

Kohinoor Spinning Mills Limited

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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)
Mr. Mohammad Tariq Sufi	(Independent 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 jahangir@chakwalgroup.com.pk	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 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, 1st 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

DIRECTORS' PROFILE

Khawaja Mohammad Jawed:

Khawaja Muhammad Javed, a legendary businessman, is the Chairman / executive director of the Company and is widely respected in the business community due to his wisdom and vision. He has more than 40 years' experience in textile spinning, weaving, cement, polyester, and banking sector. His role in the company is mainly to give strategic direction and take policy decision.

Khawaja Mohammad Jahangir:

He is serving as a non-executive director on the Board of the Company and has more than 35 years' diversified experience in business and industry especially in Fiber and Textile Spinning. Also, he holds the slot of Chief Executive Officer in Chakwal Spinning Mills Limited (a sister concern of the company). He is the Chairman of Audit Committee of the Company.

Khawaja Mohammad Tanveer:

Serving as an non-executive director on the Board of the Company, his prime responsibility is to look after the administrative matters arising in plant sites of the Company. With more than 25 years' rich business and industry experience, he is also a renowned participant in many social and welfare activities.

Khawaja Mohammad Kaleem:

Khawaja Kaleem is serving in the capacity of non-executive director on the Board of the Company with more than 35 years' diversified experience in various business and industry sectors including Textile Spinning, Cement & Fiber industries. He is energetically involved in the implementation of the company policies and monitors the performance of the all group companies. He is also the Chairman of HR and Remuneration Committee.

Khawaja Mohammad Nadeem:

Mr. Nadeem completed his business graduation from USA and is on the board of the company as a non-executive director and a member of Audit, HR and Human Resource Committees of the Company. With more than a decade experience in the lines of spinning and weaving textile sectors, he is mainly involved in routine business operations including production, marketing and finance activities of Yousaf Weaving Mills Limited (a sister concern of the company) where he hold the position of Chief Executive officer.

Mr. Mohammad Naveed:

Mr. Naveed did his Graduations from the reputed institution of USA. With vast business experience in Fibers, Textile Spinning, Cement and banking sectors, he is leading the company as chief Executive Officer and executive director since 2004. He is also a member of HR and Remuneration Committee of the Company.

Mr. Mohammad Hamza Yousaf:

He is serving as a non-executive director and been with the company since 2009. Having done his Masters in Marketing and Strategy from United Kingdom and with extra skills of negotiation, he markets the product well. He has been delegated the responsibilities of supervision of all matters concerning to Unit-2 of the Company.

Mr. Mohammad Hamza Yousaf, has also completed directors training program during the year through Institute of Chartered Accountants of Pakistan duly approved by the SECP as required in terms of code of corporate Governance.

Mr. Mohammad Tariq Sufi

Mr. Sufi is an independent director of the company and recently elected in the EOGM held on September 10, 2014 in accordance with the requirements of code of corporate Governance. He has excellent experience in textile spinning particularly in the area of store / inventory management. Therefore, we have high expectations from him and expect him to become an intangible asset of the company in near future



VISION

A TEXTILE COMPANY THAT CATERS TO THE CLOTHING
NEEDS OF EVERYONE

MISSION

Kohinoor Spinning Mills Limited is a yarn manufacturing company
dedicated to provide premium quality yarn products to
the customers who value quality the most.

We intend to make profit to generate a sufficient return
for our investors.

We also maintain fair, friendly, and creative work environment,
which inculcates diversity, new ideas and diligence.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of **KOHINOOR SPINNING MILLS LIMITED** will be held on Friday, October 31, 2014 at 10:00 a.m. at 31-F Main Market Gulberg II, Lahore to deal with the following matters:-

ORDINARY BUSINESS:

1. To confirm the minutes of EOGM held on September 10, 2014.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2014 together with the reports of directors and auditors thereon.
3. To consider and approve final cash dividend of 5% (Re. 0.25 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% (Re.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, 2015 and to fix their remuneration.

SPECIAL BUSINESS:

1. To consider and approve the remuneration of a Director of the company.
2. To transact any other business which may be brought forward with the permission of the Chair.

Statement u/s 160 along with information u/s 218 of the companies ordinance, 1984 is annexed to the notice of the meeting sent to the shareholders.

BY ORDER OF THE BOARD

Lahore:
October 10, 2014

MUHAMMAD JAHANGIR KHAN
Company Secretary/General Manager (Legal)

BOOK CLOSURE

The Member's Register will remain closed from October 25, 2014 to October 31, 2014 (both days inclusive).

NOTES:

1. 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.
2. 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.
3. Transfer received in order by the close of business hours on October 24, 2014 will be treated in time. The same or any change in address, if any, alongside valid copy of CNIC for filing annual return of company be sent to our share registrar M/s Corp link (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel. 042-3583 9182.
4. It is also informed that pursuant to the Finance Act, 2014, effective from July 1, 2014, the rate of withholding tax in terms of section 150 of the ITO, 2001 has been segregated @ 10% for filer and @ 15% for non filer of income tax returns, so necessary evidence, NTN etc is also advised to be provided timely.
5. In terms of SECP,s SRO 787(1)/2014, members can now receive audited financial statements alongside notice of AGM electronically through email. Therefore members (physical or CDC shareholders) who are interested in receiving the same are required to send their email addresses and consent for electronic transmission to share registrar of the company or directly to their broker(participant)/CDC investor account services, as the case may be.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

The statement sets out the material facts concerning the special business to be transacted at the 42nd Annual General Meeting of the Company to be held on October 31, 2014.

Approval of the shareholders will be sought for the remuneration payable to the a Director Mr. Mohammad Hamza Yousaf. For this purpose, it is intended to propose that the following resolution be passed as a Special Resolution.

"RESOLVED THAT the company hereby authorizes the payment as remuneration to a Director Mr. Mohammad Hamza Yousaf not exceeding in aggregate of Rupees 150,000/- per month inclusive of house rent allowance and exclusive of utilities and other perquisites and benefits w.e.f July 01, 2014 to which he is entitled under their terms of employment".

The Director may be considered interested in this special business to the extent of remuneration payable to him.



KOHINOOR SPINNING MILLS LIMITED

CORPORATE & SHARES DEPARTMENT

7/1, E-3, Main Boulevard Gulberg III, Lahore
042 35757108

NOTICE UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

TO ALL MEMBERS OF THE COMPANY

In terms of section 218 of the Companies Ordinance, 1984 the members of the company are informed that the Board of Directors in their meeting held on October 10, 2014 has approved remuneration, perquisites and allowances of Mr. Mohammad Hamza Yousaf, working Director of the company as per following:

Remuneration

Gross aggregate monthly salary not exceeding Rs. 150,000/- (rupees one hundred fifty thousand only). This will exclusive of other allowances as per company policy like medical, conveyance, gratuity etc and take effect from July 1, 2014

Mr. Muhammad Hamza Yousaf, being director and shareholder of the company have interest to the extent of remuneration and other benefits to which he is entitled.

For and on behalf of Kohinoor Spinning Mills Limited

Lahore:
October 10, 2014

Muhammad Jahangir Khan
Company Secretary/General Manager (legal)



SWOT ANALYSIS

STRENGTHS:

- 1) Over 40 years of yarn manufacturing experience;
- 2) One of the largest production facilities for stretch and super stretch yarn;
- 3) Continuous process of machinery up gradation;
- 4) Highly professional and skilled human resources.

WEAKNESSES:

- 1) Limited presence in European market;
- 2) Production facilities are not located in any industrial area.

OPPORTUNITIES:

- 1) GSP PLUS quota for our Textile products by European Union;
- 2) Keeness of Chinese Investors in our textile sector;
- 3) Availability of cheap raw material.

THREATS:

- 1) Volatility of cotton prices;
- 2) Scarcity of energy resources;
- 3) Rupee appreciation.



DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your Company have the pleasure in presenting to you the annual results for the year ended 30 June 2014.

Financial Performance:

Your Company has earned after tax profit of Rs. 120.953 million as compared to after tax profit of Rs. 265.524 million for the corresponding last year. The slide in profitability is attributed to the non-responsive yarn market towards higher cotton prices, appreciation of Pak rupee against US Dollar and more power outages as compared to the corresponding last year.

Sales have increased from Rs. 6,230 million in 2013 to Rs. 6,823 million in the current year (an increase of 9.52%). Similarly, gross profit has registered 2.64% reduction as compared to the corresponding last year (i.e. from 13.59% in 2013 to 10.95% in 2014).

Keeping with this trend, net profit has reduced from 4.26% in 2013 to 1.77% in 2014 (a decrease of 2.49%).

Earnings Per Share (EPS):

The Basic earnings per share (EPS) of the Company for the year 2014 remained at Re. 0.93 (2013: Rs. 2.04). There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitment.

Projects:

Your Company believes in production efficiencies. This is the reason that we invest heavily in our plant and machinery. During the year under review, our main projects were as follows:

a) New Blow Room Lines and Cards For Unit-1

Our unit-1 was being used for manufacturing of PP and PV yarn. This year, we have decided to shift it to Cotton yarn. For this purpose, we have imported machinery worth Euro 1.563 million. Currently, this machinery is under installation and soon we would be able to start commercial production. The advantages of this up-gradation are as follows:

- 1) Increase in production capacity;
- 2) Higher anticipated yarn yield;
- 3) Reduction in salaries;
- 4) Better yarn rates due to improved yarn quality;
- 5) Export sale by Unit-1

b) Diesel Generators

The availability of energy is a main concern for us these days. At our Unit-3, we had electricity being supplied by WAPDA and electricity being generated by our own gas fired captive power plant. However, these two sources were unable to run our unit-3 for 24/7. To mitigate economic losses due to mill shut down, we have purchased diesel generators (each having 1 250 KVA rated capacity). In case of WAPDA shut down and low gas pressure, we run diesel generators.

Directors' Sub-Ordinated Loan:

The directors of your Company have always shown readiness to step in when your Company needs funds. The purpose of this strategy is to avoid un-necessary delays in execution of proposed projects as financial strength of our Company mainly depends on operational efficiencies of our manufacturing facilities. This year, we have contributed Rs. 303 million to finance cash flow needs of the Company.

This not only shows our commitment towards our Company but also towards shareholders of our Company who stood by us through thick and thin.

Subsequently, the directors of the Company have sought Securities and Exchange Commission of Pakistan (SECP)'s approval for conversion of this loan into equity.

Contribution To National Exchequer and Economy:

During the year, your Company has contributed an amount of Rs. 175 million towards national exchequer by way of sales tax and income tax. The Company is also acting as withholding agent for FBR. The Company has also contributed through earnings of precious foreign exchange amounting to Rs. 2,598 million. Also, we are the employer of more than 2,500 persons.

Major Risks and Risk Management:

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. Following is the detail of major risks and our policies to mitigate these risks:

a) Fluctuation In Cotton Prices

Cotton is our major raw material. Fluctuation in cotton prices have always been a major risk for a spinning unit. Cotton prices depend on many factors like demand and supply, prices in international market, flood situation in the country, hoarding etc. Though ginned cotton is available throughout the year, best cotton is available in cotton season only. The Company mitigates this risk by procuring cotton when market takes a dip. Also, we spread our procurement throughout the year in a way that maximum cotton is procured in peak season.

b) Yarn Demand and Supply

At our Unit-3, we manufacture stretch and super stretch yarn. This is value-added yarn with better margins. However, demand of this yarn is seasonal. It is very difficult to dispose of this yarn in off-peak season. We mitigate this risk by reducing our stretch and super stretch yarn production.

c) Exchange Risk

This year, Pak rupee appreciated against foreign currencies. This trend was unprecedented, as we have always seen weakening of Pak rupee. We mitigate this risk by diverting our export sale portion in local market. Also, we do not heavily book export order.

d) Energy Non-Availability:

Electricity and gas load shedding is one of the major crisis. 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 sixteen hours gas shut down per day). Also, we are facing at least eight hours electricity shut down per day. Even though electricity prices have almost doubled, electricity supply is stagnant. At our Unit-3, we have purchased diesel generators to mitigate this risk.

e) Interest Rate Risk:

Though State Bank of Pakistan (SBP) has kept discount rate at 10% continuously for quite sometimes, any upward shift in interest rate would affect our profitability. Economic indicators are monitored to better understand the interest rate trend.

Future Outlook:

Textile sector is the backbone of our economy, accounting for 8 percent of GDP with significant potential for growth. It has the most intensive backward and forward linkages within the wider economic chain compared to any other sector, linking agriculture through industry to exports. Cotton contributed 24 percent of the industrial sector's value-added output, employing 40 per cent of industrial sector's work force, using 40 percent of bank credit given to the industrial sector and accounting for nearly 55 percent of Pakistan's exports. In addition, this sector provides a livelihood to more than 10 million farming families.

Spinning industry, in Pakistan, has many challenges to face. Despite difficult situation ahead due to uncertain cotton market and power shortages, we are hopeful that your Company would continue its journey of profitability. The management of your Company continues to make best efforts, through strategy of expanding and diversifying product range and targeting new and growing markets.

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. The Board welcomed Mr. Mohammad Tariq Sufi who has been elected in EOGM held on September 10, 2014 as independent director.

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. Khawaja Mohammad Naveed	4	4
7. Mr. Mohammad Hamza Yousaf	4	4
8. Mr. Mohammad Tariq Sufi	4	0

b) Audit Committee

Name of Directors	No of Board Meetings	
	held	attended
1. Khawaja Mohammad Jahangir	5	5
2. Khawaja Mohammad Kaleem	5	5
3. Khawaja Mohammad Nadeem	5	5

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 30-06-2014 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 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 Re. 0.25 per share of Rs.5/- each. 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 2014 will be Re. 0.75 per share i.e. 15% for the year ended 30th June 2014. However, Directors of the Company have decided to forego their right to receive dividend.

Acknowledgement:

In the end, the Board expresses our deep sense of gratitude for the services, loyalty and efforts being continuously rendered by the employees of the Company. Also, credit must go to our shareholders who have always shown their confidence and faith in the Company.

For and on behalf of the Board

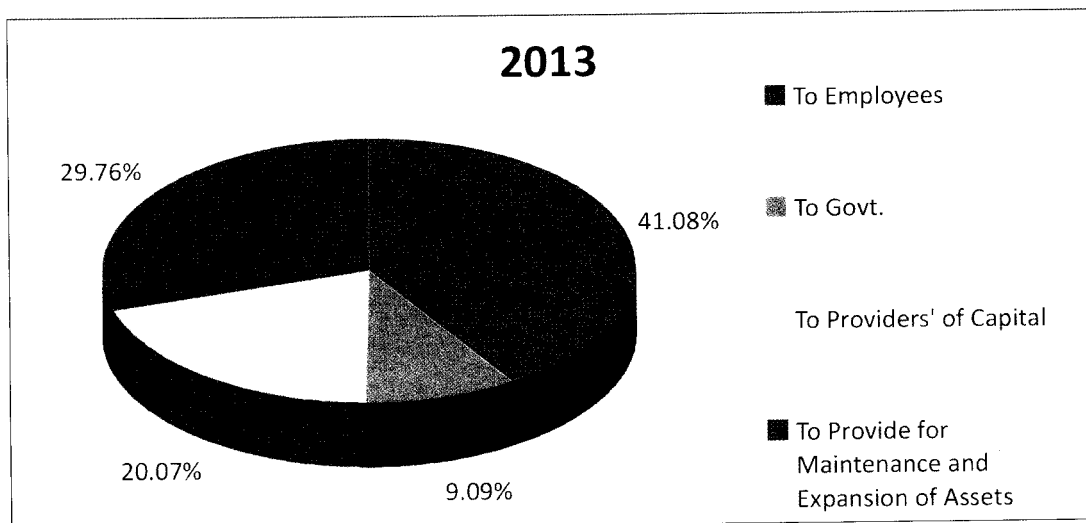
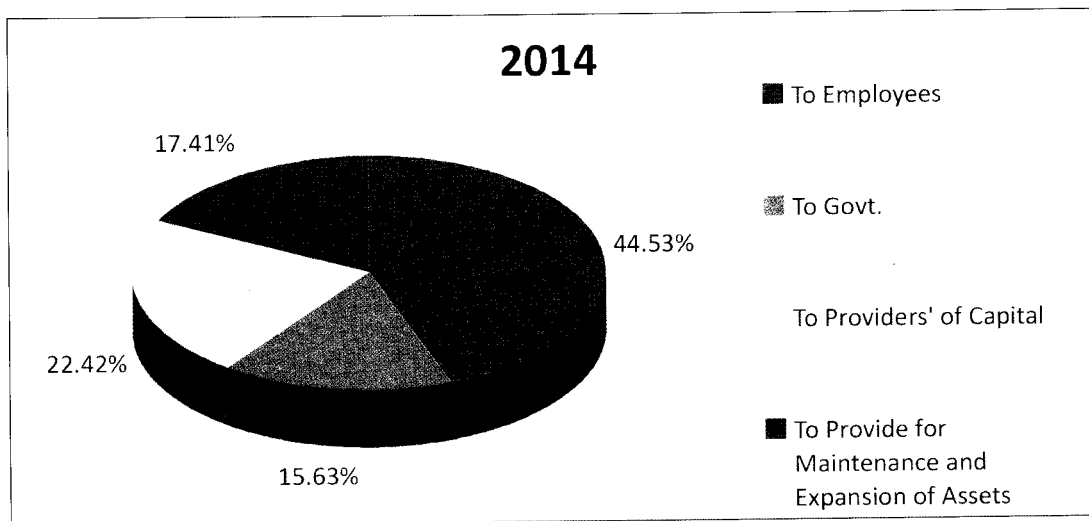
Lahore:
10 October 2014


Mohammad Naveed
Chief Executive Officer

STATEMENT OF VALUE ADDITION AND WEALTH DISTRIBUTION FOR THE YEAR ENDED JUNE 30, 2014

	2014 (Rupees)	% age	2013 (Rupees)	% age
Gross Sales Revenue	6,929,734,454		6,255,538,474	
Other operating Income	291,750		2,870,017	
	6,930,026,204		6,258,408,491	
Less:				
Material and factory Cost	5,523,773,833		4,860,602,310	
Administrative and other expenses	71,200,935		68,843,477	
Distribution	152,142,405		135,385,672	
Value Added	1,182,909,030	100%	1,193,577,032	100%
Wealth Distributed				
To Employees				
Salaries, wages and benefits	526,782,152	45%	490,334,308	41%
To Govt.				
Tax	174,970,675	15%	92,251,712	8%
Workers' Profit participation fund	9,956,979	1%	16,299,686	1%
To Providers' of Capital				
Dividend to share holders	5,432,915	0%	1,048,471	0%
Finance Cost	259,814,814	22%	238,489,249	20%
To Provide for Maintenance and Expansion of Assets				
Depreciation	90,431,738	8%	90,678,122	8%
Profit Retained	115,519,757	10%	264,475,484	22%
	1,182,909,030		1,193,577,032	

WEALTH DISTRIBUTION OF 2014



FINANCIAL HIGHLIGHTS OF LAST SIX YEARS

		Year ended June 30					
		2014	2013	2012	2011	2010	2009
Profit and Loss Summary							
Sales-Net	Pak-Rs.	6,822,993,716	6,230,120,498	5,627,854,703	6,809,167,296	4,214,153,122	2,885,618,941
Gross profit/(Loss)	Pak-Rs.	747,432,402	846,697,751	563,714,413	898,296,612	667,300,903	240,088,882
Operating Profit/(Loss)	Pak-Rs.	472,318,028	573,736,076	383,234,950	677,820,752	477,883,403	79,094,088
Profit/(Loss) before Tax	Pak-Rs.	189,182,609	309,694,041	155,928,819	362,751,628	173,742,195	(191,206,782)
Profit/(Loss) after tax	Pak-Rs.	120,952,672	265,523,955	106,403,464	291,567,330	143,474,219	(202,232,077)
Profit before Interest, tax, depreciation and amortization (EBITDA)	Pak-Rs.	539,429,162	638,861,412	456,180,125	729,804,432	542,743,140	149,326,869
Balance Sheet Summary							
Share Capital	Pak-Rs.	650,000,000	650,000,000	650,000,000	650,000,000	1,300,000,000	1,300,000,000
Accumulated Profit/(Loss)	Pak-Rs.	488,020,366	377,513,397	130,639,714	23,873,673	(916,612,715)	(1,059,845,770)
Shareholder's Equity	Pak-Rs.	1,138,020,366	1,027,513,397	780,639,714	673,873,673	383,387,285	240,154,230
Non Current Liabilities (Excluding loan from directors)	Pak-Rs.	254,512,419	192,015,363	279,047,115	195,742,780	375,036,922	608,031,253
Loan From Directors	Pak-Rs.	700,000,000	397,000,000	397,000,000	397,000,000	397,000,000	397,000,000
Current Assets	Pak-Rs.	2,374,470,897	2,127,045,965	1,402,754,738	1,329,721,732	1,472,304,665	1,369,116,687
Current Liabilities	Pak-Rs.	2,288,975,876	2,102,607,774	1,502,740,142	1,326,950,732	1,527,763,747	1,347,930,632
Working Capital	Pak-Rs.	85,495,021	24,438,191	(99,985,404)	2,771,000	(55,459,082)	21,186,055
Property, plant and Equipment	Pak-Rs.	1,979,823,212	1,566,318,684	1,538,351,388	1,247,945,081	1,199,288,501	1,218,664,852
Other Non Current Assets	Pak-Rs.	27,214,551	25,771,885	18,320,845	15,900,372	11,594,788	5,334,576
Total Assets	Pak-Rs.	4,381,508,661	3,719,136,534	2,959,426,971	2,593,567,185	2,683,187,954	2,593,116,115
Total Liabilities (Excluding loan from directors)	Pak-Rs.	2,543,488,295	2,294,623,137	1,781,787,257	1,522,693,512	1,902,800,669	1,955,961,885
Total Borrowings	Pak-Rs.	1,913,261,694	1,743,692,693	1,442,908,251	1,091,070,483	1,474,221,695	1,525,427,836
Capital Employed	Pak-Rs.	3,051,282,060	2,771,206,090	2,223,547,965	1,764,944,156	1,857,608,980	1,765,582,066
Cash Flow Summary							
Cash flows of Operating Activities	Pak-Rs.	38,311,172	(178,894,784)	9,504,158	505,610,781	96,949,888	(248,025,213)
Cash flows of Investing Activities	Pak-Rs.	(505,233,243)	(122,959,889)	(361,886,360)	(115,467,898)	(44,673,616)	(78,762,920)
Cash flows of Financing Activities	Pak-Rs.	468,247,389	305,009,656	351,825,419	(386,160,235)	(50,629,496)	319,626,098
Net change in cash and cash equivalents	Pak-Rs.	1,325,318	3,154,983	(556,783)	3,982,647	1,646,776	(7,162,035)
Cash and cash equivalents at the end of the year	Pak-Rs.	10,910,083	9,584,765	6,429,782	6,986,564	3,003,916	1,357,140
Profitability and Operating Ratios							
Gross Profit Margin	%	10.95	13.59	10.02	13.19	15.83	8.32
Net Profit to sales	%	1.77	4.26	1.89	4.28	3.40	(7.01)
PBITDA margin to sales	%	7.91	10.25	8.11	10.72	12.88	5.17
Return on Equity	%	10.63	25.84	13.63	43.27	37.42	(84.21)
Return on Capital employed	%	3.96	9.58	4.79	16.52	7.72	(11.45)
Liquidity Ratios							
Current	Times	1.04	1.01	0.93	1.00	0.96	1.02
Quick/Acid test	Times	0.22	0.21	0.16	0.28	0.28	0.29
Cash to current liabilities	Times	0.005	0.005	0.004	0.005	0.002	0.001
Cash flows from Operations to sales	Times	0.006	(0.029)	0.002	0.074	0.023	(0.086)
Activity/Turnover Ratios							
Inventory Turnover	Times	3.42	3.80	4.78	5.91	3.53	3.13
No. of Days in inventory	Days	107	96	76	62	104	116
Debtors Turnover	Times	17.99	19.37	38.12	31.53	25.67	32.59
No. of Days in Receivables	Days	20	19	10	12	14	11
Creditors Turnover	Times	18.46	21.42	54.23	25.08	11.56	7.74
No. of Days in Payable	Days	20	17	7	15	32	47
Total Assets Turnover	Times	1.68	1.87	2.03	2.58	1.60	1.57
Fixed Assets Turnover	Times	3.45	3.98	3.66	5.46	3.51	2.37
Operating Cycle	Days	107	98	79	59	86	80
Investment/Market Ratios							
Earning/(Loss) Per share	Times	0.93	2.04	0.82	2.24	1.1	(1.56)
Capital Structure Ratio							
Gearing Ratio	%	62.70	62.92	64.89	61.82	79.36	86.40

HORIZONTAL ANALYSIS

2014	%age Inc./ (Dec.) Vs. Last Year	2013		2012		2011		2010		2009	
		Rs. In Millions	%age Inc./ (Dec.) Vs. Last Year	Rs. In Millions	%age Inc./ (Dec.) Vs. Last Year	Rs. In Millions	%age Inc./ (Dec.) Vs. Last Year	Rs. In Millions	%age Inc./ (Dec.) Vs. Last Year	Rs. In Millions	%age Inc./ (Dec.) Vs. Last Year

Profit and Loss Account

Sales-net	6,823	10	6,230	11	5,628	(17)	6,809	62	4,214	46	2,886
Cost of Sales	6,076	13	5,383	6	5,064	(14)	5,911	67	3,547	34	2,646
Gross Profit	747	(12)	847	50	564	(37)	898	35	667	178	240
Admin and Distribution Expenses	275	1	273	51	180	(18)	220	16	189	18	161
Operating Profit/ (Loss)	472	(18)	574	50	383	(43)	678	42	478	504	79
Finance Cost	260	9	238	5	228	(25)	302	(0)	303	10	275
Other Operating Expenses	24	(17)	28	219	9	(55)	20	103	10	360	2
Other Operating Income	0	(90)	3	(69)	9	44	6	(26)	9	26	7
Profit / (Loss) before Tax	189	(39)	310	99	156	(57)	363	109	174	191	(191)
Taxation	68	54	44	(11)	50	(30)	71	135	30	175	11
Profit / (Loss) after tax	121	(54)	266	150	106	(64)	292	103	143	171	(202)

Balance Sheet

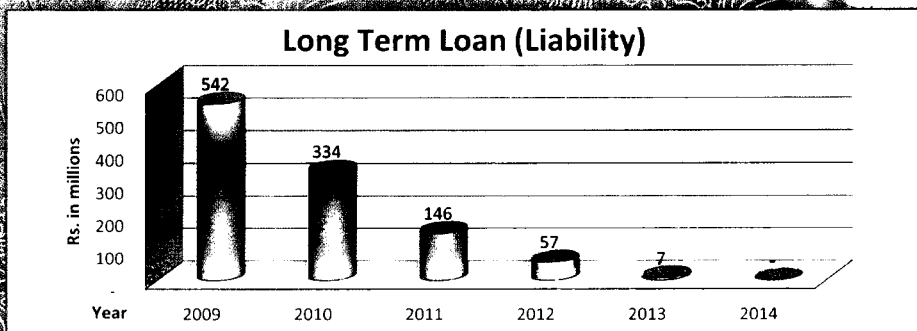
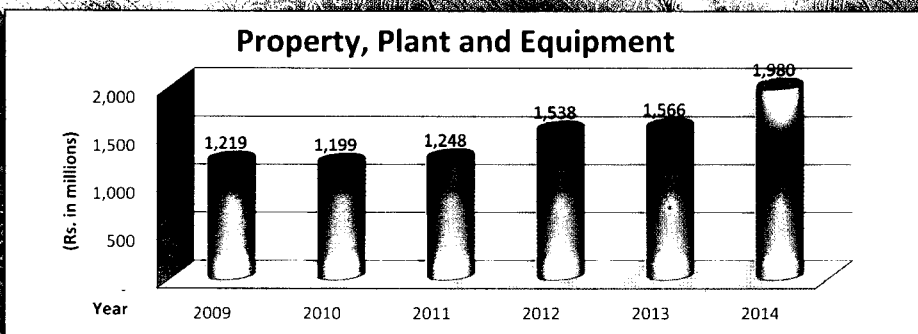
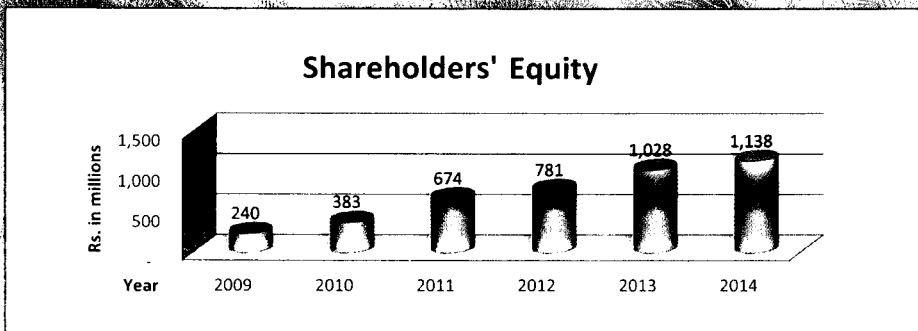
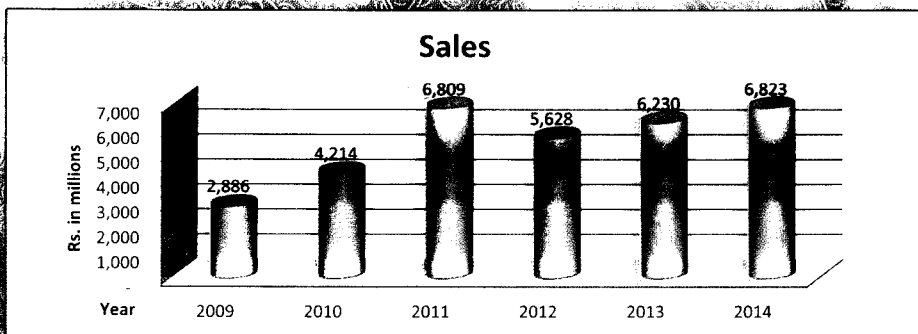
	2014	%age Inc./ (Dec.) Vs. Last Year	2013	%age Inc./ (Dec.) Vs. Last Year	2012	%age Inc./ (Dec.) Vs. Last Year	2011	%age Inc./ (Dec.) Vs. Last Year	2010	%age Inc./ (Dec.) Vs. Last Year	2009
Property, plant and Equipment	1,980	26	1,566	2	1,538	23	1,248	4	1,199	(2)	1,219
Others Non Current Assets	27	6	26	41	18	15	16	37	12	117	5
Current Assets	2,374	12	2,127	52	1,403	5	1,330	(10)	1,472	8	1,369
Total Assets	4,382	18	3,719	26	2,959	14	2,594	(3)	2,683	3	2,593

Share holder's Equity and Liabilities

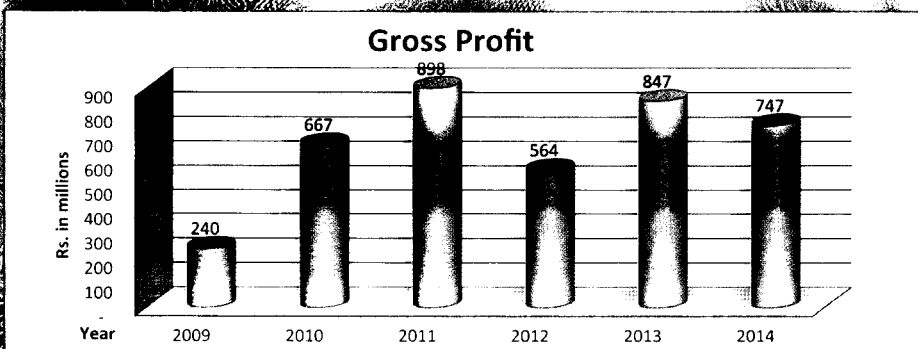
Shareholder's Equity	1,138	11	1,028	32	781	16	674	76	383	60	240
Loan From Directors	700	76	397	-	397	-	397	-	397	-	397
Non Current Liabilities	255	33	192	(31)	279	43	196	(48)	375	(38)	608
Current Liabilities	2,289	9	2,103	40	1,503	13	1,327	(13)	1,528	13	1,348
Total Equity and liabilities	4,382	18	3,719	26	2,959	14	2,594	(3)	2,683	3	2,593

VERTICAL ANALYSIS						
	2014		2013		2012	
	Rs. In Millions	% age	Rs. In Millions	% age	Rs. In Millions	% age
Profit and Loss Account						
Sales-net	6,823	100	6,230	100	5,628	100
Cost of Sales	(6,076)	(89)	(5,383)	(86)	(5,064)	(90)
Gross Profit	747	11	847	14	564	10
Admin and Distribution Expenses	(275)	(4)	(273)	(4)	(180)	(3)
Operating Profit/ (Loss)	472	7	574	9	383	7
Finance Cost	(260)	(4)	(238)	(4)	(228)	(4)
Other Operating Expenses	(24)	(0)	(28)	(0)	(9)	(0)
Other Operating Income	0	0	3	0	9	0
Profit / (Loss) before Tax	189	3	310	5	156	3
Taxation	(68)	(1)	(44)	(1)	(50)	(1)
Profit / (Loss) after tax	121	2	266	4	106	2
Balance Sheet						
Assets						
Property, plant and Equipment	1,980	45	1,566	42	1,538	52
Others Non Current Assets	27	1	26	1	18	1
Current Assets	2,374	54	2,127	57	1,403	47
Total Assets	4,382	100	3,719	100	2,959	100
Share holder's Equity and Liabilities						
Shareholder's Equity	1,138	26	1,028	28	781	26
Loan From Directors	700	16	397	11	397	13
Non Current Liabilities	255	6	192	5	279	9
Current Liabilities	2,289	52	2,103	57	1,503	51
Total Equity and Liabilities	4,382	100	3,719	100	2,959	100

GRAPHICAL PRESENTATION OF FINANCIAL HIGHLIGHTS



**LONG TERM
LOAN
(LIABILITY)**



GROSS PROFIT



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)

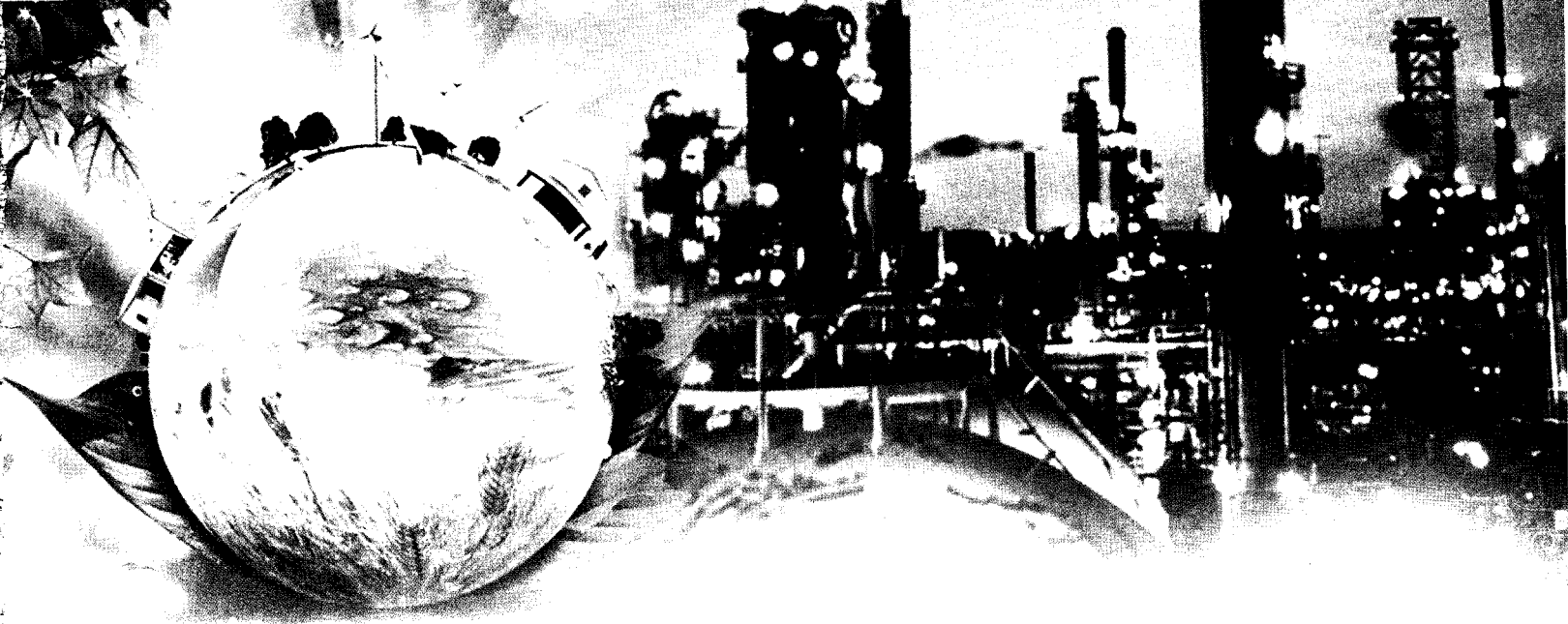
The company has applied the principles contained in the CCG in the following manner:

1. The company encourages the representation of independent non-executive directors on its Board of Directors. At present the Board includes -

Category	Names
Executive Directors	1. Khawaja Mohammad Javed 2. Khawaja 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
Independent Director	1. Mr. Muhammad Tariq Sufi


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 NBF1 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. Mr. Mohammad Hamza Yousaf, Director of the Company has completed directors training program during the year through Institute of Chartered Accountants of Pakistan. The other directors of the company are exempted from directors training program due to 14 years of education and 15 years of experience on the board of listed company which covered compliance of Code of Corporate Governance.
10. 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.



11. The Board has already approved appointment of Chief Financial Officer, Company Secretary and Internal Auditor, their remuneration and terms & conditions of employment.
12. 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.
13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
14. 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.
15. The company has complied with all the corporate and financial reporting requirements of the CCG.
16. 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 an independent director.
17. 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.
18. 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.
19. 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.
20. 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.
21. 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.
22. 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).
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. 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.
25. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore:
10 October 2014


Mohammad Naveed
Chief Executive Officer

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** 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.

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

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

Lahore
October 10, 2014





Aslam Malik & Co.
Chartered Accountants

Audit Engagement Partner:
Mohammad Aslam Malik

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Tel: +92-51-2840487-88, Fax: +92-51-2840486

Karachi: Suite # 602-B, 6th Floor, Business & Finance Center, I.I. Chundrigar Road, Karachi
Tel: +92-21-32412212, 32443706 Fax: +92-21-32472235

AUDITORS' REPORT TO THE MEMBERS

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

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit 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 except for changes as stated in note 3 with which we concur .
 - (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, 2014 and of the profit, its cash flows and changes in equity for the year then ended, and
- (d) in our opinion Zakat deductible at source under the Zakat and Usher Ordinance, 1980(XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Lahore
October 10, 2014





ASLAM MALIK & CO.
Chartered Accountants

Audit Engagement Partner:
Muhammad Aslam Malik

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Tel: +92-51-2840487-88, Fax: +92-51-2840486

Karachi: Suite # 602-B, 6th Floor, Business & Finance Center, I.I. Chundrigar Road, Karachi
Tel: +92-21-32412212, 32443706 Fax: +92-21-32472235

BALANCE SHEET

	Notes	2014 (Rupees)	2013 (Rupees)
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
130,000,000 (2013 - 130,000,000) ordinary shares of Rupees 5/- each (2013 Rupees 5/- each)		<u>650,000,000</u>	<u>650,000,000</u>
Issued, subscribed and paid up capital 130,000,000 (2013 - 130,000,000) ordinary shares of Rupees 5/- each (2013 Rupees 5/- each)	4	650,000,000	650,000,000
Accumulated Profit	5	488,020,366	377,513,397
		<u>1,138,020,366</u>	<u>1,027,513,397</u>
Sub-ordinated loan from directors	6	700,000,000	397,000,000
NON-CURRENT LIABILITIES			
Long term loan	7	-	7,142,852
Liabilities against assets subject to finance lease	8	36,792,879	27,885,024
Suppliers' credit	9	119,363,604	73,897,607
Deferred liabilities	10	98,355,936	83,089,880
		<u>254,512,419</u>	<u>192,015,363</u>
CURRENT LIABILITIES			
Trade and other payables	11	469,415,415	410,536,348
Accrued interest on loans and borrowings	12	50,828,993	47,972,996
Short-term borrowings	13	1,572,548,727	1,503,481,637
Current portion of non-current liabilities	14	184,869,367	135,920,068
Provision for taxation	33	11,313,375	4,696,724
		<u>2,288,975,876</u>	<u>2,102,607,773</u>
CONTINGENCIES AND COMMITMENTS	15	-	-
		<u>4,381,508,661</u>	<u>3,719,136,533</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.

Lahore
October 10, 2014


(Mr. Mohammad Naveed)
Chief Executive

AS AT JUNE 30, 2014

	Notes	2014 (Rupees)	2013 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,979,823,212	1,566,318,684
Long term loans	17	15,863,190	14,129,464
Long term deposits	18	10,561,342	10,561,342
Long term investment	19	790,019	1,081,079
		27,214,551	25,771,885
CURRENT ASSETS			
Stores and spares	20	104,229,569	96,834,992
Stock-in-trade	21	1,772,659,213	1,581,737,100
Trade debts	22	379,248,864	321,608,182
Loans and advances	23	60,623,579	55,202,829
Trade deposits, pre-payments and other receivables	24	46,799,590	62,078,097
Cash and bank balances	25	10,910,082	9,584,765
		2,374,470,897	2,127,045,964
		4,381,508,661	3,719,136,533

The annexed notes from 1 to 43 form an integral part of these financial statements.


(Khawaja Mohammad Jahangir)
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014**

	Notes	2014 (Rupees)	2013 (Rupees)
Sales - net	26	6,822,993,716	6,230,120,498
Cost of sales	27	(6,075,561,314)	(5,383,422,747)
GROSS PROFIT		747,432,402	846,697,751
OPERATING EXPENSES			
Distribution cost	28	(152,142,405)	(135,385,672)
Administrative expenses	29	(122,971,969)	(137,576,003)
		(275,114,374)	(272,961,675)
OPERATING PROFIT		472,318,028	573,736,076
Finance cost	30	(259,814,814)	(238,489,249)
Other operating expense	31	(23,612,354)	(28,422,803)
Other operating income	32	291,750	2,870,017
		(283,135,419)	(264,042,035)
PROFIT BEFORE TAXATION		189,182,609	309,694,041
TAXATION	33	(68,229,937)	(44,170,086)
PROFIT AFTER TAXATION		120,952,672	265,523,955
EARNINGS PER SHARE - BASIC & DILUTED	34	0.93	2.04

The annexed notes from 1 to 43 form an integral part of these financial statements.



(Mr. Mohammad Naveed)
Chief Executive



(Khawaja Mohammad Jahangir)
Director

Lahore
October 10, 2014

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

	2014 (Rupees)	2013 (Rupees)
Profit after taxation	120,952,672	265,523,955
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Unrealized (Loss)/Gain due to change in fair value of long term investment.	(291,060)	286,070
Experience adjustment due to actuarial valuation (Note 10.1.2)	(4,721,728)	(16,459,642)
Total comprehensive income for the year	<u>115,939,884</u>	<u>249,350,383</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.



(Mr. Mohammad Naveed)
Chief Executive



(Khawaja Mohammad Jahangir)
Director

Lahore
October 10, 2014

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 (Rupees)	2013 (Rupees)
CASH (USED IN)/GENERATED FROM OPERATIONS			
Cash generated from operations	35	378,451,371	120,977,695
Finance cost paid		(256,958,818)	(236,744,145)
Income tax paid		(61,613,286)	(43,037,009)
Gratuity paid		(21,568,096)	(20,091,325)
Net cash (used in)/generated from operating activities		38,311,171	(178,894,784)
CASH (USED IN) INVESTING ACTIVITIES			
Fixed capital expenditure		(504,227,517)	(120,674,097)
Long term advances		(1,580,726)	(6,984,970)
Proceeds from disposal of property, plant and equipment		575,000	4,699,178
Net cash (used in) investing activities		(505,233,243)	(122,959,889)
CASH GENERATED FROM FINANCING ACTIVITIES			
(Decrease) in long term financing		(35,714,290)	(50,000,000)
Increase in long term loan from directors		303,000,000	-
Increase in finance lease liabilities		23,211,305	16,355,268
Increase in short term borrowings		69,067,090	399,141,635
Increase/(decrease) in suppliers credit		108,683,284	(60,487,247)
Net cash generated from financing activity		468,247,389	305,009,656
NET CASH INCREASE IN CASH AND CASH EQUIVALENTS		1,325,317	3,154,983
CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR		9,584,765	6,429,782
CASH AND EQUIVALENTS AT THE END OF THE YEAR		10,910,082	9,584,765

The annexed notes from 1 to 43 form an integral part of these financial statements.



(Mr. Mohammad Naveed)
Chief Executive



(Khawaja Mohammad Jahangir)
Director

Lahore
October 10, 2014

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

	Share Capital	Accumulated Profit	Total
	Rs.	Rs.	Rs.
Balance as on July 01, 2012 - Reported	650,000,000	130,639,714	780,639,714
Un-recognized amount due to actuarial valuation (Note 5)		(1,428,229)	(1,428,229)
Balance as on July 01, 2012 - Restated	650,000,000	129,211,485	779,211,485
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
Experienced adjustment due to actuarial valuation	-	(16,459,642)	(16,459,642)
Balance as on June 30, 2013 - Restated	650,000,000	377,513,397	1,027,513,397
Interim Dividend for year 2014	-	(5,432,915)	(5,432,915)
Profit for the year after taxation	-	120,952,672	120,952,672
Experienced adjustment due to actuarial valuation	-	(4,721,728)	(4,721,728)
Unrealized gain due to change in fair value of long term investment	-	(291,060)	(291,060)
Balance as on June 30, 2014	650,000,000	488,020,366	1,138,020,366

The annexed notes from 1 to 43 form an integral part of these financial statements.



(Mr. Mohammad Naveed)
Chief Executive



(Khawaja Mohammad Jahangir)
Director

Lahore
October 10, 2014

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014****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 7.1 the financial statements for valuation of present value of defined benefit obligations.

Property, plant and equipment

The Company has made certain estimations with respect to residual value and depreciable lives of property, plant and equipment. The Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might 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 Adoption of New and Revised Standards and Interpretations

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IFRS-2	Share-based Payments (Amendments)	July 1, 2014
IFRS-3	Business Combinations (Amendments)	July 1, 2014
IFRS-8	Operating Segments (Amendments)	July 1, 2014
IFRS-14	Regulatory Deferral Accounts	January 01, 2016
IFRS-15	Revenue from Contracts with Customers	January 01, 2017
IAS-16	Property, Plant & Equipment (Amendments)	July 1, 2014 & January 01, 2016
IAS-19	Employees Benefits: (Amendments)	July 1, 2014
IAS-24	Related Party Disclosures (Amendments)	July 1, 2014
IAS-32	Financial Instruments: Presentation (Amendments)	January 01, 2014
IAS-36	Impairment of assets (Amendments)	January 01, 2014
IAS-38	Intangible Assets (Amendments)	January 01, 2016
IAS-39	Financial Instruments: Recognition and Measurement (Amendments)	January 01, 2014
IAS-40	Investment Property (Amendments)	July-1, 2014
IAS-41	Agriculture (Amendments)	January 01, 2016
IFRIC 21	Levies	January 01, 2014

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been notified upto June 30, 2014 by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS-1	-	First-time adoption of International Financial Reporting standards
IFRS-9	-	Financial instruments
IFRS-10	-	Consolidated financial statements
IFRS-11	-	Join arrangements
IFRS-12	-	Disclosure of interests in other entities
IFRS-13	-	Fair value measurement

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	-	Determining whether an arrangement contains a lease
IFRIC 12	-	Service concession arrangements

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 16.

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 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.

2.12 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.

3. CHANGE IN ACCOUNTING POLICY

The company has adopted IAS-19 (Revised) "employee Benefits" which is effective for accounting period beginning on or after January 01, 2013. Consequent to the changes in IAS-19 'Employee Benefits' the company is required to recognize all actuarial gain and losses directly to equity through the Statement of Other Comprehensive Income as these occur. The changes in accounting policy has been accounted for retrospectively as required under the International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the comparative financial statement have been re-stated.

The effect of retrospective application of the change in accounting policies are as follow:

	June 30, 2013 Rupees	June 30, 2012 Rupees
Impact on Balance Sheet		
- Increase in Employees Retirement Benefit Obligation	16,459,642	1,428,229
- Decrease in Un-Appropriated profit	(16,459,642)	(1,428,229)
Impact on Changes in Equity		
Increase / (Decrease) in Un-Appropriated profits		
- Cumulative effect of prior Years	-	-
- Impact for the year ended	(16,459,642)	(1,428,229)
Impact on Other Comprehensive Income		
Increase/(Decrease) due to remeasurement of Retirement Benefit Obligation	(16,459,642)	(1,428,229)

As a result of the retrospective application of change in accounting policy, due to adoption of IAS 19 (revised), there was no effect on 'earning per share', Profit & loss Account and Cash flow statements for the year ended June 30, 2013.

	Note	2014 (Rupees)	2013 (Rupees)
4 SHARE CAPITAL			
Issued, subscribed and paid up			
127,725,000 (2013:127,725,000) ordinary shares of Rupees 5/- each (2013: Rupees 5/- each) fully paid in cash		638,625,000	638,625,000
2,275,000 (2013:2,275,000) ordinary shares of Rupees 5/- each (2013 : Rupees 5/- each) issued as fully paid bonus shares.		11,375,000	11,375,000
		<u>650,000,000</u>	<u>650,000,000</u>
5 ACCUMULATED PROFIT			
Accumulated profit		517,321,331	396,368,659
Cash Dividend		(6,481,386)	(1,048,471)
Unrealized loss on long term investments		(209,980)	81,080
Unrecognized amounts charged to retained earnings due to actuarial valuation		(1,428,229)	(1,428,229)
Actuarial remeasurment-experience adjustments		(21,181,370)	(16,459,642)
		<u>488,020,366</u>	<u>377,513,397</u>
6 SUB-ORDINATED LOAN FROM DIRECTORS			
Loans from directors---Related Parties	6.1	700,000,000	397,000,000
		<u>700,000,000</u>	<u>397,000,000</u>
6.1	The directors have injected unsecured and interest free loans for the repayment of liabilities of the banks and BMR of the Company. The loan is repayable at the time at the convenience of the company. The director's of the company have confirmed that they would not demand repayment of loan for a period of 12 months of the balance sheet date. Hence the loan has been classified as long term liability.		
7 LONG TERM LOAN			
Banking Company - Secured			
Demand finance	7.1	14,285,710	50,000,000
Less : Current portion	14	(14,285,710)	(42,857,148)
		<u>-</u>	<u>7,142,852</u>
7.1	This loan is secured by a letter of hypothecation providing charge over fixed assets of the company. It carries mark up based on three months KIBOR plus 2%. The loan was repayable is 42 equal installments of Rs. 3.571 million each commencing from February 2011 and ending on August 2014.		

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014		2013	
	Minimum lease Rupees	Present Value	Minimum lease Rupees	Present Value
With in one year	42,435,569	33,470,798	24,855,900	19,167,348
After one year but not more than five years	42,053,770	36,792,879	31,147,121	27,885,024
Total minimum lease payments	84,489,339	70,263,677	56,003,021	47,052,372
Amount representing finance charges	(14,225,662)	-	(8,950,649)	-
Present value of minimum lease payments	70,263,677	70,263,677	47,052,372	47,052,372
Less : Current portion	(33,470,798)	(33,470,798)	(19,167,348)	(19,167,348)
	<u>36,792,879</u>	<u>36,792,879</u>	<u>27,885,024</u>	<u>27,885,024</u>

8.1 The total lease rentals due under the lease agreements aggregating Rs. 84,489,339 (2013: Rs. 56,003,021) are repayable in equal monthly installments latest by May, 2017. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of approximately 14.34 to 15.46 (2013: 14.34 to 15.40) percent per annum. If any lease is terminated, the lessee is required to pay the purchase price specified in the lease agreements. Taxes, repairs, replacements and insurance costs are to be borne by the lessee. The liability is secured by specific charge over leased assets. The estimated residual value of assets acquired on finance lease is Rs. 43.349 Million (2013: Rs. 18.653 Million). The company intends to exercise the option of purchasing the leased assets at residual value upon completion of lease term.

	Note	2014 (Rupees)	2013 (Rupees)
9 SUPPLIERS' CREDIT - UNSECURED			
Loan I			
Loan from machinery supplier	9.1	77,431,056	147,793,179
Less : Current portion	14	(77,431,056)	(73,895,572)
		-	73,897,607
Loan II			
Loan from machinery supplier	9.2	179,045,407	-
Less : Current portion	14	(59,681,803)	-
		119,363,604	-
		<u>119,363,604</u>	<u>73,897,607</u>

9.1 This loan is unsecured and interest free. This loan is repayable in 6 equal half year installments of Rs. 38.716 million (Euro 287,356.4) each commencing from August 2012 and ending on February, 2015 with 15% payment at the time of presentation of shipping documents of machinery.

9.2 This loan is unsecured and interest free. This loan is repayable in 6 equal half year installments of Rs. 29.841 million (Euro 221,486.69) each commencing from August 2014 and ending on February, 2017 with 15% payment at the time of presentation of shipping documents of machinery.

10 DEFERRED LIABILITIES

Gratuity	10.1	98,355,936	83,089,880
		<u>98,355,936</u>	<u>83,089,880</u>

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, 2014.

	Note	2014 (Rupees)	2013 (Rupees)
10.1 Staff Gratuity-Defined Benefits plan			
The amounts recognized in financial statements are determined as follows :-			
10.1.1 The amounts recognized in the profit and loss account are as follows			
Current service cost		17,867,318	15,145,442
Past service cost		6,652,994	-
Interest cost		7,592,112	8,234,421
		<u>32,112,424</u>	<u>23,379,863</u>
10.1.2 Movement in liability recognized in the balance sheet			
At the beginning of the year		83,089,880	61,913,471
Unrecognised amounts charged to retained earning-restated		-	1,428,229
		<u>83,089,880</u>	<u>63,341,700</u>
Amount recognized during the year - as shown above		32,112,424	23,379,863
Experience adjustment		4,721,728	16,459,642
Benefit payments		(21,568,096)	(20,091,325)
		<u>98,355,936</u>	<u>83,089,880</u>
10.1.3 Allocation of charge for the year			
Cost of sales	27	23,223,783	17,203,004
Administrative expenses	29	8,888,641	6,176,859
		<u>32,112,424</u>	<u>23,379,863</u>
10.1.4 The principal actuarial assumptions used were as follows			
Discount rate		13.25%	10.5%
Expected rate increase in salary		12.25%	9.5%
Average expected remaining working life of employees		6 years	6 years
11 TRADE AND OTHER PAYABLES			
Secured			
Creditors	11.1	58,628,750	41,816,391
Un-Secured			
Creditors	11.2	188,324,156	171,744,089
Accrued expenses		94,540,502	82,398,317
Un-claimed dividend		1,816,413	1,194,191
Workers profit participation fund	11.3	119,086,918	99,209,035
Other liabilities		-	102,125
Advances from customers		7,018,675	14,072,200
		<u>469,415,415</u>	<u>410,536,348</u>

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

11.2 These include Rs. nil (2013 Rs. - 0.519 million) payable to Chakwal Textile Mills Limited (an associated undertaking).

	Note	2014 (Rupees)	2013 (Rupees)
11.3 Workers profit participation fund			
Opening balance		99,209,035	75,372,135
For the year		9,956,979	16,299,686
Interest recognized during the year	11.3.1	9,920,904	7,537,214
		19,877,883	23,836,900
		<u>119,086,918</u>	<u>99,209,035</u>

11.3.1 The company retains workers profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

12 ACCRUED INTEREST ON LOANS AND BORROWINGS

Long term loans		677,984	1,782,976
Short term finances		50,151,009	46,190,020
		<u>50,828,993</u>	<u>47,972,996</u>

13 SHORT-TERM BORROWINGS

Banking companies - Secured

Running finances	13.1	130,605,310	1,129,349,207
Export finances	13.1	243,766,539	232,453,304
Others	13.1	1,197,863,995	137,044,631
		<u>1,572,235,844</u>	<u>1,498,847,142</u>

Related parties - Unsecured

	13.2	312,883	4,634,495
		<u>1,572,548,727</u>	<u>1,503,481,637</u>

13.1 These represent short-term finances utilized under mark-up arrangements against aggregate limit of Rupees 1,593 million (2013 - Rupees 1,522 million). These arrangements are normally for a period of twelve months and are renewable. These facilities are secured against hypothecation charge over fixed assets, pledge of raw material and finished goods, hypothecation of stock-in trade, lien on export contracts/documents and personal guarantee of all directors. The mark-up on the above facilities ranges from three months KIBOR plus 2% to 3.5%.

13.2 This represents interest free loan obtained from directors for working capital requirements of the company.

	Note	2014 (Rupees)	2013 (Rupees)
14 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term loans	7	14,285,710	42,857,148
Liabilities against assets subject to finance lease	8	33,470,798	19,167,348
Suppliers' credit	9	137,112,859	73,895,572
		<u>184,869,367</u>	<u>135,920,068</u>

15 CONTINGENCIES AND COMMITMENTS

a) Contingencies

15.1 No provision has been made for the amount of tax demanded by tax authorities of Rs. 5.673 million (2013: Rs. 5.673 million) for various assessment years because the management believes that outcome of the appeals regarding this demand will be decided in favour of the company.

15.2 Guarantee of Rs. 30.725 million (2013: Rs. 30.275 million) is given by the bank of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connection.

b) Commitments		2014 (Rupees)	2013 (Rupees)
(i) Letter of credit for import of raw material		26.945 Million	5.178 Million
(ii) Letter of credit for import of machinery		10.461 Million	14.080 Million

16 PROPERTY, PLANT AND EQUIPMENT

Operating Assets

Owned	16.1.1	1,608,864,503	1,513,846,130
Leased	16.1.2	92,725,673	52,472,554
		<u>1,701,590,176</u>	<u>1,566,318,684</u>
Capital work in progress	16.2	278,233,037	-
		<u>1,979,823,212</u>	<u>1,566,318,684</u>

16.1 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST				R A T E %	DEPRECIATION				
	AS ON JULY 01, 2013	ADDITIONS/ (DELETIONS)	TRANSFERS/ ADJUSTMENT S	AS ON JUNE 30, 2014		AS ON JULY 01, 2013	ADJUSTMENTS	FOR THE YEAR	AS ON JUNE 30, 2014	WRITTEN DOWN VALUE AS ON JUNE 30, 2014
16.1.1 OWNED										
FREEHOLD LAND	11,675,239			11,675,239	5					11,675,239
BUILDINGS ON FREE HOLD LAND	369,458,866	12,053,159		381,512,025	5	206,985,967		8,474,892	215,460,859	166,051,166
PLANT AND MACHINERY	2,415,425,129	205,346,346	(44,815,403)	2,575,956,072	5	1,148,773,541		66,472,239	1,215,245,780	1,360,710,292
TUBE WELLS	1,545,577			1,545,577	10	1,256,117		28,948	1,285,065	260,512
ELECTRIC INSTALLATIONS	72,691,880	4,240,313		76,932,193	10	37,186,297		3,601,135	40,787,432	36,144,761
TOOLS AND EQUIPMENTS	4,241,143			4,241,143	10	3,881,511		35,966	3,917,477	323,666
TELEPHONE INSTALLATIONS	1,017,190			1,017,190	10	841,335		17,585	858,920	158,270
OFFICE EQUIPMENTS	18,219,831	659,862		18,879,693	10	7,006,295		1,165,810	8,172,105	10,707,588
FURNITURE AND FIXTURES	9,983,991	175,000		10,158,991	10	6,947,837		307,995	7,255,832	2,903,159
VEHICLES	55,982,882	2,366,000	(1,111,030)	57,237,852	20	33,516,699	(819,780)	4,611,084	37,308,003	19,929,849
2014-Rupees	2,960,241,729	224,840,680	(44,815,403)	3,139,155,976		1,446,395,599	(819,780)	84,715,654	1,530,291,473	1,608,864,503
16.1.2 LEASED										
PLANT AND MACHINERY	40,920,000		44,815,403	85,735,403	5	5,839,467		2,237,681	8,077,148	77,658,255
VEHICLES	21,581,465	1,153,800		22,735,265	20	4,189,444		3,478,403	7,667,847	15,067,418
2014-Rupees	62,501,465	1,153,800	44,815,403	108,470,668		10,028,911		5,716,084	15,744,995	92,725,673
Total as on June 2014-Rupees	3,022,743,194	225,994,480	44,815,403	3,247,626,644		1,456,424,510	(819,780)	90,431,738	1,546,036,468	1,701,590,176
16.2 CAPITAL WORK IN PROGRESS										
Plant and machinery	149,167,319									
Civil works	129,065,718									
2014 Rs.	278,233,037									
2013 Rs.										

PARTICULARS	2013				R A T E %	DEPRECIATION						
	COST		AS ON JUNE 30,2013	ADJUSTMENTS		FOR THE YEAR	AS ON JUNE 30,2013	WRITTEN DOWN VALUE AS ON JUNE 30,2013				
	AS ON JULY 01, 2012	ADDITIONS/ (DELETIONS)							TRANSFERS/ ADJUSTMENT S			
OPERATING ASSETS OWNED												
FREEHOLD LAND	11,675,239			5	11,675,239			5	11,675,239			
BUILDINGS ON FREE HOLD LAND	365,471,216	3,987,651		5	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)	5	2,415,425,129			5	1,084,297,428	64,476,114	1,148,773,542	1,266,651,587
TUBE WELLS	1,545,577			10	1,545,577			10	1,223,952	32,165	1,256,117	289,460
ELECTRIC INSTALLATIONS	72,404,800	287,082		10	72,691,882			10	33,257,178	3,929,119	37,186,297	35,505,585
TOOLS AND EQUIPMENTS	4,241,143			10	4,241,143			10	3,841,203	40,308	3,881,511	359,632
TELEPHONE INSTALLATIONS	1,017,190			10	1,017,190			10	821,799	19,538	841,337	175,853
OFFICE EQUIPMENTS	16,520,248	1,699,583		10	18,219,831			10	5,890,071	1,116,224	7,006,295	11,213,536
FURNITURE AND FIXTURES	9,983,991			10	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	20	55,982,882	(4,019,800)		20	34,598,997	529,285	33,516,699	22,466,183
		(7,957,200)								(5,928,523)		
2013-Rupees	2,874,303,035	115,274,097	1,081,600		2,960,241,732	(22,459,800)			1,369,038,612	529,285	1,446,395,602	1,513,846,130
		(7,957,200)								(5,928,523)		
LEASED												
PLANT AND MACHINERY	22,480,000		18,440,000	5	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	20	21,581,465	(1,081,600)		20	1,886,966	2,831,763	4,189,444	17,392,021
										(529,285)		
2013-Rupees	35,723,265	5,400,000	22,459,800		62,501,465	(1,081,600)			2,636,300	7,921,896	10,028,911	52,472,554
										(529,285)		
Total as on June 2013-Rupees	2,910,026,300	120,674,097	23,541,400		3,022,743,197	(23,541,400)			1,371,674,912	90,678,124	1,456,424,513	1,566,318,684
		(7,957,200)								(6,457,808)		

16.3 Disposal of property, plant and equipment

Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain on Disposal	Mode of Disposal	Particulars of purchaser
Mitsubishi Lancer LEE-5161	1,111,030	819,780	291,250	575,000	283,750	Negotiation	Mr. Waqar Ashraf Butt, Lahore
					2014	2013	
				Note	(Rupees)	(Rupees)	
Cost of sales				27	86,191,981	87,846,359	
Administrative expenses				29	4,239,757	2,831,763	
					90,431,738	90,678,122	

16.4 Depreciation has been apportioned as under : -

	Note	2014 (Rupees)	2013 (Rupees)
17 LONG-TERM LOANS			
Loans to Executives - Considered good	17.1	16,190,190	14,609,464
Less: Current portion	23	(327,000)	(480,000)
		<u>15,863,190</u>	<u>14,129,464</u>
17.1 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.			
		2014 (Rupees)	2013 (Rupees)
Aggregates maximum balance due at the end of any month during the year		<u>16,007,187</u>	<u>14,129,464</u>
18 LONG-TERM DEPOSITS			
Security Deposits			
Utilities		10,411,342	10,411,342
Others		150,000	150,000
		<u>10,561,342</u>	<u>10,561,342</u>
19 LONG-TERM INVESTMENT			
Held as available for sale			
Other - Quoted			
KASB Modaraba 166,320 modaraba certificates of Rupees 10 each.		790,019	1,081,079
		<u>790,019</u>	<u>1,081,079</u>
20 STORES AND SPARES			
Stores		44,597,836	80,971,612
Spares		59,631,733	15,863,380
		<u>104,229,569</u>	<u>96,834,992</u>
21 STOCK-IN-TRADE			
Raw material		1,331,618,902	1,233,765,610
Work-in-process		125,987,330	131,924,270
Finished goods		311,423,510	209,093,017
Waste		3,629,471	6,954,203
		<u>1,772,659,213</u>	<u>1,581,737,100</u>
22 TRADE DEBTS - Considered good			
Foreign - Secured		18,006,227	23,459,761
Local - Un-secured	22.1	361,242,637	298,148,421
		<u>379,248,864</u>	<u>321,608,182</u>

22.1 This includes balances receivable from the following associated undertakings :-

	2014 (Rupees)	2013 (Rupees)
Chakwal Spinning Mills Limited	1,356,933	1,422,363
Yousaf Weaving Mills Limited	6,358,842	5,242,426
Khawaja Mohammad Jawed (Pvt) Ltd	-	2,719,000
	<u>7,715,775</u>	<u>9,383,789</u>
23 LOANS AND ADVANCES		
Current portion of loans to executives	327,000	480,000
Advances - considered good		
Suppliers	31,439,725	28,283,446
Service providers	1,001,408	1,054,990
Others	210,535	543,601
Staff - interest free	26,932,802	23,153,963
Letters of credit	712,109	1,686,829
	<u>60,623,579</u>	<u>55,202,829</u>
24 TRADE DEPOSITS, PRE-PAYMENTS AND OTHER RECEIVABLES		
Deposits		
Margin with banks	18,510,191	27,983,911
Pre-payments - insurance	1,249,546	-
Other receivables - considered good		
Sales tax receivable	27,039,853	22,428,840
IESCO	-	11,665,346
	<u>46,799,590</u>	<u>62,078,097</u>
25 CASH AND BANK BALANCES		
Cash in hand	1,127,050	411,067
In current accounts	9,669,098	8,851,198
In saving accounts	113,934	322,500
	<u>10,910,082</u>	<u>9,584,765</u>
26 SALES-NET		
Local	4,225,006,665	3,626,223,734
Export	2,597,987,051	2,603,896,764
	<u>6,822,993,716</u>	<u>6,230,120,498</u>

	Note	2014 (Rupees)	2013 (Rupees)
27 COST OF SALES			
Raw material consumed	27.1	4,444,333,027	4,175,320,650
Salaries, wages and benefits	27.2	465,595,500	434,974,078
Fuel and power		845,528,081	531,973,464
Insurance		26,389,524	20,173,142
Packing material		137,993,480	120,789,757
Repairs and maintenance		11,763,674	4,226,965
Stores and spares consumed		109,981,017	72,253,712
Vehicles running and maintenance		7,154,048	6,202,213
Communication		1,287,716	1,943,210
Travelling and conveyance		2,832,298	1,979,138
Doubling charges		6,800,000	2,480,000
Miscellaneous		22,779,789	23,336,725
Depreciation	16	86,191,981	87,846,359
		<u>6,168,630,135</u>	<u>5,483,499,413</u>
Work-in-process			
Opening		131,924,270	88,960,294
Closing		(125,987,330)	(131,924,270)
Cost of goods manufactured		<u>6,174,567,075</u>	<u>5,440,535,437</u>
Finished goods and waste			
Opening stock		216,047,220	158,934,530
Closing stock		(315,052,981)	(216,047,220)
		<u>6,075,561,314</u>	<u>5,383,422,747</u>
27.1 RAW MATERIAL CONSUMED			
Opening stock		1,233,765,610	858,083,277
Purchases		4,558,108,855	4,575,442,467
		<u>5,791,874,465</u>	<u>5,433,525,744</u>
Cost of raw material sold		(15,922,536)	(24,439,484)
		<u>5,775,951,929</u>	<u>5,409,086,260</u>
Closing stock		(1,331,618,902)	(1,233,765,610)
		<u>4,444,333,027</u>	<u>4,175,320,650</u>

27.2 It includes Rs.23,223,783 (2013 : Rs. 17,203,004) in respect of gratuity.

	Note	2014 (Rupees)	2013 (Rupees)
28 DISTRIBUTION COST			
Commission to selling agents		74,083,237	54,060,699
Ocean freight		18,770,094	25,778,533
Local freight		39,976,260	39,474,959
Clearing & forwarding		7,149,273	6,922,936
Export development surcharge		5,408,453	5,474,268
Others		6,755,088	3,674,277
		<u>152,142,405</u>	<u>135,385,672</u>

29 ADMINISTRATIVE EXPENSES			
Salaries and benefits	29.1	61,186,652	55,360,230
Travelling and conveyance		2,666,667	3,276,404
Rent, rates and taxes		2,400,818	1,939,661
Printing and stationery		798,442	1,193,652
Communication		4,373,576	4,753,891
Entertainment		3,318,081	3,931,227
Electricity and gas		6,124,821	5,163,394
Vehicles running and maintenance		12,556,655	10,654,882
Fee and subscription		1,834,651	3,465,877
Legal and professional		199,200	383,100
Repairs and maintenance		10,478,997	13,457,538
Donations	29.2	5,057,113	2,855,725
Miscellaneous		7,736,539	5,645,009
Sales tax paid	29.3	-	22,663,650
Depreciation	16	4,239,757	2,831,763
		<u>122,971,969</u>	<u>137,576,003</u>

29.1 It includes Rs.8,888,641 (2013 : Rs. 6,176,859) in respect of gratuity

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

29.3 This represents payment made by the Company in the year 2013 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.

30 FINANCE COST

Interest / mark-up on:

Long-term loan	3,810,008	9,554,489
Finance leases	7,904,999	5,074,782
Short-term borrowings	197,818,072	181,895,248
Workers profit participation fund	9,920,904	7,537,214
Inland letters of credit	6,435,547	10,603,852
Bank charges and commission	33,925,284	23,823,664
	<u>259,814,814</u>	<u>238,489,249</u>

	Note	2014 (Rupees)	2013 (Rupees)
31 OTHER OPERATING EXPENSES			
Auditors' remuneration	31.1	800,000	800,000
Exchange loss		10,438,180	11,323,117
Workers' profit participation fund		9,956,979	16,299,686
Loss on sales of raw material		2,417,195	-
		<u>23,612,354</u>	<u>28,422,803</u>
31.1 Auditors' remuneration			
Statutory audit		700,000	700,000
Half yearly review and review of code of corporate governance		100,000	100,000
		<u>800,000</u>	<u>800,000</u>
32 OTHER OPERATING INCOME			
Gain on sale of fixed assets		283,750	2,670,501
Profit on sales of raw material		-	199,516
Gain from trading activity		8,000	-
		<u>291,750</u>	<u>2,870,017</u>
33 TAXATION			
Opening balance		4,696,724	3,563,648
For the year	33.1	68,229,937	44,170,086
Less: Paid/ adjusted		(61,613,286)	(43,037,009)
		<u>11,313,375</u>	<u>4,696,724</u>
33.1	This represents liability provided under Section 113 and 154 of the Income Tax Ordinance, 2001 on the basis of gross turnover from all sources.		
33.2	The income tax assessment of the company has been finalized upto and including tax year 2013 by the deeming provisions of Income Tax Ordinance 2001, however appeals before different appellate forums are pending on various legal issues.		
33.3	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.		
33.4	Deferred tax asset amounting to Rs.989 million reduced due to brought forward losses amounting Rs. 735 million has not been recognized in the current year, as the attributeable temporary differences are not expected to reverse in the foreseeable future.		
34 EARNINGS PER SHARE - Basic			
Profit after taxation		120,952,672	265,523,955
Weighted average number of ordinary shares		130,000,000	130,000,000
Earning per share - Basic		<u>0.93</u>	<u>2.04</u>
34.1 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.

	2014 (Rupees)	2013 (Rupees)
35 CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	189,182,609	309,694,041
Adjustments of non cash charges and other items		
Depreciation/amortization	90,431,738	90,678,122
Gratuity	32,112,424	23,379,863
Workers Profit Participation Fund	9,956,979	16,299,686
Gain on sales of fixed assets	(283,750)	(2,670,501)
Dividend paid	(4,810,693)	(815,409)
Finance cost	259,814,814	238,489,249
Operating profit before working capital changes	<u>576,404,122</u>	<u>675,055,051</u>
(Increase)/decrease in current assets		
Stores and spares	(7,394,577)	(45,188,236)
Stock-in-trade	(190,922,113)	(475,759,029)
Trade debts	(57,640,682)	(173,985,284)
Loans and advances	(5,573,750)	(5,410,430)
Trade deposits, prepayments & other receivables	15,278,507	(20,973,262)
	<u>(246,252,615)</u>	<u>(721,316,241)</u>
Increase in current liabilities		
Trade and other payables	48,299,863	167,238,885
	<u>378,451,371</u>	<u>120,977,695</u>

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2014 (Rupees)			2013 (Rupees)		
	CHIEF EXECUTIVE	DIRECTORS	EXECUTIVES	CHIEF EXECUTIVE	DIRECTORS	EXECUTIVES
Remuneration	4,000,000	6,761,300	11,553,080	4,000,000	7,296,000	8,800,440
House Rent	1,800,000	3,042,000	5,198,886	1,800,000	3,283,200	3,960,198
Medical	562,565	3,428,362	1,020,463	834,779	1,290,742	926,163
Gratuity	-	-	1,672,075	-	-	1,015,055
Utilities	200,000	336,700	577,654	200,000	364,800	440,022
	<u>6,562,565</u>	<u>13,568,362</u>	<u>20,022,158</u>	<u>6,834,779</u>	<u>12,234,742</u>	<u>15,141,878</u>
Number of persons	<u>1</u>	<u>3</u>	<u>12</u>	<u>1</u>	<u>3</u>	<u>7</u>

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

36.1 No fee has been charged by the directors for attending the Board Meetings.

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

36.3 Chief Executive, Director and executives are provided with company maintained cars in addition to above.

37 TRANSACTIONS WITH RELATED PARTIES

37.1 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:-

Purchases of raw materials and finished goods

(Chakwal Textile Mills Limited)	-	10,355,113
(Yousaf Weaving Mills Limited)	-	2,922,400
	<u>-</u>	<u>13,277,513</u>

Sales of raw materials and finished goods

(Yousaf Weaving Mills Limited)	13,326,022	39,669,611
(Chakwal Spinning Mills Limited)	2,674,440	-
(Chakwal Textile Mills Limited)	-	12,583,755
	<u>16,000,462</u>	<u>52,253,366</u>

Aggregate maximum balance due at the end of any month during the year. 9,786,484 12,545,337

38 FINANCIAL RISK MANAGEMENT

38.1 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:

	2014	2013
	Rupees in thousand	
Trade debts-USD	18,006	23,460
Supplier's credit-EURO	256,476	147,793
The following significant exchange rates were applied during the year.		
Average rate (Rupees per US Dollar)	98.58	95.78
Reporting date rate (Rupees per US Dollar)	98.75	98.40
Average rate (Rupees per US Euro)	131.66	124.95
Reporting date rate (Rupees per Euro)	134.73	128.58

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, 2014 financial assets include Rs.18.006 million (2013: Rs.23.460 million) and financial liabilities include Rs. 256.476 million (2013: Rs. 147.793 million) which are subject to foreign currency risk against US Dollars and Euro respectively.

Foreign Currency Sensitivity Analysis

At June 30, 2014 if the Rupee had weakened / strengthened by 5% against the US Dollar and Euro with all other variables held constant, profit for the year would have been lower / higher by Rs. 11.924 million (2013: Rs. 6.217 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:

	2014 (Rupees)	2013 (Rupees)
Floating rate instruments		
Financial Liabilities		
Long term financing	-	7,142,852
Liabilities against assets subject to finance lease	36,792,879	27,885,024
Short term borrowings	1,572,235,844	1,498,847,142
Financial Assets		
Bank Balances - Saving Accounts	113,934	322,500

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have Increased / (decreased) equity and profit or loss by Rs. 15.72 million (2013: Rs. 14.98). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2013.

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:-

	2014 (Rupees)	2013 (Rupees)
Long term loans	15,863,190	14,129,464
Long term deposits	10,561,342	10,561,342
Trade debts	379,248,864	321,608,182
Advances, trade deposits and other receivables	60,623,579	55,202,829
Cash and bank balances	10,910,082	9,584,765

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
Askari Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan Limited	PACRA	A-1+	AAA
Habib Metro Bank	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA
Allied Bank Limited	PACRA	A1+	AA+
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA

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. 1,593 million worth short term borrowing limits available from financial institutions and Rs. 10.91 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, 2014:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Supplier's credit	256,476,463	256,476,463	137,112,859	119,363,604	-
Liabilities against leased assets	70,263,677	84,489,339	42,435,569	42,053,770	-
Trade and other payables	469,415,415	469,415,415	469,415,415	-	-
Accrued interest	50,828,993	50,828,993	50,828,993	-	-
Short term finances	1,572,235,844	1,762,902,972	1,762,902,972	-	-

Contractual maturities of financial liabilities as at June 30, 2013:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 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	409,871,048	409,871,048	409,871,048	-	-
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	-	-

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.

38.2 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.

38.3 Capital Risk Management

The Company's prime objective when managing capital to safeguards 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 structure to reduce the cost of capital.

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

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Total borrowing comprises of long term loan, lease liabilities and short term borrowings (excluding short term borrowing from directors). Total capital employed is calculated as total borrowings plus equity as on balance sheet date.

	2014 (Rupees)	2013 (Rupees)
Total Borrowings	1,913,261,694	1,743,692,693
Total Equity	1,138,020,366	1,027,513,397
Total capital employed	<u>3,051,282,060</u>	<u>2,771,206,090</u>
Gearing Ratio	62.70%	62.92%

39 PLANT CAPACITY AND PRODUCTION

Number of spindles installed	79,944	78,984
Installed capacity in 20's count based on triple shift for 365 (2013 - 365) days (kgs) - Approximately	35,984,727	35,552,608
Actual production after conversion into 20's count (kgs)	28,956,019	27,926,635

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 and power shortage in shifting of counts.

40 NUMBER OF EMPLOYEES	2014	2013
The total number of permanent employees	2644	2813

41 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on October 10, 2014 by the Board of Directors of the Company.

42 GENERAL

Figures have been rounded off to the nearest rupees.

43 SUBSEQUENT EVENT

43.1 The Board of Directors have proposed dividend of Re. 0.25 per shares as final dividend for the year ended June 30, 2014. This is in addition to an interim dividend of Re. 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.

43.2 Post Balance Sheet Event

The shareholders, have decided to increase in authorized capital from Rs. 650,000,000 to Rs.1,500,000,000 in their extra ordinary general meeting held on September 10, 2014. Consequently the paid up capital of the company is proposed to be raised from Rs. 650 million to Rs. 950 million. These share will be issued to the directors against their loan without indulging in the exercise of right issues to the existing members in accordance with the provision section 86(1) of the Companies Ordinance, 1984 subject to the approval of SECP. Such shares will rank pari passu with existing shares of the company. The legal formalities for increase in authorized capital and paid up capital are in process.

Lahore
October 10, 2014


(Mr. Mohammad Naveed)
Chief Executive


(Khawaja Mohammad Jahangir)
Director

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

30-06-2014

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
62	1	100	1,917
56	101	500	22,315
44	501	1,000	40,883
77	1,001	5,000	210,048
26	5,001	10,000	198,751
3	10,001	15,000	39,009
4	15,001	20,000	71,500
2	20,001	25,000	47,000
1	25,001	30,000	30,000
1	30,001	35,000	35,000
1	35,001	40,000	40,000
3	40,001	45,000	124,600
3	45,001	50,000	150,000
1	50,001	55,000	53,100
1	55,001	60,000	55,067
2	70,001	75,000	146,500
1	80,001	85,000	85,000
2	85,001	90,000	175,500
1	100,001	105,000	101,500
1	105,001	110,000	110,000
12	110,001	115,000	1,350,000
1	135,001	140,000	140,000
1	145,001	150,000	150,000
1	420,001	425,000	423,500
1	445,001	450,000	447,500
1	490,001	495,000	495,000
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	20,000,001	20,005,000	20,004,500
1	28,110,001	28,115,000	28,111,000
1	28,700,001	28,705,000	28,701,983
317			130,000,000

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	105,308,054	81.0062
5.2 Associated Companies, undertakings and related parties.	0	-
5.3 NIT and ICP	100	0.0001
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	11,225	0.0086
5.5 Insurance Companies	53,100	0.0408
5.6 Modarabas and Mutual Funds	699,327	0.5379
5.7 Share holders holding 10% or more	114,699,304	88.2302
5.8 General Public		
a. Local	23,667,395	18.2057
b. Foreign		
5.9 Others (to be specified)		
1. Joint Stock Companies	187,800	0.1445
2. Foreign Companies	16,000	0.0123
3. Pension Funds	55,067	0.0424
4. Others	1,932	0.0015

6. Signature of
Company Secretary

7. Name of Signatory

8. Designation

9. NIC Number

10. Date

30	06	2014
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**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2014**

Sr. No.	Name	No. of Shares Held	Percentage
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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
4	CDC TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	602,327	0.4633

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	28,710,554	22.0850
5	KHAWAJA MOHAMMAD NADEEM	17,489,500	13.4535
6	KHAWAJA MOHAMMAD NAVEED	28,111,000	21.6238
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

159,892 0.1230

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest 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	28,710,554	22.0850
3	KHAWAJA MOHAMMAD NADEEM	17,489,500	13.4535
4	KHAWAJA MOHAMMAD NAVEED	28,111,000	21.6238
5	MR. NADEEM BASHIR (CDC)	20,004,500	15.3881

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	9,700,000	337,500
2	KHAWAJA MOHAMMAD NAVEED	10,000,000	-

Form of Proxy - 42nd Annual General Meeting

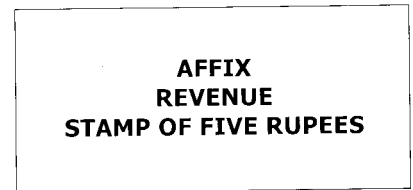
Folio # / CDC A/C #.	
Participant I.D	
Account #	
Shares held	

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 42nd Annual General Meeting of the Company to
be held on Friday, 31st October, 2014 at 11:00 a.m. at 31-F Main Market Gulberg II, Lahore and at every adjournment
thereof.

Signed this _____ day of _____ 2014.

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



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 than 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.