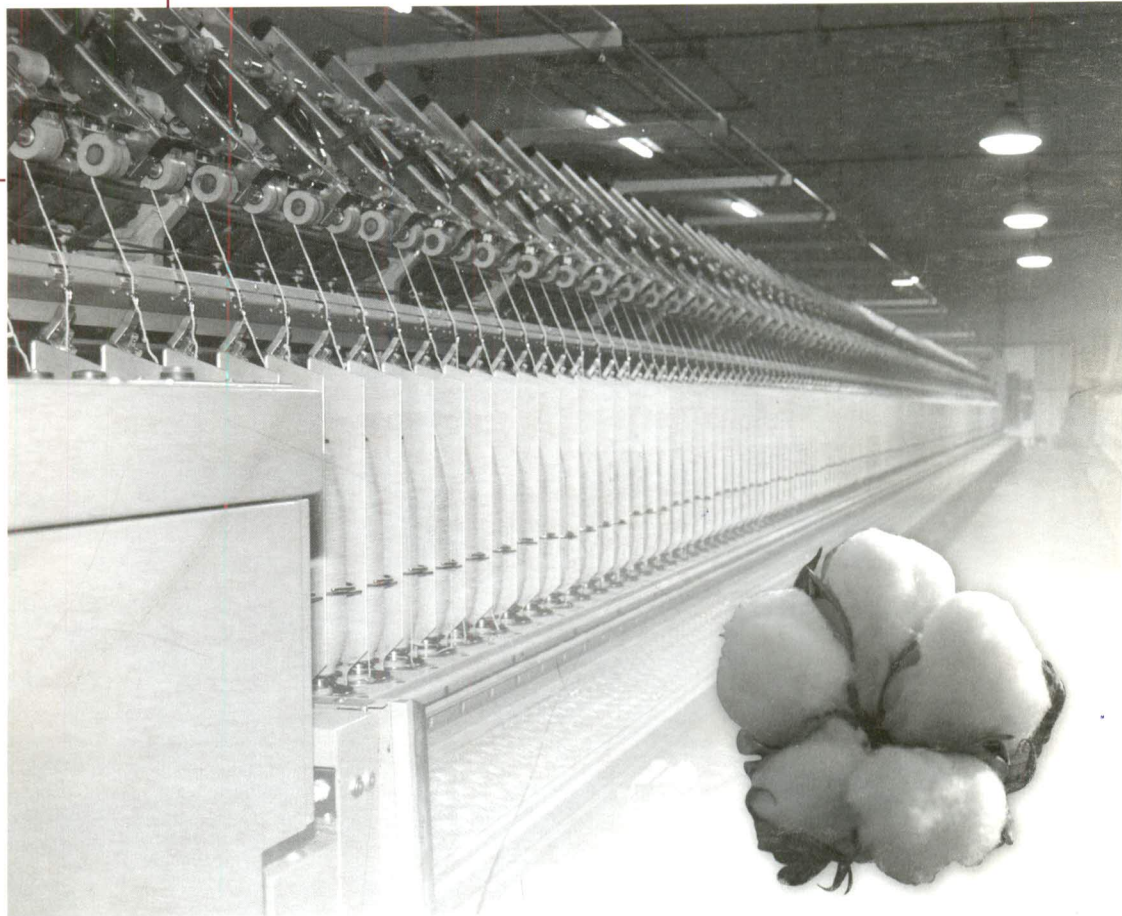




2011

ANNUAL REPORT



Kohinoor Spinning Mills Limited (and Reduced)

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COMPANY INFORMATION

BOARD OF DIRECTOR

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

AUDIT COMMITTEE

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

CORPORATE SECRETARY

Mr. Muhammad Jahangir Khan	BA (LLB), MBA, DTL, ACIS
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CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Zafar	M.B.A
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BANKERS

Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank Limited
Allied Bank of Pakistan

AUDITOR

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

SHARES REGISTRAR

CORPLINK (PVT) LIMITED
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel : (042) 3583 9182, 3588 7262
Fax : (042) 3586 9037

REGISTERED OFFICE

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

MILLS

Aminabad, Chakwal
Tel : (0543) 644254, 644281

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of **KOHINOOR SPINNING MILLS LIMITED** will be held on Monday, October 31, 2011 at 10:00 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 10, 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. 042-35839182

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors are pleased to present before you the results of the Company for the year ended 30 June 2011.

Performance of Company

Your Company has earned after tax profit of Rs. 291.567 million as compared to after tax profit of Rs. 143.474 million for the corresponding last year. This year yarn prices showed increase in accordance with the increase in cotton prices. Also, we tried our best to curtail direct fixed expenses in nature. The fuel and power supply remained better than last year. Finance cost was also restricted to last year level. All these factors resulted in better profitability for the Company.

Future Outlook

Due to current flood, cotton market is still uncertain. Cotton prices are still fluctuating and hence yarn prices. Keeping in view current scenario it is very difficult to predict cotton market these days. Your Company is trying to procure raw material prudently to avoid any unexpected loss.

Another risk factor is shortage of electricity and gas. With winter just approaching, we are awaiting new gas load shedding schedule by SNGPL (we are already facing two days gas off per week while SNGPL supplies minimum gas pressure on third day of the week). Though WAPDA supply is uninterrupted but only for those units which are running on WAPDA only. Textile mills having both gas and WAPDA connections are facing two hours per day WAPDA load shedding.

Export market is silent these days. Chinese buyers are of the opinion that they are carrying heavy yarn stocks and hence cannot offer rates for current production. Local market is alive to some extent; however, with foreign buyers missing from the market it is certain that local buyers would also follow the path of foreign buyers. This situation is main reason for current losses of spinning industry.

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. It is claimed that increasing interest rate is an inflationary control measure. However, we dispute this claim as we know that increasing discount rate is not the solution of rising inflation. Our past economic history is an eye-witness to this fact.

Acknowledgement

In the end, we appreciate the efforts of our executives, officers, staff members and workers of the Company in performance of their duties.

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 eight board meetings were held and the attendance of each Director was as under:

Name of Directors	No. of Board Meetings Attended
Khawaja Mohammad Jawed	8
Khawaja Mohammad Jahangir	8
Khawaja Mohammad Tanveer	8
Khawaja Mohammad Kaleem	8
Khawaja Mohammad Nadeem	8
Khawaja Mohammad Naveed	8
Mr. Mohammad Hamza Yousaf	8

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

Lahore
October 08, 2011

Khawaja Mohammad Naveed
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the 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.

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 one executive director and six non-executive directors.
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 CFI or an NBFIs 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 '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 they 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 working director(s) was approved by the shareholders in the Extraordinary General Meeting.
8. The meetings of the Board were presided over by the Chief Executive or in his absence other director nominated by them. The Board met eight times during the year. 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. 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 program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) 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 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 contained in the Code of Corporate Governance prepared by the Board of Directors of KOHINOOR SPINNING MILLS LIMITED – AND REDUCED to comply with the Listing Regulation of Karachi Stock Exchange (Guarantee) 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 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 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 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
October 08, 2011

HAMEED KHAN & CO.
CHARTERED ACCOUNTANTS

Audit Engagement Partner:
Abdul Hameed Khan

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of KOHINOOR SPINNING MILLS LIMITED – AND REDUCED 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 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
October 08, 2011

HAMEED KHAN & CO.
CHARTERED ACCOUNTANTS

Audit Engagement Partner:
Abdul Hameed Khan

BALANCE SHEET

	Notes	2011 (Rupees)	2010 (Rupees)
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
130,000,000 (2010 - 130,000,000) ordinary shares of Rupees 5/- each (2010 Rupees 10/- each)		<u>650,000,000</u>	<u>1,300,000,000</u>
Issued, subscribed and paid up capital			
130,000,000 (2010 - 130,000,000) ordinary shares of Rupees 5/- each (2010 Rupees 10/- each)	3	650,000,000	1,300,000,000
Accumulated Profit/(loss)	4	<u>23,873,673</u>	<u>(916,612,715)</u>
		673,873,673	383,387,285
Sub-ordinated loan from directors	5	397,000,000	397,000,000
NON-CURRENT LIABILITIES			
Long Term Loans	6	145,722,566	334,467,000
Liabilities against assets subject to finance lease	7	398,911	2,285,880
Deferred liabilities	8	49,621,303	38,284,042
		195,742,780	375,036,922
CURRENT LIABILITIES			
Trade and other payables	9	324,396,246	330,631,610
Accrued Interest on loans and borrowings	10	57,183,850	56,232,669
Short-term borrowings	11	898,656,893	1,069,906,543
Current portion of non current liabilities	12	46,713,743	70,992,925
Provision for taxation	32	-	-
		1,326,950,732	1,527,763,747
CONTINGENCIES AND COMMITMENTS			
	13	-	-
		<u>2,593,567,185</u>	<u>2,683,187,954</u>

The annexed notes (1-41) form an integral part of these financial statements.

Lahore
October 08, 2011

(Khawaja Mohammad Naveed)
Chief Executive

AS AT JUNE 30, 2011

	Notes	2011 (Rupees)	2010 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	1,247,945,081	1,199,288,501
Long term Loans	15	4,926,598	3,453,498
Long term deposits	16	10,541,342	7,866,862
Long term investments	17	432,432	274,428
		15,900,372	11,594,788
CURRENT ASSETS			
Stores and spares	18	33,253,761	30,181,278
Stock-in-trade	19	926,859,972	1,009,536,941
Trade debts	20	215,970,301	164,136,493
Loans and advances	21	39,394,959	129,090,340
Trade deposits, short term prepayments, and other receivables	22	70,756,175	94,855,697
Short term investment	23	36,500,000	41,500,000
Cash and bank balances	24	6,986,564	3,003,916
		1,329,721,732	1,472,304,665
		<u>2,593,567,185</u>	<u>2,683,187,954</u>

The annexed notes (1-41) form an integral part of these financial statements.

(Khawaja Mohammad Kaleem)
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011**

	Notes	2011 (Rupees)	2010 (Rupees)
Sales - net	25	6,809,167,296	4,214,153,122
Cost of sales	26	(5,910,870,684)	(3,546,852,219)
GROSS PROFIT		898,296,612	667,300,903
OPERATING EXPENSES			
Distribution Cost	27	(128,665,235)	(102,183,177)
Administrative	28	(91,810,625)	(87,234,323)
		(220,475,860)	(189,417,500)
OPERATING PROFIT		677,820,752	477,883,403
Finance cost	29	(301,753,691)	(303,084,541)
Other operating expenses	30	(19,692,191)	(9,694,326)
Other operating income	31	6,376,758	8,637,659
		(315,069,124)	(304,141,208)
PROFIT BEFORE TAXATION		362,751,628	173,742,195
TAXATION	32	(71,184,298)	(30,267,976)
PROFIT AFTER TAXATION		291,567,330	143,474,219
EARNINGS PER SHARE - BASIC & DILUTED	33	2.24	1.10

The annexed notes (1-41) form an integral part of these financial statements.

Lahore
October 08, 2011

(Khawaja Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Kaleem)
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011**

	2011 (Rupees)	2010 (Rupees)
Profit after taxation	291,567,330	143,474,219
Other comprehensive income-net of taxation	-	-
Total comprehensive Income	<u>291,567,330</u>	<u>143,474,219</u>

The annexed notes (1-41) form an integral part of these financial statements.

Lahore
October 08, 2011

(Khawaja Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Kaleem)
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011**

	Share Capital	Accumulated Profit	Unrealized Gain/(loss) on Long Term Investments	Total
	Rs.	Rs.	Rs.	Rs.
Balance as on July 01, 2009	1,300,000,000	(1,059,361,363)	(484,407)	240,154,230
Profit for the year after taxation	-	143,474,219	-	143,474,219
Unrealized loss due to change in fair value of long term investment	-	-	(241,164)	(241,164)
Balance as on June 30, 2010	1,300,000,000	(915,887,144)	(725,571)	383,387,285
Dividend paid 2010-2011		(1,238,946)		(1,238,946)
Reduction of share Capital	(650,000,000)	650,000,000		-
Profit for the year after taxation		291,567,330	-	291,567,330
Unrealized gain due to change in fair value of long term investment		-	158,004	158,004
Balance as on June 30, 2011	650,000,000	24,441,240	(567,567)	673,873,673

The annexed notes (1-41) form an integral part of these financial statements.

Lahore
October 08, 2011

(Khawaja Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Kaleem)
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011**

	Notes	2011 (Rupees)	2010 (Rupees)
CASH GENERATED FROM OPERATIONS			
Cash generated from operations	34	855,451,299	433,884,497
Finance cost paid		(300,802,510)	(289,020,657)
Income tax paid		(37,868,517)	(36,310,246)
Gratuity paid		(11,169,491)	(11,603,706)
Net cash used in operating activities		<u>505,610,781</u>	<u>96,949,888</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(116,232,800)	(46,585,442)
Long term deposits		(2,674,480)	(6,020,000)
Long term advances		(1,713,100)	(1,081,376)
Proceeds from disposal of property, plant and equipment		2,110,000	87,752
Profit received on bank accounts		3,042,481	8,925,449
Net cash used in investing activities		<u>(115,467,898)</u>	<u>(44,673,618)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) of long term financing		(182,444,343)	(217,571,654)
Decrease in finance lease liabilities		(32,466,242)	(31,991,468)
Increase in short term borrowings		(171,249,650)	198,933,626
Net cash used in financing activities		<u>(386,160,235)</u>	<u>(50,629,496)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		3,982,647	1,646,776
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,003,916	1,357,140
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>6,986,564</u>	<u>3,003,916</u>

The annexed notes (1-41) form an integral part of these financial statements.

Lahore
October 08, 2011

(Khawaja Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Kaleem)
Director

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011**

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 Kashane-e-Yousaf, Khawaja Street, Chakwal. 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 8.1 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 been 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 an 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.

There 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 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 or under sections 154 and 153 of the Income Tax Ordinance, 2001, whichever of these liability is higher.

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.

2.6 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 14.

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.

2.7 STORES AND SPARES

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

2.8 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.

2.9 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.

2.10 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.

2.11 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 14 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash and bank balances.

2.19 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.

2.20 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.

2.21 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.

2.22 DIVIDEND

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

	2011 (Rupees)	2010 (Rupees)
3 SHARE CAPITAL		
Issued, subscribed and paid up		
127,725,000 (2010:127,725,000) ordinary shares of Rupees 5/- each (2010 Rupees 10/- each)	638,625,000	1,277,250,000
2,275,000 (2010:2,275,000) ordinary shares of of Rupees 5/- each (2010 Rupees 10/- each)	11,375,000	22,750,000
	<u>650,000,000</u>	<u>1,300,000,000</u>

3.1 The paid up capital of the company has been reduced to the extent of 50% i.e Rs. 650 million by cancelling the issued and paid up capital of the company which has been lost or unrepresented by its available assets as per Lahore High Court orders dated 16 May, 2011. The court order was registered with the Securities & Exchange Commission of Pakistan on 21-06-2011.

4 ACCUMULATED PROFIT/(LOSS)		
Accumulated loss	(624,319,814)	(915,887,144)
Dividend for year 2009-2010	(1,238,946)	-
Reduction of shares (130,000,000) @ 5/- per share	650,000,000	-
Unrealized (loss) on long term investments	(567,567)	(725,571)
	<u>23,873,673</u>	<u>(916,612,715)</u>

5 Related parties - Unsecured		
Loans from directors	397,000,000	397,000,000
	<u>397,000,000</u>	<u>397,000,000</u>

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

6 LONG TERM LOANS		
Banking Companies - Secured		
Demand finance - I	-	12,657,057
Demand finance - II	-	5,000,000
Demand finance - III	-	6,400,000
Term finance - IV	2,500,000	12,500,000
Term finance - V	139,285,714	-
Term finance - VI	49,294,000	336,967,000
	<u>191,079,714</u>	<u>373,524,057</u>
Less : Current portion	(45,357,148)	(39,057,057)
	<u>145,722,566</u>	<u>334,467,000</u>

This loan is secured against Specific charge of fixed assets. It carries mark up @ 12.05% per annum based on six months

- 6.1 This loan is secured against Specific charge of fixed assets. It carries mark up @ 14.34% per annum based on six months KIBOR rate plus spread. The loan is repayable in 12 equal quarterly installments of Rs.2.5 million each commencing from June 2008.
- 6.2 This loan is secured against Specific charge of fixed assets. It carries mark up @ 15.464% per annum based on six months KIBOR rate plus spread. The loan is repayable in 42 equal monthly installments of Rs.3.571 million each commencing from Feb 2011.
- 6.3 This loan is secured against Specific charge of fixed assets. It carries mark up @ 15.464% per annum based on six months KIBOR rate plus spread. The loan is repayable in 36 equal quarterly installments of Rs.1.369 million each commencing from June 2011.

		2011 (Rupees)	2010 (Rupees)
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Net principal liability		1,755,506	34,221,748
Current portion	12	<u>(1,356,595)</u>	<u>(31,935,868)</u>
		<u>398,911</u>	<u>2,285,880</u>

- 7.1 The aggregate total lease rentals due under the lease agreements amounting to Rupees 2,841,652 (2010 - Rupees 102,494,084) are repayable in equal monthly installments under the lease agreement latest by March, 2012. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. A discount rate of ranging from 15% to 16% per annum (2010 - 15% to 16% per annum) has been used.

	2011 (Rupees)	2010 (Rupees)
2010 - 2011	-	34,515,562
2011 - 2012	1,607,863	2,354,229
2012 - 2013	438,713	398,830
	<u>2,046,576</u>	<u>37,268,621</u>
Financial charges for future periods	<u>(291,070)</u>	<u>(3,046,873)</u>
	<u>1,755,506</u>	<u>34,221,748</u>

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

Gross minimum lease payments:			
- Due not later than one year		1,607,863	34,515,562
- Due later than one year but not later than five years		438,713	2,753,059
		<u>2,046,576</u>	<u>37,268,621</u>
Present value of minimum lease payments:			
- Due not later than one year		1,356,595	31,724,063
- Due later than one year but not later than five years		398,911	2,497,685
		<u>1,755,506</u>	<u>34,221,748</u>

8 DEFERRED LIABILITIES

Gratuity	8.1	<u>49,621,303</u>	<u>38,284,042</u>
		<u>49,621,303</u>	<u>38,284,042</u>

		2011 (Rupees)	2010 (Rupees)
8.1 Staff Gratuity-Defined Benefit Plan			
The amounts recognized in financial statements are determined as follows :-			
8.1.1 Reconciliation of amount recognised in the balance sheet			
Present value of defined benefit obligation		54,732,621	40,418,309
Plus Actuarial gains/less to be recognized in later periods		<u>(5,111,318)</u>	<u>(2,134,267)</u>
		<u>49,621,303</u>	<u>38,284,042</u>
8.1.2 The amounts recognized in the profit and loss account are as follows			
Current service cost		17,656,556	13,338,345
Interest cost		<u>4,850,197</u>	<u>3,744,284</u>
		<u>22,506,753</u>	<u>17,082,629</u>
8.1.3 Movement in liability recognized in the balance sheet			
At the beginning of the year		38,284,042	32,805,119
Amount recognized during the year - as shown above		22,506,753	17,082,629
Benefit payments		<u>(11,169,492)</u>	<u>(11,603,706)</u>
		<u>49,621,303</u>	<u>38,284,042</u>
8.1.4 Allocation of charge for the year			
Cost of sales	26	17,830,790	13,268,712
Administrative expenses	28	<u>4,675,963</u>	<u>3,813,917</u>
		<u>22,506,753</u>	<u>17,082,629</u>
8.1.5 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	6 years
9 TRADE AND OTHER PAYABLES			
Secured			
Creditors	9.1	54,263,669	61,688,666
Un-secured			
Creditors		136,598,216	168,535,409
Accrued expenses		71,411,693	61,104,006
Un-claimed dividend		961,129	786,725
Workers' (profit) participation fund	9.2	61,059,414	38,152,021
Other liabilities		<u>102,125</u>	<u>364,783</u>
		<u>324,396,246</u>	<u>330,631,610</u>
9.1	These are secured against letter of credits issued by the bankers of the company.		
9.2 Workers' (profit) participation fund			
Opening balance		38,152,021	26,370,632
For the year			
Interest recognized during the year	9.2.1	<u>19,092,191</u> <u>3,815,202</u>	<u>9,144,326</u> <u>2,637,063</u>
		<u>22,907,393</u>	<u>11,781,389</u>
Paid during the year		<u>61,059,414</u>	<u>38,152,021</u>
		<u>61,059,414</u>	<u>38,152,021</u>
9.2.1	The company retains workers' profit participation fund for its business operations. Interest is allocated @ 10% (2010 - 10%) on funds utilized by the company.		

		2011 (Rupees)	2010 (Rupees)
10 ACCRUED INTEREST ON LOANS AND BORROWINGS			
Accrued interest / mark up on:			
Long term loans (Secured)		5,289,379	1,499,873
Short term finances (Secured)		<u>51,894,471</u>	<u>54,732,796</u>
		<u><u>57,183,850</u></u>	<u><u>56,232,669</u></u>

11 SHORT-TERM BORROWINGS

Banking companies - Secured

Running / export finance	11.1	898,235,263	1,066,475,890
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Related parties - unsecured

Loan from directors	11.2	<u>421,630</u>	<u>3,430,653</u>
		<u><u>898,656,893</u></u>	<u><u>1,069,906,543</u></u>

11.1 This represents short-term finances utilized under mark-up arrangements against aggregate limit of Rupees 1,705 million (2010 - Rupees 1,705 million). These arrangements are normally for a period of twelve months and are renewable subject to payment of re-purchase price by specified dates. These facilities are secured against pledge of raw material stock and hypothecation of stock-in trade, foreign bills drawn against letters of credit, lien mark up on term deposit account amounting to Rupees 36.50 million and personal guarantee of all directors. The mark-up on the above facilities ranges from Rupees to 0.40 to 0.425 per thousand per day.

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

		2011 (Rupees)	2010 (Rupees)
12 CURRENT PORTION OF NON CURRENT LIABILITIES			
Long term loans	6	45,357,148	39,057,057
Liabilities against assets subject to finance lease	7	<u>1,356,595</u>	<u>31,935,868</u>
		<u><u>46,713,743</u></u>	<u><u>70,992,925</u></u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Indemnity Bonds issued, amounting to Rupees 234 million (2010 - Rupees 234), in favour of the Collector of Customs to avail exemptions under SRO 987(I)/1999 dated 30-8-1999 in respect of sales tax, income tax on imported & local raw materials.

13.2 Commitments

		2011 (Rupees)	2010 (Rupees)
(i) Letter of credits Machinery		251.850 Million	2.188 Million

14 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	OWNED					
	Freehold land	Office Buildings free hold land	FACTORY BUILDING ON FREE HOLD LAND	COLONY BUILDING ON FREE HOLD LAND	PLANT AND MACHINERY	TUBE WELLS
Balance as at July 01, 2010	11,675,239	3,125,084	275,852,845	63,787,656	1,873,475,218	1,545,577
Additions	-	-	10,595,492	-	63,226,209	-
Transfer / Adjustment	-	-	-	-	90,000,000	-
Deletions	-	-	-	-	-	-
Balance as at June 30, 2011	11,675,239	3,125,084	286,448,336	63,787,656	2,026,701,427	1,545,577
DEPRECIATION						
Balance as at July 01, 2010	-	1,731,641	143,575,301	36,455,284	966,721,407	1,152,256
Charge for the year	-	69,675	6,700,364	1,366,620	46,025,236	39,336
Depreciation on disposal	-	-	-	-	-	-
Transfer / Adjustment	-	-	-	-	20,316,944	-
Balance as at June 30, 2011	-	1,801,316	150,275,665	37,821,904	1,033,063,587	1,191,592
Written Down Value as at June 30, 2011	11,675,239	1,323,768	136,172,671	25,965,752	993,637,840	353,985
Written Down Value as at June 30, 2010	11,675,239	1,393,443	132,277,544	27,332,372	906,753,811	393,321
Rates %	-	5%	5%	5%	5%	10%

OWNED						LEASED		Total
ELECTRIC INSTALLATION	TOOLS AND EQUIPMENTS	TELEPHONE INSTALLATION	OFFICE EQUIPMENTS	FURNITURE AND FIXTURE	VEHICLES	PLANT AND MACHINERY	Vehicle	
46,645,311	4,241,145	1,017,190	8,589,337	8,184,931	34,454,403	90,000,000	11,443,947	2,434,037,881
16,372,431	-	-	5,805,018	1,649,661	17,519,445	-	-	115,168,255
-	-	-	-	-	5,917,547	(90,000,000)	(5,917,547)	-
-	-	-	-	-	(803,000)	-	(1,481,600)	(2,284,600)
63,017,741	4,241,145	1,017,190	14,394,355	9,834,591	57,088,395	-	4,044,800	2,546,921,536
26,541,957	3,747,396	775,964	4,285,758	5,883,361	24,166,498	16,649,413	3,063,145	1,234,749,380
2,525,105	49,369	24,126	573,575	356,311	1,259,010	3,667,531	2,642,855	65,299,113
-	-	-	-	-	(564,344)	-	(507,695)	(1,072,039)
-	-	-	-	-	3,850,795	(20,316,944)	(3,850,795)	-
29,067,062	3,796,765	800,090	4,859,333	6,239,672	28,711,959	-	1,347,510	1,298,976,454
33,950,679	444,380	217,100	9,535,022	3,594,919	28,376,436	-	2,697,290	1,247,945,081
20,103,354	493,749	241,226	4,303,580	2,301,570	10,287,905	73,350,587	8,380,802	1,199,288,501
10%	10%	10%	10%	10%	20%	5%	20%	

14.1 Details of disposals of fixed assets :-

PARTICULARS	C O S T	ACCUMULATED DEPRECIATION	WRITTEN DOWN VALUE	SALE PROCEEDS	GAIN ON SALE
Motor Vehicle					
Car LXY-3696 Baleno	749,000	530,344	218,656	590,000	371,344
Car Honda Civic LEB-09-3701	1,481,600	507,695	973,905	1,500,000	526,095
Motor Cycle LEP-07-4855	54,000	34,000	20,000	20,000	-
Rupees	<u>2,284,600</u>	<u>1,072,039</u>	<u>1,212,561</u>	<u>2,110,000</u>	<u>897,439</u>

14.2 Certain vehicles are under charge by way of mortgage against lease financing from Banks. (refer note 14)

14.3 Depreciation/amortization has been apportioned as under :-

	Note	2011 (Rupees)	2010 (Rupees)
Cost of sales	26	63,781,828	63,141,041
Administrative expenses	28	1,517,285	2,775,363
		<u>65,299,113</u>	<u>65,916,404</u>

15 LONG-TERM LOANS

Loans to Executives - Considered good	15.1	5,946,598	4,233,498
Less: Current portion	21	<u>(1,020,000)</u>	<u>(780,000)</u>
		<u>4,926,598</u>	<u>3,453,498</u>

15.1 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.

Aggregate maximum balance due at the end of any month during the year

	<u>4,926,598</u>	<u>3,453,498</u>
Outstanding for more than three years	3,060,000	2,598,807
Others	<u>1,866,598</u>	<u>854,691</u>
	<u>4,926,598</u>	<u>3,453,498</u>

16 LONG-TERM DEPOSITS

Security deposits		
Utilities	10,391,342	7,716,862
Others	150,000	150,000
	<u>10,541,342</u>	<u>7,866,862</u>

	2011 (Rupees)	2010 (Rupees)
17 LONG TERM INVESTMENTS		
Held as available for sale		
Others - Quoted		
* KASB Modaraba		
166,320 modaraba certificates of Rupees 10 each.	432,432	274,428
	<u>432,432</u>	<u>274,428</u>
18 STORES AND SPARES		
Stores	18,256,313	17,722,461
Spares	14,997,448	12,458,817
	<u>33,253,761</u>	<u>30,181,277</u>
19 STOCK-IN-TRADE		
Raw material	657,969,284	833,149,446
Work-in-process	66,763,577	37,372,539
Finished goods	200,567,103	133,959,061
Waste	1,560,008	5,055,895
	<u>926,859,972</u>	<u>1,009,536,941</u>
20 TRADE DEBTS - Considered good		
Foreign - Secured	41,788,676	9,467,094
Local - Un-secured	174,181,625	154,669,399
	<u>215,970,301</u>	<u>164,136,493</u>
20.1 This includes balances receivables from the following associated undertakings: -		
	2011 (Rupees)	2010 (Rupees)
Chakwal Spinning Mills Limited	2,422,363	5,372,363
Chakwal Textile Mills Limited	107,143	2,177,480
Yousaf Weaving Mills Limited	5,173,238	-
Khawaja Mohammad Jawed (Pvt) Ltd	219,000	219,000
	<u>7,921,744</u>	<u>7,768,843</u>

		2011 (Rupees)	2010 (Rupees)
21 LOANS AND ADVANCES			
Current portion of loans to executives		1,020,000	780,000
Advances - considered good			
Suppliers and contractors		18,594,785	117,063,564
Staff		13,333,106	9,450,529
Letters of credit		6,447,068	1,796,248
		<u>39,394,959</u>	<u>129,090,340</u>
22 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES			
Deposits			
Margin with banks		20,256,941	13,510,920
Other receivables - considered good			
Sales tax receivable		29,101,583	25,278,786
Insurance claim		-	1,900,855
Income tax receivable		20,524,901	53,840,682
Accrued interest		872,750	324,454
		<u>70,756,175</u>	<u>94,855,697</u>
23 SHORT TERM INVESTMENT			
In term deposit accounts	23.1	<u>36,560,000</u>	<u>41,500,000</u>
		<u>36,500,000</u>	<u>41,500,000</u>
<p>23.1 Term deposit account amounting to Rupees 36.50 million (2010 - Rupees 41.50 million) is under lien against the liabilities mentioned in Note 6 & 11 and carries interest 5% (2010- 5%).</p>			
24 CASH AND BANK BALANCES			
Cash in hand		318,763	116,922
Cash at banks			
In current accounts		6,667,801	2,886,994
		<u>6,986,564</u>	<u>3,003,916</u>

		2011 (Rupees)	2010 (Rupees)
25 SALES - NET			
Local		4,614,662,544	2,374,711,128
Export		2,194,504,752	1,839,441,994
		<u>6,809,167,296</u>	<u>4,214,153,122</u>
26 COST OF SALES			
Raw material consumed	26.1	4,889,078,569	2,588,776,858
Salaries, wages and benefits	26.2	345,703,739	287,569,937
Fuel and power		463,539,947	397,914,189
Insurance		18,111,910	13,165,869
Packing material		93,574,649	76,658,054
Repairs and maintenance		21,099,904	8,531,980
Stores and spares consumed		92,317,703	94,494,043
Miscellaneous		16,165,628	17,783,816
Depreciation/amortization	14	63,781,828	63,141,041
		<u>6,003,373,877</u>	<u>3,548,035,787</u>
Work-in-process			
Opening		37,372,539	33,820,040
Closing		(66,763,577)	(37,372,539)
Cost of goods manufactured		<u>5,973,982,839</u>	<u>3,544,483,288</u>
Finished goods			
Opening stock		139,014,956	141,383,887
Closing stock		(202,127,111)	(139,014,956)
		<u>5,910,870,684</u>	<u>3,546,852,219</u>
26.1 RAW MATERIAL CONSUMED			
Opening stock		833,149,446	778,078,115
Purchases		4,786,068,201	2,661,237,712
		<u>5,619,217,707</u>	<u>3,439,315,827</u>
Cost of raw material sold/damage		(72,169,854)	(10,005,025)
Cost of trading activity		-	(7,384,498)
		<u>5,547,047,853</u>	<u>3,421,926,304</u>
Closing stock		(657,969,284)	(833,149,446)
		<u>4,889,078,569</u>	<u>2,588,776,858</u>
26.2	It includes Rs.17,830,790 (2010 : Rs.13,268,712) in respect of gratuity.		

		2011 (Rupees)	2010 (Rupees)
27	DISTRIBUTION COST		
	Local expenses including freight and octroi	38,612,279	21,754,074
	Export expenses including freight	<u>90,052,956</u>	<u>80,429,103</u>
		<u><u>128,665,235</u></u>	<u><u>102,183,177</u></u>
28	ADMINISTRATIVE		
	Salaries, wages and benefits	28.1 36,032,719	28,394,753
	Travelling and conveyance	9,188,559	11,118,171
	Rent, rates and taxes	1,501,283	1,868,707
	Printing and stationery	773,529	661,845
	Communications	6,184,193	7,097,748
	Entertainment	4,308,751	3,235,967
	Electricity and gas	4,048,323	6,424,127
	Vehicles running	10,229,068	9,806,613
	Fees and subscriptions	1,979,903	1,212,709
	Legal & Professional	92,000	214,100
	Repairs and maintenance	9,367,319	10,441,752
	Guest house expenses	259,440	348,357
	Donations	28.2 5,357,600	1,093,792
	Advertisement	116,000	196,100
	Miscellaneous	854,653	2,344,219
	Depreciation/amortization	14 1,517,285	2,775,363
		<u>91,810,625</u>	<u>87,234,323</u>
28.1	It includes Rs.4,675,963 (2010 : Rs.3,813,917) in respect of gratuity.		
28.2	None of the directors or their spouses had any interest in any of the donees.		
29	FINANCE COST		
	Interest / mark-up on:		
	Long term loans	8,037,843	7,354,268
	Finance leases	3,177,451	8,183,438
	Short-term borrowings	230,663,062	237,743,289
	Workers profit participation fund	3,815,202	2,637,063
	Bank charges and commissions	43,722,413	39,542,627
	Inland Letter's of Credit Charges	<u>12,337,720</u>	<u>7,623,856</u>
		<u>301,753,691</u>	<u>303,084,541</u>
30	OTHER OPERATING EXPENSES		
	Auditor's remuneration	30.1 600,000	550,000
	Workers profit participation fund	<u>19,092,191</u>	<u>9,144,326</u>
		<u>19,692,191</u>	<u>9,694,326</u>

		2011 (Rupees)	2010 (Rupees)
30.1 Auditor's remuneration			
Statutory audit		500,000	450,000
Half yearly review and review of code of corporate governance		100,000	100,000
		<u>600,000</u>	<u>550,000</u>
31 OTHER OPERATING INCOME			
Gain on sale of fixed assets		897,439	42,363
Profit on short term deposits		3,590,777	5,907,164
Profit on sale of raw material	31.1	1,788,680	719,258
Profit from trading activity	31.2	-	1,928,571
Miscellaneous		99,862	40,303
		<u>6,376,758</u>	<u>8,637,659</u>
31.1 Profit on sale of raw material			
Gross Sales		(72,169,854)	(10,005,025)
Less Cost of Sales		73,958,534	10,724,283
		<u>1,788,680</u>	<u>719,258</u>
31.2 Profit from trading activity			
Gross Sales		-	29,693,374
Less Cost of Sales		-	(27,764,803)
		<u>-</u>	<u>1,928,571</u>
32 TAXATION			
Opening balance		-	-
For the year	32.1	71,184,298	30,267,976
Less: Paid / adjusted		(71,184,298)	(30,267,976)
		<u>-</u>	<u>-</u>

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 2010 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 of 1%.

32.4 After considering the available tax losses no provision for current and deferred taxation has been made. The deferred tax assets amounting to Rs. 96 million (2010: 34 million) arises due to timing difference in respect of mainly accelerated tax depreciation allowance after adjusting available brought forward losses amounting to Rs. 558 million (2010: 477 million) as on June 30, 2011 has not been reflected in these accounts.

32.5 No provision has been made for the amount of tax demanded by tax authorities of Rs. 9.979 million because the management believes that the outcome of the appeals regarding this demand will be decided in the favour of the company.

	2011 (Rupees)	2010 (Rupees)
33 EARNINGS PER SHARE - Basic		
Profit after taxation	291,567,330	143,474,219
Weighted average number of ordinary shares	130,000,000	130,000,000
Earnings per share - Basic	<u>2.24</u>	<u>1.10</u>

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.

	2011 (Rupees)	2010 (Rupees)
34 CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	362,751,628	173,742,195
Adjustments of non cash charges and other items		
Depreciation / amortization	65,299,113	65,916,402
Gratuity	22,506,753	17,082,629
Workers Profit Participation Fund	19,092,191	9,144,326
Gain on sale of fixed assets	(897,439)	(42,363)
Interest Income	(3,590,777)	(5,907,164)
Finance cost	301,753,691	303,084,541
Operating profit before working capital changes	<u>766,915,160</u>	<u>563,020,566</u>
(Increase)/decrease in current assets		
Stores and spares	(3,072,483)	(11,222,543)
Stock-in-trade	82,676,969	(56,254,899)
Trade debts	(51,833,808)	(75,590,952)
Loan and advances	89,935,382	(5,179,033)
Trade deposits, prepayments & other receivables	(8,667,962)	20,330,211
Short term Investment	5,000,000	30,000,000
	114,038,098	(97,917,216)
(Decrease)/Increase in current liabilities		
Trade and other payables	(25,501,959)	(31,218,853)
	<u>855,451,299</u>	<u>433,884,497</u>

35 DIRECTORS AND EXECUTIVES REMUNERATION

	2011 (Rupees)	2011 (Rupees)	2010 (Rupees)	2010 (Rupees)
	DIRECTORS	EXECUTIVES	DIRECTORS	EXECUTIVES
Remuneration	4,616,380	9,909,484	3,086,000	9,112,240
House rent	2,077,370	4,459,268	1,388,700	4,100,508
Medical	2,030,606	847,396	1,293,660	-
Gratuity	-	1,197,396	-	1,139,030
Utilities	1,176,134	578,092	1,092,127	178,092
	<u>9,900,490</u>	<u>16,991,636</u>	<u>6,860,487</u>	<u>14,529,870</u>
No's	<u>4</u>	<u>12</u>	<u>3</u>	<u>10</u>

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

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:-

	2011 (Rupees)	2010 (Rupees)
Purchases of raw materials, goods and services (Yousaf Weaving Mills Limited)	9,395,500	-
Purchases of raw materials, goods and services (Chakwal Textile Mills Limited)	4,503,181	-
	<u>13,898,681</u>	<u>-</u>
Sales of raw materials, goods and services (Yousaf Weaving Mills Limited)	21,868,000	19,997,830
Sales of raw materials, goods and services (Chakwal Spinning Mills Limited)	3,040,000	613,922
Sales of raw materials, goods and services (Chakwal Textile Mills Limited)	3,020,400	1,090,560
	<u>27,928,400</u>	<u>21,702,312</u>
Aggregate maximum balance due at the end of any month during the year.	26,068,843	17,318,321

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). 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 thousand	
Trade debts	41,789	9,467
Gross balance sheet exposure	41,789	9,467
Outstanding letters of credit	-	-
Net exposure	<u>41,789</u>	<u>9,467</u>

The following significant exchange rates were applied during the year.

Average rate (Rupees per US Dollar)	84.85	82.98
Reporting date rate (Rupees per US Dollar)	85.95	83.33

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.41,479 million (2010: Rs.9,467 million) 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. 4,179 million (2010: Rs.946 million) 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 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

A change of 5% in the value of investment at fair value through profit and loss would have increased/decrease profit or loss by Rs.1.825 million (2010: Rs.2.075 million) on the basis that all other variables remain constant.

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 Rupees	2010 Rupees
Floating rate instruments		
Financial Liabilities		
Long term financing	145,722,566	334,467,000
Liabilities against assets subject to finance lease	398,911	2,285,880
Short term borrowings	898,235,263	1,066,475,890
Financial Assets		
Bank Balances - Saving Accounts	28,876	206,329

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. 10.893 million (2010: Rs. 14.400 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	4,926,598	3,453,498
Long term deposits	10,541,342	7,866,862
Trade debts	215,970,301	164,136,493
Advances, trade deposits and other receivables	40,267,709	129,414,794
Short term investment	36,500,000	41,500,000
Cash and bank balances	6,986,564	3,003,916

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
Faysal Bank Limited	PACRA	A1+	AA
Muslim Commercial Bank Limited	PACRA	A-1+	AA+
National Bank of Pakistan Limited	JCR-VIS	A-1+	AAA
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. 1544 million worth short term borrowing limits available from financial institutions and Rs. 6.987 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	191,079,714	227,040,319	65,159,238	161,881,081	-
Liabilities against leased assets	1,755,506	2,046,576	1,607,863	438,713	-
Trade and other payables	324,396,246	324,396,246	324,396,246	-	-
Accrued interest	57,183,850	57,183,850	57,183,850	-	-
Short term finances	898,235,263	1,045,386,558	1,045,386,558	-	-

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	373,524,057	398,774,185	247,867,534	150,906,651	-
Liabilities against leased assets	34,221,748	37,268,621	34,515,562	2,753,059	-
Trade and other payables	330,631,610	330,631,610	330,631,610	-	-
Accrued interest	56,232,669	56,232,669	56,232,669	-	-
Short term finances	1,066,475,890	1,229,966,644	1,229,966,644	-	-

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.

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.

	2011 (Rupees)	2010 (Rupees)
Total borrowings	1,486,736,607	1,840,430,600
Less: Cash and bank balances	6,986,564	3,003,916
Net debt	1,479,750,043	1,837,426,684
Total equity	673,873,673	383,387,285
Total capital employed	2,153,623,716	2,220,813,969
Gearing ratio	68.71%	82.74%

	2011	2010
38 PLANT CAPACITY AND PRODUCTION		
Number of spindles installed	78,504	78,504
Installed capacity in 20's count based on triple shift for 365 (2010 - 365) days (kgs) - Approximately	35,336,548	35,336,548
Actual production after conversion into 20's count (kgs)	32,846,578	28,362,045

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.

39 NUMBER OF EMPLOYEES

The total number of permanent employees at the year end were 3,037 (2010 - 2,923).

40 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on October 08, 2011 by the Board of Directors of the Company.

41 GENERAL

Figures have been rounded off to the nearest rupees.

Lahore
October 08, 2011

(Khawaja Mohammad Naveed)
Chief Executive

(Khawaja Mohammad Kaleem)
Director

KEY FINANCIAL DATA OF LAST SIX YEARS

Rupees in '000

	2011	2010	2009	2008	2007	2006
Sales	6,809,167	4,214,153	2,885,619	2,511,538	2,418,373	2,147,647
Gross Profit	898,297	667,301	240,089	268,744	268,658	240,146
Profit Before Taxation	362,752	173,742	(191,207)	23,269	36,963	36,565
Tax	(71,184)	(30,268)	(11,025)	(12,652)	16,812	6,893
Profit After Taxation	291,567	143,474	(202,232)	10,617	20,152	29,672
Total Assets	2,593,567	2,683,188	2,593,116	2,287,555	1,862,938	1,949,009
Current Liabilities	1,326,951	1,527,764	1,347,931	1,055,337	726,650	834,047
	1,266,616	1,155,424	1,245,185	1,232,218	1,136,288	1,114,962
Share Capital	650,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Accumulated Loss	23,874	(916,613)	(1,059,846)	(856,774)	(868,264)	(886,256)
Equity	673,874	383,387	240,154	443,226	431,736	413,744
Redeemable Capital	-	-	-	-	-	-
Deposit for Shares	-	-	-	-	-	-
Long Term Loans & Leases	543,121	733,753	972,226	757,554	673,311	668,907
Deferred Income	-	-	-	-	-	-
Deferred Liability	49,621	38,284	32,805	31,438	31,241	32,311
	1,266,616	1,155,424	1,245,185	1,232,218	1,136,288	1,114,962

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2011

CATEGORIES OF SHARES HOLDERS	NUMBER OF SHARES HOLDERS	NUMBER OF SHARES HELD	%
1. INDIVIDUALS	540	128,255,532	98.66
2. INVESTMENT COMPANIES	5	64,500	0.05
3. INSURANCE COMPANIES	1	53,100	0.04
4. JOINT STOCK COMPANIES	7	180,020	0.14
5. FINANCIAL INSTITUTIONS	7	894,348	0.69
6. MODARABA COMPANIES	3	40,500	0.03
7. FOREIGN COMPANIES	6	511,500	0.39
8 OTHERS	1	500	0.00
TOTAL	570	130,000,000	100

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

Associated Companies Undertakings & Related Parties

NIT / ICP

i National Bank of Pakistan - Trustee Wing	602,327
ii Investment Corporation of Pakistan	100

Directors, Chief Executive, their Spouse and Minor Children

i Khawaja Mohammad Jawed	20,383,750	
ii Khawaja Mohammad Jahangir	6,181,500	
iii Khawaja Mohammad Tanveer	4,205,250	
iv Khawaja Mohammad Kaleem	31,176,389	
v Khawaja Mohammad Nadeem	17,489,500	
vi Khawaja Mohammad Naveed	38,111,000	
vii Mr. Mohammad Hamza Yousaf	1,500	
viii Mrs. Nusrat Arfeen W/o Kh. M. Tanveer	112,500	
ix Mrs. Andleeb W/o Kh. M. Nadeem	112,500	
		117,773,889

Executives

Public Sector Companies & Corporations

State Life Insurance Corporation	53,100
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Banks, Development Finance Institutions and Non Banking Finance

Institutions Insurance Companies, Madaraba & Mutual Funds	396,921
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General Public

10,481,643

Joint Stock Companies

180,020

Foreign Companies

511,500

Others

500

130,000,000

Shareholders holding 10% and above Voting Interests

i Khawaja Mohammad Jawed	20,383,750
ii Khawaja Mohammad Kaleem	31,176,389
iii Khawaja Mohammad Nadeem	17,489,500
iv Khawaja Mohammad Naveed	38,111,000

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

01. Incorporation Number	0003198
02. Name of Company	KOHINOOR SPINNING MILLS LIMITED
03. Pattern of shareholding held by the shareholders as at	30-06-2011

NUMBER OF SHAREHOLDERS	SHAREHOLDING	TOTAL SHARE HELD
33	1 -	100
66	101 -	500
35	501 -	1000
86	1001 -	5000
49	5001 -	10000
19	10001 -	15000
31	15001 -	20000
120	20001 -	25000
54	25001 -	30000
16	30001 -	35000
2	35001 -	40000
2	40001 -	45000
2	45001 -	50000
5	50001 -	55000
10	55001 -	60000
3	60001 -	65000
3	65001 -	70000
1	80001	85000
2	85001 -	90000
1	95001	100000
1	105001 -	110000
15	110001 -	115000
1	125001	130000
1	155001	160000
1	185001	190000
1	420001	425000
1	490001 -	495000
2	540001 -	545000
1	600001	605000
1	4205001 -	4210000
1	6180001 -	6185000
1	17485001 -	17490000
1	19960001 -	19965000
1	31140001 -	31145000
1	38110001 -	38115000
570		130,000,000

PROXY FORM

The Corporate Secretary
Kohinoor Spinning Mills Limited
Kashana-e-Yousaf,
Khawaja Street,
Chakwal.

Folio No. /CDC A/C No.	
Shares held	

I/We _____ of _____
being a member (s) of **KOHINOOR SPINNING MILLS LIMITED** hereby appoint
Mr./Mrs./Miss _____ of _____
(being member(s) of Company) as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 31, 2011 at 10:00 a.m. at premises of Kohinoor Spinning Mills Limited, Unit No. 1, Pindi Road, Aminabad, Chakwal and at every adjournment thereof.

Signed this _____ day _____ of 2011.

1. Witness: _____
Signature: _____
Name: _____
Address: _____



2. Witness: _____
Signature: _____
Name: _____
Address: _____

Signature: _____

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

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting.
2. The instrument appointing a proxy should be signed by the member (s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed on the instrument.
3. CDC shareholders are requested to bring with them their Computerized National Identity Cards alongwith the participants' ID number and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.
4. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or notarially certified copy thereof, should be deposited at the Company's office not later than 48 hours before the time of holding the meeting.