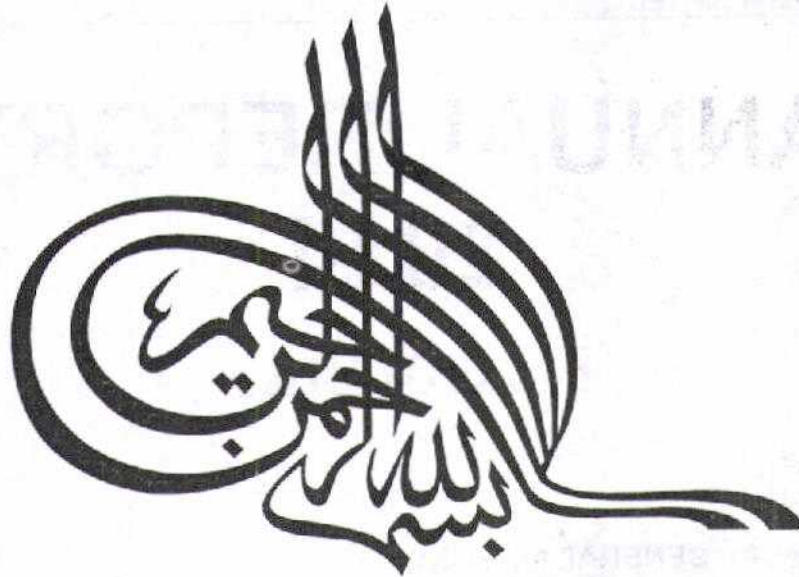


Annual Report 2014



MUBARAK
TEXTILE MILLS LIMITED



23rd

ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2014

VISION STATEMENT

To Be Dynamic, Profitable and Growth Oriented Company

MISSION STATEMENT

To be a foremost company receptive to the needs of our Customers acknowledged for consistently providing fine Quality Product and services by understanding the behavior and preparing fully to meet the challenges of global Market standards and making best efforts in production planning quality of products and marketing strategies and so give consistent financial return to the shareholders on their investment.

ANNUAL REPORT 2014

CONTENTS

COMPANY PROFILE	3
NOTICE OF ANNUAL GENERAL MEETING	4
DIRECTORS' REPORT	5-7
STATEMENT OF COMPLIANCE	8-9
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE	10
STATEMENT OF ETHICS	11
AUDITOR'S REPORT TO THE MEMBERS	12-13
BALANCE SHEET	14
PROFIT & LOSS ACCOUNT	15
STATEMENT OF COMPREHENSIVE INCOME	16
CASH FLOW STATEMENT	17
STATEMENT OF CHANGES IN EQUITY	18
NOTES TO THE ACCOUNTS	19-31
PATTERN OF SHAREHOLDING AS PER CODE OF CORPORATE GOVERNANCE	32
PATTERN OF SHAREHOLDINGS	33

COMPANY PROFILE

BOARD OF DIRECTORS	MR. ZULFIQAR ALI MR. CH. NASEER AHMED MR. ABDUL SHAKOOR MR. SYED HAMEED-UD-DIN MR. IMTIAZ HUSSAIN QURESHI MR. NADEEM ABBAS MR. NAFEES IQBAL	CHIEF EXECUTIVE
AUDIT COMMITTEE	MR. NADEEM ABBAS MR. CH. NASEER AHMED MR. NAFEES IQBAL	CHAIRMAN MEMBER MEMBER
COMPANY SECRETARY	MR. ABDUL SHAKOOR	
CHIEF FINANCIAL OFFICER	M. BABAR KHAN	
AUDITORS	M/S. AHMED MUSHIR & CO., CHARTERED ACCOUNTANTS ENGAGEMENT PARTNER SYED AHMED MUSHIR ALI QADRI	
SHARE REGISTRAR	HAMEED MAJEED ASSOCIATES (PVT) LTD. 7-H.M HOUSE, BANK SQUARE, LAHORE.	
BANKERS	HABIB METROPOLITAN BANK LTD FAYSAL BANK LIMITED	
REGISTERED OFFICE / MILLS	20-KM OFF FEROZEPUR ROAD, LAHORE, PAKISTAN. TEL : 042-35950674 Fax: 042-35950675	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 23rd Annual General Meeting of the Shareholders of the MUBARKS TEXTILE MILLS LIMITED, will be held on Friday the 31st day of October, 2014 at 11:00 a.m. at 20-Km off Ferozepur Road, Lahore, transact the following business:

ORDINARY BUSINESS

1. To Confirm the minutes of the last Extra Ordinary General Meeting held on 08th February, 2014.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Report for the year ended 30th June, 2014.
3. To appoint auditors for the year ending 30th June 2015 and fix their remuneration.

ANY OTHER BUSINESS

4. To transact any other business with the permission of the Chair.

LAHORE:

DATED: 01st October, 2014

By Order of the Board

Sd/=

(ABDUL SHAKOOR)

Company Secretary

NOTES:

1. The share transfer books of the Company shall remain closed from 27th October, 2014 to 05th November, 2014 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order, to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Cards, Account/Sub Account and participants I.D. Numbers and account Numbers in CDC, for identification purpose, and in case of proxy, to enclose an attested copy of his/her National Identity Card.
4. Shareholders are requested to notify the Company of any change in their addresses.

DIRECTORS' REPORT

Dear Members,
Assalam-u-Alaikum,

The Directors of your Company are pleased to present before you the Audited Profit & Loss Account, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity for the year ended then as at 30th June, 2014 alongwith Directors and Auditors Reports thereon.

FINANCIAL HIGHLIGHTS/RESULTS JUNE, 2014:

	June, 2014	June 2013
Sales/Processing Income	-	-
Operating Profit/(Loss)	(4,039,666)	(5,697,041)
Financial Cost	2,872,603	3,796,250
Taxation for the Year	957,309	793,209
Profit/(Loss) for the year	(1,487,521)	(2,004,414)
Profit/(Loss) Per Share	(0.28)	(0.37)

The Company suffered loss before taxation for Rs 0.530 (M) after providing for all the administrative and financial charges including depreciation for Rs. (1.211) (M) as compared to pre-tax Loss of Rs. (1.124) (M) of the last year.

Due to adverse Economic conditions prevailing in the country, Energy crises and tight liquidity position, the management could not involve in any business activity and just relied on the rental income so earned and met the necessary / immediate obligations. The management is looking for the better conditions / opportunities for the business to restart/re-run the project.

AUDITORS REPORT TO THE MEMBERS:

In reply to auditors observations your directors have the following view:

1. Balance confirmation letters were sent directly to the Debtors & Creditors by the auditors. Its the responsibility of the parties to response.
2. Since the project is being run on conversion basis and accordingly to commercial work requirement the personnel is hired temporarily according to the demand, so there are no permanent employees are there, and therefore, neither provision for gratuity is made and nor any actuarial is conducted.
3. Regarding going concern management of the Company have the view that currently revenue being earned from rental income are sufficient to meet the immediate obligations of the Company. For future obligations the management is working on trading in the field of textile products and hope be successful and will be meeting its obligations and there will be no doubt to be a going concern.

TRADING IN THE SHARES OF THE COMPANY:

No trading in the Shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor childrens.

BOARD MEETING:

During the year 6 Board meetings were held, which were attended as follows.

1.	Mr. Zulfiqar Ali	6
2.	Mr. Imtaiz Hussain Qureshi	5
3.	Mr. Ch. Naseer Ahmad	5
4.	Mr. Syed Hameed-ud-din	6
5.	Mr. Nadeem Abbass	6
6.	Mr. Nafees Iqbal	5
7.	Mr. Abdul Shakoor	6

Leave of absence were granted to the directors who could not attend the board meeting.

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS.

PARTICULARS	2014	2013	2012	2011	2010	2009
PAID UP CAPITAL	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000
FIXED ASSET AT COST	28,796,707	29,920,214	31,124,501	32,418,346	52,283,721	56,328,186
ACCUMULATED DEPRECIATION	24,682,775	23,559,268	22,354,981	21,061,136	101,262,753	97,578,329
CURRENT ASSETS	12,100,021	12,157,555	13,012,597	13,310,322	18,127,296	22,697,697
CURRENT LIABILITIES	63,192,328	62,745,848	63,275,763	62,046,459	86,561,845	94,480,652

SALE	-	-	-	10,500,401	20,391,091	51,563,862
OTHER INCOME	6,382,057	8,282,086	6,272,874	(7,444,020)	2,830,628	2,626,430
PRE TAX PROFIT(LOSS)	(530,212)	(1,211,205)	(2,864,855)	(11,987,208)	1,154,517	(5,131,429)
TAXATION	957,309	793,209	606,019	313,869	403,865	1,104,433

AUDITORS:

The present auditors M/s. Ahmed Mushier & Co. Chartered Accountants retired and being eligible offer themselves as external auditors of the Company for the year 2014-2015.

PATTERN OF SHARE HOLDING:

The pattern of shareholding is annexed to report. The statement is prepared in accordance with the Code of Corporate Governance.

DIVIDEND:

Due to tight liquidity position the board of Directors has decided to pass over the dividend.

CORPORATE GOVERNANCE:

As required by the Code of Corporate Governance (CCG), the Board of Directors hereby declares that:

1. The financial statements for the year ended June 30, 2014 present fair view of state of affairs; the result of its operations, Cash Flows and Changes in equity.
2. The proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2014 and accounting estimates are based on reasonable and prudent judgement.

4. International Accounting Standard (IAS) as applicable in Pakistan have been followed in the preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored
6. There is no doubt about the Company to continue as going concern.
7. There is no material departure from best practices of Corporate Governance as detailed in listing regulations.

LABOUR / MANAGEMENT RELATIONS

Relations between Management and the employees / workers remained cordial throughout the year. The management places on record its appreciation for the dedication and the hard work of the employees for the progress of the company and hope they will continue their cooperation and team spirit for the prosperity of the company.

For and on behalf of the board

Lahore.
Date: 01 October, 2014

(Zulfiqar Ali)
Chief Executive

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE TO THE MEMBERS

This statement is being presented to comply with the code of Corporate Governance contained in the Listing Regulation # 35 of the Karachi Stock Exchange Ltd; for the purpose of establishing a frame work of good Governance, whereby a listed Company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the CCG in the following manners.

1. The Company encourages representation of independent Non-Executive Directors, Directors representing minority interest on its board of Directors and present board includes two non-executive Directors. The Compliance regarding independent Director will be made in the next election of the board of Directors
2. The Directors has confirmed that none of them is serving as a Director in more than seven listed Companies, including this Company
3. All the resident Directors of the Company are registered as tax payers and non of them has defaulted in payment of any bank loan or DFI or an INBFI or not being a member of Exchange has been declared as a defaulted by the Exchange(s).
4. The Company has prepared the Statement of ethics and business practices to establish a standard of conduct and ensured that appropriate steps have been taken to disseminate it through out the Company. Which has been signed by the Directors and employees of the Company.
5. The board has developed a mission statement overall Corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved has been maintained.
6. All the powers of the board have been duly exercised and the board has taken decisions on material transactions including appointment & determination remuneration and terms & conditions of employment of CEO and other Executive Directors have been taken by the Board / Shareholders.
7. The meetings of the board were presided over by the chairman and in his absence by a director elected by the board for this purpose and the board meeting met at least once in every quarter. Written notice of the board meeting along with agenda and working papers were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
8. The board of Directors of the Company are aware of their responsibility and fully conversant with the provisions of Companies Ordinance, 1984 and all other business and regulatory laws and the provisions of the Memorandum & Articles of the Association required for managing the affairs of the Company on behalf of the shareholders.
9. The board has approved the appointment of CFO, Company Secretary and head of internal audit including their remuneration and terms & conditions of employment as determined by the Chief Executive Officer.
10. The directors report for this year has been prepared in compliance with requirement of the code and fully describes all the matters required to be disclosed.
11. The financial statement of the company were duly endorsed by CEO and CFO before approval of the board.
12. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding .

13. The Company has complied with all the corporate and financial reporting requirements of the CCG.
14. The board has formed an audit committee comprising three members out of which two members are non-executive directors and chairman committee is an executive director.
15. The meeting of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The term of reference of the Committee have been formed and advised to the Committee for Compliance.
16. The board has setup an internal audit function the audit staff is suitably qualified and experienced for the said purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the institute of Chartered Accountants of Pakistan, 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) Guidance on code of ethics as adopted by institute of Chartered Accountants of Pakistan.
18. 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 regards.
19. The board has formed an HR and remuneration Committee; it comprises of three members, of whom two are non-executive Directors and Chairman of the Committee is executive Directors.
20. The closed period, prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Companys securities, was determined and intimated to Directors, employees & Stock Exchange(s).
21. Material / price sensitive information has been disseminates among all market participants at once through Stock Exchange(s).
22. We confirm that all other material principles contained in the code have been Complied with.

For and on behalf of the board

Lahore.
Date:01 October, 2014

(Zulfiqar Ali)
Chief Executive

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

We have reviewed the enclosed statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of **MUBARAK TEXTILE MILLS LIMITED** for the year ended June 30, 2014 to comply with the requirement of listing regulation no. 35 of the Karachi and Lahore Stock Exchanges where the company is listed.

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

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

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

Based on our review, except for our reservation detailed in our report on the company's financial statements for the year ended June 30, 2014, nothing has come to our attention which causes us to believe that the statement of Compliance does not appropriately reflect the status of 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, 2014.

Lahore.

Dated:1st October 2014

**AHMED MUSHIR & CO.,
CHARTERED ACCOUNTANTS**

**ENGAGEMENT PARTNER
SYED AHMED MUSHIR ALI QADRI**

Statements of Ethics & Good Business Practices

1. Companies' Interest & loyalty
2. Contribution to society & Human Well being
3. Avoiding Harm to others
4. Honesty & Trustworthiness
5. Respect the Privacy of others
6. Honor Confidentiality
7. Strive to achieve the Highest Quality, Effectiveness and Dignity in Both Process and Product.
8. Acquire and Maintain professional Competence
9. Know and respect laws pertaining to professional work
10. Accept and provide appropriate professional review

AUDITORS' REPORT TO THE MEMBERS

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

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

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

1. We did not received direct balance confirmation from parties, including debtors amounting to Rs.9.903 million, creditors amounting to Rs. 28.621 million and advance payments, representing credit balances of debtors amounting to Rs.1.150 million. The company has not performed any age analysis of debtors. Moreover, the company has not complied with the requirement of IFRS -7 with respect to debtors past due but not impaired.
2. The actuarial valuation of gratuity obligation payable to the employees as on 30 June 2014 and 30 June 2013, was not carried out (refer to note 13 of the financial statement), neither any provision was made for existing employees. Had the company provided for such provision on approximate basis the liability would have been Rs. 602,000/-. Due to the said reason we were unable to express our opinion on the adequacy of the said liability as at 30 June 2014 and 30 June 2013.
3. The financial statements of the company have been prepared assuming that company will continue as a going concern as explained in note 2.1 to the accounts. The company has suffered a Loss of Rs. 1.487 Million during the year ended June 30, 2014, however as of that date the company's current liabilities exceed its current assets by Rs. 51.092 million. In our opinion these factors raise the doubt that the company may not be able to continue as a going concern.

Except for the contents of the preceeding paragraphs from 1 to 3 and the extent to which they affect the annexed financial statements, 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 & 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 because of the matters stated from paragraph 1 to 3, the financial statements do not give a true and fair view of the financial position of the company and of its financial performance and of the loss, its cash flows and statement of changes in equity together with notes forming part thereof for the year ended 30th June 2014 in accordance with the approved accounting standards in Pakistan, and the information required by the Companies Ordinance 1984.
- d) In our opinion no Zakat was deductible at source under the Zakat and ushr Ordinance, 1980 (XVIII of 1980).

Lahore.

Dated: 1st October 2014

AHMED MUSHIR & CO.,
CHARTERED ACCOUNTANTS

ENGAGEMENT PARTNER
SYED AHMED MUSHIR ALI QADRI

BALANCE SHEET AS AT JUNE 30, 2014

	NOTE	2014 Rupees	2013 Rupees
NON CURRENT ASSETS			
Property, Plant and Equipment - Operating	3	28,796,707	29,920,214
Long Term Deposits	4	954,408	954,408
CURRENT ASSETS			
Trade debtors	5	9,902,861	9,995,161
Loans and advances	6	212,116	210,410
Deposits and prepayments	7	305,852	119,360
Tax refunds due from the Government	8	1,636,039	1,636,039
Cash & bank balances	9	43,153	196,585
		12,100,021	12,157,555
		<u>41,851,136</u>	<u>43,032,177</u>
EQUITY & LIABILITIES			
CAPITAL & RESERVES			
Share Capital	10	54,000,000	54,000,000
Unappropriated loss		(94,879,724)	(93,523,135)
Shareholders Equity		(40,879,724)	(39,523,135)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	11	7,939,594	8,070,526
NON CURRENT LIABILITIES			
Long Term Loan	12	11,598,938	11,738,938
DEFERRED LIABILITIES			
	13	-	-
CURRENT LIABILITIES			
Short term borrowings	14	28,773,941	28,784,099
Interest and mark up accrued on loans	15	405,468	310,352
Trade and other payables	16	33,055,610	32,858,188
Provision for taxation	17	957,309	793,209
		63,192,328	62,745,848
		<u>41,851,136</u>	<u>43,032,177</u>

The annexed notes form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

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

	Note	2014 Rupees	2013 Rupees
Sales / Processing receipts	18	-	-
Cost of Goods sold	19	<u>1,046,082</u>	<u>1,107,505</u>
Gross Profit / (Loss)		(1,046,082)	(1,107,505)
OPERATING EXPENSES			
Administrative	20	<u>2,993,584</u>	<u>4,589,536</u>
Operating Profit / (Loss)		(4,039,666)	(5,697,041)
Other operating income	21	<u>6,382,057</u>	<u>8,282,086</u>
		2,342,391	2,585,045
Finance cost	22	<u>2,872,603</u>	<u>3,796,250</u>
Net Profit / (Loss) for the year before taxation		(530,212)	(1,211,205)
Taxation	23	<u>957,309</u>	<u>793,209</u>
Net Profit / (Loss) for the year after taxation		<u>(1,487,521)</u>	<u>(2,004,414)</u>
BASIC EARNING / (LOSS) PER SHARE	24	<u>(0.28)</u>	<u>(0.37)</u>

The annexed notes form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
Profit / (Loss) for the year		(1,487,521)	(2,004,414)
Other Comprehensive Income:			
Incremental depreciation transferred from revaluation surplus	11	130,932	137,824
Total Comprehensive Income/ (Loss)		<u><u>(1,356,589)</u></u>	<u><u>(1,866,590)</u></u>

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 RUPEES	2013 RUPEES
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES			
Cash generated / (used) from operation	25	3,753,914	4,232,991
Gratuity paid		-	-
Taxes paid		(979,701)	(590,340)
Finance cost		(2,777,487)	(3,932,951)
Net cash inflow/(outflow) from operating activities		(3,274)	(290,300)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES			
		-	-
CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES			
Long term loan		(140,000)	475,000
Lease finance		-	-
Net cash (outflow) / inflow from financing activities		(140,000)	475,000
Net increase/(decrease) in cash & cash equivalents		(143,274)	184,700
Cash & cash equivalents as at July 01, 2013		(28,587,514)	(28,772,214)
Cash & cash equivalents as at June 30, 2014	26	(28,730,788)	(28,587,514)

The annexed notes form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

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

	PAID UP CAPITAL	RESERVES	ACCUMULATED (LOSS)	TOTAL
	(R U P E E S)			
Balance as at July 01, 2012	54,000,000	-	(91,656,545)	(37,656,545)
Total Comprehensive Income for the year ended June 30, 2013		-	(1,866,590)	(1,866,590)
Balances as at June 30, 2013	54,000,000	-	(93,523,135)	(39,523,135)
Total Comprehensive Income for the year ended June 30, 2014			(1,356,589)	(1,356,589)
	54,000,000	-	(94,879,724)	(40,879,724)

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1 THE COMPANY AND ITS OPERATIONS:

Mubarak Textile Mills Limited (the company) was incorporated on 11th August, 1991 as a Private Limited Company and was subsequently converted into a Public Limited Company with its shares quoted in Pakistan on the Karachi and Lahore Stock Exchanges. The registered office of the company is situated at 20 k.m off Ferozepur Road, Lahore. The Project is a composite Knitwear unit comprising of Knitting, Dying, Finishing, Embroidery & stitching. Presently the company is involved in Processing of dyed Fabrics. The Mill is located at 20 k.m off Ferozepur Road, in district Lahore in the province of the Punjab.

2 SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF COMPLIANCE

2.1 Basis of accounting:

The company has suffered a loss of Rs1.487 million during the year its accumulated losses as at June 30, 2013 were Rs. 2.004 million. As of this date, the company's current liabilities exceeded its current assets by Rs. 51.092 million. These factors raise substantial doubts that company will be able to continue as a going concern and therefore may be unable to realize its assets or discharge its liabilities in the normal course of business.

The management has planned to enter in trading business in the near future, however to sustain the current working capital requirements the management has leased out its property (building).

These financial statements have been prepared on a going concern basis on the assumption that company would be able to obtain the working capital from the sources referred above.

These financial statements do not include adjustments relating to recoverability and classification of recorded assets amount and classification of liabilities that may be necessary to continue as a going concern.

2.2 Statement of compliance:

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan except for the contents of note 13 and the requirement of the Companies Ordinance, 1984 (the ordinance). Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the provision of the Ordinance and the directives issued by Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Companies Ordinance 1984 or the said directives take precedence. The principle accounting policies adopted, remained unchanged from the corresponding year.

New Standards, amendments to approved accounting standards and new interpretations

New amendments to approved accounting standards and interpretation which became effective during the year ended June 30, 2014

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

New standard, amendments to approved accounting standards and new interpretation that is not yet effective and has not been early adopted by the company:

There are certain amendments to the approved accounting standards and a new Interpretation issued by the international Financial Reporting Interpretation Committee (IFRIC) which will be effective after July 1, 2013 but are considered not to be relevant or are expected to have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

2.3 Accounting convention

These financial statements have been prepared under the Historical Cost Convention and modified by revaluation of land, building and plant and machinery during the year ended 30th September, 1996 and subsequently during financial year ending September 30, 2003.

2.4 FINANCIAL INSTRUMENTS AND MEASUREMENT

Financial assets

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

a) Financial assets at fair value through profit or loss:

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

b) Loans and receivables:

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non current assets. Loan and receivables are classified as trade debts, loan and advances, deposits in the balance sheet.

c) Available-for-sale financial assets:

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

d) Held to Maturity:

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity and are carried at amortised cost.

All financial assets are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction cost for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

The fair value of quoted investments are based on current prices. If the market for the financial asset is not active (and for unlisted securities) the company measures the investment at cost less impairment in value if any. Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using effective interest rate method.

Financial assets are derecognised when the right to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities

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

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

Derivative financial instruments

These are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Off - Setting

A financial asset and financial liabilities of a particular party is offset against each other and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off the recognised amount and also intends either to settle on a net basis or realise the asset and settle the liabilities simultaneously.

2.5 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognised.

2.6 Staff Retirement Benefits

The company operates an un-funded Gratuity Scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision for gratuity is made annually to cover obligation under the scheme. In accordance with the actuarial recommendations, liability is provided annually on the basis of last drawn salary, length of service of the employee.

2.7 Property, Plant and Equipment

Property, Plant and Equipments are stated at cost or revaluation less accumulated depreciation except freehold land which is stated at cost or revaluation. Surplus arising out of revaluation of Property, Plant and Equipment is directly transferred to "Surplus on Revaluation of Property, Plant and Equipment".

Depreciation is charged to income applying the reducing balance method at the rates specified in note 3. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain and losses on disposal of assets is taken to profit and loss account.

2.8 Assets subject to finance lease

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance lease balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Finance cost are charged to the Profit and Loss Account over the lease period. Property, plant and equipment acquired under finance leases are depreciated at the rates stated in note 3.

2.9 Taxation**2.9.1 Current**

Provision for current taxation is based on the taxable income at the current rates of taxation (it may be pointed out that the taxable income falls under the presumptive tax regime) after taking into account tax credits and tax rebates available, if any.

2.10 Store and spares

These are valued at moving average cost.

2.11 Provisions

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

2.12 Cash and cash equivalent

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand with banks and short term borrowings.

2.13 Revenue recognition

Local sales are recorded on dispatch of goods to the customers.

Export sales are accounted for on shipment basis and exchange difference if any on account of export proceeds are adjusted in the period of realization. Export bills receivable at the balance sheet date are accounted for at the value realised subsequently.

Processing charges are booked on completion of jobs.

2.14 Foreign Currency translation

Transactions in foreign currencies are translated into Pak rupees at the rates of the exchange approximately those prevailing on the date of transactions. Monetary assets and liabilities at rates of exchange ruling on the balance sheet date. Exchange differences are included in profit and loss account currently.

2.15 Borrowing Cost

Borrowing cost related to the financing of major projects is capitalized. All other borrowing costs are expensed as incurred.

2.16 Trade Debtors

Trade debtors originated by the company are recognized and carried at original invoice less any allowance for any uncollectible amounts. Known bad debts, if any, are written-off and provision is made against debts considered doubtful.

2.17 Contingencies and commitments

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the accounts.

2.18 Trade and other payables

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

3- PROPERTY, PLANT AND EQUIPMENT

- Operating

Particulars	COST / REVALUATION				DEPRECIATION					W.D.V. As at June 30, 2014	
	As at July 01, 2013	Additions / Transfer	Deletions	As at June 30, 2014	Rate %	As at July 01, 2013	Deletion/ Adjustment	Transfer	Charged for the year		To June 30, 2014
OWNED:											
Land - freehold	9,700,000	-	-	9,700,000	-	-	-	-	-	-	9,700,000
Building on freehold land	37,976,096	-	-	37,976,096	5	19,231,554	-	-	937,227	20,168,781	17,807,315
Electric installations	3,656,657	-	-	3,656,657	10	3,020,839	-	-	63,582	3,084,421	572,236
Fire fighting equipments	102,220	-	-	102,220	10	86,130	-	-	1,609	87,739	14,481
Tube well	399,050	-	-	399,050	10	237,477	-	-	16,157	253,634	145,416
Sui gas installation	947,099	-	-	947,099	10	672,034	-	-	27,507	699,541	247,558
Vehicles	698,360	-	-	698,360	20	311,234	-	-	77,425	388,659	309,701
2014 Rupees	53,479,482	-	-	53,479,482		23,559,268	-	-	1,123,507	24,682,775	28,796,707
2013 Rupees	53,479,482	-	-	53,479,482		22,354,981	-	-	1,204,287	23,559,268	29,920,214

3.1 Depreciation charged for the year has been allocated as follows:

	2014 Rupees	2013 Rupees
Cost of goods sold	1,046,082	1,107,505
Administrative	77,425	96,782
	1,123,507	1,204,287

3.2 Had There been no revaluation of Property, Plant and Equipment the cost would have been Rs. 71,483,207/- (2013: 71,483,207/-) as referred in note 11.2

	2014 Rupees	2013 Rupees
4 LONG TERM DEPOSITS		
Comprise of securities/deposits in respect of:		
Telephone	31,000	31,000
Electricity	167,880	167,880
Gas cylinder	721,700	721,700
Other	33,828	33,828
	<u>954,408</u>	<u>954,408</u>
5 TRADE DEBTORS		
Un Secured - Considered Good	<u>9,902,861</u>	<u>9,995,161</u>
<p>These are related to local sales and processing receipts and are unsecured but considered good by the management. However it shall be noted that the company has not maintained any aging for the debtors past due but not impaired as per IFRS - 7 Financial Instruments: Disclosures. Moreover no impairment of receivables was charged during the year.</p>		
6 LOANS AND ADVANCES		
Advance to:		
Employees - Considered Good	212,116	210,410
	<u>212,116</u>	<u>210,410</u>
7 DEPOSITS AND PREPAYMENTS		
Advance income tax	305,852	119,360
	<u>305,852</u>	<u>119,360</u>
8 TAX REFUNDS DUE FROM THE GOVERNMENT		
Sales tax refundable	1,531,023	1,531,023
Income tax refundable	105,016	105,016
	<u>1,636,039</u>	<u>1,636,039</u>
9 CASH AND BANK BALANCES		
In hand	5,899	122,421
Cash with banks		
On current accounts	37,254	74,164
	<u>43,153</u>	<u>196,585</u>
10 SHARE CAPITAL		
Authorized		
8,000,000 (2013: 8,000,000) Ordinary shares of Rs. 10 each	<u>80,000,000</u>	<u>80,000,000</u>
Issued subscribed and paid up		
5,400,000 (2013: 5,400,000) Ordinary shares of Rs. 10 each		
Issue for cash	<u>54,000,000</u>	<u>54,000,000</u>

11 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	2014 Rupees	2013 Rupees
Revaluation of Property, Plant and Equipment on 30 th September, 1996 has been carried out by independent valuers Messrs Tracom (Pvt) Ltd registered surveyors and valuation consultants on the basis of prevailing market value and replacement value in respect of land, building and plant and machinery respectively and further verified by M/s Yousaf Adil & Co. Chartered Accountants and later on revaluation was again carried out by independent valuers M/s Hamid Mukhtar & Co (Pvt) Ltd. on June 20, 2003 on the basis of market value and further verified by the same auditors.		
Surplus on revaluation of Property, Plant and Equipment		
Less:		
Incremental depreciation upto Sep 30, 2002 transferred to statement of comprehensive income	8,070,526	8,208,350
Incremental depreciation for the year transferred to statement of comprehensive income	Note.11.1 (130,932)	(137,824)
	<u>7,939,594</u>	<u>8,070,526</u>

11.1 Surplus on revaluation of operating Property, Plant and Equipment to the extent of depreciation charged on appreciated value of corresponding operating Property, Plant and Equipment has been transferred to statement of comprehensive income.

11.2 Effect of revaluation of Property, Plant and Equipment

Particulars	Original cost of Revalued Assets	Written Down Value At the time of Revaluation	Assessed value	Revaluation Surplus	Effect of Revaluation Conducted As Per Circular-29 dt. 15.10.2002 on June 20, 2003	Net Effect of Revaluation
	A	B	C	D=C-B	E	F=D+E
Land	4,248,120	4,248,120	10,749,000	6,500,880	(1,049,000)	5,451,880
Building	15,766,650	13,585,266	20,657,000	7,071,734	(621,636)	6,450,098
Plant and Machinery	51,468,437	36,989,607	88,482,000	51,492,393	(6,583,404)	44,908,989
Vehicles	-	-	-	-	278,567	278,567
	71,483,207	54,822,993	119,888,000	65,065,007	(7,975,473)	57,089,534
Less: Charged to Profit & Loss on Destruction of Plant & Machinery	-	-	4,249,459	4,249,459	-	4,249,459
	71,483,207	54,822,993	115,638,541	60,815,548	(7,975,473)	52,840,075

Less: Incremental depreciation transferred to statement of comprehensive income upto 30.06.2013.

44,769,549
8,070,526

Less: Incremental depreciation transferred to statement of comprehensive income for the year 30-06-14

130,932

7,939,594

12 LONG TERM LOANS
Un secured

Sponsor

11,598,938	11,738,938
<u>11,598,938</u>	<u>11,738,938</u>

12.1 Term of these interest free loans have not yet been settled. These loans, however, are being considered by the company's management as long term. As the repayment terms of loans have not been finalized. Amortized cost of these loans as required by IAS-39(Financial Instruments Recognition and Measurement) cannot be calculated with sufficient reliability.

13. Deferred Liabilities	2014	2013
Staff Gratuity	Rupees	Rupees
Balance as at July 01, 2013	-	-
	<u>-</u>	<u>-</u>
	-	-
	<u>-</u>	<u>-</u>
Less: Benefits paid during the year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
13.1 The company has not charged any provision with respect to gratuity payable. The liability on approximate basis would have been Rs. 602,000/- had the company provided for such provision. Further the company had not provided for any provision for gratuity for existing employees.		
14. SHORT TERM BORROWINGS		
Secured		
Faysal Bank Limited, Multan		
Running Finance	note - 14.1	28,784,099
	<u>28,773,941</u>	<u>28,784,099</u>
	<u>28,773,941</u>	<u>28,784,099</u>
14.1		
(a) This Short Term finance facility was obtained from The Faysal Bank Limited (formerly RBS - Royal Bank Of Scotland, Multan) against sanctioned limit of Rs. 28.800 million (2013: Rs.28.800 M). It carries mark up at the rate 2% above deposit rate . During the year mark up rate was charged ranging from 10.68% to 13.16% per annum.		
Security		
This is secured against deposit under lein of PKR 28.800 million and personnel guarantees of the directors of the company.		
15 INTEREST AND MARK UP ACCRUED ON LOANS		
Mark up accrued on short term finances - secured	<u>405,468</u>	<u>310,352</u>
16 TRADE AND OTHER PAYABLES		
Trade creditors	28,621,037	28,754,159
Advance Payment	1,150,000	1,154,888
Accrued expenses	634,855	153,030
Tax deducted at source	822,616	822,616
Unclaimed dividend	103,962	103,962
Other Liabilities	1,723,140	1,869,533
	<u>33,055,610</u>	<u>32,858,188</u>
17 PROVISION FOR TAXATION		
Opening balance	793,209	592,287
Add: Provision for the year	957,309	793,209
	<u>1,750,518</u>	<u>1,385,496</u>
Less: Paid during the year	-	-
Adjusted during the year against the assessment completed	793,209	592,287
	<u>957,309</u>	<u>793,209</u>
17.1 Income/ Loss declared by the company for the financial year ending 30 June, 2013 (tax year 2013) have been deemed to be assessed as declared as per section 120 of the Income Tax Ordinance, 2001.		
17.2 The company will submit the Income Tax Return for tax year 2014 on or before 31 December 2014. However on the basis of last submitted return, the income of the company is classified under presumptive tax regime and thus the company was not required to provide for deffered taxation as there was no timing difference.		
18 SALES / PROCESSING RECEIPTS		
Processing receipts	-	-
19 COST OF GOODS SOLD		
Depreciation	(Note 3.1)	1,107,505
	<u>1,046,082</u>	<u>1,107,505</u>
	<u>1,046,082</u>	<u>1,107,505</u>

	2014 Rupees	2013 Rupees
20 Administrative expenses		
Salaries and benefits	2,018,869	2,968,400
Traveling and conveyance	49,880	159,367
Vehicle running and maintenance	-	315,121
Communication expenses	96,671	108,692
Printing & stationery	62,493	25,872
Rent, rates and taxes	42,275	43,447
Fee and subscription	189,915	133,250
Entertainment	12,406	26,795
Repair & maintenance	-	255,508
Auditors' remuneration (Note 20.1)	187,500	187,500
Advertisement & Publicity	51,350	90,045
Legal & professional charges	78,192	48,192
Power and fuel	123,188	94,507
Depreciation (Note 3.1)	77,425	96,782
Miscellaneous	3,420	36,058
	<u>2,993,584</u>	<u>4,589,536</u>
20.1 Auditors' remuneration		
Statutory audit	177,500	177,500
Out of pocket expenses	10,000	10,000
	<u>187,500</u>	<u>187,500</u>
21 OTHER OPERATING INCOME		
Rental Income	<u>6,382,057</u>	8,282,086
	<u>6,382,057</u>	<u>8,282,086</u>
22 FINANCE COST		
Mark up short term running finance-secured	2,870,265	3,793,573
Bank charges	2,338	2,677
	<u>2,872,603</u>	<u>3,796,250</u>
23 TAXATION		
This relates to:		
Current year	957,309	793,209
Prior year	-	-
	<u>957,309</u>	<u>793,209</u>
24 BASIC EARNING / (LOSS) PER SHARE		
Profit / (Loss) after Taxation attributable to ordinary shareholders	<u>(1,487,521)</u>	<u>(2,004,414)</u>
	Number of shares	
No. of ordinary shares issued and subscribed at the end of the year	<u>5,400,000</u>	<u>5,400,000</u>
	R u p e e s	
Earning / (Loss) per share	<u>(0.28)</u>	<u>(0.37)</u>
24.1 There is no dilutive effect on the basic earning/ (Loss) per share.		

		2014 Rupees	2013 Rupees
25 CASH GENERATED FROM OPERATIONS			
profit /(loss) before taxation		(530,212)	(1,211,205)
Adjustment for non cash charges and Other items:			
Depreciation	(Note 3)	1,123,507	1,204,287
Finance cost		2,872,603	3,796,250
		3,996,110	5,000,537
Working capital changes	(Note 25.1)	288,016	443,659
		3,753,914	4,232,991
25.1 WORKING CAPITAL CHANGES			
(increase) / decrease in current assets			
Trade debtors		92,300	1,055,087
Loans and advances		(1,706)	(33,160)
		90,594	1,021,927
Increase/ (decrease) in current liabilities			
Trade and other payables		197,422	(578,268)
		288,016	443,659
26 CASH AND CASH EQUIVALENTS			
Cash and bank balances		43,153	196,585
Short term borrowings		(28,773,941)	(28,784,099)
		(28,730,788)	(28,587,514)

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial assets and liabilities

2014					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial assets					
Long term deposits	-	-	-	954,408	954,408
Trade debtors	-	-	9,902,861	-	9,902,861
Loans and advances	-	-	212,116	-	212,116
Deposits and prepayments	-	-	305,852	-	305,852
Other receivables	-	-	-	-	-
Cash and bank balance	-	-	43,153	-	43,153
2014 Rupees	-	-	10,463,982	954,408	11,418,390

2013					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial assets					
Long term deposits	-	-	-	954,408	954,408
Trade debtors	-	-	9,995,161	-	9,995,161
Loans and advances	-	-	210,410	-	210,410
Deposits and prepayments	-	-	119,360	-	119,360
Other receivables	-	-	-	-	-
Cash and bank balance	-	-	196,585	-	196,585
2013 Rupees	-	-	10,521,516	954,408	11,475,924

2014					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial Liabilities					
Long term loans	-	-	-	11,598,938	11,598,938
Short term borrowings	10.68% to 13.16%	28,773,941	-	-	28,773,941
Interest and mark up accrued on loans	-	-	405,468	-	405,468
Trade and other payables	-	-	32,232,994	-	32,232,994
2014 Rupees		28,773,941	32,638,462	11,598,938	73,011,341

2013					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial Liabilities					
Long term loans	-	-	-	11,738,938	11,738,938
Short term borrowings	11.16% to 13.16%	28,784,099	-	-	28,784,099
Interest and mark up accrued on loans	-	-	310,352	-	310,352
Trade and other payables	-	-	32,035,572	-	32,035,572
2013 Rupees		28,784,099	32,345,924	11,738,938	72,868,961

2014					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Off Balance Items					
Guarantees					

2013					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Off Balance Items					
Guarantees					

27.1 FOREIGN EXCHANGE RISK MANAGEMENT

The Company is exposed to foreign exchange risk arising from various currency exposures. Company uses forward exchange contracts, to hedge their exposure to foreign currency risk in the local reporting currency. For financial reporting purposes, Company designates contracts with Company's bankers as fair value hedges or cash flow hedges, as appropriate.

(a) Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the company applies approved credit limits to its customers.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	June 30, 2014	June 30, 2013
Long term deposits	954,408	954,408
Trade debtors	9,902,861	9,995,161
Deposits and prepayments	305,852	119,360
Cash and bank balances	43,153	196,585

(b) Interest / Mark up rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company is exposed to interest rate risk for loans obtained from the financial institutions.

(c) Capital Management:

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves.

(d) Foreign currency risk

Foreign currency risk may arise against receivable export sale to foreign undertakings, but the company is not exposed to major currency risk.

(e) Liquidity risk

Liquidity risk reflects company's inability in raising funds to meet commitments. The management closely monitors company's liquidity and cash flow position to ensure adequate liquidity and manage the assets keeping in view the liquidity position.

27.2 Fair value of assets and liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximated their fair value.

28 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for the year for remuneration, including certain benefits to the chief executive and executive of the company is as follows;

Description	2014		2013	
	Chief	Executives	Chief	Executives
	Executive		Executive	
Basic salary	-	-	-	-
House rent	-	-	-	-
Other allowances	-	-	-	-
	-	-	-	-
No. of persons	1	-	1	-

28.1 The chief Executive and Director are also provided with free use of cellular phone.

2014
Rupees

2013
Rupees

29 TRANSACTIONS WITH RELATED PARTIES

- -

30 RATED CAPACITY AND ACTUAL PRODUCTION

The rated capacity and capacity attained was not disclosed as all the plant and machinery were disposed off by the company during the preceeding financial year.

31 NUMBER OF EMPLOYEES

2014

2013

The no. of employees as at June 30, 2014

11

12

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 1st October, 2014 by the Board of Directors of the company.

33 FIGURES

- in the accounts have been rounded off to the nearest rupee.

- the figures have been rearranged for comparison purpose as follows:

(i) The figures of Power & Fuel amounting to Rs.123,188 (Rs.94,507: 2013) has been reclassified in administrative expense (Note # 20)

(ii) The total of cost of sale for preceeding year is now Rs.1,107,505 as presented last year Rs.1,202,012 due to rearrangement (Note # 19).

(ii) The total of administrative expense is Rs.2,993,584 as compared to last year Rs.4,589,536 due to such rearrangement.(Note # 20)

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

Form 34
(Section 236)
Pattern of Holding of Shareholders
As on June 30th, 2014

Number of shareholders	Shareholdings From	To To	Total Number of Shares Held	Percentage of Total Capital
52	1	100	1,452	0.03
473	101	500	232,944	4.31
32	501	1000	31,600	0.59
57	1001	5000	161,500	2.99
7	5001	10000	49,600	0.92
7	10001	15000	84,000	1.56
2	15001	20000	32,404	0.60
1	20001	25000	22,000	0.41
2	25001	30000	56,000	1.04
1	30001	35000	35,000	0.65
1	65001	70000	66,000	1.22
1	80001	85000	81,000	1.50
1	100001	105000	100,500	1.86
1	110001	115000	114,000	2.11
1	405001	410000	409,000	7.57
1	3920001	3925000	3,923,000	72.65
640			5,400,000	100.00

Sr.#	Name	No of Shareholders	Shares Held	Percentage of Capital
1.	Directors, Chief Executive Officer, and their spouse and minor children	7	5,000	0.0926
2.	General Public (Local)	629	5,311,000	98.3519
3.	Others	4	84,000	1.5556
	Total	640	5,400,000	100.0000

PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

Sr.#	Name	Shares Held	Percentage of Capital
Directors, Chief Executive Officer, and their spouse and minor children			
1	MR. ZULFIQAR ALI	1,000	0.0185
2	CH. NASEER AHMED	1,000	0.0185
3	SYED HAMEED -UD-DIN	500	0.0093
4	MR. IMTIAZ HUSSAIN QURESHI	500	0.0093
5	MR. NADEEM ABBAS	500	0.0093
6	MR. NAFEES IQBAL	500	0.0093
7	MR. ABDUL SHAKOOR	1,000	0.0185
Running Total of: Directors, Chief Executive Officer, and their spouse and minor children		5,000	0.0926
Banks Developments Financial Institutions, Non Banking Financial Institutions			
1	TIME SECURITIES (PVT.) LTD.	10,500	0.1944
2	HUSSAIN MILLS LIMITED	66,000	1.2222
3	Y.S. SECURITIES & SERVICES (PVT) LTD.	1,000	0.0185
4	CAPITAL VISION SECURITIES PVT LIMITED	6,500	0.1204
Running Total of: Banks Developments Financial Institutions, Non Banking Financial Institutions		84,000	1.5556
General Public (Local)		5,311,000	98.3519
GRAND TOTAL		5,400,000	100.0000
Shareholders having more than 5% Shares			
1	Rehan Ahmed	3,923,000	72.65
2	Muzaffar Ahmed	409,000	7.57
TOTAL		4,332,000	80.22

FORM OF PROXY

Please quote Reg. folio Number

I/We _____

of _____

Being a Member of Mubarak Textile Mills Limited, Hereby appoint

_____ (NAME)

_____ another Member of the Company or failing

_____ (NAME)

of _____

(Being a Member of the Company) as my / our Proxy to attend, act and vote for me / us and on my / our behalf, at the 23rd Annual General Meeting of the Company to be held on Friday, 31st October, 2014 at 20-km, Off Ferozpur Road, Lahore, at 11.00 a.m. and at any adjournment thereof.

as witness my hand this _____ Day of _____ 2014

Member's signature

Member's signature

Affix Revenue
Stamps of
appropriate Value

Note:

1. This form proxy duly completed must be deposited at the Company's Registered office not less than 48 hours before the time of meeting.
2. CDC Shareholders and their Proxies must attach an attested photo copy of their Computerised National Identity Card with this proxy form.

