

ANNUAL REPORT



Chakwal Spinning Mills Limited



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Company Information

BOARD OF DIRECTORS

Khawaja Mohammad Jahangir	(Chief Executive)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Khawaja Mohammad Nadeem	(Director)
Mr. Mohammad Naveed	(Director)
Mr. Mohammad Aman	(Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

AUDIT COMMITTEE

Mr. Mohammad Naveed	(Chairman)
Khawaja Mohammad Jawed	(Member)
Mr. Mohammad Aman	(Member)

HR & REMUNERATION COMMITTEE

Khawaja Mohammad Jawed	(Chairman)
Khawaja Mohammad Jahangir	(Member)
Khawaja Mohammad Tanveer	(Member)

COMPANY SECRETARY

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

Mr. Muhammad Ashraf	(FCMA)
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BANKERS

Habib MetroBank Limited
Allied Bank of Pakistan
MCB Bank Limited
The Bank of Punjab
Meezan Bank Limited

AUDITORS

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

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

Notice Of Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of CHAKWAL SPINNING MILLS LIMITED will be held on Friday, October 31, 2014 at 9:30 a.m. at 31-F Main Market Gulberg II, Lahore to deal with the following matters :-

ORDINARY BUSINESS:

1. To confirm the minutes of last Annual General Meeting held on October 31, 2013.
2. To receive, consider 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 reappoint auditors for the year ending June 30, 2015 and fix their remuneration.
4. To consider and approve final cash dividend of 10% (Rs. 0.50 per ordinary share of Rs. 5/- each) held by the existing shareholders as recommended by the board of directors. This is in addition to the interim cash dividend of 5% (Rs. 0.25 per ordinary share of Rs. 5/- each) already paid to the shareholders during the year.
5. To transact any other business with the permission of the chair.

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 Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel. 042-35839182.
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.

Directors' Report to the Shareholders

The Directors take great pleasure to present before you the 27th Annual Report of your company together with Audited Financial Statements for the year ended June 30, 2014.

Performance of the company

By the grace of Almighty Allah, despite stiff economic conditions and challenges, your company remained on the track of profitability during the year under review. The company posted a sales revenue of Rs.2.721 billion compared to Rs.2.742 billion of last year. The company earned gross profit of Rs.228.754 million compared to Rs.331.149 million of previous year showing a decrease of 30.92% mainly due to drastic increase in electricity and gas tariff, increase in cotton prices and rise in salaries and wages. The company has registered a net profit of Rs.52.259 million compared to Rs.116.373 million of last year. All other expenses were kept under control except finance cost which is 29.93% higher over the last year due to increase in KIBOR rates during the year and late payments received from buyers abroad.

Investment in plant and machinery

During the year, the company spent Rs.58.020 million in plant and machinery from own sources in addition to import of Auto Cone Winding Machine for Rs.24.352 million under lease arrangements with Habibmetro Bank Ltd. to ensure supply of premium quality yarn to our customers. The management is making it strenuous efforts and hopes that its efforts will prove fruitful to keep the company on the track of profitability.

Dividend

The directors have great pleasure to recommend payment of cash dividend of Rs. 0.50 (10%) per share for the year ended June 30, 2014 to the minority shareholders. This is in addition to interim cash dividend of Rs.0.25 (5%) per share already paid during the year. However, directors have foregone their right to receive the dividend.

Future outlook

Spinning industry is the core industry of Pakistan and is playing a pivotal role in strengthening the economy of the country. The major factors hampering the performance spinning industry which is already striving hard are acute shortage of natural gas especially in the province of Punjab, sever of electricity load shedding in addition to higher power tariff. Despite recent flood in the country, cotton crop largely remained unaffected and prices have declined. Cotton experts are hopeful that production targets of cotton for the year 2014-15 shall be achieved. The management is fully aware of the affairs of the company and is taking every step necessary to meet the challenges and to improve the financial health of the company except external factors beyond their control.

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 already elected an independent director to fulfill the requirements of Code of Corporate Governance.

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 Aman	4	4
8. Mr. Mohammad Tariq Sufi	4	3

b) Audit Committee

1. Mr. Mohammad Naveed	5	1
2. Khawaja Mohammad Javed	5	5
3. Mr. Mohammad Aman	5	5

c) HR & Remuneration Committee

1. Khawaja Mohammad Javed	5	5
2. Khawaja Mohammad Jahangir	5	5
3. Khawaja Mohammad Tanveer	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 26th 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 27th Annual General Meeting on existing terms and conditions.

Acknowledgement

The directors wish to place on record their appreciation for the true efforts of the executives, officers, staff members and workers of the company in achieving the best possible results. They also thanks their shareholders, customers and banks for their continued support in smooth running of company's operations and are hopeful that their cooperation will be continued with the same spirit in the years to come.

For and on behalf of the Board

Lahore
October 10, 2014

(KHAWAJA MOHAMMAD JAHANGIR)
Chief Executive

STATEMENT OF COMPLIANCE WITH 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 both Karachi Stock Exchange and Lahore 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
Independent Director	1.	Mr. Mohammad Tariq Sufi
Executive Directors	1.	Khawaja Mohammad Jahangir
	2.	Khawaja Mohammad Kaleem
Non Executive Directors	1.	Khawaja Mohammad Javed
	2.	Khawaja Mohammad Tanveer
	3.	Khawaja Mohammad Nadeem
	4.	Mr. Mohammad Naveed
	5.	Mr. Mohammad Aman

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 NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision /mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other working director(s) have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chief Executive or in his absence other director elected by the board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors at Chakwal Spinning Mills Board are fully conversant with their duties and responsibilities as Director of corporate bodies. The Chief Executive recommends that the members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.

10. The Board has already approved appointment of Chief Financial Officer, Company Secretary and Internal Auditor, their remuneration and terms & conditions of employment.
11. The director's report for this has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee, It comprises of three members, of whom all are non executive directors and the chairman of the committee is also from non executive director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of references of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration committee; It comprises of three members, including the CEO and the non executive directors while the chairman of the committee is a non executive director.
18. The Board has set up an effective internal audit department which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim/final results and business decisions which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore
October 10, 2014

(KHAWAJA MOHAMMAD JAHANGIR)
Chief Executive

**REVIEW REPORT TO THE MEMBERS
ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES
OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Chakwal Spinning Mills Limited to comply with the Listing Regulation of respective stock exchanges where the Company is listed.

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

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

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
Dated: October 10, 2014

Aslam Malik & Co.
Chartered Accountants

Audit Engagement Partner:
Mohammad Aslam Malik

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **CHAKWAL 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of 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
Dated: October 10, 2014

Aslam Malik & Co.
Chartered Accountants

Audit Engagement Partner:
Mohammad Aslam Malik

Balance Sheet

	Note	2014 Rupees	2013 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital:			
100,000,000 (2013: 100,000,000 of Rs.05/- each) ordinary shares of Rs.5/- each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	4	200,000,000	200,000,000
Accumulated Profit		211,166,141	188,875,776
		411,166,141	388,875,776
Surplus on Revaluation of Property, Plant and Equipment	5	193,399,152	54,804,506
Loan from Directors (subordinated)	6	271,256,000	371,256,000
Liabilities Against Asset Subject to Finance Lease	7	11,825,122	-
Non Current Liabilities			
Deferred liabilities	8	84,503,658	75,301,703
Current Liabilities			
Trade and other payables	9	383,132,649	409,929,618
Accrued mark- up	10	9,646,162	8,998,455
Short term borrowings	11	372,263,513	328,247,414
Current portion of non current liabilities	7	5,349,418	-
Provision for taxation	12	7,118,745	16,443,174
		777,510,487	763,618,661
Contingencies and Commitments	13	-	-
The annexed notes 1 to 41 form an integral part of these financial statements.		1,749,660,560	1,653,856,646

AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	14	1,121,979,763	936,286,340
Capital Work In Progress	15	13,842,397	564,470
		<u>1,135,822,160</u>	<u>936,850,810</u>
Long term loans	16	5,511,500	5,424,997
Long term deposits	17	8,797,191	6,357,191
		<u>14,308,691</u>	<u>11,782,188</u>
Current Assets			
Stores and spares	18	15,660,647	14,612,074
Stock in trade	19	294,934,404	367,498,693
Trade debts	20	90,972,068	104,670,793
Loans and advances	21	174,638,598	194,334,009
Trade deposits, prepayments and other receivables	22	13,770,303	23,380,429
Cash and bank balances	23	9,553,688	727,650
		<u>599,529,709</u>	<u>705,223,648</u>
		<u><u>1,749,660,560</u></u>	<u><u>1,653,856,646</u></u>

(Khawaja Mohammad Kaleem)
Director

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

	Note	2014 Rupees	2013 Rupees
Sales	24	2,720,953,201	2,741,831,972
Cost of sales	25	(2,492,198,739)	(2,410,682,473)
Gross Profit		228,754,462	331,149,499
Distribution cost	26	(56,259,821)	(67,580,564)
Administrative expenses	27	(58,638,830)	(83,251,488)
		(114,898,651)	(150,832,052)
Operating Profit		113,855,811	180,317,447
Finance cost	28	(46,983,353)	(36,160,280)
Other operating expenses	29	(5,126,336)	(7,860,460)
Other operating income	30	696,876	2,001,188
Profit before Taxation		62,442,998	138,297,895
Taxation	31	(10,184,229)	(21,924,876)
Profit after Taxation		52,258,769	116,373,019
Earnings per Share - Basic & Diluted	32	1.31	2.91

The annexed notes 1 to 41 form an integral part of these financial statements.

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

	Note	2014 Rupees	2013 Rupees
Profit after taxation		52,258,769	116,373,019
Other comprehensive income for the year		-	-
Items that will not be reclassified to Profit or loss		-	-
Remeasurment of net deifned benefit liability	8.1.3	(5,758,978)	(6,529,429)
Total comprehensive Income for the year		<u>46,499,791</u>	<u>109,843,590</u>

The annexed notes 1 to 41 form an integral part of these financial statements.

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

	2014	2013
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	62,442,998	138,297,895
Adjustments for:		
- Depreciation	59,660,149	54,901,845
- Provision for gratuity	9,279,657	8,005,070
- Gain on disposal of property, plant and equipment	(696,876)	(1,299,155)
- Assets written off	1,141,463	
- Unclaimed liabilities written back	-	(391,549)
- Finance cost	46,983,353	36,160,280
- Workers' (profit) participation fund	3,309,873	7,210,460
	<u>119,677,619</u>	<u>104,586,950</u>
Operating profit before working capital changes	<u>182,120,617</u>	<u>242,884,845</u>
- Stores and spares	(1,048,573)	623,015
- Stock in trade	72,564,289	(91,763,522)
- Trade debts	13,698,725	34,990,404
- Loans and advances	18,705,275	(111,368,784)
- Trade deposits, prepayments and other receivables	9,610,126	4,806,740
Increase / (decrease) in current liabilities	<u>(29,571,466)</u>	<u>21,201,385</u>
- Trade and other payables	83,958,376	(141,510,762)
Cash generated from operations	<u>266,078,993</u>	<u>101,374,083</u>
Finance cost paid	(46,335,647)	(34,020,512)
Gratuity paid	(5,836,680)	(4,146,299)
Long term advance	-	3,000,000
Income tax paid	(19,157,663)	(30,690,113)
Net Cash from Operating Activities	<u>194,749,003</u>	<u>35,517,158</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(130,408,776)	(117,304,678)
Capital Work in Progress	(13,277,927)	(564,470)
Long term loans	(86,503)	(675,000)
Long term Financing	-	-
Long term deposits	(2,439,887)	(751,742)
Proceeds from disposal of property, plant and equipment	920,120	2,019,010
Interest received	-	(5,600,000)
Net Cash used in Investing Activities	<u>(145,292,973)</u>	<u>(122,876,880)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	44,016,099	85,455,869
Long term Loan	(100,000,000)	
Liabilities against subject to finance lease	17,174,540	
Dividend paid	(1,820,631)	
Net Cash from Financing Activities	<u>(40,629,992)</u>	<u>85,455,869</u>
Net Increase / (decrease) in Cash and Cash Equivalents	<u>8,826,038</u>	<u>(1,903,853)</u>
Cash and cash equivalents at the beginning of the year	<u>727,650</u>	<u>2,631,503</u>
	<u>9,553,688</u>	<u>727,650</u>

The annexed notes 1 to 41 form an integral part of these financial statements.

Lahore
October 10, 2014

(Khawaja Mohammad Jahangir)
Chief Executive

(Khawaja Mohammad Kaleem)
Director

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

	Paid Up Share Capital	Accumulated (Loss)/ Profit	Total
	Rupees	Rupees	Rupees
Balance as at June 30, 2012	400,000,000	(120,749,105)	279,250,895
Effect of change in accounting policy Note 3		(3,602,284)	(3,602,284)
Balance as on July 01, 2012 (re-stated)	400,000,000	(124,351,389)	275,648,611
Reduction of share Capital	(200,000,000)	200,000,000	-
Interim dividend		(561,171)	(561,171)
Total comprehensive income for the Year ended June 30, 2013		109,843,590	109,843,590
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax		3,944,747	3,944,747
Balance as at June 30, 2013	200,000,000	188,875,776	388,875,776
Total comprehensive income for the Year ended June 30, 2014		46,499,791	46,499,791
Interim dividend		(1,285,252)	(1,285,252)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax		3,418,317	3,418,317
Adjustment of Revaluation of fixed assets		(26,342,492)	(26,342,492)
Balance as at June 30, 2014	200,000,000	211,166,141	411,166,141

The annexed notes 1 to 41 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014****1. THE COMPANY AND ITS OPERATIONS**

The Company was incorporated in Pakistan on January 31, 1988 as a Public Limited Company. Its shares are quoted on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 7/1 E-3 Main Boulevard Gulberg III, Lahore. The Company is engaged in the business of textile spinning, knitting, fabrics processing and garment stitching.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Statement of compliance**

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

Basis of measurement

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

2.3 Significant Accounting Judgments and Estimates

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

Staff retirement benefits

Certain actuarial assumption has been adopted as disclosed in note 4 the financial statements for valuation of present value of defined benefit obligations.

Property, plant and equipment

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

Income Taxes

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

2.4 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)	1-Jul-14
IFRS-3	Business Combinations (Amendments)	1-Jul-14
IFRS-8	Operating Segments (Amendments)	1-Jul-14
IFRS-14	Regulatory Deferral Accounts	1-Jan-16
IFRS-15	Revenue from Contracts with Customers	1-Jan-17
IAS-16	Property, Plant & Equipment (Amendments)	July 1, 2014 & January 01, 2016
IAS-19	Employees Benefits: (Amendments)	1-Jul-14
IAS-24	Related Party Disclosures (Amendments)	1-Jul-14
IAS-32	Financial Instruments: Presentation (Amendments)	1-Jan-14
IAS-36	Impairment of assets (Amendments)	1-Jan-14
IAS-38	Intangible Assets (Amendments)	1-Jan-16
IAS-39	Financial Instruments: Recognition and Measurement (Amendments)	1-Jan-14
IAS-40	Investment Property (Amendments)	1-Jul-14
IAS-41	Agriculture (Amendments)	1-Jan-16
IFRIC 21	Levies	1-Jan-14

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 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.

Any Actuarial gains and losses are recognized immediately in the statement of other Comprehensive income.

2.6 Provisions

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

2.7 Trade and other payables

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

2.8 Taxation**Current**

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

Deferred

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

2.9 Property, plant and equipment**Owned assets**

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

Depreciation on property, plant and equipment has been provided for using the reducing balance method at the rates specified in Note 13. Depreciation on all additions is charged from the month the asset is ready for the intended use and on disposals is charged upto the month in which the asset is disposed off

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

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

Leased assets

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of such assets. The related obligations under the lease are accounted for at net present value of liabilities. The assets so acquired are depreciated over their expected useful life at the same rates and basis as of owned assets given in Note 13. The depreciation is charged to current year's income.

Capital work-in-progress

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

2.10 Impairment

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

2.11 Stocks and stores

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

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

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

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

2.12 Trade debts

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

2.13 Foreign currency transactions and translation

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

2.14 Cash and cash equivalents

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

2.15 Financial Instruments

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

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

2.16 Related party transactions

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

2.17 Financial Assets and Liabilities

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

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

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

2.18 Borrowing Cost

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

2.19 Offsetting of Financial Assets and Financial Liabilities

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

2.20 Dividend

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

2.21 Functional and presentation currency

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

2.22 Revenue recognition

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

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	June 30, 2012
	Rupees	Rupees
Impact on Balance Sheet		
- Increase in Employees Retirement Benefit Obligation	6,529,429	3,602,284
- Decrease in Un-Appropriated profit	(6,529,429)	(3,602,284)
Impact on Changes in Equity		
Increase / (Decrease) in Un-Appropriated profits		
- Cumulative effect of prior Years	-	1,508,158
- Impact for the year ended	(6,115,401)	(5,524,470)
Impact on Other Comprehensive Income		
Increase/(Decrease) due to remeasurement of Retirement Benefit Obligation	(6,115,401)	(5,524,470)

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

Note 4

Issued, Subscribed and Paid up Capital

2014	2013		2014	2013
No. of shares	No. of shares		Rupees	Rupees
40,000,000	40,000,000	Ordinary shares of Rs. 5 each (2013 Rs. 5) fully paid in cash.	200,000,000	200,000,000

- 4.1** The paid up Capital of the company was reduced to the extent of 50% i.e. Rs. 200 million by cancelling the issued and paid up capital of the company which has been lost are un- presented by its valuable assets as per orders of honorable Lahore High Court, Lahore vide CO No.54/2011 duly acknowledged by Securities and Exchange Commission of Pakistan.

- 4.2** Shares held by related parties are as follows:

	2014	2013
	No. of Shares	No. of Shares
Naveed Industries (Private) Limited	-	250,000
Percentage of equity held (2013: 0.625%)		

Note 5

Surplus on Revaluation of Property Plant and Equipment

		2014	2013
		Rupees	Rupees
Free hold Land			
Balance as at July 01		-	-
Surplus arising on revaluation carried out during the year	5.1	69,510,708	-
		69,510,708	-
Building on free hold Land			
Balance as at July 01		-	-
Surplus arising on revaluation carried out during the year	5.1	58,852,746	-
		58,852,746	-
Plant and machinery			
Balance as at July 01		54,804,506	58,749,253
Related deferred tax	5.2	(639,033)	(530,799)
Incremental depreciation charged on revalued plant and machinery in current year transferred to retained earnings		(3,418,317)	(3,413,948)
Increase in surplus arising on revaluation carried out during the year	5.1	13,504,892	-
		64,252,048	54,804,506
Power house			
Balance as at July 01		-	-
Surplus arising on revaluation carried out during the year	5.1	783,650	-
		783,650	-
		193,399,152	54,804,506

5.1 This represents surplus resulting from revaluation of freehold land, building and plant & machinery carried out on June 27, 2014 by Messrs Material & Design Services (pvt) Limited, an independent valuer on prevailing market prices. Previously revaluation of plant & machinery was carried out on May 18, 1996 by an independent valuer.

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

Note 6

Loan from related parties

	2014	2013
	Rupees	Rupees
Loan from directors	271,256,000	371,256,000

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 a long term liability.

6.2 The loan is subordinated to M/s Habib Metrobank Ltd and the Bank of Punjab.

Note 7

Liabilities against Assets Subject to Finance Lease

	2014			2013		
	Minimum Lease Payments	Finance Charges Value	Principal	Minimum Lease Payments	Finance Charges Value	Principal
Not later than one year	7,294,551	1,945,133	5,349,418	-	-	-
Later than one year and not later than five years	13,373,344	1,548,222	11,825,122	-	-	-
	<u>20,667,895</u>	<u>3,493,355</u>	<u>17,174,540</u>	<u>-</u>	<u>-</u>	<u>-</u>

7.1 This represents finance lease arrangements for import of an Auto Cone machine entered into with Habib Metrobank Limited for principal amount of Rs. 18 million. Markup rate @ 13.16% per annum approximately, have been used as discounting factor. Taxes, repairs, replacement and insurance cost are borne by the company. It is repayable in 36 equal monthly installments. The first installment was due on 18-05-2014.

7.2 Lease liability is secured against title of leased asset and personal guarantees of directors.

Note 8

Deferred Liabilities

		2014 Rupees	2013 Rupees
Gratuity payable	8.1	34,497,576	25,295,621
Long term deposit	8.2	50,006,082	50,006,082
		<u>84,503,658</u>	<u>75,301,703</u>

8.1 Staff Gratuity-Defined Benefit Plan

The 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 used for valuation of this scheme. The latest actuarial valuation was carried out by Nauman Associates as on June 30, 2014.

	2014 Rupees	2013 Rupees
8.1.1 Present value of defined benefit obligation	<u>34,496,976</u>	<u>25,295,621</u>
8.1.2 The amounts recognised in the profit and loss account and balance sheet are as follows:		
Current service cost	6,930,105	5,599,254
Interest cost	2,349,552	1,991,788
	<u>9,279,657</u>	<u>7,591,042</u>
8.1.3 Changes net in liability recognized in the balance sheet		
At the beginning of the year	25,295,621	15,321,449
Amount recognised during the year - as shown	9,279,657	7,591,042
Benefits payments	(5,836,680)	(4,146,299)
Remeasurements chargeable in other comprehensive Income	5,758,978	6,529,429
	<u>34,497,576</u>	<u>25,295,621</u>

		2014	2013
		Rupees	Rupees
8.1.4	Allocation of charge for the year		
	Cost of sales	25.2	5,710,053
	Administrative expenses	27.1	2,906,274
		<u>9,279,657</u>	<u>7,591,042</u>
	Discount rate	13.25%	10.50%
	Expected rate of increase in salary	12.25%	9.50%
	Average expected remaining working life of Employees	7 years	6 years
	Mortality Rates	SLIC 2001-2005	EFU-61-66
	Withdrawal Rates	Setback 1 year	Age-Based
		Age-Based	Age-Based
		(per appendix)	(per appendix)
	Retirement assumption	60 years age	60 years age

8.2 This represents an interest free and unsecured long term advance received from a customer against the exclusive sale commitment of a particular quality of waste to him for a period of six years. The same has been extended / renewed for a further period of five years and shall be adjusted in the year 2017 or shall be extended / renewed for a further term as mutually agreed between the parties.

Note 9

Trade and Other Payables

		2014	2013
		Rupees	Rupees
Creditors			
- Secured		43,145,256	47,671,133
- Unsecured	9.1	248,840,336	257,927,070
Accrued liabilities		60,566,485	55,280,960
Other liabilities		2,087,544	6,387,041
Advances from customers		22,717,470	31,148,577
Unclaimed dividend		-	195,013
Dividend payable		220,808	561,171
Income tax payable		1,774,307	1,688,291
Provision for Doubtful Debts and Claim		470,570	1,859,902
Workers' (profit) participation fund	9.2	3,309,873	7,210,460
		<u>383,132,649</u>	<u>409,929,618</u>

9.1 This includes an amount of Rs. 1,356,933 (2013: Rs. 1,422,363) due to associated undertaking Kohinoor Spinning Mills Ltd as at June 30, 2014.

9.2 Workers' (profit) participation fund

Opening balance	7,210,460	5,244,759
Contribution for the year	3,309,873	7,210,460
	<u>10,520,333</u>	<u>12,455,219</u>
Payment during the year	(7,210,460)	(5,244,759)
	<u>3,309,873</u>	<u>7,210,460</u>

Note 10

Accrued Interest / Mark- up

	2014	2013
	Rupees	Rupees
Accrued mark up / interest on:		
- Short term borrowings from banking companies	9,646,162	8,998,455
	<u>9,646,162</u>	<u>8,998,455</u>

Note 11

Short Term Borrowings

	2014	2013
	Rupees	Rupees
Banking companies - Secured		
Running / cash finance 11.1	302,372,786	325,797,105
Unpresented cheques 11.2	435,387	1,390,129
Related parties - Unsecured		
Loan from directors and others 11.3	69,455,340	1,060,180
	<u>372,263,513</u>	<u>328,247,414</u>

11.1 These represent utilized portion of short term finance facilities of Rs. 390 million (2013: Rs. 390 million) available from various banks under mark up arrangements. These are secured against pledge of cotton bales, yarn, synthetic / polyester fiber of appropriate value, lien over export L/Cs, 1st charge of Rs.400 million over property, plant & equipment and personal guarantees of directors. Mark-up on the above facilities ranges from 9.43% to 11.98% per annum, payable quarterly. These facilities shall expire on September 30, 2014 and are in the process of renewal.

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

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

Note 12

Provision for Taxation - Net

	2014	2013
	Rupees	Rupees
Balance at the beginning of the year	16,443,174	12,967,421
Provision for the year	28,579,726	22,455,675
Prior year adjustment	(17,756,464)	-
	<u>27,266,435</u>	<u>35,423,096</u>
Paid / adjusted during the year	(20,147,691)	(18,979,922)
Balance at the end of the year	<u>7,118,745</u>	<u>16,443,174</u>

12.1 Assessments upto and including tax year 2013 have been finalized by deeming provisions of the Income Tax Ordinance, 2001. Tax liability for Rs.4,870,776 (2013:Rs. 4,870,776) has been demanded by the concerned assessing officer for the various assessment years against which company has filed appeals. No provision for this amount has been made because the management is confident that the decision shall be in favour of the company.

Note 13

Contingencies and Commitments

Contingencies

The Company has provided bank guarantee in favour of Sui Northern Gas Pipelines Limited amounting to Rs.38.522 million (2013: Rs.25.592 million) on account of payment of dues against consumption of natural gas.

Commitments

	2014	2013
	Rupees in million	
Commitments for:		
- Purchase of raw materials	43.300	47.500

Note 14
Property, Plant and Equipment

PARTICULARS	OWNED									Grand Total
	Freehold land	Factory Buildings on free hold land	Colony Buildings on free hold land	Plant & Machinery	Power House	Tools & equipment	Office equipment	Furniture and fixtures	Vehicles	
COST										
Balance as at July 01, 2013	5,009,292	257,431,694	24,914,405	1,334,307,987	74,195,289	1,942,355	3,702,828	5,973,237	17,016,370	1,724,483,458
Additions	-	-	29,820,000	58,020,390	-	3,935,515	-	-	14,280,568	106,056,571
Revaluation	69,510,708	15,761,033	43,091,713	64,252,048	783,650	-	-	-	-	193,399,152
	-	-	-	-	-	(1,105,046)	(2,492,945)	(3,100,882)	(1,138,410)	(201,651,301)
Deletions	-	-	-	-	-	-	-	-	-	(7,837,263)
Transfer / Adjustment	-	-	-	(258,525,863)	56,874,562	-	-	-	-	-
Balance as at June 30, 2014	74,520,000	273,192,727	97,826,118	1,198,054,562	131,843,501	4,772,925	1,209,883	2,872,355	30,158,526	1,814,450,597
DEPRECIATION										
Balance as at July 01, 2013	-	143,673,342	17,412,503	572,865,326	37,278,788	1,687,132	2,499,620	4,075,045	8,685,363	788,197,119
Charge for the year	-	11,375,835	750,190	36,587,401	7,492,849	156,709	120,321	189,819	2,784,090	59,457,214
Transfer / Adjustment	-	-	-	(130,633,517)	6,071,864	-	-	-	-	(124,561,653)
Revaluation	-	-	-	-	-	(950,451)	(2,028,308)	(2,578,651)	(915,166)	(6,472,576)
Adjustment	-	-	-	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2014	-	155,049,177	18,162,693	479,839,210	50,843,501	893,390	591,633	1,686,213	10,554,287	716,620,104
Written Down Value as at June 30, 2014										
	74,520,000	118,143,550	79,663,425	719,215,352	81,000,000	3,879,535	618,250	1,186,142	19,604,239	1,087,830,493
Rates %	-	10%	10%	5% & 10%	10%	10%	10%	10%	20%	-
LEASED										
PLANT AND MACHINERY										
Additions	-	-	-	-	-	-	-	-	-	24,352,205
Depreciation	-	-	-	24,352,205	-	-	-	-	-	202,935
Charge for the year	-	-	-	-	-	-	-	-	-	-
Sub total	-	-	-	202,935	-	-	-	-	-	24,149,270
	74,520,000	118,143,550	79,663,425	743,463,390	81,000,000	3,879,535	618,250	1,186,142	19,604,239	1,121,979,763
				743,364,622						

PARTICULARS	Freehold land	Factory Buildings on free hold land	Colony Buildings on free hold land	Plant & Machinery	Power House	Tools & equipment	Office equipment	Furniture and fixtures	Vehicles	Grand Total
OWNED										
COST										
Balance as at July 01, 2012	5,009,292	237,213,966	24,914,405	1,243,157,828	74,185,289	1,942,356	3,418,413	5,908,237	14,004,920	1,609,754,706
Additions	-	20,217,728	-	91,150,160	-	-	284,415	65,000	5,587,375	117,304,678
Deductions	-	-	-	-	-	-	-	-	(2,575,925)	(2,575,925)
Transfer / Adjustment	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2012	5,009,292	257,431,694	24,914,405	1,334,307,988	74,185,289	1,942,356	3,702,828	5,973,237	17,018,370	1,724,483,459
DEPRECIATION										
Balance as at July 01, 2012	-	133,074,266	16,578,998	535,780,898	33,178,068	1,658,774	2,375,612	3,864,075	8,640,684	735,151,343
Charge for the year	-	10,599,076	833,545	37,104,428	4,100,722	29,358	124,006	210,970	1,900,739	54,901,844
Transfer / Adjustment	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	(1,856,069)	(1,856,069)
Balance as at June 30, 2013	-	143,673,342	17,412,503	572,885,328	37,278,788	1,687,132	2,499,618	4,075,045	8,685,364	788,197,119
Written Down Value as at June 30, 2013	5,009,292	113,758,352	7,501,902	761,422,662	36,906,501	255,224	1,203,210	1,898,192	8,331,008	936,286,340
Sales %	-	10%	10%	5% & 10%	10%	10%	10%	10%	20%	

14.1 The revaluation of freehold land, building and plant & machinery was carried out on June 27, 2014 by Messrs Material & Design Services (pvt) Limited, an independent valuer on prevailing market prices. Had there been no revaluation, the Cost, accumulated depreciation and book values of the revalued assets would have been as follows:

	As at June 30, 2014		As at June 30, 2013	
	Cost	Accumulated depreciation	Written Down Value	Written Down Value
	Rupees	Rupees	Rupees	
Land	5,009,292	-	-	-
Building	282,346,099	161,085,845	121,260,254	-
Plant and machinery	1,334,307,988	572,885,326	761,422,662	443,435,651
Power House	74,185,289	37,278,788	36,906,501	-

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

	Note	2014	2013
		Rupees	Rupees
Cost of sales	23	56,565,919	52,666,129
Administrative expenses	25	3,094,230	2,235,716
		59,660,149	54,901,845

14.3 Disposal of property, plant and equipment

2014							
Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
Vehicles							
Honda City LWB 44	1,055,010	866,852	188,158	850,000	661,842	Negotiation	Mr. Masood Akhtar S/O Abdul Aziz Sheikhupura
Honda CG 125 LEX 10-3947	83,400	48,314	35,086	70,120	35,034	Company Scheme	Muhammad Abdul Basit S/O Mehmood Shaukat Lahore
	1,138,410	915,166	223,244	920,120	696,876		

14.4 Certain property, plant and equipments are under charge by way of mortgage against financing from banks (refer to Note 11).

14.3 Old Assets Written off

Particulars	Cost	Accumulated depreciation	Written down value	Loss
Tools and equipment	1,105,046	(950,451)	154,595	154,595
Office equipment	2,492,945	(2,028,308)	464,637	464,637
Furniture and Fixtures	3,100,882	(2,578,651)	522,231	522,231
	6,698,873	(5,557,410)	1,141,463	1,141,463

Note 15

Capital Work In Progress

		2014	2013
		Rupees in million	
Capital Work In Progress		13,842,397	564,470
		<u>13,842,397</u>	<u>564,470</u>

15.1 This represent the Construction of new Sui Gas pipe line in factory premises.

Note 16

Long Term Loans

		2014	2013
		Rupees	Rupees
Loans to employees - Unsecured and considered good	16.1	6,357,500	6,018,997
Current portion		(846,000)	(594,000)
		<u>5,511,500</u>	<u>5,424,997</u>

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

Note 17

Long Term Deposits

		2014	2013
		Rupees	Rupees
Deposits against:			
- Utilities		2,151,246	2,151,246
- Margin on letter of guarantee		6,645,945	4,205,945
		<u>8,797,191</u>	<u>6,357,191</u>

Note 18

Stores and Spares

		2014	2013
		Rupees	Rupees
Stores		11,965,555	10,123,245
Spares		3,695,092	4,488,829
		<u>15,660,647</u>	<u>14,612,074</u>

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

Note 19

Stock in Trade

		2014	2013
		Rupees	Rupees
Raw materials		213,818,843	284,933,614
Work in process		27,018,495	33,383,881
Finished goods		54,097,067	49,181,197
		<u>294,934,404</u>	<u>367,498,693</u>

19.1 Raw materials and finished goods are under first charge by way of pledge as security for certain short term borrowings (refer to Note 11).

Note 20

Trade Debts

		2014	2013
		Rupees	Rupees
Local - Unsecured and considered good	20.1	68,445,474	70,195,045
Foreign - Secured and considered good		22,526,594	34,475,748
		<u>90,972,068</u>	<u>104,670,793</u>
Local - Unsecured and considered doubtful		-	1,915,902
Less: Provision for doubtful debts		-	(1,915,902)
		<u>90,972,068</u>	<u>104,670,793</u>

20.1 This includes Rs. 469,200 (2013: Rs. Nil) due from Yousaf Weaving Mills Limited, an associated undertakings on account of sale of yarn.

Note 21

Loans and Advances

		2014	2013
		Rupees	Rupees
Current portion of loans to employees	16	846,000	594,000
Advances - Considered good			
- Suppliers and contractors	21.1	150,728,867	172,810,597
- Employees	21.2	2,248,145	725,054
- Sales tax and federal excise duty		9,564,728	7,963,364
- Income tax		11,250,858	12,240,994
		<u>174,638,598</u>	<u>194,334,009</u>

21.1 This includes Rs. 355,885 (2013: Rs. 226,537) due from Chakwal Textile Mills Limited (associated undertaking) on account of purchase of raw material.

21.2 Amount due from directors, chief executive and executives of the Company is Nil (2013: Nil)

Note 22

Trade Deposits, Prepayments and Other Receivables

	2014	2013
	Rupees	Rupees
Margin against letter of credit	13,695,000	17,253,090
Prepayments	75,303	496,364
Insurance Claim receivable	-	30,975
Export margin	-	5,600,000
	<u>13,770,303</u>	<u>23,380,429</u>

Note 23

Cash and Bank Balance

	2014	2013
	Rupees	Rupees
Cash in hand	210,135	120,494
With banks		
- Current accounts	9,343,553	607,156
	<u>9,553,688</u>	<u>727,650</u>

Note 24

Sales

	2014	2013
	Rupees	Rupees
Local	1,377,109,145	971,095,938
Export	1,377,774,840	1,711,188,567
Local - Yarn processing Charges	586,311	97,662,015
	<u>2,755,470,296</u>	<u>2,779,946,520</u>
Sales tax	(21,292,703)	(8,692,221)
Commission to selling agents	(13,224,392)	(29,422,327)
	<u>(34,517,095)</u>	<u>(38,114,548)</u>
	<u>2,720,953,201</u>	<u>2,741,831,972</u>

Note 25

Cost of Sales

	2014	2013
	Rupees	Rupees
Raw materials consumed	25.1 1,730,203,096	1,699,118,560
Fuel and power	355,620,089	230,158,071
Salaries, wages and benefits	25.2 179,550,030	166,608,264
Store and spares consumed	63,075,466	62,622,692
Packing material	59,659,588	51,667,996
Repairs and maintenance	8,281,316	12,837,109
Insurance	4,429,268	3,657,404
Yarn Doubling Charges	29,599,744	103,577,450
Depreciation	14.2 56,565,920	52,666,130
	<u>2,486,984,516</u>	<u>2,382,913,676</u>
Work in process		
- Opening	33,383,881	51,805,377
- Closing	(27,018,495)	(33,383,881)
	<u>6,365,386</u>	<u>18,421,496</u>
Cost of goods manufactured	<u>2,493,349,902</u>	<u>2,401,335,171</u>
Finished goods		
- Opening stock	49,181,197	58,528,499
Finished Goods Purchased (YARN)	3,764,706	-
- Closing stock	(54,097,067)	(49,181,197)
	<u>(1,151,164)</u>	<u>9,347,302</u>
	<u>2,492,198,739</u>	<u>2,410,682,473</u>
25.1 Raw materials consumed		
Opening stock	284,933,614	165,401,295
Purchases	1,660,374,358	1,836,666,416
	<u>1,945,307,972</u>	<u>2,002,067,711</u>
Sales	(1,286,034)	(18,015,537)
Closing stock	(213,818,843)	(284,933,614)
	<u>1,730,203,096</u>	<u>1,699,118,560</u>

25.2 This includes Rs.5,710,053 (2013: Rs. 5,238,107) in respect of employee benefits - gratuity scheme.

Note 26

Distribution Cost

	2014	2013
	Rupees	Rupees
Export expenses	46,534,793	62,513,672
Freight	9,725,028	5,066,892
	<u>56,259,821</u>	<u>67,580,564</u>

Note 27

Administrative Expenses

		2014	2013
		Rupees	Rupees
Salaries, wages and benefits	27.1	17,532,049	13,692,423
Director' remuneration		6,000,000	6,000,000
Travelling and conveyance		3,569,313	5,320,317
Rent, rates and taxes		2,400,000	2,400,000
Postage, fax and telephone		2,333,864	2,055,243
Repairs and maintenance		1,776,085	3,334,395
Insurance		1,701,415	1,463,785
Utilities		2,427,688	2,743,520
Printing and stationery		1,992,904	2,137,008
Entertainment		3,858,193	2,948,680
Vehicle running and maintenance		9,191,481	6,199,851
Fees and subscriptions		800,750	1,065,651
Legal and professional charges		963,480	1,180,870
Advertisement and publicity		40,750	48,800
Donations	27.2	661,000	1,300,000
Provision for doubtful debts		-	1,915,902
Sales Tax against amenisty Scheme deposited under protest		-	27,156,449
Depreciation	14.2	3,094,230	2,235,716
Miscellaneous		295,628	52,880
		<u>58,638,830</u>	<u>83,251,488</u>

27.1 This includes Rs. 2,906,274 (2013: Rs. 2,352,935) in respect of employee benefits - gratuity scheme.

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

Note 28

Finance Cost

	2014	2013
	Rupees	Rupees
- Finance lease	390,297	-
- Short term borrowings	39,427,958	33,020,992
- Bank charges and commission	7,165,098	3,139,289
	<u>46,983,353</u>	<u>36,160,280</u>

Note 29

Other Operating Expenses

		2014	2013
		Rupees	Rupees
Auditors' remuneration	29.1	675,000	650,000
Loss on disposal of property, plant and equipment		1,141,463	-
Workers' (profit) participation fund		3,309,873	7,210,460
		<u>5,126,336</u>	<u>7,860,460</u>

29.1 Auditors' remuneration

Audit fee	550,000	525,000
Half yearly review and code of corporate governance	125,000	125,000
	<u>675,000</u>	<u>650,000</u>

Note 30

Other Operating Income

	2014	2013
	Rupees	Rupees
Income from non financial assets		
Profit on sale of property, plant and equipment	696,876	1,299,155
Miscellaneous income	-	391,549
Sale of scrap (net of sale tax of Rs. 301,445)	-	310,483
	<u>696,876</u>	<u>2,001,188</u>
	<u>696,876</u>	<u>2,001,188</u>

Note 31

Taxation

	2014	2013
	Rupees	Rupees
Current		
- For the year	28,579,726	22,455,675
- Prior years	(17,756,464)	-
	<u>10,823,262</u>	<u>22,455,675</u>
Deferred	<u>(639,033)</u>	<u>(530,799)</u>
	<u>10,184,229</u>	<u>21,924,876</u>

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

31.2 The income tax assessment of the company has been finalized upto and including tax year 2013 by deeming provisions of the Income Tax Ordinance 2001.

31.3 Numerical tax reconciliation has not been given since the company is liable to pay minimum tax of 0.5%.

31.4 Deferred tax asset amounting to Rs. 37 million (2013 Rs. .08 million) arising mainly due to brought forward losses amounting to Rs. 377 million has not been recognized in the current year, as the attributable temporary differences are not expected to reverse in the foreseeable future.

Note 32
Earnings per Share

		2014	2013
Profit after taxation	Rupees	52,258,769	116,373,019
	Number of shares		
Weighted average number of ordinary shares outstanding during the year	Number	40,000,000	40,000,000
Earnings per share - basic	Rupees	<u>1.31</u>	<u>2.91</u>

32.1 Diluted earnings per share

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

Note 33
Remuneration of Chief Executive, Directors' and Executives

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

		2014		2013	
	Chief Executive	Director	Executives	Director	Executives
		Rupees		Rupees	
Managerial Remuneration	-	4,000,000	8,186,208	4,000,000	7,875,359
House rent allowance	-	1,600,000	2,182,992	1,600,000	2,100,098
Medical	-	-	327,184	-	201,178
utilities	-	400,000	545,750	400,000	525,027
	-	<u>6,000,000</u>	<u>11,242,133</u>	<u>6,000,000</u>	<u>10,701,662</u>
Number of persons	1	1	6	1	4

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

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

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

Note 34

Transactions with Related Parties

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

	2014	2013
	Rupees in million	
Associates		
Purchase of materials, Goods & Services (Yousaf Weaving Mills Ltd.)	32.929	-
(Chakwal Textile Mills Ltd.)	54.151	11.253
(Kohinoor Spinning Mills Ltd.)	2.674	-
Sale of materials (Yousaf Weaving Mills Ltd.)	2.873	21.830
Directors		
Funds (received from) / repaid to directors (net)	31.605	5.070

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

Note 35

Financial Risk Management

35.1 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 million	
Trade debts	22.527	34.476
Gross balance sheet exposure	22.527	43.877
Outstanding letters of credit	-	-
Net exposure	22.527	43.877

The following significant exchange rates were applied during the year.

Average rate (Rupees per US Dollar)	98.78	96.55
Reporting date rate (Rupees per US Dollar)	98.75	98.80

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. Nil (2013: Rs. Nil) and financial liabilities include Rs. Nil (2013: Rs. Nil) which are subject to foreign currency risk against US Dollars.

i) Foreign Currency Sensitivity Analysis

At June 30, 2014 if the Rupee had weakened / strengthened by 1% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 1,126,330 (2013: Rs. 1,723,787) mainly as a result of foreign exchange gains / losses on transaction of foreign currency trade debts and US Dollar denominated borrowings.

ii) Other Price Risk

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

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	2013
	Rupees	Rupees
Floating rate instruments		
Financial Liabilities		
Short term borrowings	302,372,786	325,797,105

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. 3.024 million (2013: Rs. 3.260). 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	5,511,500	5,424,997
Long term deposits	8,797,191	6,357,191
Trade debts	90,972,068	104,670,793
Advances, trade deposits and other receivables	167,593,315	197,510,080
Cash and bank balances	9,553,688	727,650

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

Name of Bank	Rating Agency	Credit Rating	
		Short-term	Long-term
Habib Metrobank Limited	PACRA	A1+	AA+
Meezan Bank Limited	PACRA	A1+	AA
Bank of Punjab	PACRA	A1+	AA-
Allied Bank Limited	PACRA	A1+	AA+

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs.350 million worth short term borrowing limits available from financial institutions and Rs. Nil 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
Trade and other payables	360,415,179	360,415,179	360,415,179	-	-
Accrued interest	9,646,162	9,646,162	9,646,162	-	-
Short term finances	302,372,786	336,571,148	336,571,148	-	-

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
Trade and other payables	378,781,041	378,781,041	378,781,041	-	-
Accrued interest	8,998,455	8,998,455	8,998,455	-	-
Short term finances	325,797,105	362,644,758	362,644,758	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest mark up have been disclosed in Note 9 to these financial statements.

35.2 Fair values of financial assets and liabilities

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

Note 36

Plant Capacity and Production

	2014	2013
Number of spindles installed	33,468	33,468
Number of shifts worked	1,089	1,095
Installed capacity in 20's count based on triple shift for 365 days (2013: 365) days (Kgs) - approximately	11,168,743	10,600,700
Actual production after conversion into 20's count (Kgs)	<u>10,942,831</u>	<u>9,634,535</u>

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

Note 37

Number of Employees

	2014	2013
Number of employees	1,033	1,025

Note 38

Dividend

The Board of Directors has proposed a final dividend for the year ended June 30, 2014 of Rs. 0.50 (10%) per share (2013: 0.50 (10%)) at their meeting held on October 10, 2014 for approval of the members at the annual general meeting to be held on October 31, 2014. This is in addition to an interim dividend of Rs. 0.25 (5%) (2013: Rs. 0.25 (5%)) during the year. However directors have foregone their rights to receive the dividend.

Note 39

Capital Risk Management

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

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

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

	2014	2013
	Rupees	Rupees
Total borrowings	643,519,513	699,503,414
Cash and bank balances	(9,553,688)	(727,650)
Net Debt	633,965,825	698,775,764
Equity	411,166,141	388,875,776
Total capital employed	1,045,131,966	1,087,651,540
Gearing Ratio	60.66%	64.25%

Note 40

Authorization of Financial Statements

These accounts have been authorized for issue by the Board of Directors of the Company on October 10, 2014.

Note 41

General

- Figures have been rounded off to the nearest Rupee and re-arranged for comparison where ever necessary.

KEY FINANCIAL DATA OF LAST SIX YEARS

(Rupees in '000)

	2014	2013	2012	2011	2010	2009
Sales	2,720,953	2,741,832	2,029,439	2,326,626	1,352,246	989,845
Gross Profit	228,754	331,149	160,989	151,036	164,210	39,570
Profit Before Taxation	62,443	137,765	55,893	42,423	79,600	(47,413)
Tax	(10,184)	(22,456)	(19,377)	35,501	(18,504)	2,219
Profit After Taxation	52,259	116,373	36,516	77,924	61,096	(45,194)
Total Assets	1,749,660	1,653,856	1,411,533	1,395,077	1,149,069	1,132,763
Current Liabilities	777,510	763,619	643,966	622,256	412,551	458,458
	972,150	890,237	767,567	772,821	736,518	674,305

Share Capital	200,000	200,000	400,000	400,000	400,000	400,000
Investment revaluation surplus	-	-	-	-	-	-
Accumulated (Loss)/Profit	211,166	199,007	(120,749)	(160,614)	(240,483)	(305,413)
Equity	411,166	399,007	279,251	239,386	159,517	94,587
Surplus on Revaluation of Fixed Assets	193,399	54,804	58,749	63,135	67,790	74,300
Deposit for Shares	-	-	-	-	-	-
Long Term Loans Leases	283,081	371,256	371,256	413,256	413,256	413,256
Finance Lease	-	-	-	-	-	9,338
Deferred Liability	84,504	65,170	58,311	57,044	95,955	82,823
	972,150	890,237	767,567	772,821	736,518	674,304

**Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2014**

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

Mutual Funds (Name Wise Detail)

1	ASIAN DEVELOPMENT EQUITY FUND	2,100	0.0053
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	754,008	1.8850

Directors and their Spouse and Minor Children (Name Wise Detail):

1	KHAWAJA MOHAMMAD JAVED	2,544,229	6.3606
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	2,831,750	7.0794
3	KHAWAJA MOHAMMAD TANVEER	2,557,250	6.3931
4	KHAWAJA MOHAMMAD KALEEM	24,606,413	61.5160
5	KHAWAJA MOHAMMAD NADEEM	2,918,400	7.2960
6	KHAWAJA MOHAMMAD NAVEED	1,424,792	3.5620
7	KHAWAJA MUHAMMAD AMAN	868,800	2.1720
8	MR. MUHAMMAD TARIQ SIFI	500	0.0013
9	MRS. KAUSAR TASNEEM W/O KHAWAJA MOHAMMAD JAVED	400	0.0010
10	MRS. RUBINA KHANUM W/O KHAWAJA MOHAMMAD JAHANGIR	2,000	0.0050

Executives:

Public Sector Companies & Corporations:

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	132,257	0.3306
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Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	24,606,413	61.5160
2	KHAWAJA MOHAMMAD JAVED	2,544,229	6.3606
3	KHAWAJA MOHAMMAD JAHANGIR PHINO	2,831,750	7.0794
4	KHAWAJA MOHAMMAD TANVEER	2,557,250	6.3931
5	KHAWAJA MOHAMMAD NADEEM	2,918,400	7.2960

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 JAVED	-	81,250
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	-	31,250
3	KHAWAJA MOHAMMAD TANVEER	-	56,250
4	KHAWAJA MOHAMMAD KALEEM	-	30,750
5	KHAWAJA MOHAMMAD NADEEM	-	50,500

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

1. Incorporation Number	L-01895
2. Name of Company	CHAKWAL SPINNING MILLS LTD.
3. Pattern of shareholding held by the shareholders as at	30-06-2014

4. NUMBER OF SHAREHOLDERS	FROM	SHAREHOLDING TO	TOTAL SHARE HELD
132	1	100	9,440
251	101	500	98,645
59	501	1,000	55,878
80	1,001	5,000	218,972
13	5,001	10,000	107,724
8	10,001	15,000	101,202
5	15,001	20,000	87,600
1	20,001	25,000	22,100
2	45,001	50,000	94,600
1	50,001	55,000	52,000
2	55,001	60,000	117,000
1	60,001	65,000	63,000
1	65,001	70,000	68,935
1	110,001	115,000	111,500
1	115,001	120,000	118,000
1	120,001	125,000	125,000
1	160,001	165,000	164,600
1	180,001	185,000	180,409
1	270,001	275,000	274,262
1	700,001	705,000	704,200
1	750,001	755,000	754,008
1	1,365,001	1,370,000	1,367,792
1	2,430,001	2,435,000	2,432,729
1	2,555,001	2,560,000	2,557,250
1	2,830,001	2,835,000	2,831,750
1	2,855,001	2,860,000	2,855,400
1	24,425,001	24,430,000	24,426,004
570			40,000,000

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	37,754,534	94.3863
5.2 Associated Companies, undertakings and related parties.	0	-
5.3 NIT and ICP	0	-
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	6,022	0.0151
5.5 Insurance Companies	54,300	0.1358
5.6 Modarabas and Mutual Funds	759,108	1.8978
5.7 Share holders holding 10% or more	24,606,413	61.5160
5.8 General Public		
a. Local	1,236,162	3.0904
b. Foreign		
5.9 Others (to be specified)		
1- Joint Stock Companies	38,820	0.0971
2- Investment Companies	15,600	0.0390
3- Foreign Companies	64,100	0.1603
4- Pension Funds	68,935	0.1723
5- Others	2,419	0.0060

6. Signature of
Company Secretary

7. Name of Signatory

8. Designation

9. NIC Number

10. Date

30	06	2014
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Form of Proxy - 27th Annual General Meeting

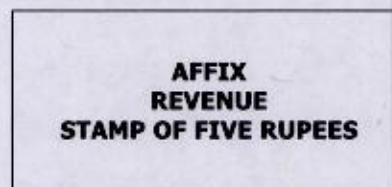
Folio # / CDC A/C #.	
Participant I.D	
Account #	
Shares held	

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

I/We _____ of _____
being a member (s) of CHAKWAL 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 27th Annual General Meeting of the Company to
be held on Friday, 31st October, 2014 at 09:30 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.

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