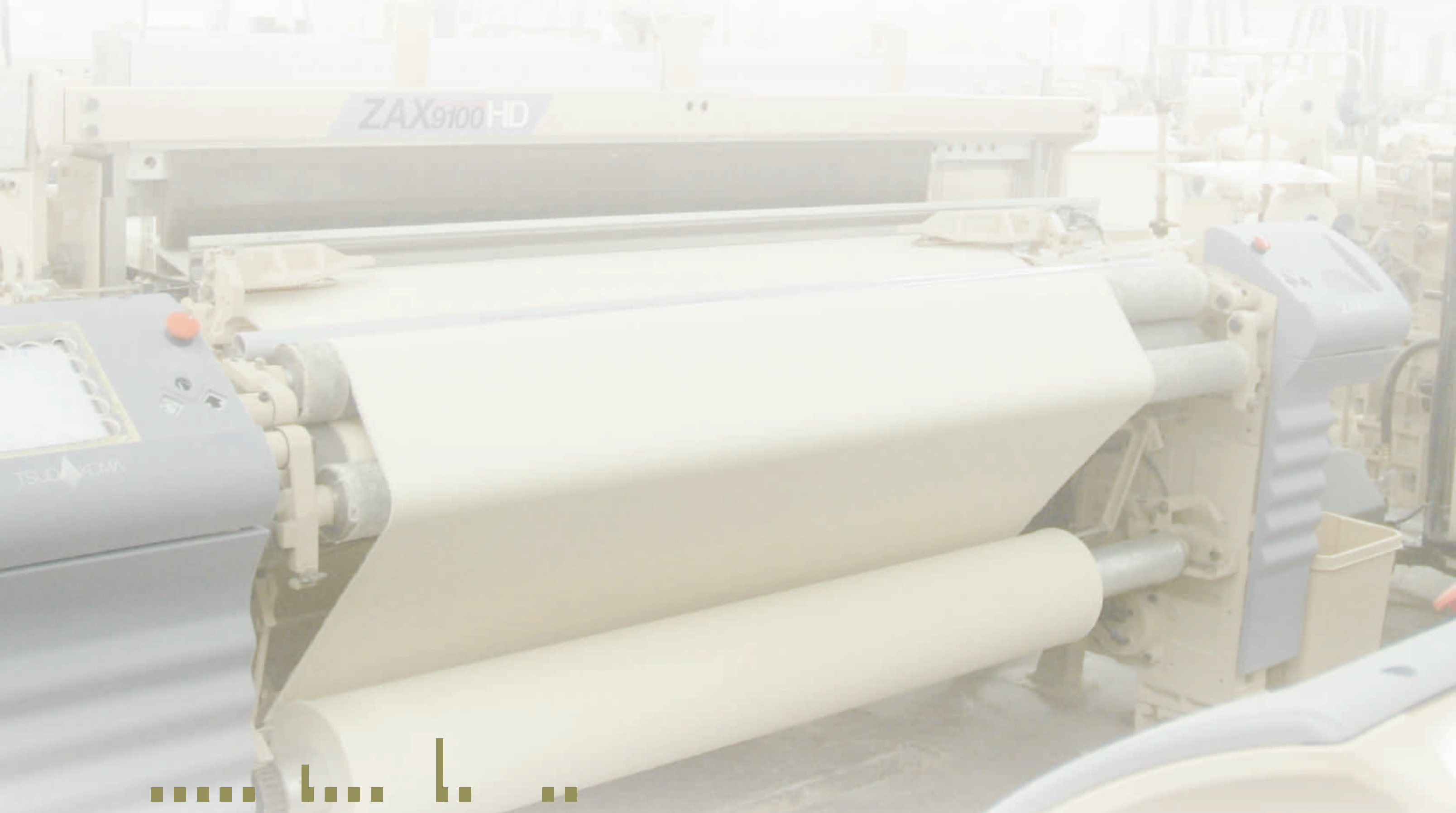
Fatima Group



ANNUAL REPORT 2013

Reliance Weaving Mills Limited

Contents

Company Information

Board of Directors

Execitive Directors

Mr. Fawad Ahmed Mukhtar — Chairman
Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar
Mr. Fahd Mukhtar

Non-Execitive Directors

Mrs. Fatima Fazal
Mrs. Farah Faisal
Mr. Shahid Aziz

Sub Committees of the Board

Audit Committee

Mrs. Fatima Fazal
Mr. Faisal Ahmed Mukhtar
Mr. Fawad Ahmed Mukhtar — Chairman
Mr. Amanullah — Secretary

HR & Remuneration Committee

Mrs. Farah Faisal — Chairman
Mrs. Fahd Mukhtar
Mr. Faisal Mukhtar
Mr. Basharat Hashmi — Secretary

Executive Management Team

Chief Executive Officer

Mr. Fazal Ahmed Sheikh

Chief Financial Officer

Mr. Waheed Ahmed

Company Secretary

Mr. Amanullah

GM Marketing

Mr. Khawaja Sajid

GM Unit # 1 & 2

Mr. Ikram Azeem

GM Unit # 4

Mr. Muhammad Shoaib Alam

Bankers

Allied Bank Ltd
Bank of Khyber
Bank Al-Falah Ltd
First Habib Mudarba
First National Bank Mudarba
First Punjab Mudarba
Habib Bank Ltd
Habib Metropolitan Bank Ltd
MCB Bank Ltd
Meezan Bank Ltd
National Bank of Pakistan
NIB Bank Ltd
Pak Brunei Investment Company Ltd
Saudi Pak Industrial & Agricultural Investment Company Ltd
Standard Chartered Bank (Pakistan) Ltd
Standard Chartered Mudarba
Soneri Bank Ltd
United Bank Ltd

Auditors & Share Registrar

External Auditors

M. Yousuf Adil Saleem & Co
Chartered Accountants,
Multan.

Shares Registrar

M/s CDC Pakistan Ltd.
2nd Floor 307-Upper Mall Lahore
info@cdc.pak.com
basharat.hashmi@fatima-group.com

Business Offices

Registered Office

2nd Floor Trust Plaza, LMQ Road, Multan.
Tel # 061-4512031-2, 061-4546238
Fax # 061-4511677, 061-4584288
e-mail: info@fatima-group.com

Head Office

E-110, Khyaban-e-Jinah Lahore.
Tel # 042-35909449, 042-111-328-462
Fax: 042-36621389
Website: www.fatima-group.com

Sites Address

Unit # 1,2 & 4

Fazalpur Khanewal Road, Multan.
Tel. No. 061-6740020-3
Fax. No. 061-6740039

Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.
Tel. No. 051-4611579-81
Fax. No. 051-4611097

Vision

To be a Company recognized for its art of Textile and best business practices.

Mission & Values

The mission of company is to operate state of the art Textile plants capable of producing yarn and fabrics.

The company will conduct its operations prudently assuring customer satisfaction and will provide profits and growth to its shareholders through:

- Manufacturing of yarn and fabrics as per the customers' requirements and market demand.
- Exploring the global market with special emphasis on Europe, USA and Fareast.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.
- Protecting the environment and contributing towards the economics strength of the country and function as a good corporate citizen.

Group Profile

Fatima Group

In 1988 a dynamic and radical person known as Mr. Mukhtar A. Sheikh had conceptualized his revolutionary vision and laid the stone of a Multan based organization which commenced its business mainly in sugar. In subsequent years the untiring, dedicated and missionary zeal & zest of the founders of group had woven the net of Companies into glorified galaxy of shining Stars and named it Fatima Group. The substantial Strategic benefits of vertical integration led him and his associates to consider venturing into the manufacturing field of Textile, Sugar, Fertilizers, Malaises, Trading, Mining, Power Generation, Air Line and Packing Material etc.

Over the years and by the grace of all mighty Allah the Fatima Group of Companies now proudly stood unparalleled and peerless leader in business groups of Pakistan. It ranks amongst the top Companies of Pakistan. The group has strong presence in most important business sectors of the region. It also has the distinction of being one of the largest players In each sector. The Group has a remarkable position in the market as good as any multinationals operating locally in terms of its quality of products, services and management skills.

Textile

- **Reliance Weaving Mills Ltd,** the flagship company of the group was established in 1991. Its annual turnover for the year 2013 is approx. Rs. 9.5 billion with the production facility of 48,720 spindles (two units) and 296 looms (two units). It is listed on Karachi & Lahore Stock Exchanges of Pakistan.

Fertilizers

- **Pakarab Fertilizers Ltd** is the largest fertilizer complex in Pakistan with annual production capacity of 847,000 MT. It was put into operation in 1979. Under the privatization policy of Government of Pakistan, the management of the company was taken over by Fatima Group on July 14, 2005.

- **Fatima Fertilizer Company Ltd** was incorporated on 24 December 2003 as a Public Limited Company. Fatima Fertilizer is fully integrated fertilizer complex with annual production capacity of Urea 500,000, CAN 420,000, NP 244,000, Nitric Acid 500,000 and Amonia 500,000. It is listed on all the Stock Exchanges of Pakistan.

Sugar

Fatima Sugar Mills Limited was incorporated as a public limited company in 1988. Current production capacity is 11,000 MT per day with net profit of Rs. 977 million for the year ended September 2012.

Trading

Reliance Commodities (Pvt) Limited is a private limited company incorporated in 1996 and deals in export of molasses, sugar, and other commodities.

Following companies are also part of Fatima Group:

1	**Fatima Energy Ltd**	(Power Generation)
2	**Air One (Pvt) Ltd**	(Air Line)
3	**Pakistan Mining Ltd**	(Mining & Exploration)
4	**Reliance Sacks Ltd**	(Packing Material)

Company Profile

Reliance Weaving Mills Ltd (RWML) is a public limited company listed on both Karachi and Lahore Stock Exchanges. It was incorporated on April 07, 1990 and Securities & Exchange Commission of Pakistan (SECP) granted certificate of Commencement of Business on May 14, 1990. The Company is established with the objective of setting-up a textile (Yarn & fabric) manufacturing plant. Initially it started its production as weaving unit but later on it also involved in manufacturing of yarn. The principal business of the Company is manufacture and sale of cotton yarn and grey woven fabrics.

Authorized Capital of the Company is Rs.700 million which was gradually increased and at present subscribed share capital of the company stands at Rs.308 million. The production capacity was enhanced gradually by establishing Unit # 2, 3 & 4 at different stages with annual capacity of 56.50 million meter of Grey Cloth (50 PPI) & 16.057 million KGs of yam (20/S count converted). This excellent performance was due to hard work and dedication of all employees and the progressive approach and support from the top management.

Over the years, the plants have demonstrated an operational excellence which has become a reference for the engineering and advisory companies whose process technologies are used here. Delegations from China and Japan keep visiting the plant site for gaining first hand knowledge for the quality of production and this practice has also been adopted before deciding to purchase a new plant.

Company has developed a special management team and it is managed by a team of highly trained & skilled persons in their fields. Responsibilities that are assigned to special management team are monitoring plant performance, development of new projects, handling capital investment projects, advising management on technical matters and development of a technological base along with consultancy functions. Since 1990, special management team has made tremendous progress in the field of Plant Engineering, Project Management, Project Feasibilities and Project Development. The development of special management team has recognized the need to promote research and technological development activities.

Nearly half of the strength is located at the plant to provide assistance to the manufacturing units and feeding vital plant data to the Head Office for immediate processing. Special management team is equipped with latest computing facilities along with world renowned ORACLE Financial ERP system. This technology enables special management team to provide most valuable assistance to all the departments within the company. The success achieved so far by special management team proves that the company now possesses requisite in house capabilities to ensure successful completion of large scale projects within allocated budgets and assigned project schedules.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Members of Reliance Weaving Mills Ltd will be held on October 31, 2013 at 11.00 A.M at the Registered Office of the Company at 2nd Floor Trust Plaza L.M.Q. Road Multan to transact the following business.

1. To confirm the minutes of last Extra Ordinary General Meeting held on August 27, 2013.
2. To receive consider & adopt the Audited Accounts of the company for the year ended June 30, 2013 along with Auditor's Report and Directors' Report thereon.
3. To appoint Auditors for the ensuing year, and to fix their remuneration. M/s M. Yousuf Adil Saleem & Co. Chartered Accountants, retire and being eligible have offered themselves for re-appointment).
4. To confirm payment of Rs. 2/- per share cash dividend i.e 20% for the year ended June 30, 2013.
5. To discuss any other business with the permission of the Chair.

By the order of the Board

Dated: 10.10.2013
Place: Multan

AMANULLAH
(Company Secretary)

Notes

1 The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company/Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Central Depository Company, 307, Upper mall Lahore. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

2 Share Transfer Books will be closed from October 25, 2013 to October 31, 2013(both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's Share Registrar M/s Central Depository Company, 307, Upper mall Lahore.by the close of the Business on October 24, 2013 will be treated in time for the purpose of any entitlement.

3 All Members / Shareholders are entitled to attend and vote at the meeting. A Member may appoint a proxy who need not be a Member of the Company.

4 Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office at least 48 hours before the time of the meeting.

5 Any change of address of Members should be immediately notified to the Company's Share Registrars.

CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. 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 Computerized National Identity Card (CNIC) or original 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 the meeting.

B. For Appointing Proxies

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 submit the proxy form accordingly.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.

v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

Management Profile

Board of Directors

Board of Directors of the company has the ultimate responsibility for the administration of the affairs. The company's Articles of Association provide for a Board of Directors to be at least seven. The company's Board of Directors consist of seven members, six from sponsors and one director representative of minorities shareholders' interest and nominated by NIT. All the directors having equal rights to participate in the matters of the company. Four members of the Board of Directors are executive Directors and three members of the Board of Directors are non-executive Directors. The executive Directors are involved in the day to day operations of the Company. The current Directors of the Company are as follows:

Name	Position	Executive / Non-Executive
Mr. Fawad Ahmed Mukhtar	Chairman	Executive
Mr. Fazal Ahmed Sheikh	Chief Executive	Executive
Mr. Faisal Ahmed Mukhtar	Director	Executive
Mr. Fahd Mukhtar	Director	Executive
Mrs. Fatima Fazal	Director	Non-Executive
Mrs. Farah Faisal	Director	Non-Executive
Mr. Shahid Aziz - NIT	Director	Non-Executive

The Board of Directors meets regularly in every quarter. The company complies with the code of corporate governance issued by the Securities and Exchange Commission of Pakistan ("SECP"). Under its governance structure, the Board of Directors has established a fully functional internal audit team directly reporting to the Board of Directors. The internal audit team comprise of four members and is chaired by Mr. Asad Murad FCA.

Profile of the Executive Members of the Board

Mr. Fawad Ahmed Mukhtar
Chairman

Mr. Fawad Ahmed Mukhtar is the Chairman of the Company and the Chairman of Fatima Group. The Group has witnessed immense growth under his leadership and investments have been made in the fertilizer, sugar, energy and mining sectors. The Group acquired Pakarab Fertilizers, in 2005, through a privatization process. In 2004 the Group participated in an investment of US$750 million for the establishment of a state of the art fertilizer complex -Fatima Fertilizer. He also holds the following portfolios:

Chairman	Fatima Energy Ltd. Reliance Commodities (Pvt) Ltd.
CEO	Fatima Fertilizer Company Ltd. Pakarab Fertilizers Ltd.
Director	Fazal Cloth Mills Ltd. Fatima Sugar Mills Ltd. Air One (Pvt) Ltd. Fatima Trading Company (Pvt) Ltd. Farrukh Trading Company (Pvt) Ltd. Reliance Sugar Mills Ltd.

Mr. Fazal Ahmed Sheikh
CEO

Mr. Fazal Ahmed Sheikh is the CEO of the Company. He holds a degree in Economics from the University of Michigan, Ann Arbor, USA. He plays an important role in matters related to financial management, marketing and information technology, across the Group companies. He also holds the following portfolios:

CEO	Fatima Energy Ltd.
Director	Fatima Fertilizer Company Ltd. Pakarab Fertlizers Ltd. Fazal Cloth Mills Ltd. Fatima Sugar Mills Ltd. Air One (Pvt) Ltd. Fatima Trading Company (Pvt) Ltd. Reliance Commodities (Pvt) Ltd. Reliance Sugar Mills Ltd.

Profile of the Executive Members of the Board

Mr. Faisal Ahmed Mukhtar
Director

Mr. Faisal Ahmed Mukhtar is a Director of the company. He holds a Law degree from Bahauddin Zakariya University, Multan. He also holds the following portfolios:

CEO	Fatima Sugar Mills Ltd Reliance Sugar Mills Ltd
Director	Fatima Fertilizer Company Ltd Pakarab Fertlizers Ltd Fazal Cloth Mills Ltd Air One (Pvt) Ltd Fatima Trading Company (Pvt) Ltd Furrukh Trading Company (Pvt) Ltd Reliance Commodities (Pvt) Ltd
Member	Syndicate of BZU Multan Provincial finance Commission Steering Committee of Southern Punjab Development Project Decentralization support Program

Mr. Fahd Mukhtar
Director

Mr. Fahd Mukhtar is a Director of the Company. He holds a Bachelor of Economics Degree from the Philadelphia University of USA. He also holds the following portfolios:

CEO	Reliance Sacks Ltd
Director	Fazal Cloth Mills Ltd. Reliance Sugar Mills Ltd.

Profile of the Executive Officers

Mr. Amanullah Khan
Company Secretary

Mr. Amanullah Khan joined Reliance Weaving Mills Ltd. In April 1990. He has been looking after the affairs of the Company Secretariat since the incorporation of the Company in May 1990. He also participates in meetings of Board of Directors.

Mr. Waheed Ahmed
Chief Financial Officer

Mr. Waheed Ahmed is qualified Chartered Accountant having more than 13 years' experience of handling the Accounting and Financial Matters of Listed companies. He is with Reliance Weaving Mills Ltd since August, 2008.

Mr. Ikram Azeem
General Manager Unit 1 & 2

Mr. Ikram Azeem is holding B.Sc, Textile Engineering Degree from National College of Textile Engineering Faisalabad (Specialization in Weaving). He has vast experience of textile sector in renowned textile mills of the country on different kind of weaving machines like Sulzer Toyoda and Tsudakoma Air Jet Looms.

Profile of the Executive Officers

Mr. Muhammd Shoaib Aalam
General Manager (Spinning Unit-4)

Mr. Muhammd Shoaib Aalam is having B.Sc. Textile (Spinning) Degree from University of Engineering and Technology (UET) Lahore. He was Vice-President of Spinning Society. He is part of this group since the erection of this Unit. He has experience of managing coarse and fine count mills, ranging from 6/1 to 120/1 on various type of machinery setups, and producing different types of yarn from GIZA, PIMA and Brazilian Cotton. He also got training for blow room and card from Reiter in Winterthur, Switzerland.

Mr. Khawaja Sajid
General Manager Marketing

Mr. Khawaja Sajid is the General Manager of Marketing Department. He holds Master Degree in Business Administration from Baha-Ud-zakriya University Multan and have 21 years of working experience in this portfolio with the reputed Textile companies of Pakistan. He joined Reliance Weaving Mills Ltd in 2004 and remains devoted till today.

Mr. Jawad Ahmad Affi Bhutta
Sr. Manager Accounts and ERP

Mr. Jawad is qualified Chartered Accountant, completed his article ship from M. Yousuf Adil Saleem and Co. a member firm of Deloitte International. He is working with this company since 2004 and supervising Accounts and ERP sections of the company. During his stay he successfully got implemented Oracle ERP system in liaison with external consultant as a functional head and continuously working on improvement of the system. He is also handling different tax and operational matter of the company. He managed to win best corporate report award of ICAP and ICMAP for the company in 2005.

Directors' Report to the Shareholders

On behalf of Board of Directors of the Company I feel pleasure to present Financial Statements of the Company for the year ended 30 June 2013.

Financial Results

The Company during the year earned after tax net profit of Rs. 570 M which is almost 119% above the last year's profit of Rs. 260 M. This profit is highest in history of the company. Sales increased by 9.4% to Rs. 9,514 M as compared to Rs. 8,698 M in last year and gross profit is Rs. 1,127 M which is Rs. 304 M higher than last year gross profit of Rs. 913 M. Earnings per share of the Company reached at Rs. 18.50 per share from Rs. 8.45 per share.

Extract of major financial figures are given below:

		2012-13	2011-12
Profit before tax	Rs.	548,638,642	288,551,466
Taxation	Rs.	21,508,821	(28,342,688)
Profit after tax	Rs.	570,147,463	260,208,778
EPS	Rs./ share	18.50	8.45

Despite serious challenges on the front of power shortage, law and order situation, your company brilliantly performed in both weaving and spinning sections. However, increase in major cost of productions mainly fuel and power hindered profitability reaching from more better level. Active financial management played an important role in securing finance from financial institutions at viable interest rates which ultimately kept the financial charges from adversely affecting the profitability even the working capital of the company increased substantially.

Spinning section continued to accelerate its pace of performance and showed better results due to stable cotton prices and strong yarn demand from China. Prices of cotton remained stable on average because of bumper cotton crop and sluggish demand in the international market. Increase in profitability is mainly attributable to procurement of bulk cotton at competitive prices. Effective production planning and minimizing production losses played a vital role in boosting margins in this section.

Profitability of weaving section also improved this year because of improvement in sale price in local and international market and strong demand in local as well as international market. As major portion of weaving sale is export sale so depreciation of PKR against USD also benefits the company.

Overview of Economy

Pakistan's economy continues to face numerous domestic and external shocks. Economic performance was affected the internal security hazards, and the energy crisis. The economy of Pakistan during the last five years grew on average at the rate of 2.9 percent per annum. Deterioration of power sector is the main constraint for growth. It is true that the energy crisis is frustrating the

Directors' Report to the Shareholders

realization of our true economic potential. Whereas Pakistan's long-term growth potential is about 6.5 percent per annum and is lower than what is required for sustained increase in employment and income and a reduction in poverty.

With the taking possession of office by new regime it was hoped that crying issues of the economy would be addressed in a reasonable frame of time. However, it is big challenge for new Government to improve the situation and bring the economy back on right track. The framework for economic growth approved by the government identifies the privatization of public sector enterprises as a key focus area. It is an approach to accelerate growth of loss making enterprises and convert profitable one. It identified a coherent approach to growth by launching mega economic corridor project with China. This would provide growth well beyond projects and targets public service delivery, productivity, competitive markets, innovation and entrepreneurship. The strategy is based on sustained reform that builds efficient and knowledgeable governance structure, and markets in attractive and well-connected locations.

Future Outlook

Currently cotton market is witnessing gradual rise in price. This may effect next year results depending on the corresponding margins of end product. Going forward upcoming Chines cotton policy and its impact on Global cotton trade will remain the key determined of cotton prices in FY 14. Given the continuation of Chines cotton policy for year 2013-2014 and increasing cost of spinning it is expected that Chinese mills continue to buy cotton yarn from Pakistan and Indian market, so demand side shall be strong enough.

Revision of power tariff for industrial consumers has substantially increased the cost of production for textile industry which is already facing strong competition from international competitors. A positive step of the Government of allocation of natural gas quota for industries will resolve the power shortage issue to some extent. Wages cost is also increasing after the announcement of minimum wage rates for unskilled labor by the federal government.

Modernization and Expansion

In order to achieve sustainable growth and to provide high quality products to its customers in local and international market, the company continues to modernize and expand its production base keeping view new advancement in machinery of textile sector. To fulfill this purpose your company has taken following steps:

- Successfully added 11 new state of the art Ring Frames consisting of 13,200 spindles to its production line during the year. Company has also opened further 13,200 spindle lc of a new spinning unit at Multan.
- Extension of weaving capacity of 40 state of the art Tsudakoma Air Jet looms is also in

progress. It is expected these looms shall start in second quarter of 2014.

All these advancements will not only contribute towards profitability of the company but also support economic growth of the country as well and create valuable employment opportunity for the skill and unskilled workforce.

Information Technology

In the current global scenario rapid changes in technology has opened wide the doors of information, readily accessible to every individual. Importance of information in right time and right perspective has become high. In this situation information technology plays a vital role in the progress of any organization. Management of your company is very much aware of the importance of information technology and has made following advancements in Information Technology:

- Oracle Discrete Manufacturing (ODM) Modules have been implemented during the year in weaving section of the company that has integrated manufacturing process of weaving section to main stream ERP system enabling to handle manufacturing process of fabric as different stages of production
- Spinning unit located at Rawat near Rawalpindi has been connected to head office via PTCL fiber optic and Oracle ERP has been implemented there making it accessible in real time environment
- Oracle periodic inventory costing system has been successfully converted to perpetual system in weaving section as a part of ODM implementation project
- Oracle Human Resource Information System (HRIS) is also in process.

All the above achievements are result of joint effort and dedication of IT and Functional team of the company. They worked tirelessly during the whole process and achieved all their targets within time schedule set for this purpose.

Corporate Social Responsibility (CSR)

Your company fervently feels its responsibility of uplifting of deprived sections of society that is it

Directors' Report to the Shareholders

has been actively taking part in philanthropic activities. You company have been permanent donor of reputable charity organizations including Mukhtar A. Sheikh Trust, Rising sun institute and Al Noor Foundation etc have been providing free ration during the holy month of Ramada to large number of people as "Ramadan Package". Company has donated around Rs. 24 M this year for charitable purposes. Mukhtar A. Sheikh Trust is an associate of the company which runs different projects under its umbrella including hospitals and schools to provide free medical and educational facilities. Its projects include;

- Furrukh Mukhtar Hospital – I
- Furrukh Mukhtar Hospital – II
- Farrukh Mukhtar Dispensary
- Farrukh Mukhtar Girls High School
- Farrukh Mukhtar Handy Craft School

Health, Safety and Environmental

It is primary responsibility of a reputable organization to provide healthy and safe environment to its workers at workplace. Your company always takes necessary measures to maintain and improve safely environment in compliance with international standards. The company has also arranged group insurance policy for all its employees covering different accidental and health. The Company recognizes protection of environment as one of its highest priorities and every effort is made to conserve and protect the environment. The Company continues to focus on pollution control policies at mills sites.

Human Resources

Employees are most important asset of our organization who play a vital role in the progress and growth. Effective human resource polices are in place to hire, retain, train and motivate the employees. Effective procedure at hiring stage provides skilled and efficient work force. Our endeavors are driven by a strong set of values imbibed in us and policies that we abide by. Our biggest strength is a healthy, happy and prosperous work environment for all our employees. Your Company maintains a cordial relationship with its employees. Various HR initiatives are taken to align the HR policies to the

growing requirements of the business.

Earnings Per Share

Earnings per share of the company are Rs. 18.50 per share in current year as compared to Rs. 8.45 per share in the previous year.

Corporate Governance

Your Company has taken adequate steps to ensure that the requirements of Corporate Governance as laid down in listing regulations.

Salient Aspects Of Company's Control And Reporting Systems

The Company complies with all the requirements of the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. The Board's primary role is the protection and enhancement of long term shareholders' value. To fulfill this role, the Board is responsible to implement overall corporate governance in the Company including approval of the strategic direction as recommended by the Management, approving and monitoring capital expenditure, appointing, removing and creating succession policies for the senior management, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and Management Information Systems. It is also responsible for approving and monitoring financial and other reporting. The Board has delegated responsibility for operation and administration of the Company to the Chief Executive. Responsibilities are delineated by formal authority delegations.

Corporate and financial reporting framework

The directors of the company also assure that:-

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

(b) Proper books of account of the listed 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 departures therefrom has been adequately disclosed and explained;

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

(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 practice of corporate Governance, as detailed in Listing Regulations:

Board of Directors and sub committees of the Board

a) Board of Directors

There is no change in the composition of Board during the year under review.

The Board of Directors duly met four times on October 08, 2012, October 31, 2012, February 28, 2013 and April 29, 2013 in respect of which meetings proper notices were given and the proceedings were properly recorded in the minute book maintained for that purpose and signed. In compliance with KSE regulation 37 close periods also announced.

b) Attendance of Board Meetings

• Mr. Fawad Ahmed Mukhtar	4
• Mr. Fazal Ahmed Sheikh	4
• Mr. Faisal Ahmed Mukhtar	4
• Mr. Fahd Mukhtar	4
• Mr. Shahid Aiziz	4
• Mrs. Fatima Fazal	3
• Mrs. Farah Faisal	2

c) Criteria to Evaluate Board Performance

Following are main criteria:

- Financial policies reviewed and updated;
- Capital and operating budgets approved annually;
- Board receives regular financial reports;
- Procedure for annual audit;
- Board approves annual business plan;
- Board focuses on goals and results;
- Availability of board's guideline to management;
- Regular follow up to measure the impact of board's decisions;
- Assessment to ensure compliance with code of ethics and corporate governance.

d) Sub committees of the Board

Audit Committee

The Audit Committee also met 6 times during the year and following attendance has been marked.

• Mrs. Fatima Fazal	3
• Mr. Faisal Ahmed Mukhtar	5
• Mr. Fawad Ahmed Mukhtar	6

HR & Remuneration Committee

In addition to above HR & Remuneration committee also met on dated March 01, 2013 and approved/recommended appointments and remuneration of new employees and also approved increments of existing employees as per recommendations of HR department.

• Mrs. Farah Faisal	Chairman
• Mrs. Fahd Mukhtar	
• Mr. Faisal Mukhtar	
• Mr. Basharat Hashmi	Secretary

Internal Control

Your Company has adequate internal control procedures commensurate with the size of operations and the nature of the business. These

Directors' Report to the Shareholders

controls ensure efficient use and protection of Company's financial and non-financial resources. Regular internal audit and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

Trading of company shares

Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of internal Audit and their spouses and minor children have not carried out any trade in the shares of the Company during the year.

Dividend

Board of Directors of the Company has recommended to distributed 20% cash dividend i.e. Rs. 2 for every share held by the shareholder of the company as a final dividend in its meeting held on October 09, 2013. These financial statements do not include the effect this announcement and will be accounted for in subsequent financial year.

Pattern of shareholding

The statement of shareholding of the Company in accordance with Code of Corporate Governance and Companies Ordinance, 1984 as at June 30, 2013 is annexed to this report. Pattern of shareholding and category wise detail of shareholders as on reporting date as required by listing regulations has been annexed to this report.

Auditors

The retiring auditors M/s M. Yousuf Adil Saleem & Co. Chartered Accountants, being eligible have offered themselves for reappointment in accordance with Section 252 of the Companies Ordinance, 1984. The Audit Committee and Board of Directors have proposes their re-appointment by the shareholder of the company in the forthcoming annual general meeting of the company for the year ended 30 June 2013.

Acknowledgment

The directors place on record their gratitude for the efforts and dedication of every employee of the company.

Directors also appreciate and acknowledge the cooperation, guidance and support of all stakeholders including Government, shareholders, commercial banks, financial institutions, customer, related organizations and associates for their efforts and contributions for the prosperity and growth of the company.

For and on behalf of the Board

Place: Lahore
Dated: October 09, 2013

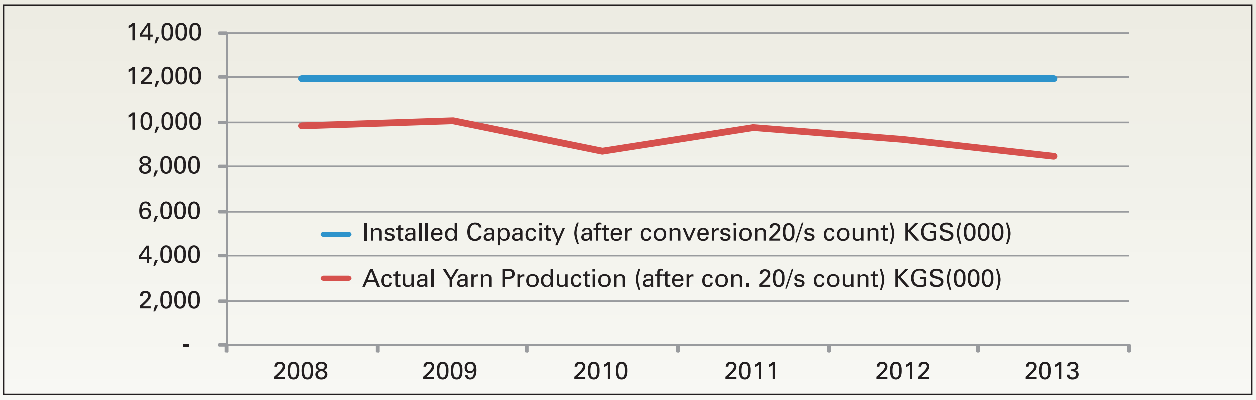
FAZAL AHMED SHEIKH
(Chief Executive Officer)

Financial Highlights

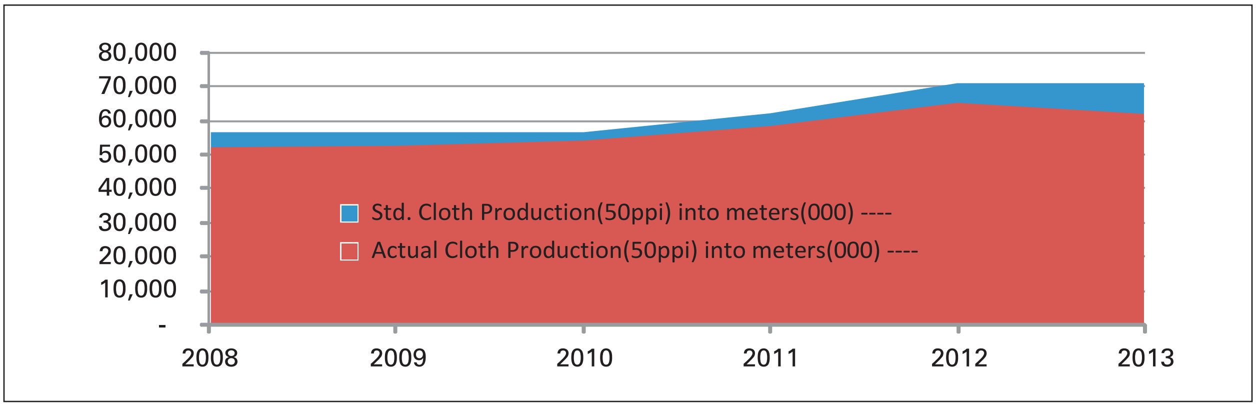
6 Years Growth at a Glance

OPERATIONAL PERFORMANCE:

Spinning	2008	2009	2010	2011	2012	2013
Number of Spindles Installed	35,520	35,520	35,520	35,520	35,520	35,520
Number of Spindles Installed New (Ref. Note No. 37)	-	-	-	-	-	13,200
Installed Capacity (after conversion20/s count) KGS(000)	11,963	11,963	11,963	11,963	11,963	11,963
Actual Yarn Production (after con. 20/s count) KGS(000)	9,894	10,085	8,724	9,819	9,268	8,504

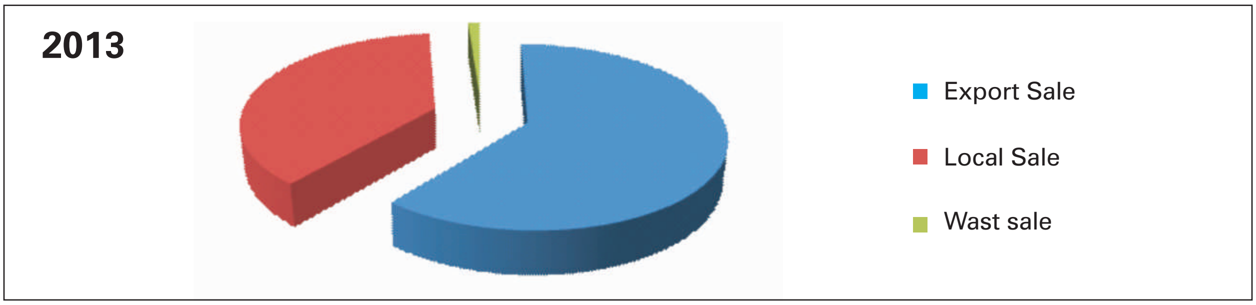


Weaving	2008	2009	2010	2011	2012	2013
Number of Looms Installed	295	295	295	274	296	296
Number of Looms Worked	295	295	295	274	296	296
Std. Cloth Production(50ppi) into meters(000)	56,508	56,508	56,508	62,090	70,930	70,930
Actual Cloth Production(50ppi) into meters(000)	51,845	52,261	53,820	58,088	64,881	61,621



GROSS SALE

	2008	2009	2010	2011	2012	2013
Export Sale	2,642	3,183	4,670	5,951	6,506	5,879
Local Sale	775	1,122	2,040	4,020	2,197	3,651
Wast sale	90	89	150	151	120	110

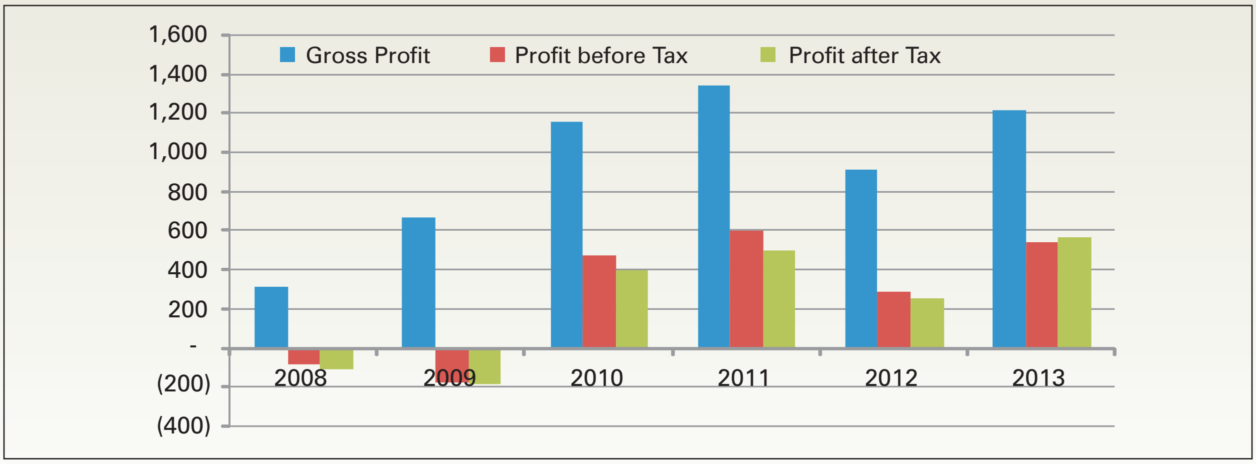


Financial Highlights

6 Years Growth at a Glance

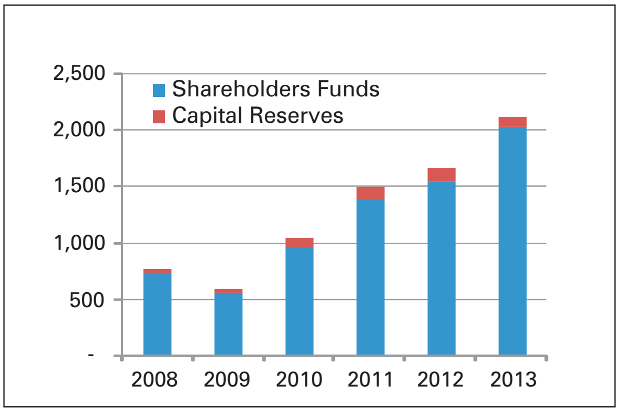
PROFIT AND LOSS:

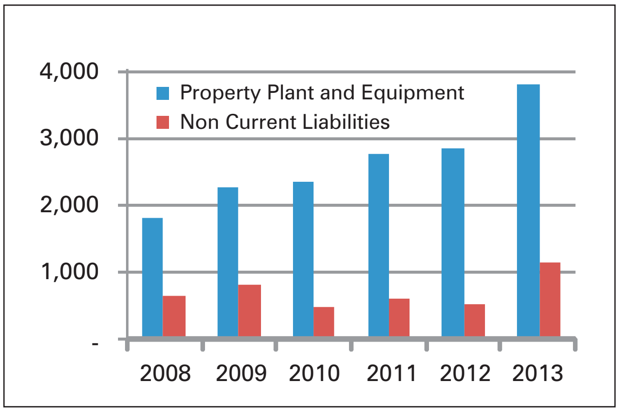
	2008	2009	2010	2011	2012	2013
	(Rs. In Million)					
Net Sales	3,466	4,337	6,773	9,394	8,699	9,514
Gross Profit	316	672	1,163	1,351	914	1,217
Profit / (Loss) before Tax	(81)	(174)	479	602	289	549
Profit / (Loss) after Tax	(101)	(177)	403	504	260	570

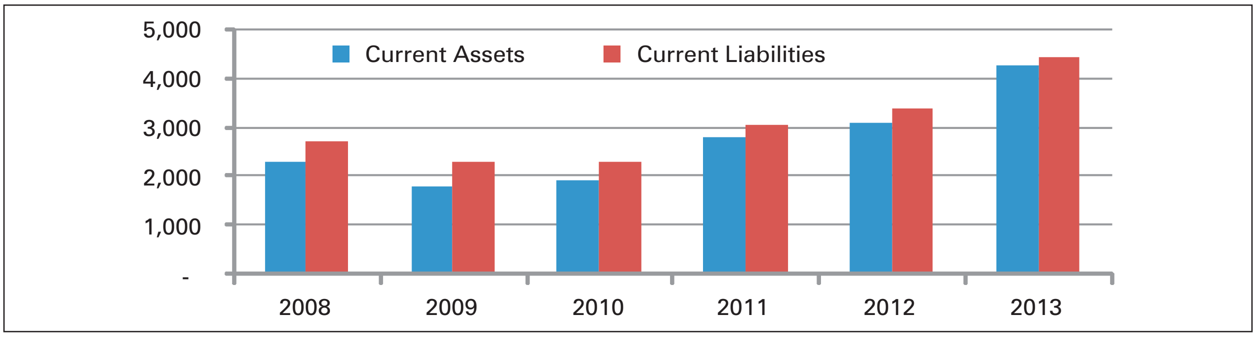


BALANCE SHEET:

	2008	2009	2010	2011	2012	2013
	(Rs. In Million)					
Share Capital and Reserves						
Shareholders Funds	727	550	953	1,384	1,538	2,028
Capital Reserves	41	41	84	108	125	80
Total Equity	768	591	1,037	1,492	1,663	2,108
Property Plant and Equipment	1,807	2,285	2,335	2,772	2,859	3,814
Non Current Liabilities	610	793	466	596	508	1,116
Current Assets	2,309	1,806	1,929	2,801	3,094	4,299
Current Liabilities	2,741	2,290	2,327	3,057	3,401	4,455





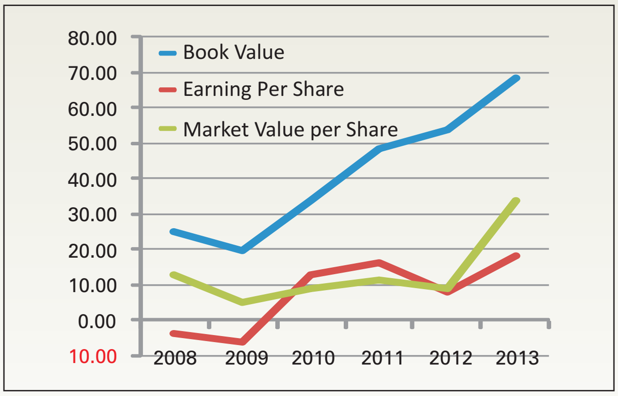


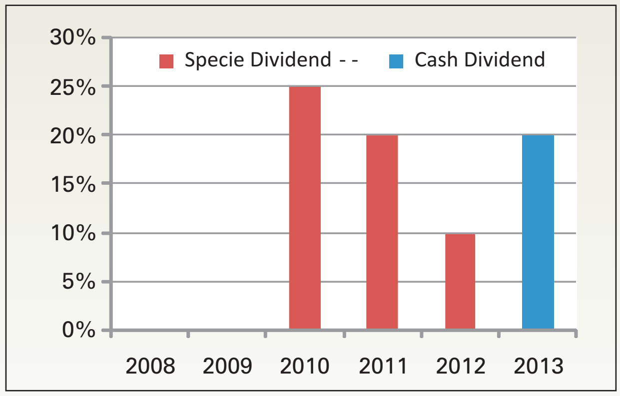
Financial Highlights

6 Years Growth at a Glance

INVESTOR INFORMATION :

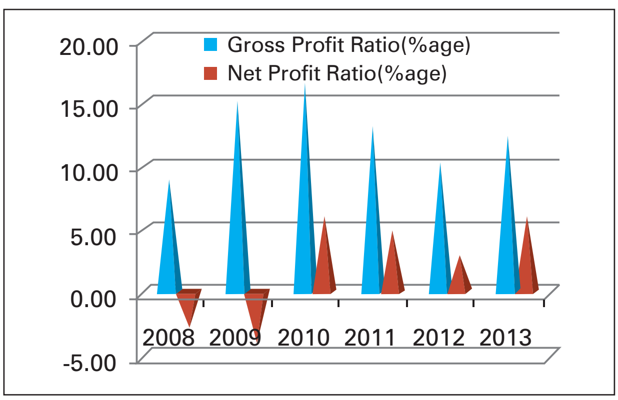
	2008	2009	2010	2011	2012	2013
	(Rs. In Million)					
Book Value	24.94	19.71	33.66	48.40	53.95	68.65
Earning Per Share	(3.26)	(5.75)	13.08	16.35	8.45	18.50
Market Value per Share	12.64	5.00	9.00	11.25	9.00	34.00
Cash Dividend	-	-	-	-	-	20%
Specie Dividend	-	-	25%	20%	10%	-

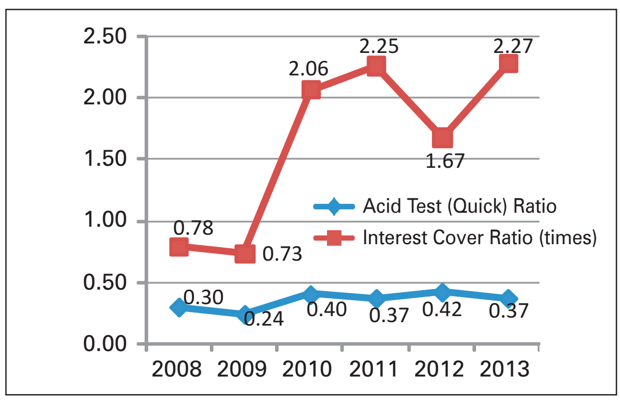


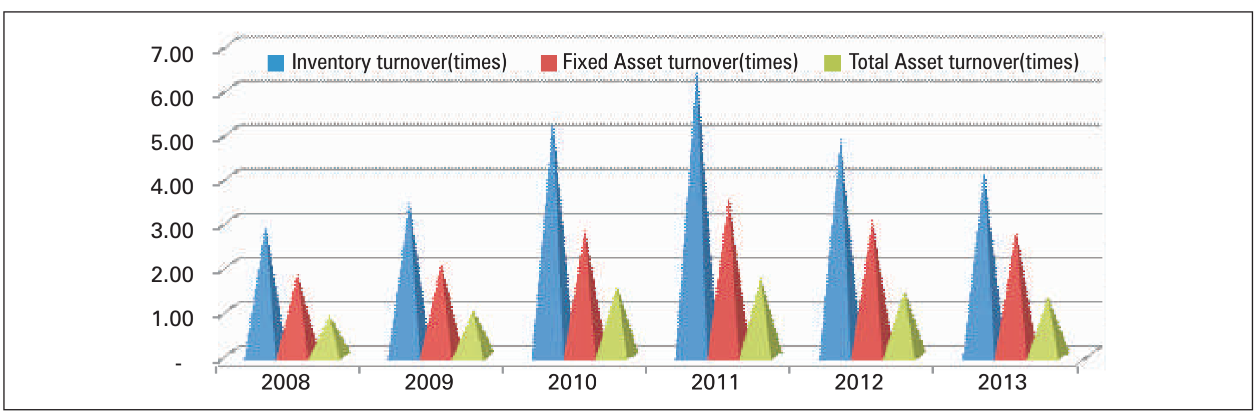


FINANCIAL RATIOS:

	2008	2009	2010	2011	2012	2013
	(Rs. In Million)					
Gross Profit Ratio(%age)	9.11	15.50	17.18	13.52	10.50	12.79
Net Profit Ratio(%age)	(2.90)	(4.08)	5.95	5.04	2.99	5.99
Acid Test(Quick) Ratio	0.30	0.24	0.40	0.37	0.42	0.37
Interest Cover Ratio(times)	0.78	0.73	2.06	2.25	1.67	2.27
Inventory turnover(times)	2.98	3.51	5.38	6.56	4.93	4.19
Fixed Asset turnover(times)	1.87	2.12	2.88	3.60	3.09	2.85
Total Asset turnover(times)	0.92	1.05	1.60	1.79	1.50	1.34







Pattern of Shareholding

Categories Detail As at June 30, 2013

S.No.	Name of shareholder		Number of shares	Per %
	Directors and their spouse(s) and minor children			
1	FAZAL AHMAD SHEIKH		7,925,722	25.72
2	FAISAL AHMAD MUKHTAR		7,886,071	25.60
3	FAWAD AHMAD MUKHTIAR		7,854,550	25.49
4	FATIMA FAZAL		140,625	0.46
5	AMBREEN FAWAD		115,625	0.38
6	FARAH FAISAL		112,500	0.37
7	FAHD MUKHTAR		25,000	0.08
		7	24,060,093	78.09
	Associated companies, undertakings and related parties			
1	RELIANCE COMMODITIES (PVT) LTD		845,708	2.74
		1	845,708	2.74
	Executive			
		NIL		-
		-	-	-
	Public sector companies and corporations			
1	NATIONAL BANK OF PAKISTAN		276	0.00
2	NATIONAL BANK OF PAKISTAN		333	0.00
3	IDBL (ICP UNIT)		438	0.00
4	INVESTMENT CORP. OF PAKISTAN		1,460	0.00
5	NATIONAL DEVELOPMENT FINANCE		984	0.00
		5	3,491	0.01
	Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		54,182	0.18
		1	54,182	0.18
	Mutual Funds			
1	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND		592,645	1.92
		1	592,645	1.92
	General Public Foreign	1680	4,745,725	15.40
	Joint Stock Companies & Others			
1	M/S PYRAMID INVESTMENT(PVT)LTD		3,900	0.01
2	ICON SECURITIES (PRIVATE) LIMITED		1,500	0.00
3	BAWA SECURITIES (PVT.) LTD.		2,175	0.01
4	KARACHI,LAHORE STOCK EXCHANGES		2	0.00
5	ASIAN SECURITIES LIMITED		142,500	0.46
6	H. NIZAM DIN & SONS (PRIVATE) LIMITED		20,000	0.06
7	PRUDENTIAL SECURITIES LIMITED		400	0.00
8	Y.S. SECURITIES & SERVICES (PVT) LTD.		555	0.00
9	AMIR FINE EXPORTS (PVT) LTD.		24,250	0.08
10	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		1,901	0.01
11	S.H. BUKHARI SECURITIES (PVT) LIMITED		150	0.00
12	PYRAMID INVESTMENTS (PVT) LTD.		2,850	0.01
13	EXCEL SECURITIES (PVT.) LTD.		220	0.00
14	HIGHLINK CAPITAL (PVT) LTD		15,500	0.05
15	STOCK MASTER SECURITIES (PRIVATE) LTD.		1,000	0.00
16	DARSON SECURITIES (PVT) LIMITED		125	0.00
17	ARIF HABIB LIMITED		260,215	0.84
18	AXIS GLOBAL LIMITED		150	0.00
19	AWJ SECURITIES (SMC-PRIVATE) LIMITED.		800	0.00
20	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED		400	0.00
21	MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED		13,000	0.04
22	MAZHAR HUSSAIN SECURITIES (PVT) LTD		16,000	0.05
23	FIKREE'S (SMC-PVT) LTD.		1,500	0.00
		23	509,093	1.65
	Total	**1,718**	**30,810,937**	**100**
	General Public Local	0	-	-

Form 34

As at 30 June 2013

# Of Shareholders	Shareholdings'Slab			Total Shares Held
172	1	to	100	5,934
661	101	to	500	148,512
566	501	to	1000	495,609
198	1001	to	5000	482,049
39	5001	to	10000	301,413
18	10001	to	15000	226,568
13	15001	to	20000	223,583
9	20001	to	25000	207,519
7	25001	to	30000	192,280
3	35001	to	40000	114,250
3	40001	to	45000	133,601
3	45001	to	50000	146,000
3	50001	to	55000	159,366
1	55001	to	60000	57,000
1	60001	to	65000	63,000
1	95001	to	100000	98,342
1	100001	to	105000	102,750
2	110001	to	115000	225,125
1	115001	to	120000	115,625
1	135001	to	140000	139,500
2	140001	to	145000	283,125
1	160001	to	165000	165,000
2	185001	to	190000	371,375
1	195001	to	200000	200,000
1	200001	to	205000	202,500
1	260001	to	265000	260,215
1	315001	to	320000	315,608
1	530001	to	535000	530,100
1	590001	to	595000	592,645
1	595001	to	600000	600,000
1	7850001	to	7855000	7,854,550
1	7885001	to	7890000	7,886,071
1	7910001	to	7915000	7,911,722
1,718				**30,810,937**

Directors	6
Directors' spouse(s) and minor children	1
Associated companies, undertakings and related parties	1
Public sector companies and corporations	5
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	1
Mutual Funds	1
Joint Stock Companies & Others	23
General Public Local	1,680
Executive	-
Total	1,718

Statement of Compliance

With the Best Practice of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good Governance, whereby a listed Company is managed in compliance with the best practice of Corporate Governance

Name of the Company	**Reliance Weaving Mills Ltd**
For the Year Ended	**June 30, 2013**

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:

Category Name	Names
Executive Directors	
	1. Fawad Ahmed Mukhtar
	2. Fazal Ahmed Sheikh
	3. Faisal Ahmed Mukhtar
	4. Fahd Mukhtar
Non-Executive Directors	
	5. Mrs. Fatima Fazal
	6. Mrs. Farah Faisal
Independent Directors	
	7. Mr. Shahid Aziz

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

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 a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred during the financial 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 decision 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. The board regularly arranged one training programs for its directors during the year.

10. The board has approved/ratified appointment of Head of Internal Audit, CS, CFO and 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.

Statement of Compliance

With the Best Practice of Corporate Governance

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, including Executive & non- Executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the 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, of whom two are executive directors and the chairman of the committee is non-executive director.

18. The board has set up an effective internal audit function.

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 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.

Place: Lahore
Dated: October 09, 2013

FAZAL AHMED SHEIKH
(Chief Executive Officer)

Financial Statements

Review Report to the Members on Statement of Compliance

With 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 Reliance Weaving Mills Limited ("the Company") to comply with the relevant Listing Regulations of the Karachi and Lahore Stock Exchanges Limited where the Company is listed.

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

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

Further, sub regulation (x) of Listing Regulation No. 35 notified by The Karachi Stock Exchange Limited require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transaction by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

M. Yousuf Adil Saleem & Co
Chartered Accountants

Place: Multan.
Date: 09 October 2013

Engagement Partner
(Talat Javed)

Auditors' Report to the Members

We have audited the annexed balance sheet of Reliance Weaving Mills Limited (the Company) as at June 30, 2013 and the related profit and loss account, statement of other 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 June 30, 2013 and of the profit, its 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) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Engagement Partner
(Talat Javed)

Place: Multan.
Date: 09 October 2013

Balance Sheet

	Note	2013 Rupees	2012 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
40,000,000 (2012: 40,000,000) ordinary shares of Rs 10 each		400,000,000	400,000,000
30,000,000 (2012: 30,000,000) preference shares of Rs 10 each		300,000,000	300,000,000
		700,000,000	700,000,000
Issued, subscribed and paid up capital	5	308,109,370	308,109,370
Reserves	6	154,147,113	198,882,959
Retained earnings		1,646,186,505	1,155,253,969
		2,108,442,988	1,662,246,298
Surplus on revaluation of fixed assets		452,271,382	452,271,382
Non-current liabilities			
Long term finance	7	1,033,590,171	439,404,906
Loans from related parties - subordinated loan	8	-	3,800,000
Liabilities against assets subject to finance lease	9	27,061,479	29,867,886
Deferred liability	10	55,130,264	34,782,876
		1,115,781,914	507,855,668
Current Liabilities			
Current portion of non-current liabilities - secured		212,683,984	209,762,023
Finances under mark up arrangements and other credit facilities - secured	11	3,525,957,251	2,655,260,929
Trade and other payables	12	570,515,841	392,979,415
Provision for taxation		76,938,026	87,844,237
Markup accrued	13	69,058,564	54,805,648
		4,455,153,666	3,400,652,252
Contingencies and commitments	14		
		8,131,649,950	6,023,025,600

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

As at June 30, 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
Non-current assets			
Fixed assets	15	3,814,066,725	2,859,273,097
Long term deposits		18,732,875	17,002,475
		3,832,799,600	2,876,275,572
Deferred tax asset	16	-	52,841,915
Current assets			
Stores, spares and loose tools	17	179,348,077	173,559,337
Stock in trade - net	18	2,467,182,505	1,489,257,667
Trade debts	19	856,468,672	786,122,927
Loans and advances	20	334,472,479	321,263,020
Trade deposits and prepayments	21	474,662	870,891
Other receivables	22	25,466,624	21,399,506
Other financial assets	23	65,182,897	140,773,459
Tax refunds due from the government	24	297,165,172	131,415,585
Cash and bank balances	25	73,089,262	29,245,721
		4,298,850,350	3,093,908,113
		8,131,649,950	6,023,025,600

S/d-
Director

Profit and Loss Account

For the Year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales - net	26	9,514,176,854	8,698,693,299
Cost of sales	27	(8,297,100,023)	(7,785,084,948)
Gross profit		1,217,076,831	913,608,351
Distribution and marketing expenses	28	(125,648,491)	(132,038,619)
Administrative expenses	29	(136,574,156)	(114,562,967)
Other operating expenses	30	(53,377,227)	(31,621,467)
Finance cost	31	(431,571,441)	(429,358,130)
Net change in fair value of 'available-for-sale' financial assets distributed		48,360,211	58,257,789
Other income	32	30,372,915	24,266,509
Profit before taxation		548,638,642	288,551,466
Taxation	33	21,508,821	(28,342,688)
Profit after taxation		570,147,463	260,208,778
Earning per share - basic and diluted	39	18.50	8.45

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Statement of Comprehensive Income

For the Year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Profit for the year		570,147,463	260,208,778
Other comprehensive Income:			
Items that may be reclassified subsequently to profit and loss account			
Gain on remeasurement of available-for-sale investment		3,624,365	75,261,034
Net change in fair value of 'available-for-sale' financial assets distributed		(48,360,211)	(58,257,789)
		(44,735,846)	17,003,245
Items that will not be reclassified to profit or loss account		-	-
Total comprehensive income for the year		525,411,617	277,212,023

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Cash Flow Statement

For the Year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Cash flows from operating activities			
Cash generated from operations	38	134,231,855	574,439,084
Finance cost paid		(377,689,035)	(454,400,390)
Taxes paid - net		(25,750,773)	(67,550,933)
Workers' profit participation fund paid		(53,298,782)	(29,037,737)
Staff retirement benefits paid		(7,068,271)	(11,448,848)
Net cash (used in) / generated from operating activities		(329,575,006)	12,001,176
Cash flows from investing activities			
Fixed capital expenditure		(1,112,626,165)	(199,616,881)
Proceeds from disposal of fixed assets		3,555,746	11,401,781
Long term deposits		(1,730,400)	(1,117,210)
Net cash (used in) investing activities		(1,110,800,819)	(189,332,310)
Cash flows from financing activities			
Proceeds from long term finances		780,004,121	93,000,000
Repayment of long term finances		(190,262,653)	(264,595,266)
Repayment of long term finances - related party		(3,800,000)	-
Increase in lease liabilities		27,581,576	-
Finance under mark up arrangements - net		870,696,322	358,729,691
Net cash generated from financing activities		1,484,219,366	187,134,425
Net increase in cash and cash equivalents		43,843,541	9,803,291
Cash and cash equivalents at beginning of the year		29,245,721	19,442,430
Cash and cash equivalents at end of the year		73,089,262	29,245,721

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Statement of Changes in Equity

For the Year ended June 30, 2013

		Capital reserve		Revenue reserve		
	Share capital	Share premium	Fair Value reserve	General reserve	Retained earnings	Total
	------ Rupees ------					
Balance as at 30 June 2011	308,109,370	41,081,250	66,626,505	180,515,918	895,045,191	1,491,378,234
Total comprehensive income for the year						
Profit for the year	-	-	-	-	260,208,778	260,208,778
Other comprehensive income	-	-	17,003,245	-	-	17,003,245
Total comprehensive income for the year	-	-	17,003,245	-	260,208,778	277,212,023
Transactions with owners of the Company recognized directly in equity						
Specie dividend	-	-	-	(106,343,959)	-	(106,343,959)
Balance as at 30 June 2012	308,109,370	41,081,250	83,629,750	74,171,959	1,155,253,969	1,662,246,298
Total comprehensive income for the year						
Profit for the year	-	-	-	-	570,147,463	570,147,463
Other comprehensive income	-	-	(44,735,846)	-	-	(44,735,846)
Total comprehensive income for the year	-	-	(44,735,846)	-	570,147,463	525,411,617
Transactions with owners of the Company recognized directly in equity						
Specie dividend	-	-	-	-	(79,214,927)	(79,214,927)
Balance as at 30 June 2013	308,109,370	41,081,250	38,893,904	74,171,959	1,646,186,505	2,108,442,988

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Notes to the Financial Statements

For the Year ended June 30, 2013

1 Legal status and nature of business

Reliance Weaving Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on 7 April 1990 under the Companies Ordinance, 1984 and its shares are quoted on Karachi and Lahore Stock Exchanges. The Company commenced its operations on 14 May 1990 and is principally engaged in the manufacture and sale of yarn and fabric. The registered office of the Company is situated at Second Floor, Trust Plaza, L.M.Q. Road, Multan.

1.1 These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 Statement of compliance

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

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 Standards, interpretation and amendment adopted during the year

The following standards, amendments and interpretations are effective for the year ended June 30, 2013. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	Effective from accounting period beginning on or after July 01, 2012

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

3.2 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures except for amendments in IAS 19.

Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information	Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

Amendments to IAS 19 - Employee Benefits	Effective from accounting period beginning on or after January 01, 2013

The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial loss amounting to Rs. 14.55 million in other comprehensive income in the period of initial application.

Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	Effective from accounting period beginning on or after January 01, 2013

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for land and investments classified as available for sale which are stated at fair value and obligations in respect of gratuity schemes which are measured at present value.

4.2 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

a) Income taxes
In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

b) Investment stated at fair value
Management has determined fair value of investment by using quotations from active market conditions and information about the financial instrument. These estimates are subjective in nature and involve some uncertainties and matters of judgment and therefore, cannot be determined with precision.

c) Fixed Assets

Property, plant and equipments
The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

Intangible assets
The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

d) Stock-in-trade and stores and spares
The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

e) Staff retirement benefits
Certain actuarial assumptions have been adopted as disclosed in these financial statements for actuarial valuation of present value of defined benefit obligations. Changes in these assumptions in future years may affect the liability under the scheme in those years.

f) Trade debts
The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on certain assumptions whereas actual results may differ, resulting in future changes to the provisions.

4.3 Summary of accounting policies

4.3.1 Fixed assets

a) Operating property, plant and equipment - owned
These are stated at cost less accumulated depreciation and impairment losses, if

any, except freehold land, which is stated at revalued amount.

Depreciation is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 15.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

Surplus on revaluation of land is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

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 benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized.

Normal repair and maintenance are charged to profit and loss as and when incurred. Gains and losses on disposal of assets, if any, are included in profit and loss currently.

The asset's residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at 30 June 2013 has not required any adjustment as its impact is considered insignificant.

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

b) Assets subject to finance lease

The Company accounts for property, plant and equipment obtained under finance leases by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments at inception of lease or fair value whichever is lower. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on lease assets is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 15.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

c) Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates specified in note 15.3 after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

d) Capital wor-in-progress (CWIP)
Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.3.2 Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets
The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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.

4.3.3 Borrowings
Interest bearing borrowings are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

4.3.4 Taxation
Income tax on profit or loss for the year comprises current and deferred tax.

a) Current
Provision for tax on other income and local sales is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001 and whichever is higher, is provided in these financial statements.

b) Deferred
Deferred taxation is recognized, using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of the realization or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Deferred tax assets, are reduced to the extent that they are no longer probable that the related tax benefit will be realized.

4.3.5 Employee retirement benefit - gratuity

The main features of the scheme operated by the Company for its employees are as follows:

4.3.6 Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2013. Projected Unit Credit Method, based on the following significant assumptions is used for valuation of the scheme:

	2013	2012
- Discount rate	10.5%	13%
- Expected increase in eligible salary	9.5%	12%
- Average expected remaining working life time	6 years	8 years
- Mortality rate	EFU (61-66) mortality table	

The Company's policy with regard to actuarial gains/ losses is to follow minimum recommended approach under IAS 19.

4.3.7 Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.3.8 Provisions

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

4.3.9 Derivative financial instruments and hedging activities

These are initially recorded at fair value on the date on which a derivative contract is entered into and subsequently measured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. Derivatives are carried as asset when the fair value is positive and liabilities when the fair value is negative.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized in profit and loss account in the periods when the hedged item will effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Any gains or losses arising from change in fair value derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

4.3.10 Investments

Investments in equity instruments of associated companies
Associated companies, where the Company holds 20% or more of the voting power of the investee company and where the Company has significant influence, but not control, over the financial and operating policies, are accounted for using the equity method.

Investment at fair value through profit and loss
Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer margin are classified as "investment at fair value through profit or loss", these are initially recognized on trade date at cost being the fair value of the consideration given and derecognized by the Company on the date it commits to sell them off. Transaction costs are charged to profit and loss account as and when incurred. At each balance sheet date, fair value is determined on the basis of year-end bid prices obtained from stock exchange quotations. Any resultant increase/(decrease) in fair value is recognized in the profit and loss account for the year.

Held to maturity
Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Available for sale
Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed or impaired. At each reporting date, these investments are premeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss currently. Fair value of quoted investments is their bid price on Karachi Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment.

Available for sale, investments are tested for impairment at each reporting date. Investments are considered to be impaired if there is a significant or prolonged decline in the fair value of the investment at the reporting date.

4.3.11 Stores, spares and loose tools
Useable stores, spares and loose tools are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.3.12 Stock in trade
These are stated at the lower of cost and net realizable value except for waste stock which is valued at net realizable value.

Cost has been determined as follows:

- Raw materials	Weighted average cost
- Work in process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit comprises of invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

4.3.13 Trade debts
Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

4.3.14 Cash and cash equivalents
Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as component of cash and cash equivalents for the purpose of cash flow statement.

4.3.15 Financial instruments

a) Initial recognition
All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it.

b) Derecognition of financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new

liability, and the difference in the respective carrying amounts is recognized in profit and loss account.

4.3.16 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when the risks and rewards of ownership are transferred i.e. on dispatch in case of local sales and on preparation of bill of lading in case of exports and when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and applicable rate of return.

Mark up income is accrued on a time basis, by reference to the principal outstanding and at the agreed mark up rate applicable.

Dividend income is recognized when the right to receive payment is established.

4.3.17 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

4.3.18 Borrowing cost

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

4.3.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.
Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4.3.20 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

4.3.21 Related party transactions

The Company enters into transactions with related parties on agreed commercial terms. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.3.22 Earnings per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2013	2012		2013	2012
Number of shares			Rupees	Rupees
17,801,875	17,801,875	Ordinary shares of Rs. 10/- each fully paid in cash	178,018,750	178,018,750
13,009,062	13,009,062	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	130,090,620	130,090,620
30,810,937	30,810,937		308,109,370	308,109,370

6 Reserves

	Note		
Composition of reserves is as follows:			
Capital reserve			
- Share premium	6.1	41,081,250	41,081,250
- Fair value reserve - net of tax		38,893,904	83,629,750
		79,975,154	124,711,000
Revenue reserve			
- General reserve		74,171,959	74,171,959
		154,147,113	198,882,959

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

7 LONG TERM FINANCE - secured

National Bank of Pakistan (DF II)	7.1	63,000,000	126,000,000
United Bank Limited (DF III)	7.2	-	27,500,000
National Bank of Pakistan (LTF III)	7.3	85,250,000	93,000,000
Saudi Pak Industrial and Agricultural Investment - Company Limited (LTFF-I)	7.4	155,703,654	217,985,104
Pak Brunei Investment Company (LTFF)	7.5	112,504,000	137,499,000
MCB Bank Limited (LTFF)	7.6	22,950,000	32,130,000
Allied Bank Limited (LTFF)	7.7	31,926,953	-
Bank of Khyber (DF)	7.8	300,000,000	-
Bank Al Falah Limited (TF)	7.9	146,533,065	-
Meezan Bank Limited (Diminishing Musharkah)	7.10	240,900,900	-
Saudi Pak Industrial and Agricultural Investment - Company Limited (LTFF-II)	7.11	65,087,000	-
		1,223,855,572	634,114,104
Current portion classified under current liabilities		(190,265,401)	(194,709,198)
		1,033,590,171	439,404,906

Current portion of long term loan	2013 Rupees	2012 Rupees
National Bank of Pakistan (DF II)	63,000,000	63,000,000
United Bank Limited (DF III)	-	27,500,000
National Bank of Pakistan (LTF III)	15,500,000	7,750,000
Saudi Pak Industrial and Agricultural Investment - Company Limited (LTFF-I)	62,281,010	62,281,198
Pak Brunei Investment Company (LTFF)	24,996,000	24,998,000
MCB Bank Limited (LTFF)	9,180,000	9,180,000
Allied Bank Limited (LTFF)	7,981,738	-
Bank Al Falah Limited (TF)	7,326,653	-
	190,265,401	194,709,198

7.1 National Bank of Pakistan (DF II)

This finance has been obtained for retirement of LC opened for the import of textile machinery. It contains markup at the rate 3M KIBOR +1.75% and is repayable in 12 half yearly installments. The loan is secured by 1st pari passu charge over all the present and future fixed assets of spinning unit of the company with a margin of 25%.

7.2 United Bank Limited (DF III)

This finance has been obtained to finance machinery in the spinning unit. It contains markup at the rate 3M KIBOR +1.85% and is repayable in 10 equal half yearly installments. The loan was secured by a 1st pari passu charge by the way of equitable mortgage on all fixed assets of the company.

7.3 National Bank of Pakistan (LTF III)

This finance has been obtained to retire import LC sight. It contains markup at the rate 12.70 % and is repayable 12 equal half yearly installments. The loan is secured by 1st pari passu charge on fixed assets of the company at 25 % margin & personal guarantees of sponsoring directors of the company.

7.4 Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF-I)

This finance has been obtained to finance expansion plan of company. It contains markup at the rate 11.10 % and is repayable in 8 half yearly installments. The loan is secured by 1st pari passu charge on all present and future fixed assets of the company with 25 % margin.

7.5 Pak Brunei Investment Company (LTFF)

This finance has been obtained to finance import of 40 sets air jet looms and generator sets by RWML eligible under the facility. It contains markup at the rate 10.70 % and is repayable in 10 equal half yearly installments. The loan is secured by a 1st pari passu charge on present and future fixed assets of the company with 25 % margin.

7.6 MCB Bank Limited (LTFF)

This finance has been obtained to retire/finance gas generator imported via MCB at weaving unit, Khanewal Road, Multan. It contains markup at the 11.10 % and is repayable in 10 equal semi annual installments. The loan is secured by 1st exclusive hypothecation charge of Rs. 62 M over specific gas generator imported via MCB, along with accessories.

7.7 Allied Bank Limited (LTFF)

This finance has been obtained to finance the textile machinery for expansion in the spinning unit of the company. It contains markup at the 6M KIBOR + 1.75 % and is repayable in 04 semi annual installments. The loan is secured by a 1st pari passu charge over present & future fixed assets of the company.

7.8 Bank of Khyber (DF)
This finance has been obtained for retirement of LC II. It contains markup at the rate 3M KIBOR + 250 bps and is repayable in 8 equal semi annual installments. The loan is secured by specific charge over machinery and land.

7.9 Bank Al Falah Limited (TF)
This finance has been obtained to finance machinery imported through Bank Al Falah. It contains markup at the rate 6 M KIBOR + 2% and is repayable 20 equal quarterly installments in arrears. The loan is secured by 1st registered pari passu/JPP charge over fixed assets of the company.

7.10 Meezan Bank Limited (Diminishing Musharikah)
This finance has been obtained to finance imported plant and machinery. It contains markup at the rate 6M KIBOR + 190 bps and is repayable in 20 equal half yearly installments. The loan is secured by exclusive charge over underlying plant and machinery against disbursed amount and additional pari passu charge over fixed assets of the company to cover margin up to 25 % and personal guarantees of Directors.

7.11 Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF-II)
This finance has been obtained to retire LC. It contains markup at the rate 6M KIBOR + 3% initially and 11.4% on approval by State Bank of Pakistan under LTFF scheme, is repayable in 11 half yearly installments. The loan is secured by 1st pari passu charge on all present and future fixed assets of the company with 25% margin.

	Note	2013 Rupees	2012 Rupees
8 LOANS FROM RELATED PARTIES - unsecured			
Director's subordinated loan		-	3,800,000

This represents interest free subordinated loan obtained from a director of the Company.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2013 Rupees	2012 Rupees
Present value of minimum lease payments	9.3	49,480,062	44,920,711
Current portion shown under current liabilities		(22,418,583)	(15,052,825)
		27,061,479	29,867,886

9.1 The minimum lease payments have been discounted at implicit interest rates ranging from 3 months KIBOR plus 4% to 6 month KIBOR plus 1.50% (2012: 3 months KIBOR plus 4% to 6 month KIBOR plus 1.50%) to arrive at their present value. Rentals are payable in quarterly/monthly installments. The Company has the option to purchase the assets after expiry of the lease term and has the intention to exercise such option. There are no financial restrictions imposed by lessor.

9.2 Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company is liable to pay the entire outstanding amount for the unexpired period of lease agreement.

9.3 The amount of future minimum lease payments along with their present value and the period during which they will fall due are:

Notes to the Financial Statements

For the Year ended June 30, 2013

	2013		2012	
	Minimum Lease payment	Present Value	Minimum Lease payment	Present Value
	Rupees	Rupees	Rupees	Rupees
Not later than one year	27,018,010	22,418,583	21,066,385	15,052,824
Later than one year and not - - later than five years	28,955,004	27,061,479	34,449,539	29,867,887
Trade deposits	55,973,014	49,480,062	55,515,924	44,920,711
Less: amount representing - - finance charges	(6,492,952)	-	(10,595,213)	-
Present value of - - minimum lease payments	49,480,062	49,480,062	44,920,711	44,920,711

10 DEFERRED LIABILITY

	Note	2013 Rupees	2012 Rupees
Staff retirement benefits - gratuity	10.1	55,130,264	34,782,876

10.1 Staff retirement benefits-gratuity

	Note	2013 Rupees	2012 Rupees
Present value of defined benefit obligation	10.3	69,678,432	45,131,372
Unrecognized actuarial loss	10.4	(14,548,168)	(10,348,496)
Liability as at June 30		55,130,264	34,782,876

10.2 Change in present value of net staff gratuity

	2013 Rupees	2012 Rupees
Liability as at July 01	34,782,876	22,563,810
Charge to profit and loss account	27,415,659	23,667,914
Payments made during the year	(7,068,271)	(11,448,848)
Liability as at June 30	55,130,264	34,782,876

10.3 Movement in liability for defined benefit obligation

	2013 Rupees	2012 Rupees
Opening present value of defined benefit obligation	45,131,372	42,070,887
Current service cost for the year	16,374,333	15,865,491
Interest cost for the year	5,867,078	5,889,924
Benefit paid during the period	(7,068,271)	(11,448,848)
Actuarial (gain) / loss on present value of defined benefit obligation	9,373,920	(7,246,082)
Closing present value of defined benefit obligation	69,678,432	45,131,372

10.4 Movement in unrecognized actuarial (losses)/gains

	2013 Rupees	2012 Rupees
Opening unrecognized actuarial gains/(losses)	(10,348,496)	(19,507,077)
Actuarial (loss) / gain arising during the year	(9,373,920)	7,246,082
Actuarial losses charged to profit and loss account during the year	5,174,248	1,912,499
Closing unrecognized actuarial (losses)	(14,548,168)	(10,348,496)

	2013 Rupees	2012 Rupees
10.5 Charge for the year		
Current service cost for the year	16,374,333	15,865,491
Interest cost for the year	5,867,078	5,889,924
Actuarial loss /(gains) recognized	5,174,248	1,912,499
	27,415,659	23,667,914

10.6 Historical Information for gratuity plan

	2013	2012	2011	2010
	----------	---------- Rupees	----------	----------
Present value of defined benefit obligation	69,678,432	45,131,372	42,070,887	23,712,397
Experience adjustment arising on plan liabilities	9,373,920	(7,246,082)	10,472,173	8,342,393

10.7 The charge for the year has been allocated as follows:

	Note	2013 Rupees	2012 Rupees
Cost of sales	27.2	25,281,411	20,933,472
Administrative expenses	29.1	2,134,248	2,734,442
		27,415,659	23,667,914

10.8 Expected contribution for the next year

The expected contribution to the gratuity scheme for the year ending 30 June 2014 works out to Rs.41,113,225 (2012: Rs.22,970,831).

11 FINANCES UNDER MARK UP ARRANGEMENTS AND OTHER CREDIT FACILITIES - secured

	Note	2013 Rupees	2012 Rupees
Short term finances	11.1	2,724,955,392	2,064,610,464
Export finances	11.2	801,001,859	590,650,465
		3,525,957,251	2,655,260,929

11.1 Short term finances are available from different commercial banks under mark up arrangements amounting to Rs. 6,403 million (2012: Rs. 7,425 million). The rates of mark up range from 9.79 % to 15.03 % (2012: 12.64% to 16.01%) on the outstanding balance.

11.2 The Company has obtained export finance facilities from commercial banks aggregating to Rs.2,050 million (2012: Rs. 5,240 million).Out of total facility, the amount utilized was Rs.801 million (2012: Rs. 590.65 million). The rates of mark up range from 1.43% to 3.79% (2012: 1.49% to 3.79%) on the outstanding balance.

11.3 Of the aggregate facility of Rs. 2,080 million (2012: Rs. 1,700 million) for opening letters of credit and Rs. 703 million (2012: Rs. 1,003 million) for guarantees being the sub limit of finances mentioned in note 11.1, the amount utilized as at 30 June 2013 was Rs. 394.198 million (2012: Rs. 19.520 million) and Rs.16.21 million (2012: Rs. 57.60 million) respectively.

11.4 The aggregate facilities are secured by pledge of stock (cotton, yarn, polyester and fabric), hypothecation / pari passu charge on all present and future current assets of the Company including stock in trade, trade debts and lien on export bills.

		Note	2013 Rupees	2012 Rupees
12	TRADE AND OTHER PAYABLES			
	Trade creditors		309,010,371	203,946,737
	Accrued liabilities		215,482,860	131,724,511
	Due to related parties	12.1	11,724,007	146,935
	Workers' profit participation fund payable		29,441,671	48,975,555
	Unclaimed dividend		3,537,385	3,541,559
	Accrued mark-up - related parties	12.2	-	2,023,950
	Others		1,319,547	2,620,168
			570,515,841	392,979,415

12.1 Due to related parties

	2013 Rupees	2012 Rupees
Reliance Commodities (Pvt) Ltd.	-	146,935
Fatima Fertilizer Limited	11,724,007	-
	11,724,007	146,935

This relates to normal business of the Company and is interest free.

12.2 This represents mark-up on short term loan obtained during the year ending June 30, 2012 from Fatima Sugar Mills Limited.

13 MARK UP ACCRUED

	2013 Rupees	2012 Rupees
Long term finances - secured	21,601,057	15,491,989
Liabilities against assets subject to finance lease	263,012	1,284,539
Finances under mark-up arrangements - secured	47,194,495	38,029,120
	69,058,564	54,805,648

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

(i) The Company has arranged bank guarantees from Habib Bank Limited and Meezan Bank Limited in favour of Sui Northern Gas Pipelines Limited amounting to Rs. 0.843 million (2012: Rs. 52.596 million) and Rs. 5.5 million (2012: nil) respectively, on account of payment of dues against gas sales, from MCB Bank Limited of Rs. 5.364 million (2012: Rs. nil) in favour of Multan Electric Power Company Limited for payment of dues against electricity sales and Rs.5 million from Meezan Bank Limited (2012:Rs.5.5 million) in favour of the Director Excise and Taxation .

(ii) The Company is contingently liable for Rs. 1.4 million Iqra surcharge on account of non-compliance of the provisions of SRO. 1140(1) 97 in respect of 1,320 bales of raw cotton imported in the year 2001. However, all the contingencies previously attached to the particular case have already been decided in favour of the Company. The management is confident, since Alternate Dispute Resolution Committee recommendations and subsequent decisions by FBR were in favour of the Company, that the liability of Iqra surcharge on account of exportation of goods so manufactured from imported cotton, will be positively waived off.

(iii) The Company challenged the imposition of infrastructure cess at the rate of 0.85% by the Director Excise and Taxation Karachi vide Sindh Finance Act, in the High Court. The

High Court decided that 50% of the demand amounting to Rs. 5.5 million shall be paid by the Company while for remaining 50%, guarantees shall be issued in favour of Excise and Taxation Karachi. The Company although paid the said amount and issued guarantees, has challenged the said order in Supreme Court and the management is confident that the decision will be decided in their favour and accordingly no provision has been made in the accounts.

(iv) Foreign bills discounted outstanding as at 30 June 2013 aggregated to Rs. 702.769 million (2012: Rs. 668.26 million).

14.2 Commitments

	Note	2013 Rupees	2012 Rupees
14.2.1 Commitments in respect of forward foreign exchange contracts			
Sale		-	61,741,617
Purchase		154,620,000	11,855,669
14.2.2 Letters of credit for:			
Capital expenditures		275,772,727	5,037,119
Other than capital expenditures		118,426,027	14,478,688
		394,198,754	19,515,807

15 FIXED ASSETS

	Note	2013 Rupees	2012 Rupees
Property, plant and equipment			
Operating fixed assets	15.1	3,754,411,914	2,857,561,160
Capital work in progress	15.2	51,249,823	434,377
		3,805,661,737	2,857,995,537
Intangible asset	15.3	8,404,988	1,277,560
		3,814,066,725	2,859,273,097

15.1 Operating fixed assets

Particulars	Owned assets										Leased			
Cost	Freehold land	Buildings	Plant and machinery	Electric installations	Factory equipment	Office equipment	Electric appliances	Furniture and fixtures	Vehicles	Subtotal	Plant and machinery	Vehicles leased	Subtotal	Grand total
	Rupees													
Balance at 1 July 2011	486,972,575	420,653,847	2,951,269,071	106,209,179	26,608,696	17,611,816	13,051,136	11,273,179	38,431,824	4,072,081,323	50,788,037	-	50,788,037	4,122,869,360
Additions	-	27,125,661	155,241,112	10,716,713	260,413	1,986,765	844,847	1,965,323	3,741,576	201,882,410	-	22,424,276	22,424,276	224,306,686
Disposals	-		(46,474,127)	-	-	(85,800)	-	-	(3,746,003)	(50,305,930)	-	-	-	(50,305,930)
Balance at 30 June 2012	486,972,575	447,779,508	3,060,036,056	116,925,892	26,869,109	19,512,781	13,895,983	13,238,502	38,427,397	4,223,657,803	50,788,037	22,424,276	73,212,313	4,296,870,116
Balance at 1 July 2012	486,972,575	447,779,508	3,060,036,056	116,925,892	26,869,109	19,512,781	13,895,983	13,238,502	38,427,397	4,223,657,803	50,788,037	22,424,276	73,212,313	4,296,870,116
Additions	63,481,635	64,953,409	796,209,930	69,496,234	379,834	8,538,596	852,891	548,991	3,852,143	1,008,313,663	8,375,000	14,647,225	23,022,225	1,031,335,888
Disposals	-	-	-	-	-	(90,000)	-	-	(5,127,733)	(5,217,733)	-	-	-	(5,217,733)
Balance at 30 June 2013	550,454,210	512,732,917	3,856,245,986	186,422,126	27,248,943	27,961,377	14,748,874	13,787,493	37,151,807	5,226,753,733	59,163,037	37,071,501	96,234,538	5,322,988,271
Rate	-	5%	5%	5%	5%	10%	10%	10%	20%		5%	20%		
Depreciation														
Balance at 1 July 2011	-	155,939,892	1,112,462,244	36,635,466	8,578,476	6,905,253	5,277,988	4,973,382	20,124,404	1,350,897,105	3,131,722	-	3,131,722	1,354,028,827
Adjustment for disposal	-	-	(39,287,382)	-	-	(16,635)	-	-	(2,963,320)	(42,267,337)	-	-	-	(42,267,337)
Depreciation for the year	-	13,365,432	97,446,563	3,599,869	907,905	1,169,227	811,212	685,600	4,084,240	122,070,048	2,382,816	3,094,602	5,477,418	127,547,466
Balance at 30 June 2012	-	169,305,324	1,170,621,425	40,235,335	9,486,381	8,057,845	6,089,200	5,658,982	21,245,324	1,430,699,816	5,514,538	3,094,602	8,609,140	1,439,308,956
Balance at 1 July 2012	-	169,305,324	1,170,621,425	40,235,335	9,486,381	8,057,845	6,089,200	5,658,982	21,245,324	1,430,699,816	5,514,538	3,094,602	8,609,140	1,439,308,956
Adjustment for disposal	-	-	-	-	-	(17,167)	-	-	(2,564,001)	(2,581,168)	-	-	-	(2,581,168)
Depreciation for the year	-	14,195,978	98,363,769	4,306,580	872,285	1,504,316	811,333	789,571	3,231,708	124,075,540	2,368,363	5,404,666	7,773,029	131,848,569
Balance at 30 June 2013	-	183,501,302	1,268,985,194	44,541,915	10,358,666	9,544,994	6,900,533	6,448,553	21,913,031	1,552,194,188	7,882,901	8,499,268	16,382,169	1,568,576,357
Carrying amounts														
At 30 June 2012	486,972,575	278,474,184	1,889,414,631	76,690,557	17,382,728	11,454,936	7,806,783	7,579,520	17,182,073	2,792,957,987	45,273,499	19,329,674	64,603,173	2,857,561,160
At 30 June 2013	550,454,210	329,231,615	2,587,260,792	141,880,211	16,890,277	18,416,383	7,848,341	7,338,940	15,238,776	3,674,559,545	51,280,136	28,572,233	79,852,369	3,754,411,914

15.1.1 The Company carried out the revaluation of land on 1 December 2008. The valuation was conducted by an independent valuer, Dimen Associates (Private) Limited. Land was revalued on the basis of fair market value.

Revaluation of land resulted in surplus of Rs. 452.271 million.

15.1.2 The depreciation charge for the year has been allocated as follows:

	Note	2013 Rupees	2012 Rupees
Cost of sales	27	120,918,315	118,513,797
Administrative expenses	29	10,930,254	9,033,669
		131,848,569	127,547,466

Had there been no revaluation, the net book value of land would have been Rs.98.10 million.

15.1.3 Disposal schedule of operating property, plant and equipment:

Particulars	2013						
	Cost	Accumulated depreciation	Book value	Claim/sales proceeds	Gain/(loss)	Mode of disposal	Sold to
	Rupees						
Office equipment							
Black Berry	20,000	3,480	16,520	4,000	(12,520)	Company policy	Mr. Ali Mansoor Manager Marketing
Black Berry	25,000	4,350	20,650	5,000	(15,650)	Company policy	Mr. Afzal Khan Head of IA
Black Berry	15,000	2,942	12,058	3,000	(9,058)	Company policy	Mr. Anjum Jamil Procurement Manager
Black Berry	15,000	3,453	11,547	3,000	(8,547)	Company policy	Mr. Nasir Iqbal Yarn marketing Manager
Black Berry	15,000	2,942	12,058	3,000	(9,058)	Company Policy	Col. Attiq Admin Manager
Vehicles							
MLL-2320 (Cultus)	605,100	451,720	153,380	153,380	-	Inter company	Fatima Sugar Mills Ltd.
LE-11-2267 (XLI)	1,416,376	376,441	1,039,935	1,039,935	-	Inter company	Fatima Sugar Mills Ltd.
LE-11-6183 (Cultus)	919,835	232,412	687,423	687,423	-	Inter company	Fatima Sugar Mills Ltd.
LRL-487 (Corolla)	188,107	46,817	141,290	188,107	46,817	Company policy	Mr. Mubarik Cotton Procurement Manager
MNA-5302 (Cultus)	613,000	459,225	153,775	159,690	5,915	Company policy	Mr. Noman Ali Technical Manager
MNO-9661 (CD 70)	68,700	20,885	47,815	54,000	6,185	Insurance claim	Premier Insurance Company
MNA-3090 (Cultus)	603,600	447,019	156,581	156,581	-	Company policy	Rashid Usman
MLE-8742 (Daihatsu Coure)	367,290	309,627	57,663	367,750	310,087	Inter company	Pakarab Fertilizers Ltd
MNQ-11-7506 (CD 70)	68,700	21,011	47,689	65,900	18,211	Insurance claim	Premier Insurance Company
RLG-06-5147 (CD 70)	56,700	44,056	12,644	27,000	14,356	Company policy	Mr. Ghulam Abbas Finance Officer
MNK-09-8533 (CD 70)	65,500	34,936	30,564	31,400	836	Company policy	Mr. Zesshan Marketing Officer
MLL-06-2626 (CD 70)	56,825	44,153	12,672	26,580	13,908	Company policy	Mr. Nadeem Baber Site Cashier
MNR-1770 (Hino Bus)	98,000	75,699	22,301	580,000	557,699	Company policy	Mr. Allah Ditta
	5,217,733	2,581,168	2,636,565	3,555,746	919,181		

Particulars	2012						
	Cost	Accumulated depreciation	Book value	Claim/sales proceeds	Gain/(loss)	Mode of disposal	Sold to
	--------	Rupees	--------				
Plant and machinery							
8 Looms ZAX 340 CM	43,949,052	38,457,452	5,491,600	6,600,000	1,108,400	Negotiation	M/s Faisal Enterprise
2 Compressors ZR-4-52							
and ZR-355	2,525,075	829,930	1,695,145	4,000,000	2,304,855	Negotiation	Fazal Cloth Mills Limited
Office equipment							
Black Berry	16,200	3,051	13,149	3,240	(9,909)	Company policy	Mr. Asad Admin Manager
Black Berry	17,400	3,019	14,381	3,480	(10,901)	Company policy	Mr. Ikram Azeem GM
Black Berry	17,400	3,391	14,009	3,480	(10,529)	Company policy	Mr. Waheed Ahmed CFO
Black Berry	17,400	3,524	13,876	3,480	(10,396)	Company policy	Mr. Waqar Nasir
Black Berry	17,400	3,650	13,750	16,200	2,450	Insurance claim	Mr.Ikram
Vehicles							
Vehicle MLM-9520 (Coure)	449,490	298,547	150,943	140,161	(10,782)	Company policy	Mr. Waqas Nasir TM
Vehicle MLB-1474 to (Coure)	418,744	345,343	73,401	73,401	-	Company policy	Mr. Jawad Ahmed Manager Accounts
Vehicle ML-6 (Honda Civic)	1,150,814	944,466	206,348	206,348	-	Company policy	Mr. Khawaja Sajid GMM
Vehicle MLA-5866 (Coure)	418,490	345,134	73,356	73,356	-	Company policy	Mr. Ahsan Alvi FM
Vehicle MLE-5571 (Coure)	424,675	339,512	85,163	85,163	-	Company policy	Mr. Shahid Ismail (G.M Procurement)
Vehicle MLL-8396 (Coure)	459,000	350,708	108,292	108,292	-	Company policy	Mr. Aftab MM
Vehicle MLE-5570 (Coure)	424,790	339,610	85,180	85,180	-	Company policy	Mr. Akhtar Malik
	50,305,930	42,267,337	8,038,593	11,401,781	3,363,188		

15.2 Capital work in progress

	2013 Rupees	2012 Rupees
Civil works and buildings	30,586,610	105,483
Plant and machinery	7,920,384	328,894
Electric installation	2,114,591	-
Advances	10,628,238	-
	51,249,823	434,377

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For the Year ended June 30, 2013

15.3 Intangible asset	Note	2013 Rupees	2012 Rupees
Computer software			
Cost			
Balance at the beginning of the year		2,009,689	1,148,440
Additions during the year		7,452,606	861,249
Balance at the end of the year		9,462,295	2,009,689
Accumulated amortization @ 10%			
Balance at the beginning of the year		732,129	574,223
Amortization for the year	29	325,178	157,906
Balance at the end of the year		1,057,307	732,129
Carrying amount		8,404,988	1,277,560

16 DEFERRED TAX ASSET

Deferred tax asset is arising on account of the following;

	Opening Balance	Charge / reversal for the year	Closing Balance
On taxable temporary differences			
Accelerated tax depreciation	(175,102,018)	(110,304,348)	(285,406,366)
Assets subject to finance lease	(2,411,101)	(1,743,300)	(4,154,401)
On deductible temporary differences			
Unabsorbed tax losses and tax credits	226,094,131	55,925,778	282,019,909
Provision for retirement benefits	4,260,903	3,279,955	7,540,858
	52,841,915	(52,841,915)	-

For the year June 30, 2012

Deferred tax asset is arising on account of the following:

	Opening Balance	Charge / reversal for the year	Closing Balance
On taxable temporary differences			
Accelerated tax depreciation	(170,767,931)	(4,334,087)	(175,102,018)
Assets subject to finance lease	(2,034,479)	(376,622)	(2,411,101)
On deductible temporary differences			
Unabsorbed tax losses and tax credits	177,048,228	49,045,903	226,094,131
Provision for retirement benefits	3,000,987	1,259,916	4,260,903
	7,246,805	45,595,110	52,841,915

17 STORES, SPARES AND LOOSE TOOLS	Note	2013 Rupees	2012 Rupees
Stores		90,723,061	53,172,423
Spares		88,855,038	120,384,806
Loose tools		-	232,130
		179,578,099	173,789,359
Less: Provision for obsolete items		230,022	230,022
		179,348,077	173,559,337
18 STOCK IN TRADE			
Raw materials	18.1	1,843,785,452	960,611,114
Work in process		176,155,233	148,043,710
Finished goods		435,859,872	365,045,103
Waste		11,381,948	15,557,740
		2,467,182,505	1,489,257,667

18.1 This includes items in-transit as at 30 June 2013 amounting to Rs.2.27 million (2012: Rs.2.61 million).

19 TRADE DEBTS

	Note	2013 Rupees	2012 Rupees
Considered good			
Export - secured		615,434,729	613,875,403
Local - unsecured		238,666,179	167,970,579
Due from related party - unsecured	19.1	2,367,764	4,276,945
Considered doubtful - unsecured		6,017,453	6,017,453
		862,486,125	792,140,380
Less: Provision for doubtful debts		6,017,453	6,017,453
		856,468,672	786,122,927

19.1 Aging analysis of trade receivable due from related party is as follows:

	Upto 1 month	One to 6 month	More than 6 month	Total
Fazal Cloth Mills Limited	1,015,688	-	1,352,076	2,367,764

20 LOANS AND ADVANCES

	Note	2013 Rupees	2012 Rupees
Advances - considered good			
- To employees	20.1	73,414,047	55,023,639
- To suppliers		92,612,105	127,442,987
Advances for issue of shares - related party		-	8,352,010
Due from related parties	20.2	159,102,379	128,437,452
Letters of credit - margins, deposits, opening charges, etc.		9,343,948	2,006,932
Considered doubtful		2,712,819	-
		337,185,298	321,263,020
Less: Provision for doubtful advances		2,712,819	-
		334,472,479	321,263,020

20.1 It includes amount of Rs.694,769 (2012: Rs.285,612) due from executives.

20.2 Due from related parties

	Note	2013 Rupees	2012 Rupees
Pak Arab Fertilizers Limited		149,039	-
Multan Cloth Finishing Factory		2,312,146	1,945,920
Pakistan Mining Company Limited		47,137	47,137
Reliance Commodities (Pvt) Limited	20.2.1	98,925,796	99,188,000
Fatima Sugar Mills Limited	20.2.1	57,304,949	26,240,774
Air One Pvt Limited		50,912	29,135
Fatima Energy Limited		212,400	986,486
Reliance Fabrics Limited		100,000	-
		159,102,379	128,437,452

20.2.1 This represents short term loan given to Reliance Commodities (Pvt) Limited and carries mark-up at 1 month KIBOR plus 3 % per annum.

20.2.2 This represents short term loan given to Fatima Sugar Mills Limited and carries mark-up at 1 month KIBOR plus per 3 % per annum.

		Note	2013 Rupees	2012 Rupees
21	TRADE DEPOSITS AND PREPAYMENTS			
	Prepayments		474,662	870,891
			474,662	870,891
22	OTHER REVEIVABLES			
	Accrued mark-up	22.1	24,820,913	12,084,626
	Dividend receivable	22.2	-	8,559,392
	Others		645,711	755,488
			25,466,624	21,399,506

22.1 This represents mark-up on short term loan given to Reliance Commodities (Pvt) Limited.

22.2 This represents dividend receivable on short term investment from Fatima Fertilizer Company Limited.

23 OTHER FINANCIAL ASSETS

Short term investment - available for sale

Fatima Fertilizer Company Limited

	Note	2013 Rupees	2012 Rupees
Carrying amount of 5,706,261 (2011:10,327,902) fully paid ordinary shares of Rs. 10 each		140,773,459	171,856,384
Carrying amount of Shares transferred as specie dividend 3,081,094 (2012:4,621,641) ordinary shares	23.2	(79,214,927)	`(106,343,959)
Fair value adjustment		3,624,365	75,261,034
Closing market value of 2,625,167 (2012: 5,706,261) shares		65,182,897	140,773,459

23.1 Fatima Fertilizer Company Limited (FFCL) is an associate of the Company through common directorship of 3 directors. However, the Company does not have a significant influence to participate in the financial and operating decisions of FFCL. Therefore, investment in FFCL is not accounted for using the equity method.

23.2 During the year the Company distributed 3,081,094 (2012: 4,621,641) shares of Fatima Fertilizer Company Limited (FFCL), having face value of Rs. 10 each, to the share holders as specie dividend in the ratio of 1 share (2012: 1.5) of FFCL, for every 10 (2012:10) shares held in the Company.

		2013 Rupees	2012 Rupees
24	TAX REFUNDS DUE FROM GOVERNMENT		
	Export rebate	12,456,657	8,294,175
	Income tax	174,613,898	85,418,600
	Sales tax	103,525,890	31,134,083
	Special Excise duty	6,568,727	6,568,727
		297,165,172	131,415,585

Notes to the Financial Statements

For the Year ended June 30, 2013

		Note	2013 Rupees	2012 Rupees
25	CASH AND BANK BALANCES			
	Balance at banks			
	Current accounts:			
	- Pak rupee		68,921,921	19,339,592
	- Foreign currency - US $ 3,156.81 (2012: US $ 924.60)		311,198	87,467
			69,233,119	19,427,059
	Saving accounts			
	- Pak rupee		58,581	7,294,643
	Cash in hand		3,797,562	2,524,019
			73,089,262	29,245,721

25.1 Effective mark up rate in respect of saving accounts ranges from 6% to 9% (2012: 5% to 5.3%) per annum.

		Note	2013 Rupees	2012 Rupees
26	SALES - net			
	Export		5,878,781,069	6,505,997,568
	Local		3,651,573,006	2,196,912,468
	Waste		109,590,515	119,459,798
			9,639,944,590	8,822,369,834
	Less: Commission		140,357,399	137,753,427
			9,499,587,191	8,684,616,407
	Add: Doubling income		10,172,286	10,877,489
	Export rebate		4,417,377	3,199,403
			14,589,663	14,076,892
			9,514,176,854	8,698,693,299
27	COST OF SALES			
	Raw material consumed	27.1	6,727,961,468	6,148,602,132
	Stores and spares consumed		209,221,758	198,992,127
	Packing material consumed		48,814,221	47,540,080
	Salaries, wages and other benefits	27.2	460,547,160	332,697,225
	Fuel and power		746,780,532	628,682,705
	Insurance		25,833,396	34,736,908
	Repairs and maintenance		15,020,639	17,691,546
	Depreciation on property, plant and equipment	15.1.2	120,918,315	118,513,797
	Utilities		586,849	558,391
	Other expenses		36,166,185	28,404,075
			8,391,850,523	7,556,418,986
	Opening stock of work in process		148,043,710	140,160,491
	Closing stock of work in process		(176,155,233)	(148,043,710)
			(28,111,523)	(7,883,219)
	Cost of goods manufactured		8,363,739,000	7,548,535,767
	Opening stock - Finished goods		365,045,103	602,854,629
	- Waset		15,557,740	14,297,395
			380,602,843	617,152,024
	Closing stock - Finished goods		(435,859,872)	(365,045,103)
	- Waste		(11,381,948)	(15,557,740)
			(447,241,820)	(380,602,843)
			(66,638,977)	236,549,181
			8,297,100,023	7,785,084,948

27.1 Raw materials consumed include Rs. 257,027,408 (2012: Rs. 177,993,075) relating to the cost of cotton and polyester which were sold during the period.

27.2 Salaries, wages and other benefits include Rs. 25,281,411 (2012: Rs. 20,933,472) in respect of staff retirement benefits.

	Note	2013 Rupees	2012 Rupees
28 DISTRIBUTION AND MARKETING EXPENSES			
Ocean freight and shipping		41,242,148	35,564,739
Local freight		46,789,206	48,059,796
Export development surcharge		14,379,109	16,042,969
Forwarding and clearing expenses		16,142,491	20,621,318
Marketing expenses		2,150,618	3,132,543
Other expenses		4,944,919	8,617,254
		125,648,491	132,038,619
29 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	29.1	52,179,620	43,422,821
Printing and stationery		2,081,282	2,022,576
Motor vehicles running		6,413,920	4,832,614
Traveling and conveyance		15,112,561	14,910,093
Rent, rates and taxes		3,145,961	3,022,560
Telephone and postage		9,874,802	11,788,277
Fee, subscription and periodicals		11,737,181	6,422,198
Utilities		1,143,711	1,538,813
Insurance		549,606	520,097
Repairs and maintenance		13,489,817	10,583,818
Entertainment		1,747,140	1,708,334
Advertisement		69,145	420,405
Provision on doubtful advances		2,712,819	-
Depreciation on property, plant and equipment	15.1.2	10,930,254	9,033,669
Amortization of intangible assets	15.3	325,178	157,906
Professional services	29.2	1,795,206	2,341,414
Other expenses		3,265,953	1,837,372
		136,574,156	114,562,967

29.1 Salaries, wages and other benefits include Rs. 2,134,248 (2012: Rs. 2,734,442) in respect of staff retirement benefits.

29.2 Professional services

The charges for professional services include the following in respect of auditors' remuneration:

		2013 Rupees	2012 Rupees
Statutory audit		600,000	600,000
Half yearly review		175,000	175,000
Taxation services		-	122,000
Other services and certifications		-	130,000
Out of pocket expenses		138,821	120,000
		913,821	1,147,000
30 OTHER OPERATING EXPENSES			
Unrealised loss on derivative financial instruments		-	607,897
Mark up on associate	20.2.2	-	1,002,331
Provision for WPPF		29,130,077	11,647,779
Donations	30.1	24,247,150	18,363,460
		53,377,227	31,621,467

		Note	2013 Rupees	2012 Rupees
30.1	**Donations**			
	Names of donees in which a director or his spouse has an interest:			
	Mian Mukhtar Trust, Multan (Mian Faisal, Director is the Trustee)		23,400,000	17,483,290
31	**FINANCE COST**			
	Interest and mark up on:			
	- Long term finances		56,002,894	95,524,677
	- Lease finance		6,122,297	6,770,321
	- Finances under mark up arrangements		265,573,971	254,441,223
	- Workers profit participation fund		4,634,821	4,868,837
	Exchange loss		34,994,669	16,486,796
	Bank charges and commission		64,242,789	51,266,276
			431,571,441	429,358,130
32	**OTHER INCOME**			
	Income from financial assets:			
	Realised gain on forward foreign exchange contracts		5,341,381	1,786,187
	Dividend Income	32.1	5,250,332	8,559,392
	Mark up on loans to associates	32.2	18,814,755	10,539,793
			29,406,468	20,885,372
	Income from non financial assets:			
	Gain on sale of operating assets	15.1.3	919,181	3,363,188
	Others		47,266	17,949
			966,447	3,381,137
			30,372,915	24,266,509

32.1 This represents dividend received on short term investment from Fatima Fertilizer Company Limited.

32.2 This represents mark-up amounting to Rs.14,028,186 (2012: 9,999,815) and Rs.4,786,569 (2012:539,978) on short term loan given to Reliance Commodities (Pvt) Limited and Fatima Sugar Mills Limited respectively.

		Note	2013 Rupees	2012 Rupees
33	**TAXATION**			
	For the year			
	- Current			
	Current taxation	33.1	77,644,491	88,246,056
	Tax credit u/s 65B		(152,887,037)	-
	Reversal of WWF		-	(16,890,032)
			(75,242,546)	71,356,024
	- Deffered		52,841,915	(45,595,110)
	Prior year adjustment		891,810	2,581,774
			(21,508,821)	28,342,688

33.1 The provision for current taxation represents the minimum tax liability under section 113 and final tax on exports under section 169 of the Income Tax Ordinance, 2001. Accordingly tax charge reconciliation has not been prepared and presented.

34 REMUNERATION OF DIRECTORS AND EXECUTIVES

34.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the director and executives of the Company is as follows:

	Directors		Executives	
	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees
Managerial remuneration	**2,803,550**	2,851,409	**7,732,389**	6,091,449
House rent allowance	**-**	-	**1,283,384**	2,215,662
Utility allowance	**-**	-	**561,480**	203,763
Bonus	**-**	-	**1,826,512**	1,479,803
	2,803,550	2,851,409	**11,403,765**	9,990,677
Number of key executives	**4**	4	**9**	9
Number of non-executive directors	**3**	3	**-**	-

The Company also provides the directors and executives with free use of company maintained cars and allowances for utility bills.

34.2 Remuneration to other director

Meeting fee amounting to Rs. 60,000 (2012: Rs. 60,000) was paid to a non executive director during the year.

35 Segment reporting

35.1 Reportable Segments

The management has determined the operating segments of the Company on the basis of products produced.

The Company's reportable segments are as follows:

- Spinning segment - production of different qualities of yarn using natural and artificial fibers
- Weaving segment - production of different qualities of greige fabric using yarn

Information regarding the Company’s reportable segments is presented below. Performance is measured based on segment profit before tax, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

35.2 Information about reportable segments

	Spinning		Weaving		Total	
	2013	2012	2013	2012	2013	2012
External revenue	**1,881,100,213**	1,557,510,996	**7,633,076,641**	7,141,182,303	**9,514,176,854**	8,698,693,299
Intersegment revenue	**2,535,478,957**	2,605,851,056	**-**	-	**2,535,478,957**	2,605,851,056
Cost of sales	**(3,873,354,655)**	(3,721,845,316)	**(4,423,745,368)**	(4,063,239,632)	**(8,297,100,023)**	(7,785,084,948)
Intersegment cost of sales	**-**	-	**(2,535,478,957)**	(2,605,851,056)	**(2,535,478,957)**	(2,605,851,056)
Distribution and marketing expense	**(16,924,326)**	(13,203,862)	**(108,724,165)**	(118,834,757)	**(125,648,491)**	(132,038,619)
Administrative expense	**(47,790,193)**	(40,097,038)	**(88,783,963)**	(74,465,929)	**(136,574,156)**	(114,562,967)
Other operating expense	**(18,682,029)**	(11,007,513)	**(34,695,198)**	(20,613,954)	**(53,377,227)**	(31,621,467)
Finance cost	**(179,367,997)**	(200,136,206)	**(252,203,444)**	(229,221,924)	**(431,571,441)**	(429,358,130)
Other operating income	**12,756,624**	8,493,278	**17,616,291**	15,773,231	**30,372,915**	24,266,509
Profit before tax	**293,216,594**	185,565,395	**207,061,837**	44,728,282	**500,278,431**	230,293,677

35.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 2 to the financial statements. 65% of Administrative expenses, other operating expenses and income are apportioned to Weaving segment while the other 35% are allocated to Spinning segment. Distribution & marketing expenditures are allocated on the basis of actual amounts incurred for the segments. Finance cost relating to long term loan is also allocated on the basis of purpose of loan for which it is obtained and finance cost relating to short term loan is allocated on the basis of working capital requirements of the segments. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

35.3 Reconciliation of reportable segment revenues and profits

	2013 Rupees	2012 Rupees
Total revenue from reportable segments	12,049,655,811	11,304,544,355
Elimination of inter segment revenue	(2,535,478,957)	(2,605,851,056)
	9,514,176,854	8,698,693,299
Profit or loss		
Total profit or loss of reportable segments	500,278,431	230,293,677
Net change in fair value of available - for- sale financial assets	48,360,211	58,257,789
Tax for the year	21,508,821	(28,342,688)
Consolidated profits	570,147,463	260,208,778

35.4 Segment assets and liabilities

35.4.1 Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Weaving	Total
For the year ended 30 June 2013:	--------------------------Rupees----------------------		
Segment assets for reportable segment			
- Operating fixed assets	2,240,889,140	1,469,711,766	3,710,600,906
- Stores, spares and loose tools	94,368,222	84,979,855	179,348,077
- Stocks in trade	1,675,726,505	791,456,000	2,467,182,503
	4,010,983,867	2,346,147,621	6,357,131,488
Unallocated corporate assets			1,774,518,462
Total assets as per balance sheet			8,131,649,950
Segment liabilities for reportable segment	2,690,127,128	2,109,165,756	4,799,292,884
Unallocated corporate liabilities			771,642,696
Total liabilities as per balance sheet			5,570,935,580
For the year ended 30 June 2012:			
Segment assets for reportable segment			
- Operating fixed assets	1,322,045,611	1,499,300,070	2,821,345,681
- Stores, spares and loose tools	98,874,677	74,684,660	173,559,337
- Stocks in trade	703,675,368	785,582,299	1,489,257,667
	2,124,595,656	2,359,567,029	4,484,162,685
Unallocated corporate assets			1,538,862,915
Total assets as per balance sheet			6,023,025,600
Segment liabilities for reportable segment	1,401,543,691	1,932,752,053	3,334,295,744
Unallocated corporate liabilities			574,212,176
Total liabilities as per balance sheet			3,908,507,920

35.4.2 For the purposes of monitoring segment performance and allocating resources between segments

- operating property, plant & equipment, stocks in trade and stores, spares and loose tools are allocated to reportable segments while all other assets are held under unallocated corporate assets; and

- long term loans and liabilities against assets subject to finance lease are allocated to reportable segment and all other liabilities (i.e.) loans from related parties, deferred liabilities, trade and other payables, short term borrowings and accrued mark up are held under unallocated corporate assets.

	2013 Rupees	2012 Rupees
35.5 Gross revenue from major products and services		
Fabric export sales	5,625,251,962	6,273,716,842
Yarn export sales	253,529,106	232,280,726
Fabric local sales	2,060,681,522	910,914,682
Yarn local sales	1,325,901,676	1,102,765,468
Cotton and polyester local sale	264,989,809	183,232,318
Waste local sales	109,590,514	119,459,798
	9,639,944,589	8,822,369,834
35.6 Gross revenue from major customers		
Spinning	678,485,817	661,491,126
Weaving	4,486,617,483	3,837,407,069
	5,165,103,300	4,498,898,195

35.7 Geographical information

35.7.1 The Company's gross revenue from external customers by geographical location is detailed below:

	2013 Rupees	2012 Rupees
Pakistan	3,761,163,521	2,316,372,266
Asia	5,191,851,170	5,800,053,230
Europe	686,929,898	685,646,802
Africa	-	20,297,536
	9,639,944,589	8,822,369,834

35.7.2 All non-current assets of the Company as at 30 June 2013 are located and operating in Pakistan.

35.8 Other segment information

	Spinning	Weaving	Total
	------------------- Rupees -------------------		
For the year ended 30 June 2013:			
Capital expenditure	985,089,042	46,246,846	1,031,335,888
Depreciation/amortization			
Cost of sales	50,066,600	70,851,708	120,918,308
Administrative expenses	4,443,639	6,486,622	10,930,261
	54,510,239	77,338,330	131,848,569
For the year ended 30 June 2012:			
Capital expenditure	38,968,858	177,644,163	216,613,021
Depreciation/amortization			
Cost of sales	47,257,982	71,255,815	118,513,797
Administrative expenses	3,161,784	5,871,885	9,033,669
	50,419,766	77,127,700	127,547,466

36 Transaction with related parties

The related parties comprise associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 34. Other significant transactions with related parties are as follows:

Notes to the Financial Statements

For the Year ended June 30, 2013

Description of transaction	Nature of relationship	2013 Rupees	2012 Rupees
Fazal Cloth Mills Limited	Associate		
Purchase of goods and services		61,354,310	108,226,755
Sale of goods and services		5,464,436	7,841,426
Sale of fixed assets		-	4,000,000
Fatima Fertilizer Company Limited	Associate		
Store purchase		9,648,833	-
Purchase of fixed assets		-	7,592,601
Dividend Income		5,250,332	8,559,392
Pakarab Fertilizers Limited	Associate		
Purchase of fixed assets		-	877,112
Sale of fixed assets		367,750	-
Reliance Commodities (Pvt) Limited	Associate		
Mark up - Income		14,167,578	9,999,815
Fatima Sugar Mills Limited	Associate		
Purchase of fixed assets		4,338,155	189,024
Sale of fixed assets		1,880,738	-
Mark up - expenses		-	1,002,331
Mark up - Income		4,647,184	539,978
Faisal Ahmed Mukhtar	Director		
Loan repayment		3,800,000	-
Mian Mukhtar Trust, Multan	Associate		
Donations		23,400,000	17,592,690
Fazal Weaving Mills Limited	Associate		
Purchase of fixed assets		3,721,135	-

All transactions with related parties have been carried out on commercial terms and conditions.

37 CAPACITY AND PRODUCTION

	2013	2012
Unit 1 (Weaving)		
Number of looms installed	92	92
Capacity after conversion into 50 picks - Meters	19,916,795	19,916,795
Actual production of fabric after conversion into 50 picks - Meters	17,311,029	18,298,451
Unit 2 (Weaving)		
Number of looms installed	204	204
Capacity after conversion into 50 picks - Meters	51,013,436	51,013,436
Actual production of fabric after conversion into 50 picks - Meters	44,310,204	46,582,698

Under utilization of available weaving capacity is due to:

- Electricity / shut downs
- Change of articles required
- Width loss due to specification of the cloth
- Due to normal maintenance

	2013	2012
Unite 3 (Spinning)		
Number of spindles installed	14,400	14,400
Capacity after conversion into 20 count - Kgs	4,849,904	4,849,904
Actual production of yarn after conversion into 20 count - Kgs	3,225,062	3,222,767

	2013	2012
Unit 4 (Spinning)		
Number of spindles installed	21,120	21,120
Capacity after conversion into 20 count - Kgs	7,113,193	7,113,193
Actual production of yarn after conversion into 20 count - Kgs	5,279,392	6,044,971

During the year the company has added 13,200 spindles to its spinning unit. These spindles started commercial production w.e.f. 28 June 2013.

Under utilization of available spinning capacity is due to:

- Electricity / shut downs
- Processing mix of coarser and finer counts

38 CASH GENERATED FROM OPERATIONS

	2013 Rupees	2012 Rupees
Profit before tax	548,638,642	288,551,466
Adjustments for non cash charges and other items:		
Depreciation of fixed assets	131,848,569	127,547,466
Amortization of intangible assets	325,178	157,906
Staff retirement benefits accrued	27,415,659	23,667,914
Provision for doubtful advances	2,712,819	-
Gain on disposal of fixed assets	(919,181)	(3,363,188)
Provision for WPPF	29,130,077	11,647,779
Unrealised loss on derivative financial instruments	-	607,897
Fair value transferred to profit and loss account on derecognition of other financial assets	(48,360,211)	(58,257,789)
Interest on worker's profit participation fund	4,634,821	4,868,837
Finance cost (excluding exchange (Gain) / loss)	391,941,951	408,002,497
Profit before working capital changes	1,087,368,324	803,430,785
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets		
- Stores and spares	(5,788,740)	11,006,148
- Stock in trade	(977,924,838)	182,745,834
- Trade debts	(70,345,745)	(207,121,887)
- Loans and advances	(15,922,278)	(202,610,932)
- Trade deposits and prepayments	396,229	(330,852)
- Other receivables	(4,067,118)	(20,749,669)
- Tax refunds due from government (excluding income tax)	(76,554,289)	4,029,148
	(1,150,206,779)	(233,032,210)
Increase in current liabilities		
- Trade and other payables (excluding worker's welfare fund and worker's profit participation fund)	197,070,310	4,040,509
Cash generated from operations	134,231,855	574,439,084

39 EARNINGS PER SHARE

39.1 Basic

		2013	2012
Earning for the year	Rupees	570,147,463	260,208,778
Weighted average number of ordinary shares	Number	30,810,937	30,810,937
Basic earning per share	Rupees	18.50	8.45

39.2 Diluted

There is no dilution effect on the basic earnings / (loss) per share as the Company has no such commitments.

40 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

40.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables and investment in debt securities. Out of the total financial assets of Rs. 1,373.4 million (2012: Rs.1,374 million), the financial assets which are subject to credit risk amounted to Rs. 1,127.75 million (2012: Rs.1,313 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of yarn and fabric parties to reduce the credit risk.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

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 abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2013 Rupees	2012 Rupees
Investments	**65,182,897**	140,773,459
Loans and advances	**92,612,105**	321,263,020
Trade debts	**856,468,672**	786,122,927
Trade and other deposits	**18,732,875**	17,002,475
Other receivables	**25,466,624**	21,399,506
Bank balances	**69,291,700**	26,721,702
	1,127,754,873	1,313,283,089

The Company believes that it is not exposed to major concentration of credit risk.

Investments

Investments comprise of ordinary shares of Fatima Fertilizer Company Limited, listed on Karachi Stock Exchange. The fair value of the investment amounts to Rs. 65.183 million as at 30 June 2013. Long term and short term credit rating of the investee company is "A+" and "A1" respectively, issued by PACRA.

Trade debts

The maximum exposure to credit risk for trade debt at the reporting date by geographical region was as follows:

Foreign	**615,434,729**	613,875,403
Domestic	**241,033,943**	167,970,579
	856,468,672	781,845,982

The maximum exposure to credit risk before any credit enhancements for trade receivables at the reporting date by type of counterparty was:

	Note	2013 Rupees	2012 Rupees
Fabric customer against exports		615,434,729	600,234,487
Yarn customers against exports		-	13,640,916
Fabric customers against local sales		144,124,971	129,713,227
Yarn customers against local sales		97,095,716	42,534,297
		856,655,416	786,122,927

Impairment Losses

The aging of trade receivables at the reporting date is:

	2013 Rupees	2012 Rupees
Neither past due nor impaired	588,163,158	663,019,971
Past due 0-30 days	235,077,326	97,536,916
Past due 30-150 days	24,322,377	16,153,876
Past due 150 days	9,092,555	9,412,164
	856,655,416	786,122,927

The total allowance against impaired trade debts as at 30 June 2013 amounts to Rs. 6.017 million. There was no movement in allowance against trade debts.

Out of total trade debts, 72% comprise of foreign debtors that are secured against letters of credit. Local trade debts include companies with very good credit history and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history.

Bank balances

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

	Rating		Rating	2013	2012
	Short term	Long Term	Agency	Rupees	Rupees
Allied Bank Limited	A1+	AA+	PACRA	719,644	7,377,572
Askari Commercial Bank Limited	A1+	AA	PACRA	125,522	125,522
Bank Al Habib Limited	A1+	AA+	PACRA	423,423	2,805,894
Dubai Islamic Bank	A1	A	JCR-VIS	700	700
Faysal Bank Limited	A1+	AA	PACRA	243,992	244,110
Habib Bank Limited	A1+	AAA	JCR-VIS	14,842	7,251,077
JS Bank Limited	A1	A+	PACRA	15,952	15,742
MCB Bank Limited	A1+	AAA	PACRA	86,878	91,266
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	538,008	6,131,466
National Bank of Pakistan	A1+	AAA	JCR-VIS	49,873,676	1,870,704
NIB Bank Limited	A1+	AA-	PACRA	8,464	8,464
Silk Bank Limited	A2	A-	JCR-VIS	4,015	3,934
Standard Chartered Bank Limited	A1+	AAA	PACRA	30,479	30,480
Summit Bank Limited	A3	A	JCR-VIS	5,132,578	399,063
Bank Al-Falah Limited	A1+	AA	PACRA	512,630	-
The Bank of Khyber	A1	A	PACRA	11,167,681	212,787
United Bank Limited	A1+	AA+	JCR-VIS	383,262	152,921
Meezan Bank Limited	A1+	AA	JCR-VIS	9,954	-
				69,291,700	26,721,702

Based on past experience the management believes no impairment allowance is necessary in respect of loans, advances and other receivables past due as some receivables have been recovered subsequent to the year end and for other balances, there are reasonable grounds to believe that the amounts will be recovered in due course.

40.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2013						
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Above five year
	Rupees						
Financial Liabilities							
Long term finance	1,223,855,572	1,594,728,650	154,137,790	164,393,949	394,747,456	780,402,984	101,046,471
Loan from related parties	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	49,480,062	55,973,014	13,655,394	13,362,615	21,688,959	7,266,046	-
Trade and other payables	570,515,841	570,515,841	570,515,841	-	-	-	-
Mark-up accrued	69,058,564	69,058,564	69,058,564	-	-	-	-
Finance under markup arrangement:	3,525,957,251	3,525,957,251	3,525,957,251	-	-	-	-
	5,438,867,290	5,816,233,320	4,333,324,840	177,756,564	416,436,414	787,669,029	101,046,471

	2012						
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Above five year
	Rupees						
Financial Liabilities							
Long term finance	634,114,104	746,341,479	137,207,950	110,625,290	205,805,739	256,253,260	36,449,241
Loan from related parties	3,800,000	3,800,000	-	-	-	-	3,800,000
Liabilities against assets subject to finance lease	44,920,711	55,515,923	11,394,026	9,672,359	19,413,552	15,035,987	-
Trade and other payables	392,979,415	392,979,415	392,979,415	-	-	-	-
Mark-up accrued	54,805,648	54,805,648	54,805,648	-	-	-	-
Finance under markup arrangement:	2,655,260,929	2,655,260,929	2,655,260,929	-	-	-	-
	3,785,880,807	3,908,703,394	3,251,647,968	120,297,649	225,219,291	271,289,247	40,249,241

40.3 Market risk

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

40.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts.

The Company's exposure to currency risk is as fellows :

	2013 Rupees	2012 Rupees
Foreign debtors	615,434,729	613,875,403
Foreign currency bank account	311,198	87,467
Export finances	(801,001,859)	(590,650,465)
Gross balance sheet exposure	(185,255,932)	23,312,405
Outstanding letters of credit	(394,198,754)	(19,515,807)
Forward foreign exchange contracts	154,620,000	(49,885,948)
Net exposure	(424,834,686)	(46,089,350)

The following significant exchange rate has been applied:

Average rate Reporting date rate

	Average rate		Reporting date rate	
	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees
USD to PKR	96.60	90.33	98.92	94.60

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of export finances and foreign debtors.

	2013 Rupees	2012 Rupees
Effect on profit or loss		
USD	42,483,469	4,608,935
Effect on balance sheet		
USD	18,525,593	(2,331,241)

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax loss / profits.

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

40.3.2 Interest rate risk

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

	Effective rate		Carrying amount	
	2013 %	2012 %	2013 Rupees	2012 Rupees
Financial Liabilities				
Fixed rate instruments				
Long term loan	12.70	11.93	473,421,607	480,614,104
Financial liabilities				
Variable rate instruments:				
Long term loan	10.30-18.98	13.66-15.79	750,433,965	153,500,000
Liabilities against assets subject to finance lease	10.83-16.02	13.43-17.58	49,480,062	44,920,711
Short term running finance	9.79-15.03	12.85-20	2,724,955,392	2,064,610,464
Export finances	1.43-5.58	2.46-3.55	801,001,859	590,650,465

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 and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

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

	Profit and loss 100 bp	
	Increase Rupees	Decrease Rupees
As at 30 June 2013		
Cash flow sensitivity - Variable rate financial liabilities	**(43,258,713)**	**43,258,713**
As at 30 June 2012		
Cash flow sensitivity - Variable rate financial liabilities	(28,536,816)	28,536,816

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

40.3.3 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 interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

Sensitivity analysis

A 10% increase/decrease in share prices at year end would have decreased/increased the surplus on re-measurement of investments in 'available for sale' investments as follows:

	2013 Rupees	2012 Rupees
Effect on equity	**6,518,290**	14,077,346

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

40.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	------ Rupees ------			
Financial assets				
Other financial assets	**65,182,897**	**65,182,897**	140,773,459	140,773,459
Loans and advances	**334,472,479**	**334,472,479**	321,263,020	321,263,020
Trade debts	**856,468,672**	**856,468,672**	786,122,927	786,122,927
Trade deposits	**18,732,875**	**18,732,875**	17,002,475	17,002,475
Other receivables	**25,466,624**	**25,466,624**	21,399,506	21,399,506
Cash and bank balances	**73,089,262**	**73,089,262**	29,245,721	29,245,721
Tax refunds due from the government	**297,165,172**	**297,165,172**	43,571,348	43,571,348
	1,670,577,981	**1,670,577,981**	1,359,378,456	1,359,378,456

	2013 Carrying Amount	2013 Fair Value	2012 Carrying Amount	2012 Fair Value
	------------------- Rupees	-------------------	-------------------	-------------------
Financial liabilities				
Long term finance	1,223,855,572	1,223,855,572	634,114,104	634,114,104
Loan from related parties	-	-	3,800,000	3,800,000
Liabilities against assets subject to finance lease	49,480,062	49,480,062	44,920,711	44,920,711
Trade and other payables	570,515,841	570,515,841	392,979,415	392,979,415
Mark-up accrued	69,058,564	69,058,564	54,805,648	54,805,648
Finance under markup arrangements	3,525,957,251	3,525,957,251	2,655,260,929	2,655,260,929
	5,438,867,290	5,438,867,290	3,785,880,807	3,785,880,807

b) Valuation of financial instruments

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2013 Level 1	2013 Level 2	2013 Level 3	2013 Total
	---------- Rupees	----------	----------	----------
Available-for-sale financial asset				
- Equity securities	65,182,897	-	-	65,182,897

	2012 Level 1	2012 Level 2	2012 Level 3	2012 Total
	---------- Rupees	----------	----------	----------
Available-for-sale financial asset				
- Equity securities	140,773,459	-	-	140,773,459

c) Accounting classifications and fair values

	2013					
	Trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Cost / amortized cost	Total carrying amount
	Rupees					
Financial assets						
Short term investments	-	-	-	65,182,897	-	65,182,897
Loans and advances	-	-	334,472,479	-	-	334,472,479
Trade debts	-	-	856,468,672	-	-	856,468,672
Trade deposits	-	-	18,732,875	-	-	18,732,875
Other receivables	-	-	25,466,624	-	-	25,466,624
Cash and bank balances	-	-	-	-	73,089,262	73,089,262
Tax refunds due from the government	-	-	297,165,172	-	-	297,165,172
	-	-	1,532,305,822	65,182,897	73,089,262	1,670,577,981
Financial liabilities						
Long term finance	-	-	-	-	1,223,855,572	1,223,855,572
Loan from related parties	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	49,480,062	49,480,062
Trade and other payables	-	-	-	-	570,515,841	570,515,841
Mark-up accrued	-	-	-	-	69,058,564	69,058,564
Finance under markup arrangements	-	-	-	-	3,525,957,251	3,525,957,251
	-	-	-	-	5,438,867,290	5,438,867,290

	2012					
	Trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Cost / amortized cost	Total carrying amount
	Rupees					
Financial assets						
Short term investments	-	-	-	140,773,459	-	140,773,459
Loans and advances	-	-	321,263,020	-	-	321,263,020
Trade debts	-	-	786,122,927	-	-	786,122,927
Trade deposits	-	-	17,002,475	-	-	17,002,475
Other receivables	-	-	21,399,506	-	-	21,399,506
Cash and bank balances	-	-	-	-	29,245,721	29,245,721
Tax refunds due from the government	-	-	43,571,348	-	-	43,571,348
	-	-	1,189,359,276	140,773,459	29,245,721	1,359,378,456
Financial liabilities						
Long term finance	-	-	-	-	634,114,104	634,114,104
Loan from related parties	-	-	-	-	3,800,000	3,800,000
Liabilities against assets subject to finance lease	-	-	-	-	44,920,711	44,920,711
Trade and other payables	-	-	-	-	392,979,415	392,979,415
Mark-up accrued	-	-	-	-	54,805,648	54,805,648
Finance under markup arrangements	-	-	-	-	2,655,260,929	2,655,260,929
	-	-	-	-	3,785,880,807	3,785,880,807

The financial instruments not accounted for at fair value are those financial assets and liabilities whose carrying amounts approximate at fair value.

40.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) to provide an adequate return to shareholders.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June were as follows:

	2013 Rupees	2012 Rupees
Total debt	1,223,855,572	637,914,104
Total equity and debt	3,332,298,560	2,300,160,402
Debt-to-equity ratio	37%	28%

The increase in the debt-to-equity ratio in 2012 resulted primarily due to increase in debt of the Company.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

41 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

Board of Directors of the Company has recommended to distributed 20% cash dividend i.e. Rs. 2 for every share held by the shareholder of the company as a final dividend in its meeting held on October 09, 2013. These financial statements do not include the effect this announcement and will be accounted for in subsequent financial year.

42 NUMBER OF EMPLOYEES

Total number of employees as at June 30, 2013 were 1,730 (2012: 1,684) while average number of employees during the year were 1,718 (2012: 1,660).

43 RECLASSIFICATION

Following reclassifications have been made in these financial statements to give better presentation;

Previous classifaction	Current classification	Amount (Rupees)
Tax refunds due from Government	Provision for taxation	87,844,237
Trade deposits and prepayments	Long term deposits	171,840
Loans and advances	Trade debts	4,276,945

44 DATE OF AUTHORIZATION

These financial statements are authorized for issue on 09 October 2013 by the board of directors of the Company.

45 General

Figures in these financial statements have been rounded off to nearest rupee.

S/d-
Chief Executive Officer

S/d-
Director

Form of Proxy

I/We ____

of ____

in the district of ____________________ being a member of RELIANCE WEAVING MILLS LIMITED and

a holder of ____

Hereby appoint ____

of ____ another member of the

Company or failing him ____

of ____ another member of

the Company as my / our proxy to vote for me / us and on my / our behalf, at Annual General Meeting of the Company to be held on Thursday 31 October 2013 at 11:00 A.M. adjournment thereof

.

Affix
Revenue
Stamps of Rs.5/-

1. witness: ____________________

Signature ____________________

Name ____________________

Address ____________________

____
Signature of Member

2. witness: ____________________

Signature ____________________

Name ____________________

Address ____________________

Shareholder's Folio No. ____________________

CDC A/c No. ____________________

NIC No. ____________________

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office 2nd Floor, Trust Plaza, L.M.Q Road Multan not later that 48 hours before the time for the meeting and must be duly stamped, signed and witnessed.

2. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her NIC or Passport, to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.