HISTORICALLY MODERN

KOHINOOR TEXTILE MILLS LIMITED

A KOHINOOR MAPLE LEAF GROUP COMPANY

ANNUAL REPORT 2013

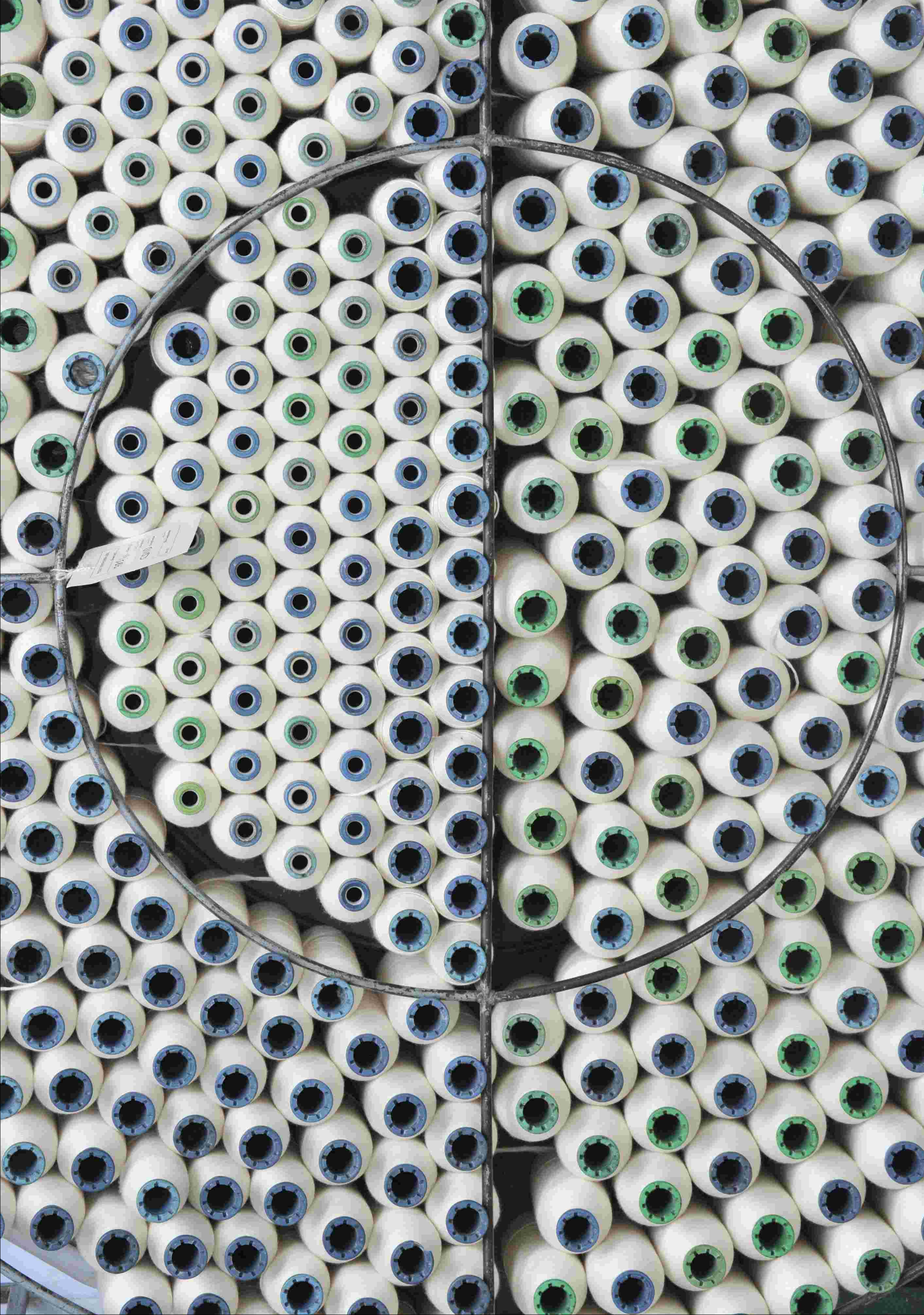
HISTORICALLY

MODERN

Kohinoor Textile started its venture in 1953 and growing with the pace of time due to its modern approach in business by bringing latest technology and machines to their facilities. Engagement of visionary and innovative brains are bringing changes in production and culture of the organisation to meet the need of the modern time.

THE
BEST WAY
TO PREDICT
THE FUTURE
IS TO
CREATE IT

Table of Contents



Main Financial Highlights

2013 Vs 2012

Sales revenue
28%

Operating Profit
22%

Profit after Tax
316%

Earnings per share
319%

Shareholders' Equity
11%

Current Ratio
10%

Return on Equity
276%

Break-up Value per share
11%

Company Profile

THEN & NOW

The Company commenced Textile operation in 1953 as a private limited company and became a public limited company in 1968. The initial capacity of its Rawalpindi unit comprised 25,000 spindles and 600 looms. Later, fabric processing facilities were added and spinning capacity was augmented. Additional production facilities were acquired on the Raiwind-Manga Road near Lahore in District Kasur and on the Gulyana Road near Gujar Khan, by way of merger.

The Company's production facilities now comprise 156,528 ring spindles capable of spinning a wide range of counts using cotton and Man-made fibers. The weaving facilities at Raiwind comprise 204 looms capable of weaving wide range of greige fabrics. The processing facilities at the Rawalpindi unit are capable of dyeing and printing fabrics for the home textile market. The stitching facilities produce a diversified range of home textiles for the export market. Both the dyeing and stitching facilities are being augmented to take advantage of greater market access. Fully equipped laboratory facilities for quality control and process optimization have been setup at all three sites.

The Company has been investing heavily in Information Technology, training of its human resources and preparing its management to meet the challenges of market integration.

Kohinoor Textile Mills Limited continues to ensure that its current competitive position is maintained as well as supporting the ongoing improvement process in our endeavor to maintain world best practice manufacturing. Operations of the Company are subject to different environmental and labour laws. The Company is fully complying with all applicable environmental, labour, corporate and other relavant laws.

Company Information

Board of Directors

Mr. Tariq Sayeed Saigol	Chairman
Mr. Taufique Sayeed Saigol	Chief Executive
Mr. Sayeed Tariq Saigol	
Mr. Waleed Tariq Saigol	
Mr. Danial Taufique Saigol	
Mr. Zamiruddin Azar	
Mr. Arif Ijaz	
Syed Mohsin Raza Naqvi	

Audit Committee

Mr. Zamiruddin Azar	Chairman
Mr. Arif Ijaz	Member
Mr. Sayeed Tariq Saigol	Member
Mr. Waleed Tariq Saigol	Member

Human Resource & Remuneration Committee

Mr. Arif Ijaz	Chairman
Mr. Sayeed Tariq Saigol	Member
Mr. Danial Taufique Saigol	Member

Chief Financial Officer
Syed Mohsin Raza Naqvi

Company Secretary
Mr. Muhammad Ashraf

Chief Internal Auditor
Mr. Bilal Hussain

Auditors
M/s. Riaz Ahmad & Company
Chartered Accountants

Registered Office
42-Lawrence Road, Lahore.
Tel: (92-042) 36302261-62
Fax: (92-042) 36368721

Share Registrar
Vision Consulting Ltd
3-C, LDA Flats,
Lawrence Road, Lahore.
Tel: (92-042) 36375531-36375339
Fax: (92-042) 36374839
E-mail: shares@vcl.com.pk
Website: www.vcl.com.pk

Bankers
Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Saudi Pak Industrial & Agricultural Investment Co. Ltd.
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

Mills
- Peshawar Road, Rawalpindi
  Tel: (92-051) 5473940-3 Fax: (92-051) 5471795
- 8th K.M., Manga Raiwind Road, District Kasur
  Tel: (92-042) 35394133-35 Fax: (92-042) 35394132
- Gulyana Road, Gujar Khan, District Rawalpindi
  Tel: (92-0513) 564472-74 Fax: (92-0513) 564337

Website: www.kmlg.com

Note: KTML's Financial Statements are also available at the above website.

Our Vision

The Kohinoor Textile Mills Limited stated vision is to achieve and then remain as the most progressive and profitable Company in Pakistan in terms of industry standards and stakeholders interest.

Our Mission

The Company shall achieve its mission through a continuous process of having sourced, developed, implemented and managed the best leading edge technology, industry best practice, human resource and innovative products and services and sold these to its customers, suppliers and stakeholders.

Code of Conduct

The following principles constitute the code of conduct which all Directors and employees of Kohinoor Textile Mills Limited are required to apply in their daily work and observe in the conduct of Company's business. While the Company will ensure that all employees are fully aware of these principles, it is the responsibility of each employee to implement the Company's policies. Contravention is viewed as misconduct.

The code emphasizes the need for a high standard of honesty and integrity which are vital for the success of any business.

PRINCIPLES

1. Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/services to the company or purchasing its products. In case a relationship with such an organization exists, the same must be disclosed to the Management.

2. Dealings with third parties which include Government officials, suppliers, buyers, agents and consultants must always ensure that the integrity and reputation of the Company is not in any way compromised.

3. Directors and employees are not allowed to accept any favours or kickbacks from any organization dealing with the Company.

4. Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they, while communicating publicly on matters that involve Company business, presume to speak for the Company unless they are certain that the views that they express are those of the Company and it is the Company's desire that such views be publicly disseminated.

5. All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.

6. The Company has strong commitment to the health and safety of its employees and preservation of environment and the Company will persevere towards achieving continuous improvement of its Health, Safety and Environment (HSE) performance by reducing potential hazards preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

7. Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also all employees will be equally respected and actions such as sexual harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.

Statement of Strategic Objectives 2013 - 2014

Following are the main principles that constitute the strategic objectives of Kohinoor Textile Mills Limited:-

1. Effective use of available resources and improved capacity utilization of the Company's production facilities;

2. Modernization of production facilities in order to ensure the most effective production;

3. Effective marketing and innovative concepts;

4. Implementation of effective technical and human resource solutions;

5. Strengthening independence in terms of secure supply of low-cost services and resources, including energy supply, transportation and logistics services;

6. Explore alternative energy resources;

7. Further improvements in corporate code governance through restructuring of assets and optimization of management processes;

8. Personnel development, creating proper environment for professional growth of highly skilled professionals, ensuring safe labour environment, competitive staff remuneration and social benefits in accordance with scope and quality of their work;

9. Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions; and

10. Implementation of projects in social and economic development of communities.

NOTICE

of Annual General Meeting

Notice is hereby given that the 45th Annual General Meeting of the members of Kohinoor Textile Mills Limited (the "Company") will be held on **Thursday, October 31, 2013 at 3:00 PM** at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business:-

Ordinary Business:

1) To receive, consider and adopt the audited accounts of the Company including consolidated financial statements for the year ended June 30, 2013 together with the Directors' and Auditors' Reports thereon.

2) To appoint Auditors for the year ending on June 30, 2014 and fix their remuneration. The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. Riaz Ahmad & Company, Chartered Accountants, the retiring auditors and being eligible offer themselves for re-appointment.

Special Business:

3) To consider and if deemed fit, to pass the following resolution as a special resolution with or without modification in terms of Section 208 of the Companies Ordinance, 1984 (the "Ordinance") and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 (the "Regulations"):-

"Resolved by way of special resolution that consent and approval of the Company be and is hereby accorded under Section 208 of the Ordinance for investment in the form of loans / advances from time to time to Maple Leaf Cement Factory Limited, a subsidiary of the Company, upto an aggregate sum of Rs.300 million (Rupees three hundred million only) for a period of one year commencing from November 01, 2013 to October 31, 2014 (both days inclusive) at the mark-up rate of one percent above the average borrowing cost of the Company. Vide special resolution passed in general meeting held on October 31, 2011 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs.300 million which is valid till October 31, 2013.

Resolved further that Chief Executive and Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of transactions in relation to the loans / advances to the subsidiary company but not limited to filing of all the requisite statutory forms and all other documents with SECP, executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolution."

BY ORDER OF THE BOARD

(Muhammad Ashraf)
Company Secretary

Lahore: October 10, 2013

NOTES:

1. Share transfer books of the Company will remain closed from October 24, 2013 to October 31, 2013 (both days inclusive). Physical transfers/CDS Transaction IDs received in order at Share Registrar of the Company i.e. M/s. Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore upto the close of business on October 23, 2013 will be considered in time for attending of the meeting.

2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must reach at the Company's Registered Office, 42-Lawrence Road, Lahore, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

3. CDC shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Card (CNIC) / Passport in original along with Participants' ID Numbers and their Account Numbers to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to immediately notify change in their addresses, if any, to the Company's Share Registrar.

5. Members, who have not yet submitted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at the earliest.

6. Securities and Exchange Commission of Pakistan, in order to make process of payment of cash dividend more efficient, has envisaged e-dividend mechanism. This will not only allow direct credit of dividend amount into shareholders' respective bank accounts through electronic fund transfer facilities without any delay but eliminate/minimize the chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address etc. For proper implementation and promotion of e-dividend mechanism, shareholders who have not yet provided dividend mandate information may provide dividend mandates, in case of book entry securities in CDS, to respective CDS participants and in case of physical shares to the Company's Share Registrar.

Statement Under Section 160(1)(b) of the Ordinance:

INVESTMENT IN SUBSIDIARY COMPANY

This statement sets out the material facts pertaining to the special business proposed to be transacted under Section 208 of the Ordinance at the forthcoming Annual General Meeting of the Company to be held on October 31, 2013.

Maple Leaf Cement Factory Limited, having its Registered Office at 42-Lawrence Road, Lahore (the "MLCFL") is a subsidiary of the Company and the Company, being a holding company, holds 340,410,425 Ordinary Shares constituting 64.50% of the aggregate paid-up capital in MLCFL, a public listed company engaged in the business of manufacturing and sale of cement and the factory is located at Iskanderabad, District Mianwali.

The Board of Directors of the Company in their meeting held on September 25, 2013 have approved Rs.300 million as loan / advances, being a reciprocal facility, to MLCFL on the basis of escalating profit trend of MLCFL subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to MLCFL in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

Directors of the Company have also provided their duly signed undertaking / due diligence report with recommendations that they have carried out necessary due diligence for the proposed investment in MLCFL and it has been kept at Registered Office of the Company for inspection of the members along with audited accounts of MLCFL as required under the Regulations.

The information under clauses 3(1)(b) & 4(1) of the Regulations, as required vide SRO 27(I)/2012 dated January 16, 2012, is given hereunder:-

3(1)(b), in case of loans and advances to its associated companies or associated undertakings		
Sr. #	Requirement of the Regulation	Relevant Information
(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	Maple Leaf Cement Factory Limited (the "MLCFL") MLCFL is a subsidiary of Kohinoor Textile Mills Limited (the "KTML") and KTML holds 64.50% of the aggregate paid-up capital in MLCFL.
(ii)	Amount of loans or advances;	Rs.300 million (Rupees three hundred million only).
(iii)	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;	Purpose: To earn income on the loan and/or advances to be provided to MLCFL from time to time for working capital requirements of MLCFL. Benefits: KTML will receive mark up at the rate of one percent above of its average borrowing cost. This shall benefit the KTML's cash flow by earning profit on idle funds. Period: For a period of one year from November 01, 2013 to October 31, 2014.

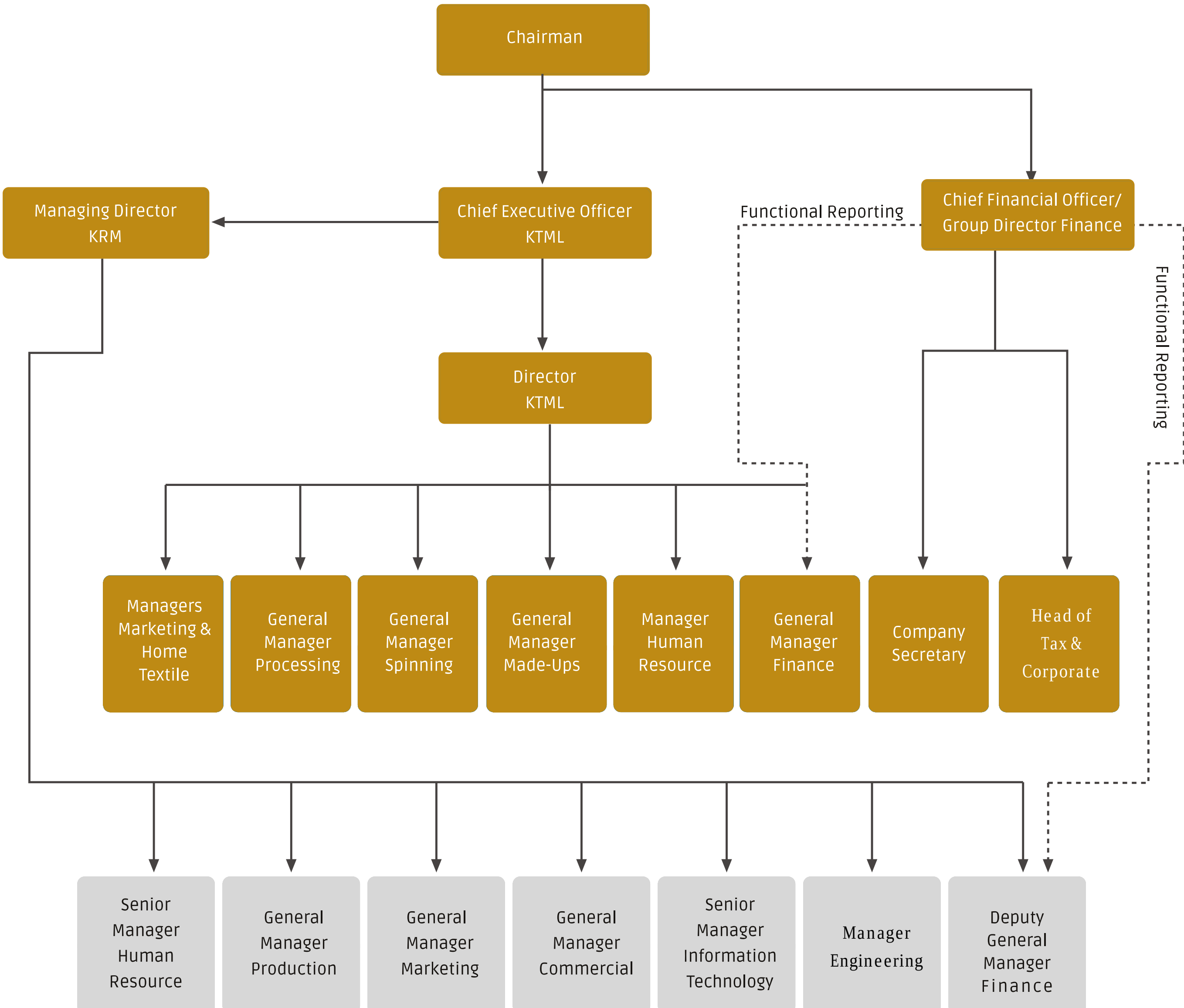
(iv)	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;	A similar nature of loan/advance facility of Rs.300 million from time to time for working capital requirements has been granted by the valued shareholders of the KTML vide special resolution passed in the Annual General Meeting held on October 31, 2011 which is valid till October 31, 2013.
(v)	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	Based on the audited financial statements for the financial year ended 30 June 2013, the financial position of MLCFL is as under:- Particulars — Amount Rupees (000) Paid up capital : 5,277,340 Reserves : 2,058,137 Long term loans / leases : 10,011,016 Long term deposits : 7,029 Accumulated loss : (564,564) Surplus on revaluation of property, plant and equipment-net of tax : 5,051,836 Current assets : 6,682,906 Current liabilities : 8,568,551 Current ratio : 0.78 Break-up value per share (without revaluation)-Rs. 12.83 Break-up value per share (with revaluation) - Rs. 22.40 Sales-net : 17,357,376 Gross Profit : 6,045,035 Operating Profit : 4,867,267 Net Profit : 3,224,695 Earnings per share (Rs.) : 6.11
(vi)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;	Average borrowing cost of the KTML is 12.60% for the year ended June 30, 2013.
(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged;	Mark-up will be charged from MLCFL at one percent above the average borrowing cost of the KTML.

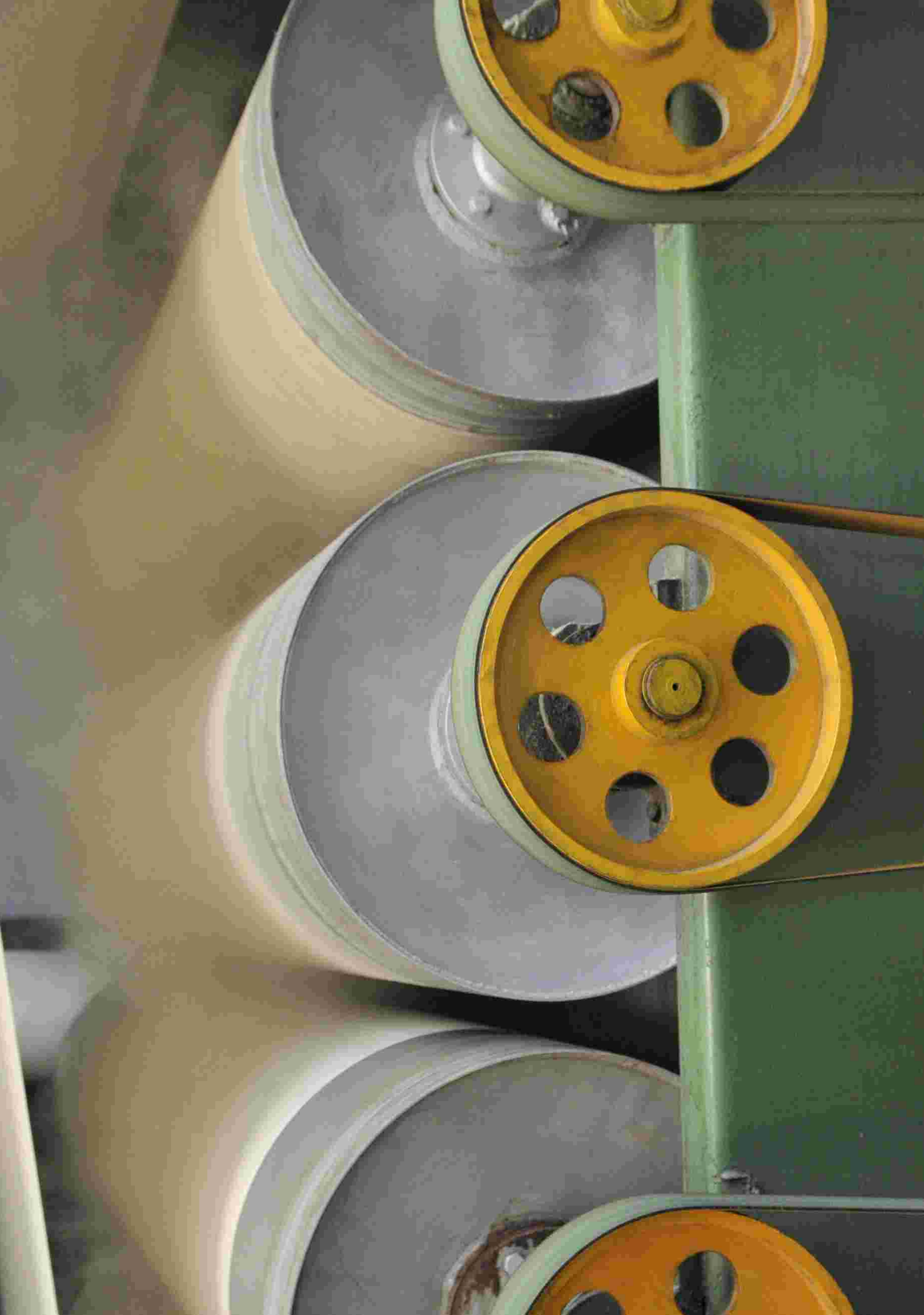
(viii)	Sources of funds from where loans or advances will be given;	Loan and / or advance will be given out of the funds of the KTML.
(ix)	Where loans or advances are being granted using borrowed funds,- (I) justification for granting loan or advance out of borrowed funds; (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company;	N/A
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	No collateral is considered necessary since MLCFL is a subsidiary company of the KTML.
(xi)	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	N/A
(xii)	Repayment schedule and terms of loans or advances to be given to the investee company;	The loan / advance would be for a period of one year from November 01, 2013 to October 31, 2014 (both days inclusive). MLCFL will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be paid on or before October 31, 2014.

(xiii)	Salient features of agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	Nature : Loan / advance Purpose : To earn mark- up / profit on loan / advance being provided to MLCFL which will augment KTML's cash flow Period : One Year Rate of Mark-up : Above one percent the average borrowing cost of the KTML Repayment : Principal plus mark up/profit upto October 31, 2014 Penalty charges : @3-months KIBOR plus one percent in addition to the outstanding amount(s).
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertakings or the transaction under consideration; and	Investing company i.e. KTML is a holding company of MLCFL and seven Directors are common in both the companies may be deemed to be interested to the extent of their shareholding. None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the KTML.
(xv)	Any other important details necessary for the members to understand the transaction.	N/A

4 (1) Six Directors including sponsor Directors are also the members of investee company i.e. MLCFL and are interested to the extent of their shareholding.

Organization Chart of KTML






DIRECTORS’ REPORT

Directors' Report
to the Shareholders

Review of Operations
Financial Review
Non Financial Review
Management Objectives and Strategies
Entity's Significant Resources
Liquidity and Capital Structure
Information Technology
Risks and Management's Strategies to Mitigate these Risks
Entity's Significant Relationship
Critical Performance Indicators
Key Sources of Estimation Uncertainty
Human Resource Management
Social Compliance
Mitigating Efforts to Control Industry Effluents
Future Outlook

The Directors are pleased to present the 45th annual report along with audited financial statements and Auditors' Report thereon for the year ended June 30, 2013.

REVIEW OF OPERATIONS

The year under review witnessed major challenges in the conduct of business particularly as it was an election year. During the period of the caretaker administration, serious energy shortages had to be faced leading to delays in execution of export orders. This situation has been corrected to some extent but huge energy cost increases have now been passed onto the manufacturing sector. These have to be absorbed in the cost of production. It remains to be seen if all the increase can be passed on to the customers.

Exchange rate fluctuations have adversely affected local sales of fine count yarns as the raw material is imported. This devaluation has helped, on the other hand, in absorbing some cost increases in the export of made-ups and fabric.

The Company as usual has followed a conservative raw material purchase policy in respect of medium staple cottons but purchased extra-long staple cotton aggressively. This has had a positive effect on the financial results of the spinning section. Extra-long staple cotton prices are increasing worldwide due to low acreage under cultivation. To counter this, your Company had embarked on a balancing and modernization programme to add more winding capacity and back process equipment so a part of the production may be shifted to medium counts. This is proceeding smoothly and will give a boost to the financial results by taking advantage of the worldwide glut expected in medium staple cottons.

Insufficient working capital availability continues to hamper full utilization in the processing and cut and sew operations. However, this is expected to improve as the Company continues to pay down its long term debt which should be fully retired by the end of the next financial year.

The Company will continue to make stringent efforts to control costs in order to mitigate the expected inflation resulting from currency devaluation. Raw material procurement will be monitored carefully.

Efforts to achieve full utilization of capacity in the various divisions will be enhanced in order to further improve the financial results. It is hoped that the availability of energy to the manufacturing sector remains a priority with the new Government. The above performance factors will be indicative of future performance to contribute towards maintaining next year earnings of the Company.

FINANCIAL REVIEW

During the year under review, Company's sales increased by 27.84% to Rs.14,250 million (2012: Rs.11,147 million), while cost of sales increased by 30.14% to Rs.12,116 million (2012: Rs.9,310 million). This resulted in improved gross profit to Rs.2,134 million (2012: Rs.1,837 million).

Operating profit for the year under review stood at Rs.1,439 million (2012: Rs.1,175 million). The Company made an after tax profit of Rs.485 million (2012: Rs.116 million). Earnings per share for the year ended June 30, 2013 were Rs.1.97 as against Re. 0.47 for the same period last year.

The Directors have passed over dividend payment due to cash flow constraints arising mainly from enhanced working capital requirements of the Company. The management of the Company remains committed to ensure efficient operations in all divisions to deliver value to the stakeholders.

The Directors recommended as under:

	Rupees in Thousands
Profit before taxation	798,435
Provision for taxation	(313,903)
Profit after taxation	484,532
Accumulated profit brought forward	464,065
Accumulated profit carried forward	948,597

The Company's actual performance in the year 2012-13 meets the forward looking disclosures made in the last year annual report due to effective utilization of resources, purchasing of cotton to cover our needs of short term future, production of higher thread count yarn and reduction of debt resulted in increased operating profits.

NON FINANCIAL REVIEW

Quality of products, customer satisfaction and employee's motivation are the Company's key areas where management has always taken necessary measures for improvement. Management has the philosophy to produce and supply the high quality products to its customers which ensures the maximum satisfaction to the customers. Company is enjoying the very close relationship with all stakeholders which provide us an opportunity to understand the demands of customers at the earliest. During the year, management has conducted various training courses for the development of employees at various levels. Company has formed various committees for the effective and efficient monitoring of key areas.

MANAGEMENT OBJECTIVES AND STRATEGIES

Management has the objective to transform the culture of the Company into highly customer driven, empowered and cross functionality focused Company in order to maximize the return for stakeholders. Management has prioritized the belief that Quality may not be achieved without implementation of Key Performance Indicators (KPI's) in all the critical, contemporary areas of performance. Total Quality Management team has been formed to monitor the KPI's in all the key areas on continuous basis and make corrective actions instantly where required. We strive to achieve our objectives with collective wisdom and empathy. We believe that training is the source of all process driven thinking. Trainings for management team have been arranged during the year 2012-13 including 6 Sigma trainings. We have framed well defined different teams to address the key areas like Team energy, Team strategy, Team Culture Development etc. We have reduced variable cost due to efficient energy management and other cost reduction measures. This results in achieving management's objectives and successful implementation of management's strategies. Management has the strong belief that this approach will definitely support the Company to achieve its stated mission to provide the innovative products and services to its customers. There is no material change in Company’s objective and strategies from the previous years.

ENTITY'S SIGNIFICANT RESOURCES

Our resources consist of mainly human resource, financial resource, and technological resource. Company assorted and hired team of professionals with enormous expertise in latest technologies who proficiently design the ways for improving and upgrading our production process, networking and control systems. We have developed a dedicated team to analyze the human resource right from selection till retirement.

LIQUIDITY AND CAPITAL STRUCTURE

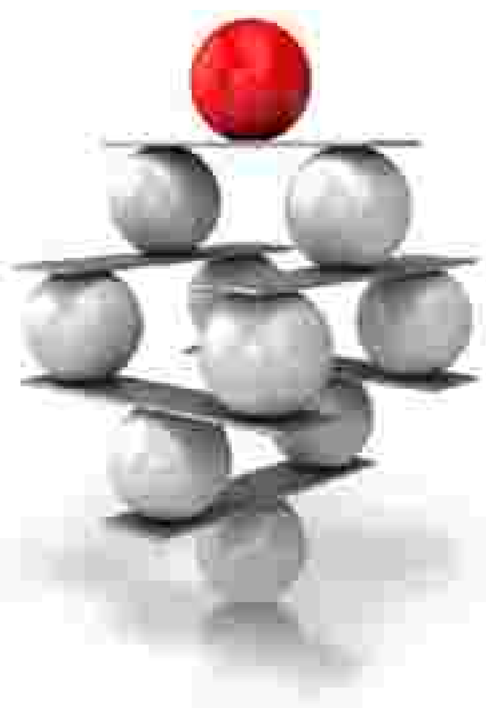
Our liquidity condition has improved over the period with reduced payment cycle. The management has a balanced team of suitably qualified professionals who have breadth of experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory constraints, tax considerations and liquidity management system.

The Company continues its efforts to achieve debt reduction in order to improve its long-term liquidity position. During the year Company has paid off its long term debt totalling to Rs.544 Million and managed to further improve debt equity ratio from 23:77 to 11:89. Management believes that there is no inadequacy in capital structure in status quo.

The Company is exposed to liquidity risk and in order to cope with it we invest only in highly liquid resources to mitigate the risk. The Company continues with its plan to utilize that cash generated from operations for repayment of its debt on timely basis which will result in reduction of financial cost and resultantly net profit of the Company will be increased.

INFORMATION TECHNOLOGY

Management has a strong commitment to strengthen the platform for information technology and information systems in order to remain competitive and cater the requirements of coming era. In Kohinoor we have a team of IT professionals with wide ranged experience in latest information technologies with the responsibility for up gradation and improvement in production processes, IT systems, networking and control environment.



RISKS AND MANAGEMENT'S STRATEGIES TO MITIGATE THESE RISKS:

Management considers that company is exposed to the following risks and proper mitigating measures have been adopted for these.

Risks	Managing Risks
Strategic Risks	Company believes in philosophy of collective wisdom. To compete with uncertainties in textile sector, management has devised effective committees that are primarily consisted of HODs of different departments who continuously monitor the dynamics of international and national markets which helped the company to adopt a proactive approach towards the strategic risks.
Operational Risks	The company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the operational risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by the Internal Audit department. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures; the results of which are reported to the audit committee.
Financial Risks	Treasury management team closely monitors the liquidity and cash flow position. This is achieved by continuous monitoring of financial ratios and by avoidance of concentration on large individual customers and suppliers.
Safety Risks	The Company takes good care of its human capital and financial assets. Safety at Plant Site is being addressed by having alignment with world class safety and quality standards. Insurance of financial assets is also in place to mitigate any monetary impact.

ENTITY'S SIGNIFICANT RELATIONSHIP

The Company has very prominent and good relationships with all stakeholders which is based on mutual interest, integrity and confidence. We maintain collaborative relations with our stakeholders through a good harmony, effective communication and customer focused approach because without doing this we may affect our company's performance and values of our entity. We follow the strategy to maintain the relationship with our all key stakeholders by providing quality products to customers and timely payments to creditors.

CRITICAL PERFORMANCE INDICATORS

Following are the critical performance indicators against stated objectives of the Company.

- Compliance with the quality standards;
- Decrease in variable cost;
- Improved operational efficiencies;
- Energy conservation;
- Increasing shareholder wealth;

Management considers that these critical performance indicators will be relevant in future also.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingencies. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

- ### Estimating useful life of assets

  The useful lives are estimated having regard to the factors as asset usage, maintenance, rate of technical and commercial obsolescence. The useful lives of assets are reviewed annually.

- ### Investment properties

  Investment properties are valued at fair value determined by an independent valuer having relevant professional qualifications. The fair value is determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

HUMAN RESOURCE MANAGEMENT

The Company is committed to build a strong organizational culture that is shaped by empowered employees who demonstrate a deep belief in company's vision and values. Therefore Human Resource Management (HRM) is an integral part of our business strategy. The company fosters leadership, individual accountability and teamwork. The main objectives of our HRM policy are:

- Selecting the right person, with the right experience, at the right time offering the right compensation.
- Developing Management philosophies and practices to promote and encourage motivation and retention of the best employees.
- Recognizing and rewarding employees' contribution to the business.
- Fostering the concept of team working and synergetic efforts.
- Encouraging and supporting team concepts and team building techniques.
- Nurturing a climate of open Communications between management and employees.
- Making all reasonable efforts to achieve a high quality of work-life balance.

SUCCESSION PLANNING

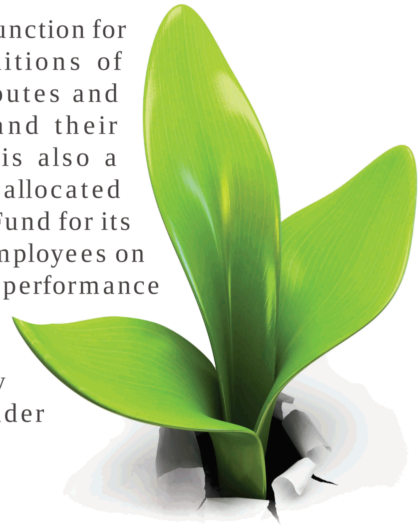
The Company believes on the continuous improvement and professional grooming of all of its employees. We recruit professionals, enhance their knowledge base & skills and provide them all the possible opportunities for their advancement. Rigorous succession planning is also in place throughout the organization. Succession planning ensures that employees are constantly developed to fill each needed role. We always look for the people who have the ability to accept challenges and have the potential to lead the future.

SOCIAL COMPLIANCE

a) CORPORATE SOCIAL RESPONSIBILITY& WELFARE SCHEMES

The Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on consistent basis. The Company has been recognized by the Pakistan Centre for Philanthropy as a leader in social and charitable contributions and strives to be a constructive member of the communities in which it has a presence. Kohinoor Maple Leaf Group has received “6th Corporate Social Responsibility National Excellence Award” on account of its performance of various social obligations. The Company has contributed in medical social services project and in this regard Company had donated a state of the art Cardiac facility to the Gulab Devi Chest Hospital (GDCH) in Lahore by building Sayeed Saigol Cardiac Complex at GDCH.

b) INDUSTRIAL RELATIONS



The Company has set the industrial relations (IR) function for determination of adequate terms and conditions of employment. Avoidance and settlement of disputes and differences between employer, employees and their representatives (if any) through negotiation is also a responsibility of IR function. The Company has allocated Provident fund and Worker's Profit Participation Fund for its employees. The company also pays bonuses to employees on the basis of Company's profitability and also award performance bonuses to the star performers. The Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of race, religion, gender and age.

c) ENERGY CONSERVATION MEASURES

Energy crisis are at its peak throughout the county. Management at Kohinoor recognise the importance of efficient usage of energy in the corporate sector and therefore has formed an energy committee with the aim to find out the efficient ways to generate energy. The Company's processing department has already reaped great benefit with the collaboration of major multinational chemical suppliers who have cooperated with the production teams to substantially reduce water, chemical and energy usage while maintaining or improving quality, environmental, and technical standards. The Company hopes that further progress in these projects will yield substantial reductions in the costs of energy and other resources like water etc. Further, in anticipation of increased scarcity and load shedding of natural gas and electricity, the Company is taking steps to further diversify its energy production capabilities, expanding into steam generation via wood, coal and baggas.

d) CONSUMER PROTECTION MEASURES

We ensure that our products are shipped in a safe manner complying with safety standards and legal requirements. The Company takes care and applies appropriate procedures to manufacture its products so as to ensure that no harmful substances are present in its products.

e) QUALITY MANAGEMENT SYSTEMS

The Company continues to enjoy a reputation as a high quality supplier and owes its current business, in large part, to this reputation. Quality control checks occur at all points during the production chain, starting from the delivery of raw material to the factories, and the quality assurance team act as the customer representative when conducting audits of finished goods before they are handed to the customer audit teams for final inspection. It is worth noting that the Company's quality management systems are so highly regarded that several customers no longer require the presence of external auditors before delivery of finished goods.The Company is ISO-9001:2008 certified and truly implements Quality Management System.

Moreover, Kohinoor bagged award for “Best Corporate Report 2012” in the award ceremony jointly hosted by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) in Textile Sector. This achievement secured by the Company is a reflection of following best ethical values and management practices in corporate reporting. The Company has promoted accountability and transparency through provision of accurate, informative, factual and reader-friendly Annual Reports on timely basis for the valuable stake holders.

f) OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT


BUREAU VERITAS
Certification
BUREAU VERITAS 1828

Certificate

awarded to

KOHINOOR TEXTILE MILLS LIMITED
PESHAWAR ROAD, RAWALPINDI
PAKISTAN

Bureau Veritas Certification certifies that the Social Accountability Management System of the above organization has been assessed and found to be in accordance with the requirements of the standards detailed below.

Standard

SA 8000:2008

Scope of supply

DESIGN AND MANUFACTURE OF YARN MADE FROM COTTON & MAN-MADE FIBERS. FABRIC CONVERSION THROUGH BLEACHING, DYEING, PRINTING, FINISHING & STITCHING FOR HOME FURNISHINGS

Original approval date: 30th OCTOBER 2008

Date of the audit: 1st OCTOBER 2011 Date of next recertification: 29th OCTOBER 2014

Subject to the continual satisfactory operation of the organisation's Management System, this certificate is valid from:

Date of certification: 4th JANUARY 2012 Valid until: 29th OCTOBER 2013

To check this certificate validity please call: +92 21 111 786 013, , after monitoring the performance of the organisation's management system in Surveillance Audits the certificate validity will be renewed every year subject to maximum of 36 months from the date of approval.

- Further clarifications regarding the scope of this certificate and the applicability of the Management System requirements may be obtained by consulting the organization

SOCIAL ACCOUNTABILITY ACCREDITATION SERVICES
[redacted]

Date 04.01.2012
Certificate number: IND12.8001

MANAGING OFFICE ADDRESS: Bureau Veritas Certification (Italy) Via Comolla, 181/3, 40128 Bologna, Italy
ISSUING OFFICE ADDRESS: H. NO. 177 Block 7/8, Karachi Memon Cooperative Housing Society, Karachi, Pakistan

The Company continues to meet and exceed the health and safety standards required for SA 8000 certification. Frequent audits are conducted by customers, regulatory agencies, and the Company's own audit teams in order to ensure compliance with these standards and those set by the Company's customers. The Company strives to provide a safe and healthy workplace for its employees and to act responsibly towards the communities and environment, in which it operates. It realizes this through the commitment of its leadership, the dedication of its staff, and application of the highest professional standards of work. Recently we have done a complete re-examination and improvement of our fire safety protocols to further ensure the safety of our employees. Management takes all possible measures to prevent unsafe activities by its hiring practices and through the implementation of effective management, human resources and operational policies.

g) BUSINESS ETHICS & ANTI-CORRUPTION MEASURES

The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Employees are encouraged to report any deal that may be supported by kickbacks. No employee is allowed to run a parallel business. Company is maintaining a system in which any employee can report the non-conformance (NC) to the top management. All the NCs reported are being addressed by the top management on timely basis and a regular follow up activity is being carried out in order to ensure that all issues highlighted are being resolved permanently.

h) ENVIRONMENTAL PROTECTION MEASURES

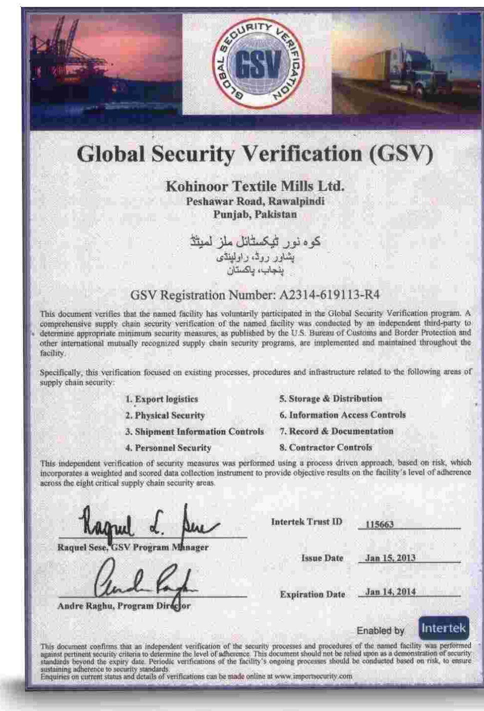
Management understands the harmful effects of contaminated water on the surrounding areas after emission from the mills premises. In order to minimize the effect of it, a waste water treatment plant has been constructed to minimise the ill effects of water being used in production departments before its discharge outside mills.

i) NATIONAL CAUSE DONATIONS

During the year, Company has contributed donations to charitable institute serving for rehabilitation of disabled in the community.

j) SECURITY

The Company maintains its dedication to security, and is fully compliant with the Customs Trade Pact against Terrorism (CTPAT), providing frequent and regular audits to ensure it remains so. All areas of the Company premises are monitored using video surveillance, as per the requirements of CTPAT. We are also compliant with the standards set by its international customers, many of which exceed those of the CTPAT standard.



Global Security Verification (GSV)

Kohinoor Textile Mills Ltd.
Peshawar Road, Rawalpindi
Punjab, Pakistan

کوہ نور ٹیکسٹائل ملز لمیٹڈ
پشاور روڈ، راولپنڈی
پنجاب، پاکستان

GSV Registration Number: A2314-619113-R4

This document verifies that the named facility has voluntarily participated in the Global Security Verification program. A comprehensive supply chain security verification of the named facility was conducted by an independent third-party to determine appropriate minimum security measures, as published by the U.S. Bureau of Customs and Border Protection and other international mutually recognized supply chain security programs, are implemented and maintained throughout the facility.

Specifically, this verification focused on existing processes, procedures and infrastructure related to the following areas of supply chain security:

1. Export logistics | **5. Storage & Distribution**
2. Physical Security | **6. Information Access Controls**
3. Shipment Information Controls | **7. Record & Documentation**
4. Personnel Security | **8. Contractor Controls**

This independent verification of security measures was performed using a process driven approach, based on risk, which incorporates a weighted and scored data collection instrument to provide objective results on the facility's level of adherence across the eight critical supply chain security areas.

Raquel Sese, GSV Program Manager

Andre Raghu, Program Director

Intertek Trust ID 115663
Issue Date Jan 15, 2013
Expiration Date Jan 14, 2014

Enabled by Intertek

This document confirms that an independent verification of the security processes and procedures of the named facility was performed against pertinent security criteria to determine the level of adherence. This document should not be relied upon as a demonstration of security standards beyond the expiry date. Periodic verifications of the facility's ongoing processes should be conducted based on risk, to ensure sustaining adherence to security standards.
Enquiries on current status and details of verifications can be made online at www.importsecurity.com

k) CONTRIBUTION TO NATIONAL EXCHEQUER

During the year Company has contributed amounted to Rs. 348.409 million in respect of taxes, levies and duties. Moreover company has also contributed to bring 67.396 million (USD) in the national treasury by way of export sales.

L) EMPLOYMENT OF SPECIAL PERSONS

The Company has employed disabled persons in compliance with the rules set out by the Government of Pakistan which is 2% quota of the total workforce necessitated to be allocated to disabled persons.

M) COMMUNITY INVESTMENT AND WELFARE SCHEMES

The Company has a strong tradition of good community relations and its employees are actively involved in welfare schemes. We believe that investing in our communities is an integral part of our social commitment to ensure the sustained success of the company. We aim to ensure that our business and factories have the resources and support to identify those projects, initiatives and partnerships that can make a real difference in their communities and that mean something to employees and their families.

N) RURAL DEVELOPMENT PROGRAM

The Company has been working hard to initiate and sustain rural development programs for the enhancement of health of the rural population. Therefore “Dengue Fever Awareness Program” was carried out at Mill. The main aim of the program was to demonstrate the prevention techniques and knowledge sharing with community members for the maximum awareness at plant site and the local community.

MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

Traditionally, dying factories are considered to be environmentally hazardous but Kohinoor has installed most modern and state of the art equipment to control the industry influents. In order to mitigate the effects of industrial effluents on surrounding environment, the Company is putting forth all efforts for providing healthy environment to employees and natives. In order to minimize the effect of contaminated water, a waste water treatment plant has been constructed to minimize the ill effects of water being used in production departments before its discharge outside the mills.

FUTURE OUTLOOK

We are foreseeing a pressure on long staple raw cotton prices in the coming year. Import of yarn by China and expectation of bumper crop in India can mitigate effects of higher prices of raw cotton for the Company. Gross margins of yarn are expected to remain at sustainable levels in the spinning divisions and devaluation of local currency will have positive impact on export turnover and profitability of weaving and home textiles. However, prevalent energy crisis in Pakistan may have adverse impact on productivity and resultantly, cost of production can increase due to generation of electricity by use of expensive alternative fuels. There has been an increasing trend in wage structure and most markets continue to operate in a recessionary state. To this end, we will continue with our strategy annunciated below, to counter the challenges during the current year:

a. Exercise our competitive advantage in higher thread count yarns to maximize profits;

b. Exercise significant caution while purchasing cotton, ensuring that we purchase enough cotton only to cover our short-term needs thus lowering inventory costs;

c. Focus on production of high quality products for a diverse customer base to maximize returns in our home-textile division;

d. Continue to focus on increasing productivity, efficiency, cost-reduction and lowering debt in order to mitigate ill effects of high financial costs and volatility in input prices.

We are confident that the Company will readily meet the challenges of the upcoming year.

COMPLIANCE OF THE CODE OF CORPORATE GOVERNANCE

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;

b) Proper books of account of the Company have been maintained;

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;

e) The system of internal control is sound in design and has been effectively implemented and monitored;

f) There are no significant doubts upon the Company's ability to continue as a going concern;

g) Outstanding taxes and other government levies are given in related note(s) to the audited accounts;

h) Key operating and financial data of last six years is annexed;

i) Value of investment of provident fund trust based on their un-audited accounts of June 30, 2013 is as under :-

	(Rs. in thousands)
Provident Fund investment	190,556

DIRECTORS AND BOARD MEETINGS

During the year under review, four meetings of the Board of Directors were held and the attendance of each Director was as under:-

Name of Directors	Designation	No. of Meetings Attended
Mr. Tariq Sayeed Saigol	Chairman/Non-Executive Director	4
Mr. Taufique Sayeed Saigol	CEO/Executive Director	4
Mr. Sayeed Tariq Saigol	Non-Executive Director	4
Mr. Waleed Tariq Saigol	Executive Director	2
Mr. Danial Taufique Saigol	Executive Director	4
Mr. Zamiruddin Azar	Independent Non-Executive Director	4
Mr. Arif Ijaz	Independent Non-Executive Director	3
Syed Mohsin Raza Naqvi	GDF/CFO/Executive Director	4

Leave of absence was granted to the Directors who could not attend the Board meetings due to their pre-occupations.

CRITERIA TO EVALUATE BOARD PERFORMANCE

Following are main criteria:

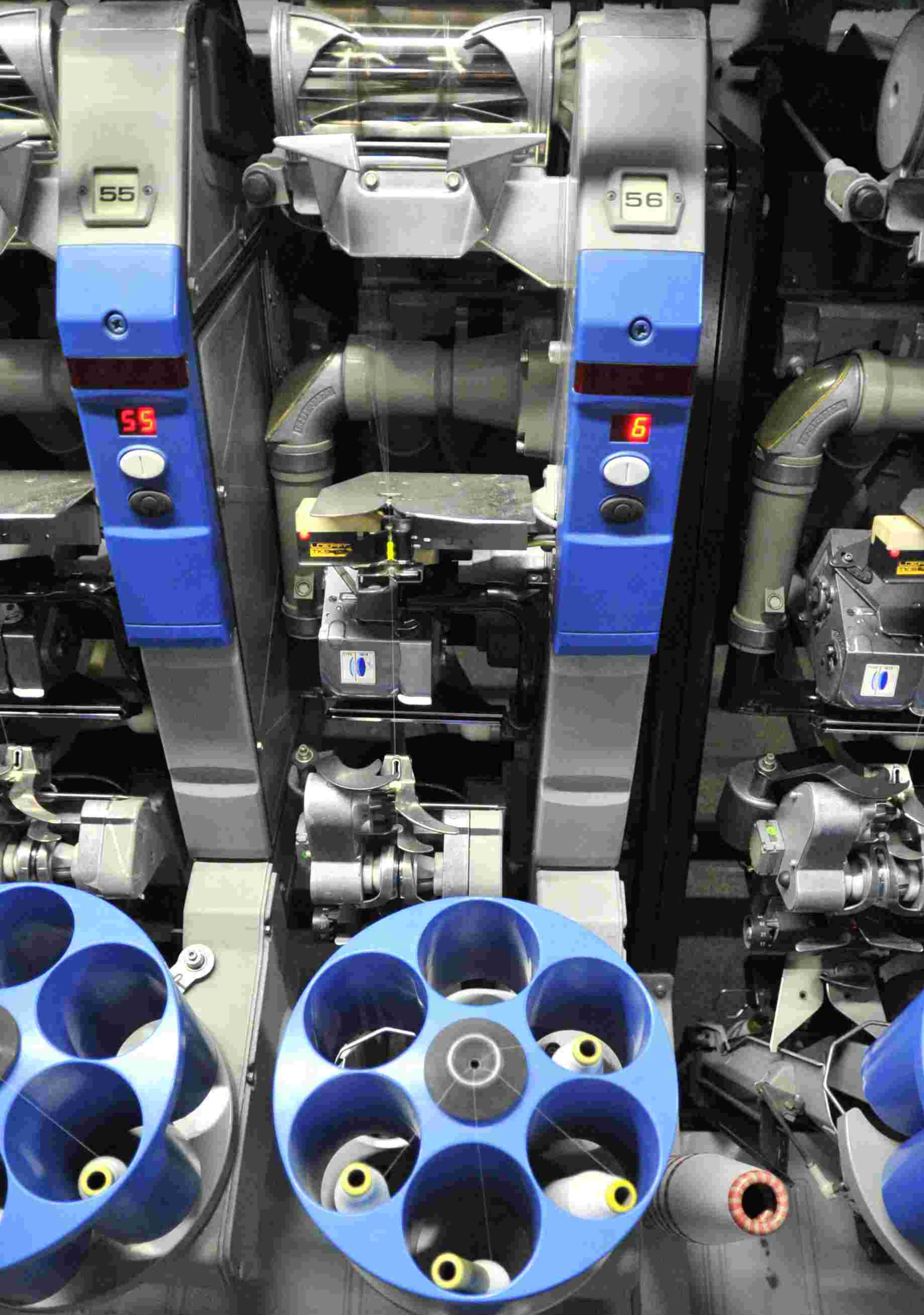
1. Financial policies reviewed and updated;
2. Capital and operating budgets approved annually;
3. Board receives regular financial reports;
4. Procedure for annual audit;
5. Board approves annual business plan;
6. Board focuses on goals and results;
7. Availability of Board's guideline to management;
8. Regular follow up to measure the impact of Board's decisions;
9. Assessment to ensure compliance with code of ethics and corporate governance.

QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT

The Chief Financial Officer and the Head of Internal Audit possess the requisite qualifications and experience as prescribed in the Code of Corporate Governance.

AUDIT COMMITTEE

Name	Designation	
Mr. Zamiruddin Azar	Chairman	(Independent Non-Executive Director)
Mr. Arif Ijaz	Member	(Independent Non-Executive Director)
Mr. Sayeed Tariq Saigol	Member	(Non Executive Director)
Mr. Waleed Tariq Saigol	Member	(Executive Director)


55
56
55
6

A total number of five meetings of the Audit Committee were held during the year and the attendance of Members was as under:-

Name	No. of Meetings attended
Mr. Zamiruddin Azar	5
Mr. Arif Ijaz	4
Mr. Sayeed Tariq Saigol	5
Mr. Waleed Tariq Saigol	4

Leave of absence was granted to the Members who could not attend the meetings due to their pre-occupations.

The Main terms of reference of the Audit Committee of the Company include the following:-

a. Determination of appropriate measures to safeguard the Company's assets;
b. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

   - Major judgmental areas;
   - Significant adjustments resulting from the audit;
   - The going concern assumption;
   - Any changes in accounting policies and practices;
   - Compliance with applicable accounting standards;
   - Compliance with listing regulations and other statutory and regulatory requirements; and
   - Significant related party transactions.

c. Review of preliminary announcements of results prior to publication;
d. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
e. Review of management letter issued by external auditors and management's response thereto;
f. Ensuring coordination between the internal and external auditors of the Company;
g. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
i. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
k. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
l. Determination of compliance with relevant statutory requirements;
m. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
n. Consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

In compliance with the revised Code of Corporate Governance, 2012, the Board has constituted the composition of Human Resource & Remuneration (HR&R) Committee as under:-

Name	Designation	
Mr. Arif Ijaz	Chairman	(Independent Non-Executive Director)
Mr. Sayeed Tariq Saigol	Member	(Non Executive Director)
Mr. Danial Taufique Saigol	Member	(Executive Director)

During the year, one meeting of HR&R Committee was held and all Members attended the meeting.

The Main terms of reference of HR&R Committee of the Company include the following:-

The Committee shall be responsible to:

i) Recommend human resource management policies to the Board;
ii) Recommend to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
iii) Recommend to the Board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit. This will include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and;
iv) Consider and approve on recommendations of CEO on such matters for key management positions who report directly to CEO.

a. The remuneration of executive and non-executive Directors shall not fall within the preview of the HR & R Committee.
b. Recommendations in respect of compensation including performance incentives will ensure that:

    - The Company is able to recruit, motivate and retain persons of high ability, calibre and integrity.
    - The packages are consistent with what is normal in industry and / or specific job wise, as determined through surveys conducted.
    - Incentives where applicable are based on criteria which have been carefully examined, discussed and authorized.

c. Selection recommendation should ensure that the Company has a formal selection procedure which provides for;

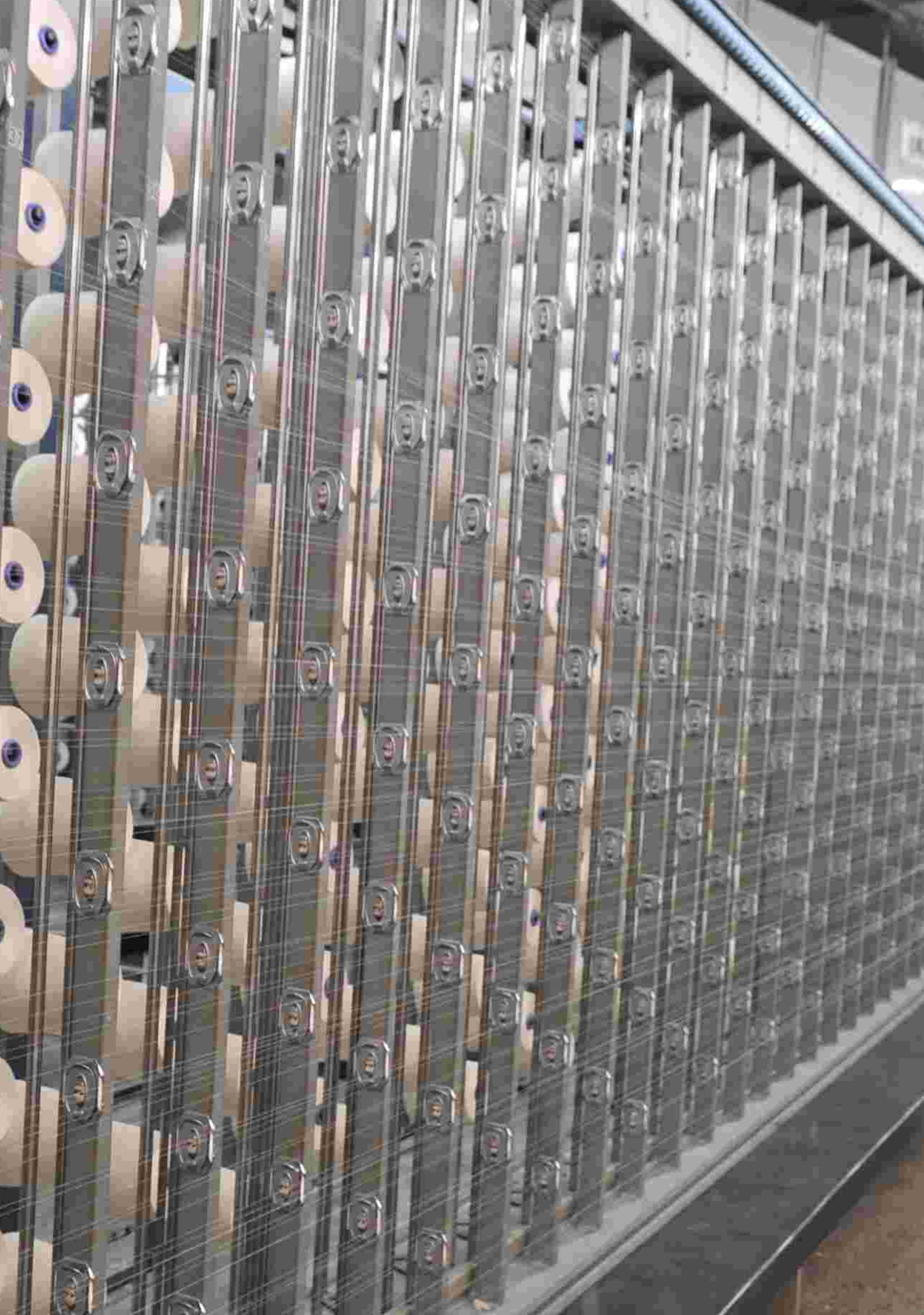
    - A description of the position that requires to be filled with a profile of the ideal candidate;
    - Selection Boards for various levels of recruitment;

d. Performance evaluation should:

    - Be based on procedures formally specified and which override individual likes and dislikes;
    - Provide for a discussion of the Annual Performance Report with each manager concerned.

e. The Committee will also:

    - Review and approve compensation payable to senior management for any loss or on termination of service to ensure that it is consistent with contractual terms and is otherwise fair.
    - Review and advice on the training, development and succession planning for the senior management with reference to the Board's corporate goals and objectives.



- Devise a procedure for the approval of HR related policies of the Company.
- Review from time to time as appropriate these Terms of Reference and the effectiveness of the Committee and recommend to the Board any necessary changes.

ORIENTATION AND REGULAR CONTINUOUS PROFESSIONAL DEVELOPMENT PROGRAMS

The Company arranges formal orientation at induction for the members of Board of Directors in compliance with the requirements of Code of Corporate Governance and regular continuous professional development program is also in place. Syed Mohsin Raza Naqvi, Director of the Company has attended Directors' Training program in previous year and Mr. Danial Taufique Saigol attended Directors' Training program during the current year and obtained Certificate from the Institute of Chartered Accountants of Pakistan.

TRADE OF COMPANY'S SHARES

Board has reviewed the threshold for disclosure of interest by executives holding of Company's shares which includes CEO, CFO, Head of Internal Audit and Company Secretary. However, during the financial year, none of the Directors, CEO, CFO, Head of Internal Audit and Company Secretary (including their spouses and minor children) traded in the shares of the Company.

PATTERN OF SHAREHOLDING

The Pattern of shareholding of the Company in accordance with the Companies Ordinance, 1984 and the Code of Corporate Governance as at June 30, 2013 is annexed.

AUDITORS

The present auditors of the Company M/s. Riaz Ahmad & Company, Chartered Accountants audited the financial statements of the Company and have issued report to the members. The auditors will retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

The Board has recommended the appointment of M/s. Riaz Ahmad & Company, Chartered Accountants as auditors for the ensuing year, as suggested by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

The Directors are grateful to the Company's members, financial institutions and customers for their co-operation and support. They also appreciate hard work and dedication of all the employees working at various divisions.

For and on behalf of the Board

Lahore
September 25, 2013

Taufique Sayeed Saigol
Chief Executive

Brief Profile of Directors

MR. TARIQ SAYEED SAIGOL
(CHAIRMAN / DIRECTOR)

OTHER ENGAGEMENTS

CHAIRMAN / CHIEF EXECUTIVE / DIRECTOR
Kohinoor Maple Leaf Industries Limited
Zimpex (Private) Limited

CHAIRMAN / DIRECTOR
Maple Leaf Cement Factory Limited

Mr. Tariq Sayeed Saigol is the Chairman of Kohinoor Maple Leaf Group (KMLG). He is a member of the reputed Saigol Family who pioneered in textile manufacturing after partition and later ventured into the financial sector, chemicals, synthetic fibres, sugar, edible oil refining, civil engineering, construction, cement and energy.

Mr. Saigol was schooled at Aitchison College, Lahore and graduated from Government College, Lahore following which, he studied Law at University Law College, Lahore.

He started his career in 1968 at Kohinoor's Chemical Complex at Kala Shah Kaku. Upon trifurcation of the Group in 1976, he became Chief Executive of Kohinoor Textile Mills Limited, Rawalpindi. Since 1984, he has been Chairman of Kohinoor Maple Leaf Group which has interests in textiles, energy and cement manufacturing.

He remained Chairman All Pakistan Textile Mills Association from 1992 to 94, President of Lahore Chamber of Commerce and Industry for 1995-97 and Chairman, All Pakistan Cement Manufacturers Association from 2003-2006.

Mr. Saigol was a member of the Federal Export Promotion Board and Central Board of State Bank of Pakistan. He has also served on several Government Commissions and Committees on a number of subjects, including Export Promotion, reorganization of WAPDA and EPB, Right Sizing of State owned Corporations and Resource Mobilization. He is the author of Textile Vision 2005 which was adopted by the Government in 2000 and its critique prepared in 2006. He joined the Central Board of State Bank of Pakistan for a second term in 2007 and was a member of the Prime Minister's Economic Advisory Council established in 2008.

He takes keen interest in the development of education in Pakistan. He has been a member of the Board of Governors of Lahore University of Management Sciences, Aitchison College, Founding Chairman of the Board of Governors of Chandbagh School, Founder Trustee of Textile University of Pakistan and member of the Syndicate of University of Health Sciences. He is conferred with Sitara-e-Isaar by President of Pakistan in 2006.

He is a keen golfer and has represented Pakistan at Golf in Sri Lanka and Pakistan in 1967.

MR. TAUFIQUE SAYEED SAIGOL
(CHIEF EXECUTIVE / DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Kohinoor Maple Leaf Industries Limited
Zimpex (Private) Limited

Mr. Taufique Sayeed Saigol is the Chief Executive of Kohinoor Textile Mills Limited and director in all KMLG companies. He is a leading and experienced industrialist of Pakistan. He graduated as an Industrial Engineer from Cornell University, USA in 1974. He is widely travelled and his special forte is in the export business.

He is a business man of impeccable credibility and vision and has substantial experience of working in different environments.

MR. SAYEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Cement Factory Limited
DIRECTOR
Kohinoor Maple Leaf Industries Limited

Mr. Sayeed Tariq Saigol is the Chief Executive of Maple Leaf Cement. He graduated from McGill University with a degree in management. Mr. Sayeed Saigol also has several years of work experience in the textile industry. Prior to joining Maple Leaf Cement he was involved in setting up and managing an apparel dyeing company. He is a member of the Board of Governors of the Lahore University of Management Sciences.

MR. WALEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited

Mr. Waleed Tariq Saigol is the Managing Director of Kohinoor Textile Mills Limited (Raiwind Division). He holds a bachelor's degree in Political Science from the London School of Economics & Political Science. Apart from his responsibilities in textiles he is also involved in identifying and developing new areas of business for KMLG. He is a keen golfer and has won several tournaments in Pakistan.

MR. DANIAL TAUFIQUE SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited

Mr. Danial Taufique Saigol is the younger son of Mr. Taufique Sayeed Saigol, CEO of KTML. Danial began his career with KMLG in January 2012 as Executive Director. He holds a bachelor's degree in Finance from McGill University, Montreal, Canada. He is currently posted at Kohinoor Textile Mills, Rawalpindi.

MR. ZAMIRUDDIN AZAR
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited

Mr. Zamiruddin Azar has been actively involved in various corporate activities of the Kohinoor Maple Leaf Group. As a non-executive director, he heads the Internal Audit Committees of the KMLG companies. With 35 years of experience at Glaxo Pakistan, Mr. Azar provides invaluable insight into project management, human resource development and administration.

MR. ARIF IJAZ
(DIRECTOR)

Mr. Arif Ijaz has done his bachelor in Electrical Engineering from University of Engineering and Technology (UET) Lahore, Pakistan and MBA from Iran Center for Management Studies. He has over 21 years of experience in the development and growth of business strategy. He has also served as the CEO of Adamjee Insurance, CEO of KSB Pumps, Director of Pakistan Steel Mills, National Refinery, Lahore Stock Exchange, HUBCO, and Lahore University of Management Sciences (LUMS).

He is serving as MBA Faculty member at UET Lahore and former visiting faculty member of LUMS.

SYED MOHSIN RAZA NAQVI
(GROUP DIRECTOR FINANCE/
CHIEF FINANCIAL OFFICER)

OTHER ENGAGEMENTS

DIRECTOR/CHIEF FINANCIAL OFFICER
Maple Leaf Cement Factory Limited

Mr. Mohsin Naqvi, Fellow member of Institute of Chartered Accountants of Pakistan (FCA), with over 24 years of Financial Management experience.

Areas of expertise include: financial projections, forecasting-short term and long-term cash flows, business strategy development, acquisitions and evaluations of business units, establishing company's reporting structure, implementing budgetary control procedures, implementing financial software, organizing finance and treasury functions of the Company.

He is former board member of Kohinoor Mills Limited and Al-Wazan Group, Kuwait and Trust Investment Bank Limited.

He has experience of working in several countries which include Saudi Arabia, Kuwait, Philippines, Morocco, Jordan and Pakistan.

Calendar of Notable Events
July 2012 - June 2013

2012

Jul 01
3rd edition of Magazine "Hum Kohinoor"

Aug 14
A celebration for Independence Day
by inviting employees and residents of mills colony

Aug 15
Iftar party was arranged for all the Company employees

Sep 26
Issuance of Annual Report 2012

Oct 19
Issuance of Accounts for the 1st QTR ended 30 Sep 2012.

12 Oct - 04 Nov
Company arranged Cricket Tournament in which participation
was made by management staff & workers of all departments

Oct 31
44th Annual General Meeting of the members of Kohinoor Textile Mills Limited
("Company") held at 3:00 PM at its Registered Office,
located at 42-Lawerence Road, Lahore

2013

Jan 31
Issuance of accounts for the Half year ended 31 December 2012.

Mar 04
Hajj Balloting ceremony held where 2 lucky employees and 1 reserved
employee were selected to perform the Hajj

Mar 11
Company arranged KOHINOOR PREMIER LEAGUE (Cricket tournament)
in which full participation was made by workers and junior management staff.

Apr 25
Issuance of accounts for the 3rd quarter ended 31 Mar 2013.

Jun 20
Cricket match between KTML and Maple Leaf Cricket team.

Board Committees

PROJECT MANAGEMENT COMMITTEE

Project management committee (PMC), serves as a driving forum to monitor the progress of agreed goals & objectives of the company on consistent basis, and steer the organization in right direction in order to achieve the stated vision and mission of the organization.

MEMBERS	
Director	
Head of Department	- Information Technology
Head of Department	- Production
Head of Department	- Marketing
Head of Department	- Human Resource
Head of Department	- Commercial
Head of Department	- Finance
Head of Department	- Engineering

TERMS OF REFERENCE

- Possible review each of the project areas - activities or sub projects
- Developing a framework for integrating planning
- Tools for achieving sustainable coastal economies and environments
- Handling financial issues, budget monitoring and modifications
- Develop standards & follow-up project progress

NO. OF MEETINGS HELD: 14

BUSINESS PROCESS REENGINEERING COMMITTEE

Business Process Re - engineering (BPR) team has been formed to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed on consistent basis. Information technology and information systems are the main areas of interest where management is rigorously investing considerable resources to determine and then opt what feasible technological options are available that best meet the goals of the organization in order to remain competitive and provide the maximum return to stakeholders.

MEMBERS	
Director	
Head of Department	- Information Technology
Head of Department	- Production
Head of Department	- Marketing
Head of Department	- Human Resource
Head of Department	- Engineering
Head of Department	- Finance
Deputy Manager	- Information Technology

TERMS OF REFERENCE

- Our BPR team implies specific business objectives such as cost reduction, time reduction, output quality improvement.
- We focus on the most important processes that reflect our business vision.
- Understand and measure the existing process to avoid repeating of old mistakes and to provide a baseline for future improvements.
- Design and build the prototype of new processes and ensure quick delivery of results and involvement and satisfaction of customers.

NO. OF MEETINGS HELD: 20

ENERGY MANAGEMENT COMMITTEE

Management has strong commitment towards securing the future of company, to remain competitive and provide the maximum return to stakeholders. Efficient use of energy cannot be compromised therefore; Energy Management Committee (EMC) has been formed to suggest the cost cutting opportunities for the sake of improvement in performance through wise energy use in all the departments of the company.

MEMBERS	
Director	
Head of Department	-Engineering
Head of Department	-Production
Head of Department	-Finance
Head of Department	-Commercial

TERMS OF REFERENCE

- Our team is committed for annual energy cost reductions from continuous improvements.
- To minimize environmental impacts, it incorporates energy efficiency, water conservation, waste minimization, pollution prevention, resource efficient materials and indoor air quality in all phases of a building's life.
- EMC design plans that help us meet our climate protection commitments.
- The appointment of a full time energy management coordinator ensures the plan proceeds.
- Responsible for energy procurement, monitoring and targeting energy savings, maintaining program of energy saving measures, raising energy awareness and corporate wide energy monitoring and reporting.

NO. OF MEETINGS HELD: 24

TOTAL QUALITY MANAGEMENT COMMITTEE

Total Quality Management (TQM) committee is formed to improve quality at every level in the organization. TQM is an organization wide program aimed to ensure standardization and continual improvement in all its products, services, processes & procedures. This program lays down the Quality Management standards for all the processes & procedures in the organization and is equipping the existing human resources to improve their innate abilities in order to achieve the desired level of performance through synergistic activities.

Members	
Director	
Head of Department	- Information Technology
Head of Department	- Production
Head of Department	- Marketing
Head of Department	- Human Resource
Head of Department	- Commercial
Head of Department	- Finance
Head of Department	- Engineering
Manager	- Quality Assurance

TERMS OF REFERENCE

- Standardization of processes and operations within every function of the company.
- Introduction of Performance Measurement System by developing Key Performance Indicators and continuous compilation of their associated data, analysis and reporting to concerned stakeholders, so that performance of every key function and process is monitored, controlled, and improved.
- Reduction and elimination of wastages from different processes.
- Improvement in organization wide abilities, procedures and plans.
- Training of employees on basic, medium and advanced problem solving and statistical tools in order to improve their analytical abilities.
- Creation of various forums within an organization where Quality improvement initiatives are formally institutionalized, e.g. Kaizen, Quality Circles, and functional / Cross Functional Teams.

NO. OF MEETINGS HELD: 12

STANDARD OPERATING PROCEDURES REVIEW COMMITTEE

Standard operating procedures review committee has been formed to review and update SOP's for all the activities / procedures being performed in the Company & develop new SOP's if required.

Members	
Director	
Head of Department	- Finance
Head of Department	- Internal Audit
Head of Department	- Production
Head of Department	- Marketing

TERMS OF REFERENCE

- Documentation of all the important activities and procedures.
- Standardization of documents as prescribed by Quality Management standards.
- Incorporation of industry's best practices in the procedures to make the system efficient and effective.
- Elimination of duplication of records in different procedures.

NO. OF MEETINGS HELD: 12

POLICY AND PROCEDURES FOR STAKEHOLDERS ENGAGEMENT:

1) Policy Note:

Kohinoor maintains sound collaborative relationships with its stakeholders.

2) Procedures:

Procedures for stakeholders engagement include effective communication, good harmony, compliance with laws & regulations and customer focused approach which are the key success factor for establishment of collaborative relationship with stakeholder.

3) Engagement frequency:

Stakeholders	Nature of engagement	Frequency
Shareholders	Annual general meeting Annual report/Quarterly reports Analyst briefing	Annually Annually/Quarterly Continuous
Employees	Kohinoor magazine Annual get together Team cultural activities	Quarterly Annually Continuous
Customers	Customer events	Continuous
Suppliers	Regular meeting with major suppliers Supplier forums Newspapers advertisement	Continuous Occasionally As required
Institutional investor/Lenders	Business briefings Periodic meetings Financial reporting Head office/site visits	Occasionally As required Continuous As required
Community organizations	Environmental campaign Safety management system	Continuous As required
Media	Media announcements and briefings Media interviews	As required As required
Regulators	Submission of periodic reports Responding/enquiring various queries/information	Periodic basis As required

SWOT ANALYSIS

SWOT analysis is being used at Kohinoor as a strategy formulation tool, in order to match our strengths with perceived opportunities and minimize our weaknesses to avoid market and other threats.

Management at KTML, considers the following factors of SWOT analysis relevant to us:

STRENGTHS	WEAKNESSES
• Latest and state of the art equipment for meeting quality management standards. • Dedicated customer services. • Strong local and International branding • Vertically integrated composite units. • Well diversified fuel mix and efficient operation. • Captive power producer. • Well developed refined human resource. • Experienced and qualified management team.	• Energy load shedding. • High cost of electricity generation on furnace and diesel during Gas & WAPDA shut down. • Higher Taxation.
OPPORTUNITIES	**THREATS**
• Potential to expand product lines in new markets locally & internationally. • Focus on cost optimization. • Rising population works as a catalyst for fabric needs. • Higher export sales will have positive impact due to currency devaluation.	• Stiff competition from textile based countries. • Increased tariff rates for power supply. • Increased input costs. • High Incidence of taxes.

SAFETY OF RECORDS

The Company is effectively implementing the policy to ensure the safety of the records. All records must be retained for as long as they are required to meet legal, administrative, operational, and other requirements of the Company. The main purposes of the Company Policy are:

- To ensure that the Company's Records are created, managed, retained, and disposed off in an effective and efficient manner;
- To facilitate the efficient management of the Company's Records through the development of a coordinated Records Management program;
- To ensure preservation of the Company's Records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required, and disposed off in accordance with the record retention policy and retention schedules and
- Records and information are owned by the Company, not by the individual or team.

CONFLICT OF INTEREST MANAGEMENT POLICY

Policy Statement

The company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of conflict of Interest. The Company annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and Directors, which also relates to matters relating to conflict of interest.

Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by all its employees and Directors. The Company Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist directors and employees in making the right decisions when confronted with potential conflict of interest issues.

Management of Conflict of Interest:

The primary goal of Kohinoor policy is to manage conflicts of interest to ensure that decisions are made and are seen to be made on proper grounds, for legitimate reasons and without bias. To do this Kohinoor has set the following procedures to manage and monitor the conflict of Interest:

1. Identify areas of risk.
2. Develop strategies and responses for risky areas.
3. Educate all employees about the conflict of interest policy.
4. Communicate with stakeholders to provide the platform for proper disclosure.
5. Enforce the policy.

Further, the directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information. Every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested directors do not participate in the discussion neither they vote on such matters. The transactions with all the related parties are made on arms-length basis and complete details are provided to the Board for their approval. Further all the transactions with the related parties are fully disclosed in the financial statements of the Company.

IT GOVERNANCE POLICY

Kohinoor has properly documented and implemented IT governance Policy to ensure an integrated framework for evolving and maintaining existing information technology and acquiring new technology to achieve the Company's strategic focus. The purpose of this policy is to define the IT governance scope, and its roles and responsibilities. IT Governance policy consists of the following:

- To provide a structured decision making process around IT investment decisions.
- Promotes accountability, due diligence, efficient and economic delivery of the Company's IT services.
- Lay down solid foundation for management decision making and oversight.
- Safeguard of Company's financial data.
- Development and upgradation of different modules to provide reliable, efficient and timely information.
- To create a culture of paperless environment within the Company.

WHISTLE BLOWING POLICY

In accordance with the Company's continued commitment to 'Good Governance' a 'Whistle Blowing' policy has been adopted. The policy ensures that the 'Whistle Blower' will be fully protected and the said non-conformance will be investigated in a fair, see through, reliable and principled manner. Highlights of the policy are as follows:

1. All Protected Disclosures should be addressed to the nominated Ombudsman of the Company.
2. Protected Disclosures should be reported in writing stating the issue that is being raised clearly. It should be preferably typed but legible handwritten versions in English or Urdu are also acceptable.
3. The protected Disclosures should be forwarded with a covering letter bearing the identity of the whistle blower.
4. Anonymous disclosures will not be entertained.
5. If initial enquiry by the Ombudsman reveals that the complaint is not substantial it can be dismissed.
6. If initial enquiry that further investigation is necessary then the Ombudsman will ensure that an investigation carried out in a neutral and fair manner without presumption of guilt. A written request of the finding will be prepared.
   Further investigation shall only be carried out if the Ombudsman feels that the complaint is factual, fair and not speculative. It should contain a much factual information to necessitate a preliminary investigation.

In Kohinoor, no whistle blowing related incidence was highlighted and reported under the above said procedures during the year.

CEO PERFORMANCE REVIEW

The performance of the CEO is regularly evaluated by the Board of directors. The performance evaluation is based on the criteria defined by the Board of Directors which includes various financial and non financial key performance indicators. At the start of the year, CEO presents his key performance indicators (KPIs) for the upcoming year to the Board of Directors. The Board periodically evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals. The CEO also appraises to the Board regarding an assessment of senior management and their potential to succeed the objectives of the Company.

SHARE PRICE SENSITIVITY ANALYSIS

Following are the major factors which might effect the share price of the Company in the stock exchanges:

1) INCREASE IN DEMAND: Increase in demand of yarn may result in increase in market price which will contribute towards better profitability and Earning Per Share (EPS), which will ultimately increase the share price.
2) INCREASE IN VARIABLE COST: Any Increase in variable cost (mainly includes Power and Raw Material cost) may badly effect the gross margins and will resultantly fall in the profitability and fall in EPS. This may badly effect the market price of the share downward.
3) INCREASE IN FIXED COST: Fixed cost which mainly consists of Financial Charges, Exchange losses, and other overheads. If SBP discount rate goes up, rupee devaluation occurs, and increase in inflation happens than net profitability of the company will be effected and will have negative effect on the EPS which results into fall in share prices. If the said factors happen on the positive sides than share price will improve.
4) CHANGE IN GOVERNMENT POLICIES: Any change in government policies related to textile sector may effect the share price of the Company. If policy change is positive than share price will increase, otherwise vice versa.

Report of the Audit Committee

The Audit Committee comprises of one independent non-executive, two non-executives and one executive director. The chief financial officer (CFO), the chief internal auditor (CIA) and the external auditor attend Audit Committee meetings by invitation. Five meetings of the Audit Committee were held during the year 2012-2013. Based on reviews and discussions in these meetings the Audit Committee reports that:

1. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.

2. Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and change in equity of the Company and its subsidiaries.

3. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder needs.

4. The Audit Committee has reviewed and approved all related party transactions.

5. No cases of material complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.

6. The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.

7. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Group Internal Audit department. The Audit Committee reviewed the resources of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function.

8. The Audit Committee on the basis of the internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.

9. The Audit Committee has ensured that statutory and regulatory obligations and requirements of best practices of governance have been met.

10. The external auditors Riaz Ahmed and Co., Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

11. The Audit Committee reviewed the Management Letter issued by the external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.

12. Appointment of external auditors and fixing of their audit fee was reviewed and the audit committee following this review recommended to the Board of Directors reappointment of Riaz Ahmed & Co., as external auditors for the year 2013-2014.

By order of the Audit Committee

Zamiruddin Azar
Chairman, Audit Committee
24 September 2013

Risk and Opportunity Report

Principles

The goal of Board of Directors is to minimize all risks and take advantage of potential opportunities in order to systematically and sustainably improve the value of the company for all stakeholders.

Risk Report

Our success is significantly dependent on identifying opportunities and risks in our business activities and actively managing them. The goal of the risk management system is to safeguard the company's existence for the long term and ensure its successful future development by identifying opportunities and risks and, depending on their nature, appropriately considering these in strategic and operational decisions. Risks and opportunities are understood as negative or positive deviations from planned results. To achieve this objective, different committees have implemented a comprehensive risk management system within the company, which is used to systematically and continuously identify, evaluate, manage, monitor and report internal and external risks to which its company is exposed. Identified risks are evaluated throughout the company for their potential impact on profits and the likelihood that they will occur. They are categorized according to worst, medium and best case scenarios including the expected risk value. The plausibility of the reported risks is evaluated and alternative ways of avoiding similar risk in the future are derived. The direct lines of responsibility for early identification, control and communication of risks are defined and lie with the management of the company. As part of its regular audits, the internal audit department monitors adherence to the company's risk management guidelines and thus the effectiveness of the procedures and tools that have been implemented.

Not being conclusive, management considers that following are the major risks which may affect the operations of the Company and mitigating strategies for these risks.

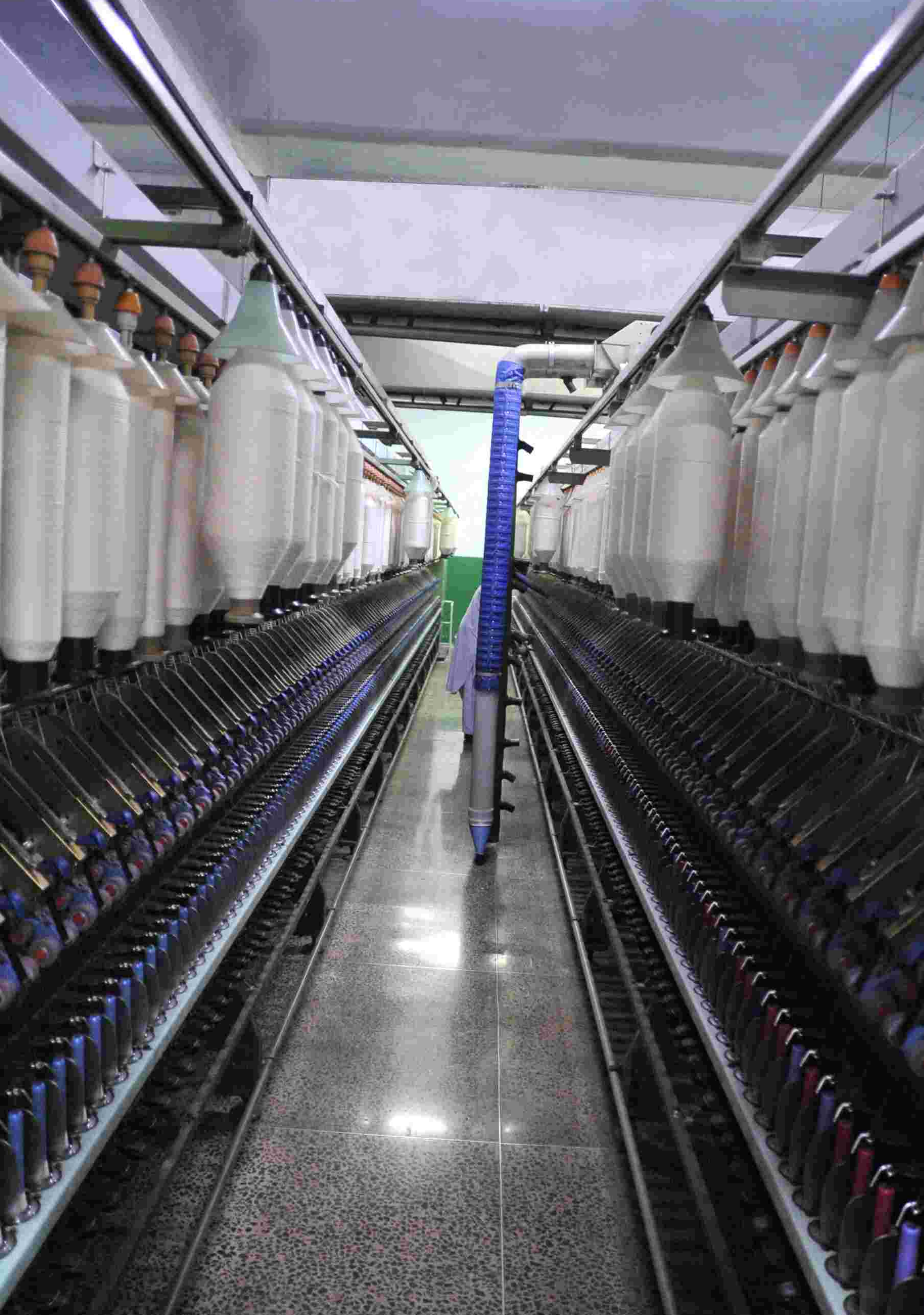
Business Risks	Mitigation Strategies
Overall Textile Industry Position	
Due to adverse power supply conditions and rising raw material prices, Textile Sector is under severe pressure. Export sales are becoming more difficult due to sharp increase in the cost of production.	Company operates as a vertically integrated unit. Management takes proactive decisions and selects the product mix in spinning and weaving segments which may positively counter the adverse uncontrollable affects in the sales of home textile segment.

Business Risks	Mitigation Strategies
Increasing Trend in Raw Material prices	
Increasing trend of raw material prices may adversely affect the utilization levels coupled with reduced profit margins and return for shareholders.	Management exercise significant caution while purchasing raw material, by ensuring that purchases will be made only for raw material that may cover short-term needs thus lowering inventory holding costs.
Currency devaluation risk	
Eroding conditions of Pak rupee may adversely affect the raw materials cost of spinning segment.	Management is confident that exchange rate fluctuation will be positively adjusted against exchange rate gain arising on export sales.
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.	Credit risk is being addressed by frequent reviews of outstanding balances of major parties, and reconciliations after short time intervals to avoid the chance of disputed amounts / transactions.
Working Capital Management	
Risk of increase in the cost of borrowing may limit the avenues for availability of sufficient working capital.	Management has addressed the risk of shortage of working capital by availing sufficient lines from the diversified financial institutions in order to meet the short term finance requirements of the company. Moreover average credit period of the Company is also being improved alongwith improved operation cycle.

Opportunity Report

Unlocking and exploiting operational opportunities is an important aspect of Kohinoor entrepreneurial activities. We are committed to use existing products and new solutions in order to systematically enhance our growth and strengthen our position in global markets. Investing in new projects and increasing the productivity of existing ones are key elements for future organic growth.

In the year under review, we strengthened the basis for further growth in the coming years by making selective investments in our existing businesses and developing innovations that support in achievement of company's stated vision.



Definitions & Glossary of Accounting Terms

Gross Profit ratio:
The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net Profit Ratio:
Net profit ratio is the ratio of net profit (after taxes) to net sales.

Operating Profit Ratio:
The Operating profit ratio indicates the ratio of company's profit before interest and taxes to net sales.

Current Ratio:
A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-Equity Ratio:
The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For Comparative purposes, debt-equity is most useful for companies within the same industry.

Earnings Per Share (EPS):
The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin:
Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising / falling price of the goods sold.

Return on Equity (ROE):
A percentage that indicates how efficiently common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

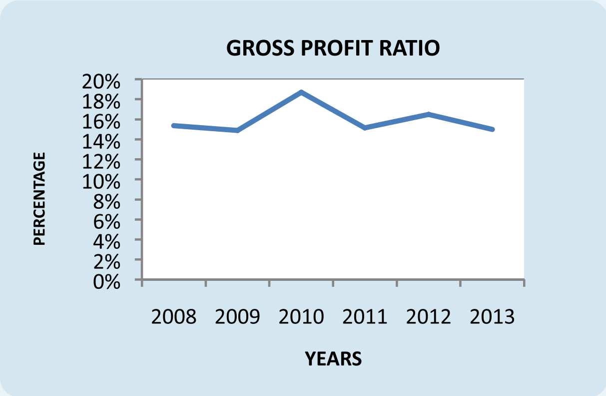
Return on Investment (ROI):
Also Known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is a useful to compare a company's ROI with others in the same industry.

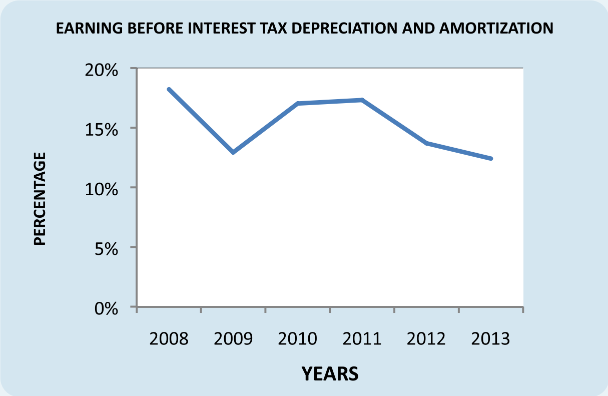
Key Operating And Financial Data

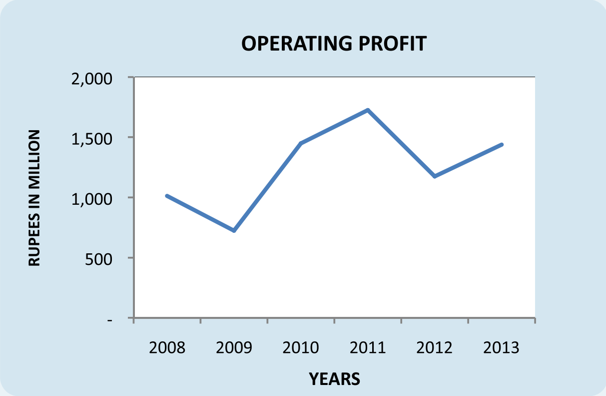
Six Years Summary

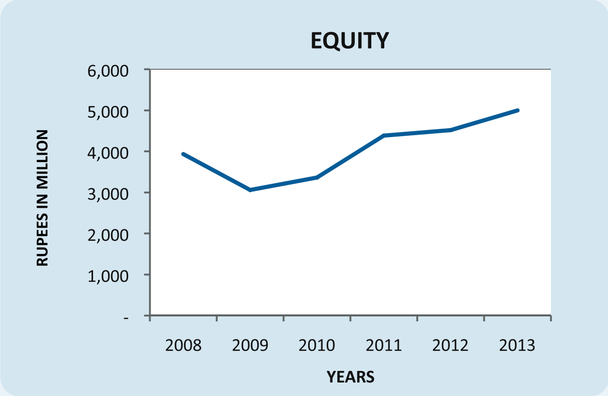
Particulars	2013	2012	2011	2010	2009	2008
Net sale (Rs. 000)	14,250,439	11,146,698	12,037,253	10,693,338	8,458,899	7,558,322
Profitability(Rs.000)						
Gross Profit	2,134,252	1,836,649	1,823,548	2,000,809	1,259,906	1,162,700
Operating profit	1,438,978	1,175,029	1,726,084	1,449,216	723,554	1,013,140
Profit / (Loss) before tax	798,435	304,289	688,790	376,448	(536,676)	130,805
Provision for income tax	313,903	187,860	200,939	98,587	(96,865)	134,325
Profit / (Loss) after tax	484,532	116,429	487,851	277,861	(439,811)	(3,520)
Financial Position (Rs.000)						
Tangible fixed assets-net	5,959,112	6,161,381	6,747,691	6,496,299	4,140,233	3,972,540
Intangible assets	3,006	6,284	9,563	-	-	-
Investment & Other assets	5,018,905	5,028,081	5,006,352	4,004,892	4,003,422	3,998,629
	10,981,023	11,195,746	11,763,606	10,501,191	8,143,655	7,971,169
Current assets	4,339,574	4,002,184	4,539,059	6,556,108	5,131,884	5,757,221
Current liabilities	6,257,996	6,329,557	6,806,838	8,169,138	6,762,527	5,477,572
Net working capital	(1,918,422)	(2,327,373)	(2,267,779)	(1,613,030)	(1,630,643)	279,649
Capital employed	9,062,601	8,868,373	9,495,827	8,888,161	6,513,012	8,250,818
Less: Redeemable Capital, long term loan & other liabilities	389,507	679,811	1,423,694	1,853,068	2,190,079	3,052,128
Less: Surplus on revaluation of property	3,673,825	3,673,825	3,685,497	3,673,825	1,263,592	1,263,592
Share holders Equity	4,999,269	4,514,737	4,386,636	3,361,268	3,059,341	3,935,098
Represented By:						
Share capital	2,455,262	2,455,262	2,455,262	1,455,262	1,455,262	1,455,262
Reserves & un-app. Profit	2,544,007	2,059,475	1,931,374	1,906,006	1,604,079	2,479,836
	4,999,269	4,514,737	4,386,636	3,361,268	3,059,341	3,935,098
Ratios:						
Profitability Ratio's:						
Gross Profit to sales (%age)	14.98	16.48	15.15	18.71	14.89	15.38
Net Profit to sales (%age)	3.40	1.04	4.05	2.60	(5.20)	(0.05)
Profit margin	0.06	0.03	0.06	0.03	(0.05)	(0.00)
EBITDA (%age)	12.41	13.69	17.31	17.03	12.92	18.22
Operating leverage ratio	0.79	4.57	1.46	3.85	(2.42)	12.67
Return on equity (%age)	9.69	2.58	11.12	8.27	(14.38)	(0.09)
Return on capital employed (%age)	5.35	1.31	5.14	3.13	(6.75)	(0.04)
Profit before tax ratio	5.60	2.73	5.72	3.52	(6.34)	1.73
Effective tax rate (%age)	39.31	61.74	29.17	26.19	18.05	102.69
Cost / Revenue ratio (%age)	85.02	83.52	84.85	81.29	85.11	84.62
Liquidity Ratio's:						
Current ratio	0.69	0.63	0.67	0.80	0.76	1.05
Acid test ratio	0.35	0.34	0.37	0.47	0.45	0.69
Cash to current liabilities	0.05	0.06	0.06	0.01	0.01	0.01
Cash flow from operations to sales %	4.30	7.58	14.35	(3.78)	1.25	(0.00)
Activity / Turnover Ratio's:						
Inventory turn over	7.35	5.84	5.04	4.17	4.17	3.73
No. of days in Inventory	50	62	72	88	88	98
Debtors turn over ratio	13.88	13.16	11.82	8.99	7.08	6.29
No. of days in receiveables	26.30	27.74	30.88	40.60	51.58	58.18
Creditors turnover ratio	10.05	9.33	10.89	9.20	9.68	11.50
No. of days in creditors	36	39	34	40	38	32
Total assets turn over / return on investment ratio	0.93	0.73	0.74	0.63	0.64	0.56
Fixed assets turn over ratio	1.85	1.41	1.78	1.30	1.44	1.33
Operating cycle	40	51	70	89	101	124

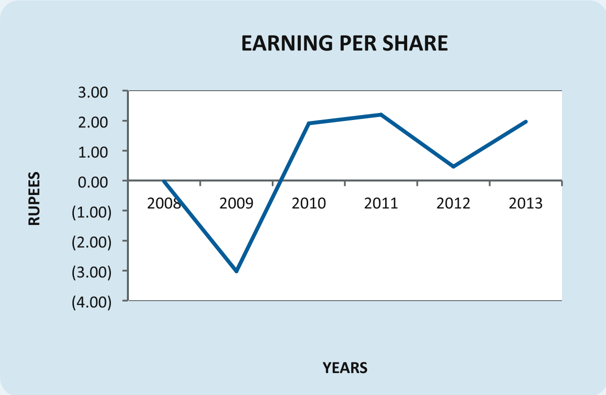
Particulars	2013	2012	2011	2010	2009	2008
Investment / Market Ratio's:						
Earning per share	1.97	0.47	2.20	1.91	(3.02)	(0.02)
Earning per share - Diluted EPS	1.97	0.47	2.20	1.91	(3.02)	(0.02)
Price earning ratio	8.53	8.87	1.80	2.94	(1.46)	(693.50)
Price to book ratio	16.80:20.36	4.17:18.39	3.95:17.87	5.62:23.10	4.42:21.02	13.87:27.04
Dividend yield ratio	-	-	-	-	-	-
Dividend payout ratio	-	-	-	-	-	-
Dividend cover ratio	-	-	-	-	-	-
Cash dividend per share	-	-	-	-	-	-
Stock dividend per share	-	-	-	-	-	-
Breakup value per share (without revaluation surplus)	20.36	18.39	17.87	23.10	21.02	27.04
Breakup value per share (with revlauation surplus)	35.32	33.35	32.88	48.34	29.71	35.72
Market value per share at the end of the year	16.80	4.17	3.95	5.62	4.42	13.87
Share Price - High during the year	19.5	5.63	5.93	10.19	14.50	29.00
Share Price - Low during the year	3.7	2.28	3.95	4.30	3.20	13.33
Earning assets to total assets ratio	71.41	73.67	72.16	61.56	61.34	58.06
Capital Structure Ratio's:						
Financial leverage ratio	1.33	1.55	1.88	2.98	2.93	2.17
Debt to equity ratio	11 : 89	23 : 77	24 : 76	34 : 66	42 : 58	44 : 56
Interest cover ratio	2.25	1.35	1.66	1.35	0.57	1.15
Average operating working capital to sales ratio	0.17	0.24	0.29	0.31	0.39	0.45
Net borrowing to EBITDA ratio	2.61	3.37	3.21	4.64	7.05	5.17
Summary of Cash flows						
Net cash flow from operating activities	612,206	844,892	1,727,143	(403,780)	106,116	(51)
Net cash flow from investing activities	(99,537)	701,624	70,772	(310,582)	(644,726)	(776,196)
Net cash flow from financing activities	(577,320)	(1,582,009)	(1,455,770)	712,916	543,520	787,903
Net change in cash and cash equivalents	(64,651)	(35,493)	342,145	(1,446)	4,910	11,656
Quantitative Data						
Yarn (Kgs "000") :						
Production (cont. into 20s)						
KTM Division	33,038	24,998	23,547	35,211	35,298	36,605
KGM Division	30,243	24,441	25,989	31,295	26,318	28,899
	63,281	49,439	49,536	66,506	61,616	65,504
Sales / Tran.for wvg.(actual count)						
KTM Division	8,105	5,933	7,600	7,202	6,042	6,790
KGM Division	3,857	3,365	3,449	4,104	2,987	4,265
	11,962	9,298	11,049	11,306	9,029	11,055
Cloth (Linear meters "000"):						
Processing (Rawalpindi Division)						
Production	16,220	39,014	34,653	34,653	30,626	22,988
Sales	15,055	36,319	34,065	34,065	28,783	23,581
Weaving (Raiwind Division)						
Production	19,122	22,840	20,667	21,489	22,727	21,986
Sales	19,069	23,877	19,717	21,691	23,316	22,220

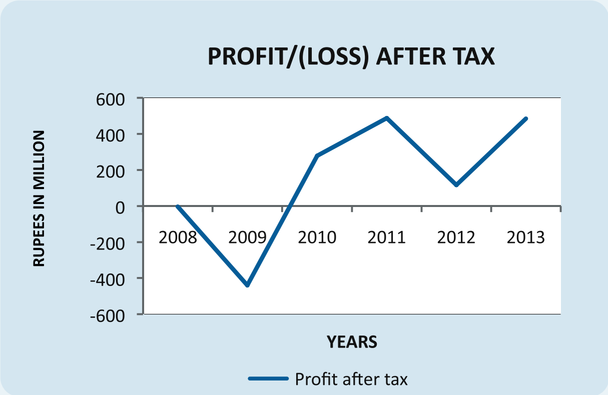

GROSS PROFIT RATIO
PERCENTAGE
20%
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
2008 2009 2010 2011 2012 2013
YEARS

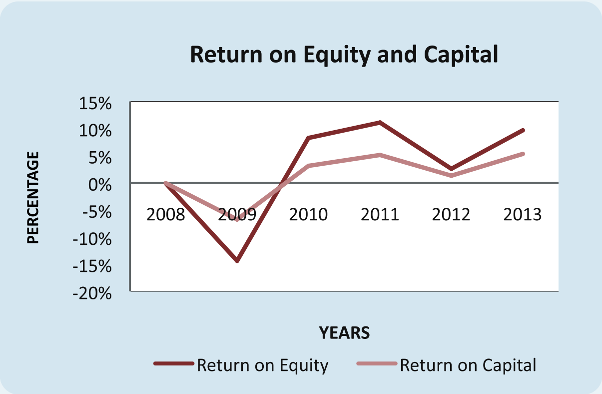

EARNING BEFORE INTEREST TAX DEPRECIATION AND AMORTIZATION
PERCENTAGE
20%
15%
10%
5%
0%
2008 2009 2010 2011 2012 2013
YEARS

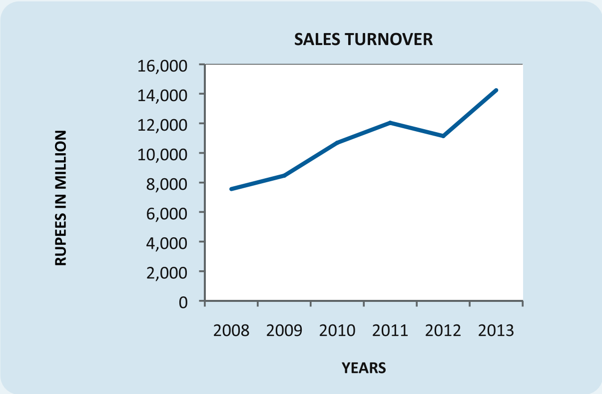

OPERATING PROFIT
RUPEES IN MILLION
2,000
1,500
1,000
500
-
2008 2009 2010 2011 2012 2013
YEARS

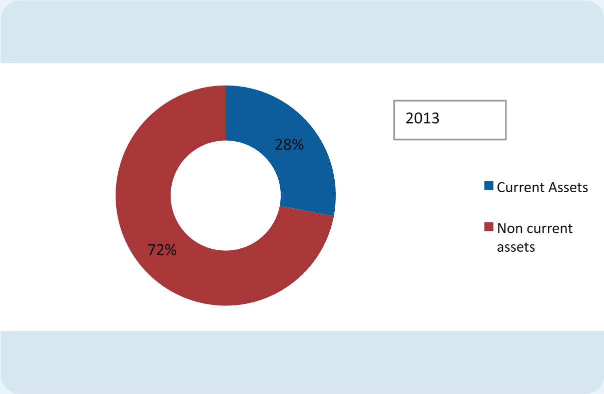

EQUITY
RUPEES IN MILLION
6,000
5,000
4,000
3,000
2,000
1,000
-
2008 2009 2010 2011 2012 2013
YEARS

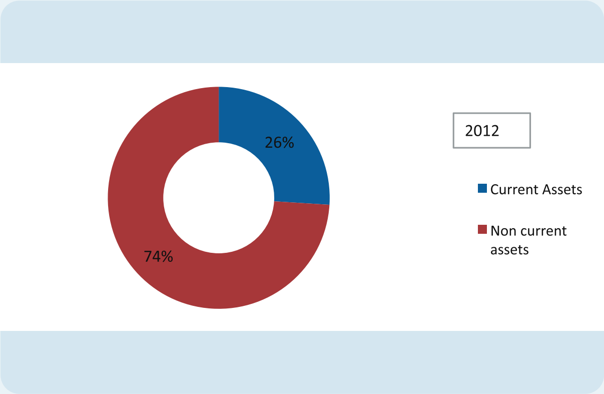

EARNING PER SHARE
RUPEES
3.00
2.00
1.00
0.00
(1.00)
(2.00)
(3.00)
(4.00)
2008 2009 2010 2011 2012 2013
YEARS

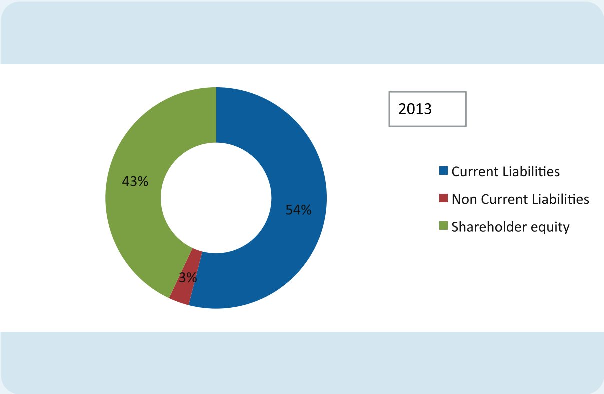

PROFIT/(LOSS) AFTER TAX
RUPEES IN MILLION
600
400
200
0
-200
-400
-600
2008 2009 2010 2011 2012 2013
YEARS
Profit after tax

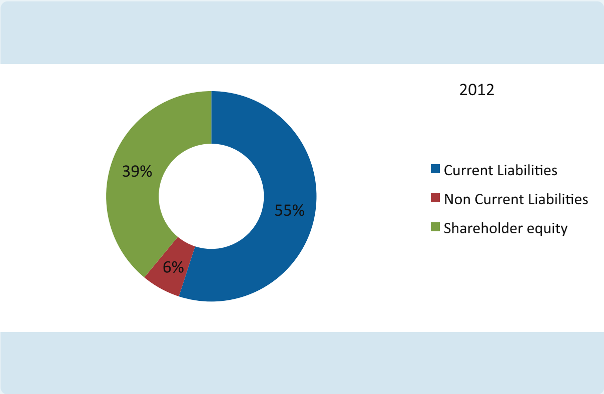

Return on Equity and Capital
PERCENTAGE
15%
10%
5%
0%
-5%
-10%
-15%
-20%
2008
2009
2010
2011
2012
2013
YEARS
Return on Equity
Return on Capital


SALES TURNOVER
RUPEES IN MILLION
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
2008
2009
2010
2011
2012
2013
YEARS


2013
28%
72%
Current Assets
Non current assets


2012
26%
74%
Current Assets
Non current assets


2013
43%
54%
3%
Current Liabilities
Non Current Liabilities
Shareholder equity


2012
39%
55%
6%
Current Liabilities
Non Current Liabilities
Shareholder equity

CASH FLOW STATEMENT - (Direct Method) FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	14,166,956	10,863,322
Cash paid to suppliers and employees	12,728,273	8,976,650
Cash generated from operations	1,438,683	1,886,672
Finance cost paid	(722,140)	(915,180)
Income tax paid	(114,470)	(111,843)
Net decrease/ (Increase) in long term deposits	10,133	(14,757)
Net cash generated from operating activities	612,206	844,892
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(128,237)	(173,308)
Capital expenditure on investment properties	-	(5,539)
Proceeds from sale of property, plant and equipment	9,464	319,062
Proceeds from sale of investments	-	543,876
Proceeds from disposal of investment in subsidiary company	-	29
Interest received	19,173	17,429
Dividends received	63	75
Net cash (used in) / from investing activities	(99,537)	701,624
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	32,470	-
Repayment of long term financing	(543,944)	(777,227)
Repayment of liabilities against assets subject to finance lease	(30,821)	(38,578)
Short term borrowings - net	(34,770)	(766,154)
Dividend paid	(255)	(50)
Net cash used in financing activities	(577,320)	(1,582,009)
Net increase in cash and cash equivalents	(64,651)	(35,493)
Cash and cash equivalents at the beginning of the year	385,503	420,996
Cash and cash equivalents at the end of the year	320,852	385,503

Comments on the results of Balance Sheet & Profit and Loss Account

1) Most of the ratios have shown a positive trend during the current financial year as compared with last 6 years. Sales revenue is increased by 28% from Rs. 11,147 million (2012) to Rs.14,250 million (2013) whereas it was Rs. 7,558 million in 2008. It is mainly due to change in Company's marketing plan and increase in capacity utilization.

2) Cost to revenue ratio has been increased from 83.52% to 85.02% during the current year. Major reason for such an increase is the increased utilization levels hence increased demand for raw materials coupled with increase in power generation cost and inflationary effect.

3) Gross Profit ratio decreased from 16.48% to 14.98% in current financial year whereas it was 18.71% in 2010. Reason for such decrease is upward trend in the cost of Raw materials and increased tariff rates of power as compared to preceding years.

4) Finance cost has been decreased by Rs. 230 million due to repayment of long term debts during the year & decrease in weighted average cost of capital (WACC).

5) Net profit to sales ratio is increased from 1.04% to 3.40% due to decrease in finance cost by Rs. 230 million.

6) Debt equity ratio has continuously been improving since 2008 uptill now due to repayments of long term debts and increase in shareholder's equity due to improved profitability as compared to preceding year.

Comments on the Summary of Cash Flow Statement

Cash flow from operating activities has been decreased during the year mainly because of increased inventory levels as compared to preceding year. Whereas net outflow in investing and financing activities is due to capital expenditure of Rs. 128 million and repayment of long term financing of Rs. 544 million respectively.

Comments on the Horizontal and Vertical analysis of Balance Sheet and Profit & Loss Account

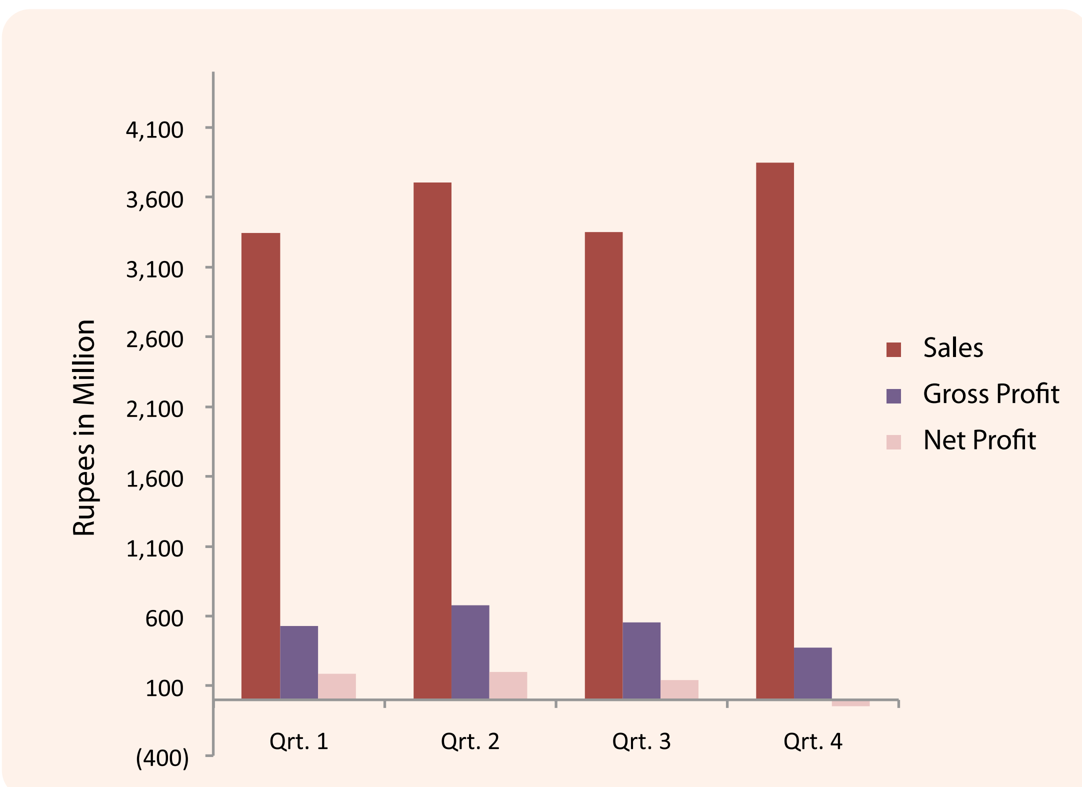
Increase in shareholder's equity is primarily because of increase in net profit. Noncurrent liabilities have been decreased because of repayment of long term debts during last 6 years.

Cost of sales has been increased due to inflationary effect in Raw material prices and fuel & power cost.

Finance cost has been decreased due to repayment of loans and decrease in WACC.

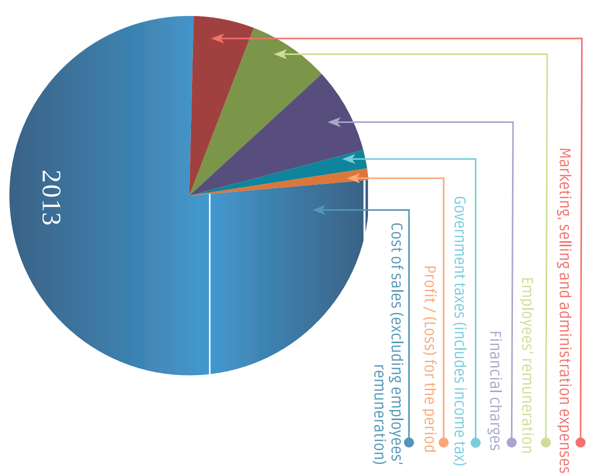
Analysis of variation in results reported in Quarterly Accounts

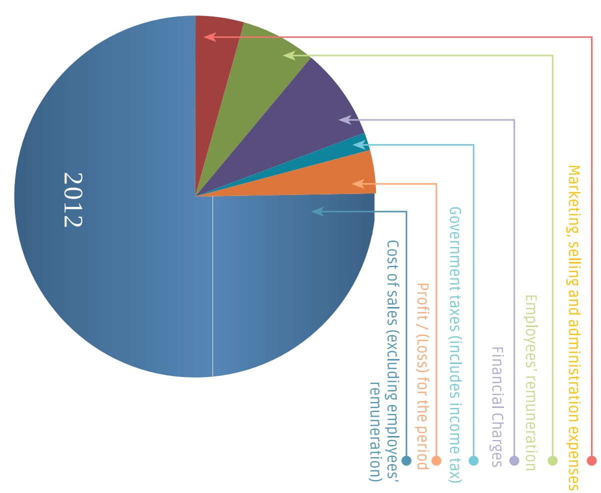
Sales and gross profits have been gradually increased in the first and second quarter due to increased utilization levels and better sales prices which resulted in improved net profits. However sales slightly reduced in 3rd quarter which resulted in lesser net profits as compared with 1st and 2nd quarter. In the 4th quarter sales revenue increased but gross profit and net profits declined substantially due to higher power generation cost.



Distribution of Wealth

	2013		2012		2011		2010		2009		2008	
	Rs " 000 "	%age	Rs " 000 "	%age	Rs " 000 "	%age	Rs " 000 "	%age	Rs " 000 "	%age	Rs " 000 "	%age
Wealth Generated												
Net Sales	14,250,439	99.63%	11,146,698	99.40%	12,037,253	95.28%	10,693,338	99.27%	8,458,899	98.53%	7,558,322	95.05%
Other operating income	52,455	0.37%	67,273	0.60%	595,770	4.72%	78,651	0.73%	126,551	1.47%	393,980	4.95%
	14,302,894	100.00%	11,213,971	100.00%	12,633,023	100.00%	10,771,989	100.00%	8,585,450	100.00%	7,952,302	100.00%
Distribution of Wealth												
Cost of Sales (excluding employees' remuneration)	11,255,864	78.70%	8,636,210	77.01%	9,514,022	75.31%	7,952,404	73.82%	6,508,657	75.81%	5,876,612	73.90%
Distribution, administration & Other expenses	584,383	4.09%	578,789	5.16%	546,646	4.33%	497,243	4.62%	546,013	6.36%	446,555	5.62%
Employees Remuneration	1,023,669	7.16%	823,943	7.35%	846,271	6.70%	873,126	8.11%	807,226	9.40%	615,995	7.75%
Financial charges	640,543	4.48%	870,740	7.76%	1,037,294	8.21%	1,072,768	9.96%	1,260,230	14.68%	882,335	11.10%
Government taxes (includes income tax)	313,903	2.19%	187,860	1.68%	200,939	1.59%	98,587	0.92%	(96,865)	-1.13%	134,325	1.69%
Profit / (Loss) for the year	484,532	3.39%	116,429	1.04%	487,851	3.86%	277,861	2.58%	(439,811)	-5.12%	(3,520)	-0.04%
	14,302,894	100.00%	11,213,971	100.00%	12,633,023	100.00%	10,771,989	100.00%	8,585,450	100.00%	7,952,302	100.00%





Horizontal Analysis of Financial Statements

	2013	Change w.r.t 2012	2012	Change w.r.t 2011	2011	Change w.r.t 2010	2010	Change w.r.t 2009	2009	Change w.r.t 2008	2008
	Rupees (000)	%	Rupees (000)	%	Rupees (000)	%	Rupees (000)	%	Rupees (000)	%	Rupees (000)
Balance Sheet											
Total Equity	4,999,269	10.73	4,514,737	2.92	4,386,636	30.51	3,361,268	9.87	3,059,341	(22.26)	3,935,098
Total Surplus on revolution of property	3,673,825	-	3,673,825	(0.32)	3,685,497	0.32	3,673,825	190.74	1,263,592	-	1,263,592
Total non-current liabilities	389,507	(42.70)	679,811	(52.25)	1,423,694	(23.17)	1,853,068	(15.39)	2,190,079	(28.24)	3,052,128
Total current liabilities	6,257,996	(1.13)	6,329,557	(7.01)	6,806,838	(16.68)	8,169,138	20.80	6,762,527	23.46	5,477,572
Total equity and liabilities	15,320,597	0.81	15,197,930	(6.78)	16,302,665	(4.42)	17,057,299	28.49	13,275,539	(3.30)	13,728,390
Total non-current assets	10,981,023	(1.92)	11,195,746	(4.83)	11,763,606	12.02	10,501,191	28.95	8,143,655	2.16	7,971,169
Total current assets	4,339,574	8.43	4,002,184	(11.83)	4,539,059	(30.77)	6,556,108	27.75	5,131,884	(10.86)	5,757,221
Total assets	15,320,597	0.81	15,197,930	(6.78)	16,302,665	(4.42)	17,057,299	28.49	13,275,539	(3.30)	13,728,390
Profit and Loss Account											
Net sales	14,250,439	27.84	11,146,698	(7.40)	12,037,253	12.57	10,693,338	26.42	8,458,899	11.92	7,558,322
Cost of sales	12,116,187	30.14	9,310,049	(8.85)	10,213,705	17.50	8,692,529	20.75	7,198,993	12.56	6,395,622
Gross profit	2,134,252	16.20	1,836,649	0.72	1,823,548	(8.86)	2,000,809	58.81	1,259,906	8.36	1,162,700
Selling and distribution expenses	438,598	8.96	402,526	(5.30)	425,063	6.85	397,818	(14.42)	464,848	21.96	381,161
Administrative expenses	258,398	22.84	210,356	(3.83)	218,739	12.11	195,103	10.88	175,965	17.67	149,542
Other operating expenses	50,733	(56.27)	116,011	134.69	49,432	32.44	37,323	68.96	22,090	(0.31)	22,158
Other operating income	52,455	(22.03)	67,273	(88.71)	595,770	657.49	78,651	(37.85)	126,551	(68.62)	403,301
Profit from operations	1,438,978	22.46	1,175,029	(31.93)	1,726,084	19.10	1,449,216	100.29	723,554	(28.58)	1,013,140
Finance cost	640,543	(26.44)	870,740	(16.06)	1,037,294	(3.31)	1,072,768	(14.88)	1,260,230	42.83	882,335
Profit/(Loss) before taxation	798,435	162.39	304,289	(55.82)	688,790	82.97	376,448	(170.14)	(536,676)	(510.29)	130,805
Provision for taxation	313,903	67.09	187,860	(6.51)	200,939	103.82	98,587	(201.78)	(96,865)	(172.11)	134,325
Profit/(Loss) after taxation	484,532	316.16	116,429	(76.13)	487,851	75.57	277,861	(163.18)	(439,811)	12,394.63	(3,520)

Vertical Analysis of Financial Statements

	2013	%	2012	%	2011	%	2010	%	2009	%	2008	%
						Rupees in thousand						
Balance Sheet												
Total Equity	4,999,269	32.63	4,514,737	29.71	4,386,636	26.91	3,361,268	19.71	3,059,341	23.04	3,935,098	28.66
Total Surplus on revolution of property	3,673,825	23.98	3,673,825	24.17	3,685,497	22.61	3,673,825	21.54	1,263,592	9.52	1,263,592	9.20
Total non-current liabilities	389,507	2.54	679,811	4.47	1,423,694	8.73	1,853,068	10.86	2,190,079	16.50	3,052,128	22.23
Total current liabilities	6,257,996	40.85	6,329,557	41.65	6,806,838	41.75	8,169,138	47.89	6,762,527	50.94	5,477,572	39.90
Total equity and liabilities	15,320,597	100.00	15,197,930	100.00	16,302,665	100.00	17,057,299	100.00	13,275,539	100.00	13,728,390	100.00
Total non-current assets	10,981,023	71.67	11,195,746	73.67	11,763,606	72.16	10,501,191	61.56	8,143,655	61.34	7,971,169	58.06
Total current assets	4,339,574	28.33	4,002,184	26.33	4,539,059	27.84	6,556,108	38.44	5,131,884	38.66	5,757,221	41.94
Total assets	15,320,597	100.00	15,197,930	100.00	16,302,665	100.00	17,057,299	100.00	13,275,539	100.00	13,728,390	100.00
Profit and Loss Account												
Net sales	14,250,439	100.00	11,146,698	100.00	12,037,253	100.00	10,693,338	100.00	8,458,899	100.00	7,558,322	100.00
Cost of sales	12,116,187	85.02	9,310,049	83.52	10,213,705	84.85	8,692,529	81.29	7,198,993	85.11	6,395,622	84.62
Gross profit	2,134,252	14.98	1,836,649	16.48	1,823,548	15.15	2,000,809	18.71	1,259,906	14.89	1,162,700	15.38
Selling and distribution expenses	438,598	3.08	402,526	3.61	425,063	3.53	397,818	3.72	464,848	5.50	381,161	5.04
Administrative expenses	258,398	1.81	210,356	1.89	218,739	1.82	195,103	1.82	175,965	2.08	149,542	1.98
Other operating expenses	50,733	0.36	116,011	1.04	49,432	0.41	37,323	0.35	22,090	0.26	22,158	0.29
Other operating income	52,455	0.37	67,273	0.60	595,770	4.95	78,651	0.74	126,551	1.50	403,301	5.34
Profit from operations	1,438,978	10.10	1,175,029	10.54	1,726,084	14.34	1,449,216	13.55	723,554	8.55	1,013,140	13.40
Finance cost	640,543	4.49	870,740	7.81	1,037,294	8.62	1,072,768	10.03	1,260,230	14.90	882,335	11.67
Profit/(Loss) before taxation	798,435	5.60	304,289	2.73	688,790	5.72	376,448	3.52	(536,676)	(6.34)	130,805	1.73
Provision for taxation	313,903	2.20	187,860	1.69	200,939	1.67	98,587	0.92	(96,865)	(1.15)	134,325	1.78
Profit/(Loss) after taxation	484,532	3.40	116,429	1.04	487,851	4.05	277,861	2.60	(439,811)	(5.20)	(3,520)	(0.05)

Statement of Compliance with the Code of Corporate Governance

Name of Company: Kohinoor Textile Mills Limited

Year Ended: June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 of Listing Regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the CCG in the following manner:-

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:-

Category	Names
Independent Directors	Mr. Zamiruddin Azar Mr. Arif Ijaz
Executive Directors	Mr. Taufique Sayeed Saigol Mr. Waleed Tariq Saigol Mr. Danial Taufique Saigol Syed Mohsin Raza Naqvi
Non-Executive Directors	Mr. Tariq Sayeed Saigol Mr. Sayeed Tariq Saigol

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

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

4. No casual vacancy occurred on the Board of Directors 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 conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and 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 Board had arranged Orientation Courses for its Directors during the preceding years to make them aware of their duties and responsibilities. The Directors have also provided

declarations that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulations of the Stock Exchanges.

Moreover, one Director of the Company has obtained Certificate under Directors' Training Program from The Institute of Chartered Accountants of Pakistan, for the year ended June 30, 2013.

10. The Board has ratified the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for this year 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 four members, of whom three are non-executive directors including the chairman of the committee who is an independent director and one is 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 reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a HR & Remuneration Committee comprising of three members with majority of non-executive directors including the chairman of the committee who is an independent director.

18. The Board has set up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a 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 the 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, executives and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

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

For and on behalf of the Board

Lahore:
September 25, 2013

(Taufique Sayeed Saigol)
Chief Executive

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of KOHINOOR TEXTILE MILLS LIMITED ("the Company") for the year ended 30 June 2013, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any 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 30 June 2013.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Atif Bin Arshad
Date: September 25, 2013
Islamabad

Financial Statements

for the Year Ended June 30, 2013

KTM

Kohinoor Textile Mills Limited

Auditors' Report to the Members

We have audited the annexed balance sheet of **KOHINOOR TEXTILE MILLS LIMITED** as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit 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 books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2013 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
ATIF BIN ARSHAD

Date: September 25, 2013

ISLAMABAD

Balance Sheet
As at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (2012: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2012: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		4,000,000	4,000,000
Issued, subscribed and paid up share capital	3	2,455,262	2,455,262
Reserves	4	2,544,007	2,059,475
Total equity		4,999,269	4,514,737
Surplus on revaluation of land and investment properties	5	3,673,825	3,673,825
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	38,958	519,135
Liabilities against assets subject to finance lease	7	-	20,501
Deferred income tax liability	8	350,549	140,175
		389,507	679,811
CURRENT LIABILITIES			
Trade and other payables	9	1,248,315	1,161,892
Accrued mark-up	10	104,101	185,698
Short term borrowings	11	4,329,341	4,364,111
Current portion of non-current liabilities	12	576,239	617,856
		6,257,996	6,329,557
TOTAL LIABILITIES		6,647,503	7,009,368
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		15,320,597	15,197,930

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

CHIEF EXECUTIVE OFFICER

	Note	2013	2012
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	14	5,959,112	6,161,381
Intangible asset	15	3,006	6,284
Investment properties	16	1,729,843	1,728,886
Long term investments	17	3,248,680	3,248,680
Long term deposits	18	40,382	50,515
		10,981,023	11,195,746
CURRENT ASSETS			
Stores, spare parts and loose tools	19	365,281	320,486
Stock-in-trade	20	1,768,203	1,529,949
Trade debts	21	1,066,724	986,683
Advances	22	223,272	312,406
Security deposits and short term prepayments	23	32,585	25,909
Accrued Interest		6,229	217
Other receivables	24	412,521	308,494
Short term investments	25	1,040	611
Taxation recoverable		142,867	131,926
Cash and bank balances	26	320,852	385,503
		4,339,574	4,002,184
TOTAL ASSETS		15,320,597	15,197,930

DIRECTOR

Profit and Loss Account
For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
SALES	27	14,250,439	11,146,698
COST OF SALES	28	(12,116,187)	(9,310,049)
GROSS PROFIT		2,134,252	1,836,649
DISTRIBUTION COST	29	(438,598)	(402,526)
ADMINISTRATIVE EXPENSES	30	(258,398)	(210,356)
OTHER EXPENSES	31	(50,733)	(116,011)
		(747,729)	(728,893)
		1,386,523	1,107,756
OTHER INCOME	32	52,455	67,273
PROFIT FROM OPERATIONS		1,438,978	1,175,029
FINANCE COST	33	(640,543)	(870,740)
PROFIT BEFORE TAXATION		798,435	304,289
TAXATION	34	(313,903)	(187,860)
PROFIT AFTER TAXATION		484,532	116,429
EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)	38	1.97	0.47

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Comprehensive Income

For the year ended June 30, 2013

	2013	2012
	(Rupees in thousand)	
PROFIT AFTER TAXATION	484,532	116,429
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	484,532	116,429

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Cash Flow Statement
For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	1,438,683	1,886,672
Finance cost paid		(722,140)	(915,180)
Income tax paid		(114,470)	(111,843)
Net decrease / (increase) in long term deposits		10,133	(14,757)
Net cash generated from operating activities		612,206	844,892
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(128,237)	(173,308)
Capital expenditure on investment properties		-	(5,539)
Proceeds from sale of property, plant and equipment		9,464	319,062
Proceeds from sale of investments		-	543,876
Proceeds from disposal of investment in subsidiary company		-	29
Interest received		19,173	17,429
Dividends received		63	75
Net cash (used in) / from investing activities		(99,537)	701,624
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		32,470	-
Repayment of long term financing		(543,944)	(777,227)
Repayment of liabilities against assets subject to finance lease		(30,821)	(38,578)
Short term borrowings - net		(34,770)	(766,154)
Dividend paid		(255)	(50)
Net cash used in financing activities		(577,320)	(1,582,009)
Net decrease in cash and cash equivalents		(64,651)	(35,493)
Cash and cash equivalents at the beginning of the year		385,503	420,996
Cash and cash equivalents at the end of the year		320,852	385,503

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Changes in Equity
For the year ended June 30, 2013

	Share capital	Reserves					
		Capital reserve	Revenue reserves				Total equity
		Share premium	General reserve	Unappropriated profit	Sub-total	Total reserves	
	.... (Rupees in thousand)						
Balance as at 30 June 2011	2,455,262	144,919	1,450,491	335,964	1,786,455	1,931,374	4,386,636
Surplus on revaluation realised on disposal of land	-	-	-	11,672	11,672	11,672	11,672
Profit for the year	-	-	-	116,429	116,429	116,429	116,429
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	116,429	116,429	116,429	116,429
Balance as at 30 June 2012	2,455,262	144,919	1,450,491	464,065	1,914,556	2,059,475	4,514,737
Profit for the year	-	-	-	484,532	484,532	484,532	484,532
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	484,532	484,532	484,532	484,532
Balance as at 30 June 2013	2,455,262	144,919	1,450,491	948,597	2,399,088	2,544,007	4,999,269

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Financial Statements
For the year ended June 30, 2013

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and listed on all Stock Exchanges in Pakistan. The registered office of the Company is situated at 42-Lawrence Road, Lahore. The principal activity of the Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) 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 or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain financial instruments, investment properties and freehold land which are carried at their fair values. These financial statements represent separate financial statements of the Company. The consolidated financial statements of the Group are being issued separately.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Future estimation of export sales

Deferred income tax calculation has been based on estimation of future ratio of export and local sale.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provisions for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Impairment of investment in subsidiary company

In making an estimate of recoverable amount of the Company's investment in subsidiary company, the management considers future cash flows.

d) Amendments to published approved standards that are effective in current year and are relevant to the Company

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2012:

IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments does not address which items are presented in OCI. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

e) Amendments to published approved standards that are effective in current year but not relevant to the Company

There are other amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2012 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published approved standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2013 or later periods:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The clarifying amendments to IAS 32 are effective for annual periods beginning on or after 01 January 2014. However, these amendments are not expected to have a material impact on the Company's financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2015). It addresses the classification, measurement and recognition of financial assets and financial liabilities. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2013). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Consolidated and Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 'Consolidated and Separate Financial Statements' that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2013) provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2014) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash- generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 17 May 2012, IASB issued Annual Improvements to IFRSs: 2009 – 2011 Cycle, incorporating amendments to five IFRSs more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation', that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the Company

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2013 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

The Company operates an approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the Company and employees at the rate of 8.33 percent of basic salary and cost of living allowance to the fund. The Company's contributions to the fund are charged to profit and loss account.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

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 recognised for all taxable temporary differences and deferred tax assets 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.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.4 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and 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.

2.5 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognised impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Leased

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognised in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 14.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.6 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognised in the profit and loss account for the year in which it arises.

2.7 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognised at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditure relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

2.8 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investment in subsidiary company, which is tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

a) Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognised in profit and loss account.

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognised amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognised in profit and loss account when the investments are derecognised or impaired, as well as through the amortization process.

c) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognised directly in statement of other comprehensive income until the investment is sold, de-recognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organised capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 "Financial Instruments: Recognition and Measurement".

d) Investment in subsidiary company

Investment in subsidiary company is stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Consolidated and Separate Financial Statements'.

2.9 Inventories

Inventories, except for stock in transit and waste stock / rags, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

(i) For raw materials:	Annual average basis.
(ii) For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.10 Trade and other receivables

Trade debts and other receivables are carried at original invoice value 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 Borrowings

Borrowings are recognised initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

2.12 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognised in profit and loss account.

2.13 Trade and other payables

Liabilities for trade and other amounts payable are initially recognised at fair value, which is normally the transaction cost.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.15 Share capital

Ordinary shares are classified as share capital.

2.16 Revenue recognition

Revenue from different sources is recognised as under:

a) Revenue from local sales is recognised on dispatch of goods to customers while in case of export sales it is recognised on the date of bill of lading.

b) Dividend on equity investments is recognised when right to receive the dividend is established.

c) Profit on deposits with banks is recognised on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.17 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

2.18 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, advances, accrued interest, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which are initially measured at fair value.

Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and derecognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.19 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.20 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognised in the balance sheet at estimated fair value with corresponding effect to profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.21 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn) and Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.22 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognised in the period in which these are approved by the Board of Directors.

2.23 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2013	2012		2013	2012
(Number of Shares)			(Rupees in thousand)	
1,596,672	1,596,672	Ordinary shares of Rupees 10 each allotted on reorganisation of Kohinoor Industries Limited	15,967	15,967
26,156,000	26,156,000	Ordinary shares allotted under scheme of arrangement of merger of Part II of Maple Leaf Electric Company Limited	261,560	261,560
26,858,897	26,858,897	Ordinary shares allotted under scheme of arrangement of merger of Kohinoor Raiwind Mills Limited and Kohinoor Gujar Khan Mills Limited	268,589	268,589
38,673,628	38,673,628	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	386,736	386,736
152,241,019	152,241,019	Ordinary shares of Rupees 10 each issued as fully paid in cash	1,522,410	1,522,410
245,526,216	245,526,216		2,455,262	2,455,262

3.1 Zimpex (Private) Limited which is an associated company held 45,496,057 (2012: 45,496,057) ordinary shares of Rupees 10 each as at 30 June 2013.

	Note	2013	2012
		(Rupees in thousand)	
4. RESERVES			
Composition of reserves is as follows:			
Capital			
Share premium	4.1	144,919	144,919
Revenue			
General reserve		1,450,491	1,450,491
Unappropriated profit		948,597	464,065
		2,399,088	1,914,556
		2,544,007	2,059,475

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	Note	2013	2012
		(Rupees in thousand)	
5. SURPLUS ON REVALUATION OF LAND AND INVESTMENT PROPERTIES			
Investment properties		1,263,592	1,263,592
Freehold land		2,410,233	2,410,233
		3,673,825	3,673,825
6. LONG TERM FINANCING			
From banking companies and other financial institutions - secured			
Long term loans	6.1	491,973	846,817
Long term musharika	6.2	102,750	254,586
		594,723	1,101,403
Less: Current portion shown under current liabilities	6.4 & 12	555,765	587,062
		38,958	514,341
Other loans - unsecured			
Kohinoor Sugar Mills Limited (KSML)	6.5	-	4,794
		38,958	519,135

LENDER	2013	2012	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....RUPEES IN THOUSAND.....							
6.1 Long term loans								
NIB Bank Limited	62,500	88,194	100,000	3 Months KIBOR + 2%	Thirty two equal monthly installments commenced from July 2011 and ending on February 2014.	Quarterly	Quarterly	First pari passu charge over all present and future current assets of the Company for Rupees 447 million. Exclusive charge on plant and machinery imported under LTF facility for Rupees 400 million and personal guarantees of the sponsor directors.
NIB Bank Limited	52,406	101,206	300,000	7%	Twenty four equal quarterly installments after expiry of grace period of one and a half year commenced from April 2005 and ending on September 2014.	-	Quarterly	First pari passu charge over fixed assets of Raiwind Division and personal guarantees of the sponsor directors.
NIB Bank Limited	22,222	41,667	50,000	3 Months KIBOR + 2%	Thirty two monthly installments commenced from July 2011 and ending on February 2014.	Quarterly	Quarterly	Collateral covering the exposure including charges on both current and fixed assets of the Company and personal guarantees of the sponsor directors.
Saudi Pak Industrial and Agricultural Investment Company Limited	31,250	93,750	250,000	3 Months KIBOR + 1.7%	Eight equal semi annual installments commenced from December 2008 and ending on June 2013 including grace period of one year .	Quarterly	Quarterly	First pari passu charge by way of hypothecation on all present and future plant and machinery of the Company and by way of mortgage on land measuring 121 Acres, two kanals and one marla, situated at Main Peshawar Road, Rawalpindi with 25% margin.
The Bank of Punjab	32,470	-	135,000	3 Months KIBOR + 3%	Twelve equal quarterly installments after expiry of grace period of one year.	Quarterly	Quarterly	Bank's specific hypothecation charge over imported machinery with 25% margin and personal guarantees of the sponsor directors.

LENDER	2013	2012	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....RUPEES IN THOUSAND.....							
Syndicated term finance (Note 6.3)								
Bank Al-Falah Limited	171,250	296,250	500,000	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First joint pari passu charge on surplus land for Rupees 467 million.
Faysal Bank Limited	102,750	193,500	300,000	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First pari passu charge over fixed assets of the Company for Rupees 400 million with 25% margin.
Pak Libya Holding Company Limited	17,125	32,250	50,000	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First joint pari passu charge on surplus land for Rupees 66.67 million.
	291,125	522,000	850,000					
Total	**491,973**	**846,817**	**1,685,000**					

6.2 Long term musharika (Note 6.3)

LENDER	2013	2012	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
Standard Chartered Bank (Pakistan) Limited	68,500	129,085	200,000	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First pari passu charge on land at Rawalpindi Division of Rupees 266.66 million.
Allied Bank Limited	-	61,001	568,750	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First pari passu charge over movable fixed assets of Rawalpindi Division and surplus piece of land measuring 43 Acres, 7 kanal and 12 marlas, situated at Main Peshawar Road of Rupees 933.33 million.
The Bank of Khyber	34,250	64,500	100,000	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First pari passu charge over land measuring 121 Acres, situated at Main Peshawar Road of Rupees 106.666 million.
Total	**102,750**	**254,586**	**868,750**					

6.3 Syndicated term finance facility and musharika facility was arranged by Standard Chartered Bank (Pakistan) Limited as syndicate agent and investment agent.

6.4 Current portion of long term loan and musharika include overdue installments amounting to Rupees 47.917 million (2012: Rupees 66.154 million).

6.5 Kohinoor Sugar Mills Limited (KSML)

Liability was settled during the current period through an agreement with KSML.

	Note	2013	2012
		(Rupees in thousand)	

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2013	2012
Future minimum lease payments		20,640	54,165
Less: Un-amortized finance charges		166	2,870
Present value of future minimum lease payments		20,474	51,295
Less: Current portion shown under current liabilities	12	20,474	30,794
		-	20,501

7.1 The future minimum lease payments have been discounted at implicit interest rates which range from 10.64% to 13.98% (2012: from 6.30% to 17.40%) per annum to arrive at their present values. The lease rentals are payable in monthly and quarterly installments. In case of any default, an additional charge at the rate of 0.1 percent per day shall be payable. Taxes, repairs, replacements and insurance costs are to be borne by the Company. The lease agreements carry renewal and purchase option at the end of the lease term. There are no financial restrictions in lease agreements. These are secured by deposit of Rupees 15.581 million (2012: Rupees 20.874 million) included in long term deposits, demand promissory notes and personal guarantees.

7.2 Future minimum lease payments and their present values are regrouped as under:

	2013		2012	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	------------------(Rupees in thousand)---------------			
Future minimum lease payments	20,640	-	33,434	20,731
Less: Unamortized finance charges	166	-	2,640	230
Present value of future minimum lease payments	20,474	-	30,794	20,501

	2013	2012
	(Rupees in thousand)	

8. DEFERRED INCOME TAX LIABILITY

This comprises of following :

	2013	2012
Deferred tax liability on taxable temporary differences in respect of:		
Accelerated tax depreciation	452,321	402,658
Deferred tax asset on deductible temporary differences in respect of:		
Tax losses carry forward	(98,702)	(262,483)
Provision for doubtful debts	(3,070)	-
	350,549	140,175

9. TRADE AND OTHER PAYABLES

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Creditors		638,841	683,385
Accrued liabilities		266,854	163,912
Advances from customers		66,450	68,318
Workers' profit participation fund	9.1	81,389	40,032
Workers' welfare fund		7,686	7,686
Payable to subsidiary company	9.2	84,495	131,128
Unclaimed dividend		2,376	2,631
Withholding tax payable		4,685	2,400
Payable to employees' provident fund trust		82,678	53,001
Others		12,861	9,399
		1,248,315	1,161,892

9.1 Workers' profit participation fund

	Note	2013	2012
Balance as on 01 July		40,032	20,905
Add: Interest for the year	33	4,552	2,964
Provision for the year	31	42,263	16,171
Less: Payments during the year		(5,458)	(8)
		81,389	40,032

9.1.1 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.

9.2 This represents amount payable to subsidiary company including mark-up thereon net of adjustments of sales tax refunds of the Company against sales tax liability of subsidiary company and receivable against allocation of pool expenses.

10. ACCRUED MARK-UP

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Long term financing		17,778	78,022
Short term borrowings		86,295	107,374
Liabilities against assets subject to finance lease		28	302
		104,101	185,698

11. SHORT TERM BORROWINGS

	Note	2013	2012
From banking companies - secured			
Short term running finances	11.1 & 11.2	88,928	140,493
Other short term finances	11.1 & 11.3	2,875,413	3,088,618
State Bank of Pakistan (SBP) refinances	11.1 & 11.4	1,365,000	1,135,000
		4,329,341	4,364,111

11.1 These finances are obtained from banking companies under mark up arrangements and are secured by pledge of raw material, charge on current assets of the Company including hypothecation of work-in-process, stores and spares, letters of credit, firm contracts, book debts and personal guarantees of the sponsor directors. These form part of total credit facilities of Rupees 5,620 million (2012 : Rupees 5,825 million).

11.2 The rates of mark-up range from 11.38% to 14.49% (2012: 3.49% to 25.00%) per annum on balance outstanding.

11.3 The rates of mark-up range from 2.59% to 21.90% (2012: 4.50% to 25.00%) per annum on balance outstanding.

11.4 The rates of mark-up range from 9.20% to 11.00% (2012: 11.00%) per annum on balance outstanding.

	Note	2013	2012
		(Rupees in thousand)	
12. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	6	555,765	587,062
Liabilities against assets subject to finance lease	7	20,474	30,794
		576,239	617,856

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

a) The Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for tax year 2003 under section 129 / 132 of the Income Tax Ordinance, 2001, which is pending adjudication. The tax loss was restricted to Rupees 27.540 million against declared loss of Rupees 122.933 million thereby creating a demand of Rupees 12.396 million. In addition to the above, another appeal for tax year 2003 against order under section 221 of the Income Tax Ordinance, 2001 dated 24 January 2009, on the disallowance of depreciation expense of Rupees 62.665 million was filed before Appellate Tribunal Inland Revenue which is pending adjudication. This is a cross appeal. Although the learned Commissioner Inland Revenue (Appeals) has already annulled the order under section 221 of the Income Tax Ordinance, 2001, vide order dated 30 July 2009, the Taxation Officer illegally repeated the original assessment. Therefore, an appeal has also been filed before Commissioner Inland Revenue under section 187 of the Income Tax Ordinance, 2001 for tax year 2003, the appellate order of which is pending. The revenue involved on account of penalty was Rupees 17.484 million. The Company has strong grounds and is expecting favourable outcome.

b) The Company filed an appeal before the Appellate Tribunal Inland Revenue under section 122(5A) / 122(1) / 129 of the Income Tax Ordinance, 2001 for tax year 2004 which is pending adjudication. The loss for the year was assessed at Rupees 255.684 million against declared loss of Rupees 255.886 million. Department also filed cross appeal mainly on issue of chargeability of 3.5% tax on local purchases amounting to Rupees 950.547 million. The Appellate Tribunal Inland Revenue set-aside the order of Commissioner Inland Revenue (Appeals) and remanded back to Commissioner Inland Revenue (Appeals) with the direction to readjudicate the issue after considering the evidences produced. The Company has strong grounds and is expecting favourable outcome.

c) The Company filed an appeal before the Appellate Tribunal Inland Revenue under section 122(5A) / 122(1) of the Income Tax Ordinance, 2001 for tax year 2005, which is pending adjudication. The Income for the year was assessed at Rupees 113.440 million against declared loss of Rupees 205.576 million creating payable of Rupees 74.576 million. Department also filed cross appeal mainly on issue of chargeability of 3.5% tax on local purchases amounting to Rupees 828.839 million. The Appellate Tribunal Inland Revenue set-aside the order of Commissioner Inland Revenue (Appeals) and remanded back to Commissioner Inland Revenue (Appeals) with the direction to readjudicate the issue after considering the evidences produced. The Company has strong grounds and is expecting favourable outcome.

d) The Company filed an appeal before the Appellate Tribunal Inland Revenue under section 221 of the Income Tax Ordinance, 2001 for the tax year 2010 against demand of Rupees 20.789 million. The appeal was filed on the ground that minimum tax at the rate of 0.5% on turnover can be adjusted against tax deducted on exports. The Company has strong grounds and is expecting favourable outcome.

e) The Company and the tax authorities have filed appeals before different appellate authorities regarding sales tax and custom duty matters. Pending the outcome of appeals filed by the Company and tax authorities, no provision has been made in these financial statements which on the basis adopted by the authorities would amount to Rupees 80.902 million (2012: Rupees 64.022 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

f) The Company filed recovery suits in Civil Courts amounting to Rupees 16.922 million (2012: Rupees 7.908 million) against various suppliers and customers for goods supplied by / to them. Pending the outcome of the cases, no provision has been made in these financial statements since the Company is confident about favourable outcome of the cases.

g) The Company has filed a suit before Civil Court, Rawalpindi against demand raised by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 74.933 million (2012: Rupees 60.308 million). No provision has been made in these financial statements, since the Company is confident about favourable outcome.

h) The Company filed a suit before the Civil Court, Rawalpindi against demand of Rs 65.521 million raised by Sui Northern Gas Pipelines Limited (SNGPL). The case was dismissed by the Civil Court, Rawalpindi and the Company has filed an appeal before Lahore High Court, Rawalpindi bench against judgment passed by Civil Court, Rawalpindi, the Company has deposited Rupees 42.588 million (65%) as per orders of the Lahore High Court, Rawalpindi bench. No provision for balance amount of Rupees 22.933 million has been made in these financial statements, since the Company is confident about favourable outcome.

i) Islamabad Electric Supply Company has filed appeals in the Civil Court for recovery of Rs 12.531 million on account of outstanding electricity charges . No provision has been made in these financial statements, since the Company is confident about favourable outcome of the case.

j) The Company has filed a writ petition before Lahore High Court, Rawalpindi bench against demand of Rs. 8.936 million raised by Rawalpindi Cantonment Board. No provision has been made in these financial statements, since the Company is confident about favourable outcome of the case.

k) The Company has filed an appeal before Supreme Court of Pakistan against an order of Lahore High Court, Rawalpindi Bench on an appeal filed by supplier for non-payment by the Company. The Company has provided a guarantee of Rs. 4.246 million on the directions of Supreme Court of Pakistan. Appeal is pending adjudication and the Company expects a favourable outcome.

l) The Company and employees have filed three cases before Punjab Labour Court and six cases before Punjab Labour Appellate Tribunal regarding reinstatement into service of seven employees dismissed from their jobs. No provision has been made in these financial statements, since the Company is confident about favourable outcome of the cases.

m) The Company has not recognized fuel adjustment charges amounting to Rupees 32.003 million (2012: Rupees 75.596 million) notified by National Electric Power Regulatory Authority (NEPRA), as the Company has obtained stay from Honorable Islamabad High Court, Islamabad against payment of fuel adjustment charges as billed by electric supply companies (IESCO/LESCO). The management based on advice of the legal counsel, believes that it has strong grounds of appeal and payment / accrual of such charges will not be required.

n) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rupees 240.921 million (2012: Rupees 243.391 million).

13.2 Commitments in respect of:

a) Letters of credit for capital expenditure amount to Rupees 44.115 million (2012: Rupees Nil).

b) Letters of credit other than for capital expenditure amount to Rupees 204.953 million (2012: Rupees 185.585 million).

14. PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	(Rupees in thousand)	
Operating fixed assets (Note 14.1)		
- Owned assets	5,851,284	6,008,509
- Leased assets	68,477	144,287
Capital work in progress (Note 14.2)	39,351	8,585
	5,959,112	6,161,381

14.1 Operating Fixed Assets

	Owned Assets											Leased Assets
	Freehold Land	Office building	Factory and other Building	Residential and other building	Plant and machinery	Services and other equipment	Computer and IT installations	Furniture and fixture	Office equipment	Vehicles	Total	Plant and machinery
	(Rupees in thousand)											
At 30 June 2011												
Cost / revalued amount	2,836,414	14,176	971,052	112,585	5,525,974	30,993	61,844	71,073	28,737	106,834	9,759,682	207,526
Accumulated depreciation	-	(5,974)	(436,564)	(43,053)	(2,502,935)	(22,971)	(49,457)	(41,136)	(14,128)	(64,485)	(3,180,703)	(40,562)
Net book value	2,836,414	8,202	534,488	69,532	3,023,039	8,022	12,387	29,937	14,609	42,349	6,578,979	166,964
Year ended 30 June 2012												
Opening net book value	2,836,414	8,202	534,488	69,532	3,023,039	8,022	12,387	29,937	14,609	42,349	6,578,979	166,964
Additions	-	-	4,287	105	138,351	11,687	2,408	215	1,698	7,720	166,471	-
Transfer:												
Cost	-	-	-	-	12,458	-	-	-	-	-	12,458	(12,458)
Accumulated depreciation	-	-	-	-	(4,263)	-	-	-	-	-	(4,263)	4,263
	-	-	-	-	8,195	-	-	-	-	-	8,195	(8,195)
Disposals:												
Cost	(411,345)	-	-	-	(595)	-	(688)	(52)	(44)	(2,617)	(415,341)	-
Accumulated depreciation	-	-	-	-	401	-	459	35	14	2,059	2,968	-
	(411,345)	-	-	-	(194)	-	(229)	(17)	(30)	(558)	(412,373)	-
Depreciation charge	-	(429)	(43,645)	(3,918)	(268,661)	(1,080)	(3,906)	(2,930)	(1,449)	(6,745)	(332,763)	(14,482)
Closing net book value	2,425,069	7,773	495,130	65,719	2,900,730	18,629	10,660	27,205	14,828	42,766	6,008,509	144,287
At 30 June 2012												
Cost / revalued amount	2,425,069	14,176	975,339	112,690	5,676,188	42,680	63,564	71,236	30,391	111,937	9,523,270	195,068
Accumulated depreciation	-	(6,403)	(480,209)	(46,971)	(2,775,458)	(24,051)	(52,904)	(44,031)	(15,563)	(69,171)	(3,514,761)	(50,781)
Net book value	2,425,069	7,773	495,130	65,719	2,900,730	18,629	10,660	27,205	14,828	42,766	6,008,509	144,287
Year ended 30 June 2013												
Opening net book value	2,425,069	7,773	495,130	65,719	2,900,730	18,629	10,660	27,205	14,828	42,766	6,008,509	144,287
Additions	-	-	5,574	-	78,274	1,027	4,319	333	3,648	4,296	97,471	-
Transfer :												
Cost	-	-	-	-	96,412	-	-	-	-	-	96,412	(96,412)
Accumulated depreciation	-	-	-	-	(29,560)	-	-	-	-	-	(29,560)	29,560
	-	-	-	-	66,852	-	-	-	-	-	66,852	(66,852)
Disposals:												
Cost	-	-	-	-	(15,390)	-	(341)	-	-	(3,042)	(18,773)	-
Accumulated depreciation	-	-	-	-	12,982	-	179	-	-	1,100	14,261	-
	-	-	-	-	(2,408)	-	(162)	-	-	(1,942)	(4,512)	-
Depreciation charge	-	(409)	(40,204)	(3,701)	(256,208)	(1,813)	(3,806)	(2,670)	(1,623)	(6,602)	(317,036)	(8,958)
Closing net book value	2,425,069	7,364	460,500	62,018	2,787,240	17,843	11,011	24,868	16,853	38,518	5,851,284	68,477
At 30 June 2013												
Cost / revalued amount	2,425,069	14,176	980,913	112,690	5,835,484	43,707	67,542	71,569	34,039	113,191	9,698,380	98,656
Accumulated depreciation	-	(6,812)	(520,413)	(50,672)	(3,048,244)	(25,864)	(56,531)	(46,701)	(17,186)	(74,673)	(3,847,096)	(30,179)
Net book value	2,425,069	7,364	460,500	62,018	2,787,240	17,843	11,011	24,868	16,853	38,518	5,851,284	68,477
Depreciation rate (%)	-	5	5 - 10	5 - 10	10	10	30	10	10	20	10	10

14.1.1 Freehold land was revalued by an independent valuer Messers ARCH-e'-decon (Evaluators, Surveyors, Architects and Engineers) as at 30 March 2010. Book value of land on cost basis is Rupees 14.836 million (2012: Rupees 14.836 million) as on 30 June 2013. Had there been no revaluation, the value of land would have been lower by Rupees 2,410.233 million (2012: Rupees 2,410.233 million).

14.1.2 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
	-----------(Rupees in thousand) --------------						
Plant and Machinery							
Toyoda Draw Frame	1,165	1,026	139	784	645	Negotiation	Indus Lyallpur Limited
Toyoda Draw Frame	2,754	2,369	385	800	415	Negotiation	Saritow Textile Limited
Crosrol Carding Machines	2,916	2,518	398	3,165	2,767	Negotiation	D.M. Textile Mills Limited
6-Nos Drawing Machine DYH-500 C	5,524	4,921	603	900	297	Negotiation	Qadri Textile Mills Limited
Crosrol Carding Machines	312	240	72	350	278	Negotiation	Crescent Textile Mills Limited
Crosrol Carding Machines	2,719	1,908	811	1,000	189	Negotiation	Qadri Textile Mills Limited
	15,390	12,982	2,408	6,999	4,591		
Computer and IT Installations							
Laptop Dell P-4	73	22	51	57	6	Negotiation	Mr. Muhammad Fahad Khan
Vehicles							
Suzuki Cultus LWE-7679	633	443	190	400	210	Negotiation	Mr. Irfan Allah Lok
Suzuki Cultus LEA-06-9145	606	402	204	310	106	Negotiation	Mr. Muhammad Rasheed
Honda City LEE-12-9137	1,675	151	1,524	1,530	6	Negotiation	Mr. Sakhawat Ali
	2,914	996	1,918	2,240	322		
	18,377	14,000	4,377	9,296	4,919		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	396	261	135	168	33	Negotiation	
	18,773	14,261	4,512	9,464	4,952		

	Note	2013 (Rupees in thousand)	2012
14.1.3 Depreciation charged during the year has been allocated as follows:			
Cost of sales	28	305,311	331,958
Administrative expenses	30	20,683	15,287
		325,994	347,245
14.2 Capital work in progress			
Civil works and buildings		2,663	-
Plant and machinery		36,688	8,585
		39,351	8,585

15. INTANGIBLE ASSET

	Note	2013	2012
Computer software			
Year ended 30 June			
Opening net book value		6,284	9,563
Amortization	30	(3,278)	(3,279)
Closing net book value		3,006	6,284
Cost as at 30 June		9,836	9,836
Accumulated amortization		(6,830)	(3,552)
Net book value		3,006	6,284
Amortization rate (per annum)		33.33%	33.33%

16. INVESTMENT PROPERTIES

	Note	2013	2012
Year ended 30 June			
Opening net book amount		1,728,886	1,721,714
Addition during the year		-	5,539
Fair value gain	32	957	1,633
Closing net book amount		1,729,843	1,728,886

16.1 The fair value of investment properties comprising land, situated at Lahore and Rawalpindi have been determined at 30 June 2013 by an independent valuer having relevant professional qualifications. The fair value was determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

17. LONG TERM INVESTMENTS

Investment in subsidiary companies

2013 (Number of shares)	2012		2013 (Rupees in thousand)	2012
340,410,425	340,410,425	Maple Leaf Cement Factory Limited - quoted Ordinary shares of Rupees 10 each fully paid Equity held 64.50% (2012: 64.50%)	3,248,680	3,248,680

	Note	2013	2012
		(Rupees in thousand)	
18. LONG TERM DEPOSITS			
Security deposits		59,374	64,220
Less: Current portion shown under current assets	23	(18,992)	(13,705)
		40,382	50,515
19. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	19.1	250,864	226,381
Spare parts and loose tools		116,001	95,489
		366,865	321,870
Less: Provision against slow moving items	19.2	(1,584)	(1,384)
		365,281	320,486

19.1 This includes stores in transit of Rupees 3.462 million (2012: Rupees 6.032 million).

	Note	2013	2012
		(Rupees in thousand)	
19.2 Provision against slow moving items			
As at 01 July		1,384	744
Add: Provision for the year	31	200	640
As at 30 June		1,584	1,384
20. STOCK-IN-TRADE			
Raw materials	20.1	916,600	840,902
Work-in-process		596,597	409,287
Finished goods		255,006	279,760
		1,768,203	1,529,949

20.1 Raw materials include stock in transit of Rupees 31.001 million (2012: Rupees 140.422 million).

20.2 Stock in trade of Rupees 1.554 million (2012: Rupees 0.941 million) is being carried at net realizable value.

20.3 The aggregate amount of write-down of inventories to net realizable value recognized during the year was Rupees 0.069 million (2012: Rupees 0.082 million).

21. TRADE DEBTS

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Considered good:			
Secured (against letters of credit)		488,430	374,803
Unsecured		578,294	611,880
		1,066,724	986,683
Considered doubtful:			
Others - unsecured		9,809	6,367
Less: Provision for doubtful debts			
As at 01 July		6,367	2,274
Add: Provision for the year	31	3,442	4,093
As at 30 June		9,809	6,367
		-	-

21.1 As at 30 June 2013, trade debts of Rupees 547.129 million (2012: Rupees 522.637 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Upto 1 month	351,188	270,527
1 to 6 months	162,237	133,246
More than 6 months	33,704	118,864
	547,129	522,637

21.2 As at 30 June 2013, trade debts of Rupees 9.809 million (2012: Rupees 6.367 million) were impaired and provided for. The ageing of these trade debts was more than three years.

22. ADVANCES

	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Considered good :		
Employees - interest free		
- Executives	1,434	2,056
- Other employees	883	571
	2,317	2,627
Advances to suppliers	159,673	299,919
Letters of credit	61,282	9,860
	223,272	312,406

	Note	2013	2012
		(Rupees in thousand)	
23. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS			
Current portion of long term deposits	18	18,992	13,705
Short term prepayments		13,593	12,204
		32,585	25,909
24. OTHER RECEIVABLES			
Considered good:			
Sales tax refundable		216,573	124,034
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institution		1,454	5,983
Export rebate		38,196	38,591
Insurance claims		14,213	5,834
Research and development support		-	472
Duty draw back		80,979	95,792
Others		45,113	21,795
		412,521	308,494
25. SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Quoted companies		611	600
Gain on remeasurement of fair value during the year	32	429	11
		1,040	611
26. CASH AND BANK BALANCES			
Cash in hand		541	944
Cash at bank:			
- On current accounts		49,765	48,964
- On saving accounts	26.1	270,546	335,595
		320,311	384,559
		320,852	385,503

26.1 The balances in saving accounts carry interest ranging from 0.10% to 10.50% (2012: 0.26% to 11.50%) per annum.

26.2 The balances in current and deposit accounts include US $ 38,222 (2012: US $ 453,879).

27. SALES

	Note	2013	2012
		(Rupees in thousand)	
Export	27.2	6,494,962	5,918,740
Local	27.1	7,714,464	5,190,240
Export rebate		41,013	37,718
		14,250,439	11,146,698

	2013	2012
27.1 Local sales	7,817,159	5,196,987
Less : Sales tax	102,695	6,747
	7,714,464	5,190,240

27.2 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 43.828 million (2012: Rupees 61.043 million) has been included in export sales.

28. COST OF SALES

	Note	2013	2012
		(Rupees in thousand)	
Raw materials consumed	28.1	8,021,851	5,836,263
Salaries, wages and other benefits	28.2	860,323	673,839
Processing charges		9,563	14,252
Stores, spare parts and loose tools consumed		1,335,454	1,054,951
Packing materials consumed		360,247	266,852
Fuel and power		1,208,732	728,286
Repair and maintenance		121,699	89,217
Insurance		22,158	22,863
Other factory overheads		33,405	27,892
Depreciation	14.1.3	305,311	331,958
		12,278,743	9,046,373
Work-in-process			
Opening stock		409,287	391,129
Closing stock		(596,597)	(409,287)
		(187,310)	(18,158)
Cost of goods manufactured		12,091,433	9,028,215
Finished goods			
Opening stock		279,760	561,594
Closing stock		(255,006)	(279,760)
		24,754	281,834
Cost of sales		12,116,187	9,310,049

	2013	2012
	(Rupees in thousand)	
28.1 Raw materials consumed		
Opening stock	840,902	531,432
Add: Purchased during the year	8,097,549	6,145,733
	8,938,451	6,677,165
Less: Closing stock	(916,600)	(840,902)
	8,021,851	5,836,263

28.2 Salaries, wages and other benefits include provident fund contribution of Rupees 19.037 million (2012: Rupees 16.645 million) by the Company.

29. DISTRIBUTION COST

	Note	2013	2012
		(Rupees in thousand)	
Salaries and other benefits	29.1	35,908	42,947
Outward freight and handling		39,863	41,220
Clearing and forwarding		259,416	183,587
Commission to selling agents		66,075	93,549
Travelling and conveyance		8,952	13,523
Insurance		276	274
Vehicles' running		3,265	3,936
Electricity, gas and water		1,568	1,280
Postage, telephone and fax		2,174	2,589
Sales promotion and advertisement		17,734	15,626
Miscellaneous		3,367	3,995
		438,598	402,526

29.1 Salaries and other benefits include provident fund contribution of Rupees 1.486 million (2012: Rupees 1.397 million) by the Company.

30. ADMINISTRATIVE EXPENSES

	Note	2013	2012
		(Rupees in thousand)	
Salaries and other benefits	30.1	127,438	107,157
Travelling and conveyance		13,801	9,741
Repair and maintenance		8,467	4,415
Rent, rates and taxes		2,352	1,624
Insurance		5,627	6,343
Vehicles' running		12,865	11,324
Printing, stationery and periodicals		5,028	4,923
Electricity, gas and water		5,190	4,264
Postage, telephone and fax		4,661	4,665
Legal and professional		8,120	6,542
Security, gardening and sanitation		23,835	19,115
Amortization	15	3,278	3,279
Depreciation	14.1.3	20,683	15,287
Miscellaneous		17,053	11,677
		258,398	210,356

30.1 Salaries and other benefits include provident fund contribution of Rupees 3.447 million (2012: Rupees 3.407 million) by the Company.

31. OTHER EXPENSES

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Auditors' remuneration	31.1	1,450	1,225
Donations	31.2	200	400
Loss on disposal of property, plant and equipment		-	93,311
Loss on disposal of investments		3,173	-
Loss on winding up of subsidiary company		-	171
Provision for doubtful debts	21	3,442	4,093
Provision for slow moving stores, spare parts and loose tools	19.2	200	640
Workers' profit participation fund	9.1	42,263	16,171
Miscellaneous		5	-
		50,733	116,011

31.1 Auditors' remuneration

	2013	2012
Audit fee	1,400	1,200
Certifications	-	25
Reimbursable expenses	50	-
	1,450	1,225

31.2 None of the directors and their spouses have any interest in the donee's fund.

32. OTHER INCOME

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Income from financial assets:			
Exchange gain		-	4,282
Gain on disposal of investments at fair value through profit or loss		-	6,399
Gain on remeasurement of fair value of investments at fair value through profit or loss	25	429	11
Return on bank deposits		25,185	17,600
Dividend income		63	75
		25,677	28,367
Income from non-financial assets:			
Scrap sales		20,869	26,888
Gain on disposal of property, plant and equipment		4,952	-
Gain on remeasurement of fair value of investment property	16	957	1,633
Unclaimed balances written back		-	10,066
Miscellaneous		-	319
		26,778	38,906
		52,455	67,273

33. FINANCE COST

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Mark-up / finance charges / interest on:			
Long term financing		89,054	231,140
Short term borrowings		493,236	580,296
Liabilities against assets subject to finance lease		1,802	6,472
Workers' profit participation fund	9.1	4,552	2,964
Payable to Maple Leaf Cement Factory Limited - net		13,071	20,833
Employees' provident fund trust		7,809	5,626
		609,524	847,331
Bank charges and commission		31,019	23,409
		640,543	870,740

34. TAXATION

	Note	2013	2012
For the year			
Current tax	34.1	103,529	109,826
Deferred tax		210,374	78,034
		313,903	187,860

34.1 Provision for current tax represents final tax on export sales, minimum tax on local sales and tax on income from other sources under the relevant provisions of the Income Tax Ordinance, 2001. Numeric tax reconciliation has not been presented, being impracticable.

35. CASH GENERATED FROM OPERATIONS

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Profit before taxation		798,435	304,289
Adjustment for non-cash charges and other items:			
Depreciation		325,994	347,245
Amortization		3,278	3,279
Finance cost		640,543	870,740
(Gain) / loss on sale of property, plant and equipment		(4,952)	93,311
Gain on disposal of investments at fair value through profit or loss		-	(6,399)
Loss on winding up of subsidiary company		-	171
Gain on remeasurement of fair value of investment properties		(957)	(1,633)
Dividend income		(63)	(75)
Return on bank deposits		(25,185)	(17,600)
Provision for doubtful debts		3,442	4,093
Provision for slow moving stores, spare parts and loose tools		200	640
Unclaimed balances written back		-	(10,066)
Gain on remeasurement of investments at fair value through profit or loss		(429)	(11)
Working capital changes	35.1	(301,623)	298,688
		1,438,683	1,886,672

	2013	2012
	(Rupees in thousand)	

35.1 Working capital changes

	2013	2012
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(44,995)	7,267
Stock-in-trade	(238,254)	127,303
Trade debts	(83,483)	(283,376)
Advances	89,134	(71,075)
Security deposits and short term prepayments	(6,676)	(6,864)
Other receivables	(104,027)	124,449
	(388,301)	(102,296)
Increase in trade and other payables	86,678	400,984
	(301,623)	298,688

36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including certain benefits to the chief executive officer, directors and executives of the Company are given below:

	Chief Executive Officer		Directors		Executives	
	2013	2012	2013	2012	2013	2013
	--------------------(Rupees in Thousand)------------------					
Managerial remuneration	4,246	4,246	5,280	5,280	54,001	50,004
Allowances						
House rent	-	-	133	133	11,328	10,547
Conveyance	-	-	180	279	6,599	6,079
Medical	-	-	153	153	5,247	4,879
Utilities	284	289	204	171	9,744	6,306
Special allowance	1,274	1,274	1,557	1,557	14,753	13,641
Contribution to provident fund	354	354	177	177	4,400	4,167
	6,158	6,163	7,684	7,750	106,072	95,623
Number of persons	1	1	3	3	52	48

Chief Executive Officer and Directors are provided with the Company's maintained vehicles, free medical facilities and residential telephone facilities for both business and personal use. Chief Executive Officer is also provided with free furnished accommodation along with utilities.

Executives are provided with the Company's maintained vehicles in accordance with the Company policy.

The aggregate amount charged in these financial statements in respect of directors' meeting fee paid to 1 (2012: 1) non - executive director was Rupees 90,000 (2012: Rupees 65,000).

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, associated undertakings, directors of the company and their close relatives, key management personnel and staff retirement fund. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2013	2012
	(Rupees in thousand)	
Subsidiary company		
Purchase of goods and services	531	399
Purchase of property, plant and equipment	671	17
Post employment benefit plan		
Contribution to provident fund	23,970	21,449

38. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earning per share which is based on:

		2013	2012
Profit attributable to ordinary shares	Rupees in thousand	484,532	116,429
Weighted average number of ordinary shares	Numbers	245,526,216	245,526,216
Earnings per share	Rupees	1.97	0.47

39. PLANT CAPACITY AND ACTUAL PRODUCTION

SPINNING:

	2013	2012
- Rawalpindi Division	(Numbers)	
Spindles (average) installed / worked	85,680	85,680
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,085 shifts (2012: 1,098 shifts)	38,570	36,315
Actual production converted into 20s count based on 3 shifts per day for 1,085 shifts (2012: 1,098 shifts)	33,038	24,998
- Gujar Khan Division	(Numbers)	
Spindles (average) installed / worked	70,848	70,848
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,091 shifts (2012: 1,086 shifts)	34,409	31,900
Actual production converted into 20s count based on 3 shifts per day for 1,091 shifts (2012: 1,086 shifts)	30,243	24,441

	2013	2012
WEAVING:		
- Raiwind Division	(Numbers)	
Looms installed / worked	204	204
	(Square meters in thousand)	
100% plant capacity at 60 picks based on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	72,568	72,767
Actual production converted to 60 picks based on 3 shifts per day for 945 shifts (2012: 1,082 shifts)	57,888	65,871
PROCESSING OF CLOTH :		
- Rawalpindi Division	(Meters in thousand)	
Capacity at 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	41,860	41,860
Actual production at 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	16,221	15,204
POWER PLANT:		
- Rawalpindi Division	(Mega Watts)	
Annual rated capacity based on 365 days (2012: 366 days)	207,787	208,356
Actual generation		
Main engines	20,335	11,659
Gas engines	29,374	41,104
- Raiwind Division		
Annual rated capacity (based on 365 days)	42,048	54,460
Actual generation - Gas engines	12,298	14,366

Stitching

The plant capacity of this division is indeterminable due to multi product plant involving varying processes of manufacturing and run length of order lots.

REASONS FOR LOW PRODUCTION

- Due to stoppage for normal maintenance, doffing, change of spin plans and cloth quality and interruption in gas and electricity supply.
- Cloth processing units working capacity was limited to actual export / local orders in hand.
- The generation of power was limited to actual demand.

40. SEGMENT INFORMATION

40.1

	Spinning		Weaving		Processing and home textile		Elimination of inter-segment transaction		Company	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)									
SALES :										
EXTERNAL	6,098,362	3,998,155	2,985,223	2,607,934	5,166,854	4,540,609	-	-	14,250,439	11,146,698
INTER-SEGMENT	433,917	638,205	554,896	1,149,909	2,639	-	(991,452)	(1,788,114)	-	-
	6,532,279	4,636,360	3,540,119	3,757,843	5,169,493	4,540,609	(991,452)	(1,788,114)	14,250,439	11,146,698
COST OF SALES	(5,310,827)	(3,839,880)	(3,167,646)	(3,315,394)	(4,629,166)	(3,942,889)	991,452	1,788,114	(12,116,187)	(9,310,049)
GROSS PROFIT	1,221,452	796,480	372,473	442,449	540,327	597,720	-	-	2,134,252	1,836,649
DISTRIBUTION COST	(14,175)	(10,860)	(92,777)	(96,352)	(331,646)	(295,314)	-	-	(438,598)	(402,526)
ADMINISTRATIVE EXPENSES	(72,975)	(41,066)	(85,986)	(83,211)	(99,437)	(86,079)	-	-	(258,398)	(210,356)
	(87,150)	(51,926)	(178,763)	(179,563)	(431,083)	(381,393)	-	-	(696,996)	(612,882)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	1,134,302	744,554	193,710	262,886	109,244	216,327	-	-	1,437,256	1,223,767
UNALLOCATED INCOME AND EXPENSES										
OTHER EXPENSES									(50,733)	(116,011)
OTHER INCOME									52,455	67,273
FINANCE COST									(640,543)	(870,740)
TAXATION									(313,903)	(187,860)
									(952,724)	(1,107,338)
PROFIT AFTER TAXATION									484,532	116,429

40.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and home textile		Company	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)							
TOTAL ASSETS FOR REPORTABLE SEGMENT	3,066,137	3,130,758	2,063,671	2,289,887	2,578,602	2,303,430	7,708,410	7,724,075
UNALLOCATED ASSETS							7,612,187	7,473,855
TOTAL ASSETS AS PER BALANCE SHEET							15,320,597	15,197,930
All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.								
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	1,188,457	1,040,800	1,160,446	1,428,051	2,699,854	3,090,847	5,048,757	5,559,698
UNALLOCATED LIABILITIES							1,598,746	1,449,670
TOTAL LIABILITIES AS PER BALANCE SHEET							6,647,503	7,009,368

All segment liabilities are allocated to reportable segments other than trade and other payables and deferred tax liabilities.

40.3 Geographical Information

40.3.1 The Company's revenue from external customers by geographical location is detailed below:

	2013	2012
	(Rupees in thousand)	
Europe	2,372,825	1,831,803
America	3,808,481	3,758,302
Asia, Africa, Australia	354,669	366,353
Pakistan	7,714,464	5,190,240
	14,250,439	11,146,698

40.3.2 All non-current assets as at reporting date are located and operated in Pakistan.

40.4 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

41. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on the latest un-audited financial statements of the Fund:

	2013	2012
	(Rupees in thousand)	
Size of the fund - total assets	333,763	287,500
Cost of investments made	212,070	203,750
Percentage of investments made	64%	71%
Fair value of investments	190,556	145,755

41.1 The break-up of fair value of investments is:

	2013		2012	
	%	(Rs in '000)	%	(Rs in '000)
Shares in listed companies	3.26%	6,203	3.10%	4,527
Bank balances	2.93%	5,583	1.61%	2,346
Term deposit receipts	15.22%	29,000	15.83%	23,067
Government securities	19.99%	38,100	26.14%	38,100
Mutual funds	58.60%	111,670	53.32%	77,715
	100.00%	190,556	100.00%	145,755

41.2 The management is in process of regulating the investments of the Fund in accordance with section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2013	2012
	Numbers	

42. NUMBER OF EMPLOYEES

	2013	2012
Number of employees as on 30 June	4,496	4,125
Average number of employees during the year	4,546	4,122

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or 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) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2013	2012
Cash at banks - USD	38,222	453,879
Trade debts - USD	7,559,205	6,762,000
Trade debts - Euro	73,000	8,859
Trade and other payables - USD	68,000	61,000
Net exposure - USD	7,529,427	7,154,879
Net exposure - Euro	73,000	8,859

The following significant exchange rates were applied during the year:

	2013	2012
Rupees per US Dollar		
Average rate	96.37	89.92
Reporting date rate	98.60	94.58
Rupees per Euro		
Average rate	125.55	119.01
Reporting date rate	128.85	117.58

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 34.892 million and Rupees 0.442 million (2012 : Rupees 31.824 million and Rupees 0.049) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on statement of other comprehensive income	
	2013	2012	2013	2012
	---------------- (RUPEES IN THOUSAND) ----------------			
KSE 100 (5% increase)	52	29	-	-
KSE 100 (5% decrease)	(52)	(29)	-	-

(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, liabilities against assets subject to finance lease and short term borrowings. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2013	2012
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	52,406	101,206
Short term borrowings	1,365,000	1,135,000
Floating rate instruments		
	-	-
Financial assets		
	-	-
Bank balances - saving accounts	270,546	335,595
Financial liabilities		
Long term financing	542,317	1,000,197
Liabilities against assets subject to finance lease	20,474	51,295
Short term borrowings	2,964,341	3,229,111

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 30.938 million (2012: Rupees 37.478 million) lower / higher, mainly as a result of higher / lower interest on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

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

	2013	2012
	(Rupees in thousand)	
Investments	1,040	611
Deposits	59,374	64,220
Trade debts	1,066,724	986,683
Advances	2,317	2,627
Accrued interest	6,229	217
Other receivables	59,326	27,629
Bank balances	320,311	384,559
	1,515,321	1,466,546

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2013	2012
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Al-Baraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	2,722	2,581
Allied Bank Limited	A-1+	AA+	PACRA	526	3,326
Askari Bank Limited	A-1+	AA	PACRA	4,595	24,236
Bank Alfalah Limited	A-1+	AA	PACRA	2,426	3,923
Bank Al-Habib Limited	A-1+	AA+	PACRA	1,051	699
Bank Islami Pakistan Limited	A-1	A	PACRA	23	22
Burj Bank Limited	A-1	A	JCR-VIS	12	11
Citibank N.A.	P-2	A-3	Moody's	-	26
Faysal Bank Limited	A-1+	AA	PACRA	335	206
First Women Bank Limited	A-2	A-	PACRA	18	19
Habib Bank Limited	A-1+	AAA	JCR-VIS	24	119
HSBC Bank Middle East Limited	P-1	A-2	Moody's	85	36
KASB Bank Limited	A-3	BBB	PACRA	248,575	287,502
MCB Bank Limited	A-1+	AAA	PACRA	11,334	25,692
Meezan Bank Limited	A-1+	AA	JCR-VIS	10,094	541
National Bank of Pakistan	A-1+	AAA	JCR-VIS	516	1,381
NIB Bank Limited	A-1+	AA-	PACRA	14,562	3,495
Silkbank Limited	A-2	A-	JCR-VIS	7	9
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	70	41
The Bank of Punjab	A-1+	AA-	PACRA	17,656	27,353
United Bank Limited	A-1+	AA+	JCR-VIS	5,680	3,341
				320,311	384,559

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 21.

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(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. At 30 June 2013, the Company had Rupees 1,291 million (2012: Rupees 1,461 million) available borrowing limits from financial institutions and Rupees 320.852 million (2012: Rupees 385.503 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2013

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	------------------ (Rupees in thousand) ------------------					
Non-derivative financial liabilities:						
Long term financing	594,723	622,852	339,395	243,992	39,466	-
Liabilities against assets subjectto finance lease	20,474	20,640	20,640	-	-	-
Trade and other payables	1,005,427	1,005,427	1,005,427	-	-	-
Accrued mark-up	104,101	104,101	104,101	-	-	-
Short term borrowings	4,329,341	4,462,840	4,462,840	-	-	-
	6,054,066	6,215,860	5,932,403	243,992	39,466	-

Contractual maturities of financial liabilities as at 30 June 2012

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	------------------ (Rupees in thousand) ------------------					
Non-derivative financial liabilities:						
Long term financing	1,106,197	1,295,803	479,149	275,161	537,706	3,787
Liabilities against assets subject to finance lease	51,295	54,165	22,567	10,867	20,731	-
Trade and other payables	990,455	990,455	990,455	-	-	-
Accrued mark-up	185,698	185,698	185,698	-	-	-
Short term borrowings	4,364,111	4,480,440	3,933,471	546,969	-	-
	6,697,756	7,006,561	5,611,340	832,997	558,437	3,787

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 6, note 7 and note 11 to these financial statements.

43.2 Financial instruments by categories

	Loans and receivables	Through profit or loss	Total
	-------------(Rupees in thousand)-------------		
As at 30 June 2013			
Assets as per balance sheet			
Investments	-	1,040	1,040
Deposits	59,374	-	59,374
Trade debts	1,066,724	-	1,066,724
Advances	2,317	-	2,317
Accrued interest	6,229	-	6,229
Other receivables	59,326	-	59,326
Cash and bank balances	320,852	-	320,852
	1,514,822	1,040	1,515,862

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	594,723
Liabilities against assets subject to finance lease	20,474
Trade and other payables	1,005,427
Accrued mark-up	104,101
Short term borrowings	4,329,341
	6,054,066

	Loans and receivables	Through profit or loss	Total
	-------------(Rupees in thousand)-------------		
As at 30 June 2012			
Assets as per balance sheet			
Investments	-	611	611
Deposits	64,220	-	64,220
Trade debts	986,683	-	986,683
Advances	2,627	-	2,627
Interest accrued	217	-	217
Other receivables	27,629	-	27,629
Cash and bank balances	385,503	-	385,503
	1,466,879	611	1,467,490

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	1,106,197
Liabilities against assets subject to finance lease	51,295
Trade and other payables	990,455
Accrued mark-up	185,698
Short term borrowings	4,364,111
	6,697,756

43.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in note 6, note 7 and note 11 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The gearing ratio as at year ended 30 June 2013 and 30 June 2012 is as follows:

	2013	2012
	(Rupees in thousand)	
Borrowings	4,944,538	5,521,603
Total equity	4,999,269	4,514,737
Total capital employed	9,943,807	10,036,340
Gearing ratio	50%	55%

The decrease in gearing ratio resulted primarily from decrease in borrowings of the Company.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25 September 2013 by the Board of Directors of the Company.

45. CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures has been made.

46. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Pattern of Shareholding

1.	CUIN (Incorporation Number)	0002805
2.	Name of the Company	KOHINOOR TEXTILE MILLS LIMITED
3.	Pattern of holding of the shares held by the shareholders as at	30.06.2013

4. **Size of Holding**

No. of Shareholders	From		To	Total Shares Held
2627	1	-	100	71,563
1026	101	-	500	301,805
399	501	-	1,000	317,988
684	1,001	-	5,000	1,877,465
143	5,001	-	10,000	1,104,872
51	10,001	-	15,000	633,830
29	15,001	-	20,000	538,900
19	20,001	-	25,000	446,268
14	25,001	-	30,000	398,011
13	30,001	-	35,000	424,525
5	35,001	-	40,000	193,000
7	40,001	-	45,000	303,107
24	45,001	-	50,000	1,186,083
5	50,001	-	55,000	268,328
4	55,001	-	60,000	231,208
7	60,001	-	65,000	442,931
3	65,001	-	70,000	204,500
2	70,001	-	75,000	145,937
1	75,001	-	80,000	75,600
1	80,001	-	85,000	85,000
2	90,001	-	95,000	186,100
5	95,001	-	100,000	500,000
2	105,001	-	110,000	215,085
1	125,001	-	130,000	126,000
1	145,001	-	150,000	145,854
1	160,001	-	165,000	160,085
1	165,001	-	170,000	169,838
1	190,001	-	195,000	195,000
2	195,001	-	200,000	399,500
1	200,001	-	205,000	201,156
1	215,001	-	220,000	218,000
1	225,001	-	230,000	225,500
1	250,001	-	255,000	251,293
1	265,001	-	270,000	267,991
1	275,001	-	280,000	277,237
2	295,001	-	300,000	595,557
1	315,001	-	320,000	315,847
1	350,001	-	355,000	351,000
1	450,001	-	455,000	450,216
1	460,001	-	465,000	460,500
1	520,001	-	525,000	521,500

No. of Shareholders	Size of Holding From		To	Total Shares Held
1	590,001	-	595,000	591,500
1	605,001	-	610,000	608,500
1	840,001	-	845,000	840,124
1	865,001	-	870,000	868,000
1	930,001	-	935,000	932,000
1	1,115,001	-	1,120,000	1,116,000
1	1,555,001	-	1,560,000	1,556,386
1	1,835,001	-	1,840,000	1,836,500
1	2,055,001	-	2,060,000	2,056,138
1	3,240,001	-	3,245,000	3,242,617
1	4,245,001	-	4,250,000	4,250,000
1	7,835,001	-	7,840,000	7,839,276
1	8,645,001	-	8,650,000	8,649,366
1	9,045,001	-	9,050,000	9,045,940
1	10,040,001	-	10,045,000	10,040,331
1	10,825,001	-	10,830,000	10,827,332
1	45,495,001	-	45,500,000	45,496,057
1	60,040,001	-	60,045,000	60,040,081
1	60,205,001	-	60,210,000	60,205,888
5,112		**TOTAL**		**245,526,216**

Note : The Slabs not applicable above have not been shown.

5.	Categories of Shareholders	Shares Held	Percentage of Capital
5.1	**Directors, Chief Executive Officer and their spouses & minor children**		
	Mr. Tariq Sayeed Saigol, Chairman/Director	10,040,331	4.0893
	Mr. Taufique Sayeed Saigol, Chief Executive Officer/Director	10,827,332	4.4099
	Mr. Sayeed Tariq Saigol, Director	315,847	0.1286
	Mr. Waleed Tariq Saigol, Director	70,937	0.0289
	Mr. Danial Taufique Saigol, Director	2,500	0.0010
	Mr. Zamiruddin Azar, Director	5,930	0.0024
	Mr. Arif Ijaz, Director	2,500	0.0010
	Mrs. Shehla Tariq Saigol, spouse of Mr. Tariq Sayeed Saigol	450,216	0.1834
		21,715,593	8.8445
5.2	**Associated Companies, undertakings and related parties**		
	Zimpex (Private) Limited	45,496,057	18.5300
5.3	**NIT and ICP**		
	National Bank of Pakistan, Trustee Deptt.	3,242,617	1.3207
	IDBP (ICP UNIT)	14,982	0.0061
		3,257,599	1.3268
5.4	**Banks, Development Financial Institutions, Non-Banking Financial Institutions**	2,940,499	1.1976

	Categories of Shareholders	Shares Held	Percentage of Capital
5.5	**Insurance Companies**	833	0.0003
5.6	**Modarabas and Leasing**	1,324	0.0005
5.6 a	**Mutual Funds**		
	Prudential Stock Fund Ltd	3,793	0.0015
	CDC - Trustee KASB Asset Allocation Fund	608,500	0.2478
	MCBFSL - Trustee Namco Balanced Fund	4,250,000	1.7310
		4,862,293	1.9803
5.7	**Share holders holding Five Percent or more voting interest in the Company**	-	-
	refer 5.2 & 5.8 b		
5.8	**General Public**		
	a) Individuals	35,153,874	14.3178
	b) Foreign Investor(s)	121,392,750	49.4419
5.9	**Joint Stock Companies.**	10,325,089	4.2054
5.10	**Public Sector Companies and Corporations.**	154	0.0001
5.11	**Executive(s)**	8	0.0000
5.12	**Others**		
	Artal Restaurant Int Limited Employees Provident Fund	1,815	
	Fikree Development Corporation Limited	2,794	
	Hussain Trustees Limited	260	
	Securities & Exchange Commission of Pakistan	1	
	The Deputy Administrator Abandoned Properties Organization	3,045	
	The Ida Rieu Poor Welfare Association	354	
	The Karachi Stock Exchange Limited-Future Contracts	61,425	
	The Okhai Memon Madressah Association	1	
	Trustee National Bank of Pakistan Employees Pension Fund	295,557	
	Trustee National Bank of Pakistan Employees Benevolent Fund Trust	10,371	
	Trustees Moosa Lawai Foundation	3,751	
	United Executers & Trustee Company Limited	173	
	University of Sindh	596	
		380,143	0.1548
	Grand Total :	**245,526,216**	**100.0000**

Consolidated Financial Statements

for the Year Ended June 30, 2013

Directors' Report on Consolidated Financial Statements

The Directors are pleased to present the audited consolidated financial statements of the group for the year ended 30th June, 2013.

GROUP RESULTS

The Group has earned gross profit of Rs. 8,567 million as compared to Rs. 6,206 million of corresponding year. The group made pre-tax profit of Rs. 4,312 million this year as compared to Rs. 2,012 million during the last year.

The overall group financial results are as follows:

	2013	2012
	(Rupees in million)	
Gross sales	31,607	26,608
Gross profit	8,567	6,206
Profit from operations	6,657	5,234
Financial charges	2,345	3,221

MAPLE LEAF CEMENT FACTORY LIMITED

The subsidiary company of Kohinoor Textile Mills Limited has shown gross profit of 34.83% as compared to 25.97% of previous year.

ACKNOWLEDGEMENT

The Directors are grateful to the Group's members, financial institutions, customers and employees for their cooperation and support. They also appreciate the hard work and dedication of the employees working at various divisions.

For and on behalf of the Board

Taufique Sayeed Saigol
Chief Executive

Lahore
September 25, 2013

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Kohinoor Textile Mills Limited (the Holding Company) and its Subsidiary Company as at 30 June 2013 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Kohinoor Textile Mills Limited. The financial statements of the Subsidiary Company was audited by other firm of auditors, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such Company, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Kohinoor Textile Mills Limited and its Subsidiary Company as at 30 June 2013 and the results of their operations for the year then ended.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Atif Bin Arshad

DATE: September 25, 2013

ISLAMABAD

Consolidated Balance Sheet
As at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (2012: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2012: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		4,000,000	4,000,000
Issued, subscribed and paid up share capital	3	2,455,262	2,455,262
Reserves	4	3,663,432	1,483,031
Equity attributable to equity holders of the Holding Company		6,118,694	3,938,293
Non-controlling interest	5	2,403,674	1,335,388
Total equity		8,522,368	5,273,681
Surplus on revaluation of land and investment properties	6	4,044,540	4,044,540
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	7	2,826,127	4,023,234
Redeemable capital	8	6,383,000	7,183,000
Liabilities against assets subject to finance lease	9	840,848	263,126
Long term deposits	10	7,029	6,219
Retirement benefits	11	58,885	50,926
Deferred income tax liability	12	350,549	140,175
		10,466,438	11,666,680
CURRENT LIABILITIES			
Trade and other payables	13	4,189,112	4,579,005
Accrued mark-up	14	465,935	943,532
Short term borrowings	15	7,607,007	7,613,495
Current portion of non-current liabilities	16	2,478,979	3,487,820
		14,741,033	16,623,852
TOTAL LIABILITIES		25,207,471	28,290,532
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		37,774,379	37,608,753

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

CHIEF EXECUTIVE OFFICER

	Note	2013	2012
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	18	25,003,183	25,998,384
Intangible assets	19	3,006	15,081
Investment properties	20	1,729,843	1,728,886
Long term investment		1,625	3,037
Long term loans to employees	21	3,608	2,387
Long term deposits	22	95,128	103,865
		26,836,393	27,851,640
CURRENT ASSETS			
Stores, spare parts and loose tools	23	4,116,667	3,422,429
Stock-in-trade	24	2,707,103	2,433,344
Trade debts	25	1,824,668	1,562,614
Loans and advances	26	384,976	493,574
Security deposits and short term prepayments	27	107,393	144,562
Accrued Interest		6,575	1,408
Other receivables	28	511,407	373,246
Short term investments	29	8,390	33,733
Taxation recoverable		426,415	443,474
Cash and bank balances	30	844,392	848,729
		10,937,986	9,757,113
TOTAL ASSETS		37,774,379	37,608,753

DIRECTOR

Consolidated Profit and Loss Account

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
SALES	31	31,607,284	26,607,655
COST OF SALES	32	(23,040,783)	(20,401,885)
GROSS PROFIT		8,566,501	6,205,770
DISTRIBUTION COST	33	(1,236,349)	(1,248,624)
ADMINISTRATIVE EXPENSES	34	(502,696)	(427,128)
OTHER EXPENSES	35	(263,772)	(305,706)
		(2,002,817)	(1,981,458)
		6,563,684	4,224,312
OTHER INCOME	36	93,742	1,009,257
PROFIT FROM OPERATIONS		6,657,426	5,233,569
FINANCE COST	37	(2,345,194)	(3,221,305)
PROFIT BEFORE TAXATION		4,312,232	2,012,264
TAXATION	38	(356,029)	(240,765)
PROFIT AFTER TAXATION		3,956,203	1,771,499
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		2,722,887	1,338,740
NON-CONTROLLING INTEREST			
Dividend on preference shares		1,353	52,076
Share in profit for the year		1,231,963	380,683
		1,233,316	432,759
		3,956,203	1,771,499
EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)	42	11.09	5.45

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Consolidated Statement of Comprehensive Income
For the year ended June 30, 2013

	2013	2012
	(Rupees in thousand)	
PROFIT AFTER TAXATION	3,956,203	1,771,499
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	(670,676)
Other comprehensive loss for the year - net of tax	-	(670,676)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,956,203	1,100,823
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	2,722,887	814,813
NON-CONTROLLING INTEREST	1,233,316	286,010
	3,956,203	1,100,823

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Consolidated Cash Flow Statement

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	6,507,822	5,353,506
Finance cost paid		(2,775,358)	(3,211,842)
Compensated absences paid		(11,248)	-
Income tax paid		(128,598)	(269,914)
Net decrease / (increase) in long term deposits		9,548	(15,421)
Net cash generated from operating activities		3,602,166	1,856,329
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(624,348)	(380,416)
Capital expenditure on investment properties		-	(5,539)
Long term loan to employees		(1,221)	144
Investments made		-	(18,037)
Interest received		19,173	17,429
Proceeds from sale of property, plant and equipment		14,074	321,346
Proceeds from sale of investments		9,867	930,260
Dividends received		511	459
Net cash (used in) / from investing activities		(581,944)	865,646
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		32,470	-
Repayment of long term financing		(1,275,411)	(880,301)
Short term borrowings - net		(6,487)	(1,601,436)
Repayment of liabilities against assets subject to finance lease		(165,589)	(94,134)
Repayment of redeemable capital		(1,067,131)	(6,800)
Redemption of preference shares		(362,903)	-
Dividend paid		(179,508)	(51)
Net cash used in financing activities		(3,024,559)	(2,582,722)
Net (decrease) / increase in cash and cash equivalents		(4,337)	139,253
Cash and cash equivalents at the beginning of the year		848,729	709,476
Cash and cash equivalents at the end of the year		844,392	848,729

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended june 30, 2013

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY										
		Reserves									
		Capital reserves			Revenue reserves						
	Share capital	Share premium	Fair vlue reserve	Sub-total	General reserve	Unappropriated profit/(accumulated loss)	Sub-total	Total reserves	Total	Non-controlling interest	Total equity
	(Rupees in thousand)										
Balance as at 30 June 2011	2,455,262	144,919	523,927	668,846	1,450,491	(1,459,647)	(9,156)	659,690	3,114,952	1,046,234	4,161,186
Surplus on revaluation realised on disposal of land	-	-	-	-	-	11,672	11,672	11,672	11,672	-	11,672
Decrease in interest of equity holders of the Holding Company	-	-	-	-	-	(3,144)	(3,144)	(3,144)	(3,144)	3,144	-
Profit for the year	-	-	-	-	-	1,338,740	1,338,740	1,338,740	1,338,740	432,759	1,771,499
Other comprehensive loss for the year	-	-	(523,927)	(523,927)	-	-	-	(523,927)	(523,927)	(146,749)	(670,676)
Total comprehensive loss for the year	-	-	(523,927)	(523,927)	-	1,338,740	1,338,740	814,813	814,813	286,010	1,100,823
Balance as at 30 June 2012	2,455,262	144,919	-	144,919	1,450,491	(112,379)	1,338,112	1,483,031	3,938,293	1,335,388	5,273,681
Redemption of preference shares	-	-	-	-	-	-	-	-	-	(528,263)	(528,263)
Decrease in interest of equity holders of the Holding Company	-	-	-	-	-	(542,486)	(542,486)	(542,486)	(542,486)	542,486	-
Dividend paid to non controlling interest holders	-	-	-	-	-		-	-	-	(179,253)	(179,253)
Profit for the year	-	-	-	-	-	2,722,887	2,722,887	2,722,887	2,722,887	1,233,316	3,956,203
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	2,722,887	2,722,887	2,722,887	2,722,887	1,233,316	3,956,203
Balance as at 30 June 2013	**2,455,262**	**144,919**	**-**	**144,919**	**1,450,491**	**2,068,022**	**3,518,513**	**3,663,432**	**6,118,694**	**2,403,674**	**8,522,368**

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Consolidated Financial Statements
For the year ended June 30, 2013

1. THE GROUP AND ITS OPERATIONS

Kohinoor Textile Mills Limited ("the Holding Company") and its Subsidiary, Maple Leaf Cement Factory Limited (together, the Group) are public limited companies incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and their shares are quoted on all Stock Exchanges in Pakistan. The Group's registered office is situated at 42-Lawrence Road, Lahore. The Holding Company holds 64.50% (2012: 64.50%) shares of Maple Leaf Cement Factory Limited. The principal activity of the Holding Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products. The Subsidiary Company is engaged in production and sale of cement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of Preparation

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) 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 or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting Convention

These consolidated financial statements have been prepared under the historical cost convention, except for the certain financial instruments, investment properties and freehold land which are carried at their fair values and certain employee retirement benefits which are carried at their present values.

c) Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Group. Further, the Group reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Future estimation of export sales

Deferred income tax calculation has been based on estimation of future ratio of export and local sale.

Taxation

In making the estimates for income tax currently payable by the Group, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Employee benefits

The Subsidiary Company operates approved funded gratuity scheme covering all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

Provisions for doubtful debts

The Group reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Amendments to published approved standards that are effective in current year and are relevant to the Group

The following amendments to published approved standards are mandatory for the Group's accounting periods beginning on or after 01 July 2012:

IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments does not address which items are presented in OCI. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

e) Amendments to published approved standards that are effective in current year but not relevant to the Group

There are other amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2012 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

f) Standards and amendments to published approved standards that are not yet effective but relevant to the Group

Following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2013:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The clarifying amendments to IAS 32 are effective for annual periods beginning on or after 01 January 2014. However, these amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2015). It addresses the classification, measurement and recognition of financial assets and financial liabilities. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2013). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Consolidated and Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 'Consolidated and Separate Financial Statements' that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose

Entities' in its entirety. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2013) provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2014) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's financial statements.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Group's consolidated financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Group's consolidated financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash- generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Group's financial statements.

On 17 May 2012, IASB issued Annual Improvements to IFRSs: 2009 – 2011 Cycle, incorporating amendments to five IFRSs more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation', that are considered relevant to the Group's consolidated financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. These amendments are unlikely to have a significant impact on the Group's consolidated financial statements and have therefore not been analyzed in detail.

IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

Amendment to IAS 36 “Impairment of Assets” Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company’s policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial gains / losses amounting to Rs. 13 million at 30 June 2013 would need to be recognized in other comprehensive income.

g) Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the Company

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2013 but are considered not to be relevant or do not have any significant impact on the Company’s financial statements and are therefore not detailed in these financial statements.

2.2 Basis of consolidation

Subsidiary Company is that entity in which Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary Company is included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and carrying value of investment held by the Holding Company is eliminated against Holding Company’s share in paid up capital of the Subsidiary Company.

Intragroup balances and transactions have been eliminated.

Non-controlling interest is that part of net results of the operations and of net assets of Subsidiary Company attributable to interest which are not owned by the Holding Company. Non-controlling interest is presented as separate item in the consolidated financial statements.

2.3 Employee benefit

a) Defined contribution plan

The Group operates an approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the Group and employees to the fund. The Group's contributions to the fund are charged to consolidated profit and loss account.

Defined benefit plan

The Subsidiary Company operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to consolidated profit and loss account.

The amount recognised in the consolidated balance sheet represents the present value of defined benefit obligations as adjusted for unrecognised actuarial gains and losses.

Cumulative net unrecognised actuarial gains and losses at the end of previous year which exceeds 10% of the present value of the Subsidiary Company's gratuity are amortized over the average expected remaining working lives of the employees.

b) Liability for employees' compensated absences

The Subsidiary Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees.

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

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 the assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets 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.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the consolidated profit and loss account, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is also recognised in the other comprehensive income or directly in equity, respectively.

2.5 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events and 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.

2.6 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any identified impairment loss. All cost or expenditure attributable to work-in-progress are capitalized and apportioned to buildings and plant and machinery at the time of commencement of commercial operations of the Subsidiary Company.

Cost in relation to certain plant and machinery of the Subsidiary Company represents historical cost, exchange differences capitalized up to 30 June 2004 and the cost of borrowings during the construction period in respect of loans and finances taken for the specific projects.

Transactions relating to jointly owned assets with Agritech Limited (formerly Pak American Fertilizers Limited), as stated in note 18.4, are recorded on the basis of advices received from the housing colony.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated profit and loss account during the period in which they are incurred.

Leased

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to consolidated profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognised in the same manner as for owned assets. Depreciation of the leased assets is charged to consolidated profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to consolidated profit and loss account applying the reducing balance method except that straight-line method is used for the plant and machinery and buildings of Subsidiary Company relating to dry process plant after deducting residual value, so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 18.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated profit and loss account in the year the asset is derecognised.

2.7 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognised in the consolidated profit and loss account for the year in which it arises.

2.8 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognised at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditure relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

2.9 Investments

Classification of investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for “investment at fair value through profit or loss” which is initially measured at fair value.

The Group assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Group applies the provisions of IAS 39 ‘Financial Instruments: Recognition and Measurement’ to all investments.

a) Investment at fair value through profit or loss

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognised in the consolidated profit and loss account.

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognised amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognised in the consolidated profit and loss account when the investments are derecognised or impaired, as well as through the amortization process.

c) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognised directly in the consolidated statement of other comprehensive income until the investment is sold, de-recognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in the consolidated statement of other comprehensive income is included in the consolidated profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 “Financial Instruments: Recognition and Measurement”.

2.10 Inventories

Inventories, except for stock in transit and waste stock / rags, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods are determined as follows:

(i)	For raw materials:	Annual average basis.
(ii)	For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.11 Trade and other receivables

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

2.12 Borrowings

Borrowings are recognised initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognised in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

2.13 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognised in the consolidated profit and loss account.

2.14 Trade and other payables

Liabilities for trade and other amounts payable are initially recognised at fair value, which is normally the transaction cost.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.16 Share capital

Ordinary shares are classified as share capital.

2.17 Revenue recognition

Revenue from different sources is recognised as under:

a) Revenue from local sales is recognised on dispatch of goods to customers while in case of export sales it is recognised on the date of bill of lading.

b) Dividend on equity investments is recognised when right to receive the dividend is established.

c) Profit on deposits with banks is recognised on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.18 Foreign currencies

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the consolidated profit and loss account.

2.19 Financial instruments

Financial instruments carried on the consolidated balance sheet include investments, deposits, trade debts, advances, accrued interest, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which are initially measured at fair value.

Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial asset. The Group loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group surrenders those rights. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and derecognition is charged to the consolidated profit and loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.20 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised wherever the carrying amount of the assets exceeds their recoverable amount. Impairment losses are recognised in consolidated profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that assets.

2.21 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognised in the consolidated balance sheet at estimated fair value with corresponding effect to consolidated profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group has four reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn), Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles) and Cement.

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.23 Dividend and other appropriations

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are declared and other appropriations are recognised in the period in which these are approved by the Board of Directors.

2.24 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2013 (Number of Shares)	2012 (Number of Shares)		2013 (Rupees in thousand)	2012 (Rupees in thousand)
1,596,672	1,596,672	Ordinary shares of Rupees 10 each allotted on reorganisation of Kohinoor Industries Limited	15,967	15,967
26,156,000	26,156,000	Ordinary shares allotted under scheme of arrangement of merger of Part II of Maple Leaf Electric Company Limited	261,560	261,560
26,858,897	26,858,897	Ordinary shares allotted under scheme of arrangement of merger of Kohinoor Raiwind Mills Limited and Kohinoor Gujar Khan Mills Limited	268,589	268,589
38,673,628	38,673,628	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	386,736	386,736
152,241,019	152,241,019	Ordinary shares of Rupees 10 each issued as fully paid in cash	1,522,410	1,522,410
245,526,216	245,526,216		2,455,262	2,455,262

3.1 Zimpex (Private) Limited which is an associated company held 45,496,057 (2012: 45,496,057) ordinary shares of Holding Company of Rupees 10 each as at 30 June 2013.

4. RESERVES

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Composition of reserves is as follows:			
Capital			
Share premium	4.1	144,919	144,919
		144,919	144,919
Revenue			
General reserve		1,450,491	1,450,491
Unappropriated profit / (accumulated loss)		2,068,022	(112,379)
		3,518,513	1,338,112
		3,663,432	1,483,031

4.1 This reserve can be utilized by the Group only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	Note	2013	2012
		(Rupees in thousand)	
5. NON-CONTROLLING INTEREST			
Opening balance		1,335,388	1,046,234
Add / (less): Share during the year			
- Reclassification adjustment for gain included in profit and loss		-	(146,749)
- Redemption of preference shares		(528,263)	-
- Decrease in interest of equity holders of the holding company		542,486	3,144
- Profit for the year		1,233,316	432,759
		1,247,539	289,154
Less : Dividend paid on preference shares		(179,253)	-
		2,403,674	1,335,388
6. SURPLUS ON REVALUATION OF LAND AND INVESTMENT PROPERTIES			
Investment properties		1,263,592	1,263,592
Property, plant and equipment		2,780,948	2,780,948
		4,044,540	4,044,540
7. LONG TERM FINANCING			
From banking companies and other financial institutions - secured			
Holding Company			
Long term loans	7.1	491,973	846,817
Long term musharika	7.2	102,750	254,586
		594,723	1,101,403
Subsidiary Company			
Long term loans	7.4	3,709,987	4,400,784
		4,304,710	5,502,187
Less: Current portion shown under current liabilities	16	1,478,583	1,483,747
		2,826,127	4,018,440
Holding Company			
Other loans-unsecured			
Kohinoor Sugar Mills Limited (KSML)	7.11	-	4,794
		2,826,127	4,023,234

LENDER	2013	2012	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....RUPEES IN THOUSAND.....							
7.1 Long term loans								
NIB Bank Limited	62,500	88,194	100,000	3 Months KIBOR + 2%	Thirty two equal monthly installments commenced from July 2011 and ending on February 2014.	Quarterly	Quarterly	First pari passu charge over all present and future current assets of the Company for Rupees 447 million. Exclusive charge on plant and machinery imported under LTF facility for Rupees 400 million and personal guarantees of the sponsor directors.
NIB Bank Limited	52,406	101,206	300,000	7%	Twenty four equal quarterly installments after expiry of grace period of one and a half year commenced from April 2005 and ending on September 2014.	-	Quarterly	First pari passu charge over fixed assets of Raiwind Division and personal guarantees of the sponsor directors.
NIB Bank Limited	22,222	41,667	50,000	3 Months KIBOR + 2%	Thirty two monthly installments commenced from July 2011 and ending on February 2014.	Quarterly	Quarterly	Collateral covering the exposure including charges on both current and fixed assets of the Company and personal guarantees of the sponsor directors.
Saudi Pak Industrial and Agricultural Investment Company Limited	31,250	93,750	250,000	3 Months KIBOR + 1.7%	Eight equal semi annual installments commenced from December 2008 and ending on June 2013 including grace period of one year .	Quarterly	Quarterly	First pari passu charge by way of hypothecation on all present and future plant and machinery of the Company and by way of mortgage on land measuring 121 Acres, two kanals and one marla, situated at Main Peshawar Road, Rawalpindi with 25% margin.
The Bank of Punjab	32,470	-	135,000	3 Months KIBOR + 3%	Twelve equal quarterly installments after expiry of grace period of one year.	Quarterly	Quarterly	Bank's specific hypothecation charge over imported machinery with 25% margin and personal guarantees of the sponsor directors.

LENDER	2013	2012	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....RUPEES IN THOUSAND.....							
Syndicated term finance (Note 7.3)								
Bank Al-Falah Limited	171,250	296,250	500,000	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First joint pari passu charge on surplus land for Rupees 467 million.
Faysal Bank Limited	102,750	193,500	300,000	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First pari passu charge over fixed assets of the Company for Rupees 400 million with 25% margin.
Pak Libya Holding Company Limited	17,125	32,250	50,000	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First joint pari passu charge on surplus land for Rupees 66.67 million.
	291,125	522,000	850,000					
Total	491,973	846,817	1,685,000					

7.2 Long term musharika (Note 7.3)

LENDER	2013	2012	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
Standard Chartered Bank (Pakistan) Limited	68,500	129,085	200,000	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First pari passu charge on land at Rawalpindi Division of Rupees 266.66 million.
Allied Bank Limited	-	61,001	568,750	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First pari passu charge over movable fixed assets of Rawalpindi Division and surplus piece of land measuring 43 Acres, 7 kanal and 12 marlas, situated at Main Peshawar Road of Rupees 933.33 million.
The Bank of Khyber	34,250	64,500	100,000	3 Months KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ending on April 2014.	Quarterly	Quarterly	First pari passu charge over land measuring 121 Acres, situated at Main Peshawar Road of Rupees 106.666 million.
Total	102,750	254,586	868,750					

7.3 Syndicated term finance facility and Musharika facility was arranged by Standard Chartered Bank (Pakistan) Limited as syndicate agent and investment agent.

LENDER	2013	2012	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....RUPEES IN THOUSAND.....							
7.4 Long term loans								
Habib Bank Limited (Note 7.5)	263,507	439,178	1,160,000	9.70%	Nine semi annual installments commenced on June 2010 and ending on June 2013.	-	Quarterly	First pari passu equitable hypothecation/ mortgage charge of Rupees 2,250 million on all present and future fixed assets of Subsidiary Company, personal guarantees of the directors of Subsidiary Company and subordination of the entire sum of directors'/sponsors' loan outstanding at any point in time upto Rs. 150 million.
Habib Bank Limited (Note 7.6)	632,959	740,519	790,520	6 Months KIBOR + 3%	Three equal quarterly installments of Rupees 25 million each commenced on 01 January 2012 and ended on 30 June 2012 and twenty six equal quarterly installments of Rupees 27.52 million each commenced on 30 September 2012 and ending on 31 December 2018.	Semi-annually	Quarterly	First pari passu equitable hypothecation/ mortgage charge of Rupees 2,250 million over fixed of the Subsidiary Company (land, building and plant and machinery) and personal guarantee along with PNWS of the directors of Subsidiary Company and subordination of the entire sum of directors / sponsors loan outstanding at any point in time.
HSBC Bank Middle East Limited (Note 7.7)	161,893	190,476	200,000	6 Months KIBOR + 1.25%	Twenty one equal quarterly installments commenced on 23 May 2012 and ending on 23 May 2017.	Semi-annually	Semi-annually	First pari passu equitable hypothecation charge of Rupees 200 million over present and future assets of the Subsidiary Company, ranking hypothecation charge for Rupees 120 million over present and future current assets and personal guarantees of directors of the Subsidiary Company.
Allied Bank Limited (Note 7.8)	1,379,125	1,497,000	1,500,000	3 Months KIBOR + 1%	Twenty six quarterly installments commenced on September 2012 and ending on December 2018 as per following schedule: **Period** — **(Rupees in thousand)** September 2012- June 2015 — 37,500 September 2015- June 2016 — 44,500 September 2016- June 2017 — 56,000 September 2017- June 2018 — 70,000 September 2018-December 2018 — 182,500	Quarterly	Quarterly	First pari passu charge over all present and future fixed assets of Subsidiary Company amounting to Rupees 3,333 million.
Allied Bank Limited (Note 7.9)	1,241,626	1,533,611	1,600,290	-	Twenty four equal quarterly installments commencing from March 2012.	Quarterly	Quarterly	First pari passu charge over all present and future fixed assets of Subsidiary Company amounting to Rupees 3,333 million.
Islamic Corporation for Development of Private Sector (Note 7.10)	30,877	-	40,669	-	Twenty four equal installments commencing from December 2012.	Quarterly	1st four installments on Monthly basis and remaining twenty instalments on Quarterly basis	It is secured against the first exclusive charge on power generation plant.
Total	**3,709,987**	**4,400,784**	**5,291,479**					

7.5 During the financial year 2010, Company entered into restructuring agreement with HBL for Rupees 791 million. Tenure of this LTFF is four and a half years.

7.6 During the financial year 2011, Company has entered into restructuring agreement with HBL for Rupees 790.52 million. The purpose of this loan is to restructure the existing loans for import of Waste Heat Recovery Plant. As per the terms of restructuring agreement, the principal balance is repayable in nine years including the grace period of twenty four months applicable from cut off date 31 December 2009.

Upto December 2015, HBL agrees to give a discount on applicable mark up rate, provided that mark up is serviced regularly and repayment term are strictly adhered to.

After rebate, mark up rate will be as follows:

From 01 January 2010 to 31 December 2013	six months KIBOR + 1% per annum
From 01 January 2013 to 31 December 2015	six months KIBOR + 2% per annum
From 01 January 2015 to 31 December 2018	six months KIBOR + 3% per annum

7.7 During the preceding year, the Subsidiary Company restructured its existing short term loan of Rupees 160 million and running finance from HSBC Bank Middle East Limited into a medium term loan of Rupees 200 million. It carries no mark-up. The restructuring referred above did not result on an overall basis in substantial modifications of the original financing terms.

7.8 Syndicated term finance facility was arranged by Allied Bank Limited as lead arranger and investment agent. Mark up on syndicated loan will be increased to three month KIBOR + 1.7% after 5 years or complete settlement of deferred mark up, whichever is later.

7.9 As a consequence of restructuring of Syndicated Term finance facility and Islamic Sukuk Certificates and Musharaka agreement referred in note 7.8 & 8 respectively, outstanding markup amounting to Rupees 1,600 million for the period from December 2009 to March 2011 was deferred by way of Second Addendum to the Syndicated Term Finance Agreement and Third Supplementary Murabaha Finance Agreement dated 30 March 2010. It carries no mark-up. The restructuring referred above did not result on an overall basis in substantial modifications of the original financing terms.

7.10 As per terms of rescheduling agreement with Islamic Corporation for Development of Private Sector (ICD), the overdue mark up of USD 416,693 for the period from 15 December 2009 to 15 March 2011 is transferred to deferred mark up loan.

7.11 Kohinoor Sugar Mills Limited (KSML)

Liability was settled during the current period through an agreement with KSML.

	Note	2013	2012
		(Rupees in thousand)	

8. REDEEMABLE CAPITAL

	Note	2013	2012
Islamic Sukuk certificates under musharaka agreement		8,283,000	8,289,800
Less: Sukuk certificates paid during the year		1,067,131	6,800
Less: Current portion shown under current liabilities	16	832,869	1,100,000
		6,383,000	7,183,000

8.1 The Subsidiary Company has issued Islamic Sukuk Certificates under Musharaka agreement amounting to Rupees 8,000 million during the year ended 30 June 2008. In the financial year 2010, the Subsidiary Company has issued new Sukuk Certificates (as Bridge Finance) to existing Sukuk lenders amounting to Rupees 300 million. During the preceding financial year, the Subsidiary Company arranged to reschedule the repayment of Rupees 300 million bridge finance which was due in bullet in March 2012. The Subsidiary Company had paid the bridge finance facility in the current financial year with final payment made on 31 January 2013.

8.2 The salient terms and conditions of secured Sukuk issue of Rupees 8,300 million made by the Subsidiary Company are detailed below:

- Lead Arranger	Allied Bank Limited (ABL)
- Shariah Advisor	Meezan Bank Limited
- Purpose	Balance sheet re-profiling and replacement of conventional debts with Shariah Compliant Financing.
- Investors	Banks, DFIs, NBFI and any other person.
- Tenure of Sukuk issue of	**Rupees 8,000 million** 9 Years including grace period of 2.75 years and repayment is to be made in 6.25 years.
- Mark up rate	3 months KIBOR plus 1% Mark up will be increased to 3 months KIBOR plus 1.70% after 5 years or complete settlement of deferred mark-up, whichever is later.
- Musharaka Investment repurchase	Twenty six outstanding quarterly installments is being paid as per following schedule:

Period	Rupees in thousand
September 2012 - June 2015	200,000
September 2015 - June 2016	237,500
September 2016 - June 2017	300,000
September 2017 - June 2018	375,000
September 2018 - December 2018	966,500

- Rental and mark-up payments	Rentals are payable quarterly in arrears. Rentals, during the year, have been calculated at mark up rates ranging from 10.39% to 12.95% (2012: 12.88% to 14.57%) per annum.
- Form & delivery of Sukuk	The Sukuk have been issued under section 120 "issue of securities and redeemable capital not based on interest" of the Companies Ordinance, 1984. The Sukuk Certificates have been registered and inducted into the Central Depository System ("CDS") of the Central Depository Company of Pakistan ("CDC").
- Security	First Sukuk issue of Rupees 8,000 million is secured against first Pari passu charge over all present and future fixed assets of the Company amounting to Rupees 10,667 million. New Sukuk certificates issued as bridge finance amounting to Rupees 300 million are secured against ranking charge on fixed assets and specific properties comprising of 393 kanals at Kala Shah Kaku and personal security of directors.
- Trustee / investors' agent	Allied Bank Limited ("ABL")
- Transaction structure	The facility as approved by Meezan Bank Limited, shariah advisor of the issue, is as follows:

(a) Investors (as Investor Co-owners) and the Subsidiary Company (as managing Co-owner) have entered into a Musharaka agreement as partners for the purpose of acquiring Musharaka assets from the Subsidiary Company (acting as Seller) and jointly own these Musharaka assets.

(b) Investors have appointed ABL to act as Investor Agent for the Sukuk Issue.

(c) Investor co-owners have contributed their share in the Musharaka in cash that has been utilized by managing co-owner for acquiring Musharaka assets. Managing co-owner has contributed its Musharaka share in kind.

(d) Upon acquisition of Musharaka assets, Investor Agent and managing co-owner have executed Assets Purchase agreement with the Subsidiary Company (acting as Seller).

(e) The Subsidiary Company (as Issuer) has issued Sukuk Certificates to investors that represent latter's undivided share in the Musharaka assets.

(f) Investors have made the usufruct of their undivided share in the Musharaka assets available to the Subsidiary Company against rental payments linked to the rental bench marked.

	(g) The Subsidiary Company will purchase Musharaka share of investors on quarterly basis after expiry of 2.75 years from the rescheduling date.
- Sell Down / Transferability	As Sukuks have been induced into Central Depository Company (CDC), transfers are made in accordance with Central Depository Act, 1997 and other applicable CDC regulations.
- Call option	The issuer may, at any time after expiry of one year from the issue date, purchase all or any of the sukuk units from the certificate holders at their applicable Buy Out Prices (pre-purchase) to be calculated subject to the provisions of the trust deed, sale undertaking and the terms and conditions therein.

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2013	2012
		(Rupees in thousand)	
Future minimum lease payments		1,142,098	1,308,483
Less: Un-amortized finance charges		103,723	111,284
Less: Security deposits adjustable on expiry of lease term		30,000	30,000
Present value of future minimum lease payments		1,008,375	1,167,199
Less: Current portion shown under current liabilities	16	167,527	904,073
		840,848	263,126

9.1 The future minimum lease payments have been discounted at implicit interest rates which range from 10.64% to 14.20% (2012: from 6.30% to 17.40%) per annum to arrive at their present values. The lease rentals are payable in monthly and quarterly installments. In case of any default, an additional charge at the rate of 0.1 percent per day shall be payable. Taxes, repairs, replacements and insurance costs are to be borne by the Company. The lease agreements carry renewal and purchase option at the end of the lease term. There are no financial restrictions in lease agreements. These are secured by deposit of Rupees 45.581 million (2012: Rupees 50.874 million) included in long term deposits, demand promissory notes and personal guarantees.

9.2 The Subsidiary Company had entered into original lease agreement dated 18 February 2006 amounting to Rupees 280 million with Meezan Bank Limited (MBL) to acquire eight units of Pre-heater Cyclones. As per terms of original lease agreement, the facility tenure was six years with a grace period of 18 months on principal component.

As per the lease agreement, tenure of the lease facility is 3.75 years with grace period of 12 months from 1st post restructuring profit payment dated 17 May 2010. Principal amount is payable in 12 equal quarterly installments commencing from 17 May 2011. Mark up is payable quarterly in arrears starting from 17 May 2011. Lease facility carries profit at the rate of three months KIBOR plus 2.25% per annum with floor of 2.25% per annum and cap of 28% per annum. Effective mark-up rates, during the current financial year, ranged between 11.63% to 14.20% (2012: 14.10% to 15.54%) per annum. Facility is secured through exclusive ownership of leased assets in the name of MBL and personal guarantees of the Company's directors.

9.3 The Subsidiary Company had entered into restructuring agreement of lease facility outstanding amount with Islamic Corporation for the Development of Private Sector (ICD) on 17 December 2012 (effective date of agreement) to acquire power generation plant Wartsila.

As per terms of the agreement, the outstanding principal USD 10,666,595 will be repaid in twenty-five (25) installments. The first installment amount of USD 556,000 was paid to ICD on the effective date and the remaining twenty four (24) quarterly installments will be paid as per following schedule terms:

Period	No. of Installments	Amount (USD)	Total Amount (USD)
15 March 2013 - 15 June 2015	10	266,665	2,666,650
15 September 2015 - 15 June 2016	4	316,665	1,266,660
15 September 2016 - 15 June 2017	4	400,000	1,600,000
15 September 2017 - 15 June 2018	4	500,000	2,000,000
15 September 2018 - 15 December 2018	2	1,288,643	2,577,286

According to revised terms, the aggregate outstanding mark-up including penalized mark-up amounting to USD 2,541,529 due upto 15 December 2012 is rescheduled as follow:

The initial period outstanding profit USD 201,543 for the period from 15 June 2009 to 15 December 2009 is now payable to ICD within 30 days of the effective date of the agreement.

The second period outstanding profit USD 418,787 from 15 December 2009 to 15 March 2011 shall be paid to ICD as follows:

(i) An amount of USD 2,094 being 0.5% of the second period profit shall be paid within 30 days of the effective date.

(ii) The mark-up amount of USD 416,693 being 99.5% of the second period profit will be paid to ICD in twenty four (24) equal quarterly installments of USD 17,362 each with first four (4) installments being payable within 30 days from the effective date and remaining twenty (20) installments from 15 March 2013 to 15 December 2017.

Moreover, the aggregate variable mark-up amounting to USD 596,877 for the period from 15 March 2011 to 15 December 2012 is now payable to ICD within 30 days of the effective date.

Islamic Corporation for the Development of Private Sector (ICD) further agrees to waive the penalty amount payable by the Subsidiary Company to ICD pursuant to transaction documents, being an aggregate amount of USD 1,324,322 provided the Subsidiary Company agrees to effecting payment of the lease facility outstanding amount in accordance with the provision of the repayment schedule.

This facility carries mark-up rate at six month USD LIBOR plus 2.50% per annum. During the current year mark-up has ranged from 2.91% to 3.24% (2012: 2.90% to 3.28%).

9.3.1 The Subsidiary Company has entered into an interest rate swapping agreement with Standard Chartered Bank in respect of this lease finance facility. The agreement became effective from 02 February 2009 and has the following significant terms:

Notional amount	As per amortization schedule starting from USD 11.54 million in accordance with repayment schedule of the facility.
Maturity	16 June 2014
Mark-up to be paid by the Subsidiary Company on notional amount	2.45% per annum.
Mark-up to be received by the Subsidiary Company on notional amount	USD-LIBOR-BBA six months except for the initial calculation period which shall be the linear interpolation of the 4 months and 5 months floating rate option.

9.4 Future minimum lease payments and their present values are regrouped as under:

	2013		2012	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	------------------(Rupees in thousand)---------------			
Future minimum lease payments	196,482	945,616	1,007,193	301,290
Less: Unamortized finance charge	28,955	74,768	103,120	8,164
Less: Security deposits adjustable on expiry of lease term	-	30,000	-	30,000
Present value of future minimum lease payments	167,527	840,848	904,073	263,126

10. LONG TERM DEPOSITS

These represent interest-free security deposits from stockists and are repayable on cancellation or withdrawal of the dealerships. These are being utilized by the Subsidiary Company in accordance with the terms of dealership agreements.

	Note	2013	2012
		(Rupees in thousand)	
11. RETIREMENT BENEFITS			
Accumulated compensated absences	11.1	26,307	22,322
Gratuity	11.2	32,578	28,604
		58,885	50,926

	2013	2012
	(Rupees in thousand)	

11.1 Accumulated compensated absences

Balance at the beginning of the year	22,322	19,149
Provision made during the year	10,165	7,918
Payments made during the year	(6,180)	(4,745)
Balance at the end of the year	26,307	22,322

11.2 Gratuity

The latest actuarial valuation of the Subsidiary Company's defined benefit plan, were conducted at 30 June 2013 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	2013	2012
	(Rupees in thousand)	
The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligation	108,128	84,902
Fair value of plan assets	(62,903)	(52,099)
Deficit in the plan	45,225	32,803
Unrecognized actuarial gain	(12,647)	(4,199)
Liability at end of the year	32,578	28,604
Liability as at beginning of the year	28,604	13,030
Charge for the year	9,036	9,877
Contribution made during the year	(6,039)	(1,528)
Amount transferred to the Subsidiary Company	977	7,225
Net liability at end of the year	32,578	28,604
Movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	84,902	82,275
Current service cost	4,772	4,476
Interest cost	11,037	11,518
Benefits paid	(7,889)	(3,178)
Actuarial gain	15,306	(10,190)
Present value of defined benefit obligation as at end of the year	108,128	84,901
Movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	52,099	50,914
Expected return on plan assets	6,773	7,128
Contributions made during the year	6,039	1,528
Benefits paid during the year	(7,889)	(3,178)
Transferred to the Subsidiary Company	(977)	(7,225)
Actuarial gain	6,858	2,932
Fair value of plan assets as at end of the year	62,903	52,099
Actual return on plan assets	13,631	10,060

	2013	2012
	(Rupees in thousand)	
Plan assets comprise of:		
Term deposit receipts	-	27,885
National Investment Trust Units	32,817	23,415
NAFA Government Securities Liquid Fund	10,056	-
Trust Investment Bank including accrued interest	18,828	-
Cash at bank	1,202	798
	62,903	52,098
Charge for the year:		
Current service cost	4,772	4,476
Interest cost	11,037	11,519
Expected return on plan assets	(6,773)	(7,128)
Actuarial losses charge	-	1,010
	9,036	9,877

Actuarial assumptions:

The following are the principal actuarial assumptions at 30 June 2013:

Discount rate	10.5%	13.0%
Expected return on plan assets	13.0%	14.0%
Expected rate of growth per annum in future salaries	9.5%	12.0%
Average expected remaining working life time of employees	9 years	9 years
	EFU (61-66)	EFU (61-66)

Comparison of present value of defined benefit obligation

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus of gratuity fund for five years is as follows:

	2013	2012	2011	2010	2009
	(---------------- Rupees in '000			----------------)	
Present value of defined benefit Obligation	(108,128)	(84,902)	(82,275)	(77,070)	(60,082)
Fair value of plan assets	62,903	52,099	50,914	43,201	47,997
Deficit in the plan	(45,225)	(32,803)	(31,361)	(33,869)	(12,085)
Experience adjustment on obligation	15,306	(10,190)	(4,215)	7,750	3,216
Experience adjustment on plan assets	6,858	2,932	2,529	(412)	(17,140)

The Subsidiary's Company's policy with regard to actuarial gains / losses is to follow the minimum recommended approach under IAS 19 "Employee Benefits".

	2013	2012
	(Rupees in thousand)	

12. DEFERRED INCOME TAX LIABILITY

This comprises of following :

Deferred tax liability on taxable temporary differences in respect of :

	2013	2012
- Accelerated tax depreciation	4,131,568	4,123,000
- Lease finances	3,356,727	106,831
- Unused tax losses	80,171	3,540,652
- Provision for doubtful debts	5,537	-
- Employees' compensated absences	17,473	6,617
- Minimum tax recoverable against normal tax charge in future years	321,111	328,725
	3,781,019	3,982,825
	350,549	140,175

12.1 Deferred tax asset relating to Subsidiary Company amounting to Rupees 643 million (2012: Rupees 1,100 million) on unused tax losses, has not been recognized in these consolidated financial statements being prudent. Management of Subsidiary Company is of the view that recognition of deferred tax asset shall be re-assessed on 30 June 2014.

13. TRADE AND OTHER PAYABLES

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Creditors		1,068,938	1,146,984
Bills payable - secured		673,544	1,235,302
Accrued liabilities		894,250	673,729
Security deposits, repayable on demand	13.1	49,606	42,296
Advances from customers		244,012	312,085
Contractors' retention money		3,678	62,259
Royalty and excise duty payable		86,170	83,321
Workers' profit participation fund		248,959	40,032
Workers' welfare fund		7,686	7,686
Excise duty payable		226,697	517,051
Unclaimed dividend		3,908	4,163
Withholding tax payable		4,685	5,988
Payable to employees' provident fund trust		86,833	55,891
Sales tax payable		344,442	338,994
Others		245,704	53,224
		4,189,112	4,579,005

13.1 This represents interest free security deposits received from distributors and contractors of the Subsidiary Company. Distributors and contractors have given the Subsidiary Company a right to utilize deposits in ordinary course of business.

	Note	2013	2012
		(Rupees in thousand)	

14. ACCRUED MARK-UP

Long term financing		101,184	194,190
Redeemable capital		168,953	337,093
Short term borrowings		185,276	236,572
Liabilities against assets subject to finance lease		10,522	175,677
		465,935	943,532

15. SHORT TERM BORROWINGS

From banking companies - secured

Short term running finances	15.1 & 15.2	3,206,705	3,364,504
Other short term finances	15.1 &15.3	2,875,413	3,088,618
State Bank of Pakistan (SBP) refinances	15.1 & 15.4	1,365,000	1,135,000
Temporary bank overdraft	15.5	159,889	25,373
		7,607,007	7,613,495

15.1 These finances are obtained from banking companies under mark up arrangements and are secured by pledge of raw material, charge on current assets of the Company including hypothecation of work-in-process, stores and spares, letters of credit, firm contracts, book debts and personal guarantees of the sponsor directors. These form part of total credit facilities of Rupees 10,280 million (2012 : Rupees 10,112 million).

15.2 The rates of mark-up range from 9.20% to 24.00% (2012: 3.49% to 25.00%) per annum on balance outstanding.

15.3 The rates of mark-up range from 2.59% to 21.90% (2012: 4.50% to 25.00%) per annum on balance outstanding.

15.4 The rates of mark-up range from 9.20% to 11.00% (2012: 11.00%) per annum on balance outstanding.

15.5 This represents temporary overdraft due to cheques issued by the Subsidiary Company in excess of balance with banks which will be presented for payment in subsequent period.

	Note	2013	2012
		(Rupees in thousand)	

16. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing	7	1,478,583	1,483,747
Redeemable capital	8	832,869	1,100,000
Liabilities against assets subject to finance lease	9	167,527	904,073
		2,478,979	3,487,820

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

Holding Company

a) The Holding Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for tax year 2003 under section 129 / 132 of the Income Tax Ordinance, 2001, which is pending adjudication. The tax loss was restricted to Rupees 27.540 million against declared loss of Rupees 122.933 million thereby creating a demand of Rupees 12.396 million. In addition to the above, another appeal for tax year 2003 against order under section 221 of the Income Tax Ordinance, 2001 dated 24 January 2009, on the disallowance of depreciation expense of Rupees 62.665 million was filed before Appellate Tribunal Inland Revenue which is pending adjudication. This is a cross appeal. Although the learned Commissioner Inland Revenue (Appeals) has already annulled the order under section 221 of the Income Tax Ordinance, 2001, vide order dated 30 July 2009, the Taxation Officer illegally repeated the original assessment. Therefore, an appeal has also been filed before Commissioner Inland Revenue under section 187 of the Income Tax Ordinance, 2001 for tax year 2003, the appellate order of which is pending. The revenue involved on account of penalty was Rupees 17.484 million.

The Holding Company has strong grounds and is expecting favourable outcome.

b) The Holding Company filed an appeal before the Appellate Tribunal Inland Revenue under section 122(5A) / 122(1) / 129 of the Income Tax Ordinance, 2001 for tax year 2004 which is pending adjudication. The loss for the year was assessed at Rupees 255.684 million against declared loss of Rupees 255.886 million. Department also filed cross appeal mainly on issue of chargeability of 3.5% tax on local purchases amounting to Rupees 950.547 million. The Appellate Tribunal Inland Revenue set-aside the order of Commissioner Inland Revenue (Appeals) and remanded back to Commissioner Inland Revenue (Appeals) with the direction to readjudicate the issue after considering the evidences produced. The Holding Company has strong grounds and is expecting favourable outcome.

c) The Holding Company filed an appeal before the Appellate Tribunal Inland Revenue under section 122(5A) / 122(1) of the Income Tax Ordinance, 2001 for tax year 2005, which is pending adjudication. The Income for the year was assessed at Rupees 113.440 million against declared loss of Rupees 205.576 million creating payable of Rupees 74.576 million. Department also filed cross appeal mainly on issue of chargeability of 3.5% tax on local purchases amounting to Rupees 828.839 million. The Appellate Tribunal Inland Revenue set-aside the order of Commissioner Inland Revenue (Appeals) and remanded back to Commissioner Inland Revenue (Appeals) with the direction to readjudicate the issue after considering the evidences produced. The Holding Company has strong grounds and is expecting favourable outcome.

d) The Holding Company filed an appeal before the Appellate Tribunal Inland Revenue under section 221 of the Income Tax Ordinance, 2001 for the tax year 2010 against demand of Rupees 20.789 million. The appeal was filed on the ground that minimum tax at the rate of 0.5% on turnover can be adjusted against tax deducted on exports. The Holding Company has strong grounds and is expecting favourable outcome.

e) The Holding Company and the tax authorities have filed appeals before different appellate authorities regarding sales tax and custom duty matters. Pending the outcome of appeals filed by the Holding Company and tax authorities, no provision has been made in these financial statements which on the basis adopted by the authorities would amount to Rupees 80.902 million (2012: Rupees 64.022 million), since the Holding Company has strong grounds against the assessments framed by the relevant authorities.

f) The Holding Company filed recovery suits in Civil Courts amounting to Rupees 16.922 million (2012: Rupees 7.908 million) against various suppliers and customers for goods supplied by / to them. Pending the outcome of the cases, no provision has been made in these financial statements since the Holding Company is confident about favourable outcome of the cases.

g) The Holding Company has filed a suit before Civil Court, Rawalpindi against demand raised by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 74.933 million (2012: Rupees 60.308 million). No provision has been made in these financial statements, since the Holding Company is confident about favourable outcome.

h) The Holding Company filed a suit before the Civil Court, Rawalpindi against demand of Rupees 65.521 million raised by Sui Northern Gas Pipelines Limited (SNGPL). The case was dismissed by the Civil Court, Rawalpindi and the Holding Company has filed an appeal before Lahore High Court, Rawalpindi bench against judgment passed by Civil Court, Rawalpindi, the Holding Company has deposited Rupees 42.588 million (65%) as per orders of the Lahore High Court, Rawalpindi bench. No provision for balance amount of Rupees 22.933 million has been made in these financial statements, since the Holding Company is confident about favourable outcome.

i) Islamabad Electric Supply Company has filed appeals in the Civil Court for recovery of Rupees 12.531 million on account of outstanding electricity charges . No provision has been made in these financial statements, since the Holding Company is confident about favourable outcome of the case.

j) The Holding Company has filed a writ petition before Lahore High Court, Rawalpindi bench against demand of Rupees 8.936 million raised by Rawalpindi Cantonment Board. No provision has been made in these financial statements, since the Holding Company is confident about favourable outcome of the case.

k) The Holding Company has filed an appeal before Supreme Court of Pakistan against an order of Lahore High Court, Rawalpindi Bench on an appeal filed by supplier for non-payment by the Holding Company. The Holding Company has provided a guarantee of Rupees 4.246 million on the directions of Supreme Court of Pakistan. Appeal is pending adjudication and the Holding Company expects a favourable outcome.

l) The Holding Company and employees have filed three cases before Punjab Labour Court and six cases before Punjab Labour Appellate Tribunal regarding reinstatement into service of seven employees dismissed from their jobs. No provision has been made in these financial statements, since the Holding Company is confident about favourable outcome of the cases.

m) The Holding Company has not recognised fuel adjustment charges amounting to Rupees 32.003 million (2012: Rupees 75.596 million) notified by National Electric Power Regulatory Authority (NEPRA), as the Holding Company has obtained stay from Honorable Islamabad High Court, Islamabad against payment of fuel adjustment charges as billed by electric supply companies (IESCO / LESCO). The management based on advice of the legal counsel, believes that it has strong grounds of appeal and payment / accrual of such charges will not be required.

n) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Holding Company, to various institutions and corporate bodies aggregate to Rupees 240.921 million (2012: Rupees 243.391 million).

Subsidiary Company

a) The Subsidiary Company has filed writ petitions before the Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal whereby the Subsidiary Company was held liable on account of wrongful adjustment of input sales tax on raw materials and electricity bills; the amount involved pending adjudication before the Lahore High Court amounting to Rupees 10.01 million. No provision has been made in these financial statements in respect of the aforementioned matter as the management is confident that the ultimate outcome of this case will be in favour of the Subsidiary Company.

b) The Subsidiary Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Subsidiary Company amounting to Rupees 12.35 million was rejected and the Subsidiary Company was held liable to pay an amount of Rupees 37.051 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Subsidiary Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Lahore High Court, upon the Subsidiary Company's appeal, vide its order dated 06 November 2001 has decided the matter in favour of the Subsidiary Company; however, the Collector of Customs has preferred a petition before the Supreme Court of Pakistan, which is pending adjudication. No provision has been made in these financial statements in respect of the above stated amount as the management is confident that the ultimate outcome of this case will be in favour of the Subsidiary Company.

c) The Federal Board of Revenue (FBR) has filed an appeal before the Supreme Court of Pakistan against the judgment delivered by the Lahore High Court in favour of the Subsidiary Company in a writ petition. The Subsidiary Company, through the said writ petition, had challenged the demand raised by the FBR for payment of duties and taxes on the plant and machinery imported by the Subsidiary Company pursuant to the exemption granted in terms of SRO 484 (I) / 92 dated 14 May 1992. The FBR, however, alleged that the said plant & machinery could be locally manufactured and duties and taxes were therefore not exempted. A total demand of Rupees 1,386.720 million was raised by the FBR out of which an amount of Rupees 269.328 million was deposited by the Subsidiary Company as undisputed liability.

d) The Customs Department has filed an appeal before the Supreme Court of Pakistan against the judgment of Sindh High Court, which held that dump trucks were part of plant and machinery and the Tribunal had rightly subjected them to concessionary rate of duty. The Subsidiary Company had paid excess customs duties amounting Rupees 7.347 million on these trucks. The appeal is pending adjudication before the Supreme Court of Pakistan. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Subsidiary Company.

e) The Subsidiary Company has filed an appeal before the Supreme Court of Pakistan against the judgment of the Division Bench of the High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with law. The appeal has been filed against the declaration that after 28 December 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law. The Province of Sindh and Excise and Taxation Department has also preferred an appeal against the judgment decided against them. The Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Sindh High Court Karachi. Stay has been granted by the High Court on 31 May 2011 on payment of 50% of the cess to the Excise

Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

f) Competition Commission of Pakistan (the Commission), vide order dated 27 August 2009, has imposed penalty on 20 cement factories of Pakistan at the rate of 7.5% of the turnover value. The Commission has imposed penalty amounting to Rupees 586.187 million on the Subsidiary Company. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become in fructuous and the Subsidiary Company has filed a writ petition no. 15618/2009 before the Lahore High Court. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Subsidiary Company.

g) The Additional Collector, Karachi has issued show cause notice alleging therein that the Subsidiary Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Subsidiary Company is liable to pay Government dues amounting to Rupees 5.552 million. The Subsidiary Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Subsidiary Company.

h) The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favour of the Subsidiary Company pursuant to which the Subsidiary Company is not liable to pay custom duty amount of Rupees 0.589 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court.

i) The Subsidiary Company has preferred an appeal against the order in original No. 576/99 dated 18 September 1999, whereby the Subsidiary Company was denied the benefit of SRO 484(I)/92 dated 14 May 1992, and SRO 978(I)/95 dated 04 October 1995. Accordingly the demand of Rupees 0.807 million was raised against the Subsidiary Company. Appeal was dismissed by Central Excise and Sales Tax Tribunal on 19 May 2009. The Subsidiary Company has filed petition before the Honorable Lahore High Court, which is pending adjudication. A rectification application under section 194 is also pending before the Customs, Federal Excise and Sales Tax, Appellate Tribunal beside the customs reference. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Subsidiary Company.

j) The deemed assessment earlier made under section 120(1) of the Ordinance has been rectified through order dated 10 May 2011 passed u/s 221 of the Ordinance on the grounds that minimum tax liability payable u/s 113 of the Ordinance of Rupees 34.60 million for the tax year 2010 was leviable in addition to taxes payable under various final tax regimes. The Subsidiary Company has contested the rectification order in appeal before the ATIR, which has not been taken up for hearing to date.

k) The deemed assessment earlier made under section 120(1) of the Ordinance has been rectified through order dated 02 February 2011 passed u/s 221 of the Ordinance on the grounds that minimum tax liability payable u/s 113 of the Ordinance of Rupees 35.69 million was also leviable in addition to taxes payable under various final tax regimes. The Subsidiary Company has contested the rectification order in appeal before the ATIR, which has not been taken up for hearing to date.

l)Through ONO No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors and raised a demand of principal sales tax and FED aggregating to Rupees 336.74 million along with applicable default surcharges and penalties. The Subsidiary Company preferred appeal against such ONO under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the Commissioner of Inland Revenue (Appeals).

It is, however, appropriate to highlight that the Subsidiary Company has also filed a writ petition with the Honorable Lahore High Court against the above referred Order-In-Original demand.

m) Through Order-In-Original No. 10/2011 dated 30 July 2011, Subsidiary Company's refund claim of Central Excise Duty (CED) of Rupees 913.01 million representing the excess payment of duty based on an inadvertent computation of related 'retail price' of cement products manufactured and supplied by the Subsidiary Company, was rejected principally on the grounds that related incidence of duty has been passed on to the consumers and hence the resultant refund claim is hit by the mischief of provisions of then applicable section 3(d) of the Central Excise Act, 1944.

The preferred appeal against the said order before the CIR(A) both on legal as well as factual grounds, however, such appeal was not entertained by the Commissioner of Inland Revenue (Appeals) and accordingly, the matter has been further agitated in appeal by the Subsidiary Company before the Appellate Tribunal Inland Revenue (ATIR).

n) Through Order-In-Original No. 49/2013 dated 15 May 2013 ("ONO"), tax department created a demand amounting to Rupees 17.35 million as a default surcharge and Rupees 47.39 million as a penalty against late payment of Sales tax and FED for the month of July 2011, August 2011 and September 2011, the Subsidiary Company has filed an appeal before Commissioner of Inland Revenue (Appeals) against said order. The management is confident that the ultimate outcome of this case will be in favour of the Subsidiary Company.

o) Through Order-In-Original No. 50/2013 dated 02 May 2013 ("ONO"), tax department created a demand amounting to Rupees 1.31 million as a default surcharge and amounting to Rupees 0.06 million as a penalty against late payment of Sales tax and FED for the month of October 2012, November 2012 and December 2012, the Subsidiary Company has filed an appeal before Commissioner of Inland Revenue (Appeals) against said order. The management is confident that the ultimate outcome of this case will be in favour of the Subsidiary Company.

p) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Subsidiary Company, to various institutions and corporate bodies aggregate Rupees 437.200 million as at 30 June 2013 (2012: Rupees 413.867 million).

17.2 Commitments in respect of:

a) Commitments for capital expenditure other than letter of credit amount to Rupees 65.709 million (2012: Rupees 177.805 million).

b) Letters of credit other than for capital expenditure amount to Rupees 393.450 million (2012: Rupees 265.433 million).

	2013	2012
	(Rupees in thousand)	
18. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 18.1)		
Owned	24,063,230	25,029,089
Leased	812,950	899,781
Capital work in progress (Note 18.5)	127,003	69,514
	25,003,183	25,998,384

18.1 Operating Fixed Assets

	Owned Assets													Leased Assets
	Freehold land	Office building	Factory and other building	Residential and other building	Plant and machinery	Services and other equipment	Computer and IT installations	Furniture and fixture	Office equipment	Vehicles	Quarry equipment	Share of joint assets	Total	Plant and machinery
	---------- (Rupees in thousand) ----------													
At 30 June 2011														
Cost / revalued amount	3,260,839	14,176	5,274,775	112,585	32,342,738	30,993	61,844	238,898	28,737	199,265	218,088	6,000	41,788,938	1,167,203
Accumulated depreciation	-	(5,974)	(1,578,960)	(43,053)	(9,429,100)	(22,971)	(49,457)	(156,517)	(14,128)	(121,293)	(170,961)	(3,846)	(11,596,260)	(204,983)
Net book value	3,260,839	8,202	3,695,815	69,532	22,913,638	8,022	12,387	82,381	14,609	77,972	47,127	2,154	30,192,678	962,220
Year ended 30 June 2012														
Opening net book value	3,260,839	8,202	3,695,815	69,532	22,913,638	8,022	12,387	82,381	14,609	77,972	47,127	2,154	30,192,678	962,220
Reversal of revaluation surplus	-	-	(264,516)	-	(7,026,989)	-	-	-	-	-	-	-	(7,291,505)	-
Additions	-	-	431,627	105	3,623,828	11,687	2,394	8,843	1,698	17,923	8,817	-	4,106,922	-
Transfer out:														
Cost	-	-	-	-	12,458	-	-	-	-	-	-	-	12,458	(12,458)
Accumulated depreciation	-	-	-	-	(4,263)	-	-	-	-	-	-	-	(4,263)	4,263
	-	-	-	-	8,195	-	-	-	-	-	-	-	8,195	(8,195)
Disposals:														
Cost	(411,345)	-	-	-	(595)	-	(616)	(124)	(44)	(5,527)	-	-	(418,251)	-
Accumulated depreciation	-	-	-	-	401	-	401	93	14	4,173	-	-	5,082	-
	(411,345)	-	-	-	(194)	-	(215)	(31)	(30)	(1,354)	-	-	(413,169)	-
Depreciation charge	-	(429)	(237,569)	(3,918)	(1,286,968)	(1,080)	(3,906)	(13,303)	(1,449)	(14,888)	(10,307)	(215)	(1,574,032)	(54,244)
Closing net book value	2,849,494	7,773	3,625,357	65,719	18,231,510	18,629	10,660	77,890	14,828	79,653	45,637	1,939	25,029,089	899,781
At 30 June 2012														
Cost / revalued amount	2,849,494	14,176	5,441,886	112,690	28,951,440	42,680	63,622	247,617	30,391	211,661	226,905	6,000	38,198,562	1,154,745
Accumulated depreciation	-	(6,403)	(1,816,529)	(46,971)	(10,719,930)	(24,051)	(52,962)	(169,727)	(15,563)	(132,008)	(181,268)	(4,061)	(13,169,473)	(254,964)
Net book value	2,849,494	7,773	3,625,357	65,719	18,231,510	18,629	10,660	77,890	14,828	79,653	45,637	1,939	25,029,089	899,781
Year ended 30 June 2013														
Opening net book value	2,849,494	7,773	3,625,357	65,719	18,231,510	18,629	10,660	77,890	14,828	79,653	45,637	1,939	25,029,089	899,781
Additions	-	19,492	6,069	-	480,963	1,027	4,293	15,815	3,648	35,552	-	-	566,859	-
Transfer :														
Cost	-	-	-	-	96,412	-	-	-	-	-	-	-	96,412	(96,412)
Accumulated depreciation	-	-	-	-	(29,560)	-	-	-	-	-	-	-	(29,560)	29,560
	-	-	-	-	66,852	-	-	-	-	-	-	-	66,852	(66,852)
Disposals:														
Cost	-	-	-	-	(15,390)	-	(341)	-	-	(8,684)	-	-	(24,415)	-
Accumulated depreciation	-	-	-	-	12,982	-	179	-	-	5,269	-	-	18,430	-
	-	-	-	-	(2,408)	-	(162)	-	-	(3,415)	-	-	(5,985)	-
Depreciation charge	-	(409)	(221,109)	(3,701)	(1,330,874)	(1,813)	(3,806)	(13,229)	(1,623)	(17,021)	-	-	(1,593,585)	(19,979)
Closing net book value	2,849,494	26,856	3,410,317	62,018	17,446,043	17,843	10,985	80,476	16,853	94,769	45,637	1,939	24,063,230	812,950
At 30 June 2013														
Cost / revalued amount	2,849,494	33,668	5,447,955	112,690	29,513,425	43,707	67,574	263,432	34,039	238,529	226,905	6,000	38,837,418	1,058,333
Accumulated depreciation	-	(6,812)	(2,037,638)	(50,672)	(12,067,382)	(25,864)	(56,589)	(182,956)	(17,186)	(143,760)	(181,268)	(4,061)	(14,774,188)	(245,383)
Net book value	2,849,494	26,856	3,410,317	62,018	17,446,043	17,843	10,985	80,476	16,853	94,769	45,637	1,939	24,063,230	812,950
Depreciation rate (%)	-	5 - 10	5 - 10	5 - 10	5 - 20	10	30	10	10	20	20	10	10	10 - 20

18.1.1 Freehold land of Holding Company was revalued by an independent valuer Messers ARCH-e'-decon (Evaluators, Surveyors, Architects and Engineers) as at 30 March 2010. Freehold land of Subsidiary Company was revalued by Empire Enterprises (Private) Limited as at 31 December 2010. Book value of land on cost basis is Rupees 68.546 million (2012: Rupees 68.546 million) as on 30 June 2013. Had there been no revaluation, the value of land would have been lower by Rupees 2,780.948 million (2012: Rupees 2,780.948 million).

18.2 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
	-----------(Rupees in thousand)				--------------		
Plant and Machinery							
Toyoda Draw Frame	1,165	1,026	139	784	645	Negotiation	Indus Lyallpur Limited
Toyoda Draw Frame	2,754	2,369	385	800	415	Negotiation	Saritow Textile Limited
Crosrol Carding Machines	2,916	2,518	398	3,165	2,767	Negotiation	D.M. Textile Mills Limited
Drawing Machine	5,524	4,921	603	900	297	Negotiation	Qadri Textile Mills Limited
Crosrol Carding Machines	312	240	72	350	278	Negotiation	Crescent Textile Mills Limited
Crosrol Carding Machines	2,719	1,908	811	1,000	189	Negotiation	Qadri Textile Mills Limited
	15,390	12,982	2,408	6,999	4,591		
Computer and IT Installations							
Laptop Dell P-4	73	22	51	57	6	Negotiation	Mr. Muhammad Fahad Khan
Vehicles							
Suzuki Cultus	633	443	190	400	210	Negotiation	Mr. Irfan Allah Lok
Suzuki Cultus	606	402	204	310	106	Negotiation	Mr. Muhammad Rasheed
Honda City	1,675	151	1,524	1,530	6	Negotiation	Mr. Sakhawat Ali
Mitsubishi Lancer	1,001	789	212	700	488	Auction	Mr. Zeeshan Ashraf
Suzuki Cultus	574	469	105	422	317	Auction	Mr. Abid Rasheed
Suzuki Cultus	562	508	54	486	432	Auction	Mr. Abid Rasheed
Suzuki Cultus	568	404	164	593	429	Auction	Mr. Abid Rasheed
Suzuki Cultus	568	404	164	668	504	Auction	Mr. Abid Rasheed
Toyota Corolla	1,854	1,112	742	1,370	628	Negotiation	Mr. Sakhawat Ali
	8,041	4,682	3,359	6,479	3,120		
	23,504	17,686	5,818	13,535	7,717		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	911	744	167	539	372	Negotiation	
	24,415	18,430	5,985	14,074	8,089		

	Note	2013	2012
		(Rupees in thousand)	
18.3 Depreciation charged during the year has been allocated as follows:			
Cost of sales	32	1,569,114	1,590,680
Administrative expenses	34	44,450	37,596
		1,613,564	1,628,276

18.4 Ownership of the housing colony's assets included in the operating fixed assets is shared by the Subsidiary Company jointly with Agritech Limited (formerly Pak American Fertilizer Limited) in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation (PIDC). These assets are in possession of the housing colony establishment for mutual benefits.

	Note	2013	2012
		(Rupees in thousand)	
18.5 Capital work in progress			
Tangible assets			
Plant and machinery		92,260	33,880
Un-allocated capital expenditure	18.5.1	1,001	1,001
Advances to suppliers against:			
Plant and machinery		11,601	9,237
Purchase of land		2,000	2,000
Furniture and fixture		19,136	17,855
Vehicles		1,005	1,699
Civil works		-	3,842
		127,003	69,514
18.5.1 Un-allocated capital expenditure - net			
Opening balance		1,001	477,163
Less: capitalized during the year		-	476,162
		1,001	1,001

19. INTANGIBLE ASSETS

	2013	2012
Computer software		
Year ended 30 June		
Opening net book value	15,081	27,154
Amortization	(12,075)	(12,073)
Closing net book value	3,006	15,081
Cost as at 30 June	59,470	59,470
Accumulated amortization	(56,464)	(44,389)
Net book value	3,006	15,081
Amortization rate (per annum)	33.33%	33.33%

20. INVESTMENT PROPERTIES

	Note	2013	2012
		(Rupees in thousand)	
Year ended 30 June			
Opening net book amount		1,728,886	1,721,714
Addition during the year		-	5,539
Fair value gain	36	957	1,633
Closing net book amount		1,729,843	1,728,886

20.1 The fair value of investment properties comprising land, situated at Lahore and Rawalpindi have been determined at 30 June 2013 by an independent valuer having relevant professional qualifications. The fair value was determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

21. LONG TERM LOANS TO EMPLOYEES - SECURED

	Note	2013	2012
		(Rupees in thousand)	
House building		3,169	2,477
Vehicles		1,924	1,573
Others		589	253
		5,682	4,303
Less : Current portion of long term loans to employees	26	2,074	1,916
		3,608	2,387

21.1 These loans are secured against employees' retirement benefits of Subsidiary Company and carry interest at the rates ranging from 6.00% to 12.00% per annum (2012: 6.00% to 12.00% per annum). These loans are recoverable in 30 to 120 monthly installments.

21.2 No amount was due from directors and chief executive officer at the year end (2012: Nil).

22. LONG TERM DEPOSITS

	Note	2013	2012
		(Rupees in thousand)	
Security deposits		114,120	117,570
Less: Current portion shown under current assets		(18,992)	(13,705)
		95,128	103,865

23. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2013	2012
Stores	23.1	2,221,261	1,523,347
Spare parts		1,906,352	1,873,959
Loose tools		31,671	31,507
		4,159,284	3,428,813
Less: Provision against slow moving items		(42,617)	(6,384)
		4,116,667	3,422,429

23.1 This includes stores in transit of Rupees 635.892 million (2012: Rupees 368.552 million).

24. STOCK-IN-TRADE

	Note	2013	2012
		(Rupees in thousand)	
Raw materials	24.1	931,120	852,042
Packing materials		113,974	112,386
Work-in-process		1,085,034	959,245
Finished goods		576,975	509,671
		2,707,103	2,433,344

24.1 Raw materials include stock in transit of Rupees 31.001 million (2012: Rupees 140.422 million).

24.2 Stock in trade of Rupees 1.554 million (2012: Rupees 0.941 million) is being carried at net realizable value.

24.3 The aggregate amount of write-down of inventories to net realizable value recognised during the year was Rupees 0.069 million (2012: Rupees 0.082 million).

25. TRADE DEBTS

	Note	2013	2012
		(Rupees in thousand)	
Considered good:			
Secured (against letters of credit)		542,192	491,542
Unsecured		1,282,476	1,071,072
		1,824,668	1,562,614
Considered doubtful:			
Others - unsecured		17,796	6,367
		1,842,464	1,568,981
Less: Provision for doubtful debts			
As at 01 July		6,367	51,054
Add: Provision for the year	35	11,756	44,163
Less: Trade debts written off		(327)	(88,850)
As at 30 June		17,796	6,367
		1,824,668	1,562,614

25.1 As at 30 June 2013, trade debts of Rupees 948.219 million (2012: Rupees 727.293 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2013	2012
	(Rupees in thousand)	
Upto 1 month	669,137	448,257
1 to 6 months	188,491	150,668
More than 6 months	90,591	128,368
	948,219	727,293

25.2 As at 30 June 2013, trade debts of Rupees 17.796 million (2012: Rupees 95.217 million) were impaired and provided for. The ageing of these trade debts was more than three years.

	Note	2013	2012
		(Rupees in thousand)	
26. LOANS AND ADVANCES - Considered good			
Current portion of long term loans to employees	21	2,074	1,916
Advances to :			
- Executives		1,434	2,056
- Other employees		14,293	14,729
- Suppliers		305,893	465,013
		321,620	481,798
Letters of credit		61,282	9,860
		384,976	493,574
27. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS			
Short term deposits including current portion of long term deposits		20,126	15,043
Margin against:			
- Letter of credit		4,042	55,560
- Bank guarantee		61,875	58,274
Prepayments		21,350	15,685
		107,393	144,562
28. OTHER RECEIVABLES			
Considered good:			
Sales tax refundable		233,370	140,831
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institutions		1,454	5,983
Export rebate		38,196	38,591
Insurance claims		14,213	5,834
Research and development support		-	472
Duty draw back		80,979	95,792
Others		127,202	69,750
		511,407	373,246
29. SHORT TERM INVESTMENTS			
Available for sale			
Investments at fair value through profit or loss			
Quoted companies		611	20,251
Gain / (loss) on remeasurement of fair value during the year		429	(518)
		1,040	19,733
Mutual funds		15,000	14,000
Loss on remeasurement of fair value during the year		(7,650)	-
		7,350	14,000
		8,390	33,733

30. CASH AND BANK BALANCES

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Cash in hand	30.1	33,966	13,743
Cash at bank:			
- On current accounts	30.2	273,405	296,196
- On saving accounts	30.2 & 30.3	537,021	538,790
		810,426	834,986
		844,392	848,729

30.1 It includes cash in transit amounting to Rupees 32.485 million (2012: Rupees 12.426 million).

30.2 The balances in current and deposit accounts include US $ 62,222 (2012: US $ 473,602)

30.3 The balances in saving accounts carry interest ranging from 0.10% to 10.50% (2012: 0.26% to 11.50%) per annum.

31. SALES

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Export		9,732,094	8,937,753
Local	31.1	21,834,177	17,632,184
Export rebate		41,013	37,718
		31,607,284	26,607,655

	2013	2012
31.1 Local sales	25,251,361	20,848,068
Less :		
Sales tax	2,464,574	2,103,135
Excise duty	820,596	983,313
Commission	132,014	129,436
	21,834,177	17,632,184

31.2 Exchange gain due to currency rate fluctuations relating to export sales of Holding Company amounting to Rupees 43.828 million (2012: Rupees 61.043 million) has been included in export sales.

32. COST OF SALES

	Note	2013	2012
		(Rupees in thousand)	
Raw materials consumed	32.1	8,612,859	6,387,010
Salaries, wages and other benefits	32.2	1,297,400	1,056,245
Processing charges		9,563	14,252
Stores, spare parts and loose tools consumed		1,896,465	1,487,587
Packing materials consumed		1,393,140	1,289,555
Fuel and power		7,918,183	8,173,961
Repair and maintenance		189,385	183,406
Insurance		64,961	70,427
Other factory overheads		274,009	233,881
Amortization		8,797	8,794
Depreciation	18.3	1,569,114	1,590,680
		23,233,876	20,495,798
Work-in-process			
Opening stock		959,245	573,008
Closing stock		(1,085,034)	(959,245)
		(125,789)	(386,237)
Cost of goods manufactured		23,108,087	20,109,561
Finished goods			
Opening stock		509,671	801,995
Closing stock		(576,975)	(509,671)
		(67,304)	292,324
Cost of sales		23,040,783	20,401,885

32.1 Raw materials consumed

	2013	2012
Opening stock	852,042	575,896
Add: Purchased during the year	8,691,937	6,663,156
	9,543,979	7,239,052
Less: Closing stock	(931,120)	(852,042)
	8,612,859	6,387,010

32.2 Salaries, wages and other benefits include provident fund contribution of Rupees 34.217 million (2012: Rupees 29.495 million), gratuity and compensated absences amounting to Rupees 6.710 million (2012: Rupees 12.060 million).

	Note	2013	2012
		(Rupees in thousand)	

33. DISTRIBUTION COST

	Note	2013	2012
Salaries and other benefits	33.1	94,405	95,433
Outward freight and handling		718,226	787,163
Clearing and forwarding		259,416	183,587
Commission to selling agents		66,075	93,549
Travelling and conveyance		24,361	28,604
Insurance		276	274
Vehicles' running		13,905	13,079
Electricity, gas and water		1,568	1,280
Postage, telephone and fax		6,377	6,043
Sales promotion and advertisement		38,394	29,540
Miscellaneous		13,346	10,072
		1,236,349	1,248,624

33.1 Salaries, wages and other benefits include provident fund contribution of Rupees 3.586 million (2012: 3.177 million), gratuity and compensated absences amounting to Rupees 0.390 million (2012: Rupees 1.970 million).

	Note	2013	2012
		(Rupees in thousand)	

34. ADMINISTRATIVE EXPENSES

	Note	2013	2012
Salaries and other benefits	34.1	220,865	198,806
Travelling and conveyance		31,477	26,713
Repair and maintenance		28,210	14,265
Rent, rates and taxes		4,905	2,121
Insurance		5,627	6,343
Vehicles' running		28,290	25,989
Printing, stationery and periodicals		5,028	14,186
Electricity, gas and water		5,190	4,264
Postage, telephone and fax		11,427	10,697
Legal and professional		20,752	24,724
Security, gardening and sanitation		23,835	19,115
Amortization		3,278	3,279
Depreciation	18.3	44,450	37,596
Miscellaneous		69,362	39,030
		502,696	427,128

34.1 Salaries, wages and other benefits include provident fund contribution of Rupees 7.247 million (2012: Rupees 6.617 million), gratuity and compensated absences amounting to Rupees 1.930 million (2012: Rupees 3.670 million).

	Note	2013	2012
		(Rupees in thousand)	

35. OTHER EXPENSES

	Note	2013	2012
Auditors' remuneration	35.1	2,903	2,814
Donations	35.2	1,554	2,325
Loss on remeasurement of fair value of investments at fair value through profit or loss		6,490	-
Loss on disposal of property, plant and equipment		-	91,837
Provision for doubtful debts	25	11,756	44,163
Provision for slow moving stores and spares		36,233	640
Workers' profit participation fund		211,182	40,020
Workers' welfare fund		(9,063)	9,063
Delay payment surcharge		2,712	114,844
Miscellaneous		5	-
		263,772	305,706

35.1 Auditors' remuneration

	2013	2012
Riaz Ahmad and Company		
Audit fee	1,400	1,200
Reimbursable expenses	50	-
Certifications	-	25
	1,450	1,225
KPMG Taseer Hadi and Company		
Audit fee	1,320	1,546
Out of pocket expenses	133	43
	1,453	1,589
	2,903	2,814

35.2 None of the directors and their spouses have any interest in the donee's fund.

	Note	2013	2012
		(Rupees in thousand)	

36. OTHER INCOME

Income from financial assets:

	Note	2013	2012
Exchange gain		-	4,282
Gain on disposal of investments at fair value through profit or loss		264	921,508
Gain on remeasurement of fair value of investments at fair value through profit or loss		429	11
Return on bank deposits		43,953	29,696
Dividend income		511	459
		45,157	955,956

Income from non-financial assets:

	Note	2013	2012
Scrap sales		35,410	33,078
Gain on disposal of property, plant and equipment	18.2	8,089	-
Gain on remeasurement of fair value of investment properties	20	957	1,633
Unclaimed balances written back		-	10,066
Miscellaneous		4,129	8,524
		48,585	53,301
		93,742	1,009,257

37. FINANCE COST

Mark-up / finance charges / interest on:

	Note	2013	2012
Long term financing		225,585	610,435
Redeemable capital		871,873	1,126,386
Short term borrowings		1,073,640	1,121,748
Liabilities against assets subject to finance lease		(24,149)	93,749
Loss on cross currency swap		6,520	9,819
Exchange loss		95,902	183,173
Workers' profit participation fund		4,552	2,964
Employees' provident fund trust		7,809	5,626
		2,261,732	3,153,900
Bank charges and commission		83,462	67,405
		2,345,194	3,221,305

38. TAXATION

	Note	2013	2012
		(Rupees in thousand)	
Current year			
Current tax	38.1	206,509	235,544
Deferred tax		210,374	(26,999)
		416,883	208,545
Prior year			
Current tax		(60,854)	-
Deferred tax		-	32,220
		(60,854)	32,220
		356,029	240,765

38.1 Provision for current tax represents final tax on export sales, minimum tax on local sales and tax on income from other sources under the relevant provisions of the Income Tax Ordinance, 2001. Numeric tax reconciliation has not been presented, being impracticable.

39. CASH GENERATED FROM OPERATIONS

	Note	2013	2012
		(Rupees in thousand)	
Profit before taxation		4,312,232	2,012,264
Adjustment for non-cash charges and other items:			
Depreciation		1,613,564	1,628,276
Amortization		12,075	12,073
Finance cost		2,345,194	3,221,305
Loss / (gain) on sale of property, plant and equipment		(8,089)	91,837
Gain on disposal of investments at fair value through profit or loss		(2,998)	(915,790)
Gain on remeasurement of investment properties		(957)	(1,633)
Dividend income		(511)	(458)
Provision for doubtful debts		11,756	44,163
Provision for slow moving stores and spares		36,233	640
Unclaimed balances written back		-	(10,066)
Employees' retirement benefits		19,201	18,747
Return on bank deposits		(25,185)	(17,902)
Loss / (gain) on remeasurement of investments at fair value through profit or loss		5,886	(11)
Working capital changes	39.1	(1,810,579)	(729,939)
		6,507,822	5,353,506

	2013	2012
	(Rupees in thousand)	

39.1 Working capital changes

(Increase) / decrease in current assets:

	2013	2012
Stores, spare parts and loose tools	(730,471)	(61,730)
Stock-in-trade	(273,758)	(237,008)
Trade debts	(273,811)	(339,274)
Loans and advances	108,599	(107,183)
Security deposits and short term prepayments	37,169	(3,621)
Other receivables	(76,652)	43,488
	(1,208,924)	(705,328)
Decrease in trade and other payables	(601,655)	(24,611)
	(1,810,579)	(729,939)

40. REMUNERATION OF CHIEF EXECUTIVE OFFICERS, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements in respect of remuneration including certain benefits to the Chief Executive Officers, Directors and Executives of the Group are given below:

	Chief Executive Officers		Directors		Executives	
	2013	2012	2013	2012	2013	2012
	--------------------(Rupees in Thousand)------------------					
Managerial remuneration	9,432	9,432	11,674	11,579	107,970	94,334
Allowances						
House rent	247	247	1,100	1,084	32,360	28,898
Conveyance	660	769	662	931	19,729	18,125
Medical	433	433	257	195	6,622	6,446
Utilities	346	335	735	694	14,655	10,961
Special allowance	1,274	1,274	1,557	1,557	14,753	13,641
Contribution to provident fund	793	793	372	364	9,198	8,146
	13,185	13,283	16,357	16,404	205,287	180,551
Number of persons	2	2	5	5	108	95

The Chief Executive Officers, Directors and some of the Executives are provided with the Group's maintained vehicles, free medical facilities and residential telephone facilities for both business and personal use.

Executives are provided with the vehicles in accordance with the Group's policy.

The aggregate amount charged in these consolidated financial statements in respect of directors' meeting fee paid to non-executive directors was Rupees 330,000 (2012: Rupees 275,000).

41. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries, associated undertakings, directors of the Group and their close relatives, key management personnel and staff retirement fund. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2013	2012
	(Rupees in thousand)	
Post employment benefit plan		
Contribution to provident fund	45,050	39,289
Contribution to gratuity fund	9,030	17,700

42. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earning per share which is based on:

		2013	2012
Profit attributable to ordinary shareholders of the Holding Company	(Rupees in thousand)	2,722,887	1,338,740
Weighted average number of ordinary shares	(Numbers)	245,526,216	245,526,216
Earnings per share	(Rupees)	11.09	5.45

43. PLANT CAPACITY AND ACTUAL PRODUCTION

	2013	2012
SPINNING:		
- Rawalpindi Division	(Numbers)	
Spindles (average) installed / worked	85,680	85,680
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shiftsper day for 1,085 shifts (2012: 1,098 shifts)	38,570	36,315
Actual production converted into 20s count based on 3 shiftsper day for 1,085 shifts (2012: 1,098 shifts)	33,038	24,998
- Gujar Khan Division	(Numbers)	
Spindles (average) installed / worked	70,848	70,848
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shiftsper day for 1,091 shifts (2012: 1,086 shifts)	34,409	31,900
Actual production converted into 20s count based on 3 shifts per day for 1,091 shifts (2012: 1,086 shifts)	30,243	24,441

	2013	2012
WEAVING:		
- Raiwind Division	**(Numbers)**	
Looms installed / worked	204	204
	(Square meters in thousand)	
100% plant capacity at 60 picks based on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	72,568	72,767
Actual production converted to 60 picks based on 3 shifts per day for 945 shifts (2012: 1,082 shifts)	57,888	65,871
PROCESSING OF CLOTH :		
- Rawalpindi Division	**(Meters in thousand)**	
Capacity at 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	41,860	41,860
Actual production at 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	16,221	15,204
POWER PLANT:		
- Rawalpindi Division	**(Mega Watts)**	
Annual rated capacity based on 365 days (2012: 366 days)	207,787	208,356
Actual generation		
Main engines	20,335	11,659
Gas engines	29,374	41,104
- Raiwind Division		
Annual rated capacity (based on 366 days)	42,048	54,460
Actual generation - Gas engines	12,298	14,366

Stitching

The plant capacity of this division is indeterminable due to multi product plant involving varying processes of manufacturing and run length of order lots.

	2013	2012
CEMENT:	**(Metric Ton in thousand)**	
Clinker:		
Annual rated capacity (Based on 300 days)	3,360	3,360
Annual production for the year	2,559	2,648

REASONS FOR LOW PRODUCTION

- Due to stoppage for normal maintenance, doffing, change of spin plans and cloth quality and interruption in gas and electricity supply.
- Cloth processing units working capacity was limited to actual export / local orders in hand.
- The generation of power was limited to actual demand.
- Shortfall in cement production was mainly due to break down in cement mills and market constraints.

44. SEGMENT INFORMATION

44.1

	Spinning		Weaving		Processing and home textile		Cement		Elimination of inter-segment transactions		Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)											
SALES :												
EXTERNAL	6,098,362	3,998,155	2,985,223	2,607,934	5,166,854	4,540,609	17,356,845	15,460,957	-	-	31,607,284	26,607,655
INTER-SEGMENT	433,917	638,205	554,896	1,149,909	2,639	-	531	399	(991,983)	(1,788,513)	-	-
	6,532,279	4,636,360	3,540,119	3,757,843	5,169,493	4,540,609	17,357,376	15,461,356	(991,983)	(1,788,513)	31,607,284	26,607,655
COST OF SALES	(5,310,827)	(3,839,880)	(3,167,646)	(3,315,394)	(4,629,166)	(3,942,889)	(10,925,127)	(11,092,235)	991,983	1,788,513	(23,040,783)	(20,401,885)
GROSS PROFIT	1,221,452	796,480	372,473	442,449	540,327	597,720	6,432,249	4,369,121	-	-	8,566,501	6,205,770
DISTRIBUTION COST	(14,175)	(10,860)	(92,777)	(96,352)	(331,646)	(295,314)	(797,751)	(846,098)	-	-	(1,236,349)	(1,248,624)
ADMINISTRATIVE EXPENSES	(72,975)	(41,066)	(85,986)	(83,211)	(99,437)	(86,079)	(244,298)	(216,772)	-	-	(502,696)	(427,128)
	(87,150)	(51,926)	(178,763)	(179,563)	(431,083)	(381,393)	(1,042,049)	(1,062,870)	-	-	(1,739,045)	(1,675,752)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	1,134,302	744,554	193,710	262,886	109,244	216,327	5,390,200	3,306,251	-	-	6,827,456	4,530,018
UNALLOCATED INCOME AND EXPENSES												
FINANCE COST											(2,345,194)	(3,221,305)
OTHER EXPENSES											(263,772)	(305,706)
OTHER INCOME											93,742	1,009,257
TAXATION											(356,029)	(240,765)
											(2,871,253)	(2,758,519)
PROFIT AFTER TAXATION											3,956,203	1,771,499

44.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and home textile		Cement		Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)									
TOTAL ASSETS FOR REPORTABLE SEGMENT	3,066,137	3,130,758	2,063,671	2,289,887	2,578,602	2,303,430	25,787,113	25,790,816	33,495,523	33,514,891
UNALLOCATED ASSETS									4,278,856	4,093,862
TOTAL ASSETS AS PER BALANCE SHEET									37,774,379	37,608,753
All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.										
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	1,188,457	1,040,800	1,160,446	1,428,051	2,699,854	3,090,847	15,704,709	17,864,051	20,753,466	23,423,749
UNALLOCATED LIABILITIES									4,454,005	4,866,783
TOTAL LIABILITIES AS PER BALANCE SHEET									25,207,471	28,290,532

All segment liabilities are allocated to reportable segments other than trade and other payables, current and deferred tax liabilities.

44.3 Geographical Information

44.3.1 The Group's revenue from external customers by geographical location is detailed below:

	2013	2012
	(Rupees in thousand)	
Europe	2,372,825	1,831,803
America	3,808,481	3,758,302
Asia, Africa, Australia	3,591,801	3,385,366
Pakistan	21,834,177	17,632,184
	31,607,284	26,607,655

44.3.2 All non-current assets as at reporting date are located and operated in Pakistan.

44.4 Revenue from major customers

The Group's revenue is earned from a large mix of customers.

45. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on the latest un-audited financial statements of the Fund:

	2013	2012
	(Rupees in thousand)	
Size of the fund - total assets	720,992	601,501
Cost of investments made	558,591	553,722
Percentage of investments made	77%	92%
Fair value of investments	570,294	449,346

45.1 The break-up of fair value of investments is:

	2013		2012	
	%	(Rs in '000)	%	(Rs in '000)
Shares in listed companies	1.33%	7,610	1.58%	7,090
Bank balances	1.80%	10,254	1.55%	6,970
Term deposit receipts	9.73%	55,504	10.92%	49,067
Government securities	36.15%	206,110	40.52%	182,082
Mutual funds	50.99%	290,816	45.43%	204,137
	100.00%	570,294	100.00%	449,346

45.2 The management is in process of regulating the investments of the Fund in accordance with section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2013	2012
	Numbers	
46. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	5,930	5,565
Average number of employees during the year	5,971	5,562

47. FINANCIAL RISK MANAGEMENT

47.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors. The Group's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or 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 Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Group's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2013	2012
Cash at banks - USD	62	474
Trade debts - USD	8,104	7,282
Trade debts - Euro	73	9
Trade and other payable - USD	6,771	13,081
Trade and other payable - Euro	559	382
Finance lease liability - USD	9,577	10,667
Outstanding letter of credits - USD	1,692	-
Outstanding letter of credits - Euro	1,247	676
Outstanding letter of credits - Yen	4,600	3,400
Net exposure - USD	(9,874)	(15,992)
Net exposure - Euro	(1,733)	(1,049)
Net exposure - Yen	(4,600)	(3,400)

The following significant exchange rates were applied during the year:

	2013	2012
Rupees per US Dollar		
Average rate	96.37	89.92
Reporting date rate	98.60	94.58
Rupees per Euro		
Average rate	125.55	119.01
Reporting date rate	128.85	117.58
Rupees per Yen		
Average rate	1.11	1.1400
Reporting date rate	1.00	1.1849

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and Yen with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 46.644 million, Rupees 10.611 million and Rupees 0.219 million (2012: Rupees 71.935 million, Rupees 5.859 million and Rupees 0.191 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

The table below summarises the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Group's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on statement of other comprehensive income	
	2013	2012	2013	2012
	-------------- (RUPEES IN THOUSAND) -----------------			
KSE 100 (5% increase)	420	1,685	-	-
KSE 100 (5% decrease)	(420)	(1,685)	-	-

(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 Group has no significant long-term interest-bearing assets. The Group's interest rate risk arises from long term financing, redeemable capital, liabilities against assets subject to finance lease and short term borrowings. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

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

	2013	2012
	(Rupees in thousand)	
Fixed rate instruments		
Financial Assets		
Loans to employees	5,682	4,303
Long tern investment	1,625	3,037
Bank balances at PLS account	266,475	203,195
Financial liabilities		
Long term financing	52,406	101,206
Short term borrowings	1,890,632	1,523,203
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	270,546	335,595
Financial liabilities		
Long term financing	4,252,304	3,903,981
Redeemable capital	7,215,869	8,283,000
Liabilities against assets subject to finance lease	1,008,375	1,167,199
Short term borrowings	5,716,375	7,587,292

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 170.264 million (2012 : Rupees 195.756 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

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

	2013	2012
	(Rupees in thousand)	
Investments	10,015	36,770
Deposits	177,129	147,570
Trade debts	1,824,668	1,562,614
Accrued interest	6,575	1,408
Other receivables	115,603	81,567
Loans and advances	21,409	150,607
Bank balances	810,426	834,986
	2,965,825	2,815,522

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate.

Holding Company

Banks	Rating			2013	2012
	Short term	Long term	Agency	(Rupees in thousand)	
Al-Baraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	2,722	2,581
Allied Bank Limited	A-1+	AA+	PACRA	526	3,326
Askari Bank Limited	A-1+	AA	PACRA	4,595	24,236
Bank Alfalah Limited	A-1+	AA	PACRA	2,426	3,923
Bank Al-Habib Limited	A-1+	AA+	PACRA	1,051	699
Bank Islami Pakistan Limited	A-1	A	PACRA	23	22
Burj Bank Limited	A-1	A	JCR-VIS	12	11
Citibank N.A.	P-2	A-3	Moody's	-	26
Faysal Bank Limited	A-1+	AA	PACRA	335	206
First Women Bank Limited	A-2	A-	PACRA	18	19
Habib Bank Limited	A-1+	AAA	JCR-VIS	24	119
HSBC Bank Middle East Limited	P-1	A-2	Moody's	85	36
KASB Bank Limited	A-3	BBB	PACRA	248,575	287,502
MCB Bank Limited	A-1+	AAA	PACRA	11,334	25,692
Meezan Bank Limited	A-1+	AA	JCR-VIS	10,094	541
National Bank of Pakistan	A-1+	AAA	JCR-VIS	516	1,381
NIB Bank Limited	A-1+	AA-	PACRA	14,562	3,495
Silkbank Limited	A-2	A-	JCR-VIS	7	9
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	70	41
The Bank of Punjab	A-1+	AA-	PACRA	17,656	27,353
United Bank Limited	A-1+	AA+	JCR-VIS	5,680	3,341
				320,311	384,559

Subsidiary Company

Total bank balances of Rupees 490.12 million (2012: Rupees 450.43 million) placed with banks have a short term credit rating of at least A3+ (2012: A1+)

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2013, the Group had Rupees 2,673 million (2012: Rupees 2,499 million) available borrowing limits from financial institutions and Rupees 844.392 million (2012: Rupees 848.729 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2013.

Holding Company

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	------------------- (Rupees in thousand) -------------------					
Non-derivative financial liabilities:						
Long term financing	594,723	622,852	339,395	243,992	39,466	-
Liabilities against assets subject to finance lease	20,474	20,640	20,640	-	-	-
Trade and other payables	1,005,427	1,005,427	1,005,427	-	-	-
Accrued mark-up	104,101	104,101	104,101	-	-	-
Short term borrowings	4,329,341	4,462,840	4,462,840	-	-	-
	6,054,066	6,215,860	5,932,403	243,992	39,466	-

Subsidiary Company

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	------------------- (Rupees in thousand) -------------------				
Non-derivative financial liabilities:					
Long term loans from banking company	3,709,987	4,422,441	1,142,189	2,844,384	435,869
Redeemable capital	7,215,869	9,839,243	1,544,673	6,288,486	2,006,083
Liabilities against assets subject to finance lease	987,900	1,081,866	175,842	647,725	258,299
Long term deposits	7,029	7,029	-	7,029	-
Trade and other payables	2,848,749	2,848,749	2,848,749	-	-
Accrued profit / interest / mark-up	361,834	361,834	361,834	-	-
Short term borrowings	3,277,666	3,277,666	3,277,666	-	-
	18,409,034	21,838,827	9,350,953	9,787,624	2,700,251

Contractual maturities of financial liabilities as at 30 June 2012

Holding Company

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	------------------ (Rupees in thousand) ------------------					
Non-derivative financial liabilities:						
Long term financing	1,106,197	1,295,803	479,149	275,161	537,706	3,787
Liabilities against assets subject to finance lease	51,295	54,165	22,567	10,867	20,731	-
Trade and other payables	990,455	990,455	990,455	-	-	-
Accrued mark-up	185,698	185,698	185,698	-	-	-
Short term borrowings	4,364,111	4,480,440	3,933,471	546,969	-	-
	6,697,756	7,006,561	5,611,340	832,997	558,437	3,787

Subsidiary Company

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	------------------ (Rupees in thousand) ------------------				
Non-derivative financial liabilities:					
Long term financing	4,400,784	5,488,843	1,207,021	3,247,780	1,034,042
Redeemable capital	8,283,000	12,085,483	2,042,476	6,213,578	3,829,429
Liabilities against assets subject to finance lease	1,115,904	1,158,035	804,148	353,887	-
Long term deposits	6,219	6,219	-	6,219	-
Trade and other payables	3,479,109	3,479,109	3,479,109	-	-
Accrued profit / interest / mark-up	757,834	757,834	757,834	-	-
Short term borrowings	3,249,384	3,249,384	3249384	-	-
	21,292,234	26,224,907	11,539,972	9,821,464	4,863,471

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 7, note 8, note 9 and note 15 to these financial statements.

47.2 Financial instruments by categories

	Loans and receivables	Through profit or loss	Available for sale	Total
	-------------(Rupees in thousand)-------------			
As at 30 June 2013				
Assets as per balance sheet				
Investments	1,625	8,390	-	10,015
Deposits	177,129	-	-	177,129
Trade debts	1,824,668	-	-	1,824,668
Accrued interest	6,575	-	-	6,575
Other receivables	115,603	-	-	115,603
Loans and advances	21,409	-	-	21,409
Cash and bank balances	844,392	-	-	844,392
	2,991,401	8,390	-	2,999,791

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	4,304,710
Redeemable capital	7,215,869
Liabilities against assets subject to finance lease	1,008,375
Short term borrowings	7,607,007
Trade and other payables	3,769,681
Accrued mark-up	465,935
	24,371,577

	Loans and receivables	Through profit or loss	Available for sale	Total
	-------------(Rupees in thousand)-------------			
As at 30 June 2012				
Assets as per balance sheet				
Investments	3,037	33,733	-	36,770
Deposits	147,570	-	-	147,570
Trade debts	1,562,614	-	-	1,842,464
Accrued interest	1,408	-	-	6,575
Other receivables	81,567	-	-	142,869
Loans and advances	150,607	-	-	150,607
Cash and bank balances	848,729	-	-	848,729
	2,795,532	33,733	-	3,175,584

Liabilities as per balance sheet	Financial liabilities at amortized cost (Rupees in thousand)
Long term financing	5,506,981
Redeemable capital	8,283,000
Liabilities against assets subject to finance lease	1,167,199
Short term borrowings	7,613,495
Trade and other payables	1,012,456
Accrued mark-up	943,532
	24,526,663

47.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, redeemable capital, liabilities against assets subject to finance lease and short term borrowings obtained by the Group as referred to in note 7, note 8, note 9 and note 15 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The gearing ratio as at year ended 30 June 2013 and 30 June 2012 is as follows:

	2013	2012
	(Rupees in thousand)	
Borrowings	20,135,961	22,570,675
Total equity	8,522,368	5,273,681
Total capital employed	28,658,329	27,844,356
Gearing ratio	70.26%	81.06%

The decrease in gearing ratio resulted primarily from increase in equity of the Group.

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 25 September 2013 by the Board of Directors of the Holding Company.

49. CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures has been made.

50. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.

CHIEF EXECUTIVE OFFICER DIRECTOR

KONINOOR TEXTILE MILLS LIMITED
42-LAWRENCE ROAD, LAHORE

PROXY FORM

I/We____

of ____

being a member of **KOHINOOR TEXTILE MILLS LIMITED** hereby appoint ________________________

____
(Name)

of ____another member of the Company

or failing him/her ____
(Name)

of ____another member of the Company

(being a member of the Company) as my/our proxy to attend, speak and vote for and on my/our behalf, at the Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore on **Thursday, October 31, 2013 at 3:00 PM** and any adjournment thereof.

As witnessed given under my/our hand(s) _________________ day of _________________ 2013.

1. Witness:

Signature : ________________________
Name : ________________________
CNIC : ________________________
Address : ________________________
: ________________________

Affix
Revenue
Stamp of Rs. 5/-

____
Signature of Member

2. Witness:

Signature : ________________________
Name : ________________________
CNIC : ________________________
Address : ________________________
: ________________________

Shares Held: ____________________________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

CNIC No. | | | | | | – | | | | | | | | – | |

Notes:

1. Proxies, in order to be effective, must be reached at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. CDC Shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Cards (CNIC) /Passports in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

AFFIX
CORRECT
POSTAGE

The Company Secretary

KOHINOOR TEXTILE MILLS LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36302261-62

KTM

Kohinoor Textile Mills Limited

42 Lawerence Road, Lahore, Pakistan