



SHAMS TEXTILE MILLS LIMITED

ANNUAL REPORT 2014



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COMPANY INFORMATION

Board of Directors

Muhammad Anwar	(Chairman)
Khalid Bashir	(Chief Executive)
Asif Bashir	
Khurram Mazhar Karim	
Muhammad Asif	(Nominee: NIT)
Shahid Arshad	
Sharik Bashir	

Chief Financial Officer

Farooq Ahmad

Company Secretary

Hashim Tariq

Audit Committee

Khurram Mazhar Karim	(Chairman)
Muhammad Anwar	(Member)
Asif Bashir	(Member)
Khaleeqe Ahmad	(Secretary)

Human Resource & Remuneration Committee

Khalid Bashir	(Chairman)
Muhammad Anwar	(Member)
Khurram Mazhar Karim	(Member)

Legal Advisor

Muhammad Iqbal Khawaja

Share Registrar

Crescent Group (Pvt.) Ltd.
10th Floor, BOP Tower, 10-B,
Block E-2, Gulberg III, Lahore

Auditors

Riaz Ahmad & Company
Chartered Accountants

Bankers

Allied Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
KASB Bank Limited
United Bank Limited
Habib Metropolitan Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore
Ph: +92-423-576 0379, 576 0382
Fax: +92-423-576 0376
Email: info@shams.com.pk
Web: www.shams.com.pk

Project Locations

Kotla Kahloon, District Nankana Sahib, Punjab
3-KM, Faisalabad Road, Chiniot, Punjab

PROFILE

Shams Textile Mills Limited is a public limited company incorporated on January 10, 1968. The company is primarily engaged in the manufacturing and trading of high quality Yarn.

The Company initially setup up its composite project consisting of spinning, weaving, dyeing and finishing at Chiniot in 1968. The plant today comprises of 24,960 spindles having capacity of producing 400,000 Kg/month (approx.) of yarn. During the initial years of operations the management successfully marketed the cotton yarn, grey and finished fabrics produced from these facilities, generating substantial export business. These operations resulted in the manufacturing of premium quality products leading to higher profitability for the company.

The company successfully built enough reserves over time inducing the management to think about the expansion of its existing facilities. The Management therefore decided to increase its spindle age capacity to 46,320 by installing another spinning unit at Shekhupura Road near Shahkot. The facility started its commercial production in August 01, 1994 and ever since has contributed positively to the results of the company.

Our 22,176 spindle-spinning unit located at Shahkot has the capacity of producing 500,000 Kg (approx.) of the finest Knitting and weaving yarns monthly. Our strength is our commitment to customer satisfaction. Every product passes stringent quality control tests conducted on highly sophisticated machinery before it is dispatched to a customer.

The Company has grown steadily and has distinction of being associated with several prestigious local and foreign firms. The modern yet conservative policies of the company helped in attracting investment in the form of equity participation and loans. The weaving, dyeing and finishing facilities have been shut down with the passage of time due to lower profitability and the management's decision to primarily focus on the spinning business which has always been the company's strength.

The specialized yarn based new spinning unit of 12,096 spindles has been added to existing facilities of the Company at Shahkot to cater the demand of coarse count Slub, Multi and Lycra yarns. The plant started its commercial production in January 2006.

Shams Textile Mills Limited is managed by people who have had vast experiences in the textile sector. The management is constantly looking to avail opportunities in the field of textiles and to grow on its strengths. It has a low cost and growth driven approach to its businesses and is looking to grow further on the same policies.

MISSION / VISION STATEMENT

Our Business

We are a manufacturing organization operating integrated spinning and weaving facilities in textile industry and our end products are sold to international and national customers.

Vision of Future Business

We are committed to becoming the premier manufacturing organization in the textile industry maintaining market leadership in the present business and diversifying into value added projects with the object of maximizing returns for all the stakeholders.

Our Strengths

We have made pioneering efforts in development of new products, which has enabled us to emerge as a market leader. This together with an innovative and professional management style has helped us to build a strong and financially sound base.

Our Strategy

We are determined to convert our vision into reality by using innovation to create a market niche for our products and by investing in facilities, people, systems and new technology, diversification into value addition and improvements in productivity and service to customers.

We shall aggressively exploit new markets by drawing strength from our corporate image and by promoting a culture that encourages initiatives at all levels of decision-making.

Our Values

- We take pride in adhering to ethical business practices and in being a good corporate citizen.
- We respect our people and endeavor to provide them opportunities to realize their full potential.
- We recognize our responsibility to our stakeholders and society.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE

This statement is being presented to comply with the best practices of the Code of Corporate Governance as contained in the Listing Regulation of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board included:

S. No.	Category	Names
1	Independent Director	Mr. Mohammad Asif
2	Executive Directors	Mr. Khalid Bashir Mr. Asif Bashir
3	Non-Executive Directors	Mr. Muhammad Anwar Mr. Khurram Mazhar Karim Mr. Shahid Arshad Mr. Sharik Bashir

The independent directors meets the criteria of independence under clause i (b) of the CCG.

1. The directors have confirmed that none of them is serving as a director in more than seven listed companies including this Company.
2. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
3. Causal Vacancies occurred during the year 2013-2014 and have been filled as per prevailing laws.
4. The Company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the company along with supporting policies & procedures.
5. 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 dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, have been taken by the Board.
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 at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
8. The present Board elected on May 30, 2014, and five Directors out of seven have been exempted from Directors' Training Programme due to 14 years of education and 15 years of experience on the board of listed companies. Remaining directors will be done Directors' Training Programme as per application of CCG.

9. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
10. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the CCG.
14. The Board has formed an audit committee. It comprises of 3 (three) members, of whom two are non executive Directors including the Chairman of the Committee.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has formed and HR and Remuneration Committee. It comprises three members, of whom two are non-executive and the chairman of the committee is an executive director.
17. The Board has set-up effective internal audit function by appointing a full-time Head of Internal Audit. The day to day operations of this function are being performed and supervised by the Head of Internal Audit, who is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
18. The statutory auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. 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.
20. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
21. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
22. We confirm that all other material principles enshrined in the CCG have been complied.

KHALID BASHIR
Chief Executive

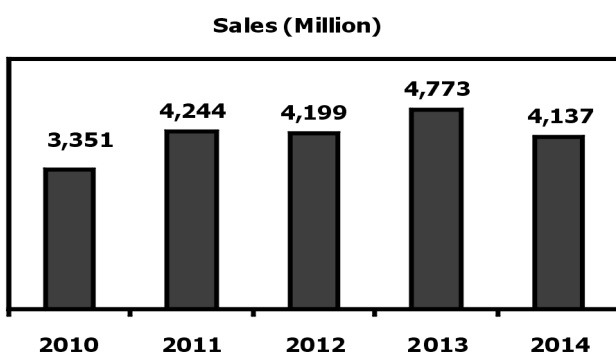
September 27, 2014

DIRECTORS' REPORT

The Directors are pleased to present the annual report for the year ending 30th June 2014 along with Audited Financial Statements.

During the year under review, your Company suffered a loss (Rs. 55.639 Million) (2013: Profit Rs. 284 million) translating into loss per share of (Rs. 6.44) (2013: earning Rs. 32.88). The current ratio decreased to 0.89 (2013: 1.20).

The Sales of your Company decreased by 13.40% to Rs. 4,134 million (2013: 4,773 million) while the Gross Profit decreased to 3.26 % (2013: 12.66%) primarily due to decrease in export sale.



The distribution cost decreased by 57.18% i.e. Rs. 71.188 million (2013: Rs. 166.241 million) due to decrease in export sale by Rs. 614.738 million.

There has been a significant increase in the financial cost, which by 32.336% to Rs 72.098 million (2013: Rs 54.48 million) which negatively affecting the bottom line.

The Country's economy continued to stagnate during the year under review. This also affected the performance of your Company. Industries in general and Textile industry in particular faced massive energy problems. Gas supplies were severely curtailed and electric power was available for short periods. This resulted in under capacity utilization and hence lower production and higher cost of manufacture, due to huge fixed costs which could not be absorbed.

Your company operates 59,232 spindles at mills premises Shahkot and Chiniot of which 24,960 had to be closed down in March 2014 at our Chiniot Unit as the operation at this location became totally unviable because of obsolete machinery incapable of giving optimum production and quality. Spindles operating at our Shahkot unit were underutilized due to energy constraints. This resulted in a negative bottom line for the company.

Operating Results;

(Rs. In Million)

	2014	2013
Sales	4,134.696	4,773.213
Gross profit	134.882	604.143
Operating expenses	125.065	253.789
Other income	24.595	16.941
Profit from operation	34.412	367.295
Finance cost	72.098	54.481
(Loss) / Profit before taxation	(37.686)	312.814
Provision for taxation	17.952	28.690
(Loss) / Profit after taxation	(55.638)	284.124
(Loss) / Earnings per share (Rs.)	(6.44)	32.88

The cotton and yarn prices fluctuated during the period under review with yarn prices mostly remaining under pressure. Also imported yarns were readily available to the downstream industry resulting in weak demand for our yarn. The Chinese market was also subdued and yarn exports suffered as a consequence creating a buyers market in the domestic market. Our yarn production was 15,054,247 kg as compared to 16,321,833 kg during the previous year and exports were also reduced from Rs. 1,536.064 million to Rs. 921.326 million.

The Company's Oracle Financial Systems is now fully operational and is helping in efficient management of our financial systems. The company has its own Internal Audit Department but is still considering to outsource this for more independence and accuracy. Various committees of the Board such as Internal Audit, and Human Resource Remuneration Committees are fully functional and provide useful inputs to the Board of Directors.

Statements on Corporate and Financial Reporting Frame Work

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;

- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained;
- e) The System of Internal Control is sound in design and has been effectively implemented and monitored;
- f) There are no significant doubts upon the listed company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- h) Key operating and financial data of last six years in a summarized form is annexed;
- i) The following is the value of investment in respect of retirement benefit funds: Provident Fund: Rs. 113.00 Million (2013:Rs. 86.73 Million);
- j) All the statutory payments on account of taxes, duties, levies and charges have been made except those disclosed in financial statement;
- k) Four meetings of the Board of Directors were held during the year 2013-14. Attendance by each director was as under:

Sr. No.	Name of Director	No. Of Meetings Attended
1	Mr. Adil Bashir	4
2	Mr. Amjad Mahmood	2
3	Mr. Asif Bashir	3
4	Mr. Khalid Bashir	4
5	Mr. Muhammad Anwar	4
6	Mr. Muhammad Asif (NIT)	4
7	Mr. Nadeem Maqbool	2
8	Mr. Khurram Mazhar Karim	-
9	Mr. Shahid Arshad	-
10	Mr. Sharik Bashir	-

(However, leave of absence was granted to the Directors who could not attend the Board Meetings due to preoccupations)

Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and the following non-executive directors are its members. Five Audit Committee meetings were held:

Sr. No.	Name of Members	No. Of Meetings Attended
1	Mr. Muhammad Anwar	05
2	Mr. Asif Bashir	04
3	Mr. Adil Bashir	04
4	Mr. Khurram Mazhar Karim	-

Human Resource & Remuneration Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Human Resource & Remuneration Committee and the following directors are its members:

Sr. No.	Name of Members	
1.	Mr. Khalid Bashir	Chairman
2.	Mr. Muhammad Anwar	Member
3.	Mr. Khurram Mazhar Karim	Member

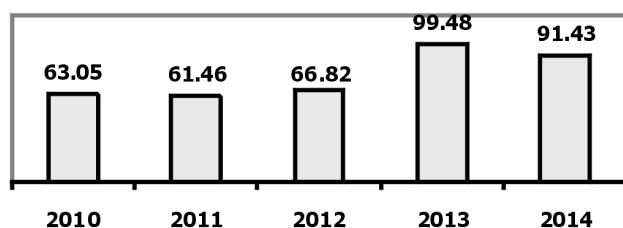
Directors' Training Programme:

The present Board elected on May 30, 2014, and five Directors out of seven have been exempted from Directors' Training Programme due to 14 years of education and 15 years of experience on the board of listed companies. Remaining directors will be done Directors' Training Programme as per application of CCG.

Investor Value

During the year under review the Company suffered a loss therefore the Board of Directors has not recommended any dividend (2013 Rs. 3.00).

The Break-up value per share for the year is Rs. 91.43/- (2013: Rs. 99.48/-)

Break-up Value (Rupees)**Directors**

Election of Directors was held on May 30, 2014 and 5 directors re-elected and two new directors elected unopposed. The term of office of the directors will expire on May 30, 2017.

The Board is pleased to inform that Mr. Khalid Bashir has been re-appointed by the new Board of Directors as the Chief Executive of the Company with effect from May 31, 2014 for a period of three years, Mr. Khalid Bashir is entitled a basic managerial remuneration of Rs. 600,00/- per month and other terms and conditions will remain unchanged. The managerial remuneration is subject to a 10% annual increase and adjustment to related benefits effective from June 2014.

Furthermore the Board has also revised the basic managerial remuneration of Mr. Asif Bashir, Executive Director as Rs. 350,000/- per month and other terms and conditions will remain unchanged. The managerial remuneration is subject to a 10% annual increase and adjustment to related benefits effective from June 2014.

Company Secretary

The Company appointed Mr. Hashim Tariq as a Company Secretary on January 22, 2014 with a gross remuneration of Rs. 52,000/-. The other terms and conditions as per Company's policy.

Auditors

As recommended by the Audit Committee, the present auditors M/s Riaz Ahmad & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

Pattern of Shareholding

The pattern of shareholding, as required by section 236 of the Companies Ordinance 1984 and Code of Corporate Governance, is enclosed.

Key Operating and Financial Data

The key operating and financial data for the last six years is annexed.

Corporate Governance

Your Company has been complying with the rules of Securities and Exchange Commission of Pakistan and has implemented better internal control policies with more rigorous checks and balances.

Future Outlook

Under the present political and economical conditions it is very difficult to assess the future outlook for the Pakistan's Textile Industry. Because of the ongoing tussle between the Government and the political opposition. All economic indicators are showing a down ward trend. International market place is also very weak and will have severe impact on the Pakistan Textile industry. Yarn prices locally as well as in the export markets have continued to show a weakening tendency. Although cotton raw material prices have also come down in sympathy with the world market, it still does not compensate for the other high inputs as also for the energy shortage as also energy prices. Energy costs have increased by fifty percent in the past six to eight months and are expected to rise further. The supply of gas is expected to reduce further during the current year. Resulting in very high energy mix cost. The Management is doing its best to maximize efficiencies but all in all we cannot paint a very bright future for the industry.

Acknowledgements

On behalf of the Board of Directors, I would take this opportunity to thank all our partners and employees for their continued support. I would also take this opportunity to express my gratitude to the Board for their valuable insights and guidance.

For & On behalf of Board of Directors

Khalid Bashir
Chief Executive

September 27, 2014
Lahore

FINANCIAL SUMMARY

For the year ended June 30, 2014

rupees in '000's	2014	2013	2012	2011	2010	2009
Net Sales	4,133,696	4,773,213	4,198,758	4,244,030	3,351,493	2,700,814
Cost of sales	3,998,814	4,169,070	3,859,588	3,967,651	2,942,753	2,563,658
Gross Profit	134,882	604,143	339,170	276,379	408,740	137,156
Distribution cost	71,188	166,241	88,905	62,166	68,192	43,416
Administrative expenses	48,877	46,644	44,559	41,260	36,674	31,245
Other operating expenses	5,000	40,904	6,167	7,747	29,816	57,177
	125,065	253,789	139,631	111,173	134,682	131,838
Operating Profit	9,817	350,354	199,539	165,206	274,058	5,318
Other operating income	24,595	16,941	8,230	5,368	5,947	5,787
	34,412	367,295	207,769	170,574	280,005	11,105
Finance cost	72,098	54,481	123,019	130,404	114,709	128,044
Profit / (Loss) before taxation	(37,686)	312,814	84,750	40,170	165,296	(116,939)
Provision for taxation	17,952	28,690	42,402	36,703	34,519	33,567
Profit / (Loss) after taxation	(55,638)	284,124	42,348	3,467	130,777	(83,372)
Performance Ratio						
Gross Profit Margin (%)	3.26	12.66	8.08	6.51	12.20	5.08
Fixed Assets Turnover	4.32	5.68	5.20	5.07	3.79	2.84
Return on capital employed (%)	(5.54)	29.18	6.35	0.64	20.78	(12.92)
Return on equity (%)	(7.15)	33.40	7.39	0.65	24.70	(19.50)
Operating Profit Margin (%)	0.24	7.34	4.75	3.89	8.18	0.20
Net Profit Margin (%)	(1.35)	5.95	1.01	0.08	3.90	(3.09)
Earning / (Loss) per share (Rupees)	(6.44)	32.88	4.90	0.40	15.14	(9.65)
Working Capital Ratios						
Debtors Turn Over Ratio	23.10	39.52	34.76	28.51	13.93	11.24
Debtors in no of Days	15.80	9.24	10.50	12.80	26.20	32.46
Stock Turn Over Ratio	8.65	7.22	6.69	7.52	9.98	8.07
Stock in no of Days	42.21	50.54	54.59	48.53	36.57	45.23
Liquidity Ratio						
Current Ratio	0.89	1.20	0.86	0.78	0.77	0.73
Quick Ratio	0.32	0.48	0.29	0.15	0.35	0.40
Interest Cover Ratio	(1.91)	0.17	1.45	3.25	0.69	(1.09)
Financial Performance Ratio						
Gearing Ratio	21:79	11:89	13:87	02:98	13:87	38:62
Break-up value per share (Rupees)	91.43	99.48	66.82	61.46	63.05	46.13
Dividend per share (Rupees)	-	3.00	1.25	-	2.00	-
Price to Book Value	0.50	0.60	0.15	0.12	0.19	0.07
Total Assets	2,080,193	1,624,731	1,482,013	1,819,199	1,529,557	1,635,974
Current Assets	954,306	769,866	692,192	994,748	679,471	719,620
Current Liabilities	1,066,314	641,698	808,671	1,269,476	886,559	990,746
Operating Fixed Assets	1,125,887	854,865	789,821	824,451	850,086	916,354
Long Term Debts	214,537	114,271	89,109	11,565	84,633	246,642
Share holders' Equity	789,928	859,524	577,346	530,976	544,734	398,586

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 47th Annual General Meeting of the shareholders of Shams Textile Mills Limited will be held on Wednesday, **October 29, 2014 at 9:00 a.m.** at the Registered Office, 7-B III, Aziz Avenue, Gulberg V, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' reports thereon for the year ended June 30, 2014.
2. To appoint auditors of the Company and fix their remuneration. The present auditor M/s Riaz Ahmad & Company, Chartered Accountants retires and offers themselves for re-appointment.
3. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore
October 04, 2014

Company Secretary

BOOK CLOSURE:

The Members' Register will remain closed from October 23, 2014 to October 29, 2014 (both day inclusive).

NOTES:

1. Transfer received in order at the Registered Office by the close of business hours on Wednesday, October 22, 2014 will be treated in time.
2. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular no. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting:
 - 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 the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their Participant ID numbers and account numbers in CDS.
 - 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 requested to immediately notify the change in their address, if any and send us the attested copy of Computerized National Identity Card.

For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and whose registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or passport 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.

For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and whose registration details are uploaded as per the Regulations, shall submit the proxy form as per above requirement
- ii. Attested copies of valid CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iii. The proxy shall produce his/her original valid CNIC or original passport at the time of the meeting.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be produced (unless it has been provided earlier) at the time of meeting.

5. **SECP has directed vide SRO No. 779(1)/2011 dated August 18, 2011 to issue dividend warrant only crossed as "A/c Payee only" and should bear the Computerized National Identity Card (CNIC) of the registered members. Members who have not yet submitted photocopy of their valid CNIC are requested to send the same to the Company's Registrar.**
6. As directed by SECP vide Circular NO. 18 of 2012 dated June 5, 2012, we give the shareholders the opportunity to authorize the Company to directly credit in your bank account with cash dividend, if any, declared by the Company in future. If you wish that the cash dividend if declared by the Company be directly, credited into your bank account, instead of issuing a dividend warrants, please provide the following details:

Folio No. _____
 Name _____
 Title of Bank Account _____
 Bank Account Number _____
 Bank's Name _____
 Branch Name & Address _____
 Cell Number of Transferee _____
 Landline Number of Transferee, if any _____

Deduction of Tax on Dividend Income – Finance Act, 2014

It is hereby informed that pursuant to the Finance Act, 2014, effective from July 1, 2014, the rate of withholding tax under Section 150 of the Income Tax Ordinance, 2001 on dividend income has been segregated as follows:

- i) Rate of tax deduction on dividend income for filer of income tax return 10%
- ii) Rate of tax deduction of dividend income for non filer of income tax return 15%

Further you are therefore requested to please provide us the following details:

Name	Folio No./ CDC Account No.	National Tax No.	CNIC No. (for individual only) enclose a copy of valid CNIC, if not already provided

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

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

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

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

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

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

- (i) The board of directors has not made arrangements for directors' training program for one non-exempted director of the Company as required by clause (xi) of the Code.
- (ii) Members of Audit Committee do not include an independent director as required by clause (xxiv) of the Code.
- (iii) The board of directors of the Company has not put in place a mechanism for an annual evaluation of the board's own performance as required by clause (v)(e) of the Code.

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Sarfraz Mahmood

Date: September 27, 2014

Lahore

AUDITORS' REPORT TO THE MEMBERS

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

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 30 June 2014 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Sarfraz Mahmood

Date: September 27, 2014

LAHORE

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 (Rupees in thousands)	2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
25,000,000 (2013: 25,000,000) ordinary shares of Rupees 10 each			
		250,000	250,000
Issued, subscribed and paid-up share capital	3	86,400	86,400
Reserves	4	703,528	773,124
Total equity		789,928	859,524
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	214,537	114,271
Deferred income tax liability	6	9,414	9,238
		223,951	123,509
CURRENT LIABILITIES			
Trade and other payables	7	503,964	406,071
Accrued mark-up	8	13,997	8,024
Short term borrowings	9	448,619	197,758
Current portion of long term financing	5	99,734	29,845
		1,066,314	641,698
Total liabilities		1,290,265	765,207
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		2,080,193	1,624,731

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

Chief Executive

	Note	2014 (Rupees in thousands)	2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,124,311	853,289
Long term security deposits	12	1,576	1,576
		1,125,887	854,865
CURRENT ASSETS			
Stores, spare parts and loose tools	13	70,907	80,311
Stock-in-trade	14	544,923	379,862
Trade debts	15	166,652	191,206
Advances	16	32,919	6,899
Other receivables	17	20	963
Short term investments	18	48,579	36,617
Sales tax refundable		19,542	32,882
Taxation - net	19	66,254	33,563
Cash and bank balances	20	4,510	7,563
		954,306	769,866
TOTAL ASSETS		2,080,193	1,624,731

Director

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

	Note	2014 (Rupees in thousands)	2013
SALES	21	4,133,696	4,773,213
COST OF SALES	22	(3,998,814)	(4,169,070)
GROSS PROFIT		134,882	604,143
DISTRIBUTION COST	23	(71,188)	(166,241)
ADMINISTRATIVE EXPENSES	24	(48,877)	(46,644)
OTHER EXPENSES	25	(5,000)	(40,904)
		(125,065)	(253,789)
		9,817	350,354
OTHER INCOME	26	24,595	16,941
PROFIT FROM OPERATIONS		34,412	367,295
FINANCE COST	27	(72,098)	(54,481)
(LOSS) / PROFIT BEFORE TAXATION		(37,686)	312,814
TAXATION	28	(17,952)	(28,690)
(LOSS) / PROFIT AFTER TAXATION		(55,638)	284,124
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	29	(6.44)	32.88

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

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended JUNE 30, 2014

	2014 (Rupees in thousands)	2013
(LOSS) / PROFIT AFTER TAXATION	(55,638)	284,124
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments	11,962	8,854
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(43,676)	292,978

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

Chief Executive

Director

CASH FLOW STATEMENT
For The Year Ended JUNE 30, 2014

	Note	2014 (Rupees in thousands)	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	53,329	454,917
Finance cost paid		(66,125)	(73,890)
Income tax paid		(50,467)	(48,078)
Net cash (used in) / generated from operating activities		(63,263)	332,949
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(359,687)	(146,999)
Proceeds from sale of property, plant and equipment		22,273	17,070
Dividends received		1,575	1,587
Net cash used in investing activities		(335,839)	(128,342)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(29,845)	(99,065)
Proceeds from long term financing		200,000	92,509
Short term borrowings - net		250,861	(184,211)
Dividend paid		(24,967)	(10,616)
Net cash from / (used in) financing activities		396,049	(201,383)
Net (decrease) / increase in cash and cash equivalents		(3,053)	3,224
Cash and cash equivalents at the beginning of the year		7,563	4,339
Cash and cash equivalents at the end of the year	20	4,510	7,563

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

Chief Executive

Director

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

	RESERVES							Total equity	
	CAPITAL			REVENUE					
	SHARE CAPITAL	Premium on issue of right shares	Fair value reserve	Sub Total	General reserve	Unappropriated profit / (Accumulated loss)	Sub total		
	86,400	86,400	6,240	92,640	345,000	53,306	398,306	490,946	577,346
Balance as at 30 June 2012									
Transaction with owners - Final dividend for the year ended 30 June 2012 @ Rupees 1.25 per share	-	-	-	-	-	(10,800)	(10,800)	(10,800)	(10,800)
Profit for the year	-	-	-	-	-	284,124	284,124	284,124	284,124
Other comprehensive income for the year	-	-	8,854	8,854	-	-	-	8,854	8,854
Total comprehensive income for the year	-	-	8,854	8,854	-	284,124	284,124	292,978	292,978
Balance as at 30 June 2013	86,400	86,400	15,094	101,494	345,000	326,630	671,630	773,124	859,524
Transaction with owners - Final dividend for the year ended 30 June 2013 @ Rupees 3 per share	-	-	-	-	-	(25,920)	(25,920)	(25,920)	(25,920)
Transferred to general reserve	-	-	-	-	255,000	(255,000)	-	-	-
Loss for the year	-	-	-	-	-	(55,638)	(55,638)	(55,638)	(55,638)
Other comprehensive income for the year	-	-	11,962	11,962	-	-	-	11,962	11,962
Total comprehensive loss for the year	-	-	11,962	11,962	-	(55,638)	(55,638)	(43,676)	(43,676)
Balance as at 30 June 2014	86,400	86,400	27,056	113,456	600,000	(9,928)	590,072	703,528	789,928

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

Chief Executive

Director

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

1. THE COMPANY AND ITS OPERATIONS

Shams Textile Mills Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and is listed on Karachi and Lahore Stock Exchanges in Pakistan. Its registered office is situated at 7-B-III, Aziz Avenue, Gulberg V, Lahore. The Company is engaged in the business of manufacturing, sale and trading of yarn and trading of cloth.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

c) Critical accounting estimates and judgements

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

Useful lives, patterns of economic benefits and impairments

Estimates with respect to useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

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

Future estimation of export sales

Deferred income tax calculation has been based on estimate of future ratio of export and local sales.

Provision for doubtful debts

The Company reviews its receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Amendments to published approved standards that are effective in current year and are relevant to the Company

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2013:

IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 - 2011 Cycle, incorporating amendments to five IFRS more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation' that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

e) Standards, interpretation and amendments to published standards that are effective in current year but not relevant to the Company

There are other standards, new interpretation and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2013 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standard, interpretation and amendments to published standards that are not yet effective but relevant to the Company

Following standard, interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2014 or later periods:

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

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 - 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IFRS 13 'Fair Value Measurement', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 - 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Company's financial statements.

g) Standard and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Property, plant and equipment

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work-in-progress are stated at cost less any identified impairment loss. Cost of

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

operating fixed assets comprises historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to profit and loss account applying the reducing balance method so as to write off the cost of the assets over their estimated useful life at the rates given in note 11.1 to the financial statements. Depreciation on additions is charged from the month in which the asset is put to use, while for disposals depreciation is charged upto the month of disposal.

Useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

Leased

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation on assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation on the leased assets is charged to profit and loss account.

2.3 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.4 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in associates (with significant influence), which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

Investments in associates - (with significant influence)

Investments in associates over which the Company has significant influence are accounted for using the equity method. In case of investments accounted for under the equity method, the method is applied from the date when significant influence is established until the date when that significant influence ceases.

Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

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

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Un-quoted

Investments in unquoted equity instruments are stated at cost less any identified impairment loss.

2.5 Inventories

Inventories, except for stock in transit and waste stock are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

These are valued at moving average cost except for items in transit, which are valued at cost comprising invoice value plus other charges paid thereon. Provision is made against slow moving and obsolete items.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- | | |
|--|---|
| (i) For raw materials: | At weighted average cost. |
| (ii) For work-in-process and finished goods: | At average manufacturing cost including a proportion of production overheads. |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.6 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount being the fair value. Provision is made against debts considered doubtful on a review of all outstanding amounts at the year end. Bad debts are written off when considered irrecoverable.

2.7 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.9 Borrowing cost

Interest, mark-up and other charges on long term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

2.10 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.11 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.12 Provisions

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

2.13 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long term financing, short term borrowings, accrued mark-up and trade and other payables, etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for 'financial instrument at fair value through profit or loss' which is measured initially at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The

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

Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item and in the accounting policy of investments.

2.14 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.15 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and subsequently re-measured at fair value. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of the derivative financial instruments is taken to the profit and loss account.

2.16 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are included in the profit and loss account currently.

2.17 Employee benefits

Defined contribution plan

The Company operates a funded employees' provident fund scheme for its permanent employees. Equal monthly contributions at the rate of six percent of basic pay are made both by the Company and employees to the fund.

Compensated absences

Compensated absences are accounted for in the period in which the absences are earned.

2.18 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

2.19 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.
- Dividend on equity investments is recognized when right to receive dividend is established.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.20 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2014 (NUMBER OF SHARES)		2013 (RUPEES IN THOUSAND)	
7,510,000	7,510,000	75,100	75,100
1,130,000	1,130,000	11,300	11,300
8,640,000	8,640,000	86,400	86,400
		2014 (NUMBER OF SHARES)	
3.1 Ordinary shares of the Company held by associated companies:			
		399,000	399,000
		812,160	812,160
		1,695,605	1,695,105
		2,906,765	2,906,265

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

	2014 (Rupees in thousand)	2013
4. RESERVES		
Composition of reserves is as follows:		
Capital		
Premium on issue of right shares (Note 4.1)	86,400	86,400
Fair value reserve (Note 4.2)	27,056	15,094
	113,456	101,494
Revenue		
General reserve	600,000	345,000
(Accumulated loss) / Unappropriated profit	(9,928)	326,630
	590,072	671,630
	703,528	773,124

4.1 This reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

4.2 This represents unrealized gain on remeasurement of available for sale investments at fair value and is not available for distribution. This will be transferred to profit and loss account on realization.

	2014 (Rupees in thousand)	2013
5. LONG TERM FINANCING		
Secured		
Financing from banking companies (Note 5.1)	314,271	144,116
Less: Current portion shown under current liabilities	99,734	29,845
	214,537	114,271

5.1 Financing from banking companies

LENDER	2014	2013	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
(Rupees in thousands)							
Allied Bank Limited	200,000	-	3 month KIBOR + 2%	Sixteen equal quarterly installments commencing on 06 November 2014 and ending on 05 August 2018.	Quarterly	Quarterly	First pari passu charge over fixed assets of the company amounting to Rupees 533.340 million and first joint pari passu Charge over all current Assets of the company amounting to Rupees 275 million alongwith personal guarantees of three directors.
The Bank of Punjab	39,107	51,607	3 month KIBOR + 2%	Fifteen quarterly instalments commenced on 09 September 2011 and ending on 31 March 2015.	Quarterly	Quarterly	Joint pari passu charge of Rupees 435 million on current assets of the Company and first pari passu charge on present and future fixed assets of the company amounting to Rs. 72 million.
MCB Bank Limited	75,164	92,509	3 month KIBOR + 2.5%	Sixteen equal quarterly installments commenced on 20 December 2013 and ending on 20 September 2017.	Quarterly	Quarterly	First pari passu charge over present and future fixed assets of the company with a 25% margin and personal guarantees of three directors of the company and a Director of an associated company.
	314,271	144,116					

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

	2014 (Rupees in thousand)	2013
6. DEFERRED INCOME TAX LIABILITY		
The liability for deferred income tax originated due to timing differences relating to:		
Taxable temporary difference		
Accelerated tax depreciation	92,110	67,410
Deductible temporary differences		
Available tax losses	(21,697)	-
Turnover tax carried forward	(55,045)	(55,045)
Provision for doubtful debts	(2,076)	(1,677)
Provision for slow moving and obsolete stores & spares	(3,878)	(1,450)
	(82,696)	(58,172)
	9,414	9,238
7. TRADE AND OTHER PAYABLES		
Creditors (Note 7.1)	292,468	213,298
Advances from customers	8,960	12,295
Accrued liabilities (Note 7.2)	132,734	148,551
Due to related party - unsecured, interest free and repayable on demand	47,932	-
Retention money payable - interest free	4,246	976
Excise duty payable (Note 7.3)	5,184	5,184
Income tax deducted at source	1,700	340
Payable to employees' provident fund trust	504	229
Workers' profit participation fund payable (Note 7.4)	738	16,653
Workers' welfare fund payable	5,557	5,557
Unclaimed dividend	3,941	2,988
	503,964	406,071

7.1 These include Rupees 2.799 million (2013: Rupees 0.032 million) due to associated companies.

7.2 These include Rupees Nil (2013: Rupees 2.813 million) due to an associated company.

7.3 This represents provision made on account of central excise duty on loans in respect of which decision of the case is pending before the Honourable Supreme Court of Pakistan.

	2014 (Rupees in thousand)	2013
7.4 Workers' profit participation fund payable		
Balance as on 01 July	16,653	4,627
Add: Allocation for the year	-	16,542
Add: Interest for the year (Note 27)	738	111
	17,391	21,280
Less: Payments made during the year	(16,653)	(4,627)
Balance as on 30 June	738	16,653

7.5 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

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

	2014 (Rupees in thousand)	2013
8. ACCRUED MARK-UP		
Long term financing	7,860	5,184
Short term borrowings	6,137	2,840
	13,997	8,024
9. SHORT TERM BORROWINGS		
From banking companies - Secured		
Running finances (Note 9.1 and 9.2)	133,809	122,958
Cash finances (Note 9.1 and 9.3)	118,239	34,800
Other short term borrowings (Note 9.1 and 9.4)	196,571	40,000
	448,619	197,758

9.1 These finances are obtained from banking companies under mark up arrangements and are secured against first joint pari passu hypothecation charge on all current assets of the Company and pledge of stocks. These form part of total credit facilities of Rupees 1,075 million (2013: Rupees 875 million).

9.2 The rate of mark-up ranges from 10.44% to 11.93% (2013: 10.27% to 14.39%) per annum on the balance outstanding.

9.3 The rate of mark-up ranges from 10.69% to 11.88% (2013: 10.38% to 14.94%) per annum on the balance outstanding.

9.4 The rate of mark-up ranges from 3.573% to 11.15% (2013: 9.96% to 13.08%) per annum on the balance outstanding.

10. CONTINGENCIES AND COMMITMENTS**Contingencies**

Bank guarantees of Rupees 47.537 million (2013: Rupees 46.037 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections, Lahore Electric Supply Company Limited (LESCO) against electricity connection and Director Excise and Taxation, Karachi against infrastructure cess.

Commitments

Contracts for capital expenditures amounted to Rupees 24.673 million (2013: Rupees 339.027 million).

Letters of credit for other than capital expenditures amounted to Rupees 96.262 million (2013: Rupees 10.225 million).

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

	2014 (Rupees in thousands)	2013 (Rupees in thousands)
11. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets Owned (Note 11.1)	931,271	747,367
Capital work-in-progress (Note 11.2)	193,040	105,922
	1,124,311	853,289

11.1 Reconciliation of carrying amounts of operating fixed assets at the beginning and at the end of the year is as follows:

	(Rupees in thousands)									
	Freehold land	Factory building on freehold Land	Residential and other building on freehold land	Plant and machinery	Electric & sui gas Installations	Factory equipment	Furniture, fixtures and fittings	Vehicles	Total	
At 30 June 2012										
Cost	3,192	148,778	43,478	1,342,462	31,069	2,608	900	31,754	1,604,241	
Accumulated depreciation	-	(59,407)	(16,605)	(764,981)	(19,734)	(1,781)	(422)	(15,480)	(878,410)	
Net book value	3,192	89,371	26,873	577,481	11,335	827	478	16,274	725,831	
Year ended 30 June 2013										
Opening net book value	3,192	89,371	26,873	577,481	11,335	827	478	16,274	725,831	
Additions	-	-	-	82,766	16,130	-	-	4,595	103,491	
Disposals:										
Cost	-	-	-	(41,770)	-	-	-	(1,073)	(42,843)	
Accumulated depreciation	-	-	-	33,070	-	-	-	825	33,895	
Depreciation charge	-	(4,469)	(1,344)	(8,700)	(1,671)	(83)	(48)	(248)	(8,948)	
Closing net book value	3,192	84,902	25,529	589,823	25,794	744	430	16,953	747,367	
At 30 June 2013										
Cost	3,192	148,778	43,478	1,383,458	47,199	2,608	900	35,276	1,664,889	
Accumulated depreciation	-	(63,876)	(17,949)	(793,635)	(21,405)	(1,864)	(470)	(18,323)	(917,522)	
Net book value	3,192	84,902	25,529	589,823	25,794	744	430	16,953	747,367	
Year ended 30 June 2014										
Opening net book value	3,192	84,902	25,529	589,823	25,794	744	430	16,953	747,367	
Additions	-	-	17,921	254,648	-	-	-	-	272,569	
Disposals:										
Cost	-	-	-	(34,320)	-	-	-	(1,679)	(35,999)	
Accumulated depreciation	-	-	-	27,891	-	-	-	1,013	28,904	
Depreciation charge	-	(4,245)	(1,351)	(6,429)	(2,579)	(74)	(43)	(666)	(7,095)	
Closing net book value	3,192	80,657	42,099	768,065	23,215	670	387	12,986	931,271	
At 30 June 2014										
Cost	3,192	148,778	61,399	1,603,786	47,199	2,608	900	33,597	1,901,459	
Accumulated depreciation	-	(68,121)	(19,300)	(835,721)	(23,984)	(1,938)	(513)	(20,611)	(970,188)	
Net book value	3,192	80,657	42,099	768,065	23,215	670	387	12,986	931,271	
Annual rate of depreciation (%)	-	5	5	10	10	10	10	20		

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

11.1.1 Detail of operating fixed assets disposed of during the year is as follows:

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
(Rupees in thousand)								
Plant and machinery								
Ring Spinning Frames	16	24,855	20,112	4,743	13,432	8,689	Negotiation	MKB Spinning Mills (Private) Limited
China Simplex	1	3,683	2,761	922	1,482	560	Negotiation	Three Star Hosiery Mills (Pvt) Limited
Card Crosrol	4	5,782	5,018	764	5,900	5,136	Negotiation	Stallion Textile Mills (Pvt) Limited
		34,320	27,891	6,429	20,814	14,385		
Vehicles								
Pak Hero FDL-07-9110	1	43	35	8	19	11	Negotiation	Mr. Haji Anwar, Lahore
Suzuki Cultus LED-6471	1	818	486	332	690	358	Negotiation	Ramzan Car Company, Lahore
Suzuki Cultus LED-6475	1	818	492	326	750	424	Neqotiation	Ramzan Car Company, Lahore
		1,679	1,013	666	1,459	793		
		35,999	28,904	7,095	22,273	15,178		
							2014	2013
							(Rupees in thousand)	

11.1.2 Depreciation charge for the year has been allocated as follows:

Owned		
Cost of sales (Note 22)	78,226	69,291
Administrative expenses (Note 24)	3,344	3,716
	81,570	73,007
11.2 Capital work-in-progress		
Building	148,785	60,893
Advance against purchase of office premises	44,255	44,255
Letters of credit against machinery	-	774
	193,040	105,922

12. LONG TERM SECURITY DEPOSITS

These represents security deposits with utility companies against utility connections.

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

	2014 (Rupees in thousand)	2013
13. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	25,358	26,847
Spare parts	68,121	71,330
Loose tools	468	174
	93,947	98,351
Less: Provision for slow moving and obsolete items (Note 13.1)	(23,040)	(18,040)
	70,907	80,311
13.1 Provision for slow moving and obsolete items		
Balance as on 01 July	18,040	7,422
Add: Provision made during the year (Note 25)	5,000	10,665
Less: Provision reversed during the year	-	(47)
Balance as on 30 June	23,040	18,040
14. STOCK-IN-TRADE		
Raw materials	71,073	207,839
Work-in-process	28,858	29,461
Finished goods (Note 14.2 and 14.3)	437,469	137,520
Waste stock	7,523	5,042
	544,923	379,862

- 14.1** Stock-in-trade of Rupees 500.041 million (2013: Rupees 18.037 million) is being valued at net realizable value.
- 14.2** Finished goods include stock held with third party of Rupees 11.227 million (2013: Rupees 2.952 million) in the ordinary course of business.
- 14.3** Finished goods include stock in transit of Rupees Nil (2013: Rupees 15.834 million).
- 14.4** The carrying value of stock in trade pledged with banking companies against short term borrowings is Rupees 288.483 million (2013: Rupees 98.816 million). Detail of the corresponding borrowings are disclosed in note 9 to the financial statements.
- 14.5** The aggregate amount of write-down of inventories to net realizable value recognized during the year was Rupees 48.141 million (2013: Rupees 7.988 million)

	2014 (Rupees in thousand)	2013
15. TRADE DEBTS		
Considered good:		
Secured (against letters of credit)	40,761	54,086
Unsecured:		
- Suraj Cotton Mills Limited - associated company (Note 15.1)	756	61,184
- Others (Note 15.2)	125,135	75,936
	166,652	191,206
Considered doubtful:		
Others - Unsecured	12,333	12,333
Less: Provision for doubtful debts		
As at 01 July	12,333	-
Add: Provision for the year (Note 25)	-	12,333
As at 30 June	(12,333)	(12,333)
	-	-

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

15.1 As at 30 June 2014, trade debts due from an associated company amounting to Rupees 0.756 million (2013: Rupees 17.914 million) were past due but not impaired. The ageing of these trade debts was not more than 6 months.

15.2 As at 30 June 2014, trade debts due from other than related parties of Rupees 53.670 million (2013: Rupees 28.770 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2014 (Rupees in thousand)	2013
Upto 1 month	44,684	27,908
1 to 6 months	8,831	454
More than 6 months	155	408
	53,670	28,770

15.3 As at 30 June 2014, trade debts of Rupees 12.333 million (2013: Rupees 12.333) were impaired and provided for. The ageing of these trade debts was more than 3 years. These trade debts do not include amounts due from related parties.

	2014 (Rupees in thousand)	2013
--	------------------------------	------

16. ADVANCES

Considered good:

Advances to employees - interest free	1,313	1,317
Advances to suppliers	29,084	2,757
Letters of credit	2,522	2,825
	32,919	6,899

17. OTHER RECEIVABLES

Considered good:

Claims receivable	-	943
Accrued income	20	20
	20	963

18. SHORT TERM INVESTMENTS

Available for sale

Associated companies - quoted (Note 18.1)

Crescent Cotton Mills Limited

166,784 (2013: 166,784) fully paid ordinary shares of Rupees 10 each. Equity held 0.78% (2013: 0.78%)

1,105 1,105

Crescent Jute Products Limited

12,476 (2013: 12,476) fully paid ordinary shares of Rupees 10 each. Equity held 0.053% (2013: 0.053 %)

117 117

Premier Insurance Limited

885,221 (2013: 885,221) fully paid ordinary shares of Rupees 5 each. Equity held 1.46% (2013: 1.46%)

8,179 8,179

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

	2014 (Rupees in thousand)	2013
Available for sale		
Others - quoted		
Jubilee Spinning and Weaving Mills Limited 7,788 (2013: 7,788) fully paid ordinary shares of Rupees 10 each.	32	32
Crescent Fibres Limited 31,920 (2013: 31,920) fully paid ordinary shares of Rupees 10 each. Equity held 0.26% (2013: 0.26%)	316	316
Crescent Spinning Mills Limited (Note 18.2 and 18.3) 208,800 (2013: 208,800) fully paid ordinary shares of Rupees 10 each.	2,088	2,088
Samba Bank Limited 2,764,113 (2013: 4,902,368) fully paid ordinary shares of Rupees 10 each.	44,017	44,017
EFU Life Assurance Limited 98,800 (2013: 98,800) fully paid ordinary shares of Rupees 10 each.	32,493	32,493
Other - unquoted		
Crescent Modaraba Management Company (Private) Limited (Note 18.3) 193,000 (2013: 193,000) fully paid ordinary shares of Rupees 10 each.	1,930	1,930
	90,277	90,277
Less: Accumulated impairment loss	(68,754)	(68,754)
Add: Fair value adjustment	27,056	15,094
	48,579	36,617

18.1 These companies are associated due to common directorship.

18.2 The official liquidator has submitted the statement in the Lahore High Court for final liquidation of the company and the final decision is still awaited.

18.3 Full amount of impairment has been provided against investment in Crescent Spinning Mills Limited and Crescent Modaraba Management Company (Private) Limited.

18.4 Reduction in capital of Samba Bank Limited by 43.616 % was approved by Sindh High Court vide its order dated 05 August 2013.

	2014 (Rupees in thousand)	2013
19. TAXATION - NET		
Advance income tax	84,030	59,904
Less: Provision for taxation (Note 28)	(17,776)	(26,341)
	66,254	33,563
20. CASH AND BANK BALANCES		
Cash with banks:		
On deposit accounts (Note 20.1 and 20.2)	911	849
On current accounts	3,306	6,516
	4,217	7,365
Cash in hand	293	198
	4,510	7,563

20.1 Rate of profit on bank deposits ranges from 6.4% to 10.09% (2013: 6% to 11.28%) per annum.

20.2 These include Rupees 0.769 million (2013: Rupees 0.769 million) deposited with IGI Investment Bank Limited on account of central excise duty. The Company cannot encash the amount deposited till the decision of the Court.

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

	2014 (Rupees in thousand)	2013
21. SALES		
Export	921,326	1,536,064
Local (Note 21.1)	3,212,370	3,237,149
	4,133,696	4,773,213
21.1 Local Sales		
Sales	3,276,645	3,259,082
Less: Sales Tax	64,275	21,933
	3,212,370	3,237,149
22. COST OF SALES		
Raw materials consumed (Note 22.1)	3,263,309	3,147,218
Salaries, wages and other benefits (Note 22.2)	243,269	268,747
Stores, spare parts and loose tools consumed	82,161	97,135
Packing materials consumed	67,308	66,828
Repair and maintenance	30,801	46,158
Fuel and power	482,998	407,399
Insurance	5,924	7,301
Other factory overheads	7,345	14,210
Depreciation (Note 11.1.2)	78,226	69,291
	4,261,341	4,124,287
Work-in-process		
Opening stock	29,461	24,089
Less: Closing stock	(28,858)	(29,461)
	603	(5,372)
Cost of goods manufactured	4,261,944	4,118,915
Finished goods		
Opening stock	142,562	163,981
Less: Closing stock	(444,992)	(142,562)
	(302,430)	21,419
Cost of sales - own manufactured goods	3,959,514	4,140,334
Opening stock of purchased finished goods and waste	-	5,326
Finished goods and waste purchased	39,300	23,410
Closing stock of purchased finished goods and waste	-	-
Cost of sales - purchased finished goods and waste	39,300	28,736
Cost of sales	3,998,814	4,169,070
22.1 Raw materials consumed		
Opening stock	207,839	206,405
Add: Purchased during the year	3,126,543	3,148,652
	3,334,382	3,355,057
Less: Closing stock	(71,073)	(207,839)
	3,263,309	3,147,218

22.2 Salaries, wages and other benefits include provident fund contribution of Rupees 3.497 million (2013: Rupees 3.677 million) by the Company.

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

	2014 (Rupees in thousand)	2013
23. DISTRIBUTION COST		
Salaries and other benefits (Note 23.1)	1,488	1,492
Freight and forwarding - Export	28,961	65,727
Freight - Local	1,305	257
Commission to selling agents	39,434	94,320
Others	-	4,445
	71,188	166,241
23.1 Salaries and other benefits include provident fund contribution of Rupees 0.051 million (2013: Rupees 0.053 million) by the Company.		
24. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 24.1)	28,138	27,593
Directors' meeting fee	490	260
Rent, rates and taxes	2,577	2,169
Insurance	595	576
Traveling and conveyance	1,714	2,716
Vehicles' running	2,947	2,808
Entertainment	791	400
Legal and professional	1,305	1,270
Auditors' remuneration (Note 24.2)	850	750
Advertisement	77	93
Postage and telephone	2,110	1,302
Electricity and gas	1,623	979
Printing and stationery	477	663
Repair and maintenance	822	472
Fee and subscription	1,006	869
Depreciation (Note 11.1.2)	3,344	3,716
Miscellaneous	11	8
	48,877	46,644
24.1 Salaries and other benefits include provident fund contribution of Rupees 0.901 million (2013: Rupees 0.862 million) by the Company.		
24.2 Auditors' remuneration		
Audit fee	665	565
Half yearly review	115	115
Other certifications	50	50
Out-of-pocket expenses	20	20
	850	750
25. OTHER EXPENSES		
Workers' profit participation fund	-	16,542
Workers' welfare fund	-	1,364
Provision for doubtful debts (Note 15)	-	12,333
Provision for slow moving and obsolete items (Note 13.1)	5,000	10,665
	5,000	40,904

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

	2014 (Rupees in thousand)	2013
26. OTHER INCOME		
Income from financial assets		
Dividend income (Note 26.1)	1,575	1,587
Gain on sale of right letters	311	-
Profit on deposits with banks	562	73
Exchange gain - net	2,044	962
	4,492	2,622
Income from assets other than financial assets		
Gain on sale of property, plant and equipment	15,178	8,122
Scrap sales	4,890	6,157
Others	35	40
	20,103	14,319
	24,595	16,941
26.1 Dividend income		
Premier Insurance Limited - associated company	885	885
EFU Life Assurance Limited	642	462
Crescent Fibers Limited	48	32
Crescent Cotton Mills Limited - associated company	-	208
	1,575	1,587
27. FINANCE COST		
Mark-up on:		
Long term financing	33,903	22,407
Short term borrowings		
- Secured	30,823	25,181
- Unsecured	-	448
Interest on workers' profit participation fund (Note 7.4)	738	111
Interest on employees' provident fund	1	7
Bank charges and commission	6,633	6,327
	72,098	54,481
28. TAXATION		
For the year		
Current tax (Note 28.1)	16,376	30,045
Deferred tax	176	2,349
Prior year		
Current tax	1,400	(3,704)
	17,952	28,690
28.1	The provision for current tax represents minimum tax on local sales, final tax on export sales and tax on income from other sources. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate has not been presented, being impracticable.	
28.2	The Company has carry forwardable tax losses of Rupees 65.748 million (2013: Rupees Nil).	

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

		2014	2013
29. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic (loss)/earnings per share which is based on:			
(Loss)/profit attributable to ordinary shares	(Rupees in thousand)	(55,638)	284,124
Weighted average number of ordinary shares	(Numbers)	8,640,000	8,640,000
(Loss) / Earnings per share	(Rupees)	(6.44)	32.88
		2014	2013
		(Rupees in thousand)	
30. CASH GENERATED FROM OPERATIONS			
(Loss) / Profit before taxation		(37,686)	312,814
Adjustments for non-cash charges and other items:			
Depreciation		81,570	73,007
Gain on sale of property, plant and equipment		(15,178)	(8,122)
Dividend income		(1,575)	(1,587)
Provision for doubtful debts		-	12,333
Provision for slow moving and obsolete items		5,000	10,665
Finance cost		72,098	54,481
Working capital changes (Note 30.1)		(50,900)	1,326
		53,329	454,917
30.1 Working capital changes			
Decrease / (increase) in current assets:			
- Stores, spare parts and loose tools		4,404	(34,347)
- Stock-in-trade		(165,061)	19,939
- Trade debts		24,554	(55,724)
- Advances		(26,020)	5,098
- Other receivables		943	(32)
- Sales tax refundable		13,340	(1,791)
		(147,840)	(66,857)
Increase in trade and other payables		96,940	68,183
		(50,900)	1,326

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director		Executives	
	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)					
Managerial remuneration Allowances	6,650	6,655	4,010	3,660	2,570	2,503
House rent	2,993	2,994	1,804	1,647	1,156	1,126
Conveyance	-	-	-	-	81	81
Medical	665	665	401	366	163	155
Utilities	-	-	-	-	246	239
Other	-	-	-	-	223	223
Contribution to provident fund	399	399	240	219	154	132
	10,707	10,713	6,455	5,892	4,593	4,459
Number of persons	1	1	1	1	3	3

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

31.1 Chief executive, director and an executive of the Company are provided with fully maintained vehicles.

31.2 Non-executive directors of the Company were paid Rupees 0.490 million (2013: Rupees 0.260 million) as meeting fee.

32. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2014 (Rupees in thousand)	2013
Associated companies		
Sale of goods and services	272,960	460,886
Insurance claim	5,663	16,989
Purchase of goods and services	3,615	424
Purchase of operating fixed assets	3,000	9,000
Dividend paid	8,720	3,633
Insurance premium	8,263	12,049
Electricity purchased	47,808	88,107
Rent expense	2,040	1,740
Short term borrowing obtained	-	100,000
Short term borrowing repaid	-	100,000
Mark-up on short term borrowing	-	448
Dividend received	933	1,125
Sale of operating fixed assets	-	6,000
Other related party		
Company's contribution to employees' provident fund trust	4,449	4,592

33 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund for the year ended 30 June 2014 and 2013:

	2014 (Rupees in thousand)	2013
Size of the fund - Total assets	113,000	86,727
Fair value of investments	111,781	86,274
Percentage of investments made	98.92%	99.48%

33.1 The cost of above investments amounted to Rupees 63.457 million (2013: Rupees 58.707 million).

33.2 The break-up of fair value of investments is as follows:

	2014 Percentage	2013	2014 (Rupees in thousand)	2013
Mutual funds	95%	93%	105,788	80,216
Listed securities	5%	7%	5,993	6,058
	100%	100%	111,781	86,274

33.3 The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose except the investments in unit trust schemes which exceed the limits prescribed in SRO 261(I)/2002 regarding the investment in unit trust schemes.

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

	2014 (Rupees in thousand)	2013
34. NUMBERS OF EMPLOYEES		
Number of employees as on June 30	1,181	1,580
Average number of employees during the year	1,381	1,599

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

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

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from the foreign entities. The Company's exposure to currency risk was as follows:

	2014	2013
Trade debts - USD	414,450	549,354
Short term borrowings - USD	66,667	-
Accrued mark-up - USD	353	-
Trade and other payables - USD	-	56,462
Net exposure - USD	347,430	492,892

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	102.5	96.69
Reporting date rate	98.35	98.60

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year, would have been Rupees 1.688 million respectively lower / higher (2013: profit after taxation for the year would have been Rupees 2.374 million respectively higher / lower), mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

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

Sensitivity analysis

The table below summarises the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after Taxation		Statement of comprehensive income (fair value reserve)	
	2014	2013	2014	2013

(RUPEES IN THOUSAND)

KSE 100 (5% increase)	-	-	2,429	1,831
KSE 100 (5% decrease)	-	-	(2,429)	(1,831)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as available for sale.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2014	2013
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - deposit accounts	769	769
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	142	80
Financial liabilities		
Long term financing	314,271	144,116
Short term borrowings	448,619	197,758

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year, would have been Rupees 7.627 million respectively higher / lower (2013: profit after taxation for the year would have been Rupees 2.111 million respectively lower / higher) mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at reporting dates were outstanding for the whole year.

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

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014 (Rupees in thousand)	2013
Long term security deposits	1,576	1,576
Trade debts	166,652	191,206
Advances	1,313	1,317
Other receivables	20	963
Short term investments	48,579	36,617
Bank balances	4,217	7,365
	222,357	239,044

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2014	2013
	Short Term	Long Term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	505	963
MCB Bank Limited	A1+	AAA	PACRA	2,051	4,092
Faysal Bank Limited	A-1+	AA	JCR-VIS	839	777
Allied Bank Limited	A1+	AA+	PACRA	44	-
United Bank Limited	A-1+	AA+	JCR-VIS	5	15
The Bank of Punjab	A1+	AA-	PACRA	4	68
IGI Investment Bank Limited	A3	BBB-	PACRA	769	769
KASB Bank Limited	A3	BBB	PACRA	-	681
				4,217	7,365
Investments					
Premier Insurance Limited		A	JCR-VIS	9,737	7,082
Samba Bank Limited	A-1	AA-	JCR-VIS	18,409	12,599
EFU Life Assurance Limited		AA	JCR-VIS	10,044	7,539
Crescent Cotton Mills Limited		Not available		9,365	8,339
Crescent Fibres Limited		Not available		951	991
Crescent Jute Products Limited		Not available		34	20
Jubilee Spinning and Weaving Mills Limited		Not available		39	47
				48,579	36,617
				52,796	43,982

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 15.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2014, the Company had Rupees 626.381

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

million (2013: Rupees 677.242 million) available borrowing limits from financial institutions and Rupees 4.510 million (2013: Rupees 7.563 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2014

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
(Rupees in thousand)						
Non-derivative financial liabilities:						
Long term financing	314,271	387,135	64,447	65,692	95,921	161,075
Trade and other payables	481,321	481,321	481,321	-	-	-
Accrued mark-up	13,997	13,997	13,997	-	-	-
Short term borrowings	448,619	462,873	410,831	52,042	-	-
	1,258,208	1,345,326	970,596	117,734	9,921	161,075

Contractual maturities of financial liabilities as at 30 June 2013

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
(Rupees in thousand)						
Non-derivative financial liabilities:						
Long term financing	144,116	173,623	38,510	44,255	31,053	59,805
Trade and other payables	365,813	365,813	365,813	-	-	-
Accrued mark-up	8,024	8,024	8,024	-	-	-
Short term borrowings	197,758	208,257	208,257	-	-	-
	715,711	755,717	620,604	44,255	31,053	59,805

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 5 and note 9 to these financial statements.

35.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
(Rupees in thousands)				
As at 30 June 2014				
Assets				
Available for sale financial assets	48,579	-	-	48,579
As at 30 June 2013				
Assets				
Available for sale financial assets	36,617	-	-	36,617

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

36 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. 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 and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 5 and 9 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

		2014	2013
Borrowings	Rupees in thousand	762,890	341,874
Total equity	Rupees in thousand	789,928	859,524
Total capital employed	Rupees in thousand	1,552,818	1,201,398
Gearing	Percentage	49.13	28.46

The increase in gearing ratio is due to increase in borrowings.

		2014	2013
--	--	------	------

37. PLANT CAPACITY AND ACTUAL PRODUCTION

Number of spindles installed	59,232	58,416
Number of spindles operated	47,840	58,179
100 % plant capacity converted to 20s count based on 3 shifts per day (Kgs)	16,671,507	18,786,487
Actual production converted to 20s count based on 3 shifts per day (Kgs)	15,054,247	16,321,833

37.1 Reasons for low production:

Under utilization of available capacity was due to normal maintenance and energy crisis prevailing in the country and closure of Company's spinning unit in Chiniot.

38. OPERATING SEGMENTS

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

Sales of yarn represents 97.73% (2013: 97.58%) of the total sales of the Company.

77.71% (2013: 67.81%) of the sales of the Company relates to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, 86.36% (2013: 89.29%) of those sales are made to customers in China.

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

28.93% (2013: 20.51%) of the total sales of the Company are made to a single customer in Pakistan.

39. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2014 of Rupees NIL per ordinary share (2013: Rupees 3 per ordinary share) at their meeting held on September 27, 2014. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

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

39. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 27, 2014 by the Board of Directors of the Company.

40. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made except those required by revised Fourth Schedule to the Companies Ordinance, 1984.

41. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

Chief Executive

Director

PATTERN OF SHARE HOLDING
AS AT JUNE 30, 2014

Form -34

No. Of Shareholders	From	To	Total
441	1	100	18291
292	101	500	74467
67	501	1,000	52207
115	1,001	5,000	282838
44	5,001	10,000	320467
19	10,001	15,000	249331
10	15,001	20,000	166394
6	20,001	25,000	130886
6	25,001	30,000	156089
9	30,001	35,000	299375
4	35,001	40,000	151549
4	45,001	50,000	196112
1	50,001	55,000	54693
2	65,001	70,000	136034
1	80,001	85,000	83960
1	110,001	115,000	110806
1	120,001	125,000	125000
2	220,001	225,000	448061
1	245,001	250,000	250000
1	310,001	315,000	313979
1	395,001	400,000	399000
1	810,001	815,000	812160
1	900,001	905,000	900748
1	1,210,001	1,215,000	1211998
1	1,695,001	1,700,000	1695555
1032			8640000

Categories of Shareholders	Number of Shareholders	Number of Shares Held Percentage	%
Financial Institutions	68	34775	0.40
Individuals	928	4263443	49.35
Insurance Companies	3	404730	4.68
Joint Stock Companies	16	2526262	29.24
Mutual Fund	2	1227998	14.21
Modaraba	2	13,151	0.15
Investment Companies	8	4,950	0.06
Trust	1	49,364	0.57
Others	4	115,327	1.33
	1032	8640000	

INFORMATION REQUIRED AS PER CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2014

Categories of Share Holders	Net Holding	Percentage	
Associated Companies, Undertakings & Related Parties			
Crescent Textile Mills Ltd.	812,160	9.40	
Premier Insurance Limited	399,000	4.62	
Crescent Powertec Limited	1,695,605	19.63	
National Investment Trust Limited			
National Bank of Pakistan	1,213,198	14.04	
Directors, CEO & their Spouse and minor children			
Mr. Khalid Bashir	Director/Chief Executive	900,748	10.43
Mr. Muhammad Anwar	Director	26,946	0.31
Mr. Asif Bashir	Director	224,067	2.59
Mr. Khurram Mazhar	Director	23,400	0.27
Mr. Shahid Arshad	Director	8,674	0.10
Mr. Sharik Bashir	Director	32,000	0.37
Mr. Muhammad Asif (Nominee NIT)	Director	-	-
Mrs. Tanveer Khalid (W/o Mr. Khalid Bashir)		313,979	3.63
Mrs. Amna Asif Bashir (W/o Mr. Asif Bashir)		83,960	0.97
Public Sector Companies & Corporations:		4,950	0.06
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas & Pension Funds Modarbas & Mutual Funds:		233,147	2.70
Individuals & Joint Stock Companies:		2,668,166	30.88
TOTAL NUMBER OF SHARES	8,640,000	100.00	

Shareholders' Holding Five Percent or More Voting in the Co.:

Cdc - Trustee National Investment (unit) Trust	1,211,998	14.03
Crescent Powertec Limited	1,695,605	19.63
Crescent Textile Mills Limited	812,160	9.40
Mr. Khalid Bashir	900,748	10.43

Details of Purchase / Sale of shares by Directors / CEO / Company Secretary / CFO and Their Spouses / Minor Children during 2014

1,000 shares were sold by Mr. Asif Bashir, Director

1,000 shares were purchase by Mrs. Amna Asif Bashir, (W/O Mr. Asif Bashir, Director)

PROXY

I/We _____
 _____ of _____ being a member of Shams Textile
 Mills Limited and holder of _____ shares as per
 Registered Folio No. _____

For Beneficial Owners as per CDC list CDC Participant I. D. No. _____ Sub-Account No. _____ NIC No. _____ or Passport No. _____

hereby appoint _____ of _____ who is also a member of the
 Company, Folio No. _____ or failing him/her _____
 of _____ who is also member of the Company vide Registered Folio No. _____ as
 my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 47th Annual General Meeting
 of the Company to be held on Wednesday, October 29, 2014 at 9:00 a.m. at Registered Office, 7-B III, Aziz
 Avenue, Gulberg-V Lahore and at any adjournment thereof.

Dated this _____ day of _____, 2014. Signature of the Shareholder _____

For Beneficial owners as per CDC list

1-Witness:

Signature _____
 Name _____
 Address _____

2-Witness:

Signature _____
 Name _____
 Address _____

Affix Revenue of Stamps of Rs. 5/-
--

 Signature of Member

Note:

- Proxies in order to be effective must be received at the Registered Office of the Company at 7-B-III, Aziz Avenue, Gulberg-V, Lahore not later than 48 hours before the meeting.
- CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their National Identity Card or Passport with this proxy form before submission to the Company.

Shams Textile Mills Limited
7-B-3, Aziz Avenue, Gulberg 5
Lahore Pakistan

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Web: www.shams.com.pk