

CHAKWAL SPINNING MILLS LIMITED

**FINANCIAL STATEMENTS & AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

CHAKWAL SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Khawaja Mohammad Jahangir (Chief Executive)
Khawaja Mohammad Jawed
Khawaja Mohammad Tanveer
Khawaja Mohammad Kaleem
Khawaja Mohammad Nadeem
Khawaja Mohammad Naveed
Mr. Mohammad Aman

AUDIT COMMITTEE

Khawaja Mohammad Kaleem (Chairman)
Khawaja Mohammad Nadeem
Khawaja Mohammad Naveed

CORPORATE SECRETARY

Mr. Muhammad Jahangir Khan *BA (LLB), MBA, DTL, ACIS*

CHIEF FINANCIAL OFFICER

Mr. Muhammad Ashraf (ACMA)

BANKERS

Habib Metropolitan Bank Limited
KASB Bank Limited
Allied Bank of Pakistan
National Bank of Pakistan
Askari Commercial Bank
MCB Bank Limited
Standard Chartered Bank Limited
Faysal Bank Limited

AUDITORS

M/s. Hameed Khan & Co.
Chartered Accountants
16-A, Link Farid Kot Road,
Near A.G. Office, Lahore.

CORPORATE & SHARES DEPARTMENT

31-F, Main Market, Gulberg-II, Lahore
Tel : (042) 35755774
Fax : (042) 35755760

REGISTERED OFFICE

Kashana-e-Yousaf
Khawaja Street, Chakwal
Tel : (0543) 644254 - 644281

MILLS

49-Kilometer
Multan Road, Bhai Phero
Tel : (04943) 540083-4

CHAKWAL SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of **CHAKWAL SPINNING MILLS LIMITED** will be held on Monday, October 31, 2011 at 09:00 a.m. at the premises of Kohinoor Spinning Mills Limited, Unit No. 1, Pindi Road, Aminabad, Chakwal to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting held on September 28, 2011.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2011 together with the reports of directors and auditors thereon.
3. To appoint auditors for the year ending June 30, 2012 and to fix their remuneration. A shareholder of the company has given notice u/s 253 of the Companies Ordinance, 1984 proposing appointment of Messrs Aslam Malik & Co., Chartered Accountants as auditor of the company for the year ending June 30, 2012 in place of retiring auditors Messrs Hameed Khan & Co. Chartered Accountants in the forthcoming Annual General Meeting.
4. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

Lahore:
October 08, 2011

MUHAMMAD JAHANGIR KHAN
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from October 24, 2011 to October 31, 2011 (both days inclusive).
2. A member entitled to attend the meeting may appoint another member as his/her proxy to attend the meeting of him/her behalf. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
3. The beneficial owner of the shares of the company in the central depository system of the CDC or his/her proxy entitled to attend this meeting shall produce his/her original CNIC or passport to prove the identity. CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Shareholders are requested to immediately notify the change in their address, if any, and also send copy of CNIC as pursuant to the amendments made in clause (9), Table A, First Schedule and format of Form-A provided in Third Schedule of the Companies Ordinance, 1984, (the "Ordinance") vide S.R.O. 286(I)2005 dated March 31, 2005, it was made mandatory to provide CNIC number of every transferor and the witness for transfer of shares and CNIC number of every director, member and debenture holder for filing annual return of company having shareholdings to our share registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel. 042-5839182.

**CHAKWAL SPINNING MILLS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Directors of your company are pleased to present before you the audited accounts for the year ended June 30, 2011.

Net sales of the company were at Rs.2.327 billion as compared to Rs.1.352 billion during last year which shows an increase of 72%. The company earned a net profit of Rs.77.924 million for the year as compared to net profit of Rs.61.096 million during last year.

The factors contributed for higher sales were continuous demand of yarn in international market which kept pressure for competitive yarn prices in local market, unprecedented rise in prices of raw material which touched to Rs.14,500- per maund and Rs.200/- per Kg of Pakistani cotton and PSF respectively ever highest in the history of Pakistan as well as efforts of the management for better product mix to fetch better sale price. On the other hand unprecedented and exorbitant raw material prices ultimately led to increase cost of production. Performance track witnessed during first three quarters was suddenly changed in the last quarter of the year. Major factor contributed in drastic change was sudden decline trend in the cotton prices both in local as well as in international market resulting drastic decrease witnessed in sale prices of yarn globally.

Heavy rains and floods in the province of Sindh, has destroyed cotton crop very badly and cotton experts have estimated almost 60% production loss of total production of the province. Severe crises and poor economic conditions prevailing in the country may hamper the performance of spinning industry. However, the management of the company is making its strenuous efforts to improve overall performance of the company but the circumstances beyond control like energy crises may suffer these efforts. Severe energy crises has crippled the textile industry altogether and the industry is left at the mercy of adverse circumstances where low pressure of gas has resulted into three days gas supply in a week.

In the end, the directors wish to place on record their deep appreciation for the true efforts of the executives, officers, staff members and workers of the company in achieving the best possible results. They also thank its shareholders, customers, banks and financial institutions for their continued support extended by them in smooth running of company's operations and hope that their cooperation will be continued with the same spirit in the years to come.

For and behalf of the Board



(KHAWAJA MOHAMMAD JAHANGIR)
Chief Executive

Lahore
October 08, 2011

Corporate & Financial Reporting Framework:

We are pleased to report that your company has taken necessary steps to comply with the provisions of Code of Corporate Governance as incorporated in the listing regulations of the Stock Exchanges:

- ❖ The financial statements for the year ended June 30, 2011 present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- ❖ Proper books of account of the company have been maintained;
- ❖ Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- ❖ International Accounting Standards (IAS) as applicable in Pakistan has been followed in preparation of financial statements; and departure if any has been adequately disclosed.
- ❖ The system of internal control is sound in design. The process of monitoring will continue and control strengthened where ever considered necessary;
- ❖ There are no significant doubts upon the company's ability to continue as a going concern;
- ❖ There has been no material departure from the best practices of corporate governance as detailed in listing regulations;
- ❖ The key financial data of last six years is annexed;
- ❖ There are no outstanding statutory payments on accounts of taxes, duties, levies or charges except those reflected in Note No. ---- to the audited accounts.
- ❖ The company operated an un-funded and unapproved gratuity scheme. Provision is made annually to cover the obligations under the scheme. The latest actuarial valuation has been carried out as at June 30, 2011.
- ❖ During the period under review seven board meetings were held and the attendance of each Director was as under:

<u>Name of Directors</u>	<u>No. of Board Meetings Attended</u>
Khawaja Mohammad Jawed	7
Khawaja Mohammad Jahangir	7
Khawaja Mohammad Tanveer	7
Khawaja Mohammad Kaleem	7
Khawaja Mohammad Nadeem	7
Khawaja Mohammad Naveed	7
Mr. Mohammad Aman	7

(The Board granted leave of absence to the directors who could not attend the meetings due to their pre-occupation.)

- ❖ The pattern of shareholding as on 30-06-2011 and its disclosure as required in the Code of Corporate Governance is annexed with this report;

Auditors

The auditors of the Company Messrs. Hameed Khan & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment. A shareholder of the company has given notice u/s 253 of the Companies Ordinance, 1984 proposing appointment of Messrs Aslam Malik & Co., Chartered Accountants as auditor of the company for the year ending June 30, 2012 in place of retiring auditors Messrs Hameed Khan & Co. Chartered Accountants in the forthcoming Annual General Meeting.

Acknowledgement

Your directors are pleased to put on record their appreciation and gratitude to the executives, officers, staff members and workers of the company in performance of their duties. Your directors would also like to put on record their profound and sincere gratitude to valued customers, regulators, external auditors, bankers and our shareholders.

For and on behalf of the Board


Khawaja Mohammad Jahangir
Chief Executive

Lahore :
October 08, 2011

Statement of Compliance with Code of Corporate Governance

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


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

1. The company encourages the representation of independent non-executive directors on its Board of Directors. At present the Board includes five non-executive directors and one independent director representing institutional equity interest.
2. It is confirmed that none of the directors is serving as a director in more than ten 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 NBFII or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year ended June 30, 2011.
5. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.
6. The Board has developed a vision statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies alongwith the date on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. The remuneration payable to Chief Executive was approved by the shareholders in Extraordinary General Meeting.
8. The meetings of the Board were presided over by the Chief Executive and the Board met seven times during the year ended June 30, 2011. Written notices of the Board meetings, alongwith agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the Directors on the Board are fully conversant with their duties and responsibilities as Director of corporate bodies. The Chief Executive recommends that the members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.
10. The Board approved appointment of Chief Financial Officer and his remuneration. In future appointments of Chief Financial Officer, Company Secretary and Internal

Auditor, their remuneration and terms & conditions will be approved by the Board as determined by CEO.

11. The directors' report for the year ended June 30, 2011 has been prepared in compliance with the requirements of the Code 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 Code.
15. The Board has formed an Audit Committee. It comprises three members; all the members are non-executive directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function.
18. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants.
19. The Statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Lahore:
October 08, 2011


(**Khawaja Mohammad Jahangir**)
Chief Executive



HAMEED KHAN & CO.

Chartered Accountants

16-A, Link Farid Kot Road, Near A.G. Office,
Lahore-Pakistan.
Tel: 7234562-7239271-7362491 Fax: 92-42-7351851
E-mail: hameed@brain.net.pk



**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 **Chakwal Spinning Mills Limited** to comply with the Listing Regulation of respective stock exchanges where the Company is listed.

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

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

Further, sub-regulation (XIII-A) of listing regulations 35 (previously regulations No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Boards of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2011.

Lahore.
Dated: 08 OCT 2011



HAMEED KHAN & CO.
CHARTERED ACCOUNTANTS

Audit Engagement Partner:
Abdul Hameed Khan



HAMEED KHAN & CO.

Chartered Accountants

16-A, Link Farid Kot Road, Near A.G. Office,
Lahore-Pakistan.
Tel: 7234562-7239271-7362491 Fax: 92-42-7351851
E-mail: hameed@brain.net.pk



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **CHAKWAL SPINNING MILLS LIMITED** as at June 30, 2011 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 include examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper book of (a) accounts have been kept by the company as required by the Companies Ordinance, 1984.
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the profit, its cash flows and changes in equity for the year then ended, and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore.
Dated: 08 OCT 2011



HAMEED KHAN & CO.
CHARTERED ACCOUNTANTS


Audit Engagement Partner:
Abdul Hameed Khan

CHAKWAL SPINNING MILLS LIMITED
BALANCE SHEET AS AT JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital: 50,000,000 (2007: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	3	400,000,000	400,000,000
Accumulated loss		(160,614,173)	(240,482,855)
		239,385,827	159,517,145
Surplus on Revaluation of Property, Plant and Equipment			
	4	63,135,579	67,789,515
Non Current Liabilities			
Long term financing	5	413,256,000	413,256,000
Liabilities against assets subject to finance lease	6	57,044,186	95,955,305
Deferred liabilities	7	470,300,186	509,211,305
Current Liabilities			
Trade and other payables	8	365,151,353	192,682,134
Accrued mark- up	9	10,279,353	9,115,888
Short term borrowings	10	227,241,878	197,301,701
Current portion of non current liabilities	11	-	4,729,058
Provision for taxation	12	19,583,185	8,721,855
		622,256,769	412,550,636
Contingencies and Commitments			
	13	-	-
		<u>1,395,077,361</u>	<u>1,149,068,601</u>
ASSETS			
Non Current Assets			
Property, plant and equipment	14	848,470,812	787,787,636
Long term loans	15	2,778,500	2,653,509
Long term deposits	16	5,605,449	5,890,449
		856,854,761	796,321,594
Current Assets			
Stores and spares	17	15,378,979	12,359,975
Stock in trade	18	320,274,403	169,278,863
Trade debts	19	88,692,196	55,333,704
Loans and advances	20	64,938,135	61,937,518
Trade deposits, repayments, accrued interest and other receivables	21	15,916,127	21,526,684
Cash and bank balances	22	33,022,760	32,310,263
		536,222,600	352,747,007
		<u>1,395,077,361</u>	<u>1,149,068,601</u>

The annexed notes 1 to 38 form an integral part of these financial statements.

Lahore
October 08, 2011


(Khawaja Mohajirad Jahangir)
Chief Executive


(Khawaja Mohammad Kileem)
Director


**CHAKWAL SPINNING MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011**

		2011 Rupees	2010 Rupees
Sales	23	2,326,625,922	1,352,245,897
Cost of sales	24	<u>(2,175,590,234)</u>	<u>(1,188,035,406)</u>
Gross Profit		151,035,688	164,210,491
Distribution cost	25	(17,199,098)	(13,649,787)
Administrative expenses	26	(36,858,487)	(25,644,114)
		<u>(54,057,585)</u>	<u>(39,293,901)</u>
Operating Profit		96,978,103	124,916,590
Finance cost	27	(57,561,007)	(46,384,789)
Other operating expenses	28	(2,587,890)	(4,569,703)
Other operating income	29	<u>5,593,684</u>	<u>5,638,051</u>
Profit before Taxation		42,422,890	79,600,149
Taxation	30	<u>35,501,333</u>	<u>(18,504,480)</u>
Profit after Taxation		77,924,223	61,095,669
 Earnings per Share - Basic & Diluted	 31	 <u>1.95</u>	 <u>1.53</u>

The annexed notes 1 to 38 form an integral part of these financial statements.

Lahore
October 08, 2011


(Khawaja Mohammad Jahangir)
Chief Executive


(Khawaja Mohammad Kaleem)
Director

**CHAKWAL SPINNING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011**

	2011 Rupees	2010 Rupees
Profit after taxation	77,924,223	61,095,669
Other comprehensive income for the year	-	-
Total comprehensive Profit for the year	<u>77,924,223</u>	<u>61,095,669</u>

The annexed notes 1 to 38 form an integral part of these financial statements.

Lahore
October 08, 2011



(Khawaja Mohammad Jahangir)
Chief Executive



(Khawaja Mohammad Kaleem)
Director

CHAKWAL SPINNING MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	2011 Rupees	2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	42,422,890	79,600,149
Adjustments for:		
- Depreciation	48,845,045	41,286,983
- Provision for gratuity	3,658,369	4,376,152
- Gain on disposal of property, plant and equipment	(2,942,980)	(1,800,789)
- Interest income	(2,447,562)	(3,072,877)
- Unclaimed liabilities written back	(203,142)	(764,385)
- Finance cost	57,561,007	46,384,789
- Workers' (profit) participation fund	2,077,890	4,094,703
	106,548,627	90,504,576
Operating profit before working capital changes	148,971,517	170,104,725
(Increase) / decrease in current assets		
- Stores and spares	(3,019,004)	(2,327,199)
- Stock in trade	(150,995,540)	41,090,149
- Trade debts	(33,358,492)	(10,387,924)
- Loans and advances	(5,441,042)	(16,836,110)
- Trade deposits, prepayments, accrued interest and other receivables	5,456,914	(15,765,416)
Increase / (decrease) in current liabilities		
- Trade and other payables	170,399,458	35,107,687
	(16,957,706)	30,881,187
Cash generated from operations	132,013,811	200,985,912
Finance cost paid	(56,397,542)	(48,020,109)
Gratuity paid	(2,697,618)	(4,291,090)
Long term advance	17,006,082	-
Income tax paid	(9,379,426)	(7,906,426)
	80,545,307	140,768,287
Net cash (used in) / from Operating Activities	80,545,307	140,768,287
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(113,923,241)	(63,528,775)
Long term loans	(124,991)	119,595
Long term deposits	275,000	3,502,175
Proceeds from disposal of property, plant and equipment	7,338,000	11,027,500
Interest received	2,601,205	4,376,987
	(103,834,027)	(44,502,518)
Net Cash used in Investing Activities	(103,834,027)	(44,502,518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(4,729,058)	(18,280,756)
Dividend paid	(1,209,902)	-
Short term borrowings	29,940,177	(78,111,413)
	24,001,217	(96,392,169)
Net Cash from Financing Activities	24,001,217	(96,392,169)
Net (Decrease) / Increase in Cash and Cash Equivalents	712,497	(126,400)
Cash and cash equivalents at the beginning of the year	32,310,263	32,436,663
Cash and Cash Equivalents at the End of the Year	33,022,760	32,310,263

The annexed notes 1 to 38 form an integral part of these financial statements.

Lahore
October 08, 2011


(Khawaja Mohammad Jahangir)
Chief Executive



(Khawaja Mohammad Kaleem)
Director


**CHAKWAL SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011**

	Share Capital	Accumulated Loss	Total
	Rupees	Rupees	Rupees
Balance as at June 30, 2009	400,000,000	(305,412,603)	94,587,397
Loss for the year	-	61,095,669	61,095,669
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	3,834,079	3,834,079
Balance as at June 30, 2010	400,000,000	(240,482,855)	159,517,145
Profit for the year	-	77,924,223	77,924,223
Dividend		(1,404,915)	(1,404,915)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	3,349,374	3,349,374
Balance as at June 30, 2011	<u>400,000,000</u>	<u>(160,614,173)</u>	<u>239,385,827</u>

The annexed notes 1 to 38 form an integral part of these financial statements. 

Lahore
October 08, 2011


(Khawaja Mohammad Jahangir)
Chief Executive


(Khawaja Mohammad Kaleem)
Director

CHAKWAL SPINNING MILLS LIMITED NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2011

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on January 31, 1988 as a Public Limited Company. Its shares are quoted on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at Kashana-e-Yousaf, Khawaja Street, Chakwal. The Company is engaged in the business of textile spinning, knitting, fabrics processing and garment stitching.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain property, plant and equipment that have been stated at revalued amount and retirement benefits which have been recognized at present value determined by actuary.

2.3 Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

Staff retirement benefits

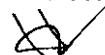
Certain actuarial assumption has been adopted as disclosed in note 7.1 the financial statements for valuation of present value of defined benefit obligations.

Property, plant and equipment

The Company has made certain estimations with respect to residual value and depreciable lives of property, plant and equipment. The Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might effect the remaining amounts of respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

Income Taxes

In making the estimates for income taxes payable by the Company, the management considers current Income Tax law and the decisions of appellate authorities on certain cases issued in past.



2.4 Initial application of standards, amendments or interpretations to existing standards

a)

Standards, amendments and interpretations to published standards that are effective in 2010-2011

Following amendments and interpretations to existing standards are mandatory for the financial year beginning on or after July 1, 2010, but are either not currently relevant or do not have any significant effect on the Company's financial statements:

IFRS 1 (Amendment) – 'First time adoption on Financial instrument disclosures';

IFRS 1 (Amendment), – 'First time adoption on additional exemption';

IFRS 2 (Amendment) , – 'Group cash –settled share –based payment transactions';

IAS 32 (Amendment), – 'Financial instruments: Presentation on classification of right issue';

IFRIC 19, 'Extinguishment financial with equity instrument' :and

Annual improvements 2009.

b) **Standards, amendments and interpretations to published standards that are yet effective and have not been early adopted by the company**

Following new standards and amendments have issued but are not effective for the financial year beginning July 1, 2010 and have not been early adopted by the Company:

- IAS 1 (Amendment), 'Financial statement presentation'(effective for periods beginning on or after July 1, 2012). This amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. The IASB originally proposed that all entities should present profit and loss and OCI together in a single statement of comprehensive income. The proposal has been withdrawn and IAS1 will still permit profit or loss and OCI to be presented in either a single statement or in two consecutive statements.
- IAS 19 (Revised 2011), 'Employee benefits '(effective for periods beginning on or after January 1, 2013). This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits , and to the disclosures for all employee benefits. The changes will affect most entities that apply IAS 19. They could significantly change a number of performance indicators and might also significantly increase the volume of disclosures.
- IFRS 7, (Amendment), 'Financial instruments: Disclosures' (effective for periods beginning on or after January 1, 2011). The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instrument. The amendment will only affect disclosures in the Company's financial statements.
- IFRS 7 (Amendment), 'Financial instruments: Derecognition' (effective for periods beginning on or after July 1, 2011). These amendments are a part of IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and effect of those risks on an entity's financial position, particularly those involving securitization of financial asset.
- IFRS 9, 'Financial instruments', of financial assets (effective for periods beginning on or after January 1, 2013). This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

- IFRS 9, 'Financial instruments', on 'Classification and measurement' of financial liabilities (effective for periods beginning on or after January 1, 2013). These are further addition of IFRS 9 dealing with financial liabilities. The additions, which are part of the IASB's plan to replace IAS 39, retain most of the IAS 39 requirements. These include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change in the additions is that in cases where the fair value option is taken for financial liabilities, the part of fair value change due to and entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless =this creates an accounting mismatch.
- IFRS 12, 'Disclosure of interests in other entities' (effective for periods beginning on or after January 1, 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13, 'Fair value measurement' (effective for periods beginning on or after January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

These are number of another standards and minor amendments and interpretations to other published standards that are not yet effective, and are neither relevant nor expected to have significant effect on the Company's financial statements and therefore have not been presented here.

2.5 Staff retirement benefits

The company operates an unfunded and unapproved gratuity scheme for its employees, which is a defined benefit plan based upon the last salary drawn by an employee. Present value of defined benefit obligation is calculated on the basis of actuarial valuation at the end of the year. The valuation in these accounts is worked out on the Projected Unit Credit Actuarial Cost method.

Actuarial gains/(losses) in excess of 12 percent of the present value of defined benefit obligation are recognized over the expected average future working lives of the employees participating in the scheme. Past service cost is recognized immediately to the extent the benefits already vested.

The amount recognized in the balance sheet represents the present value of the defined benefit obligation adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

2.6 Provisions

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

2.7 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 future for goods and services received, whether or not billed to the Company.

2.8 Taxation

Current

Charge for taxable income is based at current tax rates after taking into account all tax credits and rebates available, if any. In case of taxable loss higher of minimum tax u/s 113 and presumptive tax u/s 154 of the Income Tax Ordinance is provided in the accounts.



Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets, as required by IAS-12 (Income Taxes), are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

2.9 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost / revalued amount less accumulated depreciation and identified impairment losses except free hold land that is stated at cost. Cost of property, plant and equipment consist of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets to working condition.

Depreciation on property, plant and equipment has been provided for using the reducing balance method at the rates specified in Note 14. Depreciation on all additions is charged from the month the asset is ready for the intended use and on disposals is charged upto the month in which the asset is disposed off

Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gain or loss on disposal of property, plant and equipment are included in the current year income.

Leased assets

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of such assets. The related obligations under the lease are accounted for at net present value of liabilities. The assets so acquired are depreciated over their expected useful life at the same rates and basis as of owned assets given in Note 14. The depreciation is charged to current year's income.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

2.10 Impairment

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 recognized in the profit and loss account.

2.11 Stocks and stores

These are valued at lower of cost and net realisable value. Costs are determined using the following basis:

Stores and spare parts	- at moving average cost
Raw materials	- at average cost
Work in process	- at manufacturing cost using average cost method
Finished goods	- at average manufacturing cost .
Goods in transit	- at cost comprising invoice value plus other charges incurred thereon.

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labour and appropriate manufacturing overheads.

Net realizable value signifies estimated selling price in the ordinary course of business less necessary cost to make the sale.

2.12 Trade debts

All outstanding receivables are reviewed at the balance sheet date. The Company recognizes and carries these receivables at original invoice amount less an allowance for any uncollectible amounts, if any. Bad debts, if any, are written off as incurred and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

2.13 Foreign currency transactions and translation

Transactions denominated in foreign currencies are initially recorded at Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the balance sheet date except for balances covered under forward exchange contracts, which are converted at the contracted rates. Exchange differences are included in income currently.

2.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

2.15 Financial instruments

Financial instruments are recognized in the financial statements when the Company becomes a party to the contract and ceases to recognize when it loses control of contractual rights, in case of financial assets, and in case of financial liability when the liability is extinguished. Any gain or loss on subsequent remeasurement / derecognition is charged to income.

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

2.16 Related party transactions

Transactions with related parties are made at arm's length prices using comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

2.17 Financial Assets And Liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and are de-recognized, in case of financial assets when the Company loses control of the contractual rights through either realization, surrender or expiration and in case of financial liability on extinguishments, discharge, cancellation or expiration of obligation specified in the contract.

Financial assets include investments, cash and bank balance, trade debts, advances, deposits and other receivables. Trade debts are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, while other financial assets are stated at cost. Any gain or loss on the recognition and derecognition of the financial assets is included in the net profit and loss for the period in which it arises.



Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include creditors, accrued and other liabilities and unclaimed creditors, accrued and other liabilities and unclaimed dividend are stated at their nominal value. financial charges are accounted for on accrual basis. Any gain or loss on the recognition and derecognition of the financial liability is included in the net profit and loss for the period in which it arises.

2.18 Borrowing Cost

Borrowing costs are charged to income as and when incurred except to the extent costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of asset.

2.19 Offsetting of Financial Assets and Financial Liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the company has legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Dividend

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

2.21 Functional and presentation currency

The financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency.

2.22 Revenue recognition

- Revenue from local sales is recognized on despatch of goods to customers and from exports at the time of bill of lading.
- Dividend income is accounted for when the right to receive dividend has been established.
- Profit / interest is accounted for on accrual basis.
- Rebates are accounted for as and when allowed.



Note 3
Issued, Subscribed and Paid up Capital

2,010	2,011		2011	2010
No. of shares			Rupees	Rupees
40,000,000	40,000,000	Ordinary shares of Rs. 10 each fully paid in cash	400,000,000	400,000,000

3.1 Shares held by related parties are as follows:

	2011	2010
	No. of Shares	No. of Shares
Naveed Industries (Private) Limited	250,000	250,000
Percentage of equity held 0.625% (2010: 0.625%)		

Note 4
Surplus on Revaluation of Property Plant and Equipment

		2011	2010
		Rupees	Rupees
Plant and machinery			
Balance at the beginning of the year		67,789,515	74,300,364
Related deferred tax	4.1	(1,304,562)	(2,676,770)
Incremental depreciation charged on revalued plant and machinery in current year net of deferred taxation transferred to retained earnings		(3,349,374)	(3,834,079)
		<u>63,135,579</u>	<u>67,789,515</u>

4.1 This represents amount transferred (to)/from deferred tax liability due to change in proportion of local and export sales that has resulted in change in estimate of deferred tax on surplus on revaluation of property, plant and equipment.

4.2 Revaluation was carried out on May 18, 1996 by an independent valuer and certified by an independent firm of Chartered Accountants.

Note 5
Long Term Financing

		2011	2010
		Rupees	Rupees
Loan from banking companies - Secured			
Habib Metropolitan Bank - Term finance	5.1	42,000,000	42,000,000
		<u>42,000,000</u>	<u>42,000,000</u>
Loan from related parties - Unsecured			
Loan from directors	5.2	371,256,000	371,256,000
		<u>413,256,000</u>	<u>413,256,000</u>



5.1 This represents term finance of Rs. 42 million and is repayable in installments of Rs 125,000 per working day. The repayment of outstanding liability would commence from July 01, 2012. The finance is secured against lien over FDRs of Rs. 32.0 million held with the bank, personal deposit with the bank of Rs.10 million of director and hypothecation charge of Rs. 300 million over current assets of the Company. It carries mark up 1% over and above the rate of interest on FDRs held under bank's lien.

5.2 The directors have injected unsecured and interest free loans for the repayment of liabilities of the banks and BMR of the Company. This loan shall be repaid after the repayment of liabilities of the banks or improvement in the financial position of the Company, whichever is earlier. These loans are unsecured and interest free.

Note 6

Liabilities Against Assets Subject To Finance Lease

	2011	2010
	Rupees	Rupees
The amounts of future lease rentals are payable during:		
2010 - 2011	-	4,745,746
Security deposits	-	4,745,746
Financial charges not currently due	-	275,000
Present value of minimum lease payments	-	5,020,746
Current portion	-	(291,688)
	-	4,729,058
	-	(4,729,058)
	-	-

Reconciliation between total of minimum lease payments and their present value is as under:

Gross minimum lease payments:		
- Due not later than one year	-	5,020,746
- Due later than one year but not later than five years	-	-
	-	5,020,746
Present value of minimum lease payments:		
- Due not later than one year	-	4,729,058
- Due later than one year but not later than five years	-	-
	-	4,729,058

6.1 This represents finance lease arrangements entered into with Habib Metropolitan Bank and Faysal Bank Limited to acquire plant and machinery and vehicles. The finance lease have been fully repaid during the year 2011. Financing rates of approximately 11.35% to 15.5% per annum have been used as discounting factor. Taxes, repairs, replacement and insurance costs are borne by the Company.

6.2 The lease liabilities are secured against title of leased assets, personal guarantees of the directors and security deposits amounting to Rs. Nil (2010: Rs. 275,000) grouped under long term deposits.

Note 7

Deferred Liabilities

		2011	2010
		Rupees	Rupees
Deferred tax - net	7.1	-	56,877,952
Gratuity payable	7.2	10,038,104	9,077,353
Long term deposit	7.3	47,006,082	30,000,000
		57,044,186	95,955,305

7.1 Deferred tax - net

Credit / (debit) balance arising in respect of:		
- Accelerated tax depreciation	194,902,238	131,862,444
- Surplus on revaluation of property, plant and equipment	22,097,453	21,524,276
- Recognised losses	(133,989,641)	(94,042,478)
- Staff retirement benefits and others	5,270,598	(2,466,290)
	<u>88,280,647</u>	<u>56,877,952</u>
Deferred Tax liability adjusted	(56,877,952)	
Deferred Tax asset not recognized	<u>31,402,695</u>	

7.1.1 The net deferred income tax asset of Rupees 31.403 million (2010: Rupees Nil) has not been recognised in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits may not be available against which the temporary differences can be utilised.

7.2 Staff Gratuity-Defined Benefit Plan

7.2.1 Present value of defined benefit obligation	8,469,946	7,182,828
Plus actuarial gain / (loss) to be recognized in later period	1,568,158	1,894,525
	<u>10,038,104</u>	<u>9,077,353</u>

7.2.2 The amounts recognised in the profit and loss account are balance sheet are as follows

Current service cost	3,031,678	3,257,663
Interest cost	861,939	1,118,489
Actuarial Gain	(235,248)	-
	<u>3,658,369</u>	<u>4,376,152</u>

7.2.3 Movement in liability recognized in the balance sheet

At the beginning of the year	9,077,353	8,992,291
Amount recognised during the year - as shown	3,658,369	4,376,152
Benefits payments	(2,697,618)	(4,291,090)
	<u>10,038,104</u>	<u>9,077,353</u>

7.2.4 Allocation of charge for the year

Cost of sales	24.2	2,714,713	2,995,492
Administrative expenses	26.1	916,656	1,306,580
		<u>3,631,369</u>	<u>4,302,072</u>

7.2.5 The principal actuarial assumptions used were as follows

Discount rate	14%	12%
Expected rate of increase in salary	13%	11%
Average expected remaining working life of employees	5 Years	5 Years

7.3 This represents an interest free and unsecured long term advance received from a customer against the exclusive sale commitment of a particular quality of waste to him for a period of five years. The advance shall be adjusted against sale of fifth year or shall be extended / renewed for a further term as mutually agreed between the parties.

Note 8

Trade and Other Payables

	2011	2010
	Rupees	Rupees
Creditors		
- Secured	34,836,208	8,065,080
- Unsecured	273,794,804	132,489,301
Accrued liabilities	28,223,644	26,569,058
Other liabilities	2,488	-
Advances from customers	24,500,415	20,518,790
Unclaimed dividend	195,013	-
Income tax payable	1,520,891	409,034
Workers' (profit) participation fund	8.1 2,077,890	4,630,871
	<u>365,151,353</u>	<u>192,682,134</u>

8.1 Workers' (profit) participation fund

Opening balance	4,630,871	458,263
Contribution for the year	2,077,890	4,094,703
Interest on funds utilized in Company's business	-	77,905
	<u>6,708,761</u>	<u>4,630,871</u>
Payment during the year	<u>(4,630,871)</u>	<u>-</u>
	<u>2,077,890</u>	<u>4,630,871</u>

The Company retained workers' (profit) participation fund for its business operations. Interest was provided at the prescribed rate under the Companies Profits (Workers' Participation) Act, 1968.

Note 9

Accrued Interest / Mark- up

	2011	2010
	Rupees	Rupees
Accrued mark up / interest on:		
- Long term loans from banking companies	968,589	1,204,192
- Short term borrowings from banking companies	<u>9,310,764</u>	<u>7,911,696</u>
	<u>10,279,353</u>	<u>9,115,888</u>

Note 10

Short Term Borrowings

		2011	2010
		Rupees	Rupees
Banking companies - Secured			
Running / cash finance	10.1	223,870,818	192,838,333
Unpresented cheques	10.2	1,782,471	4,155,158
Related parties - Unsecured			
Loan from directors and others	10.3	<u>1,588,589</u>	<u>308,210</u>
		<u>227,241,878</u>	<u>197,301,701</u>

10.1 These represent utilized portion of short term finance facilities of Rs. 285 million (2010: Rs. 285 million) available from various banks under mark up arrangements. These are secured against pledge of cotton bales, yarn, synthetic / polyester fiber of appropriate value, lien over export L/Cs, 1st charge of Rs.400 million over property, plant & equipment and personal guarantees of directors. Mark-up on the above facilities ranges from 14.34 % to 16 % per annum, payable quarterly. These facilities shall expire on March 31. 2012.

10.2 This represents cheques issued in excess of bank balance that have not been presented at the balance sheet date but have been cleared subsequently.

10.3 These are un-secured and interest free funds obtained to meet the working capital requirements of the Company.

Note 11

Current Portion of Non Current Liabilities

	2011	2010
	Rupees	Rupees
Liabilities against assets subject to finance lease	<u>-</u>	<u>4,729,058</u>
	<u>-</u>	<u>4,729,058</u>



Note 12

Provision for Taxation - Net

	2011	2010
	Rupees	Rupees
Balance at the beginning of the year	8,721,855	4,377,616
Provision for the year	<u>19,583,185</u>	<u>8,134,324</u>
	28,305,040	12,511,940
Paid / adjusted during the year	<u>(8,721,855)</u>	<u>(3,790,085)</u>
Balance at the end of the year	<u>19,583,185</u>	<u>8,721,855</u>

12.1 Assessments upto and including tax year 2010 have been finalized. Tax liability for Rs.4,870,776 has been demanded by the concerned assessing officer against which company has filed appeals. No provision for this amount has been made because the management is confident that the decision shall be in favour of the company.

Note 13

Contingencies and Commitments

Contingencies

The Company has provided bank guarantee in favour of Sui Northern Gas Pipelines Limited amounting to Rs.21.395 million (2010: Rs.21.395 million) on account of payment of dues against consumption of natural gas.

Commitments

	2011	2010
	Rupees in million	
Commitments for:		
- Purchase of raw materials	35.000	42.000
- Fixed capital expenditure	-	5.896



Note 14
Property, Plant and Equipment

PARTICULARS	OWNED										LEASED		Grand Total	
	Freehold land	Factory Buildings on free hold land	Colony Buildings on free hold land	Plant & Machinery	Power House	Tools & equipment	Office equipment	Furniture and fixtures	Vehicles	Sub Total	Vehicles	Plant & Machinery		Sub Total
COST														
Balance as at July 01, 2010	5,009,292	192,672,688	24,914,405	1,093,104,281	74,185,289	1,942,356	3,418,413	5,321,762	13,264,330	1,413,832,796	2,882,000	11,000,000	13,882,000	1,427,714,796
Additions	-	15,445,278	-	94,672,793	-	-	-	886,475	3,218,895	113,923,241	-	-	-	113,923,241
Deletions	-	-	-	(2,976,976)	-	-	-	-	(4,090,330)	(7,057,306)	-	-	-	(7,057,306)
Transfer / Adjustment	-	-	-	11,000,000	-	-	-	-	2,882,000	13,882,000	(2,882,000)	(11,000,000)	(13,882,000)	-
Balance as at June 30, 2011	5,009,292	208,117,966	24,914,405	1,195,800,078	74,185,289	1,942,356	3,418,413	5,908,237	16,294,695	1,534,680,731	-	-	-	1,534,680,731
DEPRECIATION														
Balance as at July 01, 2010	-	116,947,639	14,623,729	466,492,946	23,559,088	1,592,255	2,131,004	3,423,889	8,200,680	636,971,230	1,827,826	1,128,104	2,955,930	639,927,160
Change for the year	-	7,701,216	1,029,068	32,650,659	5,062,620	35,010	128,741	213,057	2,024,674	48,845,045	-	-	-	48,845,045
Transfer / Adjustment	-	-	-	1,128,104	-	-	-	-	1,827,826	2,955,930	(1,827,826)	(1,128,104)	(2,955,930)	-
Deletions	-	-	-	(110,705)	-	-	-	-	(2,551,581)	(2,562,286)	-	-	-	(2,562,286)
Balance as at June 30, 2011	-	124,648,855	15,652,797	500,161,004	28,621,708	1,627,265	2,259,745	3,636,946	9,601,599	686,109,919	-	-	-	686,109,919
Written Down Value as at June 30, 2011	5,009,292	83,469,111	9,261,608	695,639,074	45,563,581	315,091	1,158,668	2,271,291	5,783,086	848,470,812	-	-	-	848,470,812
Written Down Value as at June 30, 2010	5,009,292	75,725,049	10,290,676	626,611,315	60,626,201	350,101	1,287,409	1,897,873	5,063,650	776,861,566	1,054,174	9,871,896	10,926,070	787,787,636
Rates %	-	10%	10%	5% & 10%	10%	10%	10%	10%	20%	-	20%	5% & 10%	-	-

14.1 Revaluation of plant and machinery was carried out as on may 18, 1996 by an independent valuer on replacement cost basis. Had there been no revaluation, the cost, accumulated depreciation and book values of the revalued assets would have been as follows:

As at June 30, 2011		
Cost	Accumulated depreciation	Written Down Value
Rupees	Rupees	Rupees
Plant and machinery	845,454,797	354,113,356
		491,341,441

14.2 The depreciation charge for the year has been allocated as under

Note	2011		2010	
	Rupees	Rupees	Rupees	Rupees
Cost of sales	24	46,478,572	45,067,216	
Administrative expenses	26	2,366,473	3,529,911	
		48,845,045	48,597,127	

14.3 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
	Rupees	Rupees	Rupees	Rupees	Rupees		
Vehicle Toyota Camary	2,882,000	1,721,205	1,160,795	2,950,000	1,789,205	Nogaciation	Mr Zeeshan Ahmed Ali Ranja (Gulberg II Lahore)
Vehicle Mitsubishi Lancer	1,060,330	779,764	280,566	1,000,000	719,434	Insurance Claim	Adamjee Insurance Company of Pakistan Ltd.
Vehicle Honda CG 125	71,000	48,379	22,621	30,000	7,379	Nogaciation	Mr Ejaz Ahmed (Employee)
Vehicle Honda CD 70	67,000	2,233	64,767	58,000	(6,767)	Nogaciation	Mr Kashif Malik (Lahore)
Embroidery Machines (02 Nos)	2,976,976	110,705	2,866,271	3,300,000	433,729	Nogaciation	Waqas Abbas Enterprises Faisalabad
	7,057,306	2,662,286	4,395,020	7,338,000	2,942,980		

14.4 Certain property, plant and equipments are under charge by way of mortgage against financing from banks (refer to Note 10).



Note 15

Long Term Loans

		2011	2010
		Rupees	Rupees
Loans to employees - Unsecured and considered good	15.1	3,116,750	3,191,509
Current portion		<u>(338,250)</u>	<u>(538,000)</u>
		<u>2,778,500</u>	<u>2,653,509</u>

15.1 These represent interest free long term loans given to employees (other than chief executive, directors and executives) as per the policy of the Company, as house building finance.

Note 16

Long Term Deposits

		2011	2010
		Rupees	Rupees
Deposits against:			
- Liabilities against assets subject to finance lease		-	275,000
- Utilities		2,151,246	2,151,246
- Margin on letter of guarantee		<u>3,454,203</u>	<u>3,454,203</u>
		<u>5,605,449</u>	<u>5,880,449</u>

Note 17

Stores and Spares

		2011	2010
		Rupees	Rupees
Stores		8,939,305	5,475,674
Spares		<u>6,439,674</u>	<u>6,884,301</u>
		<u>15,378,979</u>	<u>12,359,975</u>

17.1 Stores and spares include items which may result in capital expenditure but are not distinguishable.

Note 18

Stock in Trade

		2011	2010
		Rupees	Rupees
Raw materials		219,659,523	116,154,415
Work in process		51,694,739	29,253,064
Finished goods		<u>48,920,141</u>	<u>23,871,384</u>
		<u>320,274,403</u>	<u>169,278,863</u>

18.1 Raw materials and finished goods are under first charge by way of pledge as security for certain short term borrowings (refer to Note 10).

Note 19

Trade Debts

		2011	2010
		Rupees	Rupees
Local - Unsecured and considered good	19.1	88,692,196	43,682,534
Foreign - Secured and considered good		-	11,651,170
		<u>88,692,196</u>	<u>55,333,704</u>
Local - Unsecured and considered doubtful		-	511,623
Less: Provision for doubtful debts		-	(511,623)
		<u>88,692,196</u>	<u>55,333,704</u>

19.1 This includes Rs. 343,440 (2010: Rs. 363,317) due from Yousaf Weaving Mills Limited, an associated undertakings on account of sale of materials.

Note 20

Loans and Advances

		2011	2010
		Rupees	Rupees
Current portion of loans to employees	15	338,250	538,000
Advances - Considered good			
- Suppliers and contractors	20.1	44,396,704	35,293,937
- Employees	20.2	366,783	931,526
- Sales tax and federal excise duty		4,667,024	7,564,256
- Income tax		15,169,374	17,609,799
		<u>64,938,135</u>	<u>61,937,518</u>

20.1 This includes Rs. 287,051 (2010: Rs. 666,303) due from Chakwal Textile Mills Limited (associated undertaking) on account of purchase of raw material.

20.2 Amount due from directors, chief executive and executives of the Company is Nil (2010: Nil)

Note 21

Trade Deposits, Prepayments, Accrued Interest and Other Receivables

		2011	2010
		Rupees	Rupees
Margin against import letter of credit		14,310,000	18,946,000
Prepayments		448,647	976,108
Interest receivable		1,157,480	1,311,123
Other receivable		-	293,453
		<u>15,916,127</u>	<u>21,526,684</u>

Note 22

Cash and Bank Balance

		2011	2010
		Rupees	Rupees
Cash in hand		179,570	130,887
With banks			
- Current accounts		843,190	179,376
- Deposit account	22.1	32,000,000	32,000,000
		<u>32,843,190</u>	<u>32,179,376</u>
		<u>33,022,760</u>	<u>32,310,263</u>

22.1 This represents deposit amounting to Rs. 32.0 million (2010: 32.0 million) under lien of the bank (refer to Note 5.1). The deposit yields 6.5% (2010: 9.6%), approximately, per annum.

Note 23

Sales

	2011	2010
	Rupees	Rupees
Local	1,874,820,309	1,055,590,613
Export	466,082,895	304,220,903
	<u>2,340,903,204</u>	<u>1,359,811,516</u>
Export rebate	-	-
	<u>2,340,903,204</u>	<u>1,359,811,516</u>
Commission to selling agents and discount allowed	(14,277,282)	(7,565,619)
	<u><u>2,326,625,922</u></u>	<u><u>1,352,245,897</u></u>

Note 24

Cost of Sales

		2011	2010
		Rupees	Rupees
Raw materials consumed	24.1	1,759,181,773	846,183,209
Fuel and power		189,605,834	99,637,470
Salaries, wages and benefits	24.2	127,603,889	135,480,444
Store and spares consumed		54,399,262	29,271,520
Packing material		34,231,912	19,604,401
Repairs and maintenance		8,293,571	7,632,069
Insurance		3,285,853	3,051,804
Depreciation	14.2	46,478,572	40,038,501
		<u>2,223,080,666</u>	<u>1,180,899,418</u>
Work in process			
- Opening		29,253,064	23,053,374
- Closing		(51,694,739)	(29,253,064)
		<u>(22,441,675)</u>	<u>(6,199,690)</u>
Cost of goods manufactured		<u>2,200,638,991</u>	<u>1,174,699,728</u>
Finished goods			
- Opening stock		23,871,384	35,392,298
- Purchases		-	1,814,764
- Closing stock		(48,920,141)	(23,871,384)
		<u>(25,048,757)</u>	<u>13,335,678</u>
		<u><u>2,175,590,234</u></u>	<u><u>1,188,035,406</u></u>
24.1 Raw materials consumed			
Opening stock		116,154,415	151,923,340
Purchases		1,885,770,646	847,086,089
		2,001,925,061	999,009,429
Sales		(23,083,765)	(36,671,805)
Closing stock		(219,659,523)	(116,154,415)
		<u><u>1,759,181,773</u></u>	<u><u>846,183,209</u></u>

24.2 This includes Rs. 2,714,713 (2010: Rs. 2,995,492) in respect of employee benefits - gratuity scheme.

Note 25

Distribution Cost

	2011	2010
	Rupees	Rupees
Export expenses	14,094,133	11,697,908
Freight	3,104,965	1,951,879
	<u>17,199,098</u>	<u>13,649,787</u>

Note 26

Administrative Expenses

		2011	2010
		Rupees	Rupees
Salaries, wages and benefits	26.1	9,572,296	7,983,167
Director' remuneration		3,675,000	1,200,000
Travelling and conveyance		2,958,760	785,682
Rent, rates and taxes		1,427,000	1,382,358
Postage, fax and telephone		1,644,093	1,746,144
Repairs and maintenance		2,537,798	536,605
Insurance		1,256,855	938,114
Utilities		2,063,493	1,761,789
Printing and stationery		1,751,355	1,519,336
Entertainment		2,357,719	1,715,693
Vehicle running and maintenance		3,249,170	3,422,715
Fees and subscriptions		346,963	797,030
Legal and professional charges		918,923	542,527
Advertisement and publicity		86,300	32,500
Donations	26.2	602,000	-
Provision for doubtful debts		-	18,897
Depreciation	14.2	2,366,473	1,248,482
Miscellaneous		44,289	13,075
		<u>36,858,487</u>	<u>25,644,114</u>

26.1 This includes Rs. 916,656 (2010: Rs. 1,306,580) in respect of employee benefits - gratuity scheme.

26.2 None of the directors and their spouses had any interest in any of the donees.

Note 27

Finance Cost

		2011	2010
		Rupees	Rupees
Interest / mark-up on:			
- Long term financing		4,011,863	4,767,863
- Finance lease		291,688	1,681,278
- Short term borrowings		36,758,207	35,360,774
- Workers' (profit) participation fund	8.1	-	77,905
L/C discounting charges		11,419,786	118,535
Bank charges and commission		5,079,463	4,378,434
		<u>57,561,007</u>	<u>46,384,789</u>

Note 28

Other Operating Expenses

		2011	2010
		Rupees	Rupees
Auditors' remuneration	28.1	510,000	475,000
Workers' (profit) participation fund		2,077,890	4,094,703
		<u>2,587,890</u>	<u>4,569,703</u>
28.1 Auditors' remuneration			
Audit fee		420,000	385,000
Half yearly review and code of corporate governance		90,000	90,000
		<u>510,000</u>	<u>475,000</u>

Note 29

Other Operating Income

		2011	2010
		Rupees	Rupees
Income from financial assets			
Interest on bank deposits		2,447,562	3,072,877
Income from non financial assets			
Profit on sale of property, plant and equipment		2,942,980	1,800,789
Unclaimed liabilities written back		203,142	764,385
		<u>3,146,122</u>	<u>2,565,174</u>
		<u>5,593,684</u>	<u>5,638,051</u>

Note 30

Taxation

		2011	2010
		Rupees	Rupees
Current			
- For the year	30.1	23,409,032	8,134,324
- Prior years		(1,873,620)	
Surcharge		834,982	
- Surcharge on Adv.tax		310,787	
		<u>22,681,181</u>	<u>8,134,324</u>
Deferred			
		<u>(58,182,514)</u>	<u>10,370,156</u>
		<u>(35,501,333)</u>	<u>18,504,480</u>

30.1 This represents liability provided under section 113 & 154 of the Income Tax Ordinance 2001 calculated on the basis of gross turnover.

30.2 The income tax assessment of the company has been finalized upto and including tax year 2010 by deeming provisions of the Income Tax Ordinance 2001.

30.3 Numerical tax reconciliation has not been given since the company is liable to pay minimum tax of 1%.

Note 31
Earnings per Share

		2011	2010
Profit after taxation	Rupees	77,924,223	61,095,669
Number of shares			
Weighted average number of ordinary shares outstanding during the year	Number	40,000,000	40,000,000
Earnings per share - basic	Rupees	<u>1.95</u>	<u>1.53</u>

31.1 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

Note 32
Remuneration of Chief Executive, Directors' and Executives

The aggregate amounts charged in the accounts for the year as remuneration and benefits to the chief executive, directors and executive of the Company are as follows:

	2011		2010	
	Directors	Executives	Directors	
	Rupees		Rupees	
Managerial Remuneration	2,450,000	2,047,733	800,000	516,000
House rent allowance	980,000	819,093	320,000	206,400
Medical		261,000		99,000
utilities	245,000	204,773	80,000	51,600
	<u>3,675,000</u>	<u>3,332,599</u>	<u>1,200,000</u>	<u>873,000</u>
Number of persons	1	3	1	1

32.1 No fee has been charged by the directors for attending the board meetings.

32.2 Executives are defined as employees with basic salary exceeding Rs.500,000.

32.3 Directors and executive are provided with company maintained cars.

Note 33

Transactions with Related Parties

The related parties comprise associated companies, related group companies, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	2011	2010
	Rupees in million	
Associates		
Purchase of materials (Yousaf Weaving Mills Ltd.)	4.224	0.019
(Chakwal Textile Mills Ltd.)	56.579	27.345
(Kohinoor Spinning Mills Ltd.)	3.040	2.449
Sale of materials (Yousaf Weaving Mills Ltd.)	2.284	0.613
(Chakwal Textile Mills Ltd.)	14.863	3.757
Directors		
Short term funds (received from) / repaid to directors	(1.280)	13.500

Sale and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

Note 34

Financial Risk Management

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

- Market Risk
- Credit Risk
- Liquidity Risk

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



a) **Market Risk**

i) **Currency Risk**

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

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

	2011	2010
	Rupees in million	
Trade debts	-	11,651
Gross balance sheet exposure	-	11,651
Outstanding letters of credit	(34,836)	(5,896)
Net exposure	(34,836)	5,755

The following significant exchange rates were applied during the year.

Average rate (Rupees per US Dollar)	84.31	84.31
Reporting date rate (Rupees per US Dollar)	85.50	85.50

Foreign Exchange Risk Management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However the company is not materially exposed to foreign currency risk on assets and liabilities. As at June 30, 2011 financial assets include Rs. Nil (2010: Rs. Nil) and financial liabilities include Rs. Nil (2010: Rs. Nil) which are subject to foreign currency risk against US Dollars.

Foreign Currency Sensitivity Analysis

At June 30, 2011 if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. Nil (2010: Rs. Nil) mainly as a result of foreign exchange gains / losses on transaction of foreign currency trade debts and US Dollar denominated borrowings.

ii) **Other Price Risk**


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

iii) **Interest Rate Risk**

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, lease liabilities and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

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

	2011	2010
	Rupees	Rupees
Floating rate instruments		
Financial Liabilities		
Long term financing	42,000,000	42,000,000
Liabilities against assets subject to finance lease	-	4,729,058
Short term borrowings	223,870,818	192,838,333
Financial Assets		
Bank Balances - Saving Accounts		-

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs. 2.658 million (2010: Rs. 2.39 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. The analysis is prepared assuming the amounting of liabilities outstanding at balance sheet dates were outstanding for the whole year.

b) Credit Risk

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

	2011 Rupees	2010 Rupees
Long term loans	2,778,500	2,653,509
Long term deposits	5,605,449	5,880,449
Trade debts	88,692,196	55,333,704
Advances, trade deposits and other receivables	61,017,864	58,290,147
Cash and bank balances	33,022,760	32,310,263

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of major banks where the Company maintains its bank balances are as follows:-

Name of Bank	Rating Agency	Credit Rating	
		Short-term	Long-term
Habib Metropolitan Bank Limited	PACRA	A1+	AA+

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs. 285 million worth short term borrowing limits available from financial institutions and Rs. 32.310 million cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2011:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Long-term finances	42,000,000	48,637,500	3,150,000	45,487,500	-
Trade and other payables	340,650,938	340,650,938	340,650,938	-	-
Accrued interest	10,279,353	10,279,353	10,279,353	-	-
Short term finances	225,653,289	261,472,620	261,472,620	-	-

Contractual maturities of financial liabilities as at June 30, 2010:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Long-term finances	4,200,000	49,245,000	4,830,000	44,415,000	-
Liabilities against leased assets	5,020,746	5,312,434	5,312,434	-	-
Trade and other payables	172,163,344	172,163,344	172,163,344	-	-
Accrued interest	9,115,888	9,115,888	9,115,888	-	-
Short term finances	196,993,491	225,242,358	225,242,358	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest mark up have been disclosed in Note 5, Note 6 and Note 10 to these financial statements.

34.2 Fair values of financial assets and liabilities

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

Note 35

Plant Capacity and Production

	2011	2010
Number of spindles installed	33,468	33,468
Number of shifts worked	1,095	1,095
Installed capacity in 20's count based on triple shift for 365 days (2010: 365) days (Kegs) - approxir	13,998,260	10,610,970
Actual production after conversion into 20's count (Kegs)	<u>13,806,504</u>	<u>8,388,474</u>

It is difficult to describe precisely the under utilization of production capacity in spinning since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, etc. It also varies according to the pattern of production adopted in particular year.

Note 36

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level, and regulate its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2011	2010
	Rupees	Rupees
Total borrowings	640,497,878	610,557,701
Cash and bank balances	<u>(33,022,760)</u>	<u>(32,310,263)</u>
Net Debt	<u>607,475,118</u>	<u>578,247,438</u>
Equity	239,385,827	159,517,145
Total capital employed	<u>846,860,945</u>	<u>737,764,583</u>
Gearing Ratio	71.73%	78.38%

Note 37
Authorization of Financial Statements

These accounts have been authorized for issue by the Board of Directors of the Company on October 08, 2011.

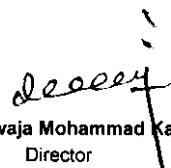
Note 38
General

- Figures have been rounded off to the nearest Rupee.

Lahore
October 08, 2011



(Khawaja Mohammad Jahangir)
Chief Executive



(Khawaja Mohammad Kaleem)
Director

CHAKWAL SPINNING MILLS LIMITED

KEY FINANCIAL DATA OF LAST SIX YEARS

(Rupees in '000)

	2011	2010	2009	2008	2007	2006
Sales	2,326,626	1,352,246	989,845	870,628	847,459	705,391
Gross Profit	151,036	164,210	39,570	66,481	69,824	28,573
Profit Before Taxation	42,423	79,600	(47,413)	10,665	5,789	(20,975)
Tax	35,501	(18,504)	2,219	9,573	1,207	11,693
Profit After Taxation	77,924	61,096	(45,194)	1,092	4,583	11,693
Total Assets	1,395,077	1,149,069	1,132,763	1,158,263	1,085,729	977,393
Current Liabilities	622,256	412,551	458,458	422,977	401,007	315,072
	772,821	736,518	674,305	735,286	684,722	662,321
Share Capital	400,000	400,000	400,000	400,000	400,000	400,000
Investment revaluation surplus	-	-	-	-	-	-
Accumulated (Loss)/Profit	(160,614)	(240,483)	(305,413)	(264,156)	(269,402)	(278,069)
Equity	239,386	159,517	94,587	135,844	130,598	121,931
Surplus on Revaluation of Fixed Assets	63,135	67,790	74,300	78,755	83,064	79,551
Deposit for Shares	-	-	-	-	-	-
Long Term Loans	413,256	413,256	413,256	413,256	394,506	365,744
Leases	-	-	9,338	23,010	28,926	36,825
Finance Lease	57,044	95,955	82,823	84,421	47,628	58,270
Deferred Liability	772,821	736,518	674,304	735,286	684,722	662,321

CHAKWAL SPINNING MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2011

CATEGORIES OF SHARES HOLDERS	NUMBER OF SHARES HOLDERS	NUMBER OF SHARES HELD	%
1. INDIVIDUALS	905	38,619,880	96.55
2. INVESTMENT COMPANIES	3	41,400	0.10
3. INSURANCE COMPANIES	4	114,300	0.29
4. JOINT STOCK COMPANIES	8	276,619	0.69
5. FINANCIAL INSTITUTIONS	5	853,401	2.13
6. MODARABA COMPANIES	2	3,000	0.01
7. FOREIGN COMPANIES	3	91,400	0.23
8. CHARITABLE TRUST	0	-	0.00
9. OTHERS	0	-	0.00
TOTAL	930	40,000,000	100

Detail of Pattern of Shareholding as per Requirements of Code of Corporate Governance

Associated Companies Undertakings & Related Parties

i Naveed Industries (Pvt.) Limited 250,000

NIT / ICP

i National Bank of Pakistan - Trustee Wing 829,484

ii Investment Corporation of Pakistan 3,500

Directors, Chief Executive, their Spouse and Minor Children

i Khawaja Mohammad Jawed 2,574,479

ii Khawaja Mohammad Jahangir 2,800,500

iii Khawaja Mohammad Tanveer 2,501,000

iv Khawaja Mohammad Kaleem 24,084,146

v Khawaja Mohammad Nadeem 2,867,900

vi Khawaja Mohammad Naveed 1,424,792

vii Mr. Muhammad Aman 868,800

viii Mrs. Kausar Tasneem W/o Kh. M. Jawed 400

ix Mrs. Rubina Khanum W/o Kh. M. Jahangir 2,500

37,124,517

Executives

Public Sector Companies & Corporations

i State Life Insurance Corporation 52,000

ii National Development Finance Corporation 4,500

Banks, Development Finance Institutions and Non Banking Finance

Institutions Insurance Companies, Madaraba & Mutual Funds 122,617

General Public

1,495,363

Joint Stock Companies

276,619

Foreign Companies

91,400

Others

40,000,000

Shareholders holding 10% and above Voting Interests

Khawaja Mohammad Kaleem

24,084,146

THE COMPANIES ORDINANCE, 1984 **FORM-34**
(Section 236(1) and 464)

01. Incorporation Number 0017425
 02. Name of Company **CHAKWAL SPINNING MILLS LTD.**
 03. Pattern of shareholding held by the shareholders as at **30-06-2011**

NUMBER OF SHAREHOLDERS	SHAREHOLDING			TOTAL SHARE HELD
	FROM	TO		
149	1	-	100	12,706
542	101	-	500	226,392
69	501	-	1000	65,900
97	1001	-	5000	283,833
27	5001	-	10000	221,453
8	10001	-	15000	99,781
5	15001	-	20000	91,417
5	20001	-	25000	68,800
3	25001	-	30000	79,375
1	30001	-	35000	32,200
1	35001	-	40000	37,500
1	40001	-	45000	45,000
2	45001	-	50000	95,817
1	50001	-	55000	52,000
1	55001	-	60000	57,000
2	60001	-	65000	126,200
1	70001	-	75000	71,776
1	75001	-	80000	78,646
1	90001	-	95000	91,500
2	95001	-	100000	199,000
1	110001	-	115000	111,500
1	145001	-	150000	148,225
1	245001	-	250000	250,000
1	750001	-	755000	754,008
1	865001	-	870000	868,800
1	1365001	-	1370000	1,367,792
1	2350001	-	2355000	2,351,479
1	2500001	-	2505000	2,501,000
2	2800001	-	2805000	5,605,400
1	24005001	-	24010000	24,005,500
930				40,000,000