CONTENTS

TAHA SPINNING MILLS LIMITED
COMPANY INFORMATION

Board of Directors	Mr. Ashfaq Ahmed	Chief Executive
	Mr. Saqib Ashfaq	Non Executive Director
	Mr. Amir Ashfaq	Executive Director
	Mr. Niaz Mohammad	Independent
	Mr. Mohammad Azam	Non Executive
	Mr. Qamar Iqbal	Non Executive
	Mr.Saleem Abbas	Non Executive
Audit Committee	Mr.Niaz Mohammad =	Chairman
	Mr.Mohammad Azam	
	Mr. Qamar Iqbal	
Human Resource & Remuneration Committee	Mr.Amir Ashfaq	Chairman
	Mr.Qamar Iqbal	
	Mr.Saleem Abbas	
Chief Financial Officer	Mr. Shakeel Akhtar	
Company Secretary	Mr. Muhammad Sarfraz	
Auditors	Naveed Zafar Ashfaq Jaffery & Co Chartered Accountants 1st floor, Modern House Beamount Road Karachi.	
Bankers	Habib Bank Limited Askari Bank Limited National Bank of Pakistan	
Legal Advisor	Farooq Rashid & Co Advocates and Corporate Consultants 403 Commerce Centre Hasrat Mohani Road Karachi-74200	
Share Registrar and Transfer Office	Najeeb Consultants (Pvt)Ltd 405-Commerce Centre, Hasrat Mohani Road, Karachi	
Registered Office	406-Commerce Centre, Hasrat Mohani Road, Karachi Karachi 74200	

TAHA SPINNING MILLS LIMITED

VISION STATEMENT

The company is committed to remain abreast with the modern textile machinery in slow and steady steps. The primary vision is to reestablish the company and its manufacturing unit and produce quality yarn for its customers in local and International market.

MISSION STATEMENT

The company has taken on a mission to reestablish itself with modern technology of Textile machinery, improve its profitability and meet its financial commitments and give a fair return to its shareholders while complying with the best practices of Corporate Governance.

TAHA SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of the shareholders of Taha Spinning Mills Limited will be held on Wednesday, 29th October, 2014 at 9.30 a.m at its registered office at 406-Commerce Centre, Hasrat Mohani Road, Karachi to consider the following business:

1. To confirm the minutes of Annual General Meeting held on 26th October.2013

2. To receive, consider and adopt the report of Directors, Auditors and the Audited Accounts of the company for the year ended June 30, 2014.

3. To appoint the Auditors for the year ending 30.6.2015 and fix their remuneration. The retiring auditors M/s. Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants being eligible, offers themselves for reappointment.

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

By order of the Board

Company Secretary

Karachi: October 3, 2014

Notes:

1. The share transfer books of the company will remain closed from 23rd October, 2014 to 29th October, 2014 (both days inclusive)
2. A member entitled to attend and vote at this meeting may appoint to a member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the company at the registered office not less than 48 hours before the meeting.
3. Any individual, beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her original NIC or Passport, Account No. and participant's I.D number, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her NIC or Passport.
4. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of nominee/proxy shall be required.
5. Shareholders are requested to notify any change in their address immediately.

TAHA SPINNING MILLS LIMITED
DIRECTORS' REPORT TO THE SHARE HOLDERS

The directors of your company are pleased to place their report together with the auditors report and audited financial statements of the company for the year ended June 30, 2014 before the 24th Annual General Meeting.

AN OVERVIEW

Condition of the textile industry in the country is not good due to heavy load shedding of electric and gas. High inflation rate in the country is another major factor of concern. Cost of production is increasing day by day due to high inflation. Inflation and law and order situation is also affecting the competitiveness of textile products in the local and international market.

CURRENT AND FUTURE OUTLOOK

The major issue being faced by the industry is load shedding of electricity and gas in industrial sector, high rate of mark-up, rapid increase in fuel prices is the main cause of increase of cost of production. These issues need the attention of the government for revival of the industry.

Mounting pressure from the creditors and court cases forced the management to sell the fixed assets of the company and pay off its liabilities in an orderly manner. Management has sold out the entire fixed assets during the report financial year and settled the liabilities of all the financial institutions and creditors. Management is looking forward to set up a small spinning unit in the area where basic industrial facilities are available. In the meantime management is negotiating with the banks and financial institutions to finance the proposed project. Management is facing difficulties due to past bad experience of litigation with banks. Available funds in hand are very meager for any future business plan. All future business plans depends on the financial assistance of financial institutions for which management is trying hard. Pending negotiation with financial institutions, management has decided to look other investment opportunities or merger with similar object company in the best interest of the company and its shareholders.

OPERATING RESULTS

Due to sale of entire undertaking of the company, there is no trading activity during the period. Operating results for the year are as under:

	30 June 2014 Rupees	**30 June 2013 Rupees**
Sales – Net	-	-
Net (Loss) /Profit before tax	**72,738,395**	**(30,128,400)**
Taxation	**(57,832)**	-
Profit/ (loss) after tax	**72,681,112**	**(30,128,400)**
	=========	=========
Earning / (loss)per share.	**17.95**	**(7.44)**

FINANCE COST

Since the settlement of liabilities of the banks there is no borrowing cost during the year.

TAXATION

Income tax returns are all upto date. Returns for the year are deemed to be accepted as filed.

DIVIDEND

Due to adverse financial condition of the company, board is not recommending any dividend.

OUTSTANDING STATUTORY PAYMENTS:

There are no overdue statutory payments.

RELATED PARTIES

It is the policy of the management to ensure that all transaction entered with related parties must be at arm's length basis. Relevant rates are to be determined as per the comparable un-controlled price method.

ENVIRONMENT, HEALTH, SAFETY AND SOCIAL ACTIONS

Management provides and maintains, reasonably practicable, systems and working conditions which are safe and without risk to the health of all employees and public.

CHANGES IN THE BOARD OF DIRECTORS

There were two changes in the board of directors during the year.

MEETING OF BOARD OF DIRECTORS

Five board meetings were held during the year and each director attended the following number of meetings.

Directors	No. of meetings
Mr. Ashfaq Ahmed	5
Mr. Saqib Ashfaq	3
Mr. Amir Ashfaq	3
Mr. Niaz Muhammad	5
Mr. Azam Nisar	1
Mr.Qamar Iqbal	1
Mr.Saleem Abbas	5

Leave of absence was granted to the directors who could not attend some of the meetings.

PATTERN OF SHARE HOLDING IS ANNEXED TO THIS REPORT.

There was no trading during the year in the company's share by its CEO, Directors and CFO and their spouse and minor children except by the company secretary to the extent of his shareholding of 1000 shares.

AUDITORS

The present auditors of the company M/s. Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants retires and being eligible offer themselves for reappointment under the terms of the Code of Corporate Governance. The Audit Committee recommended the board to appoint auditors for the year ending June 30, 2015.

CORPORATE GOVERNANCE

We are pleased to inform you that the company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the regulations of Stock Exchanges.

STATEMENT OF DIRECTORS RESPONSIBILITIES UNDER THE CODE OF CORPORATE GOVERNANCE.

The Board of Directors state that:

a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.

b. Proper books of account of the company have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed.

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

f. Due to settlement with financial institutions, there are no doubts upon the Company's ability to continue as a going concern.

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

h. Key operating and financial data of last six years in a summarized form is annexed.

i. The board of directors has adopted a mission statement and a statement of overall corporate strategy.

j. Due to sale of entire undertaking and liquidity problem board has deferred training programme of its directors and arranged in house orientation programme for the board during the year.

AUDIT COMMITTEE

The Board, in compliance to the Code of Corporate Governance, has formed an Audit Committee. Four meetings of the committee were held during the period. The names of its members are given in the company profile. The meetings were attended by all the members.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Human Resource Committee was formed but no meeting was held during the year under review due to the fact that the company has sold out its entire undertaking.

STATEMENT OF ETHICS AND BEST BUSINESS PRACTICES

The Board has prepared the statement of ethics and best business practices which has been circulated to all the directors and employees for their acknowledgement, understanding and acceptance.

RELATIONSHIP WITH SHARE HOLDERS

The company reports formally to the shareholders four times a year all its financial results alongwith directors review on the operations and future outlook of the company. All the interim and final reports are being sent to The Karachi Stock Exchange and at the registered addresses of the shareholders.

In addition to above, company sends its annual report and formal notification for holding Annual General Meeting at least 21days in advance to facilitate the shareholders to participate in the meeting.

ACKNOWLEDGEMENTS

The Board acknowledges the hard work and efforts of the staff and hopes that this will continue in the forthcoming years. The Board also acknowledges ongoing support from its bankers.

For and on behalf of the Board

Ashfaq Ahmed

Chief Executive

Karachi: October 02, 2014

TAHA SPINNING MILLS LIMITED

STATEMENT OF ETHICS AND BUSINESS PRACTICES

As approved by the Board of Directors, the management of Taha Spinning Mills Limited is hereby advised to follow the under mentioned principles for excellent performance in the attempt to achieve the objectives of the company.

AS DIRECTOR

a. Commit to all the necessary and appropriate resources.
b. Foster a conducive environment through responsive policies.
c. Maintain organizational effectiveness for the achievement of targets.
d. Encourage and support compliance of legal and industrial requirements.
e. Protect the interest of the company and employees.

AS EXECUTIVE AND MANAGER

f. Protect the interest of the company and management.
g. Ensure increase in productivity and profitability of the company.
h. Provide the direction and leadership to the organization.
i. Ensure total customer satisfaction through quality product and services.
j. Promote a culture of excellence, devotion and continual improvement.
k Cultivate work ethics and harmony among colleagues and associates.
l Encourage initiatives and self-realization of responsibilities in juniors.
m. Ensure as equitable way of working and reward system.

AS EMPLOYEE AND STAFF

n. Devotion to your job.
o. Abide by company's policies and regulations.
p. Promote and protect the interest of the company.
q. Exercise prudence and honesty in using company's resources.
r. Observe cost effective practices in daily activities
s. Avoid making any personal gain at the cost of the company.

BRIBERY

t. The payment of bribes, kickbacks in cash or kind to obtain business or otherwise for the company is strictly prohibited.

FINANCIAL INTEGRITY

u. Compliance with accepted accounting rules and procedure is required at all times.
v. All information supplied to all concerns must be complete and not misleading.

w. The company will not knowingly assist fraudulent activities. If you have any reason to believe that fraudulent activities are taking place within the company or outside where we do business, you must inform the management immediately.

TAHA SPINNING MILLS LIMITED

KEY OPERATING & FINANCIAL RESULTS
SIX YEARS AT A GLANCE

OPERATING DATA	2014	2013	2012	2011	2010	2009
		-------RUPEES-------				
Sales	-	-	-	3,617,740	11,222,000	2,954,096
Cost of goods sold	-	-	-	12,783,620	14,424,828	13,394,805
Gross profit	-	-	-	(9,165,880)	(3,202,828)	(10,440,709)
Operating profit/(loss)	72,738,395	(30,128,400)	(2,367,497)	(15,789,187)	(5,962,971)	(12,171,513)
Profit/(loss) before taxation	72,738,395	(30,128,400)	(17,010,676)	(39,603,479)	(14,733,305)	(31,116,324)
Profit/(loss) after taxation	72,681,112	(30,128,400)	(17,010,676)	(39,639,656)	(14,931,808)	(27,980,321)
FINANCIAL DATA						
Paid up capital	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000
Equity balance	12,987,346	(9,315,471)	(48,557,700)	(31,547,024)	8,092,632	23,143,162
Fixed assets	-	396,510	115,335,495	115,335,495	182,025,893	183,458,119
Current assets	13,027,346	10,282,477	24,154,089	44,773,579	70,272,980	85,260,042
Current liabilities	65,000	113,540,708	109,537,480	95,334,232	144,352,878	144,271,499
KEY RATIOS						
Gross margin (%)	-	-	-	(253.36)	(28.54)	(353.43)
Operating margin (%)	-	-	-	(436.44)	(53.14)	(412.02)
Net profit (%)	-	-	-	(1,095.70)	(133.06)	(947.17)
Return on capital (times)	559.63	323.42	35.03	125.65	(184.51)	(120.90)
Current ratio (%)	-	11.04	4.53	2.13	2.05	1.69
Earnings per share (Rs.)	17.95	(7.44)	(4.20)	(9.79)	(3.69)	(6.91)
Cash dividend (%)	-	-	-	-	-	-
STATISTICS						
Number of spindles	-	-	15,216	15,216	15,216	15,216
Production into 20/s count (in 'million' Kgs)	-	-	-	-	-	0.02

Appendix B

Statement of Compliance with the Code of
Corporate Governance
[See clause (XI)]

Name of Company: TAHA SPINNING MILLS LIMITED

Year Ending: 30th June, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 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 practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

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

Category	Names
Independent Directors	Mr.Niaz Mohammad
Executive Directors	Mr.Ashfaq Ahmed Mr.Amir Ashfaq
Non-Executive Directors	Mr.Muhammad Azam Mr.Saqib Ashfaq Mr.Qamar Iqbal Mr.Saleem Abbas

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

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. Two casual vacancies occurred on the board during the year and have been filled.

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

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

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

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 arranged in house orientation programs for its directors during the year. The company has on its board one director who is exempt from training as per exemption criteria of CCG.

10. Except CFO, there is no change of Company Secretary and Head of Internal Audit during the year.

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

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

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

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

15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors 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 non-executive directors and the chairman of the committee is an Executive director.

18. The board has set up an effective internal audit function with suitable qualified and experienced personal which are involved in the internal audit of the company.

19. The statutory auditors of the company have confirmed that at the time of their appointment they had 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 applicable material principles contained in the CCG have been complied with.

ASHFAQ AHMED
Chief Executive

Karachi: October 2, 2014

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

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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 **Taha Spinning Mills Limited** ("the Company"), to comply with the Listing Regulations of the Karachi Stock Exchange Limited, where the Company is listed.

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

As part of the 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 Boards statement on internal control covers all risks and control, or to form an opinion on the effectiveness of such internal controls, the company corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before 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.

NZM.

Based on our review, except for the note 9 of non-compliance, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2014.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Code as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

- As disclosed in point 9 of the statement, none of the directors have obtained certification under directors training program and Board did not arranged orientation courses for its directors during the financial year to apprise them of their duties and responsibilities as required under clause (xi) of the code.

Naveed Zafar Ashfaq Jaffery

Karachi
Date: 0 2 OCT 2014

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
Engagement Partner: **Ahsan Elahi Vohra-FCA**

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

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

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

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

I. The financial statements of the Company have been prepared on going concern basis, despite of the facts that the Company has closed down the factory in July 2008, and production activities remained suspended. The management has disposed off the land and building to pay off its major debts during the year. No further business activities have been carried out by the Company. Furthermore, the Company has not prepared any detailed business plan including profit or cash flow projection for an appropriate period subsequent to the balance sheet date. The foregoing conditions indicate material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern.

   The significance of matters discussed in the preceding paragraph, lead us believe that the going concern assumption used in preparation of the financial statements of the Company is inappropriate: consequently the assets and liabilities should have been stated at their realizable and settlement amount respectively.

Other Offices | 3-B, ATS Centre, 30-West, Fazal-Ul-Haq Road, Blue Area, Islamabad, Pakistan - Ph: +92 51-2878530-32 Fax: +92 51-2206283 Email: isl@nzaj.com.pk
201-Regency Plaza, M.M. Alam Road, Gulberg-II, Lahore, Pakistan - Ph: +92 42-37321969, 37249053 Fax: +92 42-37324103 Email: lhr@nzaj.com.pk

In our opinion:

a. 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 ;

b. the expenditure incurred during the year was for the purpose of the Company's business; and

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

d. due to significance of the matter referred to in paragraph (I) above, in our opinion and to the best of our information and according to the explanations given to us, the financial statements together with the notes have not been prepared in all material respect as at June 30, 2014 and of its profit, comprehensive income, its cash flow and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984.

e. no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Naveed Zafar Ashfaq Jaffery &

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants NZAJ
Engagement Partner: **Ahsan Elahi Vohra - FCA**

Karachi
Dated: 0 2 OCT 2014

TAHA SPINNING MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
6,100,000 (2013 : 6,100,000) ordinary shares of rupees 10 each		**61,000,000**	**61,000,000**
Issued, subscribed and paid up share capital	5	40,500,000	40,500,000
Accumulated (Loss)		(27,512,654)	(49,815,471)
		12,987,346	**(9,315,471)**
CURRENT LIABILITIES			
Trade and other payables	6	65,000	1,463,670
Interest and accrued markup	7	-	937,726
Current portion of non current liabilities	8	-	111,139,312
		65,000	**113,540,708**
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		**13,052,346**	**104,225,237**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	-	396,510
Long term deposits	11	25,000	546,250
CURRENT ASSETS			
Advances income tax	12	155,810	146,388
Other receivables	13	5,950,745	5,950,745
Cash and bank balances	14	6,920,791	4,185,344
		13,027,346	**10,282,477**
Non current assets held for sale	15	-	93,000,000
TOTAL ASSETS		**13,052,346**	**104,225,237**

N2/17

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

TAHA SPINNING MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
Administrative expenses	16	(1,006,182)	(5,130,491)
Other operating expenses	17	-	(24,747,570)
Other operating income	18	572,839	-
Finance cost	19	(689,047)	(408,862)
		(1,122,390)	**(30,286,923)**
Gain on disposal of assets held for sale	20	73,860,785	158,523
Profit / (Loss) before taxation		**72,738,395**	**(30,128,400)**
Taxation	21	(57,283)	-
Profit / (Loss) after taxation		**72,681,112**	**(30,128,400)**
Earnings / (Loss) per share (Basic and diluted)	22	**17.95**	**(7.44)**

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

TAHA SPINNING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees
Profit / (Loss) after taxation	72,681,112	(30,128,400)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year transferred to equity	**72,681,112**	**(30,128,400)**

The annexed notes from 1 to 29 form an integral part of these financial statements.

N2811

CHIEF EXECUTIVE

DIRECTOR

TAHA SPINNING MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before taxation	**72,738,395**	**(30,128,400)**
Adjustments for:		
Gain on sale of fixed assets	(73,860,785)	(158,523)
Property plant and equipment transfer held for sale	-	92,464,778
Loss on sale of fixed assets	-	40,712,482
Long term Accrued Markup waived off	-	(15,964,912)
Finance cost	689,047	408,862
	(73,171,738)	117,462,687
(Loss) / profit before working capital changes	**(433,343)**	**87,334,287**
(Increase)/Decrease in current assets		
Stores, spares and loose tools	-	535,222
Assets held for sale	-	(93,000,000)
Other financial assets	-	408,162
Trade debts	-	16,331,362
Loans and advances	-	3,037,811
Other receivable	-	(4,000,000)
	-	(76,687,443)
Increase/(Decrease) in current liabilities		
Trade and other payables	(1,398,670)	320,199
Cash used in operations	**(1,832,013)**	**10,967,043**
Finance cost paid	(1,626,773)	(12,271,805)
Taxes paid/adjustment	(66,705)	(877)
	(1,693,478)	(12,272,682)
Net cash used in operating activities	**(3,525,491)**	**(1,305,639)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets and stores	116,879,000	17,085,000
Security deposits	521,250	4,978,053
Net cash generated from investing activities	**117,400,250**	**22,063,053**
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	-	(13,162,139)
Long term financing	(111,139,312)	(5,155,206)
Net cash used in financing activities	**(111,139,312)**	**(18,317,345)**
Net decrease in cash and cash equivalents	**2,735,447**	**2,440,069**
Cash and cash equivalents at the start of the year	4,185,344	1,745,275
Cash and cash equivalents at the end of the year	**6,920,791**	**4,185,344**

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

TAHA SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	PAID-UP SHARE CAPITAL	ACCUMULATED (LOSS)	RESERVE FOR ASSETS CLASSIFIED AS HELD FOR SALE	TOTAL
	--------------------Rupees-------------------			
Balance as at July 01, 2012	40,500,000	(89,057,700)	-	(48,557,700)
Total comprehensive (loss) for the year ended June 30, 2013	-	(30,128,400)	-	(30,128,400)
Realisation of surplus on theft assets	-	12,321,058	-	12,321,058
Deferred Tax realized	-	6,671,276	-	6,671,276
Unrealized gain on assets classified as held for sale	-	-	50,378,295	50,378,295
Balance as at June 30, 2013	**40,500,000**	**(100,193,766)**	**50,378,295**	**(9,315,471)**
Total comprehensive income for the year ended June 30, 2014	-	72,681,112	-	72,681,112
Unrealized gain on assets classified as held for sale	-	-	(50,378,295)	(50,378,295)
Balance as at June 30, 2014	**40,500,000**	**(27,512,654)**	**-**	**12,987,346**

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Taha Spinning Mills Limited (the "Company") was incorporated in Pakistan as a Private Limited Company under the Companies Ordinance, 1984 in 1991 and subsequently converted to a Public Limited company on June 16, 1991. Shares of the company were listed on the Karachi Stock Exchange in Pakistan on February 01, 1994. The principal business of the company is to manufacture and sale of yarn. Mill is located at Sheikhupura in the Province of Punjab.

1.2 The management has been able to settle liabilities of its creditors and all financial institutions amicably. Clearance of CIB report is in process. Management is negotiating with the banks/ financial institution for financial assistance. Pending the arrangement of finance facilities future business plan with a small capital in hand is not feasible. Management is focusing to set up a small spinning unit if financial assistance is provided by the banks.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Amendments / interpretation to existing standard and forthcoming requirements

a) Standards, amendments or interpretations which became effective during the year

- Standards, amendments to published standards and interpretations that are effective in year beginning from July 01, 2013 and are relevant to the company:

- IAS 1, 'Financial statement presentation' regarding other comprehensive income, emphasises on the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The application of the amendment has not affected the results or net assets of the Company as it is only concerned with presentation and disclosures.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. Applicable to annual periods beginning on or after January 1, 2013.

- IAS 28 "Investments in Associates and Joint Ventures", applicable to annual reporting periods beginning on or after January 1, 2013.

- IFRS 12, 'Disclosure of interests in other entities', effective for annual periods beginning on or after January 1, 2013.

- IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after January 1, 2013.

- IAS 19 (revised) 'Employee Benefits' has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognized actuarial losses net of taxes associated with retirement benefit plan by adjusting the opening balance of unappropriated profit and retirement benefit for the prior years presented.

b) New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual period beginning on or after 1 January 2016). The amendments to IAS 27 allow entities to use equity method to account for its investment in subsidiaries, joint ventures and associates in the Separate Financial Statements. Management is currently evaluating the implication of the amendment.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 ‘Business Combinations’. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 ‘Operating Segments’ has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment’s assets to the entity assets is required only if this information is regularly provided to the entity’s chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 ’Property, plant and equipment’ and IAS 38 ‘Intangible Assets’. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 ‘Related Party Disclosure’. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- Amendment to IAS 36 “Impairment of Assets” Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These are not expected to have any impact other than increased disclosures.

- IAS 40 ‘Investment Property’. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

- IFRIC 21- Levies ‘an Interpretation on the accounting for levies imposed by governments’ (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Securities and Exchange Commission of Pakistan (SECP) vide SRO 633(1)/2014 dated 10th July 2014 has approved the below IFRSs:

    - IFRS 10 'Consolidated Financial Statements"
    - IFRS 11 'Joint Arrangements'
    - IFRS 12 'Disclosure of interests in other entities'
    - IFRS 13 'Fair Value Measurement'

3 BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's' view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

Property, plant and equipment

The company reviews recoverable amount, useful life , residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

Subsequent cost 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 item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognized in profit or loss, in which case the surplus is credited to profit or loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item. On subsequent sale or retirement of revalued item of property, plant and equipment the attributable surplus remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life. During the year the company renewed the useful life and residual value and revised the rate of depreciation as mention in note No 15.

Depreciation on additions is charged from the month in which the asset become available for uses while no depreciation is charged in the month of disposal.

Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is included in the income statement in the year the assets is derecognized.

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.2.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for intended use.

4.4 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.5 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.6 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

4.6.1 Raw material

In hand	Weighted average cost
In transit	Cost comprising invoice value plus other charges incurred thereon

4.6.2	**Finished goods and work in process**	Raw material cost plus appropriate manufacturing cost
4.6.3	**Waste**	Net realizable value

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

4.7 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.8 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current & saving accounts and short term borrowings.

4.9 Staff retirement benefits

Defined benefit plan

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2009 using the Projected Unit Credit Method.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10 percent of present value of defined benefit obligation or 10 percent of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

4.10 Taxation

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

4.10.1 Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

4.10.2 Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.11 Trade and other payables

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

4.12 Provisions

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

4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.14 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.15 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.16 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities are included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and the liabilities simultaneously.

4.18 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.19 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free.

4.20 Government grants

Government grants for meeting revenue expenses are set off from respective expenses in the year in which they become receivable.

4.21 Research and development cost

Research and development cost is charged to profit and loss account in the year in which it is incurred.

4.22 Dividend

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

			2014 Rupees	2013 Rupees

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014	2013			
Number of shares				
4,050,000	4,050,000	Ordinary shares of Rs. 10 each fully paid in cash	40,500,000	40,500,000
4,050,000	**4,050,000**		**40,500,000**	**40,500,000**

5.1 The shareholders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

5.2 There is no movement in share capital during the year.

6 TRADE AND OTHER PAYABLES

	2014 Rupees	2013 Rupees
Offer money against sales of assets	-	1,000,000
Audit fee payable	65,000	65,000
Unclaimed dividend	-	18,285
Other payable	-	380,385
	65,000	**1,463,670**

7 INTEREST AND ACCRUED MARK UP

	2014 Rupees	2013 Rupees
Long term financing	-	937,726
	-	**937,726**

8 CURRENT PORTION OF NON CURRENT LIABILITIES

	2014 Rupees	2013 Rupees
Opening balance		
Long term financing	47,418,354	59,916,082
Long term financing from sponsors, directors and others	63,720,958	
Liabilities against assets subject to finance lease	-	6,550,206
	111,139,312	66,466,288
Add: During the year		
Long term financing from sponsors, directors and others	-	63,720,958
Long term finance	-	14,057,272
	111,139,312	144,244,518
Less: Paid during the year	(111,139,312)	(33,105,206)
	-	**111,139,312**

9 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

	2014 Rupees	2013 Rupees
Guarantee to Sui Northern Gas Pipelines Limited	**-**	**5,000,000**

COMMITMENTS

There is no commitments as at June 30, 2014 (2013 : Nil).

10 PROPERTY, PLANT AND EQUIPMENT

10.1 The following is a statement of operating assets:

Particulars	COST / REVALUATION					D E P R E C I A T I O N				Book value as at June 30, 2014	Depreciation Rate %
	As at July 01, 2013	Additions/ Transfer/ (deletion)	Revaluation/ impairment during the year	Transfer to assets held for sale	As on June 30, 2014	As at July 01 2013	Charge for the year	Adjustment/ Transfer	As on June 30, 2014		
	---------- Rupees ----------										
OWN ASSETS											
Vehicles	599,000	(599,000) -	-	-	-	202,490	-	(202,490)	-	-	-
June 30, 2014	**599,000**	**(599,000)**	**-**	**-**	**-**	**202,490**	**-**	**(202,490)**	**-**	-	
June 30, 2013	**199,195,330**	**(89,557,336)**	**37,232,981**	146,271,975	**599,000**	**86,041,709**	**-**	**(85,839,219)**	**202,490**	**396,510**	

10.2 Particulars of disposal of property, plant and equipment

Description	Cost	Accumulated Depreciation	Book value	Sales Proceed	Gain/(loss)	Mode of Disposal	Particular of Purchase
Vehicles- Mehran	599,000	202,490	396,510	400,000	3,490	By negotiation	Naseer Ahmed House No 58 Gizri , Karachi
	599,000	**202,490**	**396,510**	**400,000**	**3,490**		

	2014 Rupees	2013 Rupees
11 LONG TERM DEPOSITS		
Security deposits - Utilities	-	500,000
CDC deposit	25,000	46,250
	25,000	**546,250**
12 ADVANCE INCOME TAX		
Advance income tax	155,810	146,388
	155,810	**146,388**
13 OTHER RECEIVABLES		
Considered good		
Sales tax receivable	1,950,745	1,950,745
Others	4,000,000	4,000,000
	5,950,745	**5,950,745**
14 CASH AND BANK BALANCES		
Cash in hand	6,303,738	3,829,633
Cash at banks		
Current accounts	617,053	355,711
	6,920,791	**4,185,344**
15 ASSETS HELD FOR SALES		
Transfer from Property Plant and Equipment:-		
Land - free hold	50,500,000	50,500,000
Building - free hold	42,500,000	42,500,000
Generator	-	15,000,000
Value of the assets	93,000,000	108,000,000
Less : Sales of Generator		(15,000,000)
Sales of Land and Building	(93,000,000)	
	-	**93,000,000**

Revaluation of freehold land, building and generator was carried out on 01 January,2013 was carried out to arrive a revalued amount of assets which was credited to assets held for sales account to comply with the requirement of IFRS-5 Revaluation was carried out by an independent PBC approved valuers M/s Asif Associates (Pvt) Limited.

15.1 Disposal Of held for sales assets

Description	Fair value	Unrealize Gain	Book Value	Sales Proceed	Gain/(loss)	Mode of Disposal	Particular of Purchase
Land	50,500,000	47,253,903	3,246,097	50,000,000	46,753,903	Through bids	Hassan limited
Building	42,500,000	3,124,392	39,375,608	66,479,000	27,103,392	Through bids	Hassan limited
	93,000,000	**50,378,295**	**42,621,705**	**116,479,000**	**73,857,295**	-	

	Note	2014 Rupees	2013 Rupees
16 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		492,905	311,000
Communication expenses		1,695	1,175
Auditors' remuneration	**16.1**	78,000	75,000
Legal and professional		-	846,704
Vehicle and misc. expenses		58,700	-
Printing and stationery		25,500	25,200
Fees and subscriptions		212,033	217,833
Utility Charges and claims		-	3,530,774
Other expenses		137,349	122,805
		1,006,182	**5,130,491**
16.1 Auditors' remuneration			
Statutory audit fee		65,000	65,000
Half yearly review fee		13,000	10,000
		78,000	**75,000**

		Note	2014 Rupees	2013 Rupees
17	**OTHER OPERATING EXPENSES**			
	Loss on theft of plant and machinery		-	40,712,482
	Long term Accrued Markup waived off		-	(15,964,912)
			-	**24,747,570**
18	**OTHER OPERATING INCOME**			
	Profit on bank account		572,839	-
			572,839	**-**
19	**FINANCE COST**			
	Long term financing		682,920	-
	Bank charges		6,127	700
	Excise Duty investment certificate not recoverable		-	408,162
			689,047	**408,862**
20	**GAIN ON DISPOSAL OF ASSETS HELD FOR SALES**			
				-
	Gain on disposal of assets held for sales		46,753,903	-
	Gain on disposal of assets held for sales		27,103,392	
	Gain on disposal of assets held for sales		-	68,229
	Gain on sales of store spare and loose tools		-	14,778
	Gain on sales of vehicle		3,490	75,516
			73,860,785	**158,523**
21	**TAXATION**			
	Current year tax		57,283	-
			57,283	**-**

Assessment will be finalized under the provisions of Income Tax Ordinance, 2001.

			2014	2013
22	**EARNING / (LOSS) PER SHARE (BASIC AND DILUTED)**			
	Earning / (Loss) for the year		72,681,112	(30,128,400)
	Weighted average number of ordinary shares		4,050,000	4,050,000
	Earning / (Loss) per share - basic		**17.95**	**(7.44)**

22.1 There is no dilutive effect on basic Earning / (loss) per share.

23 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The chief executive and directors have waived off their remunerations and meeting fees for the year. No employee of the company fall under the definition of executive as defined in the Companies Ordinance, 1984.

	JUNE 30, 2014.			JUNE 30, 2013.		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Meeting fees	-	-	-	-	46,750	-
Remunerations	-	-	-	-	-	-
	-	**-**	**-**	-	46,750	-
Number of persons	**-**	**6**	**-**	-	6	-

23.1 Chief executive of the company has waived his remuneration and meeting fees.

23.2 Directors of the company have waived their remuneration.

24 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

24.1 Credit risk
24.2 Liquidity risk
24.3 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.

24.1 Credit risk

24.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and cash and bank balances. Out of total financial assets of Rs. 10.945 million (June 30, 2013 : Rs. 8.731 million), financial assets which are subject to credit risk aggregate to Rs. 10.92 million (June 30, 2013 : Rs. 8.185 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2014 Rupees	**2013 Rupees**
Long term deposit	25,000	546,250
Other receivables	4,000,000	4,000,000
Cash and bank balances	6,920,791	4,185,344
	10,945,791	**8,731,594**

24.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

Domestic	-	-

24.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

Yarn	-	-
Waste	-	-
	-	-

24.1.4 The aging of trade debtors at the balance sheet is as follows.

	Gross debtors	
	2014 Rupees	**2013 Rupees**
Past due more than 1 year	-	-

24.2 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, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2014					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	-		-	-	-	-
Long term financing from directors	-	-	-	-	-	-
Liability against assets						
subject to finance lease	-	-	-	-	-	-
Trade and other payables	65,000	65,000	65,000	-	-	-
Accrued mark up / interest	-	-	-	-	-	-
Short term borrowings	-	-	-	-	-	-
	65,000	**65,000**	**65,000**	**-**	**-**	**-**

	2013					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	111,139,312	-	111,139,312	-	-	-
Long term financing from directors	-	-	-	-	-	-
Liability against assets	-	-	-			
subject to finance lease	-	-	-	-	-	-
Trade and other payables	1,463,670	1,463,670	1,463,670	-	-	-
Accrued mark up / interest	937,726	937,726	937,726	-	-	-
Short term borrowings	-	-	-	-	-	-
	113,540,708	2,401,396	113,540,708	-	-	-

24.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

24.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

24.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial liabilities	-	-
Variable rate instruments		
Financial liabilities	-	**111,139,312**

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 increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2013.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2014	-	-	-	-
Cash flow sensitivity - variable rate instruments 2013	1,111,393	(1,111,393)	-	-

24.4 Fair value of financial assets and liabilities

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

	2014 Rupees	2013 Rupees
24.5 Off balance sheet items		
Contingencies		
Guarantee to Sui Northern Gas Pipelines Limited	-	5,000,000
Commitments		
There is no commitments as on Balance sheet date	-	-

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

25 CAPITAL RISK MANAGEMENT

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

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

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

		2014 Rupees	2013 Rupees
Borrowings		-	111,139,312
Total equity		12,987,346	(9,315,471)
Total capital employed	Rupees	**12,987,346**	**101,823,841**
Gearing ratio	Percentage	-	**109.15**

26 PLANT CAPACITY AND PRODUCTION

Since the company has sold out its plant therefore no analysis has been given.

27 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

There is no adjusting event after the balance sheet date

28 GENERAL

28.1 The number of employees of the Company as at June 30, 2014 is 2 (2013: 2)

28.2 Figures have been round off to the nearest rupees

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 0 2 OCT 2014 by the board of directors of the company.

CHIEF EXECUTIVE **DIRECTOR**

TAHA SPINNING MILLS LIMITED

PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2014

No. of Shareholders	Share Holding			Shares Held
19	1	To	100	110
74	101	To	500	36,390
24	501	To	1,000	24,000
22	1,001	To	5,000	50,500
6	5,001	To	10,000	48,500
1	10,001	To	15,000	12,000
1	15,001	To	20,000	20,000
1	20,001	To	25,000	22,000
-	25,001	To	30,000	-
-	30,001	To	35,000	-
-	35,001	To	40,000	-
1	40,001	To	45,000	40,500
-	45,001	To	50,000	-
-	50,001	To	55,000	-
1	55,001	To	60,000	60,000
-	60,001	To	65,000	-
-	65,001	To	70,000	-
-	70,001	To	75,000	-
-	75,001	To	80,000	-
-	80,001	To	85,000	-
-	85,001	To	90,000	-
-	90,001	To	95,000	-
-	95,001	To	100,000	-
-	100,001	To	105,000	-
-	105,001	To	110,000	-
1	115,001	To	120,000	120,000
-	120,001	To	125,000	-
-	130,001	To	135,000	-
-	135,001	To	140,000	-
-	140,001	To	145,000	-
-	145,001	To	150,000	-
2	150,001	To	155,000	303,400
-	155,001	To	160,000	-
-	160,001	To	165,000	-
-	165,001	To	170,000	-
-	170,001	To	175,000	-
-	175,001	To	180,000	-
-	180,001	To	185,000	-
-	185,001	To	190,000	-
-	190,001	To	195,000	-
-	195,001	To	200,000	-
2	200,001	To	250,000	457,800
-	250,001	To	300,000	-
-	300,001	To	350,000	-
-	350,001	To	400,000	-
-	400,001	To	450,000	-
-	450,001	To	500,000	-
1	500,001	To	1,000,000	833,300
-	1,000,001	To	1,500,000	-
-	1,500,001	To	2,000,000	-
1	2,000,001	To	4,000,000	2,021,500
157				4,050,000

CATEGORY WISE SUMMARY OF SHAREHOLDERS

S. No.	Category Name	No. of Shareholders	Share Held	Percentage
1.	Individuals	151	1,031,900	25.48
2.	Joint Stock Companies	5	2,184,800	53.95
3.	Financial Institutions	1	833,300	20.58
	Grand Total	157	4,050,000	100.00

TAHA SPINNING MILLS LIMITED

PATTERN OF SHAREHOLDING AS PER LISTING
REGULATIONS AS AT 30TH JUNE, 2014

SHARE HOLDERS' CATEGORY		No.of Share held.	Percentage
1	Associated Companies, Undertaking and related parties.		
	HMI Energy (Pvt) Ltd.	2,021,500	49.914
2	Mutual Funds	-	-
3	CEO,Directors & their Spouses and minor children.		
	Mr.Ashfaq Ahmed (Chief Executive)	500	0.012
	Mr.Saqib Ashfaq	500	0.012
	Mr.Amir Ashfaq	500	0.012
	Mr.Niaz Muhammad	500	0.012
	Mr.Mohammad Azam	500	0.012
	Mr.Qamar Iqbal	500	0.012
	Mr.Saleem Abbas	500	0.012
4	Executives.	-	-
5	Public Sector Companies & Corporation:	-	-
6	Joint Stock Companies:	163,300	4.032
7	Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies,Takaful, Modarabas and Pension Funds.		
	National Bank of Pakistan	833,300	20.575
8	Individuals.	1,028,400	25.393
	Total	4,050,000	100.000
9	Shareholders holding 5% or more voting rights in the company.		
	HMI Energy (Pvt)Ltd	2,021,500	49.914
	National Bank of Pakistan	833,300	20.575
	Mushtaq Ahmed Vohra	233,100	5.755
	Gulshad Begum	224,700	5.548

TAHA SPINNING MILLS LIMITED

FORM OF PROXY
24TH ANNUAL GENERAL MEETING

I/We____ of _________________in the district of __________________ being a member(s) of TAHA SPINNING MILLS LIMITED and holder of ________________ ordinary shares as per Share Register Folio No.___________ and / or CDC Participant ID No._______________ and A/c No.____________hereby appoint _______________________________ of _____________ or failing him/her ____ of ________________ who is/are also member(s) of TAHA SPINNING MILLS LIMITED vide Registered Folio No. ___________ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday 29th October, 2014 at 9.30 a.m at 406 Commerce Centre, Hasrat Mohani Road, Karachi and/or any adjournment thereof.

Affix Five
Rupees Revenue Stamp

Signature ____
(Signature should be agree with the specimen signature registered with the Registrar)

Signed on__________

1.Witness Signature_______________	2.Witness Signature_________________
Name___________________________	Name______________________________
CNIC___________________________	CNIC______________________________

NOTE:

1. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
2. In the case of bank or company, the proxy form must be executed under its common seal and signed by its authorized person.
3. If this proxy form is signed under power of attorney then a notarilly certified copy of that power of attorney/authority must be deposited alongwith this proxy form.
4. Proxy form duly completed and signed, must be received at the registered office of the company at 406-Commerce Centre, Hasrat Mohani Road, Karachi. at least 48 hours before the time of holding the meeting.
5. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
6. In case of CDC account holders:
   - i) The proxy form shall be witnessed by two persons whose names, address and NIC numbers shall be mentioned on the form
   - ii) Attested copies of NIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   - iii) The proxy shall produce his original NIC or Original passport at the time of meeting.