Kohinoor Spinning Mills Limited

KOHINOOR

ANNUAL REPORT 2013

بسم الله الرحمن الرحيم

Contents

COMPANY INFORMATION

BOARD OF DIRECTOR

Mr. Mohammad Naveed	(Chief Executive)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Jahangir	(Director)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Khawaja Mohammad Nadeem	(Director)
Mr. Mohammad Hamza Yousaf	(Director)

AUDIT COMMITTEE

Khawaja Mohammad Jahangir	(Chairman)
Khawaja Mohammad Kaleem	(Member)
Khawaja Mohammad Nadeem	(Member)

HR & REMUNERATION COMMITTEE

Khawaja Mohammad Kaleem	(Chairman)
Khawaja Mohammad Nadeem	(Member)
Mr. Mohammad Naveed	(Member)

CORPORATE SECRETARY

Mr. Muhammad Jahangir Khan — BA (LLB), MBA, DTL, ACIS
jahangir@chakwalgroup.com.pk

CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Zafar — M.B.A

BANKERS

Habib Metro Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan)Limited
Allied Bank of Pakistan
Meezan Bank Limited
Askari Bank Limited

AUDITOR

Aslam Malik & Co.
Chartered Accountants
Suite # 18-19,Ist Floor,
Central Plaza, Civic Centre,
New Garden Town, Lahore. Pakistan

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
Tel : (042) 35717510
Fax : (042) 35755760

SHARE REGISTRARS

Corp link (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel : (042) 35839182
Fax : (042) 35869037

MILLS

Unit I &II
Aminabad, Chakwal
Tel : (0543) 644254 - 644281

Unit III
Yousaf Nagar, Bhoun Road,
Chakwal.
Tel: (0543)452070-71

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of **KOHINOOR SPINNING MILLS LIMITED** will be held on Thursday, October 31, 2013 at 11:00 a.m. at 7/1 - E-3, Main Boulevard Gulberg III, Lahore to deal with the following matters :-

ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting held on October 31, 2012.

2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2013 together with the reports of directors and auditors thereon.

3. To consider and, if thought fit, approve final cash dividend of 30% (Rs. 1.50 per ordinary share of Rs. 5/ each) held by the existing shareholders as recommended by the board of directors. This is in addition to the interim cash dividend of 10% (Rs.0.50 per ordinary share of Rs. 5/- each) already paid to the shareholders during the year.

4. To reappoint auditors for the year ending June 30, 2014 and to fix their remuneration.

5. To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD

Lahore:
October 09, 2013

MUHAMMAD JAHANGIR KHAN
Company Secretary/General Manager (Legal)

NOTES:

1. The share transfer books of the Company will remain closed from October 24, 2013 to October 31, 2013 (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 for filing annual return of company to our share registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel. 042-35839182.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors are pleased to present before you the results of the Company for the year ended 30 June 2013.

Performance of Company

Your Company has earned after tax profit of Rs. 265.524 million as compared to after tax profit of Rs. 106.403 million for the corresponding last year. The upward trend in profitability is attributed to the stable cotton prices, better yarn prices in export market and lower power outages as compared to the corresponding last year. Also, this year we reaped the benefits of production from machinery imported under "Supplier's credit". This machinery not only resulted in better production but also better revenue and contribution margins.

Sales have increased from Rs. 5,628 million in 2012 to Rs. 6,230 million in the current year (an increase of 10.70%). Similarly, gross profit has registered 3.76% increase as compared to the corresponding last year (i.e. from 10.02% in 2012 to 13.78% in 2013). Keeping with this trend, net profit has improved from 1.89% in 2012 to 4.26% in 2013 (an increase of 2.37%).

We focused our attention to the export market during the year. As a result, our exports increased from Rs. 1,498 million in 2012 to Rs. 2,604 million in 2013 (i.e. an impressive increase of 74%).

Earnings Per Share (EPS)

The Basic earnings per share (EPS) of the Company for the year 2013 remained at Rs. 2.04 (2012: Rs. 0.82). There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitment.

Future Outlook

Pakistan's spinning sector is facing number of challenges at the moment. Electricity and gas load shedding is one of them. This crisis appears to have no end in sight. With winter just approaching, we are awaiting new gas load shedding schedule by SNGPL (currently, we are already facing at least fourteen hours gas shut down per day). Also, we are facing at least four hours electricity shut down per day. There are reports in national newspapers that CNG sector in Punjab would face closure for three months. How this closure would translate in better gas supply to captive power plants in Punjab still remains to be seen. NEPRA has increased electricity rates tremendously recently (i.e. peak hour rate from Rs. 12.68 per KWH to Rs. 18.00 per KWH and off-peak hour rate from Rs. 7.75 per KWH to Rs. 12.21 per KWH). These rates are exclusive of other levies such as Neelum Jehlum surcharge, maximum demand indicator (MDI) charges, ED installment etc reflected in monthly electricity bill. However, apparently, no steps are being taken to increase electricity supply. Industry cannot perform without energy and without industry progress unemployment cannot be reduced. Government will to support industry on this critical front is missing. Government prefers household supply to industrial one and this is major flaw in policy for prudent distribution of scarce resources. These days export market is vibrant. We are receiving orders from export market on regular basis. With foreign buyers in the market, we have the leverage to sell bulk quantities to them. Local market is alive. However, we have to extend credit to local customers which affect our liquidity.

Another main factor for industry growth is mark up rate cut. We are of the opinion that if we want to progress on industrial front, State Bank of Pakistan (SBP) would have to reduce mark up rates. However, SBP has increased mark up rate by 50 basis points in last monetary policy. Lower interest rates are pre-requisite for industry progression as in this competitive industrial world, we are living in one of the highest interest regime areas. Our finance managers think that lower mark up rates would result in higher inflation. We dispute their claim. Our past history is a proof of this.

The management of your Company continues to make best efforts, through strategy of expanding and diversifying product range and targeting new and growing markets. Recently, we have signed another contract for import of machinery from Germany. This machinery would be installed in our Unit-1. With this up-gradation our Unit-1 would also be able to export quality yarn products at premium (currently, our Unit-1 is catering to local market demand of yarn being manufactured from man made fiber). The machinery is expected to reach Pakistan by the end of January 2014. Commercial production from this BMR is expected to take another three months.

Salient Aspects of Company's Control and Reporting System.

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

The Board has constituted the following committees which work under the guidance of Board of Directors -

a) Audit Committee

b) Human Resource Committee

Independent Director. This shall take effect (in next year) when the board is reconstituted on the expiry of its current terms after coming into force of the CCG.

Attendance of Meetings. During the year under review, attendance by each director is given below -

a) Board of Directors

Name of Directors		No of Board Meetings held	attended
1.	Khawaja Mohammad Javed	4	4
2.	Khawaja Mohammad Jahangir	4	3
3.	Khawaja Mohammad Tanveer	4	4
4.	Khawaja Mohammad Kaleem	4	3
5.	Khawaja Mohammad Nadeem	4	4
6.	Mr. Mohammad Naveed	4	4
7.	Mr. Mohammad Hamza Yousaf	4	4

b) Audit Committee

1.	Khawaja Mohammad Jahangir	5	5
2.	Khawaja Mohammad Kaleem	5	5
3.	Khawaja Mohammad Nadeem	5	5

c) HR & REMUNERATION COMMITTEE

1.	Khawaja Mohammad Kaleem	5	5
2.	Khawaja Mohammad Nadeem	5	5
3.	Mr. Mohammad Naveed	5	5

All meetings of the Board met minimum quorum prescribed by the Code of Corporate Governance and also attended by the Chief Financial Officer and the Company Secretary, However the Board granted leave of absence to the directors who could not attend the meetings due to their pre-occupation.

Pattern of Share-Holding

The pattern of shareholding as on 30-06-2013 and its disclosure as per requirement of Code of Corporate Governance is annexed with this report;

Auditors

The present auditors Messrs. Aslam Malik & Co., Chartered Accountants will stand retired at the conclusion of the 41st Annual General Meeting. However, they have expressed their willingness for re-appointment. They have also been recommended by the Audit Committee as external Auditors till conclusion of 42nd Annual General Meeting on existing terms and conditions.

Dividend

The Directors are pleased to recommend a final cash dividend of Rs. 1.5 per share. This is in addition to an interim cash dividend of Re. 0.5 per share already approved by the Board of Directors and paid to the shareholders. The total dividend to be approved by the shareholders at the Annual General Meeting on 31st October 2013 will be Rs. 2.0 per share i.e. 40% for the year ended 30th June 2013. However, Directors of the Company have decided to forego their right to receive dividend.

Acknowledgement

The directors express their deep appreciation to valued shareholders, customers, suppliers and financial institutions / Governmental departments for their cooperation and Company's employees for their hard work and commitment which enabled the company to achieve good operational results.

The Board is of the opinion that with sustained efforts and ALLAH,s blessing, the company will remain on its way to success.

For and on behalf of the Board

Lahore
October 09, 2013

Mr. Mohammad Naveed
Chief Executive Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation No. 35 of listing regulations of Karachi Stock Exchange 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.(CCG)

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

1. The company encourages the representation of independent non-executive directors on its Board of Directors. The provisions of CCG regarding independent director shall take effect (next year) when the board is reconstituted on the expiry of its current term after coming into force of the CCG. At present the Board includes -

Category	**Names**
Executive Directors	1. Khawaja Mohammad Javed
	2. Mr. Mohammad Naveed
Non Executive Directors	1. Khawaja Mohammad Jahangir
	2. Khawaja Mohammad Tanveer
	3. Khawaja Mohammad Kaleem
	4. Khawaja Mohammad Nadeem
	5. Mr. Mohammad Hamza Yousaf

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

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the year.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other working director(s) have been taken by the board/shareholders.

8. The meetings of the Board were presided over by the Chief Executive or in his absence other director elected by the board for this purpose. 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 Directors at Kohinoor Spinning Mills 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 has already approved appointment of Chief Financial Officer, Company Secretary and Internal Auditor, their remuneration and terms & conditions of employment.

11. The director's report for this 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 of three members, of whom all are non executive directors and the chairman of the committee is a Non Executive 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 references 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 of three members, including the CEO and the non executive directors while the chairman of the committee is a non executive director.

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

19. The statutory auditors of the company have confirmed that they have been given 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 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. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore
October 09, 2013

Mr. Mohammad Naveed
Chief Executive

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 (“the Company”) contained in the Code of Corporate Governance prepared by the Board of Directors of **Kohinoor Spinning Mills Limited**, (“the Company”) to comply with the Listing Regulation of 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 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) of listing regulations 35 notified by The Karachi Stock Exchange 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 parties 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended June 30, 2013.

Lahore
October 09, 2013

Aslam Malik & Co.
Chartered Accountants

Audit Engagement Partner:
Mohammad Aslam Malik

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KOHINOOR SPINNING MILLS LIMITED** ("the Company") as at June 30, 2013 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 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, 2013 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
October 09, 2013

ASLAM MALIK & CO.
Chartered Accountants

Audit Engagement Partner:
Mohammad Aslam Malik

BALANCE SHEET

	Notes	2013 (Rupees)	2012 (Rupees)
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
130,000,000 (2012 - 130,000,000) ordinary shares of Rupees 5/- each (2012 Rupees 5/- each)		**650,000,000**	650,000,000
Issued, subscribed and paid up capital 130,000,000 (2012 - 130,000,000) ordinary shares of Rupees 5/- each (2012 Rupees 5/- each)	3	**650,000,000**	650,000,000
Accumulated Profit	4	**395,401,268**	130,639,714
		1,045,401,268	780,639,714
Sub-ordinated loan from directors	5	**397,000,000**	397,000,000
NON-CURRENT LIABILITIES			
Long term loan	6	**7,142,852**	57,142,852
Liabilities against assets subject to finance lease	7	**27,885,024**	21,135,672
Supplier's credit	8	**73,897,607**	138,855,120
Deferred liabilities	9	**65,202,009**	61,913,471
		174,127,492	279,047,115
CURRENT LIABILITIES			
Trade and other payables	10	**410,536,348**	226,764,714
Accrued Interest on loans and borrowings	11	**47,972,996**	46,227,892
Short-term borrowings	12	**1,503,481,637**	1,104,340,002
Current portion of non current liabilities	13	**135,920,068**	121,843,886
Provision for taxation	32	**4,696,724**	3,563,648
		2,102,607,773	1,502,740,142
CONTINGENCIES AND COMMITMENTS	14	-	-
		3,719,136,533	2,959,426,971

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

Lahore
October 09, 2013

(Mr. Mohammad Naveed)
Chief Executive

AS AT JUNE 30, 2013

	Notes	2013 (Rupees)	2012 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	**1,566,318,684**	1,538,351,388
Long term loans	16	**14,129,464**	6,964,494
Long term deposits	17	**10,561,342**	10,561,342
Long term investment	18	**1,081,079**	795,009
		25,771,885	18,320,845
CURRENT ASSETS			
Stores and spares	19	**96,834,992**	51,646,753
Stock-in-trade	20	**1,581,737,100**	1,105,978,071
Trade debts	21	**321,608,182**	147,622,898
Loans and advances	22	**55,202,829**	49,972,399
Trade deposits and other receivable	23	**62,078,097**	41,104,835
Cash and bank balances	24	**9,584,765**	6,429,782
		2,127,045,965	1,402,754,738
		3,719,136,533	2,959,426,971

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

(Khawaja Mohammad Jahangir)
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Notes	2013 (Rupees)	2012 (Rupees)
Sales - net	25	**6,230,120,498**	5,627,854,703
Cost of sales	26	**(5,371,749,035)**	(5,064,140,290)
GROSS PROFIT		**858,371,463**	563,714,413
OPERATING EXPENSES			
Distribution Cost	27	**(135,385,672)**	(88,668,159)
Administrative	28	**(149,249,715)**	(91,811,304)
		(284,635,387)	(180,479,463)
OPERATING PROFIT		**573,736,076**	383,234,950
Finance cost	29	**(238,489,249)**	(227,552,849)
Other operating expenses	30	**(28,422,803)**	(8,906,780)
Other operating income	31	**2,870,017**	9,153,498
		(264,042,035)	(227,306,131)
PROFIT BEFORE TAXATION		**309,694,041**	155,928,819
TAXATION	32	**(44,170,086)**	(49,525,355)
PROFIT AFTER TAXATION		**265,523,955**	106,403,464
EARNINGS PER SHARE - BASIC & DILUTED	33	**2.04**	0.82

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

Lahore
October 09, 2013

(Mr. Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Jahangir)
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	2013 (Rupees)	2012 (Rupees)
Profit after taxation	**265,523,955**	106,403,464
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized gain due to change in fair value of long term investments.	**286,070**	362,577
Items that will not reclassified to profit or loss	**-**	-
Total comprehensive Income for the year	**265,810,025**	106,766,041

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

Lahore
October 09, 2013

(Mr. Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Jahangir)
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Share Capital	Accumulated Profit	Total
	Rs.	Rs.	Rs.
Balance as on July 01, 2011	650,000,000	23,873,673	673,873,673
Profit for the year after taxation	-	106,403,464	106,403,464
Unrealized gain due to change in fair value of long term investment	-	362,577	362,577
Balance as on June 30, 2012	650,000,000	130,639,714	780,639,714
Interim dividend for year 2013		**(1,048,471)**	**(1,048,471)**
Profit for the year after taxation		**265,523,955**	**265,523,955**
Unrealized gain due to change in fair value of long term investment		**286,070**	**286,070**
Balance as on June 30, 2013	**650,000,000**	**395,401,268**	**1,045,401,268**

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

Lahore
October 09, 2013

(Mr. Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Jahangir)
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 (Rupees)	2012 (Rupees)
CASH GENERATED FROM OPERATIONS			
Cash generated from operations	34	**120,977,695**	287,791,513
Finance cost paid		**(236,744,145)**	(238,508,807)
Income tax paid		**(43,037,009)**	(25,436,806)
Gratuity paid		**(20,091,325)**	(14,341,742)
Net cash generated from (used in) operating activities		**(178,894,784)**	9,504,158
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(120,674,097)**	(363,104,765)
Long term deposits		**-**	(20,000)
Long term advances		**(6,984,970)**	(1,677,896)
Proceeds from disposal of property, plant and equipment		**4,699,178**	-
Dividend received		**-**	95,800
Profit received on bank accounts		**-**	2,820,500
Net cash (used in) investing activities		**(122,959,888)**	(361,886,360)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) of long term financing		**(50,000,000)**	117,200,712
Increase in finance lease liabilities		**16,355,268**	28,941,598
Increase in short term borrowings		**399,141,635**	205,683,109
(Decrease) in supplier's credit		**(60,487,247)**	-
Net cash generated from financing activities		**305,009,656**	351,825,419
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,154,983**	(556,783)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**6,429,782**	6,986,564
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**9,584,765**	6,429,782

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

Lahore
October 09, 2013

(Mr. Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Jahangir)
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. THE COMPANY AND ITS OPERATIONS

1.1 Kohinoor Spinning Mills Limited-and reduced was incorporated on 23rd July, 1970 as a public limited company in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and is quoted on Karachi stock exchange. Its registered office is situated at 7/1 E-3 Main Boulevard Gulberg III, Lahore. The company is engaged in the business of textile spinning.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

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

2.2 BASIS OF PREPARATION

These accounts have been prepared under the historical cost convention except 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 9.1 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 affect 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 NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS THAT ARE EFFECTIVE FOR THE YEAR ENDED JUNE 30, 2013

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

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

2.5 NEW ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

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

Amendments to IAS 1 - Presentation of Financial Statements - Clarification of Requirements for Comparative information	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 16 - Property, Plant & Equipment - Classification of servicing equipment	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 32 Financial Instruments Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	Effective from accounting period beginning on or after January 01, 2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013

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

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

The potential impact of standards, amendments and interpretations not yet effective on the financial statements on the Company is as follows:

The amendments to IAS 19 Employee Benefits are effective for annual period beginning on or after January 1, 2013. The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income.

2.6 TAXATION

Current

The Charge for current taxation is based on taxable income at current tax rates after taking into account all tax credits and rebates available, if any. In case of loss minimum tax liability is provided in these accounts based on liability worked out under section 113, under sections 154 and 153 of the Income Tax Ordinance, 2001, whichever applicable.

Deferred

Deferred tax is provided in full using the liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying amounts.

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits, if any to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax losses and unused tax credits can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and adjusted to the appropriate extent, if it is probable that sufficient taxable profits will not be available to allow all or part of the deferred tax assets to be utilized.

The tax rates enacted at the balance sheet date are used to determine deferred income tax.

2.7 PROPERTY, PLANT AND EQUIPMENT

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Cost of tangible operating assets consists of historical cost, borrowing cost pertaining to the erection period and directly attributable cost of bringing the assets to working condition.

Depreciation on property, plant and equipment except free hold land is charged to income applying the reducing balance method as to write off the cost of property, plant and equipment including the related exchange differences over their expected useful life at the rates given in Note 15.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposal depreciation is charged up to the month of disposal.

Gains or losses on disposal of property plant and equipment are charged to income during the period in which they are incurred.

2.8 STORES AND SPARES

These are valued at cost, applying moving average method except for stock-in-transit which are valued at cost.

2.9 INVESTMENTS

Investments are initially recognised on trade date at cost, comprising of fair value of consideration paid and transaction costs. Its classification is made on the basis of intended purpose for holding such investments, which is determined at the time of purchase and re-valuation is made of such designation on regular basis and presented in the balance sheet on the following basis.

Held-to-maturity

These are stated at amortized cost less impairment loss, if any, recognized to reflect irrecoverable amounts. Impairment losses are charged to income statement for the year.

Held for trading

These are recognized at fair value and changes in the carrying values are included in the income statement for the year.

Available for sale

These are stated at fair value and changes in carrying values are recognized through the statement of changes in equity until the investment is sold, collected, disposed off or determined to be impaired at which time the cumulative gain or loss previously recognized in equity is included in income statement for the year.

Fair value of investment in shares of listed companies is determined on the basis of closing quotations of the stock exchanges at the balance sheet date. while for un-quoted securities, fair value is determined considering breakup value of the securities.

2.10 STOCK-IN-TRADE

These are valued at the lower of average cost and net realizable value, except waste stock which is valued at the net realizable value. Average cost signifies, in relation to raw material annual average cost, for work-in-process and finished goods average manufacturing cost including a proportion of related overheads. Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales. Stocks of raw material in transit are valued at cost.

2.11 TRADE DEBTS

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

2.12 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 10 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.

2.13 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates.

2.14 REVENUE RECOGNITION

Sales are recognized on dispatch of goods to the customers. Dividend income on equity investments is recognized as income when the right of receipt is established. Profit on short-term deposits is accounted for on time-apportioned basis on the principal outstanding by using the rate applicable.

2.15 IMPAIRMENT OF ASSETS

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets, if any, may have been impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

2.16 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.

2.17 TRADE AND OTHERS PAYABLES

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

2.18 PROVISIONS

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

2.19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash and bank balances.

2.20 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.

2.21 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 intents either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.22 TRANSACTIONS WITH RELATED PARTIES AND TRANSFER PRICING

Transactions with related parties are accounted for using arm's length price in ordinary course of business in accordance with uncontrolled price method.

2.23 DIVIDEND

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

	2013 (Rupees)	2012 (Rupees)
3 SHARE CAPITAL		
Issued, subscribed and paid up		
127,725,000 (2012:127,725,000) ordinary shares of Rupees 5/- each (2012 : Rupees 5/- each) fully paid in cash	**638,625,000**	638,625,000
2,275,000 (2012:2,275,000) ordinary shares of of Rupees 5/- each (2012 : Rupees 5/- each) issued as fully paid bonus shares.	**11,375,000**	11,375,000
	650,000,000	650,000,000

			2013 (Rupees)	2012 (Rupees)
4	**ACCUMULATED PROFIT**			
	Accumulated profit		**396,368,659**	130,844,704
	Interim Cash Dividend 2012-2013		**(1,048,471)**	-
	Unrealized gain/(loss) on long term investments		**81,080**	(204,990)
			395,401,268	130,639,714
5	**Related parties - Unsecured**			
	Loans from directors	5.1	**397,000,000**	397,000,000
			397,000,000	397,000,000

5.1 This loan is un-secured and free of interest.

			2013 (Rupees)	2012 (Rupees)
6	**LONG TERM LOAN**			
	Banking Company - Secured			
	Demand finance	6.1	**50,000,000**	100,000,000
	Less : Current portion	13	**(42,857,148)**	(42,857,148)
			7,142,852	57,142,852

6.1 This loan is secured against specific charge of fixed assets. It carries mark up based on three months KIBOR plus 2%. The loan is repayable in 42 equal monthly installments of Rs.3.571 million each commencing from February, 2011 and ending on August 2014.

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2013		2012	
	Minimun lease Payments	Present value	Minimun lease Payments	Present value
	Rupees			
Within one year	**24,855,900**	**19,167,348**	14,125,014	9,561,432
After one year but not not more than five year	**31,147,121**	**27,885,024**	24,755,295	21,135,672
Total minmum lease payments	**56,003,021**	**47,052,372**	38,880,309	30,697,104
Amount represeting finance charges	**(8,950,649)**	**-**	(8,183,205)	**-**
Present value of minmum lease payments	**47,052,372**	**47,052,372**	30,697,104	30,697,104
Less: Current portion	**(19,167,348)**	**(19,167,348)**	(9,561,432)	(9,561,432)
	27,885,024	**27,885,024**	21,135,672	21,135,672

7.1 The aggregate total lease rentals due under the lease agreements amounting to Rupees 59,538,265 (2012 - Rupees 32,760,065) are repayable in equal monthly installments under the lease agreement latest by June, 2016. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. A discount rate ranging from 3 month KIBOR plus 5.25%.to 5.50% is applicable to above financing.

		Note	2013 (Rupees)	2012 (Rupees)
8	**SUPPLIER'S CREDIT-UNSECRUED**			
	Loan from machinery supplier	8.1	**147,793,179**	208,280,426
	Less : Current portion	13	**(73,895,572)**	(69,425,306)
			73,897,607	138,855,120

8.1 This loan is unsecured and interest free. This loan is repayable in 6 equal half year installemts of Rs.36.948 million (Euro 287,356.4) each commencing from August 2012 and ending on February, 2014 with 15% payment at the time of presentation of shipping documents of machinery.

		Note	2013 (Rupees)	2012 (Rupees)
9	**DEFERRED LIABILITIES**			
	Gratuity	9.1	**65,202,009**	61,913,471
			65,202,009	61,913,471

Company operates unfunded gratuity scheme for its employees that pays a lump sum gratuity to members on leaving company's service after completion of one year of continuous service. The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method based on the following significant assumptions is used for valuation of this scheme. The latest actuarial valuation was carried out by M/S Nauman Associates as on June 30, 2013.

9.1 Staff Gratuity-Defined Benefit Plan

The amounts recognized in financial statements are determined as follows :-

		Note	2013 (Rupees)	2012 (Rupees)
9.1.1	**Reconciliation of amount recognised in the balance sheet**			
	Present value of defined benefit obligation		**83,089,880**	63,341,700
	Plus Actuarial gains/less to be recognized in later periods		**(17,887,871)**	(1,428,229)
			65,202,009	61,913,471
9.1.2	**The amounts recognized in the profit and loss account are as follows**			
	Current service cost		**15,145,442**	18,971,341
	Interest cost		**8,234,421**	7,662,567
			23,379,863	26,633,908
9.1.3	**Movement in liability recognized in the balance sheet**			
	At the beginning of the year		**61,913,471**	49,621,303
	Amount recognized during the year - as shown above		**23,379,863**	26,633,908
	Benefit payments		**(20,091,325)**	(14,341,740)
			65,202,009	61,913,471
9.1.4	**Allocation of charge for the year**			
	Cost of sales	26	**17,203,004**	20,578,036
	Administrative expenses	28	**6,176,859**	6,055,872
			23,379,863	26,633,908
9.1.5	**The principal actuarial assumptions used were as follows**			
	Discount rate		**10.5%**	13%
	Expected rate of increase in salary		**9.5%**	12%
	Average expected remaining working life of employees		**6 years**	6 years

		Note	2013 (Rupees)	2012 (Rupees)
10	**TRADE AND OTHER PAYABLES**			
	Secured			
	Creditors	10.1	**41,816,391**	45,324,358
	Un-secured			
	Creditors	10.2	**185,816,289**	31,243,358
	Accrued expenses		**82,398,317**	73,761,610
	Un-claimed dividend		**1,194,191**	961,129
	Workers' profit participation fund	10.3	**99,209,035**	75,372,135
	Other liabilities		**102,125**	102,125
			410,536,348	226,764,715

10.1 These are secured against letter of credits issued by the bankers of the company.

10.2 These include Rs. 0.519 million (2012 Rs. - 0.278 million) payable to Chakwal Textile Mills Limited (an assiciated undertaking).

10.3 Workers' profit participation fund

	Note	2013 (Rupees)	2012 (Rupees)
Opening balance		**75,372,135**	61,059,414
For the year		**16,299,686**	8,206,780
Interest recognized during the year	10.3.1	**7,537,214**	6,105,941
		23,836,900	14,312,721
		99,209,035	75,372,135

10.3.1 The company retains workers' profit participation fund for its business operations. Interest is allocated @ 10% (2012 - 10%) on funds utilized by the company.

		Note	2013 (Rupees)	2012 (Rupees)
11	**ACCRUED INTEREST ON LOANS AND BORROWINGS**			
	Accrued interest / mark up on:			
	Long term loans (Secured)		**1,782,976**	4,161,356
	Short term finances (Secured)		**46,190,020**	42,066,536
			47,972,996	46,227,892
12	**SHORT-TERM BORROWINGS**			
	Banking companies - Secured			
	Running / export finance	12.1	**1,498,847,142**	1,103,930,721
	Related parties - unsecured			
	Loan from directors	12.2	**4,634,495**	409,281
			1,503,481,637	1,104,340,002

12.1 This represents short-term finances utilized under mark-up arrangements against aggregate limit of Rupees 1,522 million (2012 - Rupees 1,221 million). These arrangements are normally for a period of twelve months and are renewable. These facilities are secured against pledge of raw material stock and hypothecation of stock-in trade, foreign bills drawn against letters of credit and personal guarantee of all directors. The mark-up on the above facilities ranges from three months KIBOR plus 2% to 3%.

12.2 This represent interest free loan obtained from directors for working capital requirements of the company.

	Note	2013 (Rupees)	2012 (Rupees)
13 CURRENT PORTION OF NON CURRENT LIABILITIES			
Long term loans	6	**42,857,148**	42,857,148
Liabilities against assets subject to finance lease	7	**19,167,348**	9,561,432
Supplier's credit	8	**73,895,572**	69,425,306
		135,920,068	121,843,886

14 CONTINGENCIES AND COMMITMENTS

14.1 No provision has been made for the amount of tax demanded by tax authories of Rs. 5,673 million for various assessment years because the management belives that the outcome of the appeals regarding this demand will be decided in favour of the company.

14.2 The company has paid an amount of Rs.11.665 million (note 23) as fuel price adjustment (FPA) to Islamabad Electricity Supply Corporation (IESCO). Total amount payable as arrears of FPA is Rs.45.974 million. As per order of Honorable Islamabad High Court, arrears of FPA are payable in six equal monthly installments. The remaining amount was charged as current FPA by IESCO in monthly electricity bill for the month of June 2013. The company has gone into apeal against the payment to IESCO for FPA. The management belives that it has strong ground of appeal and payment/accrual of such charges will not be required.

14.3 Commitments	2013 (Rupees)	2012 (Rupees)
(i) Letter of credit for import of raw material	**5.178 Million**	68.129 Million
(ii) Letter of credit for import of Machinary	**14.080 Million**	9.187 Million

15. PROPERTY, PLANT AND EQUIPMENT.

PARTICULARS	COST AS ON JULY 01, 2012	COST ADDITIONS /(DELETIONS)	COST TRANSFER/ ADJUSTMENT	COST AS ON JUNE 30, 2013	RATE %	DEPRECIATION AS ON JULY 01, 2012	DEPRECIATION ADJUSTMENTS	DEPRECIATION FOR THE YEAR	DEPRECIATION AS ON JUNE 30, 2013	WRITTEN DOWN VALUE AS ON JUNE 30, 2013
15.1 OWNED										
FREEHOLD LAND	11,675,239			11,675,239		-		-	-	11,675,239
BUILDINGS ON FREE HOLD LAND	365,471,216	3,987,651		369,458,867	5	198,498,234		8,487,733	206,985,967	162,472,900
PLANT AND MACHINERY	2,339,798,809	94,066,320	(18,440,000)	2,415,425,129	5	1,084,297,428	-	64,476,114	1,148,773,541	1,266,651,588
TUBE WELLS	1,545,577	-		1,545,577	10	1,223,952		32,165	1,256,117	289,460
ELECTRIC INSTALLATIONS	72,404,800	287,082		72,691,881	10	33,257,178		3,929,119	37,186,297	35,505,584
TOOLS AND EQUIPMENTS	4,241,145	-		4,241,144	10	3,841,203		40,308	3,881,511	359,633
TELEPHONE INSTALLATIONS	1,017,190	-		1,017,190	10	821,799		19,538	841,337	175,853
OFFICE EQUIPMENTS	16,520,248	1,699,583		18,219,831	10	5,890,071		1,116,224	7,006,295	11,213,536
FURNITURE AND FIXTURES	9,983,991	-		9,983,991	10	6,609,750		338,087	6,947,837	3,036,154
VEHICLES	51,644,821	15,233,461	1,081,600	55,982,882	20	34,598,997	(5,928,523)	4,316,940	33,516,699	22,466,183
		(7,957,200)	(4,019,800)				529,285			
2013 - Rupees	2,874,303,035	115,274,097	1,081,600	2,960,241,731		1,369,038,612	(5,928,523)	82,756,228	1,446,395,601	1,513,846,130
		(7,957,200)	(22,459,800)				529,285			
2012 - Rupees	2,542,876,735	363,104,765	(31,678,465)	2,874,303,033		1,297,628,944	-	71,409,665	1,369,038,611	1,505,264,423
15.2 LEASED										
PLANT AND MACHINERY	22,480,000	-	18,440,000	40,920,000	5	749,334	-	5,090,133	5,839,467	35,080,533
Vehicles	13,243,265	5,400,000	4,019,800	21,581,465	20	1,886,966	(529,285)	2,831,763	4,189,444	17,392,021
		-	(1,081,600)		20					-
2013 - Rupees	35,723,265	5,400,000	22,459,800	62,501,465		2,636,300	(529,285)	7,921,896	10,028,911	52,472,554
		-	(1,081,600)				-			
		-					-			
Total as on June 30, 2013	2,910,026,300	120,674,097	23,541,400	3,022,743,196		1,371,674,912	(6,457,808)	90,678,124	1,456,424,512	1,566,318,684
		(7,957,200)	(23,541,400)				-			
Total as on June 30, 2012	2,546,921,535	363,104,765	-	2,910,026,298		1,298,976,454	-	72,698,455	1,371,674,911	1,538,351,388

PROPERTY, PLANT AND EQUIPMENT.

PARTICULARS	COST				RATE %	DEPRECIATION				WRITTEN DOWN VALUE AS ON JUNE 30, 2012
	AS ON JULY 01, 2011	ADDITIONS /(DELETIONS)	TRANSFER/ ADJUSTMENT	AS ON JUNE 30, 2012		AS ON JULY 01, 2011	ADJUSTMENTS	FOR THE YEAR	AS ON JUNE 30, 2012	
OWNED										
FREE HOLD LAND	11,675,239			11,675,239		-		-	-	11,675,239
OFFICE BUILDING FREE HOLD LAND	3,125,084	-		3,125,084	5	1,801,316		66,182	1,867,498	1,257,586
FACTORY BUILDING ON FREE HOLD LAND	286,448,336	12,110,141		298,558,476	5	150,275,665		7,234,878	157,510,543	141,047,933
COLONY BUILDING ON FREE HOLD LAND	63,787,656	-		63,787,656	5	37,821,904		1,298,289	39,120,193	24,667,463
PLANT AND MACHINERY	2,026,701,427	313,097,382	-	2,339,798,809	5	1,033,063,587	-	51,233,841	1,084,297,427	1,255,501,382
TUBE WELLS	1,545,577	-		1,545,577	10	1,191,592		32,360	1,223,952	321,625
ELECTRIC INSTALLATION	63,017,742	9,387,058		72,404,799	10	29,067,062		4,190,116	33,257,178	39,147,621
TOOLS AND EQUIPMENTS	4,241,145	-		4,241,144	10	3,796,765		44,438	3,841,203	399,941
TELEPHONE INSTALLATION	1,017,190	-		1,017,190	10	800,090		21,709	821,799	195,391
OFFICE EQUIPMENTS	14,394,355	2,125,893		16,520,248	10	4,859,333		1,030,738	5,890,071	10,630,177
FURNITURE AND FIXTURE	9,834,591	149,401		9,983,991	10	6,239,672		370,078	6,609,750	3,374,241
VEHICLES	57,088,395	26,234,891	(31,678,465)	51,644,821	20	28,711,959	-	5,887,038	34,598,997	17,045,824
		-					-			
2012 - Rupees	2,542,876,735	363,104,765	(31,678,465)	2,874,303,033		1,297,628,944	-	71,409,665	1,369,038,611	1,505,264,423
		-					-			
LEASED										
PLANT AND MACHINERY	-	-	22,480,000	22,480,000	5	-	-	749,334	749,334	21,730,666
Vehicle	4,044,800	-	9,198,465	13,243,265	20	1,347,510	-	539,456	1,886,966	11,356,299
		-			20		-			-
2012 - Rupees	4,044,800	-	31,678,465	35,723,265		1,347,510	-	1,288,790	2,636,300	33,086,965
		-					-			
		(1,481,600)					(504,695)			
Total as on	2,546,921,535	363,104,765	-	2,910,026,298		1,298,976,454	-	72,698,455	1,371,674,911	1,538,351,388
June 30, 2012		-					-			

2013

15.3 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
Honda City LWH-9955	880,500	649,682	230,818	850,000	619,182	Claim	Settlement against insurance Claim
Suzuki Liana LEB-3875	714,600	527,271	187,329	525,000	337,671	Negotiation	Mr. Rashid Ashraf Mughal, Lahore.
Honda Civic LZ-35	1,193,000	1,022,871	170,129	860,000	689,871	Negotiation	Mr. Imran Baig, Lahore.
Toyota Corolla LEF-08-9288	1,619,100	1,020,163	598,937	1,280,000	681,063	Negotiation	Mr. Zahid Rashid, Lahore.
Toyota Camary LE-06-9755	2,950,000	2,265,822	684,178	684,178	-	Negotiation	Mr. Tallat Mahmmod, Lahore.
Suzuki Cultus LEC-07-8046	600,000	442,714	157,286	500,000	342,714	Negotiation	Mr. Hasan Nasir Lahore
	7,957,200	**5,928,523**	**2,028,677**	**4,699,178**	**2,670,501**		

15.4 Depreciation/amortization has been apportioned as under : -

Cost of sales	26	**87,846,359**	72,159,001
Administrative expenses	28	**2,831,763**	539,456
		90,678,122	72,698,457

		Note	2013 (Rupees)	2012 (Rupees)
16	**LONG-TERM LOANS**			
	Loans to Executives - Considered good	16.1	**14,609,464**	7,624,494
	Less: Current portion	22	**(480,000)**	(660,000)
			14,129,464	6,964,494

16.1 These represent long term loans made to executives as per policy of the company against house building finance. These are secured against the employees gratuity balances and are free of interest.

	2013 (Rupees)	2012 (Rupees)
Aggregate maximum balance due at the end of any month during the year	**14,129,464**	6,964,494

		2013 (Rupees)	2012 (Rupees)
17	**LONG-TERM DEPOSITS**		
	Security deposits		
	Utilities	**10,411,342**	10,411,342
	Others	**150,000**	150,000
		10,561,342	10,561,342
18	**LONG TERM INVESTMENT**		
	Held as available for sale		
	Others - Quoted		
	* KASB Modaraba 166,320 modaraba certificates of Rupees 10 each.	**1,081,079**	795,009
		1,081,079	795,009
19	**STORES AND SPARES**		
	Stores	**80,971,612**	30,527,861
	Spares	**15,863,380**	21,118,892
		96,834,992	51,646,753
20	**STOCK-IN-TRADE**		
	Raw material	**1,233,765,610**	858,083,277
	Work-in-process	**131,924,270**	88,960,264
	Finished goods	**209,093,017**	154,240,067
	Waste	**6,954,203**	4,694,463
		1,581,737,100	1,105,978,071

	Note	2013 (Rupees)	2012 (Rupees)

21 TRADE DEBTS - Considered good

	Note	2013 (Rupees)	2012 (Rupees)
Foreign - Secured		**23,459,761**	5,279,421
Local - Un-secured	21.1	**298,148,421**	142,343,477
		321,608,182	147,622,898

21.1 This includes balances receivables from the following associated undertakings: -

	2013 (Rupees)	2012 (Rupees)
Chakwal Spinning Mills Limited	**1,422,363**	1,422,363
Yousaf Weaving Mills Limited	**9,947,107**	5,242,426
Khawaja Mohammad Jawed (Pvt) Ltd	**1,219,000**	2,719,000
	12,588,470	9,383,789

22 LOANS AND ADVANCES

	2013 (Rupees)	2012 (Rupees)
Current portion of loans to executives	**480,000**	660,000
Advances - considered good		
Suppliers and contractors	**29,338,436**	29,151,879
Staff - interest free	**23,697,564**	19,824,441
Letters of credit	**1,686,829**	336,079
	55,202,829	49,972,399

23 TRADE DEPOSITS AND OTHER RECEIVABLES

	2013 (Rupees)	2012 (Rupees)
Deposits		
Margin with banks	**27,983,911**	18,079,291
Other receivables - considered good		
Sales tax receivable	**22,428,840**	23,025,544
IESCO (refer note 14.2)	**11,665,346**	-
	62,078,097	41,104,835

24 CASH AND BANK BALANCES

	2013 (Rupees)	2012 (Rupees)
Cash in hand	**411,067**	109,136
Cash at banks		
In current accounts	**8,851,198**	3,457,883
In saving accounts	**322,500**	2,862,763
	9,584,765	6,429,782

		Notes	2013 (Rupees)	2012 (Rupees)
25	**SALES - NET**			
	Local		**3,626,223,734**	4,129,630,270
	Export		**2,603,896,764**	1,498,224,433
			6,230,120,498	5,627,854,703
26	**COST OF SALES**			
	Raw material consumed	26.1	**4,175,320,650**	3,931,188,275
	Salaries, wages and benefits	26.2	**434,974,078**	358,249,271
	Fuel and power		**531,973,464**	484,392,358
	Insurance		**20,173,142**	18,121,371
	Packing material		**120,789,757**	99,648,102
	Repairs and maintenance		**4,226,965**	3,567,167
	Stores and spares consumed		**72,253,712**	60,266,834
	Miscellaneous		**24,267,574**	15,552,017
	Depreciation	15	**87,846,359**	72,159,001
			5,471,825,701	5,043,144,396
	Work-in-process			
	Opening		**88,960,294**	66,763,577
	Closing		**(131,924,270)**	(88,960,264)
	Cost of goods manufactured		**5,428,861,725**	5,020,947,709
	Finished goods and waste			
	Opening stock		**158,934,530**	202,127,111
	Closing stock		**(216,047,220)**	(158,934,530)
			5,371,749,035	5,064,140,290

26.1 RAW MATERIAL CONSUMED

	2013 (Rupees)	2012 (Rupees)
Opening stock	**858,083,277**	657,969,284
Purchases	**4,575,442,467**	4,152,425,821
	5,433,525,744	4,810,395,105
Cost of raw material sold	**(24,439,484)**	(21,123,553)
	5,409,086,260	4,789,271,552
Closing stock	**(1,233,765,610)**	(858,083,277)
	4,175,320,650	3,931,188,275

26.2 It includes Rs.17,203,004 (2012 : Rs.20,578,036) in respect of gratuity.

		Notes	2013 (Rupees)	2012 (Rupees)
27	**DISTRIBUTION COST**			
	Local expenses including freight and octroi		**29,081,859**	31,874,220
	Export expenses including freight		**106,303,813**	56,793,939
			135,385,672	88,668,159
28	**ADMINISTRATIVE**			
	Salaries, wages and benefits	28.1	**55,360,230**	47,169,722
	Travelling and conveyance		**5,255,542**	6,444,123
	Rent, rates and taxes		**1,939,661**	1,823,265
	Printing and stationery		**1,193,652**	909,162
	Communications		**6,697,101**	6,244,255
	Entertainment		**3,931,227**	2,497,843
	Electricity and gas		**5,163,394**	4,851,251
	Vehicles running		**16,857,095**	10,876,956
	Fee and subscription		**4,562,452**	2,096,734
	Legal and Professional		**383,100**	362,850
	Repairs and maintenance		**13,457,538**	3,319,512
	Guest house expenses		**452,576**	521,421
	Donations	28.2	**2,855,725**	46,821
	Advertisement		**52,720**	43,633
	Miscellaneous		**5,592,289**	4,064,300
	Sales tax paid	28.3	**22,663,650**	-
	Depreciation	15	**2,831,763**	539,456
			149,249,715	91,811,304

28.1 It includes Rs.6,176,859 (2012 : Rs.6,055,872) in respect of gratuity.

28.2 None of the directors or their spouses had any interest in any of the donees.

28.3 This represents payments made by the Company under SRO 179(I)/2013. This SRO was issued by Federal Board of Revenue for Sales Tax Amnesty Scheme. The purpose of this scheme was to facilitate textile sector in clearing past sales tax liabilities. The Company made this payment under protest and in compliance with general consensus of textile sector.

		Notes	2013 (Rupees)	2012 (Rupees)
29	**FINANCE COST**			
	Interest / mark-up on:			
	Long term loan		**9,554,489**	20,796,310
	Finance leases		**5,074,782**	1,152,146
	Short-term borrowings		**181,895,248**	175,973,625
	Worker's profit participation fund		**7,537,214**	6,105,941
	Inland Letters of credit		**10,603,852**	6,416,750
	Bank charges and commission		**23,823,664**	17,108,077
			238,489,249	227,552,849
30	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration	30.1	**800,000**	700,000
	Exchange loss		**11,323,117**	-
	Worker's profit participation fund		**16,299,686**	8,206,780
			28,422,803	8,906,780

		Notes	2013 (Rupees)	2012 (Rupees)
	30.1 Auditors' remuneration			
	Statutory audit		**700,000**	600,000
	Half yearly review and review of code of corporate governance		**100,000**	100,000
			800,000	700,000
31	**OTHER OPERATING INCOME**			
	Gain on sale of fixed assets		**2,670,501**	-
	Profit on short term deposits		**-**	1,947,750
	Profit on sale of raw material	31.1	**199,516**	147,446
	Profit from trading activity		**-**	5,834,666
	Divided Income		**-**	95,800
	Miscellaneous		**-**	1,127,836
			2,870,017	9,153,498
	31.1 Profit on sale of raw material			
	Gross Sales		**(24,439,484)**	21,270,999
	Less Cost of Sales		**24,639,000**	(21,123,553)
			199,516	147,446
32	**TAXATION**			
	Opening balance		**3,563,648**	-
	For the year	32.1	**44,170,086**	56,278,547
	Priod year		**-**	(6,753,192)
	Less: Paid / adjusted		**(43,037,009)**	(45,961,707)
			4,696,724	3,563,648

32.1 This represents liability provided under Section 113 and 154 of the Income Tax Ordinance, 2001 on the basis of gross turnover from all sources.

32.2 The income tax assessment of the company has been finalized upto and including tax year 2012 by deeming provisions of income tax ordinance 2001, however appeals before different appellate forums are pending on various legal issues.

32.3 No numeric tax rate reconciliation is presented in these financial statements as the Company is liable to pay minimum tax under Section 113 and under Section 154 of the Income Tax Ordinance 2001.

32.4 Deferred tax asset amounting to Rs.81 million arising due to brought forward losses amounting Rs.989 million has not been recoginized in the current year, as the attributeable temporary differences are not expected to reverse in the forseeable future.

	2013 (Rupees)	2012 (Rupees)

33 EARNINGS PER SHARE - Basic

	2013 (Rupees)	2012 (Rupees)
Profit after taxation	**265,523,955**	106,403,464
Number of ordinary shares	**130,000,000**	130,000,000
Earnings per share - Basic	**2.04**	0.82

33.1 Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the company has no such commitments.

34 CASH FLOW FROM OPERATING ACTIVITIES

	2013 (Rupees)	2012 (Rupees)
Profit before taxation	**309,694,041**	155,928,819
Adjustments of non cash charges and other items		
Depreciation / amortization	**90,678,122**	72,698,457
Gratuity	**23,379,863**	26,633,908
Workers' Profit Participation Fund	**16,299,686**	8,206,780
Gain on sale of fixed assets	**(2,670,501)**	-
Interest Income	**-**	(1,947,750)
Dividend income	**-**	(95,800)
Dividend paid	**(815,409)**	-
Finance cost	**238,489,249**	227,552,849
Operating profit before working capital changes	**675,055,051**	488,977,263
(Increase)/decrease in current assets		
Stores and spares	**(45,188,236)**	(18,392,992)
Stock-in-trade	**(475,759,029)**	(179,118,099)
Trade debts	**(173,985,284)**	68,347,403
Loan and advances	**(5,410,430)**	(10,937,439)
Trade deposits, prepayments & other receivables	**(20,973,262)**	8,253,689
Short term Investment	**-**	36,500,000
	(721,316,241)	(95,347,438)
(Decrease)/Increase in current liabilities		
Trade and other payables	**167,238,885**	(105,838,312)
	120,977,695	287,791,513

35 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATION

	2013 (Rupees)			2012 (Rupees)		
	CHIEF EXECUTIVE	**DIRECTORS**	**EXECUTIVES**	**CHIEF EXECUTIVE**	**DIRECTORS**	**EXECUTIVES**
Remuneration	**4,000,000**	**7,296,000**	**8,800,440**	2,240,000	6,750,000	10,182,544
House rent	**1,800,000**	**3,283,200**	**3,960,198**	1,008,000	3,037,500	4,582,145
Medical	**834,779**	**1,290,742**	**926,163**	363,569	2,298,078	566,885
Gratuity	**-**	**-**	**1,015,055**	-	-	1,230,391
Utilities	**200,000**	**364,800**	**440,022**	112,000	337,500	509,127
	6,834,779	**12,234,742**	**15,141,878**	3,723,569	12,423,078	17,071,092
Number of persons	**1**	**3**	**7**	1	3	10

The Chief Executive, Directors and certain Executives were provided with company maintained cars.

During the Last AGM held on October 31, 2012 the shareholders of the Company approved revision of remuneration of Mr. Muhammad Naveed, Chief Exective and Whole-time working Directors of the Company. They approved a sum of Rs. 500,000/- towards monthly remuneration of the CEO and Rs. 912,000/- for the whole time working Directors along with other facilities as per Company policy W.E.F. 01.07.2012.

36 TRANSACTIONS WITH RELATED PARTIES

36.1 Transactions with related parties comprise associated undertakings and other related parties through directorship and close family members of the directors of the company.

Transactions with related parties undertaken during the year were as follows:-

	2013 (Rupees)	2012 (Rupees)
Purchases of raw materials and goods		
(Chakwal Textile Mills Limited)	**10,355,113**	24,834,996
(Yousaf Weaving Mills Limited)	**2,922,400**	-
	13,277,513	24,834,996
Sales of raw materials and goods		
(Yousaf Weaving Mills Limited)	**39,669,611**	614,900
(Chakwal Textile Mills Limited)	**12,583,755**	4,200,054
	52,253,366	4,814,954
Aggregate maximum balance due at the end of any month during the year.	**12,545,337**	11,652,952

37 Financial Risk Management

37.1 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) & (Euro). 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:

	2013	2012
	Rupees in thousand	
Trade debts-USD	23,460	5,279
Supplier's credit-EURO	147,793	208,280

The following significant exchange rates were applied during the year.

Average rate (Rupees per US Dollar)	95.78	84.85
Reporting date rate (Rupees per US Dollar)	98.40	85.95
Average rate (Rupees per Euro)	124.95	117.84
Reporting date rate (Rupees per Euro)	128.58	120.80

Foreign ExchangeRisk 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, 2013 financial assets include Rs.23.460 million (2012: Rs.5.279 million) and financial liabilities include Rs. 147.793 million (2012: Rs. 208.280 million) which are subject to foreign currency risk against US Dollars and Euro respectively.

Foreign Currency Sensitivity Analysis

At June 30, 2013 if the Rupee had weakened / strengthened by 10% against the US Dollar and Euro with all other variables held constant, profit for the year would have been lower / higher by Rs. 17.125 million (2012: Rs.21.356 million) mainly as a result of foreign exchange gains / losses on transaction of foreign currency trade debts and US Dollar and Euro 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 marker 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.

Sensitivity analysis

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:

	2013 Rupees	2012 Rupees
Floating rate instruments		
Financial Liabilities		
Long term financing	7,142,852	57,142,852
Liabilities against assets subject to finance lease	27,885,024	21,135,672
Short term borrowings	1,498,847,142	1,103,930,721
Financial Assets		
Bank Balances - Saving Accounts	322,500	2,862,763

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. 14.98 million (2012: Rs. 11.03 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:-

	2013 Rupees	2012 Rupees
Long term loans	14,129,464	6,964,494
Long term deposits	10,561,342	10,561,342
Trade debts	321,608,182	147,622,898
Advances, trade deposits and other receivables	55,202,829	49,972,399
Cash and bank balances	9,584,765	6,429,782

The credit rist 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
Askaribank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A-1+	A-1+
National Bank of Pakistan Limited	JCR-VIS	A-1+	A-1+
Habib Metrobank Limited	PACRA	A1+	A1+
Meezan 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. 1522 million worth short term borrowing limits available from financial institutions and Rs. 9.585 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, 2013:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less then 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Supplier's credit	147,793,179	147,793,179	74,711,260	73,081,919	-
Long-term finances	50,000,000	55,515,000	42,857,148	12,657,852	-
Liabilities against leased assets	47,052,372	56,003,021	24,855,900	31,147,121	-
Trade and other payables	410,536,348	410,536,348	410,536,348	-	-
Accrued interest	47,972,996	47,972,996	47,972,996	-	-
Short term finances	1,498,847,142	1,671,664,217	1,671,664,217	-	-

Contractual maturities of financial liabilities as at June 30, 2012:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less then 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Supplier's credit	208,280,426	208,280,426	69,425,306	138,855,120	-
Long-term finances	100,000,000	118,717,188	55,296,438	63,420,750	-
Liabilities against leased assets	30,697,104	38,880,309	14,125,014	24,755,295	-
Trade and other payables	226,764,714	226,764,714	226,764,714	-	-
Accrued interest	46,227,892	46,227,892	46,227,892	-	-
Short term finances	1,103,930,721	1,257,045,912	1,257,045,912	-	-

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 respective notes to these financial statements.

37.2 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.

37.3 Capital Risk Management

The Company's prime object when managing capital to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders 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 net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2013 (Rupees)	2012 (Rupees)
Total borrowings	**1,950,481,637**	1,601,340,002
Less: Cash and bank balances	**9,584,765**	6,429,782
Net debt	**1,940,896,872**	1,594,910,220
Total equity	**1,045,401,268**	780,639,714
Total capital employed	**2,986,298,140**	2,375,549,934
Gearing ratio	**64.99%**	67.14%

38 PLANT CAPACITY AND PRODUCTION

	2013	2012
Number of spindles installed	**78,984**	78,504
Installed capacity in 20's count based on triple shift for 365 (2012 - 365) days (kgs) - Approximately	**35,552,608**	35,336,548
Actual production after conversion into 20's count (kgs)	**27,926,635**	31,711,363

The conversion into 20's count depicts the approximate efficiency as it fluctuates with changes in count of yarn spun and count mix in a particular period.

Under utilization of available capacity was due to normal maintenance power outages and time cost in shifting of counts.

39 NUMBER OF EMPLOYEES

The total number of permanent employees at the year end were 2,813 (2012 -2,765).

40 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on October 09, 2013 by the Board of Directors of the Company.

41 GENERAL

Figures have been rounded off to the nearest rupees.

42 SUBSEQUENT EVENT

The Board of Directors have proposed dividend of Rs.1.50 per shares as final dividend for the year ended June 30, 2013. This is in addition to an interim dividend of Rs. 0.5 per share already approved by the Board of Directors and paid to the shareholders. However the Directors have foregone their right to receive the dividend.

Lahore
October 09, 2013

(Mr. Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Jahangir)
Director

KEY FINANCIAL DATA OF LAST SIX YEARS

Rupees in '000

	2013	**2012**	2011	2010	2009	2008
Sales	**6,230,120**	5,627,855	6,809,167	4,214,153	2,885,619	2,511,538
Gross Profit	**856,371**	563,714	898,297	667,301	240,089	268,744
Profit Before Taxation	**309,694**	155,929	362,752	173,742	(191,207)	23,269
Tax	**(44,170)**	(49,525)	(71,184)	(30,268)	(11,025)	(12,652)
Profit After Taxation	**265,523**	106,403	291,567	143,474	(202,232)	10,617

Total Assets	**3,719,136**	2,959,427	2,593,567	2,683,188	2,593,116	2,287,555
Current Liabilities	**2,102,607**	1,502,740	1,326,951	1,527,764	1,347,931	1,055,337
	1,616,529	1,456,687	1,266,616	1,155,424	1,245,185	1,232,218

Share Capital	**650,000**	650,000	650,000	1,300,000	1,300,000	1,300,000
Accumulated Loss	**395,401**	130,639	23,874	(916,613)	(1,059,846)	(856,774)
Equity	**1,045,401**	780,639	673,874	383,387	240,154	443,226
Long Term Loans & Leases	**432,029**	475,279	543,121	733,753	972,226	757,554
Supplier's Credit	**73,897**	138,855	-	-	-	-
Deferred Liability	**65,202**	61,914	49,621	38,284	32,805	31,438
	1,616,529	1,456,687	1,266,616	1,155,424	1,245,185	1,232,218

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2013

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	GOLDEN ARROW SELECTED STOCK FUND	500	0.0004
2	PRUDENTIAL STOCK FUND LTD. (CDC)	6,000	0.0046
3	PRUDENTIAL STOCK FUND LTD. (03360) (CDC)	50,000	0.0385
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	KHAWAJA MOHAMMAD JAVED	20,383,750	15.6798
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	6,181,500	4.7550
3	KHAWAJA MOHAMMAD TANVEER	4,205,250	3.2348
4	KHAWAJA MOHAMMAD KALEEM	38,073,054	29.2870
5	KHAWAJA MOHAMMAD NADEEM	17,489,500	13.4535
6	MR. MOHAMMAD NAVEED	38,111,000	29.3162
7	MR. MOHAMMAD HAMZA YOUSAF	1,500	0.0012
8	MRS. NUSRAT ARFEEN W/O KHAWAJA MOHAMMAD TANVEER	112,500	0.0865
9	MRS. ANDLEEB KHANUM W/O KHAWAJA MOHAMMAD NADEEM	112,500	0.0865
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		160,392	0.1234

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD JAVED	20,383,750	15.6798
2	KHAWAJA MOHAMMAD KALEEM	38,073,054	29.2870
3	KHAWAJA MOHAMMAD NADEEM	17,489,500	13.4535
4	MR. MOHAMMAD NAVEED	38,111,000	29.3162

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	KHAWAJA MOHAMMAD KALEEM	-	6,740,008

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

FORM 34

1. Incorporation Number **L-01895**

2. Name of the Company **KOHINOOR SPINNING MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2013**

4. No. of Shareholders	------Shareholding------ From	To	Total Shares Held
47	1	100	1,807
54	101	500	20,828
44	501	1,000	40,396
87	1,001	5,000	223,932
24	5,001	10,000	196,980
6	10,001	15,000	79,909
3	15,001	20,000	55,500
2	20,001	25,000	46,000
1	25,001	30,000	30,000
2	35,001	40,000	76,000
1	40,001	45,000	41,000
2	45,001	50,000	100,000
4	50,001	55,000	213,023
1	55,001	60,000	55,067
1	60,001	65,000	61,500
1	90,001	95,000	95,000
1	95,001	100,000	100,000
16	110,001	115,000	1,802,500
1	185,001	190,000	188,500
1	420,001	425,000	423,500
1	490,001	495,000	495,000
2	540,001	545,000	1,083,600
1	600,001	605,000	602,327
1	4,205,001	4,210,000	4,205,250
1	6,180,001	6,185,000	6,181,500
1	17,485,001	17,490,000	17,489,500
1	19,960,001	19,965,000	19,960,250
1	38,020,001	38,025,000	38,020,131
1	38,110,001	38,115,000	38,111,000
309			**130,000,000**

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	124,670,554	95.9004
5.2 Associated Companies, undertakings and related parties.	0	-
5.3 NIT and ICP	602,427	0.4634
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	11,725	0.0090
5.5 Insurance Companies	53,100	0.0408
5.6 Modarabas and Mutual Funds	97,000	0.0746
5.7 Share holders holding 10%	114,057,304	87.7364
5.8 General Public		
a. Local	3,904,895	3.0038
b. Foreign		
5.9 Others (to be specified)		
1- Joint Stock Companies	91,800	0.0706
2- Foreign Companies	511,500	0.3935
3- Pension Funds	55,067	0.0424
4- Others	1,932	0.0015

6. Signature of Company Secretary			
7. Name of Signatory	Muhammad Jahangir Khan		
8. Designation	Company Secretary		
9. NIC Number			
10 Date	30	06	2013

Form of Proxy - 41st Annual General Meeting

Folio # / CDC A/C #.	
Participant I.D	
Account #	
Shares held	

The Corporate Secretary
Kohinoor Spinning Mills Limited
7/1 E-3 Main Boulevard Gulberg III, Lahore

I/We____ of ________________________________

being a member (s) of KOHINOOR SPINNING MILLS LIMITED hold _____________ ordinary shares hereby appoint

Mr./Mrs./Miss ____ of ______________________________ or

failing him/her __________________________________ of ______________________________ as my /our

Proxy to attend and vote for me/us and on my/our behalf at the 41st Annual General Meeting of the Company to be held on Thursday, 31st October, 2013 at 11:00 a.m. at 7/1 E-3 main boulevard gulberg III, Lahore and at every adjournment thereof.

Signed this __________________________________ day of _______________2013.

1. Witness: ____________________
   Signature: ____________________
   Name: ____________________
   Address: ____________________
   CNIC: ____________________

AFFIX
REVENUE
STAMP OF FIVE RUPEES

2. Witness: ____________________
   Signature: ____________________
   Name: ____________________
   Address: ____________________
   CNIC: ____________________

Signature: ____________________

(Signature appended above should agree with the specimen signatures registered with the Company.)

IMPORTANT

1. This Form of proxy, duly completed and signed, must be received at the registered office of the company, at 7/1 E-3 Main Boulevard Gulberg III, Lahore Pakistan, not less then 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.