Annual Report 2014

BROTHERS
TEXTILE MILLS LIMITED

Brothers Textile Mills Limited

28TH

ANNUAL REPORT 2014

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	Mian Muhammad Aslam Bashir	Chief Executive Officer
	Mian Muhammad Omer Idrees	
	Mian Muhammad Furqan Idrees	
	Mrs. Memoona Idrees	
	Mrs. Farah Aslam	
	Mrs. Mehr Omer	
	Mr. Muhammad Asif	Nominee - N.I.T.
AUDIT COMMITTEE	Mian Muhammad Omer Idrees	Chairman
	Mian Muhammad Furqan Idrees	Member
	Mrs. Farah Aslam	Member
GENERAL MANAGER FINANCE / SECRETARY	Mr. Abdul Sattar Qureshi, FCA	
AUDITORS	Ilyas Saeed & Co. Chartered Accountants New Garden Town, Lahore.	
LEGAL ADVISOR	Ch. Nazir Ahmad Sadiq	
BANKERS AND FINANCIAL INSTITUTIONS	MCB Bank Limited National Bank of Pakistan Limited	
SHARE REGISTRAR	M/s Corplink (Pvt.) Ltd. Wing Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 35839182, 35869037	
REGISTERED AND HEAD OFFICE	135-Upper Mall, Lahore.	
WEB SITE ADDRESS	www.brothersgrouppk.com	
MILLS	48 Kilometers Lahore-Multan Road Phool Nager (Bhai Pheru) Tehsil Pattoki, District Kasur.	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 28th Annual General Meeting of the Shareholders of Brothers Textile Mills Limited will be held at Head Office, 135 - Upper Mall Lahore, on Friday, October 31, 2014, at 11.00 AM to transact the following business :-

Ordinary Business

1. To confirm, the minutes of Annual General Meeting held on 31st October 2013.
2. To receive, consider and adopt the audited accounts of the Company together with the Directors' and Auditors' report for the year ended 30th June 2014.
3. To discuss and approve the Renewal/Extension of License /Lease Agreement with Din Textile Mills Limited. (in accordance with the provision of section 196 of the companies ordinance,1984).
4. To appoint auditors for the Year ending June 30, 2015 and to fix their Remunerations. The retiring auditors M/s. Ilyas Saeed & Company Chartered Accountants being eligible have offered themselves for re-appointment.
5. To transact any other business with permission of chair.

By order of the Board

Place : **Lahore**
Date : September 30, 2014

(Abdul Sattar Qureshi)
Company Secretary

Notes

1- The share transfer books of the Company will remain closed from October 25, 2014 to October 31, 2014 (both days inclusive).The transfers received in order at the registered office of the Company, i.e., 135 - Upper Mall, Lahore, up to October 24, 2014, will be considered in time.

2- A member entitled to attend and vote at the meeting is entitled to appoint another member as a proxy to attend and to vote instead of him/her. Proxies in order to be effective must reach the Company's registered office at 135- Upper Mall, Lahore, not less than 48 hours before the time for holding the meeting.

3- The CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Cards, accounts and Participant I.D. Numbers for identification.

4- Shareholders are requested to promptly notify the change in their addresses, if any, to the Company Registrar i.e.M/s Corplink (Pvt) Ltd., Wings Arcade,1-K, Commercial, Model Town, Lahore. Ph. No. 35916714 & 719 Fax: 042-35869037.

5- Members who have not yet submitted photocopy of their CNIC are requested to send to Share Registrar of the Company.

Company's Website address : www.brothersgroupk.com

Vision

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

Mission

To provide maximum satisfaction to customers by supplying fine quality of yarn for knitting and weaving for well known textile brands through effective utilization of men, material and machines by encouraging, supporting and rewarding the employees with highest level of efficiency, productivity and profitability sharing alongwith shareholders.

DIRECTORS' REPORT TO THE MEMBERS

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

Dear Members:-

Your Directors are pleased to present their 28th Annual Report together with the Company's audited financial statements for the year ended June 30, 2014

FINANCIAL RESULTS

	(Rupees in Thousands)	
	2014	**2013**
Sales	-	-
Cost of Sales	-	-
Gross Profit/(Loss)	-	-
Pre-tax Profit/ (Loss)	(4,778)	5,384
After Tax Profit/ (Loss)	(5,103)	5,456

REVIEW OF OPERATIONS

During the year under review, your company has sustained loss after taxation of Rs. 5.103 million (including depreciation of Rs. 24.925 million) as compared to net profit after taxation of Rs. 5.456 million (including depreciation of Rs. 9.584) reported in the corresponding year ended June 30, 2013.

It is pertinent to mention here that during the year under discussion, the revaluation of assets of the company has been conducted and also the actuarial valuation of gratuity scheme has been accounted for in books of accounts, to comply with the requirement of the relevant International Accounting Standards.

It is further informed to the members that company is expecting to renew its licence agreement with M/s Din Textile Mills Ltd., for a further period of one year starting from November, 2014. It will of course, improve the liquidity position of the company, in addition to saving of fixed overhead during shut down period. Necessary resolution to this effect is to be passed in the forth coming AGM which is Scheduled to be held on 31 October 2014.

However, Your Board of Directors is committed to re-start the operation of the mills as and when the business conditions improve and clear indications of running the mills on reasonable profit margin, are witnessed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors are pleased to state that your Company has complied with the provisions of the Code of Corporate Governance as required by Securities and Exchange Commission of Pakistan and enforced through the listing regulations of Karachi and Lahore Stock Exchanges.

The statement on Corporate Governance and Financial Reporting Frame Work is given below:

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.

- Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and departure there from, if any, has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts upon the company's ability to continue as a going concern. Since operational activities are suspended, the Auditor's has expressed without qualifying para of Emphasis.

- There has been no trading of shares by CEO, Directors, CFO, Company Secretary, their spouses and minor children, during the year other than that disclosed in pattern of share holding.

- SECP-Circular 15 of July 08, 2003 requires listed companies to have full time employee designated to perform specific assignments of Company Secretary, your company has temporarily assigned function of CFO also to the Company Secretary during the currency of license / lease agreement.

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

BOARD MEETINGS

Following was the attendance of Directors in the four Board meetings held during the period under review:-

Mian Muhammad Aslam Bashir		4
Mrs. Mamoona Idrees		4
Mrs. Farah Aslam		4
Mian Muhammad Omer Idrees		4
Mian Muhammad Furqan Idrees		4
Mrs. Mehr Omer		4
Mr. Muhammad Asif	(NIT Representative)	4

AUDIT COMMITTEE

The Board, in compliance with the Code of Corporate Governance, constituted an audit committee Comprising of the following members:-

Mian Muhammad Omer Idrees	Chairman
Mian Muhammad Furqan Idrees	Member
Mrs. Farah Aslam	Member

The Chairman of the Audit Committee is non executive director. There is no independent Director on the Board of the company except one nominee director by NIT. The Code of Corporate Governance requires audit Committee to be headed by independent Director. The Board intends to increase number of Directors on the Board in the forthcoming elections of Directors, when one independent Director shall be elected on the Board.

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

The Bord has Constituted Human Resource and Remuneration (HR & R) committee having three members comprising a majority of Non-Executive Directors including chairman of the Committee as follows:-

Mian Muhammad Omer Idrees	Chairman
Mrs. Farah Aslam	Member
Mrs. Mamoona Idrees	Member

PATTERN OF SHAREHOLDING

The pattern of shareholding is shown on page No. 8 & 9 of this report.

KEY OPERATING AND FINANCIAL DATA

Operating and financial data with key ratios for the last six years is annexed.

CONTINGENCIES & COMMITMENTS

The Company did not have any contingency and commitment, which was required to be mentioned in Notes to the accompanying financial statements.

FUTURE PROSPECTS

In order to recover some losses in the short run, the management is planning to extend/renew the License agreement for next period. The terms of renewal are being negotiated with M/S Din Textile Mills Ltd.

AUDITORS

M/s. Ilyas Saeed & Company, Chartered Accountants, Lahore retire and being eligible, offer themselves for their re-appointment. As suggested by the Audit Committee, the Board of the Directors has recommended their re-appointment as auditors of the Company for the next financial year ending 30th June ,2015.

ACKNOWLEDGEMENT

The Directors place on record their appreciation for the support and cooperation extended by its bankers and other financial institutions to the Company.

Your Directors also appreciate the efforts of the management, staff and workers for their dedication and hard work.

For and on behalf of the Board of Directors

CHIEF EXECUTIVE
Lahore: September 30, 2014

DIRECTOR

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2014

Size of Holding of Shares

No. of Shareholders	From	To	Total Shares held
338	1	100	14173
434	101	500	123800
357	501	1000	269171
320	1001	5000	815905
70	5001	10000	575869
20	10001	15000	255373
17	15001	20000	318702
6	20001	25000	139675
3	25001	30000	81385
5	30001	35000	165983
2	35001	40000	74001
1	40001	45000	44200
2	45001	50000	96405
1	50001	55000	53000
1	55001	60000	56497
4	65001	70000	270679
2	70001	75000	148250
2	75001	80000	152210
1	90001	95000	91485
1	115001	120000	119295
1	120001	125000	122195
1	130001	135000	132000
1	140001	145000	143859
2	145001	150000	296133
1	225001	230000	228484
2	245001	250000	493143
2	255001	260000	519750
2	305001	310000	616027
2	310001	315000	623195
2	315001	320000	635393
1	325001	330000	329050
1	345001	350000	348877
1	370001	375000	374220
1	450001	455000	454655
1	615001	620000	617961
1608			9801000

Categories of Shareholders	Number of Shareholders	Number of Shareheld	Percentage of Issued Capital
Individuals	1575	8,719,614	89.00%
Insurance Companies	3	349,792	3.58%
Joint Stock Companies	13	27,082	0.24%
Financail Institutions	3	16,069	0.16%
Mutual Funds/ Modarabas	8	627,069	6.40 %.
Others	6	61,374	0.62%
Total	1608	9801000	100.000 %

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2014- ADDITIONAL INFORMATION AS REQUIRED BY THE CODE OF CORPORATE GOVERNANCE

S.No.		Name		Shares Held	Percentage
1)		**CEO, DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN**			
	i)	Mian Muhammad Aslam Bashir	CEO	228,484	2.33
	ii)	Mrs. Mamoona Idrees	Director	310,850	2.33
	iii)	Mrs. Farah Aslam	Director	454,655	2.33
	iv)	Mian Muhammad Omer Idrees	Director	91,484	2.33
	v)	Mian Muhammad Furqan Idrees	Director	66,179	2.33
	vi)	Mrs. Mehr Omer	Director	1,500	2.33
	vii)	Mrs.Fatima Furqan		23,425	2.33
2)		**FINANCIAL INSTITUTIONS**			
	i)	National Bank of Pakistan (as Trustee for NIT)		6,229	0.06
	ii)	IDBP - ICP Unit		9,840	0.10
3)		**INSURANCE COMPANIES**			
	i)	State Life Insurance Corp. of Pakistan		348,877	3.5596
	ii)	Asia Insurance Company Ltd.		562	0.0057
	iii)	Pakistan Reinsurance Company Ltd		353	0.0036
4)		**JOINT STOCK COMPANIES**			
	i)	NCC- Pre Settlement Delivery Account (CDC)		15,000	0.153
5)		**MUTUAL FUNDS & MODARBAS**			
	i)	CDC-Trustee National Investment (Unit) Trust (CDC)		617,961	6.3051
		SHAREHOLDERS HAVING HOLDING 06 % OR MORE			
	i)	CDC-Trustee National Investment (Unit) Trust (CDC)		617,961	6.3051

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

BROTHERS TEXTILE MILLS LIMITED
YEAR ENDED 30 JUNE 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of the 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 CCG in the following manner:

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

Independent Director	
Non-Executive Directors	Mian Muhammad Omer Idrees
	Mian Muhammad Furqan Idrees
	Mrs. Memoona Idrees
	Mrs. Farah Idrees
	Mrs. Mehr Omer
Executive Director	Mian Muhammad Aslam Bashir

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. 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 NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred on the Board of Directors of the company during the year.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All the directors qualify the requirements of Directors' Training Program under the Code except one director, who shall be complying, as required, upto June 2016.

10. The Board has approved appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

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

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises three members, who are non-executive directors including the chairman of the committee.

18. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

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

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

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with except certification of a director under Directors' Training Programme (DTP); however efforts would be made

For and on behalf of the Board

CHIEF EXECUTIVE **DIRECTOR**

A-4, Sea Breeze Homes, Shershah Block,
New Garden Town, Lahore - Pakistan.
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www.ilyassaeed.com

Ilyas Saeed & Co
Chartered Accountants

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Brothers Textile Mills Limited to comply with the Listing Regulations No.35 of Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19,2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, we report that:

a) The chairman of the audit committee of the company is a non executive director which is a departure from the Clause (xxiv) of Code of Corporate Governance which states that "The chairman of the audit committee shall be the independent director, who shall not be the chairman of the board".

Except for the matter discussed in paragraph (a) above, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate

Lahore:
Dated: 30 September 2014

(CHARTERED ACCOUNT ANTS)
Engagement Partner: Irfan Iiyas

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New Garden Town, Lahore - Pakistan.
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of M/S **BROTHERS TEXTILE MILL**S **LIMITED** as at June 30, 2014 and the related statement ofprofit and loss, statement of comprehensive income, statement of cash flows 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 accounts have been kept by the company as required by the Companies Ordinance, 1984 ;

b) in our opinion :

   i) the statement of financial position and statement of profit and losstogether with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

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

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

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

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

Without qualifying our opinion, we draw attention to the note 1.2 in the financial statements which indicates that the company has an unappropriated loss of Rs.122.913 million at the close of the year and, as of that date, the company's sum of total liabilities and surplus on revaluation of fixed assets exceed its total assets by Rs.24.903 million. Further, the company has long overdue outstanding receivables balance of Rs.262.082 million from ex associatedundertakings. The matter is under litigation.These conditions, along with other matters as set forth in note 1.2, indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern.

Lahore:
Dated: 30 September 2014

(CHARTERED ACCOUNT ANTS)
Engagement Partner: Irfan Iiyas

mgi
BUSINESS SOLUTIONS WORLDWIDE

STATEMENT OF FININACIAL POSITION
AS AT JUNE 30, 2014

	Note	June 30 2014	June 30 2013
		..............Rupees..............	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	413,982,976	90,934,728
Due from ex-associated undertakings	5	262,081,724	262,081,724
Long term deposits	6	2,045,000	2,045,000
		678,109,700	355,061,452
CURRENT ASSETS			
Stores, spare parts and packing material	7	6,094,991	6,772,212
Loans and advances	8	859,650	441,565
Advance income tax	9	1,965,874	2,237,779
Cash and bank balances	10	1,243,924	1,342,874
		10,164,439	10,794,430
TOTAL ASSETS		688,274,138	365,855,882
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	11	98,010,000	98,010,000
Unappropriated loss		(122,913,985)	(169,764,215)
		(24,903,985)	(71,754,215)
Surplus on revaluation of fixed assets	12	254,107,664	25,255,860
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financing	13	288,916,726	307,699,103
Due to ex-associated undertakings	14	46,676,492	46,676,492
Unclaimed dividend	15	16,302,380	16,302,380
Staff retirement benefit	16	2,980,458	6,742,810
Deferred taxation-net	17	67,646,918	-
		422,522,973	377,420,785
CURRENT LIABILITIES			
Trade and other payables	18	15,969,038	14,355,004
Current portion of due to associated undertakings	13	20,578,448	20,578,448
		36,547,486	34,933,452
CONTIGENCIES AND COMMITMENTS	19	-	-
TOTAL EQUITY AND LIBILITIES		688,274,138	365,855,882

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30 2014	2013
		...............Rupees...............	
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative and selling expenses	20	(35,978,191)	(22,838,710)
Other operating income	21	32,493,436	29,284,460
		(3,484,755)	6,445,750
Finance cost	22	(1,293,339)	(1,061,504)
Profit/(loss) before taxation		(4,778,094)	5,384,246
Taxation	23	(324,934)	71,784
Profit/(loss) for the period		(5,103,028)	5,456,030
Earning per share-basic and diluted	24	(0.52)	0.56

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	June 30 2014	2013
	..............Rupees..............	
Profit/(loss) for the period	**(5,103,028)**	5,456,030
Other comprehensive income		
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation-net of deferred tax.	**12,589,469**	1,535,100
Surplus on revaluation of fixed assets	**347,941,565**	
Deferred tax on revaluation of fixed assets	**(106,500,292)**	
Remeasurment of plan obligation	**(35,892)**	
Unrecognised deferred tax asset of previous period recognnised due to revaluation surplus	**38,853,374**	
Total other comprehensive income	**292,848,223**	1,535,100
Total comprehensive income for the period	**287,745,196**	6,991,130

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	June 30 2014	2013
	...............Rupees...............	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	**(4,778,094)**	5,384,246
Adjustment for :		
Depreciation	**24,925,283**	9,584,089
Impairment	**677,221**	752,468
Provision for gratuity	**854,213**	1,692,700
Finance cost	**1,293,339**	1,061,504
Gain on disposal of fixed assets	**-**	(19,630)
	27,750,056	13,071,131
Operating profit before working capital changes	**22,971,962**	18,455,377
Changes in Working Capital		
(Increase) / decrease in current assets		
Trade debts	**-**	-
Loans and advances	**(418,085)**	227,962
Trade deposits and short-term prepayments	**-**	18,337
Other receivables	**-**	1,053,957
Increase / (decrease) in current liabilities		
Trade and other payables	**1,614,034**	295,915
Net working capital change	**1,195,949**	1,596,171
Cash generated from operations	**24,167,911**	20,051,548
Finance cost paid	**(1,293,339)**	(1,061,504)
Income tax paid	**(53,029)**	(9,803)
Gratuity paid	**(4,106,150)**	-
	(5,452,518)	(1,071,307)
Net cash generated from operating activities	**18,715,393**	18,980,241
CASH FLOW FROM INVESTING ACTIVITIES		
Purchse of property, plant & equipemet	**(31,966)**	20,000
Net cash used in investing activities	**(31,966)**	20,000
CASH FLOW FROM FINANCING ACTIVITIES		
Due to associated undertakings	**(18,782,377)**	(18,694,929)
Net cash used in financing activities	**(18,782,377)**	(18,694,929)
Net increase/ (decrease) in cash and cash equivalents	**(98,950)**	305,311
Cash and cash equivalents at the beginning of the year	**1,342,874**	1,037,563
Cash and cash equivalents at the end of the year	**1,243,924**	1,342,874

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

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

PARTICULARS	Share capital	Un appropriated profit /(loss)	Surplus on revaluation of fixed assets	Total
	……………………Rupees……………………………			
Balance as at July 01, 2012	**98,010,000**	**(176,755,345)**	**26,790,960**	**(78,745,345)**
Profit/(loss) for the period	-	5,456,030		5,456,030
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation-net of deferred tax.	-	1,535,100	(1,535,100)	-
Balance as at June 30, 2013	**98,010,000**	**(169,764,215)**	**25,255,860**	**(73,289,315)**
Unrecognised deferred tax asset of previous period recognnised due to revaluation surplus		38,853,374		38,853,374
Profit/(loss) for the period		(5,103,028)		(5,103,028)
Income from Defined benefit obligation		546,307		546,307
Remeasurement of plan obligation		(35,892)		(35,892)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation-net of deferred tax.		12,589,469	(12,589,469)	- -
Suplus on revaluation of fixed assets- Net of deferred tax			241,441,273	241,441,273
Balance as at June 30, 2014	**98,010,000**	**(122,913,985)**	**254,107,664**	**202,412,719**

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

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

1. STATUS AND NATURE OF THE BUSINESS

1.1 The company is a Public Limited Company incorporated in Pakistan on 02 November, 1986 under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the company is situated at 135-Upper Mall, Lahore. The company is formed with an object, amongst others, of manufacturing and sale of yarn. The company has entered into a lease/license agreement with M/s Din Textile Mills Limited for renting out of its textile spinning unit comprising of building together with plant and machinery for a period of twelve months. This period may be extended at the option of the parties to the agreement for any further period or periods on the terms and conditions as contained in the agreement.

1.2 The company has unappropriated loss of Rs. 122,913,985 at the close of the year and, as of that date, the company's current liabilities exceeded its current assets by Rs. 26,383,047 and the sum of total liabilities and surplus on revaluation of fixed assets exceeded its total assets by Rs. 24,903,985.

Further, the company has long overdue outstanding receivable balance of Rs. 262,081,724/- from ex associated undertakings, which represents over 38% of the company's total assets as at June 30, 2014. The balances are outstanding since 1999. This represents the amount receivable from various companies which have been allocated by Lahore High Court to the other families of ex Ittefaq group. The matter is still under litigation. Hence, no provision for doubtful receivables has been created. The management is optimistic and hopeful of its full settlement in either cash or in equivalence kind.

These factors cast significant doubt on the company's ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The company intends to extend the lease/license agreement for a further period of twelve months and the directors have also agreed to finance the operations of the company. Therefore, the company believes that the going concern assumption is appropriate and has, as such, prepared these financial statements on this basis.

2. STATEMENT OF COMPLIANCE

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

2.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT YEAR

2.1.1 New, revised and amended standards and interpretations:

2.1.1.1 The Company has adopted the following revised standards, amendments and interpretations of IFRSs which became effective for the current year:

IAS 1 - Presentation of Financial Statements - Presentation of items of other comprehensive income - (Amendment)
IAS 19 - Employee Benefits - (Revised)
IFRS 7 - Financial Instruments: Disclosures - (Amendments)
Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
IFRIC 20 - Stripping costs in the production phase of a surface mine

2.1.1.2 Amendments to Accounting Standards Issued by the IASB

IAS 1 - Presentation of Financial Statements - Clarification of the requirements for comparative information
IAS 16 - Property, Plant and Equipment - Clarification of Servicing Equipment
IAS 32 - Financial Instruments: Presentation - Tax Effects of Distribution to Holders of Equity Instruments
IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above revisions and amendments to accounting standards and interpretations did not haveany material effect on the financial statements.

2.2 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

2.2.1 The following revised standards, amendments and interpretations with respect to the approved accounting standardsas applicable in Pakistan would be effective from the dates mentioned below against the respective standardor interpretation:

Effective date (annual periods beginning on or after)

Standard or Interpretation

IAS 32 -	Offsetting Financial Assets and Financial Liabilities - (Amendment)	01 January 2014
IAS 36 -	Recoverable Amount for Non-Financial Assets - (Amendment)	01 January 2014
IAS 39 -	Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	01 January 2014
IFRIC 21 -	Levies	01 January 2014

The Company expects that the adoption of the above amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.
The financial statements are presented in Pakistan Rupees which is also the company's functional currency.

2.2.2 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose ofapplicability in Pakistan:

IASB Effective Date (annual periods beginning on or after)

Standard or Interpretation

IFRS 9 -	Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 -	Consolidated Financial Statements	01 January 2013
IFRS 11 -	Joint Arrangements	01 January 2013
IFRS 12 -	Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 -	Fair Value Measurement	01 January 2013

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of the company's accounts are as follows: -

3.1 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention modified by the adjustment of revaluation of certain assets as stated in note 4.1.

3.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Residual values and useful lives of property, plant and equipment (note 3.3)
- Taxation (note 3.11)
- Staff retirement benefits (note 3.15)
- Provisions

3.3 PROPERTY, PLANT AND EQUIPMENT

Owned

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and impairment losses if any, except land which is stated at revalued amount. Capital work in progress is stated at cost. These are transferred to property, plant and equipment as and when the assets are available for intended use.

Depreciation is calculated using reducing balance method at the rates stated in note 4. Depreciation charge commences from the month in which asset is available for use and continues until the month of disposal. Useful lives, methods and rates of depreciation and residual values are reviewed and adjusted, if appropriate on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on depreciation charge and impairment.

Normal repairs and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized.

Gains and losses on disposal of property, plant and equipment are included in current year's income.

Leased Assets

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets less accumulated depreciation. Depreciation is charged at the rates and basis applicable to owned assets. The outstanding obligation under the lease less financial charges allocated to the future periods is shown as liability. The financial charges are calculated at the interest rate implicit in the lease and charged to profit and loss account.

3.4 IMPAIRMENT

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.5 STORES &STOCKS

3.5.1 STORES, SPARES AND LOOSE TOOLS

These are valued at cost using moving average method, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the financial statements for obsolete and slow moving stores and spares on management estimate.

3.5.2 STOCK IN TRADE

The cost is determined as follows:-

*	Raw materials	- At weighted average cost.
*	Work in Process	- Estimated manufacturing cost including appropriate overheads
*	Finished goods	
*	Waste	- Average manufacturing cost including appropriate overheads.
		- Net realizable value

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

3.6 TRADE DEBTORS & RECEIVABLES

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables, if any, based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.7 TRADE & OTHER PAYABLES

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.8 PROVISIONS

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.9 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

3.10 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Revenue from different sources is recognized on the following basis:

a) Lease/license income is recognized on accrual basis.

b) Revenue from sales is recognized on dispatch of goods to the customers. However, export goods are considered dispatched when shipped on board.

3.11 TAXATION

Current

Provision for current taxation is based on taxable income at current tax rates after taking into account applicable tax rebates and credits, if any.

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 the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

3.12 EARNINGS PER SHARE

The company presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and bank deposits.

3.14 FINANCIAL INSTRUMENTS

The company classifies its financial assets into: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment dates that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

Held to maturity

Financial assets with fixed or determinable payments and with fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

All financial assets are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognized on trade date-the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the right to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit and loss account as reclassification adjustment. Impairment losses recognized in the profit and loss account on equity instruments classified as available-for-sale are not reversed through profit and loss account.

Financial liabilities:

All financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability and the difference in respective carrying amounts is recognized in the profit and loss account.

3.15 STAFF RETIREMENT BENEFITS

Defined Contribution Plan

The company operates an unfunded defined benefit gratuity scheme covering all of its permanent employees who are eligible under the scheme. Gratuity is based on employees' last drawn salary and the amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains and losses. Provision is made annually to cover the obligation under the scheme on the basis of Projected Unit Credit method.

3.16 OFFSETTING

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

3.17 SHARE CAPITAL

Ordinary shares are classified as equity and are recorded at their face value.

3.18 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistan Rupees which is also the company's functional currency.

4 Property, Plant and Equipment

PARTICULARS	COST AS AT 01 - 07- 2013	REVALUATION SURPLUS CHARGED DURING THE YEAR	ADDITIONS / (DELETION)	REVALUED AMOUNT AS AT 30 - 06 - 2014	RATE %	DEPRECIATION ACCUMULATED 01 - 07- 2013	FOR THE YEAR For the year	FOR THE YEAR Adjustments During the Year	ACCUMULATED AS AT 30 - 06 - 2014	WRITTEN DOWN VALUE REVALUATION 30 - 06 - 2014
LAND	3,992,919	18,398,081	-	22,391,000	-	-	-	-	-	22,391,000
FACTORY BUILDING	48,529,727	43,686,321	-	92,216,048	10	37,392,283	3,298,060	-	40,690,343	51,525,705
OTHER BUILDING	7,546,953	6,793,745	-	14,340,698	5	4,672,735	313,555	-	4,986,290	9,354,409
TEXTILE MACHINERY	339,209,318	279,063,418	-	618,272,736	10	270,284,495	20,845,653	-	291,130,148	327,142,588
FURNITURE AND FITTINGS	1,408,201	-	31,966	1,440,167	10	1,151,388	27,013	-	1,178,401	261,766
VEHICLES	4,602,692	-	-	4,602,692	20	3,941,465	132,245	-	4,073,710	528,982
CYCLES	10,320	-	-	10,320	20	10,030	58	-	10,088	232
ELECTRICAL INSTALLATION	10,592,993	-	-	10,592,993	10	9,809,809	78,318	-	9,888,127	704,866
LABORTARY EQUIPMENT	11,727,621	-	-	11,727,621	10	9,900,971	182,665	-	10,083,636	1,643,985
FIRE FIGHTING EQUIPMENT	163,715	-	-	163,715	10	152,239	1,148	-	153,387	10,328
WEIGHING SCALES	86,500	-	-	86,500	10	69,321	1,718	-	71,039	15,461
TOOLS AND EQUIPMENT	2,100,487	-	-	2,100,487	10	1,677,711	42,278	-	1,719,989	380,498
ARMS AND AMMUNITION	138,149	-	-	138,149	10	112,420	2,573	-	114,993	23,156
RUPEES 2014	430,109,595	347,941,565	31,966	778,083,126		339,174,867	24,925,283	-	364,100,150	413,982,976

4.1 The land, buildings, plant and machinery of the company have been revalued by competent independent Valuer by using market value basis method on December 31, 2013, resulting in a further surplus of Rs.18,398,081/- on land, Rs.50,480,066/- on buildings and Rs. 279,063,418/- on plant and machinery. Fair values are determined by using observable prices in an active market on arm's length terms. All the revaluation surplus of Rs.347,941,565/- is charged to Surplus on Revaluation of Fixed Assets Account as per requirements of Section 235 of the Companies Ordinance, 1984. Revaluation surplus is carried at the amount after adjustment of deferred taxation and incremental depreciation.

Depreciation for the year has been allocated as under :-

	30-06-2014 Rupees	30-06-2013 Rupees
Cost of sales	-	-
Administrative and selling expenses	24,925,283	9,584,089
	24,925,283	9,584,089

4 Property, Plant and Equipment

PARTICULARS	COST AS AT 01-07-2012	COST ADDITIONS / (DELETION)	COST AS AT 30-06-2013	RATE %	DEPRECIATION ACCUMULATED 01-07-2012	FOR THE YEAR: For the year	FOR THE YEAR: Adjustments During the Year	ACCUMULATED AS AT 30-06-2013	WRITTEN DOWN VALUE REVALUATION 30-06-2013
LAND	3,992,919		3,992,919	-	-	-	-	-	3,992,919
FACTORY BUILDING	48,529,727		48,529,727	10	36,154,789	1,237,494		37,392,283	11,137,444
OTHER BUILDING	7,546,953		7,546,953	5	4,521,460	151,275		4,672,735	2,874,218
TEXTILE MACHINERY	339,209,318		339,209,318	10	262,626,181	7,658,314		270,284,495	68,924,823
FURNITURE AND FITTINGS	1,408,201		1,408,201	10	1,122,853	28,535		1,151,388	256,813
VEHICLES	4,639,592	(36,900)	4,602,692	20	3,812,597	165,399	(36,531)	3,941,465	661,227
CYCLES	10,320		10,320	20	9,958	72		10,030	290
ELECTRICAL INSTALLATION	10,592,993		10,592,993	10	9,722,788	87,021		9,809,809	783,184
LABORTARY EQUIPMENT	11,727,621		11,727,621	10	9,698,010	202,961		9,900,971	1,826,650
FIRE FIGHTING EQUIPMENT	163,715		163,715	10	150,964	1,275		152,239	11,476
WEIGHING SCALES	86,500		86,500	10	67,412	1,909		69,321	17,179
TOOLS AND EQUIPMENT	2,100,487		2,100,487	10	1,630,736	46,975		1,677,711	422,776
ARMS AND AMMUNITION	138,149		138,149	10	109,561	2,859		112,420	25,729
RUPEES 2013	430,146,495	(36,900)	430,109,595		329,627,309	9,584,089	(36,531)	339,174,867	90,934,728

Depreciation for the year has been allocated as under :-

	30-06-2013 Rupees	30-06-2012 Rupees
Cost of sales	-	-
Administrative and selling expenses	9,584,089	10,666,056
	9,584,089	10,666,056

	Note	2014 Rupees	2013 Rupees
5 DUE FROM EX-ASSOCIATED UNDERTAKINGS			
Principal amount		**96,769,380**	96,769,380
Interest accrued		**165,312,344**	165,312,344
	5.1	**262,081,724**	262,081,724

5.1 This represents the amount receivable from various companies which were previously associated undertakings but have now been allocated by the honorable Lahore High Court, Lahore to the other families of ex-Ittefaq Group. However, matter is still under litigation.

		2014 Rupees	2013 Rupees
6 LONG TERM DEPOSITS			
Security deposit against electricity		**2,020,000**	2,020,000
Security deposit with C.D.C		**25,000**	25,000
		2,045,000	2,045,000
7 STORES, SPARE PARTS AND PACKING MATERIAL			
Stores		**638,401**	709,333
Spares		**5,997,087**	6,663,431
Packing material		**136,724**	151,916
		6,772,212	7,524,680
Less: Provision for impairment loss		**(677,221)**	(752,468)
		6,094,991	6,772,212
8 LOANS AND ADVANCES			
Advances to head office staff-unsecured considered good		**859,650**	441,565
9 ADVANCE INCOME TAX			
Opening balance		**2,237,779**	2,156,192
Tax deducted/paid during the year		**53,029**	9,803
		2,290,808	2,165,995
Provision for taxation		**(324,934)**	(146,422)
Prior year adjustment		**-**	218,206
Closing balance		**1,965,874**	2,237,779
10 CASH AND BANK BALANCES			
Cash in hand		**17,462**	45,386
Cash at bank-current accounts		**1,226,462**	1,297,488
		1,243,924	1,342,874
11 SHARE CAPITAL AND RESERVES			
Authorized capital			
10,000,000 (2013: 10,000,000) ordinary shares of Rs. 10 each		**100,000,000**	100,000,000
Issued, subscribed and paid up capital			
7,920,000 (2013: 7,920,000) ordinary shares of Rs. 10 each fully paid in cash		**79,200,000**	79,200,000
1,881,000 (2013: 1,881,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares		**18,810,000**	18,810,000
		98,010,000	98,010,000

	Note	2014 Rupees	2013 Rupees
12 SURPLUS ON REVALUATION OF FIXED ASSETS			
Balance as on 01 July, 2013		**25,255,860**	26,790,960
Add:			
Surplus on revaluation of fixed assets created during the year- net off deferred tax		**241,441,273**	
Less:			
Transfer to unappropriated profit/(loss) & statement of comprehensive income on account of incremental depreciation-net of deferred tax		**12,589,469**	1,535,100
Transfer to unappropriated profit/(loss) & statement of comprehensive income on account of disposal of fixed assets-net of deferred tax		**-**	-
		254,107,664	25,255,860

13 LONG TERM FINANCING

	Note	2014 Rupees	2013 Rupees
Brothers Sugar Mills Limited	13.1	**254,738,438**	268,925,815
Brothers Engineering (Private) Limited	13.2	**54,756,736**	59,351,736
		309,495,174	328,277,551
Less: current portion of long term financing		**20,578,448**	20,578,448
		288,916,726	307,699,103

13.1 This represents amount payable to associated undertaking under an agreement and includes principal amount of Rs. 226,558,415 (2013: Rs. 240,745,792) and mark-up payable of Rs. 28,180,023 (2013: Rs. 28,180,023). The loan is repayable in 13 years including 3 years grace period in 52 quarterly installments starting from June, 2011.

13.2 This represents amount payable to associated undertaking under an agreement and includes principal amount of Rs. 54,437,407 (2013: Rs. 59,032,407) and mark-up payable of Rs. 319,329 (2013: Rs. 319,329). The loan is repayable in 13 years including 3 years grace period in 52 quarterly installments starting from July, 2013.

14 DUE TO EX-ASSOCIATED UNDERTAKINGS

	Note	2014 Rupees	2013 Rupees
Principal amount		**17,030,284**	17,030,284
Interest accrued		**29,646,208**	29,646,208
	14.1	**46,676,492**	46,676,492

14.1 This amount represents unsecured loans from various companies which were previously associated undertakings but have now been allocated by the honorable Lahore High Court, Lahore to other families of ex-Ittefaq Group. However, the matter is still under litigation.

15 UNCLAIMED DIVIDEND

	Note	2014 Rupees	2013 Rupees
Unclaimed dividends	15.1	**16,302,380**	16,302,380

15.1 This amount includes Rs. 14,645,906 (2013:14,645,906) related to sponsors of the company and the matter is subjudice before the Honorable Lahore High Court, Lahore along with the cases of ex-associated undertakings.

16 DEFERRED LIABILITY

	Note	2014 Rupees	2013 Rupees
Staff retirement benefits - gratuity	16.1	**2,980,458**	6,742,810

The valuation of staff retirement benefit - gratuity scheme of defined benefit obligation was carried out as at December 31, 2013 using the "Projected Unit Credit Method".

	Note	2014 Rupees	2013 Rupees
16.1 Staff retirement benefits - gratuity			
Present value of defined benefit obligation	16.3	**2,980,458**	6,742,810
Unrecognized actuarial gain/(loss)		**-**	-
Liability as at June 30		**2,980,458**	6,742,810
16.2 Change in present value of net staff gratuity			
Opening liability		**6,742,810**	5,050,110
Re-measurements to be recognized in retained earnings		**(546,307)**	-
Re-measurements to be recognized in other comprehensive income		**35,892**	-
Charge to profit and loss account		**854,213**	1,692,700
Payments made during the year		**(4,106,150)**	-
Closing liability		**2,980,458**	6,742,810
16.3 Movement in liability for defined benefit obligation			
Opening present value of defined benefit obligation		**6,196,503**	
Current service cost for the year		**297,673**	
Interest cost for the year		**556,540**	
Benefit paid during the period		**(4,106,150)**	
Experience adjustment		**35,892**	
Closing present value of defined benefit obligation		**2,980,458**	
16.4 Re-measurements to be recognized in other comprehensive income			
Loss/ (gain) from change in:			
-Demographic assumptions		**-**	
-Financial assumptions		**-**	
Experience adjustments		**35,892**	
		35,892	
16.5 Charge for the year			
Current service cost for the year		**297,673**	
Interest cost for the year		**556,540**	
		854,213	
16.6 PRINCIPAL ACTUARIAL ASSUMPTIONS			
Discount Rate		**12.50%**	
Expected Rate of increase in salary		**11.50%**	
Average Expected Working Life of Employees		**7 Years**	
17 DEFERRED TAXATION-Net			
Deferred tax liability comprises temporary differences related to:			
Taxable temporary difference			
Accelerated depreciation for the tax purposes		**28,032,838**	24,538,110
Revaluation of fixed assets		**106,500,292**	
Deductible temporary differences			
Staff retirement benefits-gratuity		**(1,013,356)**	(2,292,555)
Unused tax losses		**(65,872,856)**	(22,245,555)
		(66,886,212)	(24,538,110)
		67,646,918	-

18 TRADE AND OTHER PAYABLES

	Note	2014 Rupees	2013 Rupees
Unearned lease income		**3,944,036**	3,429,597
Workers profit participation fund	18.2	**11,480,719**	10,189,686
Accrued liabilities		**224,183**	152,004
Audit fee		**320,100**	583,717
		15,969,038	14,355,004

18.1 Workers profit participation fund

	Note	2014 Rupees	2013 Rupees
Opening balance		**10,189,686**	9,131,361
Add: Interest accrued for the year	18.2	**1,291,033**	1,058,325
		11,480,719	10,189,686

18.2 Interest on workers profit participation fund has been accrued at KIBOR plus 2.5 % on the outstanding balance.

19 CONTIGENCIES AND COMMITMENTS

19.1 Contingencies

There is no civil and criminal litigation pending in any court of competent jurisdiction except the matters of ex-Ittefaq group which is subjudice in the honorable Lahore High Court as stated in note 5.1 and 15.1, and there is no certainty of its final settlement with in next 12 months minimum. There are no known receivables/payables in this regard other than those stated in these accounts.

19.2 Commitments

The company has no capital commitments as at 30th June, 2014.

20 ADMINISTRATIVE AND SELLING EXPENSES

	Note	2014 Rupees	2013 Rupees
Director's remuneration	25	**1,800,000**	1,800,000
Salaries and other benefits		**6,133,323**	7,757,362
Electricity, gas and water		**708,718**	584,284
Traveling & conveyance		**987**	15,980
Printing and stationery		**94,058**	79,870
Telephone and fax		**48,363**	22,009
Postage and courier		**1,500**	14,255
Entertainment		**14,272**	11,178
Vehicle running and maintenance		**112,121**	118,014
Fee, taxes and subscription		**431,565**	526,585
Legal and professional charges		**157,250**	56,250
Auditor's remuneration	20.1	**320,100**	320,100
Advertisement		**36,000**	39,000
Depreciation		**24,925,283**	9,584,090
Impairment loss		**677,221**	752,468
Miscellaneous		**517,430**	1,157,265
		35,978,191	**22,838,710**

20.1 Auditor's remuneration

	Note	2014 Rupees	2013 Rupees
Annual audit fee		**250,000**	250,000
Half yearly review		**40,000**	40,000
Code of Corporate Governance review		**10,000**	10,000
Out of pocket expenses		**20,100**	20,100
		320,100	320,100

	Note	2014 Rupees	2013 Rupees

21 OTHER OPERATING INCOME

	Note	2014 Rupees	2013 Rupees
Lease rental	21.1	**32,493,436**	28,257,300
Profit on sale of vehicle		**-**	19,630
Other income		**-**	1,007,530
		32,493,436	29,284,460

21.1 The company had entered into a lease/license agreement with M/s Din Textile Mills Limited for renting out its textile spinning unit comprising building together with plant and machinery as from October, 2010 initially for a period of one year. The annual lease agreement is renewable at the option of the two parties and is being renewed annually since then. It has last been renewed in November 2013 for a period of one year. The management expects that the annual lease shall further be renewed and hopefully with enhanced rental.

22 FINANCE COST

	2014 Rupees	2013 Rupees
Interest on WPPF	**1,291,033**	1,058,325
Bank charges	**2,306**	3,179
	1,293,339	1,061,504

23 TAXATION

	Note	2014 Rupees	2013 Rupees
Current: for the year	23.1	**324,934**	146,422
Deferred		**-**	-
Prior year adjustment		**-**	(218,206)
		324,934	(71,784)

23.1 Numerical calculation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the company is chargeable to minimum tax under section 113 of the Income Tax Ordinance, 2001.

24 EARNING/(LOSS) PER SHARE

	Note	2014 Rupees	2013 Rupees
Profit/(loss) after taxation		**(5,103,028)**	5,456,030
Weighted average number of ordinary shares in issue during the year		**9,801,000**	9,801,000
basic	24.1	**(0.52)**	0.56

24.1 DILUTED EARNING PER SHARE

No figure for diluted earning per share has been presented as the company has not issued any instruments carrying options which would have an impact on earning per share when exercised.

25 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive	Directors	Chief Executive	Directors
	2014		2013	
	----------Rs.----------			
Remuneration	-	**1,200,000**	-	1,200,000
House rent	-	**480,000**	-	480,000
Utilities	-	**120,000**	-	120,000
	-	**1,800,000**	-	1,800,000
Number of person	**1**	**1**	1	1

25.1 The director has been provided with the company maintained car.

		2014 Rupees	2013 Rupees
26 TRANSACTIONS WITH RELATED PARTY			
Relation with the Company	**Nature of transaction**		
Associated undertakings			
	Transfer of funds	**15,936,940**	21,000,000
	Receipt of funds	**1,749,563**	635,000
	Settlement of liabilities on behalf of the entity		1,670,071
Key management personnel			
	Remuneration	**1,200,000**	1,200,000
	Housing & utilities	**600,000**	600,000

27 PLANT CAPACITY AND ACTUAL PRODUCTION

	2014	2013
Plant capacity:		
- Number of spindles installed	**17,280**	17,280
- Installed capacity at 20/s count based on 360 days (Kgs)	**5,290,708**	5,290,708
- Number of spindles operated during the year	**Nil**	Nil
- Number of days worked during the year	**Nil**	Nil
- Total number of shifts worked during the year	**Nil**	Nil
- Weight of yarn counts actually produced during the year	**Nil**	Nil
Production based on spindles operated assuming production of 20/s Count only:	**Nil**	Nil
- Cotton and P.C. yarn (Kgs):		
- Coarse	**-**	-
- Medium	**-**	-
- Fine	**-**	-

28 FINANCIAL INSTRUMENTS & RELATED DISCLOSURES

28.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the company's finance department under policies approved by the board of management.

28.2 Market risk

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

(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. The company is not exposed to currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the company has no fixed interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

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 balance sheet date would not affect profit or loss of the company.

Sensitivity analysis for variable rate instruments

The company does not have any variable rate instrument at the reporting date. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the company.

(iii) Other price risk

Other price risk is 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 currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to equity price risk as the company does not have any investments in listed securities.

28.3 Credit risk

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The company believes that it is not exposed to major concentration of credit risk. The carrying amount of financial assets that represents the company's maximum credit exposure as at the reporting date is as follows:

	2014	2013
	(Rupees)	
Long term deposits	**2,045,000**	2,045,000
Advances	**859,650**	441,565
Other receivables	**-**	-
Balance with banks on current account	**1,243,924**	1,342,874
	4,148,574	3,829,439

The credit quality of company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Agency	Rating	
		Short term	Long term
MCB Bank Limited.	PACRA	A1+	AA+
National Bank of Pakistan Limited.	JCR-VIS	A1+	AAA

28.4 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to close out market positions due to dynamic nature of the business. The company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

	2014		
	Carrying amount/ contractual cash flow	Maturity upto one year	Maturity after one year
	Rupees		
Financial liabilities			
Trade and other payables	**544,283**	**544,283**	**-**
Long term financing	**309,495,174**	**20,578,448**	**288,916,726**
Due to ex-associated undertakings	**46,676,492**	**-**	**46,676,492**
	356,715,949	**21,122,731**	**335,593,218**

	2013		
	Carrying amount/ contractual cash flow	Maturity upto one year	Maturity after one year
	Rupees		
Financial liabilities			
Trade and other payables	735,721	735,721	-
Long term financing	328,277,551	20,578,448	307,699,103
Due to ex-associated undertakings	46,676,492	-	46,676,492
	375,689,764	21,314,169	354,375,595

28.5 Fair value estimation

Financial instruments carried at fair value are categorized as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The company does not have any investment in level 1, level 2 and level 3.

	2014	2013
28.6 Financial assets and liabilities	(R u p e e s)	
Financial assets		
Loans and receivables		
Long term deposits	**2,045,000**	2,045,000
Due from ex-associated undertakings	**262,081,724**	262,081,724
Loans and Advances	**859,650**	441,565
Cash and bank balances	**1,243,924**	1,342,874
Total	**266,230,298**	265,911,163
Financial liabilities		
Financial liabilities at amortized cost		
Long term financing	**288,916,726**	307,699,103
Due to ex-associated undertakings	**46,676,492**	46,676,492
Trade and other payables	**544,283**	735,721
Total	**336,137,501**	355,111,316

29 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders or issue new shares. 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 financing obtained by the company from associated undertakings as referred in note 15. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

Borrowings	**309,495,174**	328,277,551
Total equity	**(24,903,985)**	(71,754,215)
Total capital employed	**284,591,189**	256,523,336
Gearing ratio (%)	**108.75**	127.97

30 NUMBER OF EMPLOYEES

Number of employees at the end of the year	**7**	**14**
Average number of employees during the year	**7**	**14**

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 30 September 2014 by the board of directors.

32 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation. However, no significant re-classifications have been made.

33 GENERAL

Figures have been rounded off to the nearest rupee.

FINANCIAL HIGHLIGHTS

		2014	2013	2012	2011	2010	2009	2008
OPERATING RESULTS							*(Rupees in thousands)*	
Sales		-	-	-	-	-	-	166,647
Gross Profit / (Loss)		-	-	-	-	-	-	(9,594)
Pretax Profit / (Loss)		(4,778)	5,384	3,860	(5,203)	(20,272)	(29,908)	(35,267)
After Tax Profit / (Loss)		(5,103)	5,456	3,610	(5,383)	(21,265)	(32,093)	(38,419)
FINANCIAL POSITION								
Current Assets		10,164	10,794	12,460	13,269	15,136	277,459	279,229
Current Liabilities		36,547	34,933	29,059	27,100	15,626	382,724	349,094
Property, Plant and Equipment		413,983	90,935	100,519	111,200	124,999	132,789	136,309
Assets Subject to Finance Lease		-	-	-	-	-	-	5,444
Total Assets		688,274	365,856	377,106	388,595	402,216	410,247	421,305
Long Term Liabilities		422,523	377,421	400,000	417,060	434,185	62,989	77,768
Shareholders' Equity		(24,904)	(71,754)	(78,745)	(83,972)	(80,671)	(35,466)	(5,557)
RATIOS								
Current Ratio		0.27 : 1	0.31 : 1	0.43 : 1	0.49 : 1	0.74 : 1	0.73 : 1	0.80 : 1
Debt to Equity Ratio		(16.97) : 1	(5.26) : 1	(5.08) : 1	(4.97) : 1	(5.37) : 1	0.26 : 1	108 : (8)
Gross Profit / (Loss) to Sales	%	-	-	-	-	-	-	(5.76)
Net Loss to Sales	%	-	-	-	-	-	-	(21.16)
Break-up Value Per Share	(Rs.)	-	-	-	-	-	(3.62)	(0.57)
Earnings Per Share	(Rs.)	(0.52)	0.56	0.37	(0.55)	(2.17)	(3.27)	(3.92)