1,178,928,065)	(1,318,221,067)
Profit from operations		260,501,941	152,846,794
Other income	33	6,750,562	4,702,332
Profit before taxation		267,252,503	157,549,126
Taxation	34	(107,978,547)	(121,109,281)
Profit after taxation		159,273,956	36,439,845
Earnings per share - basic and diluted	35	12.25	2.80

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi: October 08, 2013

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2013

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
Profit after taxation		159,273,956	36,439,845
Other comprehensive income:			
Unrealized gain on remeasurement of available for sale investments		-	326,991
Total comprehensive income for the year		159,273,956	36,766,836

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi: October 08, 2013

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2013

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	1,352,070,348	1,731,126,226
Long term loans and deposits		4,927,612	(18,665,850)
Interest paid		(741,287,724)	(888,786,115)
Gratuity paid		(15,807,794)	(25,033,374)
Workers' profit participation fund paid		(8,712,400)	(42,109,849)
Taxes paid		(103,480,813)	(118,063,455)
		(864,361,119)	(1,092,658,643)
Cash flows from operating activities		487,709,229	638,467,583
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(219,040,816)	(190,057,292)
Long term investments		-	3,113,567
Other financial assets		5,653,907	9,314,774
Proceeds from disposal of property, plant and equipment		1,056,000	525,500
Dividend received		382,000	878,000
Cash (used in) investing activities		(211,948,909)	(176,225,451)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances		(76,556,775)	(61,003,774)
Redeemable capital - Sukuk		(107,068,965)	(115,416,667)
Liabilities against assets subject to finance lease		(92,425,719)	(91,754,183)
Short term borrowings		(65,700,372)	(165,139,068)
Loans from directors & others		95,557,000	(25,876,000)
Dividend paid		-	(19,305,359)
		(246,194,831)	(478,495,051)
Net increase /(decrease) in cash and cash equivalents		29,565,489	(16,252,919)
Cash and cash equivalent at the beginning of the year		8,408,728	24,661,647
Cash and cash equivalent at the end of the year	14	37,974,217	8,408,728

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi: October 08, 2013

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Share Capital	Reserves					Unappropriated profit	Total equity
		Share premium	Capital reserve	General reserve	Gain/(loss) on available for sale investment	Sub total		
	Rupees							
Balance as at July 01, 2011	130,000,000	651,750,000	1,200	115,000,000	(326,991)	766,424,209	1,295,695,419	2,192,119,628
Final dividend for the year June 30, 2011 @ Rs. 1.5 per share	-	-	-	-	-	-	(19,500,000)	(19,500,000)
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	29,303,467	29,303,467
Profit after taxation for the year ended June 30, 2012	-	-	-	-	-	-	36,439,845	36,439,845
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	326,991	326,991	-	326,991
Total comprehensive income for the year ended June 30, 2012	-	-	-	-	326,991	326,991	36,439,845	36,766,836
Balance as at June 30, 2012	130,000,000	651,750,000	1,200	115,000,000	-	766,751,200	1,341,938,731	2,238,689,931
Balance as at July 01, 2012	130,000,000	651,750,000	1,200	115,000,000	-	766,751,200	1,341,938,731	2,238,689,931
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	26,969,061	26,969,061
Total comprehensive income for the year ended June 30, 2013	-	-	-	-	-	-	159,273,956	159,273,956
Balance as at June 30, 2013	130,000,000	651,750,000	1,200	115,000,000	-	766,751,200	1,528,181,748	2,424,932,948

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi: October 08, 2013

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited Company in January 29, 1970 under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Karachi Stock Exchange. The main business of the company is manufacturing and sale of yarn and fabric. The registered office and factories of the company is situated at ground floor Nadir House I.I Chundrigar road Karachi and S.I.T.E Kotri at Sindh & Bhai Pheru at Punjab respectively.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for derivative financial instruments that are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest Rupee.

2.4 Use Of Estimates And Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 47 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

During the year, the following standards, amendments to standards and interpretations including amendments to interpretations became effective, however, the application of these amendments and interpretations did not have material impact on the financial statements of the Company:

Standards, interpretations and amendments	Description
Amendments to IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application. The amendment is effective for annual periods beginning on or after July 01, 2012.

2.5.2 Approved accounting standards, interpretations and amendments thereto issued but not effective as at the reporting date

The following standards, interpretations and amendments are in issue which are not effective as at the reporting dat

Standards, interpretations and amendments	Description
Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The standard is effective for annual periods beginning on or after January 01, 2013.
Amendments to IAS 19 - Employee Benefits	The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial loss in other comprehensive income in the period of initial application. The standard is effective for annual periods beginning on or after January 01, 2013.
Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The standard is effective for annual periods beginning on or after January 01, 2013.

Standards, interpretations and amendments	Description
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default. The standard is effective for annual periods beginning on or after January 01, 2014.
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures. The standard is effective for annual periods beginning on or after January 01, 2013.
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendment is effective for annual periods beginning on or after January 01, 2013.
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The amendment is effective for annual periods beginning on or after January 01, 2013.

2.5.3 Securities and Exchange Commission of Pakistan through SRO 182(I)/2013 dated 4th March 2013 has amended the requirements of 4th Schedule of the Companies Ordinance 1984. The amendments require some additional disclosure and modification of existing disclosure.

3 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.

3.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.2 Employee benefits

3.2.1 Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

3.2.2 Defined benefit plans

The Company operates an unfunded gratuity scheme for its permanent employees as per the terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 percent of the greater of the present value of the Company's obligations are amortized over the expected average remaining working lives of the eligible employees. Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on a straight line basis over the average period until the amended benefits become vested.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

3.3 Taxation

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

3.3.1 Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 0.5% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

3.3.2 Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.4 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.5 Trade and other payables

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

3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment except land, building, certain items of plant and machinery and capital work in process are stated at cost less accumulated depreciation and impairment, if any.

Land, building and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluation are performed with sufficient regularity so that the fair value and carrying value don't differ materially at the end of reporting period.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

3.8 Capital work in process

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for intended use.

3.9 Investments

3.9.1 Investments in associate - Equity Method

Investment in associates is accounted for using the equity method. These are entities in which the company has significant influence which is neither a subsidiary nor a joint venture of the company.

3.9.2 Derivative financial instruments

The Company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency borrowings and effects on cash flow of any fluctuations in interest rates. Such derivative financial instruments are stated at fair value.

3.9.3 Financial assets at fair value through profit or loss

Financial assets classified as held for trading and those designed as such are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near item. Gains or losses on such investments are recognized in profit and loss

3.9.4 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuations techniques.

3.9.5 Available for sale

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale are stated at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available for sale investments are recognised directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

3.10 Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps and cross currency swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

3.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

3.12 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.13 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows;

Raw material	At weighted average cost or replacement cost which ever is lower
Work in	At average manufacturing cost
Finished	At average manufacturing cost or net realisable value which ever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.14 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.16 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognised when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

3.17 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.18 Impairment

All company's assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated. Impairment losses are recognized in the profit and loss account currently.

3.19 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.

3.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.21 Transactions with related party

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Ordinance 1984.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant noted to the financial statements.

3.22 Segment reporting

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

4 CAPITAL MANAGEMENT

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		4,978,445,907	5,057,443,511
Capital work in progress - at cost		78,348,470	24,057,959
		5,056,794,377	5,081,501,470

QUETTA TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

5.1 Operating fixed assets

	2013									
	Cost as at July 01, 2012	Additions / (deletions)	Transfers in/(out)	Cost as at June 30, 2013	Accumulated depreciation as at July 01, 2012	Depreciation charge / (deletion) for the year	Transfers in/(out)	Accumulated depreciation as at June 30, 2013	Book value as at June 30, 2013	Annual depreciation rate %
	Rupees									
Owned Assets										
Spinning Units :										
Freehold land	439,940,000	-	-	439,940,000	-	-	-	-	439,940,000	-
Leasehold land	93,037,897	1,702,382	-	94,740,279	6,277,799	906,147	-	7,183,946	87,556,333	99 years
Building on freehold land	481,368,669	-	-	481,368,669	171,073,228	15,514,772	-	186,588,000	294,780,669	5%
Building on leasehold land	385,091,483	10,740,640	-	395,832,123	106,822,691	14,181,220	-	121,003,911	274,828,213	5%
Labour colony on freehold land	51,652,180	-	-	51,652,180	19,185,001	1,623,359	-	20,808,360	30,843,820	5%
Labour colony on leasehold land	81,115,005	-	-	81,115,005	15,292,417	3,291,129	-	18,583,546	62,531,459	5%
Plant and machinery	3,096,731,099	35,184,566	-	3,131,915,665	1,514,809,282	80,209,179	-	1,595,018,461	1,536,897,204	5%
Electrical fitting	60,350,850	1,284,283	-	61,635,133	37,018,045	3,577,797	-	40,595,842	21,039,291	15%
Factory equipment	22,425,620	308,940	-	22,734,560	16,668,889	891,702	-	17,560,591	5,173,969	15%
Office premises	22,120,321	-	-	22,120,321	13,510,817	1,291,426	-	14,802,243	7,318,078	15%
Office equipment	20,791,835	150,553	-	20,942,388	14,891,121	889,270	-	15,780,391	5,161,997	15%
Furniture and fixture	12,845,294	43,704	-	12,888,998	10,177,472	403,886	-	10,581,358	2,307,640	15%
Vehicles	49,381,298	2,249,730 (1,950,900)	-	49,680,128	33,586,390	2,472,554 (1,780,245)	-	34,278,699	15,401,429	15%
	4,816,851,551	49,713,898	-	4,866,565,449	1,959,313,152	123,472,196	-	2,082,785,348	2,783,780,102	
Weaving Unit :										
Building on freehold land	275,429,515		-	275,429,515	106,160,124	8,463,470	-	114,623,594	160,805,921	5%
Labour colony on freehold land	24,609,823		-	24,609,823	8,150,444	822,969	-	8,973,413	15,636,410	5%
Plant and machinery	1,302,714,957	65,749,005	-	1,368,463,962	481,224,740	43,274,460	-	524,499,200	843,964,762	5%
Electrical fitting	29,208,215	1,012,307	-	30,220,522	21,069,602	1,332,680	-	22,402,282	7,818,240	15%
Factory equipment	12,200,488	273,600	-	12,474,088	7,406,173	733,944	-	8,140,117	4,333,971	15%
Office equipment	3,376,673	536,500	-	3,913,173	1,142,679	377,132	-	1,519,811	2,393,362	15%
Furniture and fixture	1,893,524	102,129	-	1,995,653	1,222,538	109,478	-	1,332,016	663,637	15%
Vehicles	7,314,507	1,623,630 (1,805,500)	-	7,132,637	2,444,016	834,148 (975,236)	-	2,302,928	4,829,709	15%
	1,656,747,702	67,491,671	-	1,724,239,373	628,820,316	54,973,045	-	683,793,361	1,040,446,012	
Power Plant :										
Building on freehold land	89,391,861	-	-	89,391,861	27,675,100	3,085,838	-	30,760,938	58,630,923	5%
Building on leasehold land	31,724,992	477,364	-	32,202,356	26,272,238	286,501	-	26,558,739	5,643,617	5%
Plant and machinery	1,024,277,518	43,251,472	-	1,067,528,990	371,960,605	33,448,787	-	405,409,392	662,119,598	5%
Electrical fitting	44,783,117	-	-	44,783,117	26,862,063	2,688,156	-	29,550,219	15,232,898	15%
Factory equipment	7,109,074	59,500	-	7,168,574	4,326,059	423,589	-	4,749,648	2,418,926	15%
Office equipment	66,800	-	-	66,800	29,793	5,551	-	35,344	31,456	15%
Furniture and fixture	445,150	-	-	445,150	320,876	18,642	-	339,518	105,632	15%
Vehicles	940,725	-	-	940,725	861,669	11,858	-	873,527	67,198	15%
	1,198,739,237	43,788,336	-	1,242,527,573	458,308,402	39,968,923	-	498,277,325	744,250,248	
Leased Assets										
Plant and machinery	517,052,210	-	-	517,052,210	85,505,320	21,577,345	-	107,082,665	409,969,545	5%
	517,052,210	-	-	517,052,210	85,505,320	21,577,345	-	107,082,665	409,969,545	
Total - 30.06.2013	8,189,390,700	164,750,305 (3,756,400)	-	8,350,384,605	3,131,947,190	242,746,990 (2,755,481)	-	3,371,938,699	4,978,445,907	

	2012									
	Cost as at July 01, 2011	Additions / (deletions)	Transfers in/(out)	Cost as at June 30, 2012	Accumulated depreciation as at July 01, 2011	Depreciation charge / (deletion) for the year	Transfers in/(out)	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012	Annual depreciation rate %
	Rupees									
Owned Assets										
Spinning Units :										
Freehold land	439,940,000	-	-	439,940,000	-	-	-	-	439,940,000	-
Leasehold land	93,037,897	-	-	93,037,897	5,371,652	906,147	-	6,277,799	86,760,098	99 years
Building on freehold land	475,880,566	5,488,103	-	481,368,669	154,885,918	16,187,310	-	171,073,228	310,295,441	5%
Building on leasehold land	384,337,524	753,959	-	385,091,483	92,193,420	14,629,271	-	106,822,691	278,268,792	5%
Labour colony on freehold land	51,652,180	-	-	51,652,180	17,476,202	1,708,799	-	19,185,001	32,467,179	5%
Labour colony on leasehold land	81,115,005	-	-	81,115,005	11,828,070	3,464,347	-	15,292,417	65,822,588	5%
Plant and machinery	2,934,990,407	126,696,354	35,044,338	3,096,731,099	1,429,156,510	77,479,910	8,172,862	1,514,809,282	1,581,921,817	5%
Electrical fitting	50,113,290	10,237,560	-	60,350,850	33,621,741	3,396,304	-	37,018,045	23,332,805	15%
Factory equipment	22,425,620	-	-	22,425,620	15,652,995	1,015,894	-	16,668,889	5,756,731	15%
Office premises	22,120,321	-	-	22,120,321	11,991,493	1,519,324	-	13,510,817	8,609,504	15%
Office equipment	20,123,831	668,004	-	20,791,835	13,885,479	1,005,642	-	14,891,121	5,900,714	15%
Furniture and fixture	12,831,480	13,814	-	12,845,294	9,707,435	470,037	-	10,177,472	2,667,822	15%
Vehicles	49,578,798	1,650,000 (1,847,500)	-	49,381,298	32,252,346	2,727,507 (1,393,463)	-	33,586,390	15,794,908	15%
	4,638,146,919	143,660,294	35,044,338	4,816,851,551	1,828,023,261	123,117,029	8,172,862	1,959,313,152	2,857,538,399	
Weaving Unit :										
Building on freehold land	272,234,059	3,195,456	-	275,429,515	97,307,926	8,852,198	-	106,160,124	169,269,391	5%
Labour colony on freehold land	24,609,823	-	-	24,609,823	7,284,161	866,283	-	8,150,444	16,459,379	5%
Plant and machinery	1,288,492,336	14,222,621	-	1,302,714,957	438,525,537	42,699,203	-	481,224,740	821,490,217	5%
Electrical fitting	29,208,215	-	-	29,208,215	19,633,376	1,436,226	-	21,069,602	8,138,613	15%
Factory equipment	12,200,488	-	-	12,200,488	6,560,117	846,056	-	7,406,173	4,794,315	15%
Office equipment	3,121,673	255,000	-	3,376,673	768,171	374,508	-	1,142,679	2,233,994	15%
Furniture and fixture	1,731,174	162,350	-	1,893,524	1,128,524	94,014	-	1,222,538	670,986	15%
Vehicles	6,083,667	1,230,840	-	7,314,507	1,621,499	822,517	-	2,444,016	4,870,491	15%
	1,637,681,435	19,066,267	-	1,656,747,702	572,829,311	55,991,005	-	628,820,316	1,027,927,385	
Power Plant :										
Building on freehold land	89,391,861	-	-	89,391,861	24,426,849	3,248,251	-	27,675,100	61,716,761	5%
Building on leasehold land	31,724,992	-	-	31,724,992	25,985,251	286,987	-	26,272,238	5,452,754	5%
Plant and machinery	980,826,032	43,451,486	-	1,024,277,518	339,138,377	32,822,228	-	371,960,605	652,316,913	5%
Electrical fitting	44,783,117	-	-	44,783,117	23,699,524	3,162,539	-	26,862,063	17,921,054	15%
Factory equipment	7,109,074	-	-	7,109,074	3,834,939	491,120	-	4,326,059	2,783,015	15%
Office equipment	66,800	-	-	66,800	23,261	6,531	-	29,792	37,008	15%
Furniture and fixture	445,150	-	-	445,150	298,945	21,931	-	320,876	124,274	15%
Vehicles	940,725	-	-	940,725	847,718	13,951	-	861,669	79,056	15%
	1,155,287,751	43,451,486	-	1,198,739,237	418,254,864	40,053,537	-	458,308,401	740,430,836	
Leased Assets										
Plant and machinery	549,234,001	2,862,547	(35,044,338)	517,052,210	70,975,920	22,702,262	(8,172,862)	85,505,320	431,546,890	5%
	549,234,001	2,862,547	(35,044,338)	517,052,210	70,975,920	22,702,262	(8,172,862)	85,505,320	431,546,890	
Total - 30.06.2012	7,980,350,106	210,888,094 (1,847,500)	35,044,338 (35,044,338)	8,189,390,700	2,890,083,356	243,257,296 (1,393,463)	8,172,862 (8,172,862)	3,131,947,189	5,057,443,511	

5.1.1 Depreciation for the year has been allocated as under:

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
Cost of sales - spinning	28	141,365,492	141,061,656
Cost of sales - weaving	28	55,034,680	55,128,553
		196,400,172	196,190,209
Cost of sales - power plant	28.3.1	39,968,924	40,053,538
Administrative expenses	30	6,377,894	7,013,549
		242,746,990	243,257,296

5.1.2 Disposal of property, plant and equipment:

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal
Vehicles						
Toyota Land Cruiser	Mr. Iqbal Hussain, Karachi	1,530,900	1,389,131	141,769	166,000	Negotiation
Suzuki Margala	Mr. Muhammad Irfan, Lahore	420,000	391,114	28,886	40,000	Negotiation
Suzuki Bolan	Mr. Muhammad Qayyum, Lahore	536,000	60,300	475,700	450,000	Negotiation
Hyundai Santro	Mr. Fasih-ur-Rehman, Lahore	439,000	358,946	80,054	100,000	Negotiation
Honda City	Mr. Imtiaz Bahsir Wadaich, Lahore	830,500	555,990	274,510	300,000	Negotiation
		3,756,400	2,755,481	1,000,919	1,056,000	

5.1.3 Had there been no revaluation the related figures of land, building and plant and machinery at June 30, 2013 would have been as follows:

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
Freehold Land		439,940,000	439,940,000
Lease hold land		4,103,565	5,009,712
Building on freehold land		258,902,699	264,371,358
Building on lease hold land		35,605,078	51,283,176
Plant and machinery		242,596,333	256,866,706
		981,147,675	1,017,470,952

5.2 Capital work in progress - at cost

	30th June, 2013 Rupees	30th June, 2012 Rupees
Building - civil works	11,002,965	12,875,166
Building - grid station	20,410,084	132,793
Electric installation -grid station	46,935,421	11,050,000
	78,348,470	24,057,959

The movement in Capital work in progress is as follows:

	30th June, 2013 Rupees	30th June, 2012 Rupees
Balance at the beginning of the year	24,057,959	43,041,260
Addition during the year:		
Building - civil works	11,048,185	22,514,861
Building - grid station	20,277,291	132,793
Electric installation -grid station	35,885,421	11,050,000
Plant and machinery	146,481,633	194,608,021
	213,692,530	228,305,675
Transfer to operating fixed assets:		
Building - civil works	12,920,386	13,458,314
Plant and machinery	146,481,633	194,608,021
Office building	-	39,222,641
	159,402,019	247,288,976
Balance at the end of the year	78,348,470	24,057,959

		Note	30th June, 2013 Rupees	30th June, 2012 Rupees
6	**LONG TERM DEPOSITS**			
	Security deposits:			
	WAPDA		7,893,190	7,893,190
	SSGCL		13,026,276	9,418,876
	Leasing companies	21	15,196,306	23,736,318
	Others		4,365,168	4,360,168
			40,480,940	45,408,552
7	**STORES, SPARES AND LOOSE TOOLS**			
	Spinning:			
	Stores		74,318,202	75,618,910
	Spares and accessories		196,415,209	190,620,513
	Loose tools		18,870,626	23,563,518
			289,604,037	289,802,941
	Weaving:			
	Stores		55,724,676	70,850,645
	Power plant			
	Oil and stores		93,946,195	108,663,435
			439,274,908	469,317,021

7.1 No item of stores, spares and loose tools is pledged as security as at reporting date.

		Note	30th June, 2013 Rupees	30th June, 2012 Rupees
8	**STOCK IN TRADE**			
	Spinning			
	Raw material - in hand		1,147,045,197	1,640,295,316
	Raw material - in transit		86,865,038	21,279,842
	Work-in-process		105,343,028	96,935,168
	Finished goods		442,900,754	349,560,280
	Waste		135,100,090	127,112,628
			1,917,254,107	2,235,183,234
	Weaving:			
	Raw material		391,726,841	257,792,654
	Work-in-process		128,447,046	94,234,457
	Finished goods		701,541,857	667,530,465
	Waste		53,300	3,596
			1,221,769,044	1,019,561,172
			3,139,023,151	3,254,744,406

8.1 The caring value of Pledged stock is Rs. 1,128,675,520/- (June 30, 2012: Rs. 1,068,839,791/-).

		Note	30th June, 2013 Rupees	30th June, 2012 Rupees
9	**TRADE DEBTS**			
	Considered good			
	Export debts - secured		5,814,555	206,632
	Local debts - unsecured		409,237,057	335,691,387
			415,051,612	335,898,019
10	**OTHER FINANCIAL ASSETS**			
	Held for trading			
	In listed companies	10.1	5,863,256	11,517,163
	Revaluation reserve for investment		(1,353,031)	(4,395,495)
			4,510,225	7,121,668

10.1 Details are as under:

Name of securities	No. of shares	Cost	Fair value adjustments	Fair value
The Hub Power Company Limited	4,400	1,412,299	1,300,301	2,712,600
Standard Chartered Leasing Limited	120,000	1,867,802	(1,221,002)	646,800
Askari Bank Limited	3,162	47,895	230	48,125
Wateen Telecom Limited	250,000	2,500,000	(1,422,500)	1,077,500
Dewan Salman Fibre Limited	10,000	35,260	(10,060)	25,200
Total - 30.06.2013		5,863,256	(1,353,031)	4,510,225
Total - 30.06.2012		11,517,163	(4,395,495)	7,121,668

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
11 LOANS AND ADVANCES			
Considered good			
Workers Advance against Wages		1,494,113	1,348,399
Advance against:			
Letter of credit		1,269,521	4,508,868
Advance to cotton suppliers		23,190,840	56,464,468
Store suppliers and others		73,718,407	92,419,046
		98,178,768	153,392,382
		99,672,881	154,740,781
12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits - lease	21	8,344,915	-
Prepayments		6,974,710	7,290,735
		15,319,625	7,290,735
13 INCOME AND SALES TAX REFUNDABLE			
Income tax refundable	13.1	61,593,760	45,319,920
Sales tax refundable		189,768,185	143,945,472
		251,361,945	189,265,392
13.1 Income tax refundable			
Income tax refundable		28,403,232	28,674,769
Advance income tax		120,397,502	115,310,988
Provision for taxation - current year		(87,206,974)	(98,665,837)
		61,593,760	45,319,920
14 CASH AND BANK BALANCES			
With banks on:			
- currents accounts		16,936,855	984,435
- deposit account	14.1	19,300,000	6,800,000
		36,236,855	7,784,435
Cash in hand		1,737,362	624,293
		37,974,217	8,408,728

14.1 It carries mark up at the rate of 6% (June 30, 2012: 5%) per annum.

15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30th June, 2013	30th June, 2012		Note	30th June, 2013	30th June, 2012
Number of shares				Rupees	Rupees
1,200,000	1,200,000	Ordinary shares of Rs. 10 each allotted for consideration paid in cash		12,000,000	12,000,000
9,875,000	9,875,000	Ordinary shares of Rs. 10 each allotted as right shares		98,750,000	98,750,000
1,925,000	1,925,000	Ordinary shares of Rs. 10 each issued as bonus shares		19,250,000	19,250,000
13,000,000	13,000,000			130,000,000	130,000,000

15.1 The company had issued 9,875,000 Ordinary Shares in the ratio of 316 shares for every 100 ordinary Shares at exercise price of Rs. 76/= per share having premium of Rs. 66/= per share.

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
16 RESERVES			
Reserves:			
Share premium		651,750,000	651,750,000
Capital reserve		1,200	1,200
General reserves		115,000,000	115,000,000
		766,751,200	766,751,200
Revenue:			
Unappropriated profit		1,528,181,748	1,341,938,731
		2,294,932,948	2,108,689,931

17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance	723,968,701	743,015,956
Less: Transferred from surplus on revaluation of Property Plant Equipment on account of incremental depreciation charged in the current year - net of deferred tax	(17,529,890)	(19,047,255)
Closing balance	706,438,811	723,968,701

17.0 On March 31, 2009, further revaluation was made of the Land, Building and Labour Colony, by Asif Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value which resulted in net revaluation surplus of Rs. 622,057,842.

17.1 On November 13, 2006 and December 28, 2006, further revaluation was made of the Land, Building and Plant and Machinery, by Asif Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation surplus of Rs. 154,291,391.

17.2 On May 27, 2005 and Jun 24, 2005 , Land was revalued by MYK Associate (Pvt) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation surplus amounting to Rs. 119,794,763.

17.3 On July 16, 2003, revaluation was made of the land, building and machinery , by MYK Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value which resulted in net revaluation surplus of Rs. 20,750,716.

		Note	30th June, 2013 Rupees	30th June, 2012 Rupees
18	**LONG TERM FINANCES**			
	Loans from banking companies - secured			
	Askari Bank Limited	18.1	13,313,373	23,554,431
	Citibank N.A.	18.2	-	11,044,337
	Faysal Bank Limited - LTF	18.3	8,271,000	15,935,000
	Habib Bank Limited - LTF	18.4	5,582,000	7,816,000
	Habib Metropolitan Bank Limited	18.5	-	2,000,000
	National Bank of Pakistan	18.6	36,566,000	61,279,614
	National Bank of Pakistan - LTF	18.7	63,434,000	-
	Pak Oman Investment Co. Limited	18.8	3,906,250	7,031,250
	Pak Oman Investment Co. Limited - LTF	18.9	3,906,250	7,031,250
	Pak Oman Investment Co. Limited - LTF	18.10	-	3,040,477
	Silk Bank Limited - LTF	18.11	10,227,332	17,827,191
	Silk Bank Limited - LTF	18.12	3,265,000	5,877,000
	Silk Bank Limited - LTF	18.13	3,982,000	7,247,000
	Saudi Pak Ind, & Agri. Investment Company Limited - LTF	18.14	9,583,327	15,333,328
	Soneri Bank Limited	18.15	9,750,000	16,250,000
	Soneri Bank Limited - LTF	18.16	80,183,000	112,259,000
	United Bank Limited	18.17	10,714,286	19,285,715
	United Bank Limited - LTF	18.18	12,856,000	19,285,000
			275,539,818	352,096,593
	Less: Current maturity shown under current liabilities		(176,069,486)	(145,585,732)
			99,470,332	206,510,861

18.1 First pari passu equitable mortgage charge of Rs. 50 million on fixed assets of the Company. Total facility amount is Rs. 24.579 million, markup payable monthly @ 3MK + 2.50%. Loan is repayable in 24 monthly installments commencing From 31-05-2012

18.2 Registered hypothecation charge over plant and machinery of the company of Rs. 78 million charge ranking. Markup payable monthly @ 1 MK + 1.5%. The facility amount is Rs. 58.470 million. This Loan is repayable in 45 monthly installments commencing from 25-07-2009. However, the loan was fully settled during the year.

18.3 First pari passu charge on all Fixed assets of the Company amounting to Rs. 61.33 million. Total Facility amount is Rs. 46 million, markup payable quarterly @ SBP rate + 2%. Loan is repayable in 24 quarterly installments commencing From 14-09-2007

18.4 The loan was secured by First pari passu E/M and hypo (each) charge of Rs. 420 million on present and future fixed assets of the company. The charge amount of Rs. 393 million first pari passu and charge amount of Rs. 27 million to remain ranking. Total facility amount is Rs. 13.4 million, markup payable quarterly @ SBP rate + 2% loan is repayable in 12 semi annual installments commencing from 24-05-2009.

18.5 Ranking charge of Rs. 12.5 (M) with 40% margin over Machinery including imported Plant and Machinery. Total facility amount is Rs. 7.5 million, markup payable quarterly @ 3MK + 3%. Loan is repayable in 14 quarterly installments commencing from 21-10-2009. However, the loan was fully settled during the year.

18.6 First pari passu charge on all fixed assets of the company amounting to Rs. 200 million. Total Facility amount is Rs. 120 million but Rs. 63.434 million converted in LTFF loan as on 20-06-2013 remaining amount re-schedule in 09 quarterly installments commencing from 20-06-2013. Markup payable quarterly @ 3MK + 3.5%.

18.7 Security charge same as notes no. 18.6. Total Facility amount is Rs. 63.434 million, Loan is payable in 20 quarterly installements commencing from 20-09-2015. Markup payable quarterly @ SBP + 3%.

18.8 Ranking charge of Rs. 34 million over all the present and future fixed assets of the company with 25% margin . Total facility amount is Rs. 12.5 million, markup payable quarterly @ 3MK + 3%. Loan is repayable in 16 quarterly installments commencing from 18-08-2010.

18.9 Security charge same as notes no. 18.8. Total facility amount is Rs. 12.5 million, markup payable quarterly @ SBP rate + 2.5%. Loan is repayable in 16 quarterly installments commencing from 18-08-2010.

18.10 Ranking Charge of Rs. 28 million on present and future fixed assets (Land , building and machinery) of the company with 25% margin over the facility amount. Total facility amount is Rs. 20.27 million, markup payable quarterly @ SBP rate + 2.5%. Loan is repayable in 20 quarterly installments commencing from 28-02-2007. However, the loan was fully settled during the year.

18.11 First pari passu hypothecation charge of Rs. 61.33 million over Plant and Machinery of the company. Total Facility amount is Rs. 46 million, markup payable quarterly @ SBP rate + 2%. Loan is repayable in 24 quarterly installments commencing From 14-09-2007.

18.12 Ranking Charge over fixed assets of the company of Rs. 80 million. Total facility amount is Rs. 13.060 million, markup payable quarterly @ SBP RATE + 2.5%. Loan is repayable in 20 quarterly installments commencing from 20-09-2009.

18.13 Security charge same as notes no. 18.12. Total facility amount is Rs. 13.060 million, markup payable quarterly @ 3MK+3%. Loan is repayable in 20 quarterly installments commencing from 22-08-2009.

18.14 First pari passu hypothecation charge of Rs. 61.33 million over Plant and Machinery of the company. Total Facility amount is Rs. 46 million, markup payable quarterly @ SBP rate + 2%. Loan is repayable in 24 quarterly installments commencing From 14-09-2007.

18.15 Exclusive charge over imported machinery of the company. Total facility amount is Rs. 26 million, markup payable quarterly @ 6MK + 3%. Loan is repayable in 08 semi annual installments commencing from 03-05-2011.

18.16 First specific charge over imported Machinery for Rs. 155 million of the company. Total facility is Rs. 128.3 million, markup payable quarterly @SBP Rate+2.5 %. Loan is repayable in 16 quarterly installments commencing from 23-02-2012.

18.17 Joint pari pasu EMP charge over fixed assets for Rs. 300 million situated at unit 1. Total facility amount is Rs. 30 million, markup payable quarterly @ 3MK + 2%. Loan is repayable in 14 quarterly installments commencing from 29-06-2011.

18.18 Security same as note 18.17 above. Total facility amount is Rs. 30 million, markup payable quarterly @ SBP rate + 2%. This loan is repayable in 14 quarterly installments commencing from 24-06-2011.

		Note	30th June, 2013 Rupees	30th June, 2012 Rupees
19	**REDEEMABLE CAPITAL - SUKUK**			
	Diminishing musharaka sukuk certificate		1,070,181,035	1,177,250,000
	Less: Current portion shown under current liabilities		(191,034,485)	(253,916,667)
			879,146,550	923,333,333

19.1 During the year the company has restructured the entire facility maturing on March 20, 2020. The company had issued privately placed Sukuk Certificates of Rs. 1,385,000,000 divided into 277,000 certificates of Rs. 5,000 each. The significant terms and conditions and security of the Sukuk / certificates are as follows:

	2013	2012
Tenure	7 years	7 years
Date of first installment	March 31, 2010	March 31, 2010
Date of last installment	March 20, 2020	September 30, 2015
Rate of return per annum	6 M KIBOR + 1.75%	6 M KIBOR + 1.5%
Convertible/non convertible	Non Convertible	Non Convertible
Redeemable/perpetual	Redeemable	Redeemable

19.2 Security

First Pari Passu charge of Rs. 1.846 billion (June 30, 2012: Rs. 1.846 billion) on all fixed assets of the company.

20 LOAN FROM DIRECTORS AND OTHERS - SUBORDINATED

	2013	2012
Unsecured		
Due to directors	102,185,000	21,400,000
Due to others	46,272,000	31,500,000
	148,457,000	52,900,000

20.1 These are non mark-up bearing loan and are unsecured. It is repayable after more than one year. The loan upto Rs. 148,457,000/- (June 30, 2012: Rs. 23,900,000/-) is subordinated to bank loans.

		Note	30th June, 2013 Rupees	30th June, 2012 Rupees
21	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Payable within one year		72,196,721	125,995,548
	Payable after one year but not more than five years		16,944,145	77,643,696
			89,140,866	203,639,244
	Less: deferred finance cost		(13,325,118)	(35,592,875)
			75,815,748	168,046,369
	Add: security deposit	6 & 12	23,541,221	23,736,319
	Less: Current portion shown under current liabilities		(62,657,851)	(103,214,947)
	Present value of minimum lease payments		36,699,118	88,567,741

21.1 The Company has entered into lease agreement/ Ijarah of Plant and Machinery with various leasing companies and financial institutions on half yearly payment basis. The lease contains bargain purchase option.

21.2 The lease is secured by ranking charge of Rs. 321 million (June 30, 2012: Rs. 321 million) over immovable assets of the Company, personal guarantees of two directors and security deposit equivalent to 0.1% to 10% of the facility amount.

21.3 Implicit rate of return on lease varies ranging from 11.07% to 16.5% (June 30, 2012: 13.46% to 18.27%) p.a.

21.4 Taxes, repairs and maintenance, insurance and other cost relating to the lease assets are borne by the Company.

		Note	30th June, 2013 Rupees	30th June, 2012 Rupees
22	**DEFERRED LIABILITIES**			
	Deferred taxation	22.1	221,513,042	200,741,469
	Deferred tax on surplus on revaluation of property, plant and equipment		176,567,820	186,006,991
	Staff retirement benefits - gratuity	22.3	104,110,471	77,734,605
			502,191,333	464,483,065
22.1	**Deferred taxation**			
	Deferred tax credits / (debits) arising in respect of:			
	Taxable temporary differences (deferred tax liabilities)			
	Accelerated tax depreciation allowances		301,633,489	209,417,584
	Deferred debit arising in respect of provisions, tax losses and refunds		80,120,447	8,676,115
		22.2	221,513,042	200,741,469
22.2	**Deferred debit arising in respect of provisions, tax losses and refunds**			
	Opening balance		200,741,469	178,298,025
	Closing balance of deferred tax liability reversal of differed tax liability		(221,513,042)	(200,741,469)
			(20,771,573)	(22,443,444)
22.3	**Staff retirement benefits - gratuity**			
	Opening net liability		77,734,605	87,414,469
	Expense for the year		42,183,660	15,353,510
			119,918,265	102,767,979
	Benefits paid during the year		(15,807,794)	(25,033,374)
	Closing net liability		104,110,471	77,734,605
22.4	**Expense recognized in the profit and loss account**			
	Current service cost		18,271,672	6,429,453
	Interest cost		12,960,319	3,801,147
	Net actuarial (gain) / loss recognized in the year		10,951,669	5,122,910
			42,183,660	15,353,510

22.5 Historical information

	2013	2012	2011	2010	2009
Present value of defined benefit obligation	104,110,471	77,734,605	87,414,829	67,761,911	59,490,576

22.6 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
22.7 Principal actuarial assumption			
Following are a few important actuarial assumption used in the valuation.			
		%	%
Discount rate		10.90%	12.50%
Expected rate of increase in salary		10.00%	10.00%

22.8 Expected gratuity expenses for the year ending June 30, 2014 works out Rs. 46,402,026/-.

23 TRADE AND OTHER PAYABLES

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
Trade creditors		476,647,909	501,372,538
Accrued liabilities		194,709,038	179,422,927
Workers' profit participation fund	23.2	14,532,295	8,522,793
Workers' welfare fund		8,054,895	2,600,762
Unclaimed dividend		194,641	194,641
Others		82,888	218,318
		694,221,666	692,331,979

23.2 Workers' profit participation fund

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
Balance at the beginning of the year		8,522,793	40,843,711
Allocation for the year	31	14,352,981	8,292,059
Interest on fund utilized in the Company's business	23.2.1	368,921	1,496,872
		14,721,902	9,788,931
		23,244,695	50,632,642
Less: Payments during the year		(8,712,400)	(42,109,849)
Balance at the end of the year		14,532,295	8,522,793

23.2.1 Interest on workers' profit participation fund has been provided @ 11.236% (June 30, 2012: 14.65%) per annum.

24 ACCRUED INTEREST / MARK-UP

	30th June, 2013 Rupees	30th June, 2012 Rupees
Accrued interest / mark-up on secured:		
- long term finances	16,690,431	17,663,340
- redeemable capital - Sukuk	34,215,309	42,343,753
- short term borrowings	105,815,889	113,063,679
	156,721,629	173,070,772

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
25 SHORT TERM BORROWINGS			
Secured - Banking companies			
Finances under mark-up arrangement	25.1	3,413,107,968	3,480,494,727
Unsecured	25.2		
Directors		4,716,504	2,029,623
Others		3,598,199	4,598,693
		8,314,703	6,628,316
		3,421,422,671	3,487,123,043

25.1 Aggregate facilities amounting to Rs. 4.364 billion (June 30, 2012: Rs. 4.484 billion) were available to the Company from banking companies. These are secured against hypothecation charge and pledge of stock in trade, book debts, plant & machinery, export bills under collection. These loans carry mark up at the rate ranging from 10.19% to 16.10% (June 30, 2012: 13.85% to 16.89 %) per annum payable quarterly and on the maturity dates. The above facilities are expiring on various dates and renewable annually.

25.2 These are non mark up bearing and unsecured. These are renewable and due on various dates within one year.

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

	2013	2012
Guarantees issued by banks on behalf of the Company	214,475,248	223,984,890

26.2 Company has filed a suit No. 204 of 2011 against Enshaa NLC Development (Pvt) Limited before the Honorable Sindh High Court, Sindh seeking declarations, possession, permanent injunction and/or recession and damage in respect of the reservation contract followed by an agreement executed between parties whereby the defendants are liable to construct the project. The matter is pending for hearing and opinion of the legal advisor of the company is favorable and there is no likelihood of unfavorable outcome or any potential loss.

26.3 The Company has filed petition under W.P.No. 2420 of 2011 against the recovery of Electricity Duty on self generation of electricity and obtained stay order from Honorable Lahore High Court.and opinion of the legal advisor of the company is favorable and there is no likelihood off unfavorable outcome or any potential loss.

26.4 The Company has filed petition with Honorable High Court Punjab subsequently under W.P.No. 23659 of 2013 against the recovery of Fuel Price Adjustment Surcharge. The Company has obtained stay order from Honorable Lahore High Court. and opinion of the legal advisor of the company is favorable and there is no likelihood off unfavorable outcome or any potential loss.

26.5 Commitments

	2013	2012
Civil work	101,000,000	101,000,000
Confirmed letter of credit in respect of:		
- Raw material	341,841,375	464,464,622
- Stores and spares	23,086,331	158,725,310
	364,927,706	623,189,932

27 SALES

	Export Sales		Local Sales		Total	
	2013	2012	2013	2012	2013	2012
	Rupees					
Yarn	4,206,233,477	3,551,610,250	4,308,453,119	3,245,996,630	8,514,686,596	6,797,606,880
Fabric	2,793,020,630	2,747,023,202	1,537,992,380	1,455,610,073	4,331,013,010	4,202,633,275
Waste	-	-	107,055,498	91,110,643	107,055,498	91,110,643
Cotton	-	-	59,058,263	46,951,604	59,058,263	46,951,604
Other	-	-	-	2,794,596	-	2,794,596
	6,999,254,107	6,298,633,452	6,012,559,260	4,842,463,546	13,011,813,367	11,141,096,998
Sales tax	-	-	(43,834,138)	-	(43,834,138)	-
	6,999,254,107	6,298,633,452	5,968,725,122	4,842,463,546	12,967,979,229	11,141,096,998

27.1 Exchange losss due to currency rate fluctuations relating to export sales amounts to Rs. 9,756/- (June30,2012: Rs. 246,622 exchange gain) has been included in export sales.

		Note	30th June, 2013 Rupees	30th June, 2012 Rupees
28	**COST OF SALES**			
	Raw material consumed	28.1	8,514,717,330	6,691,319,429
	Salaries, wages and benefits	28.2	869,352,143	657,875,297
	Stores and spares consumed		449,540,717	382,569,414
	Fuel, power and water	28.3	1,297,862,450	1,209,744,649
	Rent, rates and taxes		948,687	791,754
	Insurance expenses		29,380,390	28,333,376
	Repairs and maintenance		21,583,100	10,167,245
	Vehicle running and maintenance		18,819,154	16,606,347
	Entertainment expenses		5,068,729	3,629,490
	Communication expenses		1,930,174	2,276,553
	Other expenses		9,473,568	8,205,490
	Processing charges		27,153,865	36,525,260
	Depreciation expenses	5.1.1	196,400,172	196,190,208
			11,442,230,479	9,244,234,512
	Work in process			
	Opening stock		191,169,645	166,068,957
	Closing stock		(233,790,074)	(191,169,645)
			(42,620,429)	(25,100,688)
	Cost of goods manufactured		11,399,610,050	9,219,133,824
	Cost of cotton sold		63,196,768	55,340,460
	Cost of other material sold		-	(2,209,645)
			11,462,806,818	9,272,264,639
	Finished goods			
	Opening balance		1,144,206,969	1,403,239,291
	Goods purchased:			
	Other material purchases		-	2,209,645
	Yarn Purchased		184,381,930	75,160,155
	Fabric purchased		16,749,507	61,362,376
			201,131,437	138,732,176
	Closing stock		(1,279,596,001)	(1,144,206,969)
			11,528,549,223	9,670,029,137

28.1	**Raw material consumed**			
	Opening balance		1,898,087,970	1,185,274,435
	Purchases		8,218,598,166	7,459,473,424
			10,116,686,136	8,644,747,859
	Less: Cost of cotton sold		(63,196,768)	(55,340,460)
	Closing stock		(1,538,772,038)	(1,898,087,970)
			8,514,717,330	6,691,319,429

28.2 Salaries, wages and benefits include Rs. 39,615,155/- (June 30, 2012: Rs. 10,743,275/-) in respect of staff retirement benefits.

28.3	**Fuel, power and water**			
	Electricity purchase from outside		191,275,273	219,027,603
	Electricity produced by self	28.3.1	1,096,583,041	985,187,368
	Water charges		3,013,611	1,498,378
	Gas charges		6,990,525	4,031,300
			1,297,862,450	1,209,744,649
28.3.1	**Electricity produced by self**			
	Salaries and wages	28.3.2	16,988,217	12,387,550
	Fuel and store consumed		1,034,542,844	922,744,684
	Repair and maintenance		2,818,017	7,979,133
	Other expenses		2,265,039	2,022,463
	Depreciation	5.1.1	39,968,924	40,053,538
			1,096,583,041	985,187,368

28.3.2 Salaries, wages and benefits include Rs. 2,028,695/- (June 30, 2012: Rs. 1,366,058/-) in respect of staff retirement benefits.

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
29 DISTRIBUTION COST			
On export sales			
Export development surcharges		16,586,743	15,454,954
Freight		118,627,007	120,204,710
Commission		111,753,790	104,075,166
Clearing and forwarding		78,940,689	78,178,403
		325,908,229	317,913,233
On local sales			
Freight		17,250,312	16,201,536
Commission		46,402,288	41,351,500
		63,652,600	57,553,036
		389,560,829	375,466,269

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
30 ADMINISTRATIVE EXPENSES			
Director's remuneration		4,270,314	4,105,038
Salaries and benefits	30.1	14,174,708	10,758,537
Printing and stationery		2,176,307	1,477,952
Communication		1,105,926	1,482,182
Traveling and conveyance		4,757,461	3,196,755
Legal and professional charges		529,000	2,387,100
Auditors' remuneration	30.2	1,539,010	1,404,100
Rent, rates and taxes		2,201,398	1,199,758
Entertainment		896,034	1,357,081
Electricity, gas and water charges		1,679,149	1,526,499
Fees and subscription		1,254,591	617,177
Repairs and maintenance		72,785	192,050
Charity and donation	30.3	1,050,000	1,441,432
Depreciation	5.1.1	6,377,894	7,013,549
Brokerage and discount		-	78,000
		42,084,577	38,237,210

30.1 Salaries, wages and benefits include Rs. 862,310/- (June 30, 2012: Rs. 568,160/-) in respect of staff retirement benefits.

30.2 Auditors' remuneration

	2013	2012
Audit fee	1,331,000	1,210,000
Half yearly review fee	153,010	139,100
Code of corporate governance review fee	30,000	30,000
Out of pocket expenses	25,000	25,000
	1,539,010	1,404,100

30.3 Directors and their spouse have no interest in the donees.

	Note	2013	2012
31 OTHER OPERATING EXPENSES			
Loss on sale of shares		2,168,043	2,718,565
Workers' profit participation fund	23.2	14,352,981	8,292,059
Workers' welfare fund	31.1	5,454,133	-
		21,975,157	11,010,624

	2013	2012
32 FINANCE COST		
Interest / mark-up on		
- short term finances	527,385,179	625,163,645
- long term loans	173,973,729	219,588,605
- lease	13,599,788	37,271,135
- workers' profit participation fund	368,921	1,496,872
Bank charges, commission and others charges	11,196,890	10,001,587
	726,524,507	893,521,844
Less: Finance income		
- on deposit account	1,217,005	14,880
	725,307,502	893,506,964

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
33 OTHER INCOME			
Profit on sale of property, plant and equipment	5.1.2	55,081	71,463
Rental income		3,271,017	3,214,427
Dividend income		382,000	878,000
Appreciation in the fair value of investment		3,042,464	538,442
		6,750,562	4,702,332
34 TAXATION			
Current			
- for the year		87,206,974	98,665,837
Deferred	22.2	20,771,573	22,443,444
		107,978,547	121,109,281
35 EARNINGS PER SHARES			
Profit after taxation		159,273,956	36,439,845
		Number of shares	
Weighted average number of ordinary shares		13,000,000	13,000,000
		(Rupees)	
Earnings per share - basic and diluted		12.25	2.80

35.1 There is no dilutive effect on basic earnings per share.

	30th June, 2013 Rupees	30th June, 2012 Rupees
36 CASH GENERATED FROM OPERATIONS		
Profit before taxation	267,252,503	157,549,126
Adjustment for items involving non movement of fund		
Depreciation	242,746,990	243,257,296
Financial charges	725,307,502	893,506,964
(Gain) on sale of fixed assets	(55,081)	(71,463)
Dividend income	(382,000)	(878,000)
Provision for gratuity	42,183,660	15,353,510
Provision for (appreciation) in the value of investment	(3,042,464)	(538,442)
Provision for workers' welfare fund	5,454,133	-
Provision for workers' profit participation fund	14,352,981	8,292,059
	1,026,565,721	1,158,921,924
Profit before working capital changes	1,293,818,224	1,316,471,050
(Increase)/decrease in current assets		
Stocks, stores and spares	145,763,368	(326,475,693)
Trade debts	(79,153,593)	322,499,669
Loans and advances, prepayments, sales tax and	1,216,297	55,108,171
	1,361,644,296	1,367,603,197
Increase in current liabilities		
Creditors, accrued and other liabilities	(9,573,948)	363,523,029
	1,352,070,348	1,731,126,226

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
Managerial remuneration	480,024	480,024	1,600,080	1,613,414	16,580,030	12,370,607
Allowances						
House rent	192,024	192,024	640,082	645,414	-	-
Utilities	292,437	186,584	1,065,667	987,589	-	-
	964,485	858,632	3,305,829	3,246,417	16,580,030	12,370,607
Number of persons	1	1	5	5	19	16

Chief executive, five directors and certain executives of the Company are provided with free maintained vehicle.

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees

38 FINANCIAL INSTRUMENTS

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

38.1 - Credit risk
38.2 - Liquidity risk
38.3 - Market risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

38.1 Credit risk

38.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the long term investments, long term deposits, trade debts, loans and advances, trade deposits and prepayments, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs. 613.009 million (June 30, 2012: Rs. 558.868 million), financial assets which are subject to credit risk aggregate to Rs. 611.272 million (June 30, 2012: Rs. 558.244 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	30th June, 2013 Rupees	30th June, 2012 Rupees
Long term deposits	40,480,940	45,408,552
Trade debts	415,051,612	335,898,019
Other financial assets	4,510,225	7,121,668
Loans and advances	99,672,881	154,740,781
Trade deposits and short term prepayments	15,319,625	7,290,735
Cash and bank balances	37,974,217	8,408,728
	613,009,500	558,868,483

38.1.2 The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

	30th June, 2013 Rupees	30th June, 2012 Rupees
Domestic	409,237,057	335,691,387
Export	5,814,555	206,632
	415,051,612	335,898,019

38.1.3 The maximum exposure to credit risk for debts at the reporting date by type of product is as follows:

	30th June, 2013 Rupees	30th June, 2012 Rupees
Yarn	248,364,046	169,210,453
Fabric	166,687,566	166,687,566
	415,051,612	335,898,019

38.1.4 The aging of trade debts at the reporting date as follows:

	30th June, 2013 Rupees	30th June, 2012 Rupees
Not past due	174,206,553	134,266,039
Past due 0 - 30 days	135,441,394	116,329,620
Past due 31 - 90 days	89,472,789	72,409,627
Past due 91 - 1 year	15,930,876	12,892,733
More than one year	-	-
	415,051,612	335,898,019

38.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding trough an adequate amount of committed credits facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credits

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

	2013				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	275,539,818	441,147,176	207,040,162	234,107,015	-
Redeemable capital - Sukuk	1,070,181,035	1,761,057,785	256,663,337	1,335,159,649	169,234,799
Loan from directors and others	148,457,000	148,457,000	-	148,457,000	-
Finance lease	99,356,969	112,682,087	25,289,060	87,393,027	-
Trade and other payables	694,221,666	694,221,666	694,221,666	-	-
Accrued interest / mark-up	156,721,629	156,721,629	156,721,629	-	-
Short term borrowings	3,421,422,671	3,871,168,681	3,871,168,681	-	-
	5,865,900,788	7,185,456,024	5,211,104,535	1,805,116,691	169,234,799

	2012				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	352,096,593	477,142,674	197,449,560	279,693,114	-
Redeemable capital - Sukuk	1,177,250,000	1,925,127,440	420,732,992	1,504,394,448	-
Loan from directors and others	52,900,000	52,900,000	-	52,900,000	-
Finance lease	191,782,688	219,220,931	134,446,758	84,774,173	-
Trade and other payables	692,331,979	692,331,979	692,331,979	-	-
Accrued interest / mark-up	173,070,772	173,070,772	173,070,772	-	-
Short term borrowings	3,487,123,043	4,024,663,060	4,024,663,060	-	-
	6,126,555,075	7,564,456,856	5,642,695,121	1,921,761,735	-

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

38.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments.

38.3.1 Currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro. The company's exposure to foreign currency risk is as follows:

	US Dollar	Euro	Others	Rupees
Trade debts 2013	58,989	-	-	5,814,555
Trade debts 2012	2,198	-	-	206,632

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2013	2012	2013	2012
US Dollar to Rupee	96.29	89.93	98.57	94.00

38.3.2 Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
US Dollar		(290,728)	(10,332)

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

38.3.3 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 changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At reporting date the interest rate profile of the company's interest bearing financial instrument is as follows:

	Carrying Amount	
	30th June, 2013 Rupees	30th June, 2012 Rupees
Fixed rate instruments		
Financial assets	19,300,000	6,800,000
Financial liabilities	1,345,720,853	1,529,346,593
Variable rate instruments		
Financial assets	-	-
Financial liabilities	3,520,779,640	3,678,905,731

38.4 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 & loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit & loss account.

38.5 Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2012.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2013	35,207,796	(35,207,796)	-	-
Cash flow sensitivity - variable rate instruments 2012	36,789,057	(36,789,057)	-	-

38.6 Fair value of financial assets and liabilities

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

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observed.

Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2013 other financial assets was categorized in level 1.

There were no transfers between Level 1 and 2 in the year.

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
38.7 Off balance sheet items			
Bank guarantees issued in ordinary course of business		214,475,248	223,984,890
Civil work		101,000,000	101,000,000
Letters of credit for raw material		341,841,375	464,464,622
Letters of credit for stores and spares		23,086,331	158,725,310

The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

38.8 Capital risk management

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

Borrowings	Rupees	4,866,500,493	5,261,152,324
Total equity	Rupees	2,424,932,948	2,238,689,931
Total capital employed	Rupees	7,291,433,441	7,499,842,255
Gearing ratio	Percentage	**66.74**	**70.15**

39 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2013 is as follows:

39.1 Operating results

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2013 Rupees	30th June, 2012 Rupees	30th June, 2013 Rupees	30th June, 2012 Rupees	30th June, 2013 Rupees	30th June, 2012 Rupees	30th June, 2013 Rupees	30th June, 2012 Rupees
SALES									
Export		4,206,233,477	3,551,610,250	2,793,020,630	2,747,023,202	-	-	6,999,254,107	6,298,633,452
Local		4,308,453,119	3,245,996,630	1,537,992,380	1,455,610,073	-	-	5,846,445,499	4,701,606,703
Waste		107,055,498	91,110,643	-	-	-	-	107,055,498	91,110,643
Cotton		59,058,263	46,951,604	-	-	-	-	59,058,263	46,951,604
Other		-	2,794,596	-	-	-	-	-	2,794,596
		8,680,800,357	6,938,463,723	4,331,013,010	4,202,633,275	-	-	13,011,813,367	11,141,096,998
Inter - segment sales		1,280,786,321	1,495,972,521	-	-	1,096,583,041	985,187,368	2,377,369,362	2,481,159,889
Sales tax		(32,292,737)	-	(11,541,401)	-	-	-	(43,834,138)	-
Total sales		9,929,293,941	8,434,436,244	4,319,471,609	4,202,633,275	1,096,583,041	985,187,368	15,345,348,591	13,622,256,887
Cost of sales	41	(8,889,860,163)	(7,447,353,737)	(3,919,475,381)	(3,718,647,921)	(1,096,583,041)	(985,187,368)	(13,905,918,585)	(12,151,189,026)
Gross profit		1,039,433,778	987,082,507	399,996,228	483,985,354	-	-	1,439,430,006	1,471,067,861
Distribution cost	42	(259,456,285)	(233,833,265)	(130,104,544)	(141,633,004)	-	-	(389,560,829)	(375,466,269)
Administrative expenses	43	(28,029,274)	(23,813,409)	(14,055,303)	(14,423,801)	-	-	(42,084,577)	(38,237,210)
		(287,485,559)	(257,646,674)	(144,159,846)	(156,056,805)	-	-	(431,645,406)	(413,703,479)
Operating Results		751,948,219	729,435,833	255,836,382	327,928,549	-	-	1,007,784,600	1,057,364,382
39.2 Segment assets		5,869,241,702	6,165,394,889	2,491,064,479	2,291,840,148	842,804,589	854,666,123	9,203,110,770	9,311,901,160
39.3 Unallocated assets								296,353,110	241,795,612
								9,499,463,879	9,553,696,772
39.4 Segment liabilities		421,446,816	487,766,702	228,417,832	104,361,220	44,357,017	100,204,057	694,221,666	692,331,979
39.5 Unallocated liabilities								5,673,870,455	5,898,706,161
								6,368,092,121	6,591,038,140
39.6 Depreciation		145,613,313	145,429,561	57,164,753	57,774,197	39,968,924	40,053,538	242,746,990	243,257,296

39.7 Inter-segment pricing

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

39.8 There were no major customer of company which formed 10 percent or more of the company's revenue.

	Note	30th June, 2013 Rupees	30th June, 2012 Rupees
40 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES			
40.1 Sales			
Total sales for reportable segment	39.1	15,345,348,591	13,622,256,887
Elimination of inter-segment	39.1	(2,377,369,362)	(2,481,159,889)
Total sales		12,967,979,229	11,141,096,998
40.2 Cost of sales			
Total cost of sales for reportable segment	41	13,905,918,585	12,151,189,026
Elimination of inter-segment	41.1	(2,377,369,362)	(2,481,159,889)
Total cost of sales		11,528,549,223	9,670,029,137
40.3 Assets			
Total assets for reportable segments	39.2	9,203,110,770	9,311,901,160
Long term deposits	6	40,480,940	45,408,552
Other financial assets	10	4,510,225	7,121,668
Income tax and sales tax	13	251,361,945	189,265,392
Unallocated assets	39.3	296,353,110	241,795,612
		9,499,463,879	9,553,696,772
40.4 Liabilities			
Total liabilities for reportable segments	39.4	694,221,666	692,331,979
Long term finances	18	275,539,818	352,096,593
Redeemable capital - Sukuk	19	1,070,181,035	1,177,250,000
Loan from directors and others	20	148,457,000	52,900,000
Liabilities against assets subject to finance lease	21	99,356,969	191,782,688
Deferred liabilities	22	502,191,333	464,483,065
Accrued interest / mark-up	24	156,721,629	173,070,772
Short term borrowings	25	3,421,422,671	3,487,123,043
Unallocated liabilities	39.5	5,673,870,455	5,898,706,161
		6,368,092,121	6,591,038,140

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2013 Rupees	30th June, 2012 Rupees	30th June, 2013 Rupees	30th June, 2012 Rupees	30th June, 2013 Rupees	30th June, 2012 Rupees	30th June, 2013 Rupees	30th June, 2012 Rupees
41 COST OF SALES									
Raw material consumed	41.1	6,736,416,012	5,514,122,148	3,059,087,639	2,673,169,803	-	-	9,795,503,651	8,187,291,951
Stores and spares consumed		294,075,467	244,318,119	155,465,250	138,251,295	1,034,542,844	922,744,684	1,484,083,561	1,305,314,098
Sizing material consumed		-	-	27,153,865	36,525,261	-	-	27,153,865	36,525,261
Salaries, wages and benefits		703,132,369	531,772,324	166,219,774	126,102,973	16,988,217	12,387,550	886,340,360	670,262,847
Fuel, power and water:									
Inter-segment		615,705,404	531,028,838	480,877,637	454,158,530	-	-	1,096,583,041	985,187,368
Others		197,458,062	220,525,981	3,821,347	4,031,300	-	-	201,279,409	224,557,281
Repairs and maintenance		12,612,912	8,283,341	8,970,208	1,883,904	2,818,017	7,979,133	24,401,137	18,146,378
Insurance expenses		26,958,502	26,286,125	2,421,888	2,047,251	-	-	29,380,390	28,333,376
Rent, rates and taxes		948,687	791,754	-	-	-	-	948,687	791,754
Vehicle running and maintenance		15,764,599	13,006,418	3,054,555	3,599,929	-	-	18,819,154	16,606,347
Entertainment expenses		3,699,617	2,756,737	1,369,112	872,753	-	-	5,068,729	3,629,490
Communication expenses		1,393,983	1,596,602	536,191	679,951	-	-	1,930,174	2,276,553
Other expenses		2,486,155	3,992,028	6,987,413	4,213,439	2,265,039	2,022,463	11,738,607	10,227,930
Depreciation expenses		141,365,492	141,061,656	55,034,680	55,128,553	39,968,924	40,053,538	236,369,096	236,243,747
		8,752,017,261	7,239,542,071	3,970,999,559	3,500,664,942	1,096,583,041	985,187,368	13,819,599,861	11,725,394,381
Work in process									
Opening stock		96,935,168	94,863,445	94,234,457	71,205,512	-	-	191,169,625	166,068,957
Closing stock		(105,343,028)	(96,935,168)	(128,447,046)	(94,234,457)	-	-	(233,790,074)	(191,169,625)
		(8,407,860)	(2,071,723)	(34,212,589)	(23,028,945)	-	-	(42,620,449)	(25,100,668)
Cost of goods manufactured		8,743,609,401	7,237,470,348	3,936,786,970	3,477,635,997	1,096,583,041	985,187,368	13,776,979,412	11,700,293,713
Cost of cotton sold		63,196,768	55,340,460	-	-	-	-	63,196,768	55,340,460
Cost of other material sold		-	(2,209,645)	-	-	-	-	-	(2,209,645)
		8,806,806,169	7,290,601,163	3,936,786,970	3,477,635,997	1,096,583,041	985,187,368	13,840,176,180	11,753,424,528
Finished goods									
Opening balance		476,672,908	556,055,682	667,534,061	847,183,609	-	-	1,144,206,969	1,403,239,291
Finished goods purchased:									
Cost of other material sold		-	2,209,645	-	-	-	-	-	2,209,645
Yarn		184,381,930	75,160,155	16,749,507	61,362,376	-	-	201,131,437	136,522,531
		184,381,930	77,369,800	16,749,507	61,362,376	-	-	201,131,437	138,732,176
Closing stock		(578,000,844)	(476,672,908)	(701,595,157)	(667,534,061)	-	-	(1,279,596,001)	(1,144,206,969)
		8,889,860,163	7,447,353,737	3,919,475,381	3,718,647,921	1,096,583,041	985,187,368	13,905,918,585	12,151,189,026

	Note	Spinning 30th June, 2013 Rupees	Spinning 30th June, 2012 Rupees	Weaving 30th June, 2013 Rupees	Weaving 30th June, 2012 Rupees	Power Generation 30th June, 2013 Rupees	Power Generation 30th June, 2012 Rupees	Company 30th June, 2013 Rupees	Company 30th June, 2012 Rupees
41.1 Raw material consumed									
Opening balance		1,640,295,316	1,048,414,400	257,792,654	136,860,035	-	-	1,898,087,970	1,185,274,435
Purchases:									
Inter-segment		-	-	1,280,786,321	1,495,972,521	-	-	1,280,786,321	1,495,972,521
Other		6,306,362,661	6,161,343,524	1,912,235,505	1,298,129,901	-	-	8,218,598,166	7,459,473,425
		6,306,362,661	6,161,343,524	3,193,021,826	2,794,102,422	-	-	9,499,384,487	8,955,445,946
Cost of cotton sold		(63,196,768)	(55,340,460)	-	-	-	-	(63,196,768)	(55,340,460)
Closing stock		(1,147,045,197)	(1,640,295,316)	(391,726,841)	(257,792,654)	-	-	(1,538,772,038)	(1,898,087,970)
		6,736,416,012	5,514,122,148	3,059,087,639	2,673,169,803	-	-	9,795,503,651	8,187,291,951
42 DISTRIBUTION COST									
On export sales									
Export development surcharge		11,047,145	9,625,052	5,539,599	5,829,902	-	-	16,586,743	15,454,954
Regulatory duty on export		-	-	-	-	-	-	-	-
Freight		79,008,258	74,861,212	39,618,749	45,343,498	-	-	118,627,007	120,204,710
Commission		74,430,541	64,816,038	37,323,249	39,259,128	-	-	111,753,790	104,075,166
Clearing and forwarding		52,576,276	48,688,025	26,364,412	29,490,378	-	-	78,940,689	78,178,403
		217,062,221	197,990,327	108,846,009	119,922,906	-	-	325,908,229	317,913,233
On local sales									
Freight		11,489,096	10,090,009	5,761,216	6,111,527	-	-	17,250,312	16,201,536
Commission		30,904,968	25,752,929	15,497,319	15,598,571	-	-	46,402,287	41,351,500
		42,394,065	35,842,938	21,258,535	21,710,098	-	-	63,652,600	57,553,036
		259,456,285	233,833,265	130,104,544	141,633,004	-	-	389,560,829	375,466,269

	Note	Spinning		Weaving		Power Generation		Company	
		30th June, 2013	30th June, 2012	30th June, 2013	30th June, 2012	30th June, 2013	30th June, 2012	30th June, 2013	30th June, 2012
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
43 ADMINISTRATIVE EXPENSES									
Director's remuneration		2,844,116	2,556,540	1,426,189	1,548,498	-	-	4,270,304	4,105,038
Salaries and benefits		9,440,675	6,700,213	4,734,033	4,058,324	-	-	14,174,708	10,758,537
Printing and stationery		1,449,469	920,440	726,838	557,512	-	-	2,176,307	1,477,952
Communication		736,572	923,075	369,354	559,107	-	-	1,105,926	1,482,182
Traveling and conveyance		3,168,576	1,990,878	1,588,885	1,205,877	-	-	4,757,461	3,196,755
Legal and professional charges		352,325	1,486,641	176,674	900,459	-	-	529,000	2,387,100
Auditors' remuneration		1,025,013	874,447	513,997	529,653	-	-	1,539,010	1,404,100
Rent, rates and taxes		1,466,181	747,187	735,217	452,571	-	-	2,201,398	1,199,758
Entertainment		596,779	845,164	299,255	511,917	-	-	896,034	1,357,081
Electricity, gas and water charges		1,118,360	950,675	560,798	575,824	-	-	1,679,158	1,526,499
Fees and subscription		835,586	384,366	419,005	232,811	-	-	1,254,591	617,177
Repairs and maintenance		48,476	119,605	24,309	72,445	-	-	72,785	192,050
Charity and donation		699,325	897,696	350,676	543,736	-	-	1,050,001	1,441,432
Depreciation		4,247,822	4,367,905	2,130,073	2,645,644	-	-	6,377,895	7,013,549
Brokerage and discount		-	48,577	-	29,423	-	-	-	78,000
		28,029,274	23,813,409	14,055,303	14,423,801	-	-	42,084,577	38,237,210

		Note	30th June, 2013 Rupees	30th June, 2012 Rupees

44 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises directors and key management personnel. Amounts due to related parties are shown in the relevant notes to the financial statements. Transactions with related parties are disclosed below.

Nature of transaction	Relationship	30th June, 2013 Rupees	30th June, 2012 Rupees
Loan received/(paid) - net	Key management personnel	83,471,881	(3,911,494)
Salaries and other benefits	Key management personnel	4,270,314	4,105,038

The company continues to have a policy whereby all transactions with related parties are entered at arm's length price using admissible valuation method and expenses are charged on actual basis.

45 PLANT CAPACITY AND PRODUCTION

Spinning

	30th June, 2013	30th June, 2012
Total no of spindles installed	73,488	73,488
Total no of rotors installed	1,104	1,104
Average no of spindles worked	73,488	73,488
Average no of rotors worked	1,104	1,104
Numbers of shift worked per day	3	3
Capacity of industrial unit after conversion into 20/s count - KGS	29,438,125	29,438,125
Actual production after conversion into 20/s count - KGS	24,823,951	25,088,541

It is difficult to describe the production capacity in textile industry since it fluctuates widely depending upon various factors such as count of the yarn spun spindles speed twist per inch and raw material used etc.

Weaving

	30th June, 2013	30th June, 2012
Rated capacity converted into 60 picks - Square meters	70,763,414	70,763,414
Actual production converted to 60 picks - square meters	65,301,382	63,824,513
Total numbers of looms worked	234	234
Number of shifts worked per day	3	3

Power Plant

		30th June, 2013	30th June, 2012
Installed capacity	MW	36.2	36.2
Installed capacity per hour per day	MWH	317.112	317.112
Prime capacity	MW	20	20
Stand by	MW	16.2	16.2
Installed prime capacity per hour per day	MWH	175.2	175.2
Actual generated per hour per day	MWH	115.402	111.379

Reason for Short Fall if Any

The installed capacity includes the stand by generation which is only used case of emergency shutdown of the prime engines.

46 NON ADJUSTING EVENT AFTER BALANCE SHEET

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2013 of Rs. 1.5/- (June 30, 2012: Rs. Nil) per ordinary share amounting to Rs. 19,500,000/- (June 30, 2012: Nil) at their meeting held on **October 8, 2013** for approval of the members at the Annual General meeting to be held on **October 31, 2013**. These financial statements don't reflect this impact.

47 ACCOUNTING ESTIMATES AND JUDGMENTS

47.1 Income taxes

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

47.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

47.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

47.4 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

47.5 Interest rate and cross currency swap

The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

48 RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions of the purposes of comparison. Significant reclassifications made is as following:

Note	From	To	Nature	Amount Rupees
8	Raw material - in hand	Raw material - in transit	Proper allocation	21,279,842
8	Finished goods	Raw material - in hand	Proper allocation	12,464,765
28	Other expenses	Vehicle running and maintenance	Proper allocation	16,606,347
28	Other expenses	Entertainment expenses	Proper allocation	3,629,490
28	Other expenses	Communication expenses	Proper allocation	2,276,553

49 NUMBER OF EMPLOYEES

	30th June, 2013	30th June, 2012
Total number of employees as at	4,276	4,210
Average number of employees during the year	4,243	4,090

50 GENERAL

The figures have been rounded off to the nearest Rupee.

51 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on ________________.

Karachi: October 08, 2013

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

FORM OF PROXY

Please quote Registered Folio Number

I / We ____

Of ____

being member of QUETTA TEXTILE MILLS LIMITED and a holder of ______________

Ordinary shares, hereby appoint ______________________________________

______________________ of ______________________

who is also a member of the Company, as my / our proxy in my / our absence to attend and vote of me / us and on my / our behalf at the 49th Annual General Meeting of the Company to be held at the Registered Office at Nadir House (Ground Floor), I.I. Chundrigar Road, Karachi, on Thursday, October 31, 2013 at 8:45 a.m. or at any adjournment thereof

As witness my / our hand this ______________ day of ______________________ 2013

Signed by the said ______________________________ in presence of

____

Member's Signature

Affix Five Rupees Revenue Stamps which must be cancelled either by signature over it or by some other means

Date : ______________

____

Witness's Signature

Important:

(1) This form of proxy, in order to be effective must be deposited duly completed at the Company's registered office at Nadir House (Ground Floor), I.I. Chundrigar Road, Karachi, not less than 48 hours before the time for holding the meeting.

(2) A proxy must be member of the Company.

(3) Signature should agree with the specimen registered with the Company.