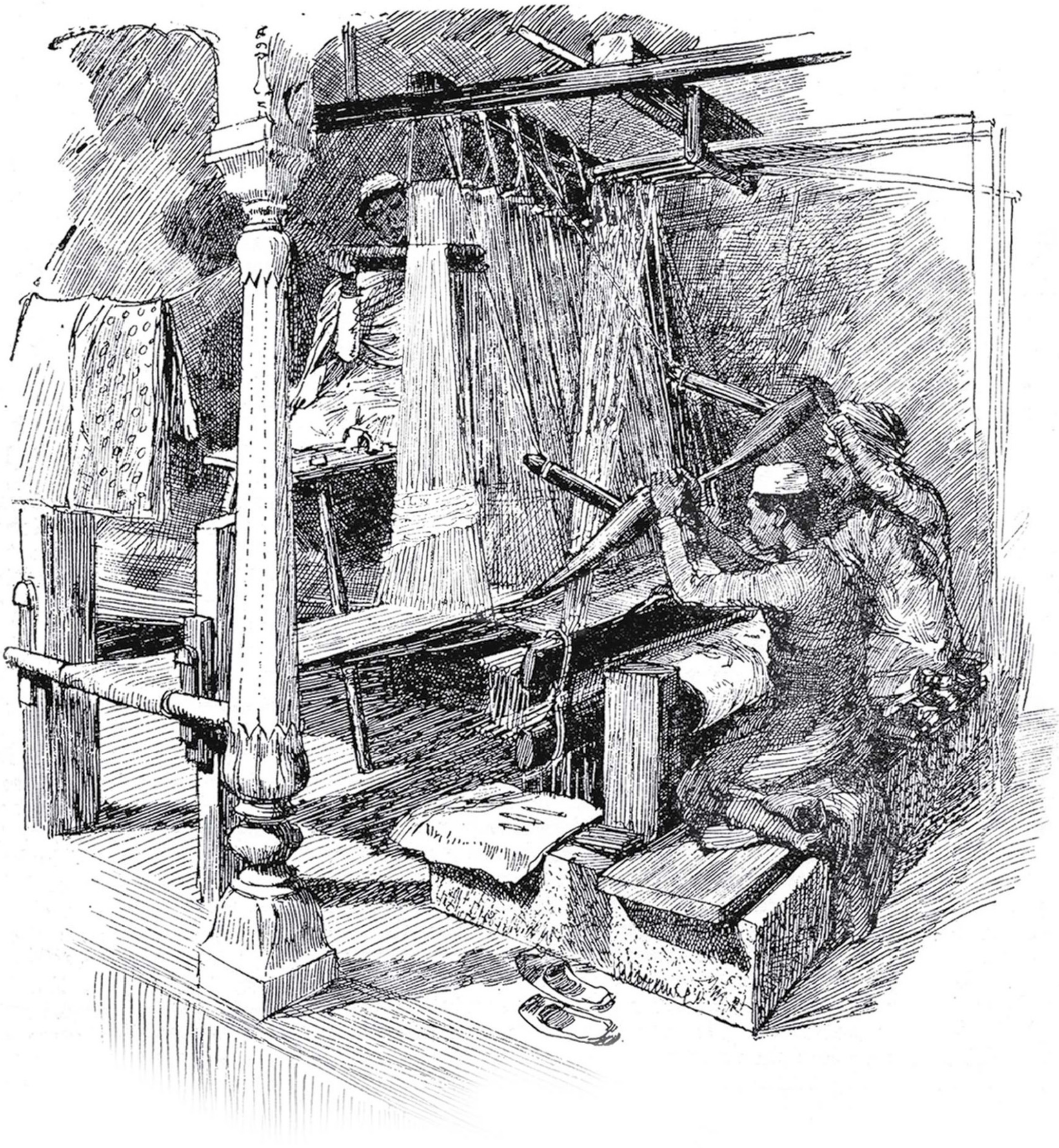
KTM

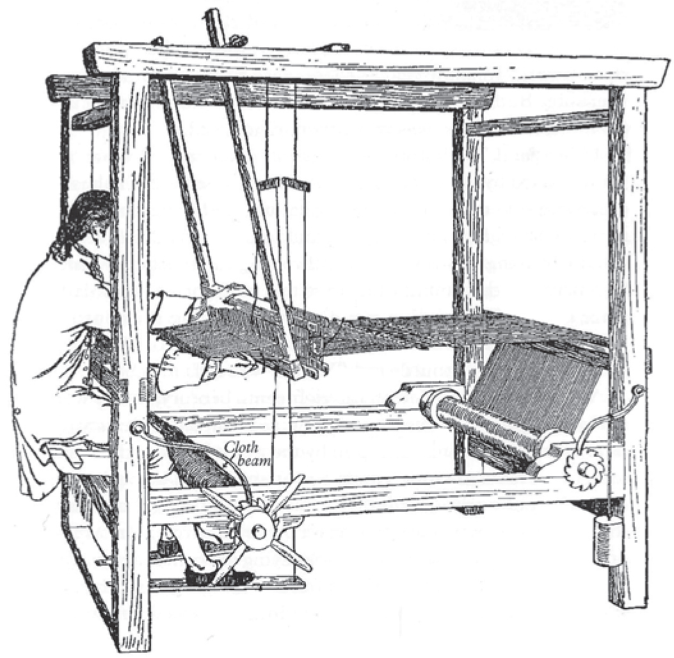
A CLASSIC VISTA



ANNUAL REPORT 2014

Kohinoor Textile Mills Limited

A Kohinoor Maple Leaf Group Company



A CLASSIC VISTA

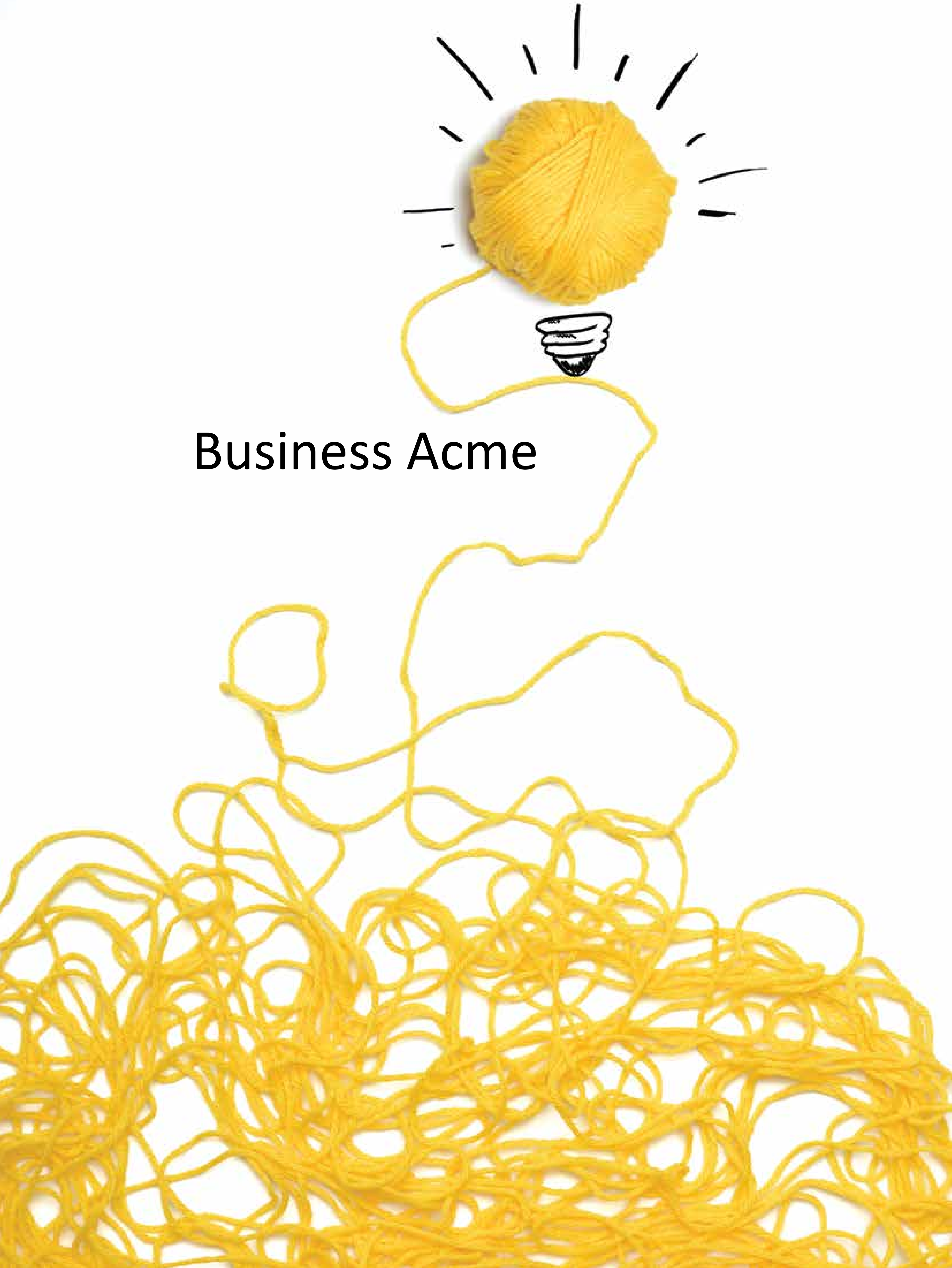
Kohinoor Textile Mills Limited represents a revolutionary break with precedent ways of merging classic vista with the height of modern achievements.

For Centuries the role of humanistic skill of the traditional heritage has been regarded as central and irreplaceable; but our century has witnessed that the heritage that has come down to us from ancient high civilization still play its conventional role. Journeys from golden ages to the value of modern achievements have nevertheless alarmed the technical skills to gain the total control in capacity building. Human skills along with the advanced technology have relatively increased the error free and speedy performances hence gained the opportunity for unification and developed the business ethics.

Constant Brilliance

Contents


SUCCESS



Business Acme

Main
Financial Highlights
2014 Vs 2013

- Sales Revenue 7%
- Operating Profit 29%
- Profit After Tax 141%
- Earnings Per Share 142%
- Shareholders' Equity 23%
- Current Ratio 32%
- Return on Equity 96%
- EBITDA 15%
- Break-up Value Per Share 23%

Company Profile and Group Structure

THEN & NOW

The Company commenced Textile operations in 1953 as a private limited company and became a public limited company in 1968. The Company is a part of Kohinoor Maple Leaf Group (KMLG). KMLG structure comprises of two listed public limited companies i.e. Kohinoor Textile Mills Limited (KTML) and Maple Leaf Cement Factory Limited (MLCF) and one unlisted public limited company i.e. Maple Leaf Capital Limited. MLCF is subsidiary company of KTML. 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.

Nature of Business

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.

The Company continues to ensure that its current competitive position is maintained as well as supporting the ongoing improvement process in our endeavor to maintain world's best manufacturing practice. 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 relevant legal 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. Shafiq Ahmed Khan	
Mr. Arif Ijaz	
Syed Mohsin Raza Naqvi	

Audit Committee

Mr. Shafiq Ahmed Khan	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
Syed Mohsin Raza Naqvi	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

Legal Adviser
Mr. Muhammad Salman Masood
Advocate High Court

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) 36283096-97
Fax: (92-042) 36312550
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
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

GEOGRAPHICAL PRESENCE

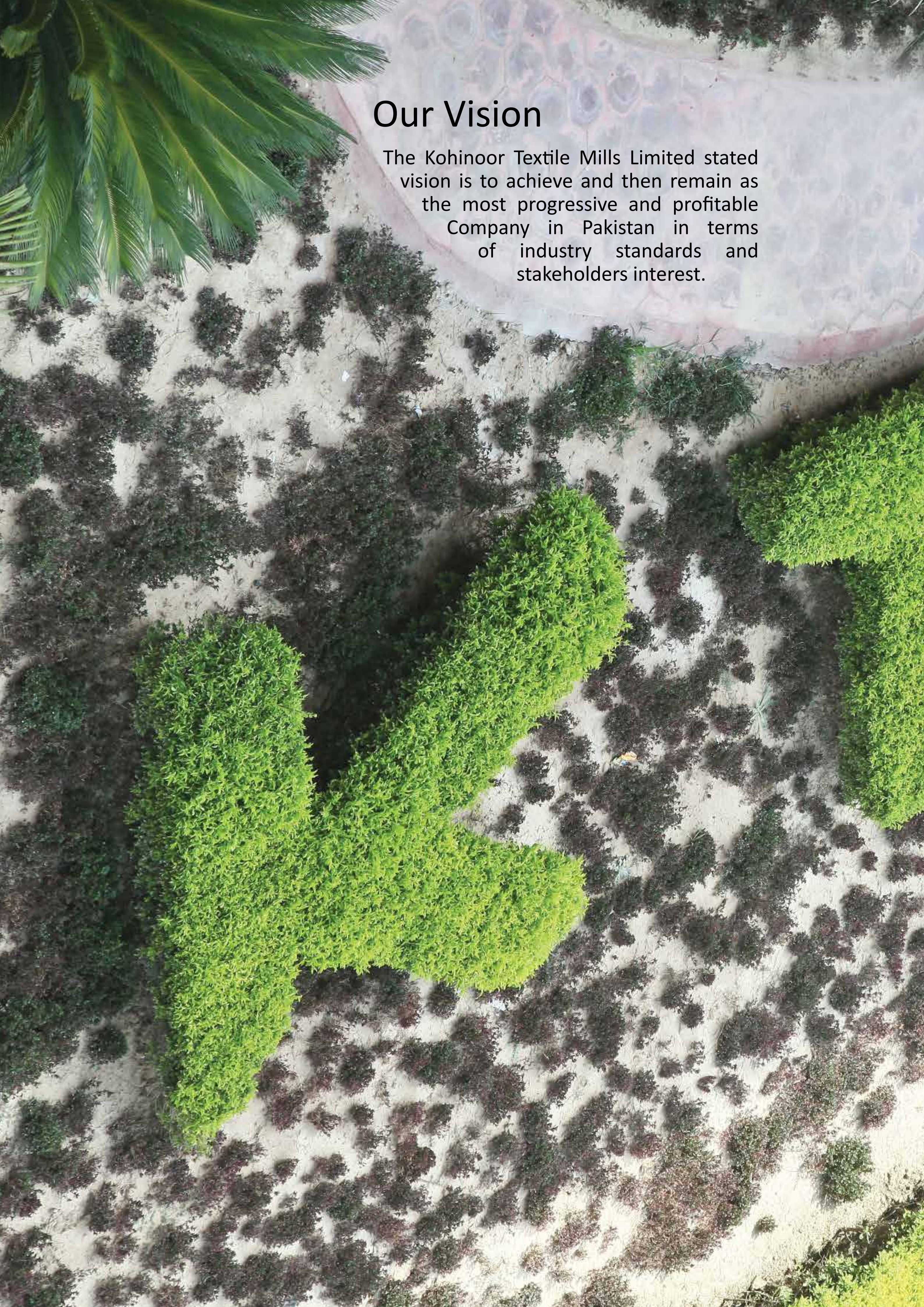
Mills

- 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 Business Conduct and Ethical Principles

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.

ETHICAL 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 overall Strategic Objectives 2014 - 2015

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

PRINCIPLES

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 code of corporate 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 46th Annual General Meeting of the members of **Kohinoor Textile Mills Limited** (the "Company") will be held on **Thursday, October 30, 2014 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, 2014 together with the Directors' and Auditors' Reports thereon.

2) To appoint Auditors for the year ending on June 30, 2015 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 under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s), as recommended by the Directors:-

A) **"Resolved that** pursuant to the requirements of Section 208 of the Companies Ordinance, 1984 (the "Ordinance"), Kohinoor Textile Mills Limited (the "Company") be and is hereby authorized to make long term equity investment upto Rs.2 billion (Rupees two billion only) by way of acquisition of shares of Maple Leaf Capital Limited, an associated company.

Further Resolved that the above said resolution shall be valid for one year and the Chief Executive Officer and/or the Company Secretary of the Company be and are hereby singly empowered and authorized to undertake the decision of the said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and to take all steps and actions necessary, incidental and ancillary for the acquisition of shares of Maple Leaf Capital Limited including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time.

Further Resolved that subsequent to the above said equity investment, the Chief Executive Officer and/or the Company Secretary of the Company be and are hereby authorized singly to dispose off, through any mode, a part or all of equity investment made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company."

B) **"Resolved** by way of special resolution that consent and approval of Kohinoor Textile Mills Limited (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, 2014 to October 31, 2015 (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, 2013 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, 2014.

Resolved further that the Chief Executive Officer and the Company 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 09, 2014

NOTES:

1. Share transfer books of the Company will remain closed from October 23, 2014 to October 30, 2014 (both days inclusive). Physical transfers / CDS Transaction IDs received in order at the Company's Share Registrar, M/s. Vision Consulting Ltd. 3 - C, LDA Flats, Lawrence Road, Lahore, upto the close of business on October 22, 2014 will be considered in time to determine voting rights of the shareholders 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 and CDC shareholders shall attach an attested copy of his / her Computerized National Identity Card (CNIC)/ Passport. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Representatives of corporate members should bring the usual documents required for such purpose.

3. CDC shareholders are requested to bring with them their CNIC / Passport in original along with Participants' ID Numbers and their Account Numbers to prove his / her identity.

4. Shareholders are requested to notify / submit the following, in case of book entry securities in CDS to respective CDS participants and in case of physical shares to the Company's Share Registrar, if not earlier provided / notified:-

   a. Change in their addresses;

   b. Valid and legible photocopies of National Tax Number (NTN), both for individuals and corporate entities; and

   c. Dividend mandate information i.e. Title of Bank Account, Bank Account Number, Bank's Name, Branch Address, CNIC, NTN and Cell / Landline Number(s) of Transferee(s) towards direct credit of cash dividend through e-dividend mechanism, if announced by the Company at later stage.

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

A) Investment in Maple Leaf Capital Limited

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 30, 2014.

Maple Leaf Capital Limited ("MLCL") was incorporated on 25 April 2014 as a public limited company with an authorized share capital of Rs.10 million. MLCL is set up with the principal object of buying, selling, holding or otherwise acquiring or investing its capital in any sort of financial instruments including but not limited to shares and stocks of unlisted companies, debentures, debenture stocks, bonds, mutual fund certificates, modaraba certificates, musharika certificates, Sukuk, Participation Term Certificates (PTCs) and any other Shariah compliant security, term finance certificates, unit trust certificates and any other marketable securities and / or certificates of any kind, obligations and securities issued or guaranteed by the Government of Pakistan or by companies incorporated or registered in Pakistan and which are listed or to be listed on the stock exchanges of Pakistan or in any foreign country but not to act as an investment / brokerage company.

The Board of Directors of the Company in their meeting held on September 18, 2014 has approved the proposal of this equity investment in MLCL.

MLCL has been given the Certificate of Commencement of Business dated 03rd June 2014 by the Additional Registrar of Companies, Securities and Exchange Commission of Pakistan.

The Company is planning to make an equity investment upto Rs. 2 billion in MLCL. The Company expects significant dividends from this equity investment in MLCL which will eventually enhance the return on investment of the shareholders of the Company.

The Directors have carried out their due diligence for the proposed investment and duly signed recommendation of due diligence report shall be available for inspection of members in the general meeting along with latest audited accounts of the associated company.

Information under Clause (a) of sub-regulation (1) of regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Ref. No	Requirement	Information
i	Name of associated company	Maple Leaf Capital Limited (MLCL)
	Criteria of associated relationship	Common directorship
ii	Purpose	To participate in the growing stock market of the country through equity investment.
	Benefits	To earn return on equity through dividend income from investment in associated company and capital appreciation.
	Period of investment	Strategic long term investment
iii	Maximum amount of investment	Rs. 2 billion (Rupees two billion only)
iv	Maximum price / share	The price to be paid for the equity investment will be par value of Rs.10/- per share since the project is a green field project and the price is less than the fair value determined by independent firm of Chartered Accountants.
v	Maximum number of shares to be acquired	200 million shares
vi	Shareholding before investment	No. of shares: NIL
		Shareholding Percentage: NIL
	Shareholding after investment	No. of shares: 200 million
		Shareholding Percentage: 80%
vii	Requirement in case of investment in listed associated company	Not Applicable as MLCL is an unlisted company.
viii	Fair market value of shares	The fair value of the shares determined in terms of regulation 6(1) is Rs.13.17 per share based on discounted cash flow using "Free Cash Flow" to the Company at discount rate of 14% with 5% terminal growth rate. (Copy of fair valuation report issued by HLB Ijaz Tabassum & Co., Chartered Accountants, is available at Registered Office of the Company and can be inspected in working hours upto 11:30 AM.

Ref. No	Requirement	Information		
ix	Break-up value of shares	Rs. 9.708 per share as at 30 June 2014.		
x	Earnings per share for the last three years	Period ended 30 June 2014 was the Company's first partial period of operations. Loss per share for the period ended 30 June 2014 is Re. 0.29		
xi	Sources of fund from which shares will be acquired	Own funds of the Company.		
xii	Requirements if shares are intended to be acquired using borrowed funds	Not applicable		
xiii	Salient features of agreement(s) entered into with the associated company	No agreement.		
xiv	Direct / Indirect interest of directors in associated company	Three Directors of the Company, Mian Tariq Sayeed Saigol, Mian Taufique Sayeed Saigol and Mr. Waleed Tariq Saigol currently hold 150,000 (30%), 250,000 (50%) and 100,000 (20%) shares respectively in MLCL. The Directors of the associated company are interested in the investing company to the extent of their shareholding as under:-		
		Name	**Shares held**	**%age**
		Mian Tariq Sayeed Saigol & his spouse	10,490,547	4.2727
		Mian Taufique Sayeed Saigol	10,827,332	4.4098
		Mr. Waleed Tariq Saigol	70,937	0.0289
xv	Any other important detail	None		
	Description of the project	Buying, selling, holding or otherwise acquiring or investing the capital of the Company in any sort of financial instruments.		
xvi	Starting date of work	November 2014		
	Completion of work	Not applicable		
	Commercial operation date	November 2014		
	Expected time by which the project shall start paying return on investment	Financial year 2015-16		

B) Investment in Maple Leaf Cement Factory Limited

Maple Leaf Cement Factory Limited, having its Registered Office at 42-Lawrence Road, Lahore (the **"MLCF"**) is a subsidiary of the Company and the Company, being a holding company, holds 306,410,425 ordinary shares constituting 58.06% of the aggregate paid-up capital in MLCF, 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 18, 2014 has approved Rs.300 million as loan / advances, being a reciprocal facility, to MLCF on the basis of escalating profit trend of MLCF subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to MLCF 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 MLCF and it has been kept at Registered Office of the Company for inspection of the members along with audited accounts of MLCF as required under the Regulations.

Information under clauses 3(1)(b) & 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Ref. No	Requirement	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 "MLCF")** MLCF is a subsidiary of Kohinoor Textile Mills Limited (the "Company") and the Company holds 58.06% of the aggregate paid-up capital in MLCF.
(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 MLCF from time to time for working capital requirements of MLCF. **Benefits:** The Company will receive mark up at the rate of one percent above of its average borrowing cost. This shall benefit the Company's cash flow by earning profit on idle funds. **Period:** For a period of one year from November 01, 2014 to October 31, 2015.

<table>
<tr><th>Ref. No</th><th>Requirement</th><th colspan="3">Information</th></tr>
<tr><td>(iv)</td><td>In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;</td><td colspan="3">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 Company vide special resolution passed in the Annual General Meeting held on October 31, 2013 which is valid till October 31, 2014.</td></tr>
<tr><td rowspan="3">(v)</td><td rowspan="3">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;</td><td colspan="3">Based on the audited financial statements for the financial year ended 30 June 2014, the financial position of MLCF is as under:-</td></tr>
<tr><td>Particulars</td><td></td><td>Amount Rupees (000)</td></tr>
<tr><td>Paid up capital
Reserves
Accumulated profit
Surplus on revaluation of fixed assets – net of tax
Current liabilities
Current assets
Breakup value per share (Rs.) without revaluation
Sales - Net
Gross Profit
Operating Profit
Net Profit
Earnings per share (Rs.)</td><td>:
:

:
:
:

:
:
:
:
:</td><td>5,277,340
2,058,137
2,414,100
4,891,515
7,132,572
7,145,445
18.47
18,968,547
6,522,985
5,055,173
2,830,174
5.36</td></tr>
<tr><td>(vi)</td><td>Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;</td><td colspan="3">Average borrowing cost of the Company is 11.11% for the year ended June 30, 2014.</td></tr>
<tr><td>(vii)</td><td>Rate of interest, mark up, profit, fees or commission etc. to be charged;</td><td colspan="3">Mark-up will be charged from MLCF at one percent above the average borrowing cost of the Company.</td></tr>
<tr><td>(viii)</td><td>Sources of funds from where loans or advances will be given;</td><td colspan="3">Loan and / or advance will be given out of own funds of the Company.</td></tr>
<tr><td>(ix)</td><td>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;</td><td colspan="3">N/A</td></tr>
</table>

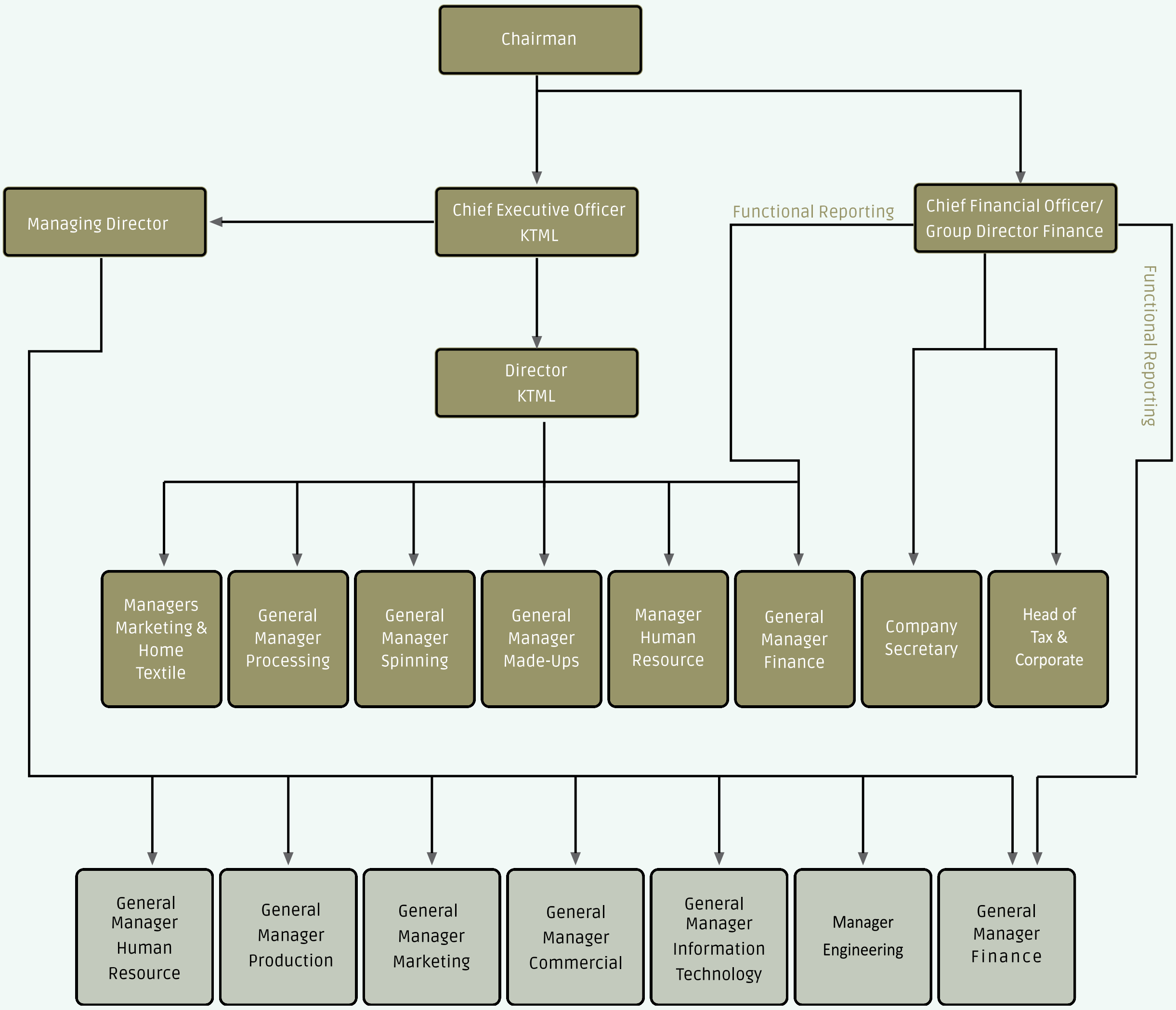
<table>
<tr><th>Ref. No</th><th>Requirement</th><th colspan="3">Information</th></tr>
<tr><td>(x)</td><td>Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;</td><td colspan="3">No collateral is considered necessary since MLCF is a subsidiary company of the Company.</td></tr>
<tr><td>(xi)</td><td>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;</td><td colspan="3">N/A</td></tr>
<tr><td>(xii)</td><td>Repayment schedule and terms of loans or advances to be given to the investee company;</td><td colspan="3">The loan / advance would be for a period of one year from November 01, 2014 to October 31, 2015 (both days inclusive). MLCF will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2015.</td></tr>
<tr><td rowspan="6">(xiii)</td><td rowspan="6">Salient features of agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;</td><td>Nature</td><td>:</td><td>Loan / advance</td></tr>
<tr><td>Purpose</td><td>:</td><td>To earn mark- up / profit on loan / advance being provided to MLCF which will augment the Company's cash flow</td></tr>
<tr><td>Period</td><td>:</td><td>One Year</td></tr>
<tr><td>Rate of Mark-up</td><td>:</td><td>Above one percent the average borrowing cost of the Company.</td></tr>
<tr><td>Repayment</td><td>:</td><td>Principal plus mark up/ profit upto October 31, 2015.</td></tr>
<tr><td>Penalty charges</td><td>:</td><td>@3-months KIBOR plus one percent in addition to the outstanding amount(s).</td></tr>
<tr><td>(xiv)</td><td>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</td><td colspan="3">Investing company i.e. the Company is a holding company of MLCF and six 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 Company.</td></tr>
<tr><td>(xv)</td><td>Any other important details necessary for the members to understand the transaction.</td><td colspan="3">N/A</td></tr>
</table>

Five Directors of the Company are also the members of investee company i.e. MLCF and are interested to the extent of their shareholding as under:-

Name	%age of shareholding in MLCF	%age of shareholding in the Company
Mr. Tariq Sayeed Saigol & his spouse	0.3540	4.2727
Mr. Taufique Sayeed Saigol	0.0010	4.4098
Mr. Sayeed Tariq Saigol	0.0010	0.1286
Mr. Waleed Tariq Saigol	0.0010	0.0289
Mr. Danial Taufique Saigol	0.0005	0.0010

Organization Chart of KTML




Limitless Possibilities

Conserving Momentum

Directors’ Report
to the Shareholders

- Review of Operations
- Financial Review
- Non Financial Review
- Management Objectives and Strategies
- Entity’s Significant Resources
- Liquidity
- 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

Performing Zeal

The Directors are pleased to present the 46th annual report along with audited financial statements and Auditors' Report thereon for the year ended June 30, 2014.

REVIEW OF OPERATIONS

The Company faced major cost challenges in the year under review, mainly due to huge increases in fuel and power costs, as well as the wage rate. However, some of the increased costs were mitigated by slightly improved energy management by utility companies. Exchange rate fluctuations initially helped the trading position of the Company but a subsequent rupee revaluation more than offset the earlier benefits.

The Company has endeavoured to reduce its dependence on imported cottons, substituting these with synthetic fibres in order to manage the risks associated with the volatility of Extra-Long Staple (ELS) cotton prices. The balancing and modernization programs are well under way and we remain confident that the Company will be fully prepared to take advantage of the lower domestic cotton prices by the second quarter of the current financial year. If domestic cotton prices become attractive enough, the Company could be in a position to take advantage by spinning medium and coarse counts instead of relying mainly on fine counts.

The Company has fully retired its long-term debt and with the help of our banking institutions, has largely addressed the issue of working capital shortfalls which will result in greater utilization of the cut-and-sew and processing utilities leading to better financial results in the coming year. Due to expected lower cotton prices, the Company has high hopes of increasing market share in the sale of made-ups.

FINANCIAL PERFORMANCE REVIEW

During the year under review, Company's sales increased by 7.38% to Rs.15,302 million (2013: Rs.14,250 million), while cost of sales increased by 10.56% to Rs.13,395 million (2013: Rs.12,116 million). This resulted in decreased gross profit to Rs.1,907 million (2013: Rs.2,134 million).

Operating profit for the year under review stood at Rs.1,854 million (2013: Rs.1,439 million). The Company made after tax profit of Rs.1,170 million (2013: Rs.485 million). Earnings per share for the year ended June 30, 2014 were Rs.4.76 as against Rs. 1.97 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 recommend as under:

	Rupees in Thousands
Profit before taxation	1,288,592
Provision for taxation	(118,940)
Profit after taxation	1,169,652
Accumulated profit brought forward	948,597
Accumulated profit carried forward	**2,118,249**

The Company's actual performance in the year 2013-14 exceeds the forward looking disclosures made in the last annual report. Power rates increased during the last year which affected production cost of textile sector. However, effective utilization of resources, prudent purchasing of cotton, production of higher thread count yarns and reduction of debt, resulted in increased operating profits.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

Operating profit of spinning divisions reduced due to declining trend in yarn prices, hike in cotton prices, import of yarn from China/India on cheaper rates and adverse power conditions during the year. Weaving, Processing and Home Textile divisions' performance improved during the year due to better utilization. Segment wise profit before taxation and unallocated income and expenses for the year ended 30 June 2014 are as under:

Division	Rupees in thousands	
	2014	2013
Spinning	636,742	1,134,302
Weaving	216,814	193,710
Processing and home textile	163,863	109,244

NON FINANCIAL REVIEW

Quality, customer's satisfaction, employee's development and professional standards are Company's key areas where management has taken necessary measures to improve them. The Company is currently producing and supplying the high quality products which ensure maximum satisfaction to the customers. During the year, the Company has conducted various training courses for the development of existing human capital. The Company is maintaining highly satisfactory relationship with all stake holders. The Company has formed various committees which are responsible for the effective 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 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 2013-14 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. The todate result, financial and non-financial, are the reflection of achievement of management's objective which are strategically placed to increase the wealth of stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm the achievement.

There is no material change in Company's objective and strategies from the previous year.

ENTITY'S SIGNIFICANT RESOURCES

Our resources consist of mainly human resource, financial resource, and technological resource. The 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. We believe in adding value to our human resource by extensive trainings and development program.

LIQUIDITY

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.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

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.541 Million and managed to further improve debt equity ratio from 11:89 to 3:97. Moreover, the Company has adopted the strategy to utilize maximum cash profits for the payment of debts.

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. The company continues to upgrade and improve our information systems and processes, an effort led by a team of IT professionals with wide ranged experience in latest information technologies

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/ Commercial 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 Risk	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 maintains its good relationships with all stakeholders based on mutual interest, integrity and confidence. We maintain collaborative relations with our stakeholders through harmonious and effective communication and through our customer focused approach.

INVESTORS' GRIEVANCES POLICY

The Company believes that Investor service is a vital element for sustained business growth and we want to ensure that our Investors receive exemplary service across different touch points of the Company. Prompt and efficient service is essential to retaining existing relationships and therefore Investor satisfaction becomes critical to the Company. Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework. Grievance policy is supported by a review mechanism, to minimize the recurrence of similar issues in future. The Company's Grievance policy follows the following principles:

- Investors are treated fairly at all times.
- Complaints raised by Investors are dealt with courtesy and in a timely manner.
- Investors are informed of avenues to raise their queries and complaints within the organization, and their rights if they are not satisfied with the resolution of their complaints.
- Queries and Complaints are treated efficiently and fairly.
- The Company's employees work in good faith and without prejudice, towards the interests of the Investors.

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 believes that current critical performance measures continue to be relevant in future as well.

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

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

Weaving Dreams

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

The Company's Social and Environmental Responsibility Policy reflects the Company's recognition that there is a strong, positive correlation between financial performance and corporate, social and environmental responsibility. The Company believes that the observance of sound environmental and social strategies is essential for building strong brand and safeguarding reputation, which in turn is vital for long-term success.

Social responsibility policy:

- Implementation of Employee Code of Conduct that fits with local customs and regulations.
- Culture of ethics and behaviour which improve values like integrity and transparency.
- Focusing on social involvement by developing multicultural teams with many different competencies.
- Promoting the culture of work facilitation and knowledge transfer.
- Carrying out corporate philanthropy actions that focus in particular on preserving life and the environment.
- Maintaining collaborative relations with the society through a good harmony and effective communication.

ENVIRONMENTAL RESPONSIBILITY POLICY:

- Ensure our products, operations and services comply with relevant environmental legislation and regulations.
- Maintain and continually improve our environmental management systems to conform to the ISO Standards or more stringent requirements as dictated by specific markets or local regulations.
- Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility amongst our employees.
- Responsibly managing the use of hazardous materials in our operations, products and services, and promote recycling or reuse of our products.
- Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

CORPORATE SUSTAINABILITY

a) CORPORATE SOCIAL RESPONSIBILITY

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 established an Industrial Relations (IR) department for determination of adequate terms and conditions of employment. Further, the IR department is responsible for avoidance and settlement of disputes and differences between the Company, it’s employees, and their representatives through negotiation. The company has operates a Provident fund and a Worker’s Profit Participation Fund for its employees, as well as paying bonuses to employees on the basis of the company’s profitability and individual performance. The company is committed to providing equal opportunities to all existing and prospective employees without discrimination on the basis of race, religion, gender, or age.

c) ENERGY SAVING MEASURES

Given the current energy crisis in Pakistan, Kohinoor’s management recognises the importance of the efficient usage of energy in the corporate sector, and has therefore has formed an energy committee with the aim of finding more efficient and sustainable methods for generating and managing energy. The Company’s processing department has already reaped large benefits through its collaboration with several major multinational chemical suppliers; together they have substantially reduced the usage of water, chemicals, and energy while maintaining or improving quality and environmental standards. The Company hopes that future progress in these projects will yield further reductions in the costs of energy and usage of other resources such as 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, and initiating a pilot project in solar heating of water. The Company remains committed to exploring sustainable alternative energy sources.

d) CONSUMER PROTECTION MEASURES

We are committed to ensuring that our products are shipped in a manner complying with the highest safety standards and meeting or exceeding all 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 any of its products.

e) QUALITY MANAGEMENT SYSTEMS

The Company maintains its reputation as a high quality supplier and owes its current business, in large part, to this reputation. Quality control checks occur at all points in the production chain, starting at the delivery of raw material to the factories, through to the Quality Assurance team acting as the customer's representative when conducting audits of finished goods before handing them over to the customer's audit teams for the 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 shipping of finished goods. The Company is ISO-9001:2008 certified and firmly believes in the necessity of Quality Management Systems.

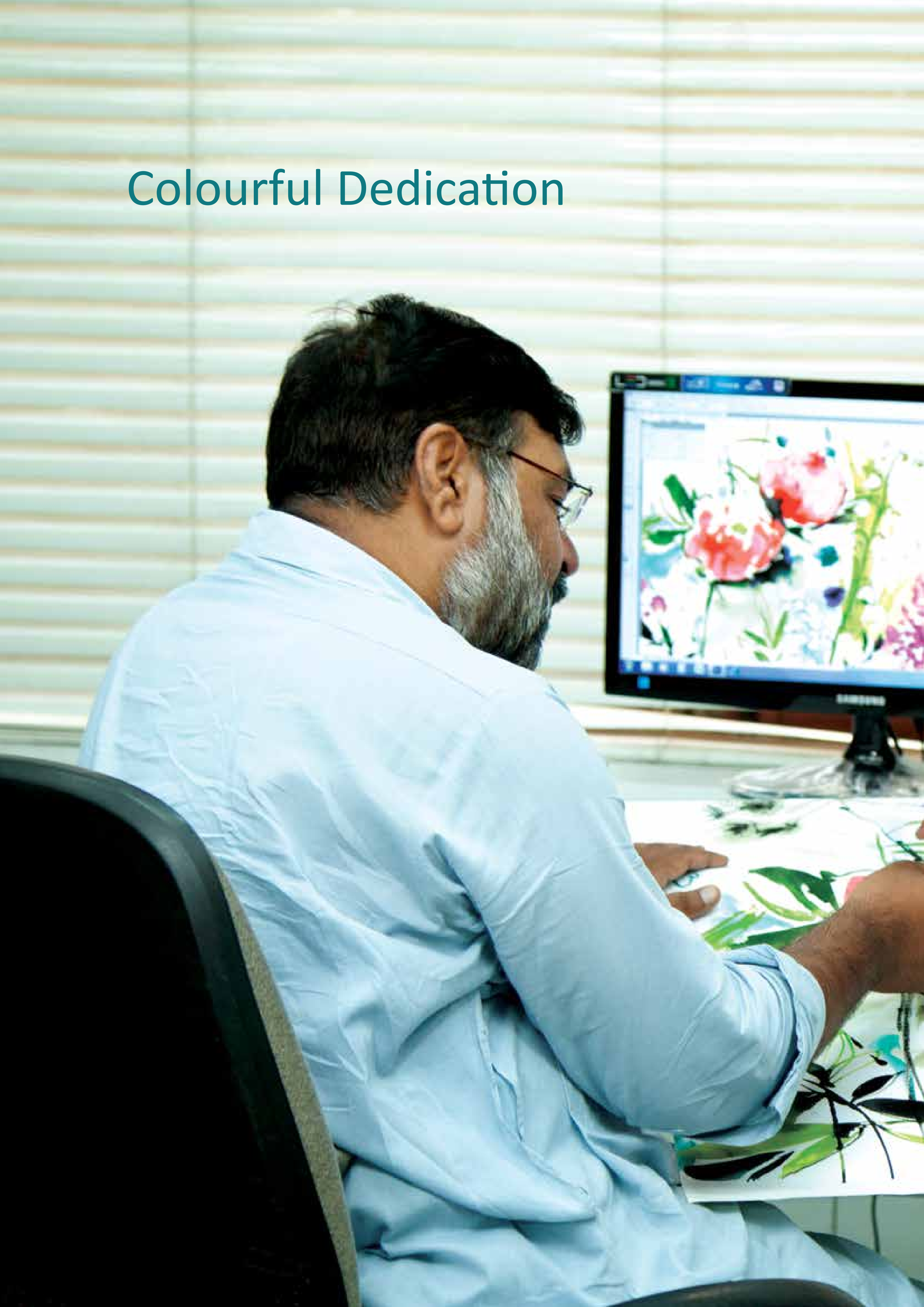
f) OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL (HSE) PROTECTION MEASURES

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 deals that may be supported by kickbacks, and no employees are allowed to run parallel businesses. The Company is maintaining a system by which any employee can report the non-conformance (NC) to the top

Colourful Dedication



management. All NCs reported are 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 permanently resolved. Further, the Company's Internal Audit department is empowered to perform regular and ad-hoc checks and audits of any and all functions and operations of the company and reports directly to the Audit Committee. Moreover, the Company has also formulated whistle blowing policy.

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 prevent the potentially harmful effects of any chemicals used in processing on the surrounding water table, a waste water treatment plant has been constructed minimizing or negating any contamination in water discharged from the factory. Further, the company continues to investigate and implement pilot projects into alternative, sustainable energy sources.

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), performing frequent and regular audits to ensure it remains so. All areas of the Company premises are monitored using video surveillance, as per CTPAT requirements. We are also compliant with the standards set by our international customers, many of which exceed those of CTPAT.

k) CONTRIBUTION TO NATIONAL EXCHEQUER

During the year the Company has contributed an amount of Rs. 553.39 million in respect of taxes, levies and duties. Moreover we have also contributed 83.178 million (USD) to 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

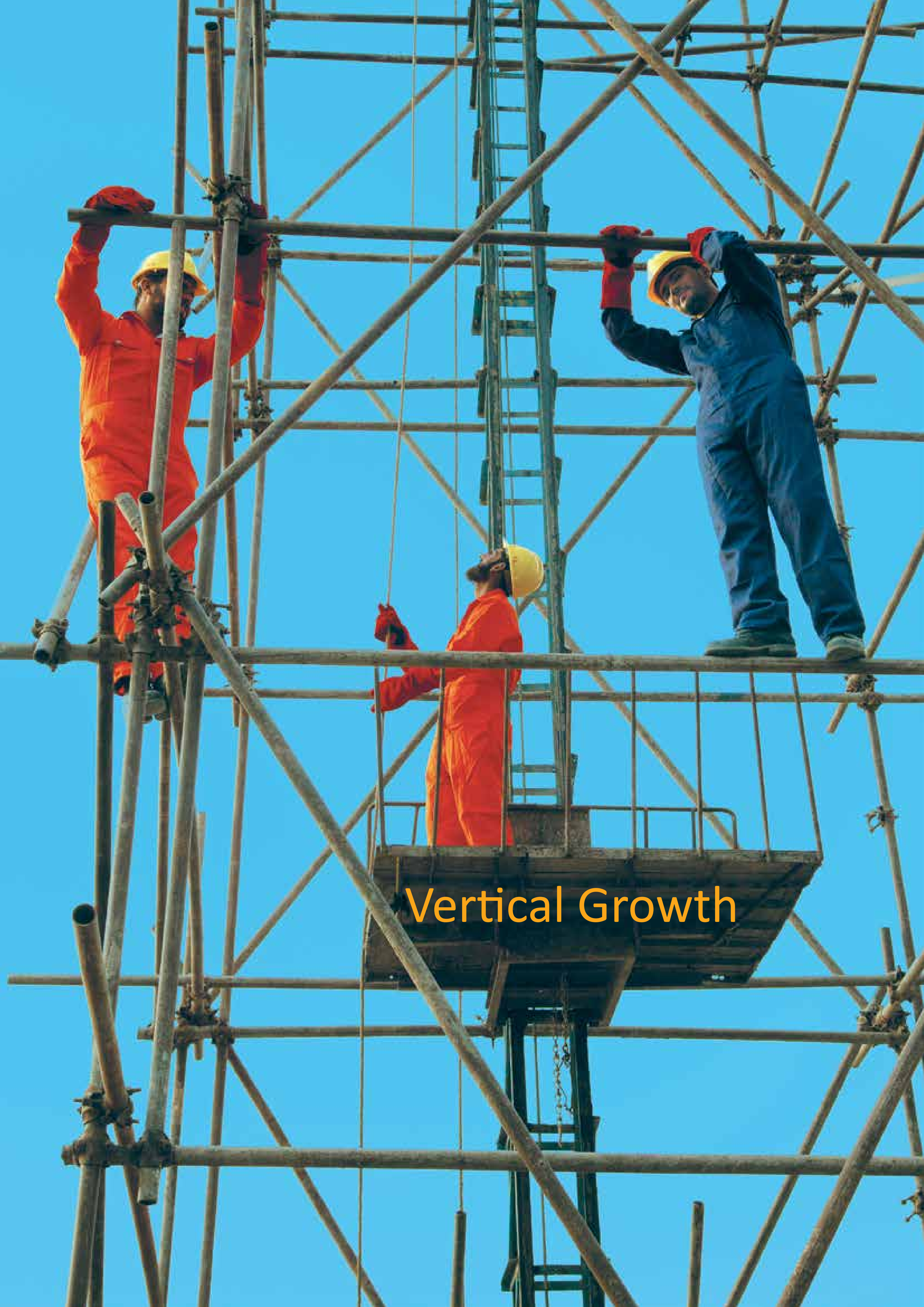
The Company has a long tradition of maintaining good community relations, and many of its employees are actively involved in welfare schemes. We believe that investing in our communities is an integral part of our social responsibility, and is vital to ensure the sustained success of the Company. We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

n) RURAL DEVELOPMENT PROGRAM

The Company's Mills are located in rural area therefore various corporate social responsibility activities are effectively implemented in those areas.The Company has been working hard to initiate and sustain rural development programs for the enhancement of health of the rural population. Therefore a "Dengue Fever Awareness Program" was carried out to demonstrate the prevention techniques and share knowledge with community members to ensure maximum awareness at plant site and the local community.

MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

Traditionally, dying factories have been considered environmentally hazardous but the Company has installed the most modern and state-of-the-art equipment to control effluent discharge negating the effects of industrial effluents on the surrounding environment; the Company makes every effort to ensure a healthy environment to employees and locals. To enhance environ mental standards and continuously promoting a better and Green Environment within the factory as well in the nearby areas the Company is arranging regular Tree Plantation activities to provide healthy environment to employees and other community living in surroundings.



Vertical Growth

BEST CORPORATE REPORT AWARD

The Company bagged award for "Best Corporate Report 2013" 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.

FUTURE OUTLOOK

The expected decline in international cotton prices and a slight reduction in yarn import requirements from China is expected to lead to lower yarn prices. We expect this to help in making the made-ups business more competitive, leading to growth in sales in that sector. Due to lower cotton prices, we do not expect gross margins in the yarn business to drastically reduce. Improved trading conditions in the US and grant of GSP+ status in Europe are starting to help drive up the export business.

During the current year, operations will be guided by the following:-

a. Increased use of synthetics while remaining in the higher thread count business to achieve reasonable gross margins
b. Exercising caution in purchasing cotton due to the bearish outlook on international cotton prices.
c. Continued commitment to high-quality production for a diverse customer base to maximize returns in our home-textiles division
d. Expanded efforts on increasing productivity, efficiency and cost reduction in order to mitigate the increasing trend in input and labour prices.

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

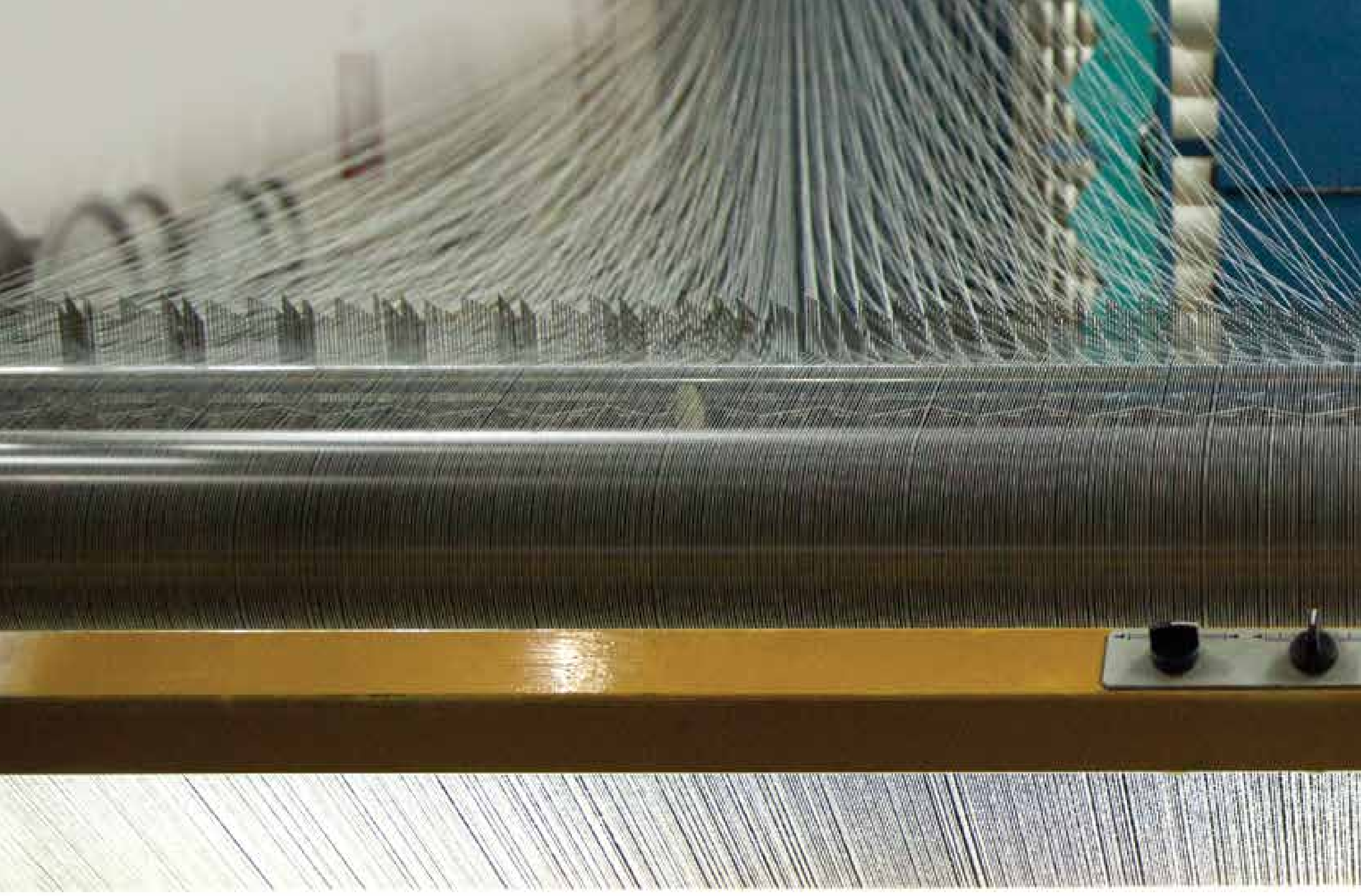
BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

Board of directors periodically review the Company's business continuity & disaster recovery (BC/DR) plan to ensure that critical business functions will be available to customers, suppliers, regulators, and other entities that have access to those functions even under extraordinary circumstances. BC/DR plan mainly include daily tasks such as customer/suppliers correspondence, production data, trading activities, project management, system backups and help desk operations.

The primary activities of the Board for the execution of the plan include:

1) To develop and maintain a formal plan that is responsive to the Company's current business needs and operating environment
2) To ensure that a business continuity recovery team includes representatives from all business units.
3) To provide ongoing business continuity training to all employees, including executive management and the board.
4) Ensure that thorough current business impact analysis and risk assessments are maintained.
5) Ensure a centralized executive view of the business continuity plan and programs.


Success aimed cycle



CEO PERFORMANCE REVIEW

The performance of the CEO is regularly evaluated by the Board of directors. During the year 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 the Board regarding an assessment of senior management and their potential to succeed in achieving the objectives of the Company.

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 there from 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, 2014 is as under:-

	(Rs. In Thousand)
Provident Fund investment	374,853

Directors and Board Meetings

During the year under review, four meetings of the Board of Directors were held in Pakistan and no meeting was held outside Pakistan and the attendance of each Director was as under:-

Name of Directors	No. of Meetings Attended
Mr. Tariq Sayeed Saigol	4
Mr. Taufique Sayeed Saigol	4
Mr. Sayeed Tariq Saigol	4
Mr. Waleed Tariq Saigol	3
Mr. Danial Taufique Saigol	3
Mr. Shafiq Ahmed Khan	1
Mr. Zamiruddin Azar	3
Mr. Arif Ijaz	4
Syed Mohsin Raza Naqvi	4

Gender equality with gratitude

Leave of absence was granted to Directors who could not attend the meetings. However, during the year, election of Directors was held under the provisions of Section 178 of the Companies Ordinance, 1984 for next term of three years commencing April 23, 2014. The following Eight Directors were elected:-

NAME	DESIGNATION
1. Mr. Tariq Sayeed Saigol	Chairman / Non Executive Director
2. Mr. Taufique Sayeed Saigol	CEO / Executive Director
3. Mr. Sayeed Tariq Saigol	Non Executive Director
4. Mr. Waleed Tariq Saigol	Executive Director
5. Mr. Danial Taufique Saigol	Executive Director
6. Mr. Shafiq Ahmed Khan	Independent Non Executive Director
7. Mr. Arif Ijaz	Non Executive Director
8. Syed Mohsin Raza Naqvi	GDF/ CFO/Executive Director

ANNUAL EVALUATION OF BOARD PERFORMANCE

The following questionnaire is based on emerging and leading practices to assist in the self-assessment of an individual director and the full board's performance. It is not intended to be all-inclusive. When completing the performance evaluation, Board considers the following main performance evaluation process or behavior:

I. Adequate Board composition.
II. Satisfactory Processes and Procedures for Board Meetings.
III. The Board sets objectives and formulates an overall corporate strategy.
IV. The Board has set up adequate number of its Committees.
V. Each Director has adequate knowledge of economic and business environment in which the Company operates.
VI. Each Board member contributes towards effective and robust oversight.
VII. The Board has established a sound internal control system and regularly reviews it.
VIII. The Board reviews the Company's significant accounting policies according to the financial reporting adequate regulatory framework.
IX. The Board considers the quality and appropriateness of financial accounting and reporting and the transparency of disclosures.

For each of the above statements, Yes or No is to be given to evaluate the overall performance of the Board for the onward detailed discussion.

EVALUATION CRITERIA OF BOARD PERFORMANCE

Following are the 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

By virtue of election of Directors held during the year, the following Audit Committee was re-constituted:-

NAME	DESIGNATION
1. Mr. Shafiq Ahmed Khan	Chairman / Independent Director
2. Mr. Arif Ijaz	Member / Non Executive Director
3. Mr. Sayeed Tariq Saigol	Member / Non Executive Director
4. Mr. Waleed Tariq Saigol	Member/ Executive Director

A total number of five meetings of the Audit Committee were held during the year. Attendance of each member was as under:-

Name	No. of Meetings attended
Mr. Shafiq Ahmed Khan	1
Mr. Zamiruddin Azar	4
Mr. Arif Ijaz	4
Mr. Sayeed Tariq Saigol	4
Mr. Waleed Tariq Saigol	4

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

Terms of Reference

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;

Motivation going on

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

By virtue of election of Directors held during the year, the following Human Resource & Remuneration (HR & R) Committee was re-constituted:-

Name	Designation
Mr. Arif Ijaz	Chairman (Non-Executive Director)
Mr. Sayeed Tariq Saigol	Member (Non Executive Director)
Mr. Danial Taufique Saigol	Member (Executive Director)
Syed Mohsin Raza Naqvi	Member (Executive Director)

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

Terms of Reference

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.

FORMAL ORIENTATION TRAINING PROGRAM FOR DIRECTORS

The Board had arranged Orientation Courses for its Directors namely Mr. Mohsin Naqvi and Mr. Danial Taufique Saigol during the preceding years from recognized institutions of Pakistan approved by the SECP whereas some Directors having the requisite experience on the Board(s) of Listed Companies are exempt from the Directors' Training Program. Further, 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.

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 Code of Corporate Governance as at June 30, 2014 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 18, 2014

Tariq Sayeed Saigol
Chairman

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
Maple Leaf Capital 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
Maple Leaf Capital 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

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Capital 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. 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 22 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 25 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.

MR. SHAFIQ AHMED KHAN
(DIRECTOR)

Mr. Shafiq Ahmed Khan got his bachelor degree from Punjab University and joined Habib Bank Limited at entry level in 1968 and spent over a period of 24 years in order to become Executive Vice President while performing in different areas of services. In 1992, he spent a period of five years in Fidelity Investment Bank Limited, Lahore, as first President & CEO of a major investment bank in the country and guided with sound business and risk management.

Since 1996 to 2005, he has been associated with Pakistan's largest private sector commercial bank as Senior Executive Vice President / Group Head and taken responsibilities for devising and implementing business strategies for MCB Bank Limited. Over the course of 36 years in a career, he used up in domestic and international market with all necessary skills for developing & implementing successful strategies for institutions' businesses across geographical segments particularly in banking relationships and enjoy sound relationships with regulatory authorities in various countries. Currently, being an Independent Director, he is heading Board's Audit Committee.

Calendar of Notable Events

July 2013 – June 2014

2013

01 Jul 2013
4th Edition of Magazine "Hum Kohinoor"

31 Jul 2013
Iftar party was arranged for all the company employees

14 August 2013
Company has arranged a celebration for Independence Day by inviting employees and residents of mills colony

25 Sep 2013
Issuance of Annual Report 2013

29 Oct 2013
Issuance of Accounts for the 1st QTR ended 30 Sep 2013

31 Oct 2013
45th Annual General Meeting of the members of Kohinoor Textile Mills Limited held at 3:00 PM at its registered office, located at 42-Lawerence Road, Lahore

2014

25 Feb 2014
Issuance of accounts for the Half year ended 31 December 2013.

02 Mar 2014
Company arranged KOHINOOR PREMIER LEAGUE (Cricket tournament) in which full participation was made by workers and management staff.

06 Mar 2014
Hajj Balloting ceremony held where 2 lucky employees and 1 reserved employee were selected to perform the Hajj

24 Apr 2014
Issuance of accounts for the 3rd quarter ended 31 Mar 2014.

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: 12

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 meets 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
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: 17

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 to 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: 12

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 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 includes 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
Analyst	Corporate briefing and analysis Forecasting and financial modelling	As required As required

ISSUES RAISED IN THE LAST ANNUAL GENERAL MEETING

On query of a shareholder, the Chairman of the meeting apprised the House that enhanced working capital requirements had put strain on cash flow due to increase in sales volume and reduction in long term debt. The Banks were reluctant to extend financing to the textile sector due to squeezed margins. Therefore, for the time being, the Board of Directors had shown its inability for payment of any dividend. However, the management was confident to readily meet the challenges and committed to deliver value to all the stakeholders in the years ahead. It was informed to the shareholders that the Company will pay substantial debt and to implement this in the current year the company has paid off its debt totalling Rs.541 Million and managed to improve debt equity ratio.

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 of 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 of 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's 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 the Company 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 director 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.

ROLE OF THE CHAIRMAN AND THE CEO

The Company's Chairman reports to the Board and the CEO reports to the Chairman (acting on behalf of the Board) and to the Board directly. Their respective roles are being described hereunder:

Role of the Chairman	Role of the CEO
Principal responsibility is the effective running of the Board.	Principal responsibility is running the Company's business.
Responsible for ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives.	Responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board.
Guardian of the Board's decision-making processes.	Responsible with the executive team for implementing the decisions of the Board and its Committees.
Responsible for promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.	Responsible for promoting, and conducting the affairs of the Company with the highest standards of integrity, probity and corporate governance.

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 consist 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 up gradation of different modules to provide reliable, efficient and timely information.
- To create a culture of paper less environment within the Company.

WHISTLE BLOWING POLICY

In line with the Company's commitment to open communication, the whistle blowing policy through non-conformance reporting was designed to provide an avenue for employees to raise concerns, and reassurance that they will be protected. As a aware and attentive organization, Kohinoor believes in the conduct of the affairs of its business in a fair and see-through approach by adopting the uppermost principles of professionalism, truthfulness, reliability and principled manners. The said policy have the following main procedures:

1) All Protected Disclosures should be addressed to the nominated Ombudsperson of the Company.
2) Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible in English, Urdu or in the regional language.
3) The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower.
4) Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
5) Anonymous disclosures will not be entertained by the Ombudsperson as it would not be possible for it to interview the Whistle Blowers.
6) If initial enquiries by the Ombudsperson indicate that the concern / complaint has no basis, or it is not a matter to be investigation pursued under this Policy, it may be dismissed at this stage.
7) Where initial enquiries indicate that further investigation is necessary, this will be carried through in a fair manner, as a neutral fact-finding process and without presumption of guilt. A written report of the findings would be made.

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

SHARE PRICE SENSITIVITY ANALYSIS

Following are the major factors which might affect the share price of the company in the stock exchanges.

1) INCRESE 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:

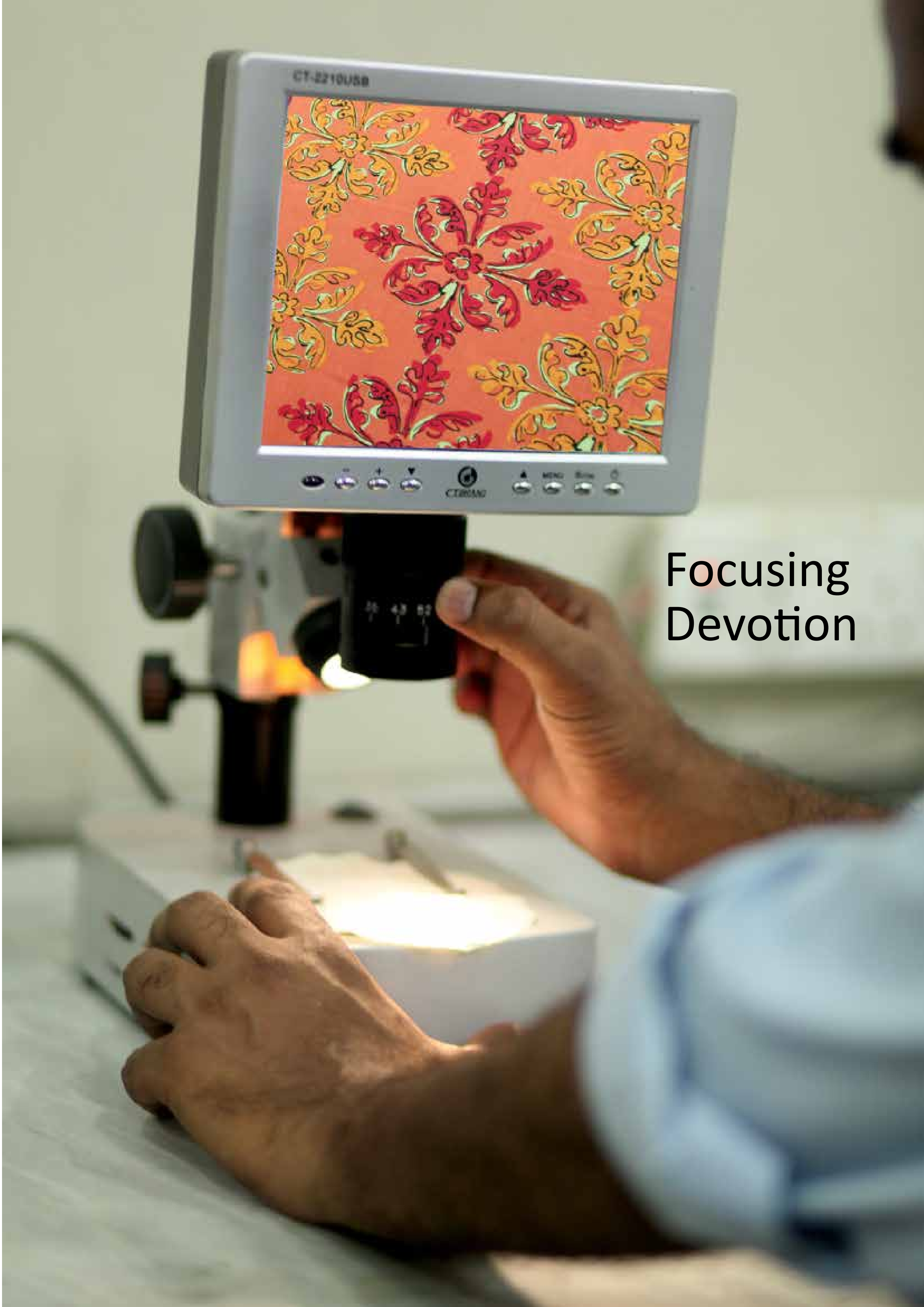
Any increase in variable cost (mainly includes power and raw material cost) may badly effect the gross margins and will resultantly fall in the profitability and fall in EPS. This may badly affect the market price of the share downward.

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 affected 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 affect the share price of the company. If policy change is positive than share price will increases, otherwise vice versa.



Focusing Devotion

Report of the Audit Committee

The Audit Committee comprises of one independent non-executive, two non-executive 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 2013-2014. 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 changes 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. The Board has established group internal audit function being an independent appraisal function for the review of the internal control system in all areas of the business activity and provides management with objective evaluations, appraisals and recommendations on the adequacy, effectiveness and compliance with each system reviewed.

8. The Company's internal audit function is headed by a Chartered Accountant with a team of professionals who are suitably qualified and experienced and well aware of company's policies and procedures.

9. Internal audit function operates under the chartered approved by the audit committee and head of internal audit has given direct access to the Audit Committee.

10. The Company's internal audit function prepare annual plan for the financial year and strategic audit plan for next two year during which all major systems and areas of activity will be audited. Annual and strategic audit plan is approved by audit committee.

11. The Company's internal auditor role include reviews of departments and control systems within the Company at appropriate intervals, in accordance with the agreed plan, to determine whether they are effectively carrying out their functions of administration, accounting, safeguarding of Company assets and control in accordance with management's instructions, policies and procedures and in a manner that is in agreement both with the Company objectives and high standards of administrative practices.

12. The Company's internal audit function conducts post implementation evaluations of major systems to determine whether these systems meet their intended purposes and objectives.

13. Internal audit reports include findings, conclusion, recommendations and action

plans agreed with management, these all are reported promptly to the appropriate level of management.

14. The Company's internal audit function follows up the implementation of recommendation and action plans agreed with management and report appropriate level of management and audit committee.

15. 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.

16. The Chairman of Audit Committee has more than thirty six years of experience in the field of banking and risk management.

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

18. The external auditors Riaz Ahmad 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.

19. 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.

20. 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 re-appointment of Riaz Ahmad and Co., Chartered Accountants as external auditors for the year 2014-2015.

By order of the Audit Committee

(Shafiq Ahmed Khan)
Chairman, Audit Committee
18 September 2014

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.

Materiality approach

Management believes materiality as a key component of an effective communication with stakeholders. The management has adopted materiality approach which is based on a combination of stakeholder engagement, under-standing of environmental limits and strategic alignment. It has made the process, assumptions and evidence base for identifying material issues for more transparent, credible and amenable disclosures to have more transparency on risk and opportunities.

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.
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 the Company's 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 the Company's stated vision.

Definitions and glossary of 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 (ROI). 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.

Du Pont Analysis:

A type of analysis that examines a company's Return on Equity (ROE) by splitting it into three main components; profit margin, total asset turnover and equity multiplier. This analysis highlight the main driving factor of ROE and the factor which needs to be addressed to improve the ROE.

Perfectionist's Pleasure

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

1) Sales revenue has been increased by 7%, Rupees. 15,302million (2013: Rs. 14,250million). It is mainly due to change in Company's marketing plan and strengthened Pak. Rupee against USD.

2) Cost to revenue ratio has been increased from 85.02% to 87.54% during the current year. Major reason contributing such an increase is increased prices of raw materials, increased tariff of power & fuel and increase in salaries and wages.

3) Gross Profit ratio decreased from 14.98% to 12.46% in current financial year. Reason for such decrease is reduced contribution margins and low productivity due to utilizations.

4) Finance cost has been decreased by 75 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 has been increased from 3.40% to 7.64% due to gain on sale of shares in subsidiary company.

6) Debt equity ratio is continuously improving since 2009, due to repayments of long term debts and increase in shareholder's equity due to improved profitability as compared to preceding years.

Comments on the Summary of Cash Flow Statement

Cash flow from operating activities has been decreased during the year mainly because of declining profit margins and hike in the cost of production.

Net outflow in investing activity is due to capital expenditure of Rupees 273 million during the year.

Financing activities are continuously showing the net outflow since 2011 in line with managements' strategy of paying off the finance obligations.

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 6 years.

Cost of sales has been increased due to inflationary effect in raw material prices, salaries & wages and fuel & power cost.

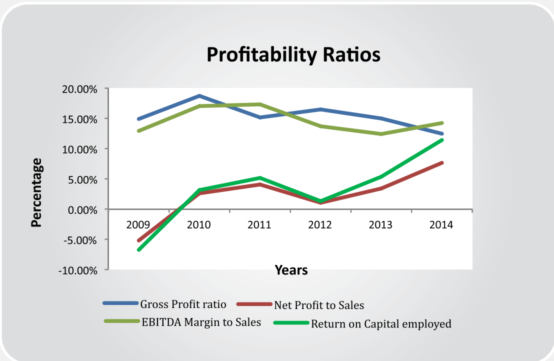
Finance cost has been decreased due to repayment of loans and decrease in WACC.

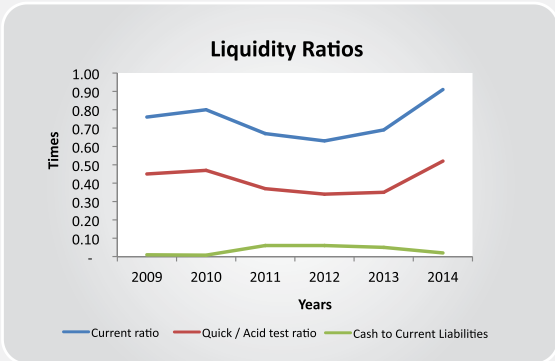
Key Operating and Financial Data

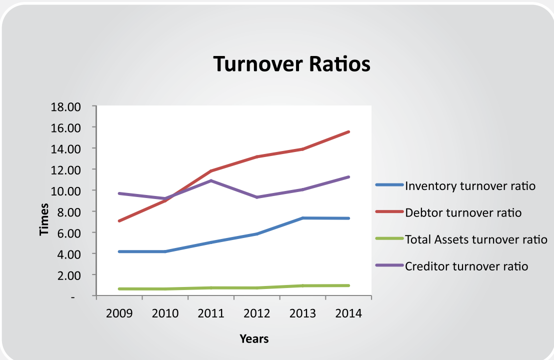
Six Year Summary

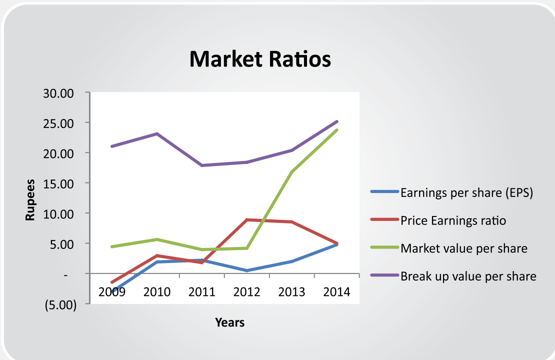
Particulars	2014	2013	2012	2011	2010	2009
Net sale (Rs. 000)	15,302,242	14,250,439	11,146,698	12,037,253	10,693,338	8,458,899
Profitability(Rs.000)						
Gross Profit	1,907,163	2,134,252	1,836,649	1,823,548	2,000,809	1,259,906
Operating profit	1,853,976	1,438,978	1,175,029	1,726,084	1,449,216	723,554
Profit / (Loss) before tax	1,288,592	798,435	304,289	688,790	376,448	(536,676)
Provision for income tax	118,940	313,903	187,860	200,939	98,587	(96,865)
Profit / (Loss) after tax	1,169,652	484,532	116,429	487,851	277,861	(439,811)
Financial Position (Rs.000)						
Tangible fixed assets-net	5,919,751	5,959,112	6,161,381	6,747,691	6,496,299	4,140,233
Intangible assets	-	3,006	6,284	9,563	-	-
Investment & Other assets	4,842,439	5,018,905	5,028,081	5,006,352	4,004,892	4,003,422
	10,762,190	10,981,023	11,195,746	11,763,606	10,501,191	8,143,655
Current assets	5,359,518	4,339,574	4,002,184	4,539,059	6,556,108	5,131,884
Current liabilities	5,868,566	6,257,996	6,329,557	6,806,838	8,169,138	6,762,527
Net working capital	(509,048)	(1,918,422)	(2,327,373)	(2,267,779)	(1,613,030)	(1,630,643)
Capital employed	**10,253,142**	**9,062,601**	**8,868,373**	**9,495,827**	**8,888,161**	**6,513,012**
Less: Redeemable Capital, long term loan & other liabilities	410,396	389,507	679,811	1,423,694	1,853,068	2,190,079
Less: Surplus on revaluation of property	3,673,825	3,673,825	3,673,825	3,685,497	3,673,825	1,263,592
Share holders Equity	**6,168,921**	**4,999,269**	**4,514,737**	**4,386,636**	**3,361,268**	**3,059,341**
Represented By:						
Share capital	2,455,262	2,455,262	2,455,262	2,455,262	1,455,262	1,455,262
Reserves & unappropriated profit	3,713,659	2,544,007	2,059,475	1,931,374	1,906,006	1,604,079
	6,168,921	**4,999,269**	**4,514,737**	**4,386,636**	**3,361,268**	**3,059,341**
RATIO'S:						
Profitability Ratio's:						
Gross Profit to sales (%age)	12.46	14.98	16.48	15.15	18.71	14.89
Net Profit to sales (%age)	7.64	3.40	1.04	4.05	2.60	(5.20)
Profit margin	0.08	0.06	0.03	0.06	0.03	(0.05)
EBITDA (%age)	14.22	12.41	13.69	17.31	17.03	12.92
Operating leverage ratio	4.14	0.79	4.57	1.46	3.85	(2.42)
Return on equity (%age)	18.96	9.69	2.58	11.12	8.27	(14.38)
Return on capital employed (%age)	11.41	5.35	1.31	5.14	3.13	(6.75)
Profit before tax ratio	8.42	5.60	2.73	5.72	3.52	(6.34)
Effective tax rate	9.23	39.31	61.74	29.17	26.19	18.05
Cost / Revenue ratio (%age)	87.54	85.02	83.52	84.85	81.29	85.11
Liquidity Ratio's:						
Current ratio	0.91	0.69	0.63	0.67	0.80	0.76
Acid test ratio	0.52	0.35	0.34	0.37	0.47	0.45
Cash to current liabilities	0.02	0.05	0.06	0.06	0.01	0.01
Cash flow from operations to sales %	1.49	4.30	7.58	14.35	(3.78)	1.25
Activity / Turnover Ratio's:						
Inventory turn over	7.33	7.35	5.84	5.04	4.17	4.17
No. of days in Inventory	50	50	62	72	88	88
Debtors turn over ratio	15.53	13.88	13.16	11.82	8.99	7.08
No. of days in receiveables	23.50	26.30	27.74	30.88	40.60	51.58
Creditors turnover ratio	11.25	10.05	9.33	10.89	9.20	9.68

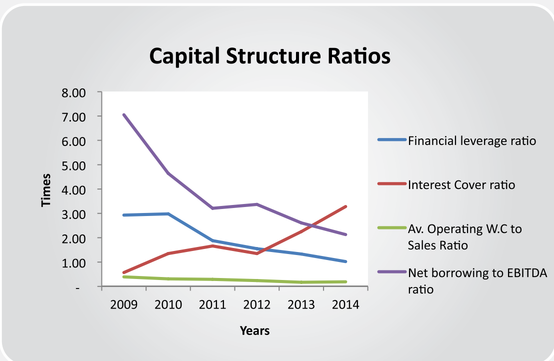
Particulars	2014	2013	2012	2011	2010	2009
No. of days in creditors	32	36	39	34	40	38
Total assets turn over / return on investment ratio	0.95	0.93	0.73	0.74	0.63	0.64
Fixed assets turn over ratio	1.99	1.85	1.41	1.78	1.30	1.44
Operating cycle	41	40	51	70	89	101
Investment / Market Ratio's:						
Earning per share - Basic	4.76	1.97	0.47	2.20	1.91	(3.02)
Earning per share - Diluted	4.76	1.97	0.47	2.20	1.91	(3.02)
Price earning ratio	4.99	8.53	8.87	1.80	2.94	(1.46)
Price to book ratio	23.74:25.13	16.80:20.36	4.17:18.39	3.95:17.87	5.62:23.10	4.42:21.02
Dividend yield ratio	-	-	-	-	-	-
Dividend payout ratio	-	-	-	-	-	-
Dividend cover ratio	-	-	-	-	-	-
Cash dividend per share	-	-	-	-	-	-
Stock dividend per share	-	-	-	-	-	-
Breakup value per share (without revaluation surplus)	25.13	20.36	18.39	17.87	23.10	21.02
Breakup value per share (with revlauation surplus)	40.09	35.32	33.35	32.88	48.34	29.71
Market value per share at the end of the year	23.74	16.80	4.17	3.95	5.62	4.42
Share Price - High during the year	30.70	19.5	5.63	5.93	10.19	14.50
Share Price - Low during the year	16.80	3.7	2.28	3.95	4.30	3.20
Earning assets to total assets ratio	66.47	71.41	73.67	72.16	61.56	61.34
Capital Structure Ratio's:						
Financial leverage ratio	1.02	1.33	1.55	1.88	2.98	2.93
Debt to equity ratio	3 : 97	11 : 89	23 : 77	24 : 76	34 : 66	42 : 58
Interest cover ratio	3.28	2.25	1.35	1.66	1.35	0.57
Average operating working capital to sales ratio	0.19	0.17	0.24	0.29	0.31	0.39
Net borrowing to EBITDA ratio	2.13	2.61	3.37	3.21	4.64	7.05
Summary of Cash flows:						
Net cash flow from operating activities	228,105	612,206	844,892	1,727,143	(403,780)	106,116
Net cash flow from investing activities	(228,826)	(99,537)	701,624	70,772	(310,582)	(644,726)
Net cash flow from financing activities	(219,194)	(577,320)	(1,582,009)	(1,455,770)	712,916	543,520
Net change in cash and cash equivalents	(219,915)	(64,651)	(35,493)	342,145	(1,446)	4,910
Quantitative Data:						
Yarn (Kgs "000") :						
Production (cont. into 20s)						
KTM Division	32,415	33,038	24,998	23,547	35,211	35,298
KGM Division	25,726	30,243	24,441	25,989	31,295	26,318
	58,141	63,281	49,439	49,536	66,506	61,616
Sales / Tran.for wvg.(actual count):						
KTM Division	10,267	8,105	5,933	7,600	7,202	6,042
KGM Division	5,367	3,857	3,365	3,449	4,104	2,987
	15,634	11,962	9,298	11,049	11,306	9,029
Cloth (Linear meters "000") :						
Processing (Rawalpindi Division)						
Production	19,235	16,221	39,014	34,653	34,653	30,626
Sales	17,994	15,055	36,319	34,065	34,065	28,783
Weaving (Raiwind Division)						
Production	18,883	19,122	22,840	20,667	21,489	22,727
Sales	18,968	19,069	23,877	19,717	21,691	23,316

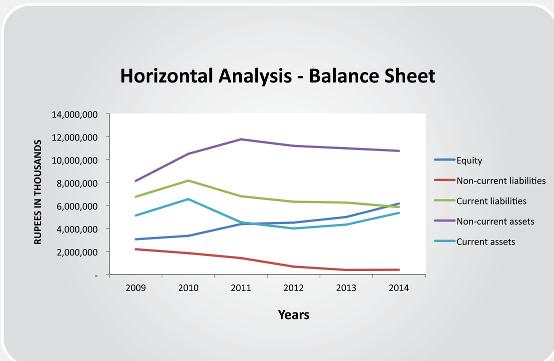

Profitability Ratios
Percentage
20.00%
15.00%
10.00%
5.00%
0.00%
-5.00%
-10.00%
2009
2010
2011
2012
2013
2014
Years
Gross Profit ratio
Net Profit to Sales
EBITDA Margin to Sales
Return on Capital employed

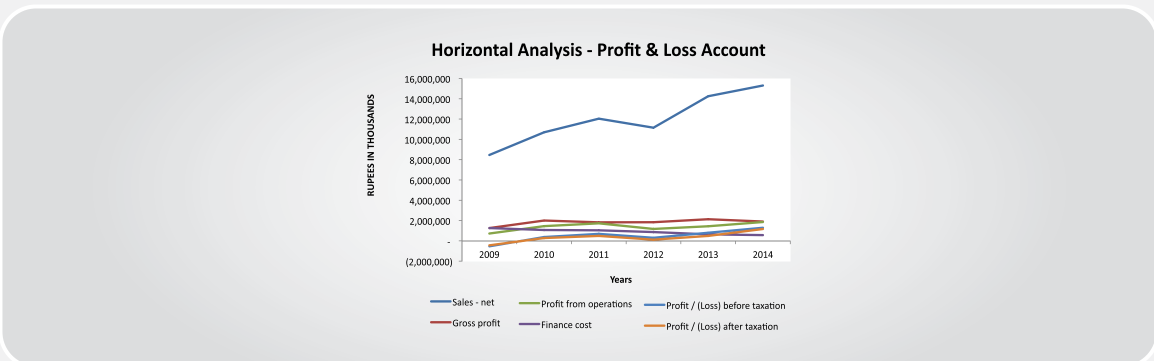

Liquidity Ratios
Times
1.00
0.90
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
-
2009
2010
2011
2012
2013
2014
Years
Current ratio
Quick / Acid test ratio
Cash to Current Liabilities

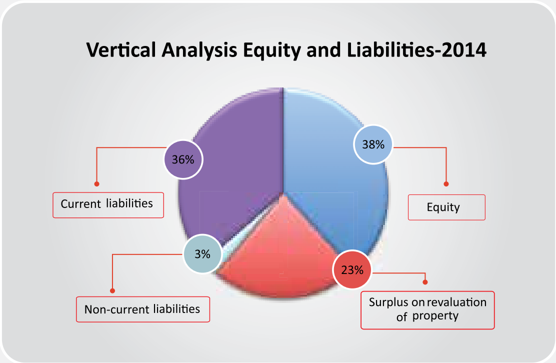

Turnover Ratios
Times
18.00
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
-
2009
2010
2011
2012
2013
2014
Years
Inventory turnover ratio
Debtor turnover ratio
Total Assets turnover ratio
Creditor turnover ratio

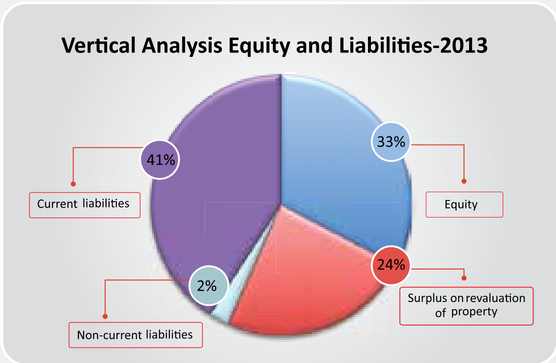

Market Ratios
Rupees
30.00
25.00
20.00
15.00
10.00
5.00
-
(5.00)
2009
2010
2011
2012
2013
2014
Years
Earnings per share (EPS)
Price Earnings ratio
Market value per share
Break up value per share

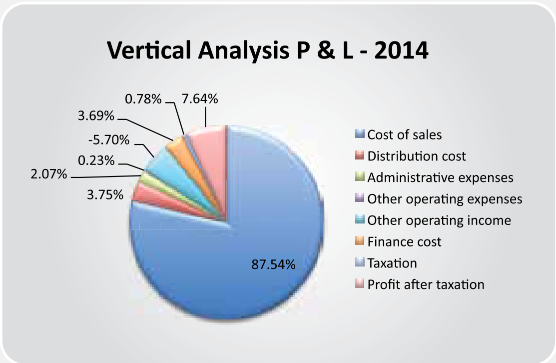

Capital Structure Ratios
Times
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
-
2009
2010
2011
2012
2013
2014
Years
Financial leverage ratio
Interest Cover ratio
Av. Operating W.C to Sales Ratio
Net borrowing to EBITDA ratio

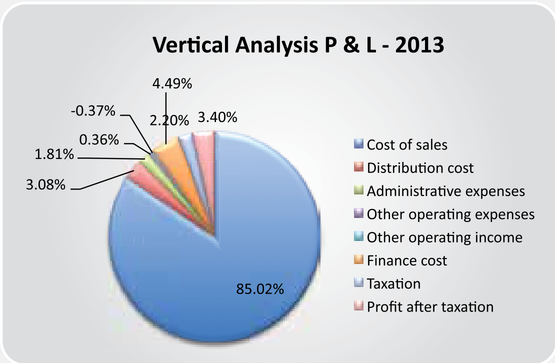

Horizontal Analysis - Balance Sheet
RUPEES IN THOUSANDS
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
2009
2010
2011
2012
2013
2014
Years
Equity
Non-current liabilities
Current liabilities
Non-current assets
Current assets

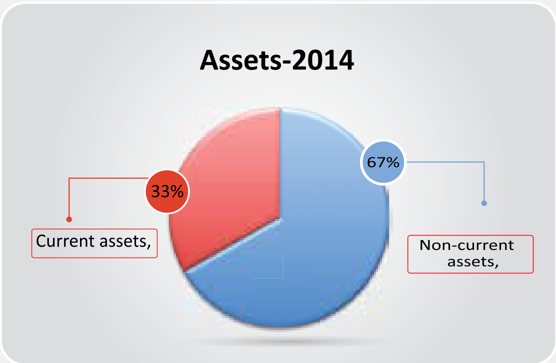

Horizontal Analysis - Profit & Loss Account
RUPEES IN THOUSANDS
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
(2,000,000)
2009
2010
2011
2012
2013
2014
Years
Sales - net
Gross profit
Profit from operations
Finance cost
Profit / (Loss) before taxation
Profit / (Loss) after taxation

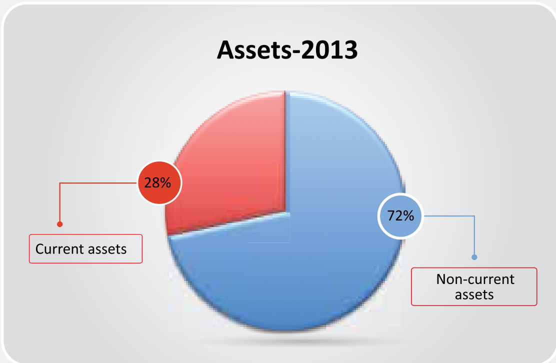

Vertical Analysis Equity and Liabilities-2014
36%
38%
Current liabilities
Equity
3%
23%
Non-current liabilities
Surplus on revaluation of property


Vertical Analysis Equity and Liabilities-2013
41%
33%
Current liabilities
Equity
24%
2%
Surplus on revaluation of property
Non-current liabilities


Vertical Analysis P & L - 2014
0.78%
7.64%
3.69%
-5.70%
0.23%
2.07%
3.75%
87.54%
Cost of sales
Distribution cost
Administrative expenses
Other operating expenses
Other operating income
Finance cost
Taxation
Profit after taxation


Vertical Analysis P & L - 2013
4.49%
-0.37%
2.20%
3.40%
0.36%
1.81%
3.08%
85.02%
Cost of sales
Distribution cost
Administrative expenses
Other operating expenses
Other operating income
Finance cost
Taxation
Profit after taxation


Assets-2014
33%
67%
Current assets,
Non-current assets,


Assets-2013
28%
72%
Current assets
Non-current assets

CASH FLOW STATEMENT - (Direct Method)

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	(Rupees in thousand)	
Cash receipts from customers	15,464,679	14,166,956
Cash paid to suppliers and employees	14,514,441	12,728,273
Cash generated from operations	950,238	1,438,683
Finance cost paid	(575,870)	(722,140)
Income tax paid	(140,008)	(114,470)
Net decrease/ (Increase) in long term deposits	(6,255)	10,133
Net cash generated from operating activities	228,105	612,206
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(273,208)	(128,237)
Proceeds from sale of property, plant and equipment	18,938	9,464
Purchase of investments	(970,000)	-
Proceeds from sale of shares of subsidiary company	970,871	-
Interest received	17,627	19,173
Dividends received	6,946	63
Net cash (used in) / from investing activities	(228,826)	(99,537)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	97,129	32,470
Repayment of long term financing	(541,145)	(543,944)
Repayment of liabilities against assets subject to finance lease	(21,153)	(30,821)
Short term borrowings - net	245,975	(34,770)
Dividend paid	-	(255)
Net cash used in financing activities	(219,194)	(577,320)
Net increase in cash and cash equivalents	(219,915)	(64,651)
Cash and cash equivalents at the beginning of the year	320,852	385,503
Cash and cash equivalents at the end of the year	100,937	320,852

DuPont Analysis

Year	Return on Equity (ROE)	=	Profit Margin Pre tax profit / Net Sales	×	Total Assets Turnover Net Sales / Assets	×	Equity Multiplier Avg. Assets / Avg. Equity
2009	-15.61%		-0.06		0.64		3.86
2010	10.43%		0.04		0.63		4.72
2011	18.19%		0.06		0.74		4.31
2012	7.09%		0.03		0.73		3.54
2013	16.72%		0.06		0.93		3.21
2014	22.50%		0.08		0.95		2.82

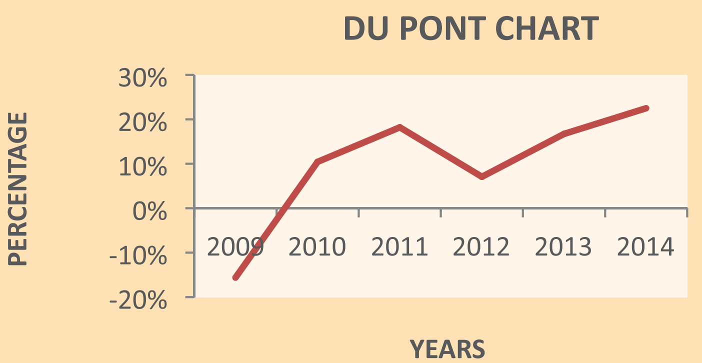
Comments:

a. Main driving factor in the ROE is increased total assets turnover.

b. Profit margin is increasing over the period because of selection of product mix yielding greater margins and exercising stringent controls over all critical & contemporary business processes to reduce costs.

c. A steadily increase in total assets turnover showing the efficiency of stewardship for driving the Company in the most attractive avenues.

d. Equity component is increasing due to repayment of long term loans and increase in net profit after tax.



Results Reported in Interim Financial Statements and Final Accounts

	Interim Reports Results						Annual	
	3 Months Period Ended 30-09-2013		6 Months Period Ended 31-12-2013		9 Months Period Ended 31-03-2014		Full Year Ended 30-06-2014	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net Turnover	3,618,591		7,467,075		11,414,474		15,302,242	
Gross Profit	565,541	15.63%	1,137,757	15.24%	1,608,527	14.09%	1,907,163	12.46%
Operating Profit	382,679	10.58%	752,894	66.17%	1,005,435	62.51%	1,853,976	97.21%
Net Profit before tax	246,405	6.81%	468,119	62.18%	568,128	56.51%	1,288,592	69.50%
Net Profit after tax	189,046	5.22%	422,551	90.27%	473,140	83.28%	1,169,652	90.77%
Equity	5,188,315		5,421,820		5,472,409		6,168,921	
Current Ratio (in time)	0.73		0.76		0.78		0.91	

ANALYSIS OF VARIATION IN RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS WITH THE FINAL ACCOUNTS

3 Months Ended 30 September 2013

Gross Profit was 15.63% as compared with annual GP of 12.46% due to better profit margins in 1st quarter.

Operating profit was 10.58% as compared with annual operating profit of 97.21% due to gain on sale of subsidiary company shares in the 4th quarter.

Net profit before tax was 6.81% as compared with annual net profit before tax of 69.50% due to reduction in financial charge and higher operating profit in 4th quarter.

Net Profit after tax was 5.22% as compared with annual net profit after tax of 90.77% due to higher operating profits.

Shareholders' equity was rupees. 5,188 million as compared with annual equity of Rupees. 6,169 million mainly due to gain on sale of shares in the last quarter.

Current ratio was 0.73 times as compared with annual current ratio of 0.91 times due to increase in short term investments in the last quarter.

6 Months Ended 31 December 2013

Gross Profit was 15.24% as compared with annual GP of 12.46% due to better capacity utilizations and better selling margins in first 6 months.

Operating profit for the first half year was 66.17% as compared with annual operating profit of 97.21% due to gain on sale of subsidiary company shares in the 2nd half year.

Net profit before tax was 62.18% as compared with annual net profit before tax of 69.50% due to better operating profits in 2nd half of the year.

Net profit after tax for the 1st half of the year as percentage of sale remained almost same as compared with annual net profit after tax.

Shareholders' equity was Rupees. 5,422 million as compared with annual equity of Rupees. 6,169 million due to gain on sale of shares in the last quarter and better margins.

Current ratio was 0.76 times as compared with annual current ratio of 0.91 times due to increase in short term investments in the last quarter.

9 Months Ended 31 March 2014.

Gross profit was 14.09% as compared with annual GP of 12.46% due to better utilizations, selling margins and currency devaluation.

Operating profit was 62.51% as compared with annual operating profit of 97.21% due to gain on sale of subsidiary company shares in the 4th quarter.

Net profit before tax was 56.51% as compared with annual net profit before tax of 69.50% due to better operating profits in 4th quarter.

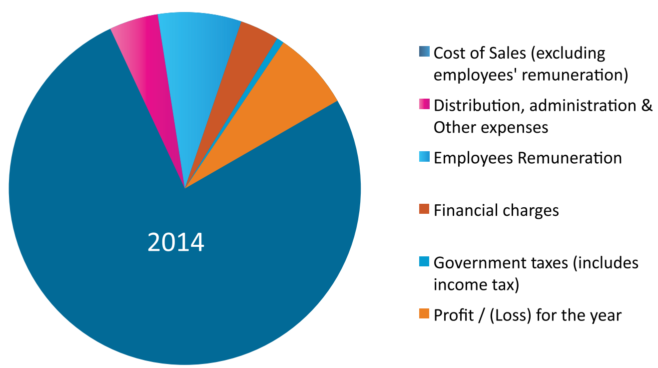
Net profit after tax was 83.28% as compared with annual net profit after tax of 90.77% due to better operating profits as stated above.

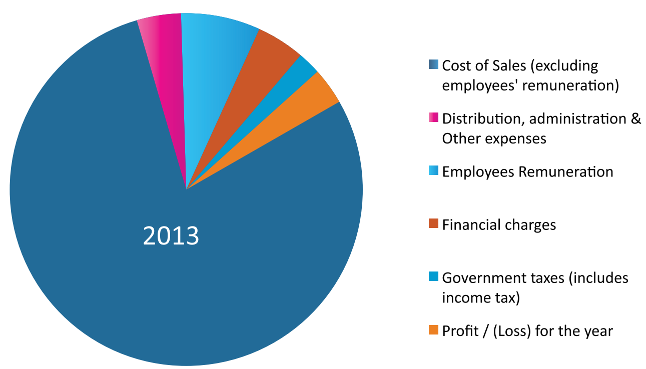
Shareholders' equity was Rupees. 5,472 million as compared with annual equity of Rupees. 6,169 million due to gain on sale of shares in the last quarter and better margins.

Current ratio was 0.78 times as compared with annual current ratio of 0.91 times due to increase in short term investments in the last quarter.

Distribution of Wealth

	2014		2013		2012		2011		2010		2009	
	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age
Wealth Generated												
Net Sales	15,302,242	94.61%	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%
Other operating income	871,815	5.39%	52,455	0.37%	67,273	0.60%	595,770	4.72%	78,651	0.73%	126,551	1.47%
	16,174,057	**100.00%**	**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%**
Distribution of Wealth												
Cost of Sales (excluding employees' remuneration)	12,344,449	76.32%	11,255,864	78.70%	8,636,210	77.01%	9,514,022	75.31%	7,952,404	73.82%	6,805,657	76.62%
Distribution, administration & Other expenses	735,069	4.54%	584,383	4.09%	578,789	5.16%	546,646	4.33%	497,243	4.62%	546,013	6.15%
Employees Remuneration	1,240,563	7.67%	1,023,669	7.16%	823,943	7.35%	846,271	6.70%	873,126	8.11%	807,226	9.09%
Financial charges	565,384	3.50%	640,543	4.48%	870,740	7.76%	1,037,294	8.21%	1,072,768	9.96%	1,260,230	14.19%
Government taxes (includes income tax)	118,940	0.74%	313,903	2.19%	187,860	1.68%	200,939	1.59%	98,587	0.92%	(96,865)	-1.09%
Profit / (Loss) for the year	1,169,652	7.23%	484,532	3.39%	116,429	1.04%	487,851	3.86%	277,861	2.58%	(439,811)	-4.95%
	16,174,057	**100.00%**	**14,302,894**	**100.00%**	**11,213,971**	**100.00%**	**12,633,023**	**100.00%**	**10,771,989**	**100.00%**	**8,882,450**	**100.00%**





Horizontal Analysis of Financial Statement

	2014	Change w.r.t 2013	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
			Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees
Balance Sheet											
Total Equity	6,168,921	23.40	4,999,269	10.73	4,514,737	2.92	4,386,636	30.51	3,361,268	9.87	3,059,341
Total Surplus on revolution of property	3,673,825	-	3,673,825	-	3,673,825	(0.32)	3,685,497	0.32	3,673,825	190.74	1,263,592
Total non-current liabilities	410,396	5.36	389,507	(42.70)	679,811	(52.25)	1,423,694	(23.17)	1,853,068	(15.39)	2,190,079
Total current liabilities	5,868,566	(6.22)	6,257,996	(1.13)	6,329,557	(7.01)	6,806,838	(16.68)	8,169,138	20.80	6,762,527
Total equity and liabilities	**16,121,708**	**5.23**	**15,320,597**	**0.81**	**15,197,930**	**(6.78)**	**16,302,665**	**(4.42)**	**17,057,299**	**28.49**	**13,275,539**
Total non-current assets	10,762,190	(1.99)	10,981,023	(1.92)	11,195,746	(4.83)	11,763,606	12.02	10,501,191	28.95	8,143,655
Total current assets	5,359,518	23.50	4,339,574	8.43	4,002,184	(11.83)	4,539,059	(30.77)	6,556,108	27.75	5,131,884
Total assets	**16,121,708**	**5.23**	**15,320,597**	**0.81**	**15,197,930**	**(6.78)**	**16,302,665**	**(4.42)**	**17,057,299**	**28.49**	**13,275,539**
Profit and Loss Account											
Net sales	15,302,242	7.38	14,250,439	27.84	11,146,698	(7.40)	12,037,253	12.57	10,693,338	26.42	8,458,899
Cost of sales	13,395,079	10.56	12,116,187	30.14	9,310,049	(8.85)	10,213,705	17.50	8,692,529	20.75	7,198,993
Gross profit	**1,907,163**	**(10.64)**	**2,134,252**	**16.20**	**1,836,649**	**0.72**	**1,823,548**	**(8.86)**	**2,000,809**	**58.81**	**1,259,906**
Selling and distribution expenses	573,592	30.78	438,598	8.96	402,526	(5.30)	425,063	6.85	397,818	(14.42)	464,848
Administrative expenses	316,152	22.35	258,398	22.84	210,356	(3.83)	218,739	12.11	195,103	10.88	175,965
Other operating expenses	35,258	(30.50)	50,733	(56.27)	116,011	134.69	49,432	32.44	37,323	68.96	22,090
Other operating income	871,815	1,562.02	52,455	(22.03)	67,273	(88.71)	595,770	657.49	78,651	(37.85)	126,551
Profit from operations	**1,853,976**	**28.84**	**1,438,978**	**22.46**	**1,175,029**	**(31.93)**	**1,726,084**	**19.10**	**1,449,216**	**100.29**	**723,554**
Finance cost	565,384	(11.73)	640,543	(26.44)	870,740	(16.06)	1,037,294	(3.31)	1,072,768	(14.88)	1,260,230
Profit/(Loss) before taxation	1,288,592	61.39	798,435	162.39	304,289	(55.82)	688,790	82.97	376,448	(170.14)	(536,676)
Provision for taxation	118,940	(62.11)	313,903	67.09	187,860	(6.51)	200,939	103.82	98,587	(201.78)	(96,865)
Profit / (Loss) after taxation	**1,169,652**	**141.40**	**484,532**	**316.16**	**116,429**	**(76.13)**	**487,851**	**75.57**	**277,861**	**(163.18)**	**(439,811)**

Vertical Analysis of Financial Statement

	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%
			..................Rupees in thousand..................									
Balance Sheet												
Total Equity	6,168,921	38.26	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
Total Surplus on revolution of property	3,673,825	22.79	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
Total non-current liabilities	410,396	2.55	389,507	2.54	679,811	4.47	1,423,694	8.73	1,853,068	10.86	2,190,079	16.50
Total current liabilities	5,868,566	36.40	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
Total equity and liabilities	**16,121,708**	**100.00**	**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**
Total non-current assets	10,762,190	66.76	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
Total current assets	5,359,518	33.24	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
Total assets	**16,121,708**	**100.00**	**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**
Profit and Loss Account												
Net sales	15,302,242	100.00	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
Cost of sales	13,395,079	87.54	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
Gross profit	**1,907,163**	**12.46**	**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**
Selling and distribution expenses	573,592	3.75	438,598	3.08	402,526	3.61	425,063	3.53	397,818	3.72	464,848	5.50
Administrative expenses	316,152	2.07	258,398	1.81	210,356	1.89	218,739	1.82	195,103	1.82	175,965	2.08
Other operating expenses	35,258	0.23	50,733	0.36	116,011	1.04	49,432	0.41	37,323	0.35	22,090	0.26
Other operating income	871,815	5.70	52,455	0.37	67,273	0.60	595,770	4.95	78,651	0.74	126,551	1.50
Profit from operations	**1,853,976**	**12.12**	**1,438,978**	**10.10**	**1,175,029**	**10.54**	**1,726,084**	**14.34**	**1,449,216**	**13.55**	**723,554**	**8.55**
Finance cost	565,384	3.69	640,543	4.49	870,740	7.81	1,037,294	8.62	1,072,768	10.03	1,260,230	14.90
Profit/(Loss) before taxation	**1,288,592**	**8.42**	**798,435**	**5.60**	**304,289**	**2.73**	**688,790**	**5.72**	**376,448**	**3.52**	**(536,676)**	**(6.34)**
Provision for taxation	118,940	0.78	313,903	2.20	187,860	1.69	200,939	1.67	98,587	0.92	(96,865)	(1.15)
Profit/(Loss) after taxation	**1,169,652**	**7.64**	**484,532**	**3.40**	**116,429**	**1.04**	**487,851**	**4.05**	**277,861**	**2.60**	**(439,811)**	**(5.20)**

Statement of Compliance with the Code of Corporate Governance

Name of Company: **Kohinoor Textile Mills Limited**
Year Ended: June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 of the Listing Regulations of the 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 Director	Mr. Shafiq Ahmed Khan
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 Mr. Arif Ijaz

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. However, during the year, election of Directors was held for the next term on April 22, 2014 and eight Directors were elected as fixed by the Board.

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 from recognized institutions of Pakistan that meet the criteria specified by the SECP whereas some Directors having the requisite experience on the Board(s) of Listed Companies are exempt from the Directors’ Training Program. Further, 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.

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 shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of four members and 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 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. It comprises of four members having equal number of executive and non-executive directors. However, the chairman of the committee is a non-executive 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 18, 2014

(Tariq Sayeed Saigol)
Chairman

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of KOHINOOR TEXTILE MILLS LIMITED for the year ended 30 June 2014 to comply with the requirements of Listing Regulations No. 35 of the Karachi Stock Exchange, the Lahore Stock Exchange and the Islamabad Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

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

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 18 September 2014
Islamabad

Financial Statements
for the Year Ended June 30, 2014

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 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper 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 2014 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:
Mubashar Mehmood

Date: September 18, 2014

ISLAMABAD

Balance Sheet
As at June 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (2013: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2013: 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	3,713,659	2,544,007
Total equity		6,168,921	4,999,269
Surplus on revaluation of land and investment properties	5	3,673,825	3,673,825
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	86,399	38,958
Liabilities against assets subject to finance lease	7	8,037	-
Deferred income tax liability	8	315,960	350,549
		410,396	389,507
CURRENT LIABILITIES			
Trade and other payables	9	1,132,586	1,248,315
Accrued mark-up	10	93,615	104,101
Short term borrowings	11	4,575,316	4,329,341
Current portion of non-current liabilities	12	67,049	576,239
		5,868,566	6,257,996
TOTAL LIABILITIES		6,278,962	6,647,503
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		16,121,708	15,320,597

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

Statement u/s 241 (2) of the Companies Ordinance, 1984:
These financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

DIRECTOR

	Note	2014	2013
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	14	5,919,751	5,959,112
Intangible asset	15	-	3,006
Investment properties	16	1,781,133	1,729,843
Long term investment	17	3,014,669	3,248,680
Long term deposits	18	46,637	40,382
		10,762,190	10,981,023
CURRENT ASSETS			
Stores, spare parts and loose tools	19	424,755	365,281
Stock-in-trade	20	1,888,177	1,768,203
Trade debts	21	903,312	1,066,724
Advances	22	158,518	223,272
Security deposits and short term prepayments	23	17,237	32,585
Accrued interest		-	6,229
Other receivables	24	761,997	412,521
Taxation recoverable		129,346	142,867
Short term investments	25	975,239	1,040
Cash and bank balances	26	100,937	320,852
		5,359,518	4,339,574
TOTAL ASSETS		16,121,708	15,320,597

DIRECTOR

Profit and Loss Account

For the year ended June 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
SALES	27	15,302,242	14,250,439
COST OF SALES	28	(13,395,079)	(12,116,187)
GROSS PROFIT		1,907,163	2,134,252
DISTRIBUTION COST	29	(573,592)	(438,598)
ADMINISTRATIVE EXPENSES	30	(316,152)	(258,398)
OTHER EXPENSES	31	(35,258)	(50,733)
		(925,002)	(747,729)
		982,161	1,386,523
OTHER INCOME	32	871,815	52,455
PROFIT FROM OPERATIONS		1,853,976	1,438,978
FINANCE COST	33	(565,384)	(640,543)
PROFIT BEFORE TAXATION		1,288,592	798,435
TAXATION	34	(118,940)	(313,903)
PROFIT AFTER TAXATION		1,169,652	484,532
EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)	38	4.76	1.97

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

Statement u/s 241 (2) of the Companies Ordinance, 1984:
These financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

DIRECTOR

DIRECTOR

Statement of Comprehensive Income
For the year ended June 30, 2014

	2014	2013
	(Rupees in thousand)	
PROFIT AFTER TAXATION	1,169,652	484,532
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	1,169,652	484,532

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

Statement u/s 241 (2) of the Companies Ordinance, 1984:
These financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

DIRECTOR

DIRECTOR

Cash Flow Statement

For the year ended June 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	950,238	1,438,683
Finance cost paid		(575,870)	(722,140)
Income tax paid		(140,008)	(114,470)
Net (increase) / decrease in long term deposits		(6,255)	10,133
Net cash generated from operating activities		228,105	612,206
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(273,208)	(128,237)
Proceeds from sale of property, plant and equipment		18,938	9,464
Purchase of investments		(970,000)	-
Proceeds from sale of shares of subsidiary company		970,871	-
Interest received		17,627	19,173
Dividends received		6,946	63
Net cash used in investing activities		(228,826)	(99,537)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		97,129	32,470
Repayment of long term financing		(541,145)	(543,944)
Repayment of liabilities against assets subject to finance lease		(21,153)	(30,821)
Short term borrowings - net		245,975	(34,770)
Dividend paid		-	(255)
Net cash used in financing activities		(219,194)	(577,320)
Net decrease in cash and cash equivalents		(219,915)	(64,651)
Cash and cash equivalents at the beginning of the year		320,852	385,503
Cash and cash equivalents at the end of the year		100,937	320,852

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

Statement u/s 241 (2) of the Companies Ordinance, 1984:
These financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

DIRECTOR

DIRECTOR

Statement of Changes in Equity

For the year ended June 30, 2014

	Share capital	Reserves					Total equity
		Capital reserve	Revenue reserves			Total reserves	
		Share premium	General reserve	Unappropriated profit	Sub-total		
	.... (Rupees in thousand)						
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
Profit for the year	-	-	-	1,169,652	1,169,652	1,169,652	1,169,652
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,169,652	1,169,652	1,169,652	1,169,652
Balance as at 30 June 2014	2,455,262	144,919	1,450,491	2,118,249	3,568,740	3,713,659	6,168,921

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

Statement u/s 241 (2) of the Companies Ordinance, 1984:

These financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

W.T. R-Z?

DIRECTOR

DIRECTOR

Notes to the Financial Statements
For the year ended June 30, 2014

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 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 application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 – 2011 Cycle, incorporating amendments to five IFRS 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. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

e) Standards, interpretation and amendments to published standards that are effective in current year but not relevant to the Company

There are other standards, new interpretation and amendments to published standards 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.

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

Following standards, interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2014 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). 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 2015) 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.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). 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 2015). 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.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. 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 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.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are 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 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IFRS 13 'Fair Value Measurement', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Company's financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 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 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 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

2014	2013		2014	2013
(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 (2013: 45,496,057) ordinary shares of Rupees 10 each as at 30 June 2014.

4. RESERVES

	Note	2014	2013
		(Rupees in thousand)	
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		2,118,249	948,597
		3,568,740	2,399,088
		3,713,659	2,544,007

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

5. SURPLUS ON REVALUATION OF LAND AND INVESTMENT PROPERTIES

	Note	2014	2013
		(Rupees in thousand)	
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

	Note	2014	2013
From banking companies and other financial institutions - secured			
Long term loans	6.1	133,207	491,973
Long term musharika	6.2	17,500	102,750
		150,707	594,723
Less: Current portion shown under current liabilities	12	64,308	555,765
		86,399	38,958

LENDER	2014	2013	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	3,608	52,406	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.
The Bank of Punjab	129,599	32,470	135,000	3 Month KIBOR + 2.50%	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.
NIB Bank Limited	-	22,222	50,000	3 Month KIBOR + 2.00%	Thirty two monthly installments commenced from July 2011 and ended 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	250,000	3 Month KIBOR + 1.70%	Eight equal semi annual installments commenced from December 2008 and ended 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.
NIB Bank Limited	-	62,500	100,000	3 Month KIBOR + 2.00%	Thirty two equal monthly installments commenced from July 2011 and ended 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.

LENDER	2014	2013	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	500,000	3 Month KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ended on April 2014.	Quarterly	Quarterly	First joint pari passu charge on surplus land for Rupees 467 million.
Faysal Bank Limited	-	102,750	300,000	3 Month KIBOR + 1.50%	Nineteen equal quarterly installments commenced from October 2009 and ended 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	50,000	3 Month KIBOR + 1.50%	Nineteen equal quarterly installments commenced from October 2009 and ended on April 2014.	Quarterly	Quarterly	First joint pari passu charge on surplus land for Rupees 66.67 million.
	-	291,125	850,000					
Total	133,207	491,973	1,685,000					
6.2 Long term musharika (Note 6.3)								
Standard Chartered Bank (Pakistan) Limited	17,500	68,500	200,000	3 Month KIBOR + 1.50%	Nineteen equal quarterly installments commenced from October 2009 and ended on April 2014.	Quarterly	Quarterly	First pari passu charge on land at Rawalpindi Division of Rupees 266.66 million.
The Bank of Khyber	-	34,250	100,000	3 Month KIBOR + 1.50%	Nineteen equal quarterly installments commenced from October 2009 and ended 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	**17,500**	**102,750**	**300,000**					

6.3 Syndicated term finance and musharika facilities were 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 17.500 million (2013: Rupees 47.917 million).

	Note	2014	2013
		(Rupees in thousand)	
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Future minimum lease payments		12,766	20,640
Less: Un-amortized finance charges		1,988	166
Present value of future minimum lease payments		10,778	20,474
Less: Current portion shown under current liabilities	12	2,741	20,474
		8,037	-

7.1 The future minimum lease payments have been discounted at implicit interest rates which range from 10.80% to 17.40% (2013: 10.64% to 13.98%) per annum to arrive at their present values. The lease rentals are payable in monthly 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 2.050 million (2013: Rupees 15.581 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:

	2014		2013	
	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	3,861	8,905	20,640	-
Less: Unamortized finance charges	1,120	868	166	-
Present value of future minimum lease payments	2,741	8,037	20,474	-

	2014	2013
	(Rupees in thousand)	
8. DEFERRED INCOME TAX LIABILITY		
This comprises of following :		
Deferred tax liability on taxable temporary differences in respect of:		
Accelerated tax depreciation	342,965	452,321
Surplus on revaluation of investments	1,320	-
	344,285	452,321
Deferred tax asset on deductible temporary differences in respect of:		
Tax losses carry forward	(27,912)	(98,702)
Provision for doubtful debts	(413)	(3,070)
	(28,325)	(101,772)
	315,960	350,549

	Note	2014	2013
		(Rupees in thousand)	
9. TRADE AND OTHER PAYABLES			
Creditors		715,762	638,841
Accrued liabilities		221,465	266,854
Advances from customers		76,091	66,450
Workers' profit participation fund	9.1	75,546	81,389
Workers' welfare fund		7,686	7,686
Payable to subsidiary company		-	84,495
Unclaimed dividend		2,376	2,376
Withholding tax payable		6,651	4,685
Payable to employees' provident fund trust		6,210	82,678
Others		20,799	12,861
		1,132,586	1,248,315

9.1 Workers' profit participation fund

	Note	2014	2013
Balance as on 01 July		81,389	40,032
Add: Interest for the year	33	8,664	4,552
Provision for the year	31	29,275	42,263
		119,328	86,847
Less: Payments during the year		(43,782)	(5,458)
		75,546	81,389

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.

	Note	2014	2013
		(Rupees in thousand)	
10. ACCRUED MARK-UP			
Long term financing		6,775	17,778
Short term borrowings		86,795	86,295
Liabilities against assets subject to finance lease		45	28
		93,615	104,101
11. SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	11.1 & 11.2	28,041	88,928
Other short term finances	11.1 & 11.3	3,182,275	2,875,413
State Bank of Pakistan (SBP) refinances	11.1 & 11.4	1,365,000	1,365,000
		4,575,316	4,329,341

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 6,728 million (2013: Rupees 5,620 million).

11.2 The rates of mark-up range from 11.09% to 12.15% (2013: 11.38% to 14.49%) per annum on balance outstanding.

11.3 The rates of mark-up range from 2.09% to 24% (2013: 2.59% to 21.90%) per annum on balance outstanding.

11.4 The rates of mark-up range from 9.20% to 9.40% (2013: 9.20% to 11.00%) per annum on balance outstanding.

12. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2014	2013
		(Rupees in thousand)	
Long term financing	6	64,308	555,765
Liabilities against assets subject to finance lease	7	2,741	20,474
		67,049	576,239

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

a) The Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for tax year 2003 against order of Commissioner Inland Revenue (Appeals) (CIR(A)) passed under section 122 (5A) of the Income Tax Ordinance, 2001 wherein the order of the Assessing Officer creating demand of Rupees 20.780 million was upheld. In addition to above, another appeal for tax year 2003 was filed by the tax department before Appellate Tribunal Inland Revenue against the order of CIR (A) passed under section 221 through which order of the Assessing Officer regarding disallowance of depreciation expense amounting to Rupees 62.666 million and penalty levied amounting to Rupees 17.484 million had been annulled. The Company is hopeful of favourable outcome of these cases.

b) The Company filed an appeal before Commissioner Inland Revenue (Appeals) against order passed under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2006, reducing the loss to Rupees 104.481 million and creating a demand of Rupees 18.590 million. The appeal was decided against the Company. However the Company has filed an appeal before the Appellate Tribunal Inland Revenue against the impugned order. The Company is hopeful of a favourable outcome.

c) The Company has filed an appeal before Commissioner Inland Revenue (Appeals) against order passed under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2008, wherein taxable income was assessed at Rupees 226.128 million, creating a demand of Rupees 120.827 million. The appeal is pending for adjudication. The Company is hopeful of a favourable outcome.

d) 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 89.313 million (2013: Rupees 80.902 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

e) The Company has filed recovery suits in Civil Courts amounting to Rupees 16.922 million (2013: Rupees 16.922 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.

f) The Company has filed suits before Civil Court, Rawalpindi and Lahore High Court against demands raised by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 74.933 million. No provision has been made in these financial statements, since the Company is confident about favourable outcome.

g) The 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 Company filed an appeal before Lahore High Court, Rawalpindi bench against judgment passed by Civil Court, Rawalpindi. The Company withdrew its appeal filed before Lahore High Court, Rawalpindi bench and filed an application before the review committee of SNGPL Head Office, Lahore. The review committee of SNGPL allowed relief vide its decision dated 15 May 2014 regarding chargeability of sales tax amounting to Rupees 8.546 million and curtailed the aforesaid demand to Rupees 56.974 million. The Company has again filed re-review application before the review committee of SNGPL Head Office, Lahore for the cancellation of demand of Rupees. 56.974 million. The Company has deposited Rupees 51.761 million (2013: Rupees 42.588 million) to SNGPL under protest. No provision has been made in these financial statements, since the Company is confident about favourable outcome of the case.

h) 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 Company is confident about favourable outcome of the case.

i) 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 Rupees 4.246 million on the directions of Supreme Court of Pakistan. Appeal is pending adjudication and the Company expects a favourable outcome.

j) 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.

k) 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 241.821 million (2013: Rupees 240.921 million).

13.2 Commitments in respect of:

a) Letters of credit for capital expenditure amount to Rupees 401.752 million (2013: Rupees 44.115 million).

b) Letters of credit other than for capital expenditure amount to Rupees 432.370 million (2013: Rupees 204.953 million).

.

14. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	(Rupees in thousand)	
Operating fixed assets (Note 14.1)		
- Owned assets	5,896,546	5,851,284
- Leased assets	11,836	68,477
Capital work in progress (Note 14.2)	11,369	39,351
	5,919,751	5,959,112

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	Vehicles	Total
	(Rupees in thousand)													
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	-	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)	-	(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	-	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	-	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)	-	(96,412)
Accumulated depreciation	-	-	-	-	(29,560)	-	-	-	-	-	(29,560)	29,560	-	29,560
	-	-	-	-	66,852	-	-	-	-	-	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)	-	(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	-	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	-	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)	-	(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	-	68,477
Year ended 30 June 2014														
Opening 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	-	68,477
Additions	-	-	7,919	1,674	240,512	293	2,118	790	2,957	44,324	300,587	9,471	2,589	12,060
Transfer :														
Cost	-	-	-	-	99,267	-	-	-	-	-	99,267	(99,267)	-	(99,267)
Accumulated depreciation	-	-	-	-	(32,748)	-	-	-	-	-	(32,748)	32,748	-	32,748
	-	-	-	-	66,519	-	-	-	-	-	66,519	(66,519)	-	(66,519)
Disposals:														
Cost	-	-	-	-	(18,446)	-	-	(10)	(120)	(2,541)	(21,117)	-	-	-
Accumulated depreciation	-	-	-	-	14,502	-	-	5	99	1,781	16,387	-	-	-
	-	-	-	-	(3,944)	-	-	(5)	(21)	(760)	(4,730)	-	-	-
Depreciation charge	-	(389)	(37,257)	(3,501)	(254,504)	(2,965)	(3,694)	(2,463)	(1,870)	(10,471)	(317,114)	(2,032)	(150)	(2,182)
Closing net book value	2,425,069	6,975	431,162	60,191	2,835,823	15,171	9,435	23,190	17,919	71,611	5,896,546	9,397	2,439	11,836
At 30 June 2014														
Cost / revalued amount	2,425,069	14,176	988,832	114,364	6,156,817	44,000	69,660	72,349	36,876	154,974	10,077,117	8,860	2,589	11,449
Accumulated depreciation	-	(7,201)	(557,670)	(54,173)	(3,320,994)	(28,829)	(60,225)	(49,159)	(18,957)	(83,363)	(4,180,571)	537	(150)	387
Net book value	2,425,069	6,975	431,162	60,191	2,835,823	15,171	9,435	23,190	17,919	71,611	5,896,546	9,397	2,439	11,836
Depreciation rate (%)	-	5	5 - 10	5 - 10	10	10	30	10	10	20	10	10	20	

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 (2013: Rupees 14.836 million) as on 30 June 2014. Had there been no revaluation, the value of land would have been lower by Rupees 2,410.233 million (2013: Rupees 2,410.233 million).

14.1.2 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed off 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							
Air compressor	11,323	9,165	2,158	6,822	4,664	Negotiation	EFU General Insurance Limited
Universal warp tying machine	1,704	1,385	319	364	45	Negotiation	Mr. Riaz Ahmad, Faisalabad
Crosrol carding machines	4,240	3,080	1,160	7,128	5,968	Negotiation	Abdullah Fibers Limited
Cards MK-4 machines	1,179	872	307	2,250	1,943	Negotiation	Marghalla Textile Mills Limited
	18,446	14,502	3,944	16,564	12,620		
Vehicles							
Toyota Corolla LZG-3366	827	638	189	625	436	Negotiation	Mr. Muhammad Aamir Shehzad, Sheikhupura
Suzuki Baleno LZV-2978	814	636	178	562	384	Negotiation	Mr. Muhammad Muzammil, Lahore
Toyota Corolla LRV-19	507	314	193	961	768	Negotiation	Mr. Ashfaq Hussain, Charsada
Honda City MIB-7917	393	192	201	210	9	Negotiation	Mr. Ahmad, Lahore
	2,541	1,780	761	2,358	1,597		
	20,987	16,282	4,705	18,922	14,217		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	130	105	25	16	(9)	Negotiation	
	21,117	16,387	4,730	18,938	14,208		

		Note	2014	2013
			(Rupees in thousand)	
14.1.3	**Depreciation charged during the year has been allocated as follows:**			
	Cost of sales	28	297,654	305,311
	Administrative expenses	30	21,642	20,683
			319,296	325,994
14.2	**Capital work in progress**			
	Civil works and buildings		5,154	2,663
	Plant and machinery		6,215	36,688
			11,369	39,351
15.	**INTANGIBLE ASSET**			
	Computer software			
	Year ended 30 June			
	Opening net book value		3,006	6,284
	Amortization	30	(3,006)	(3,278)
	Closing net book value		-	3,006
	Cost as at 30 June		9,836	9,836
	Accumulated amortization		(9,836)	(6,830)
	Net book value		-	3,006
	Amortization rate (per annum)		33.33%	33.33%
16.	**INVESTMENT PROPERTIES**			
	Year ended 30 June			
	Opening net book amount		1,729,843	1,728,886
	Fair value gain	32	51,290	957
	Closing net book amount		1,781,133	1,729,843

16.1 The fair value of investment properties comprising land, situated at Lahore and Rawalpindi have been determined at 30 June 2014 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.

		2014	2013
		(Rupees in thousand)	
17.	**LONG TERM INVESTMENT**		
	Subsidiary company		
	Maple Leaf Cement Factory Limited - Quoted	3,014,669	3,248,680

The Company holds 306,410,425 (2013: 340,410,425) ordinary shares of Rupees 10 each of its subsidiary company, Maple Leaf Cement Factory Limited. Equity held 58.06% (2013: 64.50%). The Company sold 34,000,000 (2013: Nil) ordinary shares of Rupees 10 each of the subsidiary company during the year.

	Note	2014	2013
		(Rupees in thousand)	
18. LONG TERM DEPOSITS			
Security deposits		50,053	59,374
Less: Current portion shown under current assets	23	(3,416)	(18,992)
		46,637	40,382
19. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	19.1	271,999	250,864
Spare parts and loose tools		154,618	116,001
		426,617	366,865
Less: Provision against slow moving items	19.2	(1,862)	(1,584)
		424,755	365,281

19.1 This includes stores in transit of Rupees Nil (2013: Rupees 3.462 million).

	Note	2014	2013
		(Rupees in thousand)	
19.2 Provision against slow moving items			
As at 01 July		1,584	1,384
Add: Provision for the year	31	278	200
As at 30 June		1,862	1,584
20. STOCK-IN-TRADE			
Raw materials	20.1	966,405	916,600
Work-in-process		538,859	596,597
Finished goods		382,913	255,006
		1,888,177	1,768,203

20.1 Raw materials include stock in transit of Rupees 107.718 million (2013: Rupees 31.001 million).

20.2 Stock in trade of Rupees 30.737 million (2013: Rupees 1.554 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 1.838 million (2013: Rupees 0.069 million).

	Note	2014	2013
		(Rupees in thousand)	
21. TRADE DEBTS			
Considered good:			
Secured (against letters of credit)		356,677	488,430
Unsecured		546,635	578,294
		903,312	1,066,724
Considered doubtful:			
Others - unsecured		2,937	3,442
		906,249	1,070,166
Provision for doubtful debts	21.1	2,937	3,442
		903,312	1,066,724

21.1 Movement in provision for doubtful debts

	Note	2014	2013
As at 01 July		3,442	-
Add: Provision for the year	31	975	3,442
		4,417	3,442
Written off during the period		1,480	-
As at 30 June		2,937	3,442

21.2 As at 30 June 2014, trade debts of Rupees 532.467 million (2013: Rupees 547.129 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:

	2014	2013
	(Rupees in thousand)	
Up to 1 month	392,112	351,188
1 to 6 months	115,987	162,237
More than 6 months	24,368	33,704
	532,467	547,129

21.3 As at 30 June 2014, trade debts of Rupees 2.937 million (2013: Rupees 3.442 million) were impaired and provided for. The ageing of these trade debts was more than three years.

	2014	2013
	(Rupees in thousand)	
22. ADVANCES		
Considered good :		
Employees - interest free		
- Executives	2,901	1,434
- Other employees	950	883
	3,851	2,317
Advances to suppliers	130,115	159,673
Letters of credit	24,552	61,282
	158,518	223,272

	Note	2014	2013
		(Rupees in thousand)	
23. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS			
Current portion of long term deposits	18	3,416	18,992
Short term prepayments		13,821	13,593
		17,237	32,585
24. OTHER RECEIVABLES			
Considered good:			
Sales tax refundable		304,559	216,573
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institution		2,373	1,454
Export rebate		56,581	38,196
Insurance claims		8,141	14,213
Due from subsidiary company		251,570	-
Duty draw back receivable		63,213	80,979
Others		59,567	45,113
		761,997	412,521
25. SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Mutual fund			
ABL Government Securities Fund			
97,000,487 (2013: Nil) units		970,000	-
Shares in other listed companies		1,040	611
		971,040	611
Add: Fair value adjustment		4,199	429
		975,239	1,040
26. CASH AND BANK BALANCES			
Cash in hand		3,599	541
Cash at bank:			
- On current accounts		63,559	49,765
- On saving accounts	26.1	33,779	270,546
		97,338	320,311
		100,937	320,852

26.1 The balances in saving accounts carry rate of profit ranging from 3.50% to 9.92% (2013: 0.10% to 10.50%) per annum.

26.2 The balances in current and deposit accounts include US $ 225,805 (2013: US $ 38,222).

27. SALES

	Note	2014 (Rupees in thousand)	2013
Export	27.2	8,489,233	6,494,962
Local	27.1	6,755,176	7,714,464
Export rebate		57,833	41,013
		15,302,242	14,250,439

27.1 Local sales

	2014	2013
Local sales	6,944,744	7,817,159
Less : Sales tax	189,568	102,695
	6,755,176	7,714,464

27.2 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 32.452 million (2013: Rupees 43.828 million) has been included in export sales.

28. COST OF SALES

	Note	2014 (Rupees in thousand)	2013
Raw materials consumed	28.1	8,321,924	8,021,851
Salaries, wages and other benefits	28.2	1,050,630	860,323
Processing charges		7,942	9,563
Stores, spare parts and loose tools consumed		1,599,112	1,335,454
Packing materials consumed		461,531	360,247
Fuel and power		1,534,069	1,208,732
Repair and maintenance		128,648	121,699
Insurance		22,747	22,158
Other factory overheads		40,991	33,405
Depreciation	14.1.3	297,654	305,311
		13,465,248	12,278,743
Work-in-process			
Opening stock		596,597	409,287
Closing stock		(538,859)	(596,597)
		57,738	(187,310)
Cost of goods manufactured		13,522,986	12,091,433
Finished goods			
Opening stock		255,006	279,760
Closing stock		(382,913)	(255,006)
		(127,907)	24,754
Cost of sales		13,395,079	12,116,187

	2014	2013
	(Rupees in thousand)	
28.1 Raw materials consumed		
Opening stock	916,600	840,902
Add: Purchased during the year	8,371,729	8,097,549
	9,288,329	8,938,451
Less: Closing stock	(966,405)	(916,600)
	8,321,924	8,021,851

28.2 Salaries, wages and other benefits include provident fund contribution of Rupees 21.863 million (2013: Rupees 19.037 million) by the Company.

29. DISTRIBUTION COST

	Note	2014	2013
		(Rupees in thousand)	
Salaries and other benefits	29.1	39,962	35,908
Outward freight and handling		41,710	39,863
Clearing and forwarding		351,133	259,416
Commission to selling agents		95,980	66,075
Travelling and conveyance		13,826	8,952
Insurance		283	276
Vehicles' running		3,280	3,265
Electricity, gas and water		1,294	1,568
Postage, telephone and fax		2,958	2,174
Sales promotion and advertisement		19,968	17,734
Miscellaneous		3,198	3,367
		573,592	438,598

29.1 Salaries and other benefits include provident fund contribution of Rupees 1.688 million (2013: Rupees 1.486 million) by the Company.

30. ADMINISTRATIVE EXPENSES

	Note	2014	2013
		(Rupees in thousand)	
Salaries and other benefits	30.1	149,971	127,438
Travelling and conveyance		14,569	13,801
Repair and maintenance		16,860	8,467
Rent, rates and taxes		9,134	2,352
Insurance		8,017	5,627
Vehicles' running		16,049	12,865
Printing, stationery and periodicals		5,895	5,028
Electricity, gas and water		4,236	5,190
Postage, telephone and fax		5,794	4,661
Legal and professional		17,754	8,120
Security, gardening and sanitation		25,976	23,835
Amortization	15	3,006	3,278
Depreciation	14.1.3	21,642	20,683
Miscellaneous		17,249	17,053
		316,152	258,398

30.1 Salaries and other benefits include provident fund contribution of Rupees 4.017 million (2013: Rupees 3.447 million) by the Company.

30.2 The Company has shared expenses aggregating to Rupees 11.260 million (2013: Rupees 13.639 million) on account of combined offices with the subsidiary company. These expenses have been recorded in respective accounts.

31. OTHER EXPENSES

	Note	2014	2013
		(Rupees in thousand)	
Auditors' remuneration	31.1	1,545	1,450
Donations	31.2	200	200
Loss on disposal of investment		2,198	3,173
Provision for doubtful debts	21.1	975	3,442
Provision for slow moving stores, spare parts and loose tools	19.2	278	200
Workers' profit participation fund	9.1	29,275	42,263
Miscellaneous		787	5
		35,258	50,733

31.1 Auditors' remuneration

	2014	2013
Audit fee	1,400	1,400
Reimbursable expenses	145	50
	1,545	1,450

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

32. OTHER INCOME

	Note	2014	2013
		(Rupees in thousand)	
Income from financial assets:			
Exchange gain - net		14,698	-
Gain on remeasurement of fair value of investments at fair value through profit or loss	25	4,199	429
Return on bank deposits		11,398	25,185
Profit on advance to subsidiary company		4,718	-
Dividend income		6,946	63
		41,959	25,677
Income from non-financial assets:			
Scrap sales		27,498	20,869
Gain on disposal of property, plant and equipment		14,208	4,952
Gain on disposal of shares of subsidiary company - net		736,860	-
Gain on remeasurement of fair value of investment property	16	51,290	957
		829,856	26,778
		871,815	52,455

33. FINANCE COST

	Note	2014	2013
		(Rupees in thousand)	
Mark-up / finance charges / interest on:			
Long term financing		40,918	89,054
Short term borrowings		465,171	493,236
Liabilities against assets subject to finance lease		159	1,802
Workers' profit participation fund	9.1	8,664	4,552
Payable to Maple Leaf Cement Factory Limited - net		-	13,071
Employees' provident fund trust		7,119	7,809
		522,031	609,524
Bank charges and commission		43,353	31,019
		565,384	640,543

34. TAXATION

	Note	2014	2013
For the year			
Current tax	34.1	153,529	103,529
Deferred tax		(34,589)	210,374
		118,940	313,903

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	2014	2013
		(Rupees in thousand)	
Profit before taxation		1,288,592	798,435
Adjustment for non-cash charges and other items:			
Depreciation		319,296	325,994
Amortization		3,006	3,278
Finance cost		565,384	640,543
Gain on sale of property, plant and equipment		(14,208)	(4,952)
Gain on disposal of shares of subsidiary company		(736,860)	-
Gain on remeasurement of investments at fair value through profit or loss		(4,199)	(429)
Gain on remeasurement of fair value of investment properties		(51,290)	(957)
Dividend income		(6,946)	(63)
Return on bank deposits		(11,398)	(25,185)
Provision for doubtful debts		975	3,442
Provision for slow moving stores, spare parts and loose tools		278	200
Working capital changes	35.1	(402,392)	(301,623)
		950,238	1,438,683

	2014	2013
	(Rupees in thousand)	
35.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(59,752)	(44,995)
Stock-in-trade	(119,974)	(238,254)
Trade debts	162,437	(83,483)
Advances	64,754	89,134
Security deposits and short term prepayments	15,348	(6,676)
Other receivables	(349,476)	(104,027)
	(286,663)	(388,301)
(Decrease) / Increase in trade and other payables	(115,729)	86,678
	(402,392)	(301,623)

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	
	2014	2013	2014	2013	2014	2013
	--------------------(Rupees in Thousand)------------------					
Managerial remuneration	5,078	4,246	5,802	5,280	62,691	54,001
Allowances						
House rent	-	-	160	133	12,553	11,328
Conveyance	-	-	190	180	5,826	6,599
Medical	-	-	188	153	6,100	5,247
Utilities	349	284	142	204	9,511	9,744
Special allowance	1,522	1,274	1,801	1,557	17,458	14,753
Contribution to provident fund	423	354	202	177	5,215	4,400
	7,372	6,158	8,485	7,684	119,354	106,072
Number of persons	1	1	4	3	57	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 2 (2013: 1) non-executive directors was Rupees 90,000 (2013: Rupees 90,000).

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:

	2014	2013
	(Rupees in thousand)	
Subsidiary company		
Purchase of goods and services	2,336	531
Purchase of property, plant and equipment	176	671
Post employment benefit plan		
Contribution to provident fund	27,568	23,970

38. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2014	2013
Profit attributable to ordinary shares	Rupees in thousand	1,169,652	484,532
Weighted average number of ordinary shares	Numbers	245,526,216	245,526,216
Earnings per share	Rupees	4.76	1.97

39. PLANT CAPACITY AND ACTUAL PRODUCTION

SPINNING:

	2014	2013
- 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 1,095 shifts (2013: 1,085 shifts)	39,540	38,570
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2013: 1,085 shifts)	32,415	33,038
- Gujjar 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 1,095 shifts (2013: 1,091 shifts)	33,113	34,409
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2013: 1,091 shifts)	25,726	30,243

	2014	2013
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 (2013: 1,095 shifts)	72,568	72,568
Actual production converted to 60 picks based on 3 shifts per day for 1,033 shifts (2013: 945 shifts)	61,958	57,888
PROCESSING OF CLOTH :		
- Rawalpindi Division	(Meters in thousand)	
Capacity at 3 shifts per day for 1,095 shifts (2013: 1,092 shifts)	41,975	41,860
Actual production at 3 shifts per day for 1,095 shifts (2013: 1,092 shifts)	19,235	16,221
POWER PLANT:		
- Rawalpindi Division	(Mega watts)	
Annual rated capacity based on 365 days (2013: 365 days)	207,787	207,787
Actual generation		
Main engines	23,121	20,335
Gas engines	19,101	29,374
- Raiwind Division		
Annual rated capacity (based on 365 days)	42,048	42,048
Actual generation - Gas engines	8,441	12,298

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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)									
SALES :										
EXTERNAL	5,362,611	6,098,362	2,969,470	2,985,223	6,970,161	5,166,854	-	-	15,302,242	14,250,439
INTER-SEGMENT	1,141,426	433,917	942,988	554,896	-	2,639	(2,084,414)	(991,452)	-	-
	6,504,037	6,532,279	3,912,458	3,540,119	6,970,161	5,169,493	(2,084,414)	(991,452)	15,302,242	14,250,439
COST OF SALES	(5,756,726)	(5,310,827)	(3,489,215)	(3,167,646)	(6,233,552)	(4,629,166)	2,084,414	991,452	(13,395,079)	(12,116,187)
GROSS PROFIT	747,311	1,221,452	423,243	372,473	736,609	540,327	-	-	1,907,163	2,134,252
DISTRIBUTION COST	(13,683)	(14,175)	(100,403)	(92,777)	(459,506)	(331,646)	-	-	(573,592)	(438,598)
ADMINISTRATIVE EXPENSES	(96,886)	(72,975)	(106,026)	(85,986)	(113,240)	(99,437)	-	-	(316,152)	(258,398)
	(110,569)	(87,150)	(206,429)	(178,763)	(572,746)	(431,083)	-	-	(889,744)	(696,996)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	636,742	1,134,302	216,814	193,710	163,863	109,244	-	-	1,017,419	1,437,256
UNALLOCATED INCOME AND EXPENSES										
OTHER EXPENSES									(35,258)	(50,733)
OTHER INCOME									871,815	52,455
FINANCE COST									(565,384)	(640,543)
TAXATION									(118,940)	(313,903)
									152,233	(952,724)
PROFIT AFTER TAXATION									1,169,652	484,532

40.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and home textile		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)							
TOTAL ASSETS FOR REPORTABLE SEGMENT	2,925,108	3,066,137	2,781,885	2,063,671	2,971,908	2,578,602	8,678,901	7,708,410
UNALLOCATED ASSETS							7,442,807	7,612,187
TOTAL ASSETS AS PER BALANCE SHEET							16,121,708	15,320,597

All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.

	Spinning		Weaving		Processing and home textile		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	703,393	1,188,457	1,180,739	1,160,446	2,721,802	2,699,854	4,605,934	5,048,757
UNALLOCATED LIABILITIES							1,673,028	1,598,746
TOTAL LIABILITIES AS PER BALANCE SHEET							6,278,962	6,647,503

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:

	2014	2013
	(Rupees in thousand)	
Europe	3,035,902	2,372,825
America	4,963,871	3,808,481
Asia, Africa, Australia	547,293	354,669
Pakistan	6,755,176	7,714,464
	15,302,242	14,250,439

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:

	2014	2013
	(Rupees in thousand)	
Size of the fund - total assets	394,474	334,689
Cost of investments made	348,202	212,070
Percentage of investments made	88%	63%
Fair value of investments	374,853	190,556

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

	2014		2013	
	%	(Rs in '000)	%	(Rs in '000)
Shares in listed companies	0.00%	-	3.26%	6,203
Bank balances	17.58%	65,898	2.93%	5,583
Term deposit receipts	30.68%	115,000	15.22%	29,000
Government securities	20.57%	77,100	19.99%	38,100
Mutual funds	31.17%	116,855	58.60%	111,670
	100.00%	374,853	100.00%	190,556

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.

	2014	2013

42. NUMBER OF EMPLOYEES

	2014	2013
Number of employees as on 30 June	4,656	4,496
Average number of employees during the year	4,756	4,546

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:

	2014	2013
Cash at banks - USD	225,805	38,222
Trade debts - USD	5,791,264	7,559,205
Trade debts - Euro	-	73,000
Trade and other payables - USD	40	68,000
Net exposure - USD	6,017,029	7,529,427
Net exposure - Euro	-	73,000

The following significant exchange rates were applied during the year:

	2014	2013
Rupees per US Dollar		
Average rate	102.70	96.37
Reporting date rate	98.55	98.60
Rupees per Euro		
Average rate	131.00	125.55
Reporting date rate	134.46	128.85

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 27.869 million and Rupees Nil (2013: Rupees 34.892 million and Rupees 0.442 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 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	
	2014	2013	2014	2013
	--------------- (RUPEES IN THOUSAND) -----------------			
KSE 100 (5% increase)	62	52	-	-
KSE 100 (5% decrease)	(62)	(52)	-	-

The Company's investment in mutual fund amounting to Rupees 974.001 million (2013: Nil) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2014, if fair value (NAV) had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rupees 9.253 million (2013: Nil).

(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:

	2014	2013
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	3,608	52,406
Short term borrowings	1,365,000	1,365,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	33,779	270,546
Financial liabilities		
Long term financing	147,099	542,317
Liabilities against assets subject to finance lease	10,778	20,474
Short term borrowings	3,210,316	2,964,341

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 31.677 million (2013 : Rupees 30.938 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:

	2014	2013
	(Rupees in thousand)	
Investments	975,239	1,040
Deposits	50,053	59,374
Trade debts	903,312	1,066,724
Advances	3,851	2,317
Accrued interest	-	6,229
Other receivables	319,278	59,326
Bank balances	97,338	320,311
	2,349,071	1,515,321

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			2014	2013
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Al-Baraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	2,828	2,722
Allied Bank Limited	A-1+	AA+	PACRA	1,569	526
Askari Bank Limited	A-1+	AA	PACRA	6,512	4,595
Bank Alfalah Limited	A-1+	AA	PACRA	770	2,426
Bank Al-Habib Limited	A-1+	AA+	PACRA	3,220	1,051
Bank Islami Pakistan Limited	A1	A	PACRA	23	23
Burj Bank Limited	A-1	A	JCR-VIS	12	12
Faysal Bank Limited	A-1+	AA	JCR-VIS	1,599	335
First Women Bank Limited	A-2	A-	PACRA	18	18
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,090	24
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2	-
HSBC Bank Middle East Limited	P-1	A-2	Moody's	-	85
KASB Bank Limited	A-3	BBB	PACRA	343	248,575
MCB Bank Limited	A-1+	AAA	PACRA	24,978	11,334
Meezan Bank Limited	A-1+	AA	JCR-VIS	2,640	10,094
National Bank of Pakistan	A-1+	AAA	JCR-VIS	333	516
NIB Bank Limited	A-1+	AA-	PACRA	14,175	14,562
Silkbank Limited	A-2	A-	JCR-VIS	43	7
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	18,240	70
The Bank of Punjab	A-1+	AA-	PACRA	18,431	17,656
United Bank Limited	A-1+	AA+	JCR-VIS	512	5,680
				97,338	320,311
Investments					
ABL Government Securities Fund	A+(f)		JCR-VIS	974,001	-
Pakistan Reinsurance Company Limited	AA		JCR-VIS	647	591
Samin Textiles Limited	Unknown			405	237
D.S. Industries Limited	Unknown			82	101
Pervaiz Ahmed Securities Limited	Unknown			104	111
				975,239	1,040

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 2014, the Company had Rupees 2,153 million (2013: Rupees 1,291 million) available borrowing limits from financial institutions and Rupees 100.937 million (2013: Rupees 320.852 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 2014

	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	150,707	180,773	50,935	28,630	53,304	47,904
Liabilities against assets subject to finance lease	10,778	12,766	1,930	1,930	3,862	5,044
Trade and other payables	960,402	960,402	960,402	-	-	-
Accrued mark-up	93,615	93,615	93,615	-	-	-
Short term borrowings	4,575,316	4,707,562	4,707,562	-	-	-
	5,790,818	5,955,118	5,814,444	30,560	57,166	52,948

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	-

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 2014			
Assets as per balance sheet			
Investments	-	975,239	975,239
Deposits	50,053	-	50,053
Trade debts	903,312	-	903,312
Advances	3,851	-	3,851
Other receivables	319,278	-	319,278
Cash and bank balances	100,937	-	100,937
	1,377,431	975,239	2,352,670

	Financial liabilities at amortized cost
	(Rupees in thousand)
As at 30 June 2014	
Liabilities as per balance sheet	
Long term financing	150,707
Liabilities against assets subject to finance lease	10,778
Trade and other payables	960,402
Accrued mark-up	93,615
Short term borrowings	4,575,316
	5,790,818

	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
Interest accrued	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

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 2014 and 30 June 2013 is as follows:

	2014	2013
	(Rupees in thousand)	
Borrowings	4,736,801	4,944,538
Total equity	6,168,921	4,999,269
Total capital employed	10,905,722	9,943,807
Gearing ratio	43%	50%

The decrease in gearing ratio resulted primarily from decrease in borrowings of the Company and increase in profit for the year.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 18, 2014 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.

47. STATEMENT U/S 241 (2) OF THE COMPANIES ORDINANCE, 1984

These financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

DIRECTOR

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	30.06.2014

4. **Size of Holding**

No. of Shareholders	From		To	Total Shares Held
2607	1	-	100	69,993
1041	101	-	500	312,157
390	501	-	1,000	313,166
706	1,001	-	5,000	1,950,843
150	5,001	-	10,000	1,200,539
45	10,001	-	15,000	573,541
21	15,001	-	20,000	386,805
20	20,001	-	25,000	467,268
11	25,001	-	30,000	312,162
14	30,001	-	35,000	467,608
9	35,001	-	40,000	344,500
8	40,001	-	45,000	339,357
16	45,001	-	50,000	786,583
7	50,001	-	55,000	378,328
7	55,001	-	60,000	409,886
7	60,001	-	65,000	439,931
2	65,001	-	70,000	134,500
4	70,001	-	75,000	295,937
1	75,001	-	80,000	75,600
2	80,001	-	85,000	162,500
4	85,001	-	90,000	264,000
3	90,001	-	95,000	281,350
5	95,001	-	100,000	500,000
3	100,001	-	105,000	306,000
1	105,001	-	110,000	107,085
1	115,001	-	120,000	119,575
1	120,001	-	125,000	121,000
1	125,001	-	130,000	130,000
1	130,001	-	135,000	134,500
2	135,001	-	140,000	280,000
1	140,001	-	145,000	143,452
2	145,001	-	150,000	300,000
1	150,001	-	155,000	154,000
1	155,001	-	160,000	159,117
1	160,001	-	165,000	160,085
1	165,001	-	170,000	169,838
1	190,001	-	195,000	195,000
1	200,001	-	205,000	201,156
1	205,001	-	210,000	206,000
1	215,001	-	220,000	218,000
1	220,001	-	225,000	223,000
1	245,001	-	250,000	250,000
1	250,001	-	255,000	251,293
1	275,001	-	280,000	277,237
1	280,001	-	285,000	284,000
1	285,001	-	290,000	288,000
1	295,001	-	300,000	295,557
1	305,001	-	310,000	308,491
1	310,001	-	315,000	312,638
1	315,001	-	320,000	315,847
1	420,001	-	425,000	421,500

Size of Holding

No. of Shareholders	From		To	Total Shares Held
1	450,001	-	455,000	450,216
1	495,001	-	500,000	500,000
1	520,001	-	525,000	520,500
1	565,001	-	570,000	567,000
1	650,001	-	655,000	655,000
1	720,001	-	725,000	725,000
1	770,001	-	775,000	770,500
1	785,001	-	790,000	790,000
1	960,001	-	965,000	964,624
1	1,050,001	-	1,055,000	1,051,000
1	1,115,001	-	1,120,000	1,116,000
1	1,555,001	-	1,560,000	1,556,386
1	1,645,001	-	1,650,000	1,647,500
1	1,920,001	-	1,925,000	1,921,500
1	3,160,001	-	3,165,000	3,161,234
1	3,785,001	-	3,790,000	3,789,500
1	4,095,001	-	4,100,000	4,100,000
1	4,630,001	-	4,635,000	4,635,000
1	8,150,001	-	8,155,000	8,152,776
1	9,420,001	-	9,425,000	9,423,366
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	55,660,001	-	55,665,000	55,660,581
1	60,205,001	-	60,210,000	60,205,888
5,137				**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. Shafiq Ahmed Khan, Director	2,500	0.0010
	Mr. Arif Ijaz, Director	2,500	0.0010
	Mrs. Shehla Tariq Saigol, spouse of Mr. Tariq Sayeed Saigol	450,216	0.1834
		21,712,163	8.8431
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.	9,806	0.0040
	IDBP (ICP UNIT)	14,458	0.0059
		24,264	0.0099
5.4	**Banks, Development Financial Institutions, Non-Banking Financial Institutions**	3,509,472	1.4294
5.5	**Insurance Companies**	500,833	0.2040

	Categories of Shareholders	Shares Held	Percentage of Capital
5.6	**Modarabas and Leasing**	36,324	0.0148
5.6 a	**Mutual Funds**		
	Prudential Stock Fund Ltd	3,793	0.0015
	CDC - Trustee AKD Index Tracker Fund	44,500	0.0181
	CDC - Trustee HBL - Stock Fund	4,100,000	1.6699
	CDC - Trustee HBL Multi - Asset Fund	725,000	0.2953
	CDC - Trustee KASB Asset Allocation Fund	421,500	0.1717
	CDC - Trustee Crosby Dragon Fund	140,000	0.0570
	MCBFSL - Trustee Namco Balanced Fund	3,789,500	1.5434
	CDC - Trustee HBL PF Equity Sub Fund	95,000	0.0387
	CDC - Trustee National Investment (Unit) Trust	3,161,234	1.2875
		12,480,527	5.0831
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	37,780,777	15.3877
	b) Foreign Investor(s)	121,667,848	49.5539
5.9	**Joint Stock Companies**	1,717,478	0.6995
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	
	The Deputy Administrator Abandoned Properties Organization	3,045	
	Fikree Development Corporation Limited	2,794	
	Hussain Trustees Limited	260	
	Islamabad Stock Exchange Limited	668	
	Karachi Stock Exchange Ltd-Future Contracts	61,425	
	Securities & Exchange Commission of Pakistan	1	
	The Ida Rieu Poor Welfare Association	354	
	The Okhai Memon Madressah Association	1	
	Trustee National Bank of Pakistan Employees Benevolent Fund Trust	10,371	
	Trustee National Bank of Pakistan Employees Pension Fund	295,557	
	Trustee of FFC Employees GR. Fund Trust	94,000	
	Trustee - The Bank of Khyber Employees Provident Fund	40,000	
	Trustees Moosa Lawai Foundation	3,751	
	Trustees of FFC Employees Provident Fund	85,500	
	United Executers & Trustee Company Limited	173	
	University of Sindh	596	
		600,311	0.2445
	Grand Total:	245,526,216	100.0000

Consolidated Financial Statements

for the Year Ended June 30, 2014

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, 2014.

GROUP RESULTS

The Group has earned gross profit of Rs. 8,778 million as compared to Rs. 8,567 million of corresponding year. The group made pre-tax profit of Rs. 4,491 million this year as compared to Rs. 4,312 million during the last year.

The overall group financial results are as follows:

	2014	2013
	(Rupees in million)	
Gross sales	34,268	31,607
Gross profit	8,778	8,567
Profit from operations	6,501	6,657
Financial charges	2,010	2,345

MAPLE LEAF CEMENT FACTORY LIMITED

The subsidiary company of Kohinoor Textile Mills Limited has shown gross profit of 34.39% as compared to 34.83% 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

Tariq Sayeed Saigol
Chairman

Lahore
September 18, 2014

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 2014 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 2014 and the results of their operations for the year then ended.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

DATE: September 18, 2014

ISLAMABAD

Consolidated Balance Sheet

As at June 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (2013: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2013: 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	6,360,441	3,663,432
Equity attributable to equity holders of the Holding Company		8,815,703	6,118,694
Non-controlling interest	5	4,088,973	2,403,674
Total equity		12,904,676	8,522,368
Surplus on revaluation of land and investment properties	6	4,044,540	4,044,540
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	7	1,611,014	2,826,127
Redeemable capital	8	5,583,000	6,383,000
Liabilities against assets subject to finance lease	9	743,127	840,848
Long term deposits	10	6,879	7,029
Retirement benefits	11	79,654	58,885
Deferred income tax liability	12	807,732	350,549
		8,831,406	10,466,438
CURRENT LIABILITIES			
Trade and other payables	13	4,185,715	4,189,112
Accrued mark-up	14	268,240	465,935
Short term borrowings	15	7,193,844	7,607,007
Current portion of non-current liabilities	16	1,100,770	2,478,979
		12,748,569	14,741,033
TOTAL LIABILITIES		21,579,975	25,207,471
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		38,529,191	37,774,379

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

Statement u/s 241 (2) of the Companies Ordinance, 1984:

These consolidated financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

W.T. R-Z?

DIRECTOR

	Note	2014	2013
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	18	24,387,949	25,003,183
Intangible assets	19	-	3,006
Investment properties	20	1,781,133	1,729,843
Long term investment		1,625	1,625
Long term loans to employees	21	4,440	3,608
Long term deposits	22	100,650	95,128
		26,275,797	26,836,393
CURRENT ASSETS			
Stores, spare parts and loose tools	23	4,197,558	4,116,667
Stock-in-trade	24	3,039,637	2,707,103
Trade debts	25	1,742,349	1,824,668
Loans and advances	26	1,066,027	384,976
Security deposits and short term prepayments	27	90,917	107,393
Accrued interest		2,352	6,575
Other receivables	28	625,193	511,407
Short term investments	29	982,019	8,390
Taxation recoverable		199,561	426,415
Cash and bank balances	30	307,781	844,392
		12,253,394	10,937,986
TOTAL ASSETS		38,529,191	37,774,379

DIRECTOR

Consolidated Profit and Loss Account

For the year ended June 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
SALES	31	34,268,453	31,607,284
COST OF SALES	32	(25,489,980)	(23,040,783)
GROSS PROFIT		8,778,473	8,566,501
DISTRIBUTION COST	33	(1,627,928)	(1,236,349)
ADMINISTRATIVE EXPENSES	34	(606,081)	(502,696)
OTHER EXPENSES	35	(238,819)	(263,772)
		(2,472,828)	(2,002,817)
		6,305,645	6,563,684
OTHER INCOME	36	195,779	93,742
PROFIT FROM OPERATIONS		6,501,424	6,657,426
FINANCE COST	37	(2,010,740)	(2,345,194)
PROFIT BEFORE TAXATION		4,490,684	4,312,232
TAXATION	38	(1,067,396)	(356,029)
PROFIT AFTER TAXATION		3,423,288	3,956,203
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		2,329,565	2,722,887
NON-CONTROLLING INTEREST			
Dividend on preference shares		-	1,353
Share in profit for the year		1,093,723	1,231,963
		1,093,723	1,233,316
		3,423,288	3,956,203
EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)	42	9.49	11.09

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

Statement u/s 241 (2) of the Companies Ordinance, 1984:

These consolidated financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

DIRECTOR

DIRECTOR

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2014

	2014	2013
	(Rupees in thousand)	
PROFIT AFTER TAXATION	3,423,288	3,956,203
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit liability	(16,323)	-
Deferred income tax	4,492	-
	(11,831)	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive loss for the year - net of tax	(11,831)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,411,457	3,956,203
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	2,322,696	2,722,887
NON-CONTROLLING INTEREST	1,088,761	1,233,316
	3,411,457	3,956,203

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

Statement u/s 241 (2) of the Companies Ordinance, 1984:

These consolidated financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

W.T. [signature]
DIRECTOR

DIRECTOR

Consolidated Cash Flow Statement

For the year ended June 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	7,156,062	6,507,822
Finance cost paid		(2,222,437)	(2,775,358)
Compensated absences paid		(26,949)	(11,248)
Income tax paid		(378,865)	(128,598)
Net (increase) / decrease in long term deposits		(6,504)	9,548
Net cash generated from operating activities		4,521,307	3,602,166
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,041,964)	(624,348)
Long term loan to employees		-	(1,221)
Investments made		(970,000)	-
Interest received		29,471	19,173
Proceeds from sale of property, plant and equipment		31,634	14,074
Proceeds from sale of investments		-	9,867
Dividends received		6,946	511
Net cash used in investing activities		(1,943,913)	(581,944)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		97,129	32,470
Repayment of long term financing		(2,398,475)	(1,275,411)
Short term borrowings - net		(413,163)	(6,487)
Repayment of liabilities against assets subject to finance lease		(173,698)	(165,589)
Repayment of redeemable capital		(1,032,869)	(1,067,131)
Redemption of preference shares		(163,780)	(362,903)
Proceeds from disposal of interest to non-controlling interest holders		970,871	-
Dividend paid		(20)	(179,508)
Net cash used in financing activities		(3,114,005)	(3,024,559)
Net decrease in cash and cash equivalents		(536,611)	(4,337)
Cash and cash equivalents at the beginning of the year		844,392	848,729
Cash and cash equivalents at the end of the year		307,781	844,392

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

Statement u/s 241 (2) of the Companies Ordinance, 1984:
These consolidated financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

DIRECTOR DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended June 30, 2014

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY								
		Reserves							
		Capital reserve		Revenue reserves					
	Share capital	Share premium	General reserve	Unappropriated profit/(accumulated loss)	Sub-total	Total reserve	Total	Non-controlling interest	Total equity
	(Rupees in thousand)								
Balance as at 30 June 2012	2,455,262	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 loss for the year	-	-	-	-	-	-	-	-	-
Total comprehensive loss 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	1,450,491	2,068,022	3,518,513	3,663,432	6,118,694	2,403,674	8,522,368
Disposal of interest to non-controlling interest holders	-	-	-	374,313	374,313	374,313	374,313	596,558	970,871
Dividend paid to non-controlling interest holders	-	-	-	-	-	-	-	(20)	(20)
Profit for the year	-	-	-	2,329,565	2,329,565	2,329,565	2,329,565	1,093,723	3,423,288
Other comprehensive loss for the year	-	-	-	(6,869)	(6,869)	(6,869)	(6,869)	(4,962)	(11,831)
Total comprehensive income for the year	-	-	-	2,322,696	2,322,696	2,322,696	2,322,696	1,088,761	3,411,457
Balance as at 30 June 2014	2,455,262	144,919	1,450,491	4,765,031	6,215,522	6,360,441	8,815,703	4,088,973	12,904,676

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

Statement u/s 241 (2) of the Companies Ordinance, 1984:
These consolidated financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

W.T. R-Z

DIRECTOR

DIRECTOR

Notes to the Consolidated Financial Statements

For the year ended June 30, 2014

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 58.06% (2013: 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) Change in accounting policy

As a result of amendment to IAS 19 Employee Benefits (amended 2011), the Group has changed its accounting policy with respect to basis for determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 Employee Benefits (amended 2011), the Group determines the net interest expense (income) for the period on the net defined liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the period result of contributions and benefit payments. All changes in the present value of defined benefit obligation are now recognised in the statement of comprehensive income and the past service costs are recognized in the profit and loss account, immediately in the period in which they occur. The change in accounting policy has been applied prospectively, being considered immaterial.

d) 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 sales.

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.

e) 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 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 application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 – 2011 Cycle, incorporating amendments to five IFRS more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation' that are considered relevant to the Group's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

f) Standards, interpretation and amendments to published standards that are effective in current year but not relevant to the Group

There are other standards, new interpretation and amendments to published standards 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 Group's financial statements and are therefore not detailed in these financial statements.

g) Standards, interpretations and amendments to published standards that are not yet effective but relevant to the Group

Following standards, interpretation and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2014 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's financial statements.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). 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 financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2015) 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.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). 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 financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). 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 financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's financial statements.

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.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Group's financial statements.

IAS 19 (Amendment) 'Employee Benefits' Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are not expected to have a material impact on the Group'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 Group's financial statements.

IAS 39 (Amendments) 'Financial Instruments: Recognition and Measurement' Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Group's financial statements.

Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a Group can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IFRS 13 'Fair Value Measurement', which are considered relevant to the Group's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Group's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Group's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Group's financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Group's 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 the 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.

Intra-group 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.

b) 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 profit and loss account.

The Subsidiary Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Subsidiary Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Subsidiary Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss account. The Subsidiary Company recognizes gains and losses on the settlement of a defined benefit plant when the settlement occurs.

Details of the scheme are given in note 11.2 to the financial statements.

c) 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 recognised 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 of the Subsidiary Company with Pak American Fertilizers Limited (PAFL), 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

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 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 of the Holding company 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 asset exceeds its recoverable amount. Impairment losses are recognised in consolidated profit and loss account except for impairment loss on revalued asset, 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.

2.21 Derivative financial instruments

Derivatives 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 legally 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

2014	2013		2014	2013
(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 (2013: 45,496,057) ordinary shares of Rupees 10 each as at 30 June 2014.

4. RESERVES

	Note	2014	2013
		(Rupees in thousand)	
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		4,765,031	2,068,022
		6,215,522	3,518,513
		6,360,441	3,663,432

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

5. NON-CONTROLLING INTEREST

	Note	2014	2013
		(Rupees in thousand)	
Opening balance		2,403,674	1,335,388
Add / (less): Share during the year			
- Redemption of preference shares		-	(528,263)
- Disposal of interest to non-controlling interest holders		596,558	-
- Decrease in interest of equity holders of the Holding Company		-	542,486
- Other comprehensive income for the year		(4,962)	-
- Profit for the year		1,093,723	1,233,316
		1,685,319	1,247,539
Less : Dividend paid on preference shares		(20)	(179,253)
		4,088,973	2,403,674

6. SURPLUS ON REVALUATION OF LAND AND INVESTMENT PROPERTIES

	Note	2014	2013
Investment properties		1,263,592	1,263,592
Freehold land		2,780,948	2,780,948
		4,044,540	4,044,540

7. LONG TERM FINANCING

	Note	2014	2013
From banking companies and other financial institutions - secured			
Holding Company			
Long term loans	7.1	133,207	491,973
Long term musharaka	7.2	17,500	102,750
		150,707	594,723
Subsidiary Company			
Long term loans	7.5	1,853,003	3,709,987
		2,003,710	4,304,710
Less: Current portion shown under current liabilities	16	392,696	1,478,583
		1,611,014	2,826,127

LENDER	2014	2013	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	3,608	52,406	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.
The Bank of Punjab	129,599	32,470	135,000	3 Month KIBOR + 2.50%	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.
NIB Bank Limited	-	22,222	50,000	3 Month KIBOR + 2.00%	Thirty two monthly installments commenced from July 2011 and ended on February 2014.	Quarterly	Quarterly	Collateral covering the exposure including charges on both current and fixed assets of the Holding Company and personal guarantees of the sponsor directors.
Saudi Pak Industrial and Agricultural Investment Company Limited	-	31,250	250,000	3 Month KIBOR + 1.70%	Eight equal semi annual installments commenced from December 2008 and ended 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 Holding 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.
NIB Bank Limited	-	62,500	100,000	3 Month KIBOR + 2.00%	Thirty two equal monthly installments commenced from July 2011 and ended on February 2014.	Quarterly	Quarterly	First pari passu charge over all present and future current assets of the Holding 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.

LENDER	2014	2013	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	500,000	3 Month KIBOR + 1.5%	Nineteen equal quarterly installments commenced from October 2009 and ended on April 2014.	Quarterly	Quarterly	First joint pari passu charge on surplus land for Rupees 467 million.
Faysal Bank Limited	-	102,750	300,000	3 Month KIBOR + 1.50%	Nineteen equal quarterly installments commenced from October 2009 and ended on April 2014.	Quarterly	Quarterly	First pari passu charge over fixed assets of the Holding Company for Rupees 400 million with 25% margin.
Pak Libya Holding Company Limited	-	17,125	50,000	3 Month KIBOR + 1.50%	Nineteen equal quarterly installments commenced from October 2009 and ended on April 2014.	Quarterly	Quarterly	First joint pari passu charge on surplus land for Rupees 66.67 million.
	-	291,125	850,000					
Total	**133,207**	**491,973**	**1,685,000**					
7.2 Long term musharaka (Note 7.3)								
Standard Chartered Bank (Pakistan) Limited	17,500	68,500	200,000	3 Month KIBOR + 1.50%	Nineteen equal quarterly installments commenced from October 2009 and ended on April 2014.	Quarterly	Quarterly	First pari passu charge on land at Rawalpindi Division of Rupees 266.66 million.
The Bank of Khyber	-	34,250	100,000	3 Month KIBOR + 1.50%	Nineteen equal quarterly installments commenced from October 2009 and ended 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	**17,500**	**102,750**	**300,000**					

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

7.4 Current portion of long term loan and musharaka include overdue installments amounting to Rupees 17.500 million (2013: Rupees 47.917 million).

LENDER	2014	2013	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....RUPEES IN THOUSAND.....							
7.5 Long term loans								
Habib Bank Limited (Note 7.6)	23,391	263,507	1,160,000	9.70%	Nine semi annual installments commenced on June 2010 and ended 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 Rupees 150 million.
Habib Bank Limited (Note 7.7)	495,359	632,959	790,520	6 Month KIBOR + 2.00%	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 7.8)	114,249	161,893	200,000	6 Month 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.
Islamic Corporation for Development of Private Sector (Note 7.9)	24,004	30,877	40,669	-	Twenty four equal installments commenced from December 2012.	Quarterly	1st four installments on Monthly basis and remaining twenty instalments on Quarterly basis	Fixed charge on the Escrow accounts maintained with Allied Bank Limited, Corporate Branch at Kashmir Road, Lahore, against US$ 14.500 million.

LENDER	2014	2013	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....RUPEES IN THOUSAND.....							
Allied Bank Limited (Note 7.10)	1,196,000	1,379,125	1,500,000	3 Month KIBOR + 1.00%	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	-	1,241,626	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.
Total	1,853,003	3,709,987	5,291,479					

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

7.7 During the financial year 2011, the Subsidiary Company 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 month KIBOR + 1% per annum
From 01 January 2014 to 31 December 2015 six month KIBOR + 2% per annum
From 01 January 2016 to 31 December 2018 six month KIBOR + 3% per annum

7.8 During the financial year 2012, the Subsidiary Company restructured its existing short term loan of Rupees 160 million and running finance of Rupees 50 million from HSBC Bank Middle East Limited into a medium term loan of Rupees 200 million. The restructuring referred above did not result on an overall basis in substantial modifications of the original financing terms.

7.9 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.

7.10 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 3M KIBOR + 1.7% after 5 years or complete settlement of deferred mark up, whichever is later.

	Note	2013	2012
		(Rupees in thousand)	
8. REDEEMABLE CAPITAL			
Islamic Sukuk certificates under musharaka agreement	8.1		
As at beginning of the year		7,215,869	8,283,000
Less: Sukuk certificates paid during the year		(1,032,869)	(1,067,131)
		6,183,000	7,215,869
Less: Current portion shown under current liabilities	16	600,000	832,869
As at end of the year		5,583,000	6,383,000

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 issued new Sukuk Certificates (as Bridge Finance) to existing Sukuk lenders amounting to Rupees 300 million. During the financial year ended 30 June 2011, the Subsidiary Company arranged to reschedule the repayment of Rupees 300 million bridge finance as disclosed in note 8.2 which was originally due as a bullet repayment in March 2012. However the Subsidiary Company paid the final payment of bridge finance facility on 31 January 2013 in accordance with rescheduled terms.

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
- 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 commencing from September 2012 and ending on December 2018. **Rupees 300 million** Repayment was to be made in 9 equal monthly instalments of Rupees 33.330 million each commenced from 31 July 2012 and ended on 31 March 2013. However, the subsidiary company made the final payment early on 31 January 2013.
- Mark up rate	3 months KIBOR plus a spread of 1% Mark up will be increased to 3 months KIBOR plus a spread of 1.70% per annum after 5 years or complete settlement of deferred mark-up, whichever is later.

- Musharaka Investment repurchase

Twenty six outstanding quarterly installments are to be re-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 10.06% to 11.18% (2013: 10.39% to 12.95%) 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 was secured against ranking charge on present nad future fixed assets, specific properties comprising of 393 kanals at Kala Shah Kaku and personal security of directors.

- Trustee / investors’ agent

Allied Bank Limited

- Transaction structure

The facility as approved by Meezan Bank Limited, shariah advisor of the issue, is as follows:

(a) Investors (“Investor Co-owners”) and the Subsidiary Company 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) Investor Co-owners have contributed their share in the Musharaka in cash that has been utilized by the Subsidiary Company for acquiring Musharaka assets. The Subsidiary Company has contributed its Musharaka share in kind.

(c) Upon acquisition of Musharaka assets, Investor Co-owner has executed Assets purchase agreement with the Subsidiary Company.

(d) The Subsidiary Company has issued Sukuk Certificates to Investors Co-owner that represent latter’s undivided share in the Musharaka assets.

(e) 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.

(f) 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.

	Note	2013	2012
		(Rupees in thousand)	
9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Future minimum lease payments		925,258	1,142,098
Less: Un-amortized finance charges		74,057	103,723
Less: Security deposits adjustable on expiry of lease term		-	30,000
Present value of future minimum lease payments		851,201	1,008,375
Less: Current portion shown under current liabilities	16	108,074	167,527
		743,127	840,848

9.1 The future minimum lease payments have been discounted at implicit interest rates which range from 10.80% to 17.40% (2013: 10.64% to 14.20%) 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 Group. 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 2.050 million (2013: Rupees 45.581 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 tenor was six years with a grace period of 18 months on principal component.

As per the lease agreement, tenor 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 commenced 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 11.28% to 11.86% (2013: 11.63% to 14.20%) per annum. Facility is secured through exclusive ownership of leased assets in the name of MBL and personal guarantees of the Subsidiary 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 is to 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 was 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.

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

Islamic Corporation for the Development of Private Sector (ICD) further agreed 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 agree 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 2.83% to 2.91% (2013: 2.91% to 3.24%).

9.3.1 The Subsidiary Company entered into an interest rate swap 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:

	2014		2013	
	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	132,139	793,119	196,482	945,616
Less: Unamortized finance charge	24,065	49,992	28,955	74,768
Less: Security deposits adjustable on expiry of lease term	-	-	-	30,000
Present value of future minimum lease payments	108,074	743,127	167,527	840,848

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	2014	2013
		(Rupees in thousand)	
11. RETIREMENT BENEFITS			
Accumulated compensated absences	11.1	34,421	26,307
Gratuity	11.2	45,233	32,578
		79,654	58,885

		2014	2013
		(Rupees in thousand)	

11.1 Accumulated compensated absences

	2014	2013
Balance at the beginning of the year	26,307	22,322
Provision made during the year	17,543	10,165
Payments made during the year	(9,429)	(6,180)
Balance at the end of the year	34,421	26,307

11.2 Gratuity

The latest actuarial valuation of the Subsidiary Company's defined benefit plan, were conducted at 30 June 2014 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2014	2013
		(Rupees in thousand)	
The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation	11.2.1	114,868	108,128
Fair value of plan assets	11.2.2	(69,635)	(62,903)
Deficit in the plan		45,233	45,225
Unrecognized actuarial gain	11.2.4	-	(12,647)
Liability at end of the year		45,233	32,578
Net liability at beginning of the year		32,578	28,604
Charge for the year to profit and loss account		8,640	9,036
Charge for the year to other comprehensive income	11.2.3	16,323	-
Contribution made during the year		(13,335)	(6,039)
Amount transferred to the Subsidiary Company		1,027	977
Net liability at end of the year		45,233	32,578

11.2.1 Movement in the present value of defined benefit obligation is as follows:

	2014	2013
Present value of defined benefit obligation at beginning of the year	108,128	84,902
Current service cost	4,594	4,772
Interest cost	10,651	11,037
Benefits paid	(13,371)	(7,889)
Actuarial loss	4,866	15,306
Present value of defined benefit obligation as at end of the year	114,868	108,128

11.2.2 Movement in the fair value of plan assets is as follows:

	2014	2013
Fair value of plan assets at beginning of the year	62,903	52,099
Expected return on plan assets	6,605	6,773
Contributions made during the year	13,335	6,039
Benefits paid during the year	(13,371)	(7,889)
Transferred to the Subsidiary Company	(1,027)	(977)
Actuarial gain	1,190	6,858
Fair value of plan assets as at end of the year	69,635	62,903

	2014	2013
	(Rupees in thousand)	
Fair value of plan assets are as follows:		
NIB Bank including accrued interest	35,630	-
National Investment Trust Units	-	32,817
NAFA Government Securities Liquid Fund	10,072	10,056
Trust Investment Bank including accrued interest	21,935	18,828
Cash at bank	2,034	1,202
Bank charges paid by Subsidiary on behalf of fund	15	-
Less : Benefits payable	(51)	-
	69,635	62,903
Plan assets comprise of:		
Bond	97.10%	98.10%
Equity	0.00%	0.00%
Cash and / or deposits	2.90%	1.90%
Others	0.00%	0.00%
	100.00%	100.00%
11.2.3 Charge for the year:		
In profit and loss account		
Current service cost	4,594	4,772
Interest cost	10,651	11,037
Expected return on plan assets	(6,605)	(6,773)
	8,640	9,036
In other comprehensive income		
Acturial loss on retirement benefits - net	16,323	4,772
	24,963	13,808
11.2.4 Movement in acturial gain is as follows:		
As at beginning of the year	12,647	4,199
Actuarial gain on plan assets	(1,190)	(6,858)
Actuarial loss on defined benefit obligation recognized in profit and loss account	4,866	15,306
Un recognized actuarial gain on defined benefit obligation recognized in profit and loss account	(16,323)	-
As at end of the year	-	12,647

Actuarial assumptions:

The following are the principal actuarial assumptions at 30 June:

	2014	2013
Discount rate	13.25%	10.50%
Expected return on plan assets	13.25%	13.00%
Expected rate of growth per annum in future salaries	12.25%	9.50%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	9 years EFU (61-66)

Historical Information

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:

	2014	2013	2012	2011	2010
	(---------------- Rupees in '000				----------------)
Present value of defined benefit Obligation	114,868	108,128	(84,902)	(82,275)	(77,070)
Fair value of plan assets	69,635	62,903	52,099	50,914	43,201
Deficit in the plan	184,503	171,031	(32,803)	(31,361)	(33,869)
Experience adjustment on obligation	4,866	15,306	(10,190)	(4,215)	7,750
Experience adjustment on plan assets	1,190	15,306	2,932	2,529	(412)

The Subsidiary's Company expects to charge Rupees 9.910 million to profit and loss account of defined benefit plan in 2015.

Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2014 would have been as follows:

	Gratuity	
	Impact on present value of	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	108,503	121,893
Future salary increase + 100 bps	121,893	108,394

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

The average duration of the defined benefit obligation is six years.

	Note	2014	2013
		(Rupees in thousand)	

12. DEFERRED INCOME TAX LIABILITY

This comprises of following :

	2014	2013
Deferred tax liability on taxable temporary differences in respect of :		
- Accelerated tax depreciation	3,678,438	4,131,568
- Surplus on revaluation of investments	1,320	-
	3,679,758	4,131,568
Deductible temporary differencs		
- Tax losses carry forward	2,152,272	3,356,727
- Lease finances	43,646	80,171
- Provision for doubtful debts	2,774	5,537
- Employees' compensated absences	21,922	17,473
- Minimum tax recoverable against normal tax charge in future years	651,412	321,111
	2,872,026	3,781,019
	807,732	350,549

13. TRADE AND OTHER PAYABLES

	Note	2014	2013
Creditors		1,306,328	1,068,938
Bills payable - secured		621,824	673,544
Accrued liabilities		680,530	894,250
Security deposits, repayable on demand	13.1	55,348	49,606
Advances from customers		298,132	244,012
Contractors' retention money		8,709	3,678
Royalty and excise duty payable		28,848	86,170
Workers' profit participation fund	13.2	379,983	248,959
Workers' welfare fund		7,686	7,686
Excise duty payable		233,315	226,697
Unclaimed dividend		3,905	3,908
Withholding tax payable		6,651	4,685
Payable to employees' provident fund trust		11,006	86,833
Sales tax payable		426,964	344,442
Others		116,486	245,704
		4,185,715	4,189,112

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.

13.2 Workers' profit participation fund

	2014	2013
	(Rupees in thousand)	
Balance as on 01 July	248,959	63,881
Add: Allocation and Interest for the year	232,107	215,734
	481,066	279,615
Less: Payments during the year	(101,083)	(30,656)
	379,983	248,959

13.2.1 The outstanding WPPF liability includes Rs. 110.27 million being the left over amount out of the total WPPF liability of Rs. 167.57 million pertaining to the financial year ended 30 June 2012 and 30 June 2013 of the Subsidiary Company. According to the Companies Profits (Workers' Participation) Act, 1968, the left over amount is to be transferred to the Workers Welfare Fund. After the 18th amendment to the Constitution of Pakistan in 2010, all labor / labor welfare laws have become provincial subject, and accordingly the aforesaid left over amount is now payable to provincial government. Federal Government through its letter dated 17-07-2012 demanded the payment of left over amount of Workers' Profit Participation Fund ("WPPF"). Both the permanent workers and the Workers of the contractors filed separate Writ Petitions bearing No. 1716/2013 & 5039/2013 in the Lahore High Court and challenged the legality of the said letter of the Government, the operation of which was suspended by the Honorable High Court vide Order Dated 24 January 2013.

In view of the above order the payment of left over amount should not be made to the Government during the pendency of the said Writ Petitions as Federal Government is not competent to ask for the payment of the Profit Fund. On the other hand, the Provincial Government has not so far legislated any law after the 18th amendment in the Constitution of Pakistan to regulate the payment of Profit Fund required to be deposited in the Welfare Fund created by the Government through legislation, which it has a mandatory obligation to do and has failed to discharge its onus so far. Therefore the Subsidiary Company stands handicapped to deposit the amount of Fund either to the Federal Government or for that matter to the Provincial Government.

The left over amount of Profit Fund after distribution to the Workers stands retained by the Subsidiary Company as a compulsion in view of the said Stay Order of the Lahore High Court.

14. ACCRUED MARK-UP

	Note	2014	2013
		(Rupees in thousand)	
Long term financing		39,161	101,184
Redeemable capital		55,826	168,953
Short term borrowings		164,825	185,276
Liabilities against assets subject to finance lease		8,428	10,522
		268,240	465,935

15. SHORT TERM BORROWINGS

	Note	2014	2013
From banking companies - secured			
Short term running finances	15.1 & 15.2	490,196	3,206,705
Other short term finances	15.1 &15.3	5,240,503	2,875,413
State Bank of Pakistan (SBP) refinances	15.1 & 15.4	1,365,000	1,365,000
		7,095,699	7,447,118
Temporary bank overdraft - unsecured	15.5	98,145	159,889
		7,193,844	7,607,007

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 10,363 million (2013: Rupees 10,280 million).

15.2 The rates of mark-up range from 11.09% to 12.15% (2013: 9.20% to 24.00%) per annum on balance outstanding.

15.3 The rates of mark-up range from 2.09% to 24.00% (2013: 2.59% to 21.90%) per annum on balance outstanding.

15.4 The rates of mark-up range from 9.20% to 9.4.00% (2013: 9.20% to 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	2014	2013
		(Rupees in thousand)	

16. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2014	2013
Long term financing	7	392,696	1,478,583
Redeemable capital	8	600,000	832,869
Liabilities against assets subject to finance lease	9	108,074	167,527
		1,100,770	2,478,979

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 against order of Commissioner Inland Revenue (Appeals) (CIR(A)) passed under section 122 (5A) of the Income Tax Ordinance, 2001 wherein the order of the Assessing Officer creating demand of Rupees 20.780 million was upheld. In addition to above, an other appeal for the tax year 2003 was filed by the tax department before Appellate Tribunal Inland Revenue against the order of CIR (A) passed under section 221 through which order of the Assessing Officer regarding disallowance of depreciation expense amounting to Rupees 62.666 million and penalty levied amounting to Rupees 17.484 million had been annulled. The Holding Company is hopeful of favourable outcome of these cases.

b) The Holding Company filed an appeal before Commissioner Inland Revenue (Appeals) against order passed under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2006, reducing the loss to Rupees 104.481 million and creating a demand of Rupees 18.590 million. The appeal was decided against the Holding Company. However the Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue against the impugned order. The Holding Company is hopeful of a favourable outcome.

c) The Holding Company has filed an appeal before Commissioner Inland Revenue (Appeals) against order passed under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2008, wherein taxable income was assessed at Rupees 226.128 million, creating a demand of Rupees 120.827 million. The appeal is pending for adjudication. The Holding Company is hopeful of a favourable outcome.

d) 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 89.313 million (2013: Rupees 80.902 million), since the Holding Company has strong grounds against the assessments framed by the relevant authorities.

e) The Holding Company has filed recovery suits in Civil Courts amounting to Rupees 16.922 million (2013: Rupees 16.922 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.

f) The Holding Company has filed suits before Civil Court, Rawalpindi and Lahore High Court against demands raised by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 74.933 million. No provision has been made in these financial statements, since the Holding Company is confident about favourable outcome.

g) 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 filed an appeal before Lahore High Court, Rawalpindi bench against judgment passed by Civil Court, Rawalpindi. The Holding Company withdrew its appeal filed before Lahore High Court, Rawalpindi bench and filed an application before the review committee of SNGPL Head Office, Lahore. The review committee of SNGPL allowed relief vide its decision dated 15 May 2014 regarding chargeability of sales tax amounting to Rupees 8.546 million and curtailed the aforesaid demand to Rupees 56.974 million. The Holding Company has again filed re-review application before the review committee of SNGPL Head Office, Lahore for the cancellation of demand of Rupees. 56.974 million. The Holding Company has deposited Rupees 51.761 million (2013: Rupees 42.588 million) to SNGPL under protest. No provision has been made in these financial statements, since the Holding Company is confident about favourable outcome of the case.

h) Islamabad Electric Supply Holding 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.

i) 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.

j) 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.

k) 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 641.531 million (2013: Rupees 240.921 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. The management and the Subsidiary Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Subsidiary Company.

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 and the Subsidiary Company's legal advisor are 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 5.890 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. 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.

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 8.060 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) Surcharge of Rupees 154 million has been imposed by Mines and Minerals Department, Government of the Punjab under Rule 68(2) of Punjab Mining Concession Rules, 2002 ("Rules") against which the Subsidiary Company has filed writ petition against Government of Punjab via writ petition No. 1008/2014 to challenge the basis of Rules. The titled petition is currently pending before the Lahore High Court. Management and the Subsidiary Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Subsidiary Company.

k) The Sindh High Court through its order dated March 01, 2013 declared the amendments made in the WWF Ordinance, 1971 through Finance Act, 2008 applicable through which WWF is applicable on accounting profits rather than on the taxable income computed after incorporating the brought forward losses. In the light of the above order, the provision to date based on accounting profit comes to Rupees 145.63 million (2013: Rupees 73.83 million). However, these financial statements does not include any adjustment to this effect since the Subsidiary Company is of the opinion that it does not come under the purview of the order of the Sindh High Court and that the Lahore High Court had already declared the above amendments unconstitutional via the case reported as 2011 PLD 2643.

l) 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 been disposed through appellate order dated 09 July 2014 in favour of the Subsiadry Company. The appeal order has not yet been issued by the department in this respect.

m) 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.

n) 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.

o) Through Order-In-Original No. 10/2011 dated 30 July 2011, 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.

p) 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 company before the Appellate Tribunal Inland Revenue ("ATIR").

q) The Sindh High Court ("the Court") in the case of 'Kasim textile' in its order of 09 May 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, the Subsidiary Company has assessed losses on which no tax is payable, the Subsidiary Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Subsidiary Company is not entitled to carry forward minimum tax paid in the current and prior tax years of Rupees 651.41 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those would also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome and accordingly no adjustment has been made in the financial statements in this respect.

r) Guarantees given by banks on behalf of the Subsidiary Company are of Rupees 399.71 million (2013: Rupees 437.20) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

17.2 Commitments in respect of:

a) Letters of credit for capital expenditure amount to Rupees 404.311 million (2013: Rupees 65.709 million).

b) Letters of credit other than for capital expenditure amount to Rupees 641.131 million (2013: Rupees 393.450 million).

18. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	(Rupees in thousand)	
Operating fixed assets (Note 18.1)		
Owned	23,611,710	24,063,230
Leased	720,424	812,950
Capital work in progress (Note 18.5)	55,815	127,003
	24,387,949	25,003,183

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 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 out:														
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
Year ended 30 June 2014														
Opening 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
Additions	3,100	-	78,758	1,674	903,851	293	2,118	60,402	2,957	57,342	1,879	-	1,112,374	12,060
Transfer :														
Cost	-	-	-	-	99,267	-	-	-	-	-	-	-	99,267	(99,267)
Accumulated depreciation	-	-	-	-	(32,748)	-	-	-	-	-	-	-	(32,748)	32,748
	-	-	-	-	66,519	-	-	-	-	-	-	-	66,519	(66,519)
Disposals:														
Cost	-	-	(1,346)	-	(18,446)	-	-	(10)	(120)	(12,623)	(30,989)	-	(63,534)	-
Accumulated depreciation	-	-	1,105	-	14,502	-	-	5	99	10,042	30,520	-	56,273	-
	-	-	(241)	-	(3,944)	-	-	(5)	(21)	(2,581)	(469)	-	(7,261)	-
Depreciation charge	-	(389)	(228,786)	(3,501)	(1,335,271)	(2,965)	(3,694)	(16,852)	(1,870)	(22,169)	(7,480)	(175)	(1,623,152)	(38,067)
Closing net book value	2,852,594	26,467	3,260,048	60,191	17,077,198	15,171	9,409	124,021	17,919	127,361	39,567	1,764	23,611,710	720,424
At 30 June 2014														
Cost / revalued amount	2,852,594	33,668	5,525,367	114,364	30,498,097	44,000	69,692	323,824	36,876	283,248	197,795	6,000	39,985,525	971,126
Accumulated depreciation	-	(7,201)	(2,265,319)	(54,173)	(13,420,899)	(28,829)	(60,283)	(199,803)	(18,957)	(155,887)	(158,228)	(4,236)	(16,373,815)	(250,702)
Net book value	2,852,594	26,467	3,260,048	60,191	17,077,198	15,171	9,409	124,021	17,919	127,361	39,567	1,764	23,611,710	720,424
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 (2013: Rupees 68.546 million) as on 30 June 2014. Had there been no revaluation, the value of land would have been lower by Rupees 2,780.948 million (2013: Rupees 2,780.948 million).

18.2 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed off 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)	---------------					
Buildings on freehold land	1,346	1,105	241	901	660		
Plant and Machinery							
Air compressor	11,323	9,165	2,158	6,822	4,664	Negotiation	EFU General Insurance Limited
Universal warp tying machine	1,704	1,385	319	364	45	Negotiation	Mr. Riaz Ahmad, Faisalabad
Crosrol carding machines	4,240	3,080	1,160	7,128	5,968	Negotiation	Abdullah Fibers Limited
Cards MK-4 machines	1,179	872	307	2,250	1,943	Negotiation	Marghalla Textile Mills Limited
	18,446	14,502	3,944	16,564	12,620		
Quarry equipment							
Shovel Excavator	28,490	28,029	461	4,322	3,861	Auction	Malik Muhammad Yousaf & Co.
Bulldozer	2,499	2,491	8	978	970	Auction	Mr. Malik Abdul Rauf, Lahore
	30,989	30,520	469	5,300	4,831		
Vehicles							
Toyota Corolla LZG-3366	827	638	189	625	436	Negotiation	Mr. Muhammad Aamir Shehzad, Sheikhupura
Suzuki Baleno LZV-2978	814	636	178	562	384	Negotiation	Mr. Muhammad Muzammil, Lahore
Toyota Corolla LRV-19	507	314	193	961	768	Negotiation	Mr. Ashfaq Hussain, Charsada
Honda City MIB-7917	393	192	201	210	9	Negotiation	Mr. Ahmad, Lahore
Toyota Corolla	1,318	1,061	257	875	618	Auction	Mr. Yasir Iqbal, Mandi Bha-ud-din
Toyota Corolla	1,136	976	160	755	595	Auction	Mr. Abdul Malik, Lahore
Suzuki Jeep	701	593	108	425	317	Auction	Mr. Khuda Daad, Islamabad
Suzuki Jeep	701	593	108	465	357	Auction	Mr. Khuda Daad, Islamabad
Suzuki Jeep	701	596	105	356	251	Auction	Mr. Zeeshan Baig Rustam Khan, Islamabad
Suzuki Jeep	694	561	133	500	367	Auction	Mr. Khuda Daad, Islamabad
Suzuki Jeep	685	557	128	456	328	Auction	Mr. Zeeshan Baig Rustam Khan, Islamabad
Suzuki Cultus	690	284	406	510	104	Auction	Mr. Arman Ahmad, Sheikhupura
Suzuki Cultus	611	462	149	488	339	Auction	Mr. Atif Waheed, Lahore
Suzuki Baleno	774	651	123	435	312	Auction	Mr. Muhammad Muzamil, Lahore
Nissan Van	698	686	12	150	138	Auction	Mr. Zaheer Abbas, Mianwali
Coaster Mazda	430	429	1	628	627	Auction	Mr. Mukhtar Ahmad, Lahore
Adam Jeep	943	812	131	276	145	Auction	Mr. Basharat, Kotli
	12,623	10,041	2,582	8,677	6,095		
	63,404	56,168	7,236	31,442	24,206		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	130	105	25	16	(9)	Negotiation	
	63,534	56,273	7,261	31,458	24,197		

		Note	2014	2013
			(Rupees in thousand)	
18.3	**Depreciation charged during the year has been allocated as follows:**			
	Cost of sales	32	1,614,214	1,569,114
	Administrative expenses	34	47,006	44,450
			1,661,220	1,613,564

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	2014	2013
			(Rupees in thousand)	
18.5	**Capital work in progress**			
	Tangible assets			
	Plant and machinery		40,071	92,260
	Civil works		5,154	-
	Un-allocated capital expenditure		1,001	1,001
	Advances to suppliers against:			
	Plant and machinery		2,310	11,601
	Purchase of land		2,000	2,000
	Vehicles		5,279	1,005
	Furniture and fixture		-	19,136
			55,815	127,003

19. INTANGIBLE ASSETS

	Note	2014	2013
Computer software			
Year ended 30 June			
Opening net book value		3,006	15,081
Amortization		(3,006)	(12,075)
Closing net book value		-	3,006
Cost as at 30 June		59,470	59,470
Accumulated amortization		(59,470)	(56,464)
Net book value		-	3,006
Amortization rate (per annum)		33.33%	33.33%

20. INVESTMENT PROPERTIES

	Note	2014	2013
Year ended 30 June			
Opening net book amount		1,729,843	1,728,886
Fair value gain	36	51,290	957
Closing net book amount		1,781,133	1,729,843

20.1 The fair value of investment properties comprising land, situated at Lahore and Rawalpindi have been determined at 30 June 2014 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.

	Note	2014	2013
		(Rupees in thousand)	

21. LONG TERM LOANS TO EMPLOYEES - SECURED

House building		3,427	3,169
Vehicles		2,195	1,924
Others		1,620	589
		7,242	5,682
Less : Current portion of long term loans to employees	26	2,802	2,074
		4,440	3,608

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 (2013 : 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, chief executive officer and executives at the year end (2013 : Nil).

	Note	2014	2013
		(Rupees in thousand)	

22. LONG TERM DEPOSITS

Security deposits		104,066	114,120
Less: Current portion shown under current assets		(3,416)	(18,992)
		100,650	95,128

23. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	23.1	2,128,400	2,221,261
Spare parts		2,080,310	1,906,352
Loose tools		31,743	31,671
		4,240,453	4,159,284
Less: Provision against slow moving items	23.2	(42,895)	(42,617)
		4,197,558	4,116,667

23.1 This includes stores in transit of Rupees 851.930 million (2013: Rupees 635.892 million).

23.2 Provision against slow moving items

As at 01 July	42,617	6,384
Add: Provision for the year	278	36,233
As at 30 June	42,895	42,617

24. STOCK-IN-TRADE

	Note	2014 (Rupees in thousand)	2013 (Rupees in thousand)
Raw materials	24.1	1,022,490	931,120
Packing materials		113,354	113,974
Work-in-process		1,236,314	1,085,034
Finished goods		706,951	576,975
		3,079,109	2,707,103
Less: Cement stock written off		39,472	
		3,039,637	2,707,103

24.1 Raw materials include stock in transit of Rupees 107.718 million (2013: Rupees 31.001 million).

24.2 Stock in trade of Rupees 43.807 million (2013: Rupees 1.554 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 10.128 million (2013: Rupees 0.069 million).

25. TRADE DEBTS

	Note	2014 (Rupees in thousand)	2013 (Rupees in thousand)
Considered good:			
Secured (against letters of credit)		433,670	542,192
Unsecured		1,308,679	1,282,476
		1,742,349	1,824,668
Considered doubtful:			
Others - unsecured		11,517	11,429
		1,753,866	1,836,097
Less: Provision for doubtful debts			
As at 01 July		11,429	-
Add: Provision for the year	35	6,034	11,756
Less: Trade debts written off		(5,946)	(327)
As at 30 June		11,517	11,429
		1,742,349	1,824,668

25.1 As at 30 June 2014, trade debts of Rupees 924.755 million (2013: Rupees 948.219million) 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:

	2014 (Rupees in thousand)	2013 (Rupees in thousand)
Upto 1 month	710,182	669,137
1 to 6 months	145,510	188,491
More than 6 months	69,063	90,591
	924,755	948,219

25.2 As at 30 June 2014, trade debts of Rupees 11.517 million (2013: Rupees 11.429 million) were impaired and provided for. The ageing of these trade debts was more than three years.

26. LOANS AND ADVANCES - Unsecured, considered good

	Note	2014	2013
		(Rupees in thousand)	
Loans and advances to employees:			
- Executives		2,901	1,434
- Other employees		8,825	14,293
- Current portion of long term loans to employees	21	2,802	2,074
		14,528	17,801
Advances to Suppliers	26.1	1,026,947	305,893
Letters of credit		24,552	61,282
		1,066,027	384,976

26.1 This includes an amount of Rs. 642.000 million (2013: Nil) advanced to Ministry of Railways for transportation of coal and cement.

27. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2014	2013
		(Rupees in thousand)	
Short term deposits including current portion of long term deposits		4,295	20,126
Margin against:			
- Letters of credit		3,082	4,042
- Bank guarantees		58,014	61,875
Prepayments		25,526	21,350
		90,917	107,393

28. OTHER RECEIVABLES

	Note	2014	2013
Considered good:			
Sales tax refundable	28.1	321,356	233,370
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institutions		2,373	1,454
Export rebate		56,581	38,196
Insurance claims		8,141	14,213
Duty draw back receivable		63,213	80,979
Others		157,536	127,202
		625,193	511,407

28.1 It includes Rupees 16.797 million paid to Government under protest for various cases which have been decided in favor of the Subsidiary Company.

	Note	2014	2013
		(Rupees in thousand)	
29. SHORT TERM INVESTMENTS			
Available for sale			
Investments at fair value through profit or loss			
Mutual funds			
- ABL Government Securities Fund			
97,000,487 (2013: Nil) units		970,000	-
Shares in other listed securities		8,390	14,276
		978,390	14,276
Add: Fair value adjustment		3,629	(5,886)
		982,019	8,390
30. CASH AND BANK BALANCES			
Cash in hand	30.1	6,595	33,966
Cash at bank:			
- On current accounts	30.2	168,883	273,405
- On saving accounts	30.2 & 30.3	132,303	537,021
		301,186	810,426
		307,781	844,392

30.1 It includes cash in transit amounting to Rupees Nil million (2013: Rupees 32.485 million).

30.2 The balances in current and deposit accounts include US $ 301,805 (2013: US $ 62,222)

30.3 The balances in saving accounts carry interest ranging from 3.50% to 9.92% (2013: 0.10% to 10.50%) per annum.

	Note	2014	2013
		(Rupees in thousand)	
31. SALES			
Export		11,713,798	9,732,094
Local	31.1	22,496,822	21,834,177
Export rebate		57,833	41,013
		34,268,453	31,607,284
31.1 Local sales		26,981,427	25,251,361
Less :			
Sales tax		3,514,309	2,464,574
Excise duty		838,618	820,596
Commission		131,678	132,014
		22,496,822	21,834,177

31.2 Exchange gain due to currency rate fluctuations relating to export sales of Holding Company amounting to Rupees 32.452 million (2013: Rupees 43.828 million) has been included in export sales.

32. COST OF SALES

	Note	2014 (Rupees in thousand)	2013 (Rupees in thousand)
Raw materials consumed	32.1	8,987,911	8,612,859
Salaries, wages and other benefits	32.2	1,536,909	1,297,400
Processing charges		7,942	9,563
Stores, spare parts and loose tools consumed		2,392,354	1,896,465
Packing materials consumed		1,617,108	1,393,140
Fuel and power		8,870,058	7,918,183
Repair and maintenance		318,553	189,385
Insurance		77,263	64,961
Other factory overheads		348,923	274,009
Amortization		-	8,797
Depreciation	18.3	1,614,214	1,569,114
		25,771,235	23,233,876
Work-in-process			
Opening stock		1,085,034	959,245
Closing stock		(1,236,313)	(1,085,034)
		(151,279)	(125,789)
Cost of goods manufactured		25,619,956	23,108,087
Finished goods			
Opening stock		576,975	509,671
Closing stock		(706,951)	(576,975)
		(129,976)	(67,304)
Cost of sales		25,489,980	23,040,783

32.1 Raw materials consumed

	2014	2013
Opening stock	931,120	852,042
Add: Purchased during the year	9,079,281	8,691,937
	10,010,401	9,543,979
Less: Closing stock	(1,022,490)	(931,120)
	8,987,911	8,612,859

32.2 Salaries, wages and other benefits include provident fund contribution of Rupees 38.523 million (2013: Rupees 34.217 million), gratuity and compensated absences amounting to Rupees 17.250 million (2013: Rupees 12.160 million).

33. DISTRIBUTION COST

	Note	2014	2013
		(Rupees in thousand)	
Salaries and other benefits	33.1	103,206	94,405
Outward freight and handling		41,710	718,226
Clearing and forwarding		1,214,591	259,416
Commission to selling agents		95,980	66,075
Travelling and conveyance		41,417	24,361
Insurance		283	276
Vehicles' running		16,390	13,905
Electricity, gas and water		1,294	1,568
Postage, telephone and fax		7,382	6,377
Sales promotion and advertisement		59,332	38,394
Miscellaneous		46,343	13,346
		1,627,928	1,236,349

33.1 Salaries, wages and other benefits include provident fund contribution of Rupees 3.988 million (2013: 3.586 million), gratuity and compensated absences amounting to Rupees 4.350 million (2013: Rupees 3.313 million).

34. ADMINISTRATIVE EXPENSES

	Note	2014	2013
		(Rupees in thousand)	
Salaries and other benefits	34.1	259,490	220,865
Travelling and conveyance		37,448	31,477
Repair and maintenance		32,598	28,210
Rent, rates and taxes		10,656	4,905
Insurance		8,017	5,627
Vehicles' running		33,877	28,290
Printing, stationery and periodicals		18,757	5,028
Electricity, gas and water		4,236	5,190
Postage, telephone and fax		14,897	11,427
Legal and professional		27,694	20,752
Security, gardening and sanitation		25,976	23,835
Amortization		3,006	3,278
Depreciation	18.3	47,006	44,450
Miscellaneous		82,423	69,362
		606,081	502,696

34.1 Salaries, wages and other benefits include provident fund contribution of Rupees 8.187 million (2013: Rupees 7.247 million), gratuity and compensated absences amounting to Rupees 4.590 million (2013: Rupees 3.910 million).

35. OTHER EXPENSES

	Note	2014	2013
		(Rupees in thousand)	
Auditors' remuneration	35.1	3,245	2,903
Donations	35.2	2,834	1,554
Loss on remeasurement of fair value of investments at fair value through profit or loss		-	6,490
Loss on disposal of investment		2,198	-
Provision for doubtful debts	25	1,568	11,756
Provision for slow moving stores and spares		278	36,233
Workers' profit participation fund		223,443	211,182
Bad debts written off		4,466	(9,063)
Delay payment surcharge		-	2,712
Miscellaneous		787	5
		238,819	263,772

35.1 Auditors' remuneration

	2014	2013
Riaz Ahmad and Company		
Audit fee	1,400	1,400
Reimbursable expenses	145	50
	1,545	1,450
KPMG Taseer Hadi and Company		
Audit fee	1,200	1,320
Reimbursable expenses	150	133
Certifications	350	-
	1,700	1,453
	3,245	2,903

35.2 Donations for the year have been given to:

	2014	2013
Gulab Devi Hospital, Lahore	200	400
Miscellaneous donations in the form of cement	1,711	504
Shaukat Khanum Hospital, Lahore	-	600
Internally Dislocated People (IDP), Swat	600	50
Government of Punjab for Jashan-e-Baharan	323	-
	2,834	1,554

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

	Note	2014	2013
		(Rupees in thousand)	
36. OTHER INCOME			
Income from financial assets:			
Gain on disposal of investments at fair value through profit or loss		141	264
Gain on remeasurement of fair value of investments at fair value through profit or loss		3,629	429
Return on bank deposits		25,248	43,953
Dividend income		6,946	511
		35,964	45,157
Income from non-financial assets:			
Scrap sales		80,135	35,410
Gain on disposal of property, plant and equipment	18.2	24,197	8,089
Gain on remeasurement of investment property		51,290	957
Miscellaneous		4,193	4,129
		159,815	48,585
		195,779	93,742
37. FINANCE COST			
Mark-up / finance charges / interest on:			
Long term financing		272,495	225,585
Redeemable capital		735,036	871,873
Short term borrowings		815,212	1,073,640
Liabilities against assets subject to finance lease		29,861	(24,149)
Loss on cross currency swap		3,292	6,520
Exchange loss		55,881	95,902
Workers' profit participation fund		8,664	4,552
Employees' provident fund trust		7,119	7,809
		1,927,560	2,261,732
Bank charges and commission		83,180	83,462
		2,010,740	2,345,194
38. TAXATION			
Current year			
Current tax	38.1	645,973	206,509
Deferred tax		461,675	210,374
		1,107,648	416,883
Prior year			
Current tax		(40,252)	(60,854)
Deferred tax		-	-
		(40,252)	(60,854)
		1,067,396	356,029

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	2014	2013
		(Rupees in thousand)	
Profit before taxation		4,490,684	4,312,232
Adjustment for non-cash charges and other items:			
Depreciation		1,661,219	1,613,564
Amortization		3,006	12,075
Finance cost		2,030,156	2,345,194
Gain on sale of property, plant and equipment		(24,197)	(8,089)
Gain on disposal of investments at fair value through profit or loss		-	(2,998)
Gain on remeasurement of investment properties		(51,290)	(957)
Dividend income		(6,946)	(511)
Provision for doubtful debts		5,441	11,756
Provision for slow moving stores and spares		871	36,233
Employees' retirement benefits		31,395	19,201
Return on bank deposits		(25,248)	(25,185)
(Gain) / loss on remeasurement of investments at fair value through profit or loss		(3,629)	5,886
Working capital changes	39.1	(955,400)	(1,810,579)
		7,156,062	6,507,822

39.1 Working capital changes

	2014	2013
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(81,169)	(730,471)
Stock-in-trade	(332,535)	(273,758)
Trade debts	76,285	(273,811)
Loans and advances	(681,051)	108,599
Security deposits and short term prepayments	16,476	37,169
Other receivables	(280,862)	(76,652)
	(1,282,856)	(1,208,924)
Increase / (Decrease) in trade and other payables	327,456	(601,655)
	(955,400)	(1,810,579)

40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, 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 Officer		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	--------------------(Rupees in Thousand)------------------					
Managerial remuneration	12,168	9,432	9,664	11,674	124,376	107,970
Allowances						
House rent	364	247	446	1,100	34,520	32,360
Conveyance	1,478	660	705	662	20,668	19,729
Medical	636	433	292	257	7,411	6,622
Utilities	440	346	285	735	14,825	14,655
Special allowance	1,522	1,274	1,801	1,557	17,458	14,753
Contribution to provident fund	1,068	793	488	372	10,655	9,198
	17,676	13,185	13,681	16,357	229,913	205,287
Number of persons	2	2	5	5	119	108

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 4 (2013: 3) non-executive directors was Rupees 330,000 (2013: Rupees 330,000).

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:

	2014	2013
	(Rupees in thousand)	
Post employment benefit plan		
Contribution to provident fund	78,640	45,050
Contribution to gratuity fund	13,320	9,030

42. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2014	2013
Profit attributable to ordinary shareholders of the Holding Company	(Rupees in thousand)	2,329,565	2,722,887
Weighted average number of ordinary shares	(Numbers)	245,526,216	245,526,216
Earnings per share	(Rupees)	9.49	11.09

43. PLANT CAPACITY AND ACTUAL PRODUCTION

SPINNING:

	2014	2013
- 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 1,095 shifts (2013: 1,085 shifts)	39,540	38,570
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2013: 1,085 shifts)	32,415	33,038
- Gujjar 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 1,095 shifts (2013: 1,091 shifts)	33,113	34,409
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2013: 1,091 shifts)	25,726	30,243

	2014	2013
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 (2013: 1,095 shifts)	72,568	72,568
Actual production converted to 60 picks based on 3 shifts per day for 1,033 shifts (2013: 945 shifts)	61,958	57,888
PROCESSING OF CLOTH :		
- Rawalpindi Division	(Meters in thousand)	
Capacity at 3 shifts per day for 1,095 shifts (2013: 1,092 shifts)	41,975	41,860
Actual production at 3 shifts per day for 1,095 shifts (2013: 1,092 shifts)	19,235	16,221
POWER PLANT:		
- Rawalpindi Division	(Mega watts)	
Annual rated capacity based on 365 days (2013: 365 days)	207,787	207,787
Actual generation		
Main engines	23,121	20,335
Gas engines	19,101	29,374
- Raiwind Division		
Annual rated capacity (based on 365 days)	42,048	42,048
Actual generation - Gas engines	8,441	12,298

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.

CEMENT:		
	(Metric Ton in thousand)	
Clinker:		
Annual rated capacity (Based on 300 days)	3,360	3,360
Annual production for the year	2,695	2,559

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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)											
SALES :												
EXTERNAL	5,362,611	6,098,362	2,969,470	2,985,223	6,970,161	5,166,854	18,966,211	17,356,845			34,268,453	31,607,284
INTER-SEGMENT	1,141,426	433,917	942,988	554,896	-	2,639	2,336	531	(2,086,750)	(991,452)	-	531
	6,504,037	6,532,279	3,912,458	3,540,119	6,970,161	5,169,493	18,968,547	17,357,376	(2,086,750)	(991,452)	34,268,453	31,607,815
COST OF SALES	(5,756,726)	(5,310,827)	(3,489,215)	(3,167,646)	(6,233,552)	(4,629,166)	(12,097,237)	(10,925,127)	2,086,750	991,452	(25,489,980)	(23,041,314)
GROSS PROFIT	747,311	1,221,452	423,243	372,473	736,609	540,327	6,871,310	6,432,249	-	-	8,778,473	8,566,501
DISTRIBUTION COST	(13,683)	(14,175)	(100,403)	(92,777)	(459,506)	(331,646)	(1,054,336)	(797,751)	-	-	(1,627,928)	(1,236,349)
ADMINISTRATIVE EXPENSES	(96,886)	(72,975)	(106,026)	(85,986)	(113,240)	(99,437)	(289,929)	(244,298)	-	-	(606,081)	(502,696)
	(110,569)	(87,150)	(206,429)	(178,763)	(572,746)	(431,083)	(1,344,265)	(1,042,049)	-	-	(2,234,009)	(1,739,045)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	636,742	1,134,302	216,814	193,710	163,863	109,244	5,527,045	5,390,200	-	-	6,544,464	6,827,456
UNALLOCATED INCOME AND EXPENSES												
FINANCE COST											(2,010,740)	(2,345,194)
OTHER EXPENSES											(238,819)	(263,772)
OTHER INCOME											195,779	93,742
TAXATION											(1,067,396)	(356,029)
											(3,121,176)	(2,871,253)
PROFIT AFTER TAXATION											3,423,288	3,956,203

44.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and home textile		Cement		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)									
TOTAL ASSETS FOR REPORTABLE SEGMENT	2,925,108	3,066,137	2,781,885	2,063,671	2,971,908	2,578,602	25,673,871	25,787,113	34,352,772	33,495,523
UNALLOCATED ASSETS									4,176,419	4,278,856
TOTAL ASSETS AS PER BALANCE SHEET									38,529,191	37,774,379
All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.										
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	703,393	1,188,457	1,180,739	1,160,446	2,721,802	2,699,854	15,061,810	15,704,709	19,667,744	20,753,466
UNALLOCATED LIABILITIES									1,912,231	4,454,005
TOTAL LIABILITIES AS PER BALANCE SHEET									21,579,975	25,207,471

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:

	2014	2013
	(Rupees in thousand)	
Europe	3,035,902	2,372,825
America	4,963,871	3,808,481
Asia, Africa, Australia	3,771,858	3,591,801
Pakistan	22,496,822	21,834,177
	34,268,453	31,607,284

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:

	2014	2013
	(Rupees in thousand)	
Size of the fund - total assets	810,924	720,992
Cost of investments made	732,688	558,591
Percentage of investments made	90%	77%
Fair value of investments	774,653	570,294

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

	2014		2013	
	%	(Rs in '000)	%	(Rs in '000)
Shares in listed companies	0.00%	-	1.33%	7,610
Bank balances	9.45%	73,213	1.80%	10,254
Term deposit receipts	36.92%	286,000	9.73%	55,504
Government securities	36.15%	247,891	36.14%	206,110
Mutual funds	21.63%	167,549	50.99%	290,816
	100.00%	774,653	100.00%	570,294

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.

	2014	2013

46. NUMBER OF EMPLOYEES

Number of employees as on 30 June	5,660	5,565
Average number of employees during the year	5,748	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 minimise 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), Euro and Yen. 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:

	2014	2013
Cash at banks - USD	302	62
Trade debts - USD	6,572	8,104
Trade debts - Euro	-	73
Trade and other payable - USD	5,559	6,771
Trade and other payable - Euro	24	559
Finance lease liability - USD	8,511	9,577
Outstanding letter of credits - USD	259	1,692
Outstanding letter of credits - Euro	1,359	1,247
Outstanding letter of credits - Yen	-	4,600
Net exposure - USD	(7,455)	(9,874)
Net exposure - Euro	(1,383)	(1,733)
Net exposure - Yen	-	(4,600)

The following significant exchange rates were applied during the year:

	2014	2013
Rupees per US Dollar		
Average rate	102.70	96.37
Reporting date rate	98.55	98.60
Rupees per Euro		
Average rate	131.00	125.55
Reporting date rate	134.46	128.85
Rupees per Yen		
Average rate	0.96	1.11
Reporting date rate	0.97	1.00

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 34.531 million, Rupees 8.833 million and Rupees Nil million (2013: Rupees 46.644 million, Rupees 10.611 million and Rupees 0.219 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	
	2014	2013	2014	2013
	---------------- (RUPEES IN THOUSAND) ----------------			
KSE 100 (5% increase)	401	420	-	-
KSE 100 (5% decrease)	(401)	(420)	-	-

The Group's investment in mutual fund amounting to Rupees 974.001 million (2013: Nil) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2014, if fair value (NAV) had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rupees 9.253 million (2013: Nil).

(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:

	2014	2013
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Loans to employees	7,242	5,682
Long tern investment	1,625	1,625
Bank balances at PLS account	98,524	266,475
Financial liabilities		
Long term financing	3,608	52,406
Short term borrowings	1,915,000	1,890,632
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	33,779	270,546
Financial liabilities		
Long term financing	2,000,102	4,252,304
Redeemable capital	6,183,000	7,215,869
Liabilities against assets subject to finance lease	851,201	1,008,375
Short term borrowings	5,180,699	5,716,375

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 134.722 million (2013 : Rupees 170.264 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:

	2014	2013
	(Rupees in thousand)	
Investments	983,644	10,015
Deposits	166,041	177,129
Trade debts	1,742,349	1,824,668
Accrued interest	2,352	6,575
Other receivables	165,677	115,603
Loans and advances	16,166	21,409
Bank balances	301,186	810,426
	3,377,415	2,965,825

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			2014	2013
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Al-Baraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	2,828	2,722
Allied Bank Limited	A-1+	AA+	PACRA	3,360	15,347
Askari Bank Limited	A-1+	AA	PACRA	6,512	4,655
Bank Alfalah Limited	A-1+	AA	PACRA	3,792	15,341
Bank Al-Habib Limited	A-1+	AA+	PACRA	41,894	120,281
Bank Islami Pakistan Limited	A1	A	PACRA	55,923	37,394
Burj Bank Limited	A-1	A	JCR-VIS	21	22
Faysal Bank Limited	A-1+	AA	JCR-VIS	2,834	16,586
First Women Bank Limited	A-2	A-	PACRA	18	18
Habib Bank Limited	A-1+	AAA	JCR-VIS	23,347	6,062
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2	-
HSBC Bank Middle East Limited	P-1	A-2	MOODY	63	585
KASB Bank Limited	A-3	BBB	PACRA	357	248,793
MCB Bank Limited	A-1+	AAA	PACRA	47,393	101,521
Meezan Bank Limited	A-1+	AA	JCR-VIS	4,168	10,325
National Bank of Pakistan	A-1+	AAA	JCR-VIS	438	39,571
NIB Bank Limited	A-1+	AA-	PACRA	23,235	110,003
Silkbank Limited	A-2	A-	JCR-VIS	1,137	7
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	20,746	3,224
The Bank of Punjab	A-1+	AA-	PACRA	18,431	17,656
United Bank Limited	A-1+	AA+	JCR-VIS	40,057	5,705
Dubai Islamic Bank Pakistan Limited	A-1	A	JCR-VIS	741	22,741
Soneri Bank Limited	A1+	AA-	PACRA	3,816	31,792
Summit Bank Limited	A-3	A-	JCR-VIS	73	73
Saudi Pak Industrial & Agricultural Investment Corporation (Private) Limited	A-1+	AA	JCR-VIS	-	2
				301,186	810,426
Investments					
ABL Government Securities Fund	A+(f)		JCR-VIS	974,001	-
Pakistan Reinsurance Company Limited	AA		JCR-VIS	647	591
Samin Textiles Limited	Unknown			405	237
D.S. Industries Limited	Unknown			82	101
Pervaiz Ahmed Securities Limited	Unknown			104	111
Next Capital Limited	Unknown			6,780	7,350
				982,019	8,390

(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 2014, the Group had Rupees 3,169 million (2013: Rupees 2,673 million) available borrowing limits from financial institutions and Rupees 307.781 million (2013: Rupees 844.392 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 2014

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	150,707	180,773	50,935	28,630	53,304	47,904
Liabilities against assets subject to finance lease	10,778	12,766	1,930	1,930	3,862	5,044
Trade and other payables	960,402	960,402	960,402	-	-	-
Accrued mark-up	93,615	93,615	93,615	-	-	-
Short term borrowings	4,575,316	4,707,562	4,707,562	-	-	-
	5,790,818	5,955,118	5,814,444	30,560	57,166	52,948

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 companies	657,003	820,680	245,726	574,954	-
Redeemable capital	6,183,000	8,200,196	1,460,901	6,739,295	-
Syndicated term finances	1,196,000	1,592,829	278,040	1,314,789	-
Liabilities against assets subject to finance lease	840,423	912,492	128,278	784,214	-
Long term deposits	6,879	6,879	-	6,879	-
Trade and other payables	2,031,782	2,031,782	2,031,782	-	-
Accrued profit / interest / mark-up	174,625	174,625	174,625	-	-
Short term borrowings	2,618,528	2,618,528	2,618,528	-	-
	13,708,240	16,358,011	6,937,880	9,420,131	-

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	622,853	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	6,215,861	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	4,422,442	1,142,189	2,844,384	435,869
Redeemable capital	7,215,869	9,839,242	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	1,982,369	1,982,369	1,982,369	-	-
Accrued profit / interest / mark-up	361,834	361,834	361,834	-	-
Short term borrowings	3,277,666	3,277,666	3277666	-	-
	17,542,654	20,972,448	8,484,573	9,787,624	2,700,251

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 2014				
Assets as per balance sheet				
Investments	1,625	982,019	-	983,644
Deposits	166,041	-	-	166,041
Trade debts	1,742,349	-	-	1,742,349
Accrued interest	2,352	-	-	2,352
Other receivables	165,677	-	-	165,677
Loans and advances	16,166	-	-	16,166
Cash and bank balances	307,781	-	-	307,781
	2,401,991	982,019	-	3,384,010

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	2,003,710
Redeemable capital	6,183,000
Liabilities against assets subject to finance lease	851,201
Short term borrowings	7,193,844
Trade and other payables	2,739,591
Accrued mark-up	268,240
	19,239,586

	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

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 2014 and 30 June 2013 is as follows:

	2014	2013
	(Rupees in thousand)	
Borrowings	16,231,755	20,135,961
Total equity	12,904,676	8,522,368
Total capital employed	29,136,431	28,658,329
Gearing ratio	55.71%	70.26%

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

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on September 18, 2014 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.

51. STATEMENT U/S 241 (2) OF THE COMPANIES ORDINANCE, 1984

These financial statements have been signed by two directors instead of chief executive officer and one director as chief executive officer is not for the time being in Pakistan.

DIRECTOR DIRECTOR

KOHINOOR 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
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 30, 2014 at 3:00 PM** and any adjournment thereof.

As witnessed given under my/our hand(s) _________________ day of October, 2014.

1. Witness:

Signature : ____________________
Name : ____________________
CNIC : ____________________
Address : ____________________
: ____________________

Affix
Revenue
Stamp of Rs. 5/-

2. Witness:

____
Signature of Member / Attorney

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 reach at the Company's Registered Office, not later 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

Kohinoor Textile Mills Limited
42 Lawrence Road, Lahore, Pakistan