Annual Report | For the year ended june 30, 2013

27

Years of Excellence

J.K. SPINNING MILLS LIMITED

... we rise to the challenge

Contents

Company Information

Board of Directors	
Chief Executive	Mr. Jawed Anwar
Directors	Mr. Faiq Jawed
	Mr. Shaiq Jawed
	Mrs. Farhat Jehan
	Syed Hussain Shahid Mansoor Naqvi
	Mr. Ghulam Muhammad
	Mr. Qayyum Mohsin Malik
Audit Committee	
Chairman	Mr. Shaiq Jawed
Members	Mrs. Farhat Jehan
	Syed Hussain Shahid Mansoor Naqvi
HR Committee	
Chairman	Mr. Faiq Jawed
Members	Syed Hussain Shahid Mansoor Naqvi
	Mr. Qayyum Mohsin Malik
Company Secretary	Syed Hussain Shahid Mansoor Naqvi
Chief Financial Officer	Mr. Ghulam Muhammad
Head of Internal Audit	Mr. Amjad Ali
Auditors	M/s Riaz Ahmad & Company, Chartered Accountants
	(A member of Nexia International)
	Faisalabad
Legal Advisor	Atif & Atif Law Associates Advocates
Bankers	Standard Chartered Bank (Pakistan) Limited
	The Bank of Punjab
	National Bank of Pakistan
	Askari Bank Limited
	United Bank Limited
	Al-Baraka Bank (Pakistan) Limited
	Summit Bank
Head Office & Mills	29-KM, Sheikhupura Road,
	Faisalabad.

Vision

To enter into global economy accepting the challenge of barrier free trade as a dynamic force.

Mission

To turn around performance of company into sustainable growth for the benefit of its stake holders.

To stand the test of expectations of our valued customers redefining excellence with craft, creativity, professionalism and quality control.

To strive hard for boosting exports of country to earn more foreign exchange to rebuild economy.

Chairman's Review

It is my pleasure to present 27th Annual Report of the company for the year ended June 30, 2013.

Overview of Economy and Industry

During the fiscal year 2012-13, country continues to face problems of power and Gas shortage along with other internal and external challenges. The energy crises further deepens during the fiscal FY 2013. Circular debt continues to increase despite heavy subsidy allowed to power sector. The adverse impact of these economic difficulties was compounded with the impact of ongoing war against extremism and heavy rains and floods. Liquid foreign reserves decreased sharply to US $ 11.50 billion in view of payments to IMF. FBR revenue remained sluggish while expenditure on subsidies to state owned enterprises and debt servicing increased intensively. Overall GDP growth registered at 3.60 percent in FY13.

During the year under review, global economic growth remained weak. In view of global financial crises, the world economy is struggling to recover. Number of developed economies has fallen into double dip recession. High unemployment, weak aggregate demand compounded by fiscal austerity and high public debt burdens caught the number of developed economies into deep recession.

Textile is an important sector of the economy and is major contributory toward foreign exchange earnings of the country. It has been hard hit by domestic and international factors. Although the sector has gradually endeavoring into the production of fairly high quality textile products, it still represents a significant size in low value added segments. Regional competitors are shifting their focus to the value added products. Market share of China, India and Bangladesh in the world textile and clothing exports is gradually increasing and Pakistan is facing severe competition from the regional markets. Positioning of the domestic spinning segment is improving in view of increasing demand of yarn from China. Acute power crises, unstable law and order situation, campaign against terrorism have created uncertain environment, resulted in loss of working hours and increase in cost. All these factors have caused slower growth in the sector. Textile industry faced shut down of 30 days approximately during the fiscal year 2013 in view of power and gas outage.

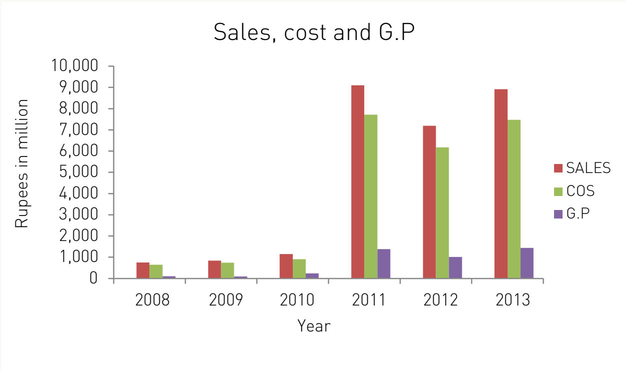
Financial and operational performance

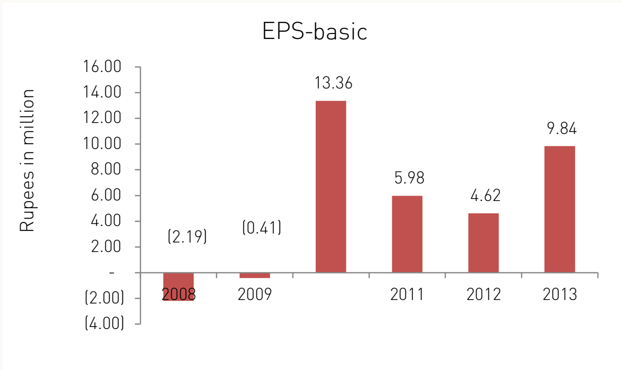
Your company has earned after tax net profit of Rs. 599.355 million for the year ended June 30, 2013 as compared to profit of Rs. 281.585 million in the last year.

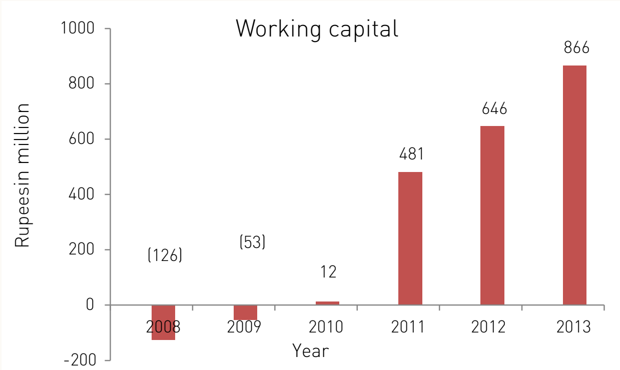
Sales revenue for the FY 2013 stood Rs. 8,918.973 million against Rs. 7,193.895 million in FY 2012. Gross profit ratio to sale increased to 16.18% in FY 2013 from 14.14 in FY 2012 despite increase in raw material prices and fuel and power cost. Distribution cost ratio to sales stood 4.53% in FY 2013 as compared to 4.05% in FY 2012. Administrative expenses increased to Rs. 164.422 million in FY 2013 from Rs. 120.263 million in FY 2012 as a result of increase cost of salaries and wages and inflationary factor. Financial cost decreased to Rs. 216.220 million in FY 2013 from Rs. 241.545 million due to drop off in Kibor rates.

As a constant policy of Balancing Modernization and Replacement (BMR) of plant and machinery, fourteen Ring Frames machines of latest technology imported during the year and were in process of commissioning at the end of current financial year and have started commercial production in first quarter of next financial year. Eight Auto Cone Machines were also replaced with latest model

Chairman's Review







during the year. To upgrade Lab equipments, Latest Uster Tenso Jet Lab Equipments were imported to replace the outdated lab equipment during the FY 2013.

The management of your company has deferred its plans to expand the spinning capacity till improvement in gas and power outage. To enhance the cotton warehousing capacity, 15 cotton warehouses have been planned to be added during the forthcoming financial year.

The production of yarn converted into 20s for the year ended June 30, 2013 stood at 24.013 million Kgs against 22.302 million kgs of corresponding year.

Financial Strength

Total assets of the company increased to Rs. 5,462.892 million this year as compared to Rs. 4,980.210 million in corresponding year. Current ratio of the company improved to 1.49 in FY 2013 from 1.43 in FY 2012 while leverage ratio stood at 0.72 in FY 2013 as compared to 0.93 in FY 2012. Improvement in all ratios is healthy sign for growth of the company.

Human Resource

The management of the company consider human resources training and development as an essential tool for optimizing the utilization of human resource which helps the employees to achieve the company's goals as well as their individual goals. Therefore, management of the Company emphasis the optimal use of

human resources by way of proper training, motivation and incentive schemes for the employees for developing their skills, loyalty, better attitudes, and other aspects as a winning managers and workers.

Future Outlook

As a result of election 2013, new government has been formed who is pursuing hard to minimize the energy crises. It has managed to clear the circular debt which helped to minimize the unscheduled load management. Power tariff increased by 73% while gas tariff increased by 17%. Increase in power tariff and huge depreciation of Indian Rupee are making our textile goods costlier and uncompetitive in the region.

Global growth is projected to remain subdued at slightly above 3 percent in 2013, the same as in 2012. World Economic Outlook is likely to driven to a large extent by weaker domestic demand and slower growth in several key emerging market economies, as well as by a more protracted recession in the euro area.

Downside risks to global growth prospects shall still dominate while old risks remain, new risks have emerged, including the possibility of a longer growth slowdown in emerging market economies. The U.S. economy expanded more than estimated in the second quarter, providing evidence that growth is picking up as the nation overcomes the effects of federal tax increases and budget cuts. If the anticipated unwinding of monetary policy stimulus in the United States leads to sustained capital flow reversals, risks of lower potential growth, slowing credit, and possibly tighter financial conditions are still looming.

Despite of increased energy cost and various other regional factors, outlook of spinning industry of Pakistan is still looking favorable. Demand of yarn in local as well as foreign market is currently subdued. It is likely to pick up in coming months. The company is focusing on improving efficiencies and minimizing costs to achieve the better financial results of forthcoming financial year.

Jawed Anwar
Chairman

Faisalabad
September 30, 2013

Director's Report

In the Name of Almighty Allah The Most Gracious, The Beneficent, The Merciful

Dear Shareholders,

The Directors' of your company feel pleasure in presenting the annual report together with audited financial statements of the company for the Year Ended June 30, 2013.

Financial Highlights
The financial highlights of the company for the year ended June 30, 2013 are summarized as under:

	2013	2012
	Rupees in Thousands	
Net Sales	8,918,973	7,193,895
Gross Profit	1,442,705	1, 017,273
Profit before Taxation	650,492	364,079
Taxation	51,137	82,494
Net profit for the year	599,355	281,585
Other Comprehensive Income	39,781	43,883
Total comprehensive income for the year	639,136	325,468

DIVIDEND:

The Board of Directors have recommended 50% final Cash Dividend to ordinary shareholders except Directors, CEO, their Spouses and their associates etc.

Earnings Per share

Earnings per share for the year ended June 30, 2013 stood at Rs. 9.84 per share as compared to Rs. 4.62 per share in corresponding year.

CORPORATE AND FINANCIAL REPORTING FRAME WORK:

Security and Exchange Commission of Pakistan framed a code of corporate governance, which was incorporated through the listing regulations of all Stock Exchanges of the country. The Director of your company has ensured implementation of all provisions of the code of corporate governance applicable for the period ended on June 30, 2013.

The review report on Statement of Compliance with the code of corporate governance of Auditors is annexed with this report.

The Directors of the company are pleased to confirm that there is no material departure from the best practices as detailed in the listing regulations.

- The financial statements prepared by the management of J.K. Spinning Mills Limited present fairly its state of affair, the results of its operations, cash flow and statement of changes in equity.
- Proper books of accounts of J.K. Spinning Mills Limited have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as going concern.
- Information about outstanding taxes and levies is given in notes to the accounts.
- Key operating results and financial data of last six years in summarized form is annexed.
- The gain/ (loss) arising out due to exchange rate fluctuations and financing under State Bank of Pakistan circular No. F.E. 25 has been appropriately accounted for as on the date of balance sheet.
- Value of investment of provident fund trust based on audited accounts as on June 30, 2012 is Rs. 119.660 million.
- No trade in shares of the company other than disclosed hereunder was carried out during the year by its directors, CEO, CFO, Company Secretary and their spouses and minor children.

Mr. Faiq Jawed, director of the company acquired 749,175 shares of the company from Mrs. Samina Abid, sponsors family member during the year as a result of family settlement. Required formalities were completed under the prevailing law and regulations.

- The Statement of pattern of shareholding of the company as at June 30, 2013 is annexed in new form set out in the code of corporate governance.
- Abstract of terms of directors is annexed herewith as required under clause (b) of sub-section 1 of section 218 of the companies ordinance 1984.

Risk Management

The company is conducting business in a challenging environment. Its activities expose it to number of risks including raw material sourcing/ pricing, currency risk, credit risk, liquidity and interest rate risks, Gas and power outage risk and human resource retention and recruitment.

Raw material Risk

Cotton is main raw material of a textile company. Inability to procure raw material and increase in prices may adversely influence the operation and profitability of the company. The company aims to use its purchasing power and manage to procure cotton at the start of harvesting season to minimise this risk.

Director's Report




Currency Risk

Exchange rate fluctuation may have impact on financial results. The company mitigates these risks through hedging tools and monitoring payable and receivable in foreign currencies.

Credit Risk

The company's credit exposure to credit risk and impairment relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standings and we have a long standing relations with all our customers. We do not expect non performance by these counter parties, hence credit risk is minimal.

Cost and Availability of Funds

It is one of our objectives to safeguard the company's ability as going concern. Collapse in steady availability of funds and interest rates may adversely affect the liquidity and overall financial conditions. The significant portion of working capital requirements of the company is arranged through short term financing. The company has secured sufficient financing facilities to meet these requirements to mitigate capital risk. We manage the capital structure on the basis of leverage ratio at low level. Interest rates risk is managed through alternative financing.

Power and Gas outage

Smooth operation may get affected due to Gas outage. The company has mitigated this risk through standby arrangements of power supply from FESCO and diesel generators.

Employee Recruitment and Retention

Failure to attract and retain the right peoples may adversely affect the achievement of company goals plans. A strong emphasis is placed on the company human resource and its skills. We operate the best talent management and human resource instrument to attract, retain, motivate, educate and encourage personnel and staff.

Boards Meetings

During the year under review, four meetings of Board of Directors were held. Attendance position of Board of Directors meetings is as under:

Name of Director	No. of Meetings Attended
Mr. Jawed Anwar	04
Mr. Faiq Jawed	04
Mr. Shaiq Jawed	04
Syed Hussain Shahid Mansoor Naqvi	04
Mrs. Farhat Jahan	04
Mr. Ghulam Muhammad	04
Mr. Qayyum Mohsan Malik	04





AUDIT COMMITTEE

The Audit Committee held eight meetings during the year under review, each before the Board of Director's meeting to review the financial statements, internal audit reports and compliance of the corporate governance requirements. These meeting included meeting with external auditors before and after completion of audit and other statutory meetings as required by the code of corporate Governance.

Human Resource Committee

One meeting of HR committee was held during the year which was attended by all the committee members.

Directors Training

Two director's of the company participated in Directors training program conducted by Institute of Chartered Accountants of Pakistan on September, 12-13, 2013 to fulfill the requirements of directors training program as required by Code of Corporate Governance.

AUDITORS:

The Auditors M/S **Riaz Ahmad & Company,** Chartered Accountants, stand retired and being eligible, offer themselves for re-appointment for the next financial year ending on 30-06-2014.

Chairman's Review

The accompanied Chairman's Review deal with performance of the company during the year and future outlook. The directors of the company endorse the contents of review.

Post Balance Sheet Events

There was no significant post balance sheet event which warrants mention in Directors' Report.

ACKNOWLEDGEMENT:

The Directors wish to express their gratitude to our valued clients and bankers for the cooperation extended by them during the course of business activities. The Directors also wish to place on record their appreciation for the hard work and devoted services demonstrated by the staff members and the workers of the company.

For and on behalf of
Board of Directors

Jawed Anwar
Chief Executive

Faisalabad
September 30, 2013

Vertical Analysis

	2013		2012		2011		2010	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET								
TOTAL EQUITY	3,008,247	55%	2,730,415	55%	2,483,426	52%	597,641	46%
NON-CURRENT LIABILITIES	690,517	13%	758,379	15%	629,512	13%	352,415	27%
CURRENT LIABILITIES	1,764,128	32%	1,491,416	30%	1,698,745	35%	341,923	26%
TOTAL LIABILITIES	2,454,645	45%	2,249,795	45%	2,328,257	48%	694,338	54%
TOTAL EQUITY AND LIABILITIES	5,462,892	100%	4,980,210	100%	4,811,683	100%	1,291,979	100%
ASSETS								
NON-CURRENT ASSETS	2,832,655	52%	2,842,828	57%	2,631,622	55%	937,726	73%
CURRENT ASSETS	2,630,237	48%	2,137,382	43%	2,180,061	45%	354,253	27%
TOTAL ASSETS	5,462,892	100%	4,980,210	100%	4,811,683	100%	1,291,979	100%
PROFIT AND LOSS ACCOUNT								
SALES	8,918,973	100.00%	7,193,895	100.00%	9,097,849	100.00%	1,148,043	100.00%
COST OF SALES	7,476,268	83.82%	6,176,622	85.86%	7,713,396	84.78%	906,703	78.98%
GROSS PROFIT	1,442,705	16.18%	1,017,273	14.14%	1,384,453	15.22%	241,340	21.02%
TRADING PROFIT / (LOSS)	-	0.00%	-	0.00%	-	0.00%	3,097	0.27%
	1,442,705	16.18%	1,017,273	14.14%	1,384,453	15.22%	244,437	21.29%
DISTRIBUTION COST	404,019	4.53%	291,775	4.06%	396,088	4.35%	19,352	1.69%
ADMINISTRATIVE EXPENSES	164,422	1.84%	120,263	1.67%	111,228	1.22%	26,664	2.32%
OTHER OPERATING EXPENSES	45,871	0.51%	25,772	0.36%	39,833	0.44%	8,774	0.76%
	614,312	6.89%	437,810	6.09%	547,149	6.01%	54,790	4.77%
	828,393	9.29%	579,463	8.05%	837,304	9.20%	189,647	16.52%
OTHER OPERATING INCOME	38,319	0.43%	26,161	0.36%	2,417	0.03%	222	0.02%
PROFIT FROM OPERATIONS	866,712	9.72%	605,624	8.42%	839,721	9.23%	189,869	16.54%
FINANCE COST	216,220	2.42%	241,545	3.36%	322,852	3.55%	71,254	6.21%
PROFIT / (LOSS) BEFORE TAXATION	650,492	7.29%	364,079	5.06%	516,869	5.68%	118,615	10.33%
PROVISION FOR TAXATION	51,137	0.57%	82,494	1.15%	152,463	1.68%	8,024	0.70%
PROFIT / (LOSS) AFTER TAXATION	599,355	6.72%	281,585	3.91%	364,406	4.01%	110,591	9.63%

Horizontal Analysis Based on Year 2010

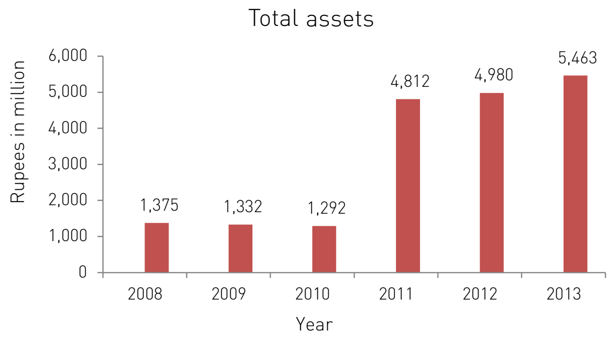
	2013		2012		2011		2010	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET								
TOTAL EQUITY	3,008,247	503%	2,730,415	457%	2,483,426	416%	597,641	100%
NON-CURRENT LIABILITIES	690,517	196%	758,379	215%	629,512	179%	352,415	100%
CURRENT LIABILITIES	1,764,128	516%	1,491,416	436%	1,698,745	497%	341,923	100%
TOTAL LIABILITIES	2,454,645	354%	2,249,795	324%	2,328,257	335%	694,338	100%
TOTAL EQUITY AND LIABILITIES	5,462,892	423%	4,980,210	385%	4,811,683	372%	1,291,979	100%
ASSETS								
NON-CURRENT ASSETS	2,832,655	302%	2,842,828	303%	2,631,622	281%	937,726	100%
CURRENT ASSETS	2,630,237	742%	2,137,382	603%	2,180,061	615%	354,253	100%
TOTAL ASSETS	5,462,892	423%	4,980,210	385%	4,811,683	372%	1,291,979	100%
PROFIT AND LOSS ACCOUNT								
SALES	8,918,973	777%	7,193,895	627%	9,097,849	792%	1,148,043	100%
COST OF SALES	7,476,268	825%	6,176,622	681%	7,713,396	851%	906,703	100%
GROSS PROFIT	1,442,705	598%	1,017,273	422%	1,384,453	574%	241,340	100%
TRADING PROFIT / (LOSS)	-	0%	-	0%	-	0%	3,097	100%
	1,442,705	590%	1,017,273	416%	1,384,453	566%	244,437	100%
DISTRIBUTION COST	404,019	2088%	291,775	1508%	396,088	2047%	19,352	100%
ADMINISTRATIVE EXPENSES	164,422	617%	120,263	451%	111,228	417%	26,664	100%
OTHER OPERATING EXPENSES	45,871	523%	25,772	294%	39,833	454%	8,774	100%
	614,312	1121%	437,810	799%	547,149	999%	54,790	100%
	828,393	437%	579,463	306%	837,304	442%	189,647	100%
OTHER OPERATING INCOME	38,319	17261%	26,161	11784%	2,417	1089%	222	100%
PROFIT FROM OPERATIONS	866,712	456%	605,624	319%	839,721	442%	189,869	100%
FINANCE COST	216,220	303%	241,545	339%	322,852	453%	71,254	100%
PROFIT BEFORE TAXATION	650,492	548%	364,079	307%	516,869	436%	118,615	100%
PROVISION FOR TAXATION	51,137	637%	82,494	1028%	152,463	1900%	8,024	100%
PROFIT AFTER TAXATION	599,355	542%	281,585	255%	364,406	330%	110,591	100%

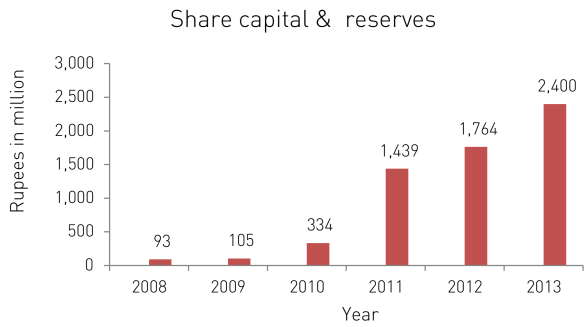
Key Operating and Financial Results

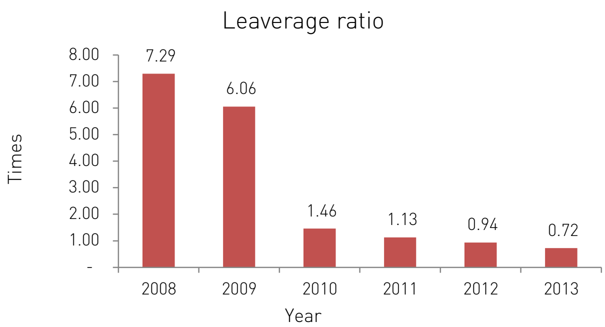
for last six years

PARTICULARS		RUPEES in 000 2013	2012	2011	2010	2009	2008
SUMMARISED BALANCE SHEET							
NON-CURRENT ASSETS							
Property, Plant And Equipment		2,822,964	2,841,761	2,623,342	927,481	928,541	951,299
Long Term Loans		387	392	-	-	-	-
Other Non-Current Assets		9,304	675	8,280	10,245	23,467	30,064
CURRENT ASSETS							
Stores, Spares And Loose Tools		44,926	37,082	35,226	8,204	4,271	3,905
Stock In Trade		1,592,021	1,278,678	1,249,430	207,017	107,406	181,422
Trade Debts		612,751	451,143	528,745	73,766	150,406	96,775
Other Current Assets		380,539	370,479	366,660	65,266	118,407	111,437
TOTAL ASSETS		5,462,892	4,980,210	4,811,683	1,291,979	1,332,498	1,374,902
Share Holders' Equity		2,400,047	1,763,656	1,439,286	333,864	104,901	92,798
Surplus on Revaluation of Operating Fixed Assets		608,200	966,759	1,044,140	263,777	316,442	348,455
NON-CURRENT LIABILITIES							
Long Term Financing		86,818	194,163	65,080	-	-	2,941
Director'S Loan		300,000	300,000	300,000	196,391	301,392	191,715
Liabilities Against Assets Subject To Finance Lease		25,875	-	5,980	22,275	73,710	133,168
Deferred Tax		277,824	264,216	258,452	101,252	71,354	54,313
Other Non-Current Liabilities		-	-	-	32,497	31,453	32,165
CURRENT LIABILITIES							
Short Term Borrowings		1,194,856	1,032,246	1,192,112	216,714	201,730	291,418
Current Portion Of Long Term Liabilities		124,999	125,561	56,245	51,338	58,666	57,507
Other Current Liabilities		444,273	333,609	450,388	73,871	172,850	170,422
Total Equity And Liabilities		5,462,892	4,980,210	4,811,683	1,291,979	1,332,498	1,374,902
PROFIT & LOSS							
Sales		8,918,973	7,193,895	9,097,849	1,148,043	835,155	747,615
Gross Profit		1,442,705	1,017,273	1,384,453	241,340	91,687	101,400
EBITDA		1,011,933	736,629	969,805	235,366	117,489	130,014
Profit From Operations		866,712	605,624	839,721	189,869	70,185	81,247
Profit / (Loss) Before Tax		650,492	364,079	516,869	118,615	(1,593)	(10,454)
Profit / (Loss) After Tax		599,355	281,585	364,406	110,591	(2,869)	(15,318)
CASH FLOWS							
Cash Flow From Operating Activities		373,240	341,837	(763,089)	102,124	40,183	6,070
Cash Flow From Investing Activities		(437,276)	(387,618)	(168,131)	(42,912)	(14,417)	20,248
Cash Flow From Financing Activities		77,833	30,708	937,056	(39,958)	(41,318)	(15,408)
Changing In Cash & Cash Equivalents		13,797	(15,073)	5,836	19,254	(15,552)	10,910
Cash & Cash Equivalents - Year End		59,014	45,217	60,290	24,454	5,200	20,752
PROFITABILITY RATIOS							
Gross Profit	%	16.18	14.14	15.22	21.02	10.98	13.56
EBITDA To Sales	%	11.35	10.24	10.66	20.50	14.07	17.39
Pre Tax Profit	%	7.29	5.06	5.68	10.33	(0.19)	(1.40)
After Tax Profit	%	6.72	3.91	4.01	9.63	(0.34)	(2.05)
Return On Equity	%	24.97	15.97	25.32	33.12	(2.73)	(16.51)
Return On Capital Employed	%	24.10	14.38	24.22	33.12	(2.73)	(16.00)
Dividend Rate (Cash)	%	50.00	25.00	20.00	20.00	-	-
Leverage Ratio		0.72	0.94	1.13	1.46	6.06	7.29
LIQUIDITY RATIOS							
Current Ratio	Times	1.49	1.43	1.28	1.04	0.88	0.76
Quick Ratio	Times	0.56	0.55	0.53	0.41	0.62	0.40
Cash To Current Liabilities	Times	0.03	0.03	0.04	0.07	0.01	0.04
Cash Flows From Operation To Sales	Times	0.04	0.05	(0.08)	0.09	0.05	0.01


Profit after taxation
Rupees in million
700
600
500
400
300
200
100
-
(100)
(15)
(3)
111
364
282
599
2008
2009
2010
2011
2012
2013
Year


Total assets
Rupees in million
6,000
5,000
4,000
3,000
2,000
1,000
0
1,375
1,332
1,292
4,812
4,980
5,463
2008
2009
2010
2011
2012
2013
Year


Share capital & reserves
Rupees in million
3,000
2,500
2,000
1,500
1,000
500
0
93
105
334
1,439
1,764
2,400
2008
2009
2010
2011
2012
2013
Year


Leaverage ratio
Times
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
-
7.29
6.06
1.46
1.13
0.94
0.72
2008
2009
2010
2011
2012
2013
Year

Statement of Compliance with the Best Practices Code of Corporate Governance

For the Year Ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in the Chapter XI, Regulation No. 35 of Listing regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Board of Directors of J.K. Spinning Mills Ltd has always encouraged and reconfirmed its Commitments to continued support and implementation of the highest standard of Corporate Governance at all time. The company will encourage representation of Independent Director / Non-Executive Directors and Directors representing the minority interest on Board.

At present the Board of Directors includes:-

Category	Names
Executive Directors	Mr. Jawed Anwar Mr. Faiq Jawed Mr. Shaiq Jawed Syed Hussain Shahid Mansoor Naqvi Mr. Ghulam Muhammad Mr. Qayyum Mohsin Malik
Non-Executive Directors	Mrs. Farhat Jehan

2. The Directors have confirmed that none of them is serving as director in 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 Development Finance Institution (DFI) , or a Non-Banking Financial Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy was occurred on the board during the period under report.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company and circulated by the board of directors to establish a standard of conduct for directors and employees.
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 / Share holders.
8. An effective and sound system of internal control has been established and implemented at all levels within the listed company. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board Meetings, along with agenda and working papers, were circulated seven days before the date of meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an orientation / Training Program for its Directors to apprise them of their duties and responsibilities.
10. The Board has approved appointment of Chief Financial Officer (CFO) and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer (CEO). However there was no new appointment during the year.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

Statement of Compliance with the Best Practices Code of Corporate Governance

For the Year Ended June 30, 2013

14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises three members, one of them is non-executive and two members including Chairman are Executive Directors.
16. The Meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed Human Resource and Remuneration Committee called the Board Compensation Committee. It comprises three members as Executive Directors including Chairman of the Committee.
18. The Board has set-up an effective Internal Audit Function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
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 Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.
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 the interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to Directors, Employees and Stock Exchanges.
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 in the Code of Corporate Governance have been complied with.

ON BEHALF OF THE BOARD OF DIRECTORS

JAWED ANWAR
CHIEF EXECUTIVE

FAIQ JAWED
DIRECTOR

FAISALABAD

Date: 30-09-2013

Review Report to the Members

on Statment of Complaince with the Best Practices of Corporate Governance

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

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Liaqat Ali Panwar

Date: 30 Sep. 2013

FAISALABAD

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT 27TH ANNUAL GENERAL MEETING OF THE MEMBERS OF J. K. SPINNING MILLS LIMITED WILL BE HELD ON THURSDAY 31ST OCTOBER, 2013 AT 10.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 29 K.M, SHEIKHUPURA ROAD, NEAR KHURRIANWALA, FAISALABAD TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To confirm the minutes of the 26th Annual General Meeting held on 31st October, 2012.
2. To receive, consider and adopt the Annual Audited Accounts together with the Directors' and Auditors' Reports of the company for the year ended 30th June, 2013.
3. To consider, approve and declare Final Cash Dividend at Rs. 5/- per share @ 50 % to Ordinary Share Holders except Directors, CEO & their Spouses and Associates etc. for the year ended 30th June, 2013 as recommended by the Board of Directors.
4. To appoint Auditors for the year 2013-2014 and fix their remuneration. The present Auditors M/s. Riaz Ahmad & Company., Chartered Accountants, being eligible offer themselves for reappointment.

ORDINARY BUSINESS:

5. To consider and pass, with and without modifications, Special Resolution pertaining to the alterations, substitutions, additions or deletions, wherever necessary, in the existing Articles of Association of the Company in order to bring it in alliance with the provisions of the Companies Ordinance,1984.
6. To transact any other business or businesses with the permission of the Chairman.

A Statement of compliance u/s 160 (1) (b) of the Companies Ordinance, 1984 pertaining to the Special Resolution is being sent to members of the company with the Annual Report.

STATEMENT UNDER SECTION 160(1)(b) OF
THE COMPANIES ORDINANCE, 1984.

ITEM 5 OF THE AGENDA

As per clause No.57 of Articles of Association of the company:

"The remuneration of Director performing extra services, including holding of the office of the Chairman, and the remuneration to be paid to nay Director for attending the Meeting of the Directors or a committee of Directors shall form time to time be determined by the shareholders in general meeting in accordance with law."

It was decided by the Board of Directors of the Company in their meeting that clause No. 57 of Articles of Association of the company may be altered in alliance with Companies Ordinance, 1984 and in this regard following Special resolution is proposed to be passed with or without modifications:

Resolved that the existing clause No. 57 of the Articles of Association of the Company hereby altered and be read as under:

"The remuneration of Director performing extra services, including holding of the office of the Chairman, and the remuneration to be paid to any Director for attending the Meeting of the Directors or a committee of Directors shall from time to time be determined by the Directors in the Board's Meeting."

Further Resolved That Syed Hussain Shahid Mansoor Naqvi, Director / Company Secretary of the Company be and is hereby authorized to complete all legal and corporate formalities and do all such acts, deeds and things as may be deemed expedient and necessary to get effect to this resolution.

BY THE ORDER OF THE BOARD

FAISALABAD:
Dated: 08.10.2013

SYED HUSSAIN SHAHID MANSOOR NAQVI
DIRECTOR / COMPANY SECRETARY

NOTES:

I. The share transfer books of the Company will remain closed from 22nd October, 2013 to 31st October, 2013 (both days inclusive) and the Dividend will be paid to the shareholders, whose name will appear in the Register of Members on 21st October, 2013.

II. A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint a proxy to attend, speak and vote instead of him/her. A proxy need not be a member.
Proxy in order to be effective must be duly signed, witnessed and deposited at the Registered office of the Company not less than 48 hours before the meeting.

III. The shareholder/proxy shall produce his/her original CNIC or passport at the time of the meeting.

IV. Shareholders are requested to promptly notify the office of the company's Shares Department of any change in their address.

V. Members who may be seeking exemption from the deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a declaration for non-deduction of zakat. Necessary advice in either case must be submitted within not more than 15 days from the date of dividend entitlement.

VI. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the meeting:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.

ii) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For appointing proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport, of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

VII. Form of proxy is enclosed herewith.

VIII. Members who have not yet provided their dividend mandate information and/or CNIC/NTN (as the case may be) are requested to kindly provide the same at the earliest to the Company's Shares Department at the address mentioned-above in compliance with the directives issued by the Securities and Exchange Commission of Pakistan and/or Federal Board of Revenue from time to time.

Financial Statements

For the year ended June 30, 2013

Auditors' Report to the Members

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

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

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

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

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

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

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

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

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Liaqat Ali Panwar

Date: 30 Sep. 2013
FAISALABAD

Balance Sheet

As at June 30, 2013

	NOTE	2013	2012
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
96 000 000 (2012: 96 000 000) ordinary shares of Rupees 10 each		960,000	960,000
Issued, subscribed and paid up share capital	3	609,033	609,033
Reserves	4	1,791,014	1,154,623
Total equity		2,400,047	1,763,656
Surplus on revaluation of property, plant and equipment - net of deferred income tax	5	608,200	966,759
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	86,818	194,163
Directors' loan	7	300,000	300,000
Liabilities against assets subject to finance lease	8	25,875	-
Deferred income tax liability	9	277,824	264,216
		690,517	758,379
CURRENT LIABILITIES			
Trade and other payables	10	385,151	227,006
Accrued mark-up	11	28,777	34,491
Short term borrowings	12	1,194,856	1,032,246
Current portion of non-current liabilities	13	124,999	125,561
Provision for taxation		30,345	72,112
		1,764,128	1,491,416
TOTAL LIABILITIES		2,454,645	2,249,795
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		5,462,892	4,980,210

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

Jawed Anwar
Chief Executive Officer

Balance Sheet

As at June 30, 2013

	NOTE	2013	2012
		(RUPEES IN THOUSAND)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,822,964	2,841,761
Long term investments	16	-	-
Long term loans	17	387	392
Long term deposits and prepayments	18	9,304	675
		2,832,655	2,842,828
CURRENT ASSETS			
Stores, spare parts and loose tools	19	44,926	37,082
Stock-in-trade	20	1,592,021	1,278,678
Trade debts	21	612,751	451,143
Loans and advances	22	84,397	62,553
Short term deposits and prepayments	23	5,915	11,260
Other receivables	24	17,955	68,935
Tax refunds due from the Government	25	213,258	182,514
Cash and bank balances	26	59,014	45,217
		2,630,237	2,137,382
TOTAL ASSETS		5,462,892	4,980,210

Faiq Jawed
Director

Profit & Loss Account

For the Year ended June 30, 2013

	NOTE	2013	2012
		(RUPEES IN THOUSAND)	
SALES	27	8,918,973	7,193,895
COST OF SALES	28	(7,476,268)	(6,176,622)
GROSS PROFIT		1,442,705	1,017,273
DISTRIBUTION COST	29	(404,019)	(291,775)
ADMINISTRATIVE EXPENSES	30	(164,422)	(120,263)
OTHER EXPENSES	31	(45,871)	(25,772)
		(614,312)	(437,810)
		828,393	579,463
OTHER INCOME	32	38,319	26,161
PROFIT FROM OPERATIONS		866,712	605,624
FINANCE COST	33	(216,220)	(241,545)
PROFIT BEFORE TAXATION		650,492	364,079
TAXATION	34	(51,137)	(82,494)
PROFIT AFTER TAXATION		599,355	281,585
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	35	9.84	4.62

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

Jawed Anwar
Chief Executive Officer

Faiq Jawed
Director

Statement of Comprehensive Income

For the Year ended June 30, 2013

	2013	2012
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	599,355	281,585
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	39,781	43,883
Other comprehensive income for the year	39,781	43,883
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	639,136	325,468

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

Jawed Anwar
Chief Executive Officer

Faiq Jawed
Director

Cash Flow Statement
For the Year ended June 30, 2013

	NOTE	2013	2012
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	696,445	678,534
Finance cost paid		(220,419)	(250,967)
Income tax paid		(73,242)	(63,568)
Workers' profit participation fund paid		(20,920)	(29,375)
Net decrease / (increase) in long term loans		5	(392)
Net (increase) / decrease in long term deposits and prepayments		(8,629)	7,605
NET CASH GENERATED FROM OPERATING ACTIVITIES		373,240	341,837
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(484,108)	(414,518)
Proceeds from sale of property, plant and equipment		46,832	26,900
NET CASH USED IN INVESTING ACTIVITIES		(437,276)	(387,618)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	248,667
Repayment of long term financing		(114,355)	(23,940)
finance lease liabilities - net		32,323	(32,308)
Short term borrowings - net		162,610	(159,866)
Dividend paid		(2,745)	(1,845)
NET CASH FROM FINANCING ACTIVITIES		77,833	30,708
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		13,797	(15,073)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		45,217	60,290
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 26)		59,014	45,217

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

Jawed Anwar
Chief Executive Officer

Faiq Jawed
Director

Statement of Changes in Equity

For the Year ended June 30, 2013

	SHARE CAPITAL	RESERVES						TOTAL EQUITY
		CAPITAL			REVENUE	TOTAL		
		Share capital reserve	Merger reserve	Sub total	Unappropriated profit			
	--- (RUPEES IN THOUSAND) ---							
Balance as at 30 June 2011	183,750	425,283	289,636	714,919	540,617	1,255,536		1,439,286
Transaction with owners - Final dividend for the year ended 30 June 2011 at the rate of Rupees 1.00 per ordinary share	-	-	-	-	(1,098)	(1,098)		(1,098)
Share capital issued under the scheme of merger	459,476	(425,283)	-	(425,283)	-	(425,283)		34,193
Share capital canceled under the scheme of merger	(34,193)	-	-	-	-	-		(34,193)
Profit for the year	-	-	-	-	281,585	281,585		281,585
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	43,883	43,883		43,883
Total comprehensive income for the year	-	-	-	-	325,468	325,468		325,468
Balance as at 30 June 2012	609,033	-	289,636	289,636	864,987	1,154,623		1,763,656
Transaction with owners - Final dividend for the year ended 30 June 2012 at the rate of Rupee 2.50 per share	-	-	-	-	(2,745)	(2,745)		(2,745)
Profit for the year	-	-	-	-	599,355	599,355		599,355
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	39,781	39,781		39,781
Total comprehensive income for the year	-	-	-	-	639,136	639,136		639,136
Balance as at 30 June 2013	609,033	-	289,636	289,636	1,501,378	1,791,014		2,400,047

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

Jawed Anwar
Chief Executive Officer

Faiq Jawed
Director

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

1. THE COMPANY AND ITS ACTIVITIES

J.K. Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 07 January 1987 under the Companies Ordinance, 1984 and listed on Karachi and Lahore Stock Exchanges in Pakistan. Its registered office is situated at 29-Kilometers, Sheikhupura Road Faisalabad where the factory premises of the Company are also located. The Company is engaged in business of textile manufacturing comprising of ginning, spinning, stitching, buying, selling and otherwise dealing in yarn, fabrics and other goods.

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 certain operating fixed assets measured at revalued amounts.

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 and 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 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.

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.

Provision for doubtful debts

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

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

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

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

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

There are other new interpretations and amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2011 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

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

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

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

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

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

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

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

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

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

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

2.2 Employees retirement benefits

The Company operates a recognized provident fund for all its permanent employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 8.33 percent of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account as and when incurred. Employees are eligible under the scheme on completion of prescribed qualifying period of service.

2.3 Provisions

Provisions are recognized 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.

2.4 Dividend and other appropriations

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

2.5 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 recognized 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.

2.6 Property, plant and equipment and depreciation

a) Owned

All operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Capital work-in- progress is stated at cost less any recognized impairment loss.
Subsequent costs are included in the asset's carrying amount or recognized 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.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to profit and loss account. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to profit and loss account) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit / (accumulated loss). All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation.

b) Leased

Leases where the Company has substantially all the risk 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 recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

c) Depreciation

Depreciation on assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed of. Depreciation is charged to profit and loss account on reducing balance method to write off the cost of operating fixed assets over their expected useful lives at the rates mentioned in Note 15.1. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

d) De-recognition

An item of property, plant and equipment is derecognized 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 profit and loss account in the year the asset is derecognized.

2.7 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.

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 measured initially 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 an associate, which is tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

2.7.1 Investments 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 recognized in profit and loss account.

2.7.2 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 recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

2.7.3 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 recognized directly in statement of other comprehensive income until the investment is sold, de-recognized 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 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

The investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, subsequent to after initial recognition are carried at cost less any identified impairment loss.

2.7.4 Investment in an associate

The Company's investment in its associate is accounted for under the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associate. The profit and loss account reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The reporting dates of the associate and the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

2.8 Inventories

Inventories, except for stock in transit and waste materials, are stated at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make such sale. Cost is determined as follows:

Stores, spare parts and loose tools

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

Stock-in-trade

Cost of raw materials is measured using the moving average cost formula.

Cost of work-in-process and finished goods comprises of average manufacturing cost including a portion of production overheads.

Stock-in-transit are stated at cost comprising invoice values plus other charges paid thereon. Stock of waste materials is stated at net realizable value.

2.9 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.

2.10 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.

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

- Rental income is recognized when rent is accrued.

2.11 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, 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 recognized at the time the Company becomes a party to contractual provisions of the instruments. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which is measured initially at fair value.

Financial assets are de-recognized 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 de-recognized 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 de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item and in the accounting policy of investments.

a) Borrowings

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

b) 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.

c) Trade and other payables

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

2.12 Borrowing cost

Interest, mark-up and other charges on long term finances are capitalized upto 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 recognized in profit and loss account.

2.13 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 recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.14 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized 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.

2.15 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is legally 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.

2.16 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 currencies 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.

2.17 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 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 Company has three reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibres), Home Textile (Manufacturing of home textile articles), and Fabric (Buying yarn, fabric and selling after conversion).

Transactions 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.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2013	2012		2013	2012
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
14 243 500	14 243 500	Ordinary shares of Rupees 10 each fully paid in cash	142,435	142,435
45 947 600	45 947 600	Ordinary shares of Rupees 10 each issued to shareholders of J.K. Fibre Mills Limited and Abid Faiq Textile Mills Limited under the scheme of merger	459,476	459,476
712 175	712 175	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	7,122	7,122
60 903 275	60 903 275		609,033	609,033

3.1 100 000 ordinary shares (2012: Nil) of the Company are held by J.K. Spinning Mills Limited - Employees' Provident Fund Trust - a related party.

	2013	2012
	(RUPEES IN THOUSAND)	
4. RESERVES		
Composition of reserves is as follows:		
Capital reserve		
Merger reserve	289,636	289,636
Revenue reserve		
Unappropriated profit	1,501,378	864,987
	1,791,014	1,154,623

Notes to the Financial Statements
For the Year ended 30 June 2013

	2013	2012
	(RUPEES IN THOUSAND)	
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Surplus on revaluation of operating fixed assets as at 01 July	966,759	1,044,140
Add:		
Decrease in deferred income tax liability due to change in local sales ratio	3,946	-
	970,705	1,044,140
Less:		
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred income tax	39,781	43,883
Net decrease in surplus on revaluation of property, plant and equipment	305,440	-
Impairment of plant and machinery - net of deferred income tax	-	9,277
Adjustment of surplus on sale of plant and machinery - net of deferred income tax	17,284	23,004
Increase in deferred tax liability due to change in local sales ratio	-	1,217
	362,505	77,381
	608,200	966,759

5.1 Freehold land, buildings on freehold land, plant and machinery, stand-by equipment and electric installations and appliances of the Company were revalued on 29 June 2013 by an independent valuer, Messrs Harvestor Services (Private) Limited, using depreciated replacement values. Previous revaluations were made by independent valuers on 30 September 1996, 30 September 2000 and 30 September 2004 and 30 June 2007.

6. LONG TERM FINANCING

From banking companies - secured

	2013	2012
Long term loans (Note 6.1)	90,149	142,079
Long term musharika (Note 6.2)	109,242	171,667
	199,391	313,746
Less: Current portion shown under current liabilities (Note 13)	112,573	119,583
	86,818	194,163

	LENDER	2013	2012	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
		(RUPEES IN THOUSAND)						
6.1	Long term loans							
	United Bank Limited	39,286	53,571	3 months KIBOR + 1.50%	28 equal quarterly install-ments commenced on 10 March 2009 and ending on 30 March 2016.	Quarterly	Quarterly	First joint pari passu charge over present and future fixed assets (land, building and plant and machinery) of the Company for Rupees 171.429 million.
	Askari Bank Limited	-	9,275	SBP rate for LTF - EOP + 1.5%	This finance has been completely repaid on 01 October 2012.	-	Quarterly	First exclusive charge of Rupees 25 million over specific gas generator of the Company and personal guarantee of four directors.
	The Bank of Punjab	447	2,233	SBP rate for LTF - EOP + 1.5%	12 equal quarterly install-ments commenced on 31 December 2010 and ending on 30 September 2013.	-	Quarterly	First exclusive charge of Rupees 14.667 million over specific plant and machinery of the Company.
	The Bank of Punjab	13,333	24,000	3 months KIBOR + 2.50%	12 equal quarterly install-ments commenced on 30 September 2011 and ending on 30 June 2014.	Quarterly	Quarterly	First exclusive charge of Rupees 43 million over specific plant and machinery of the Company.
	The Bank of Punjab	21,333	32,000	3 months KIBOR + 2.50%	12 equal quarterly install-ments commenced on 30 June 2012 and ending on 31 March 2015.	Quarterly	Quarterly	First exclusive charge of Rupees 44 million over specific plant and machinery of the Company.
	The Bank of Punjab	15,750	21,000	3 months KIBOR + 2.50%	12 equal quarterly install-ments commenced on 30 September 2012 and ending on 30 June 2015.	Quarterly	Quarterly	First exclusive charge of Rupees 28 million over specific plant and machinery of the Company.
		90,149	142,079					
6.2	Long term musharika							
	Standard Chartered Bank (Pakistan) Limited	109,242	171,667	1 month KIBOR + 2.00%	12 equal quarterly install-ments commenced on 10 April 2012 and ending on 10 January 2015.	Monthly	Monthly	Specific charge over plant and machinery of Rupees 250 million with 25% security margin and personal guarantee of three directors.

7. DIRECTORS' LOAN

This represents unsecured interest free loan obtained from the directors of the Company having no defined repayment terms but is not repayable within next twelve months, hence has been classified as non-current. The entire loan is subordinated to the bank borrowings.

	2013	2012
	(RUPEES IN THOUSAND)	
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	43,492	5,989
Less: Un-amortized finance charge	5,191	11
Present value of future minimum lease payments	38,301	5,978
Less: Current portion shown under current liabilities (Note 13)	12,426	5,978
	25,875	-

8.1 These represent plant and machinery acquired under finance lease agreement from Standard Chartered Leasing Limited. The implicit interest rate used to arrive at the present value of minimum lease payments is 11.67% (2012: 15.00% to 19.66%) per annum. Taxes, repairs and insurance costs are to be borne by the Company. The purchase option is available to the Company on payment of last installment and surrender of security deposit paid under the agreement. These are secured against the leased assets.

8.2 Minimum lease payments and their present values are regrouped as under:

	2013		2012	
	Not later than one year	Later than one year and not later than five years	Not later than one year	Later than one year and not later than five years
	(RUPEES IN THOUSAND)			
Future minimum lease payments	15,638	27,854	5,989	-
Less: Un-amortized finance charge	3,212	1,979	11	-
Present value of future minimum lease payments	12,426	25,875	5,978	-

	2013	2012
	(RUPEES IN THOUSAND)	
9. DEFERRED INCOME TAX LIABILITY		
Taxable temporary differences		
Accelerated tax depreciation	198,749	163,110
Surplus on revaluation of property, plant and equipment	85,118	157,599
	283,867	320,709
Deductible temporary differences		
Liabilities against assets subject to finance lease	(6,043)	(965)
Minimum taxation	-	(34,097)
Tax credits	-	(21,431)
	(6,043)	(56,493)
	277,824	264,216

		2013	2012
		(RUPEES IN THOUSAND)	
10.	**TRADE AND OTHER PAYABLES**		
	Creditors (Note 10.1)	161,690	105,486
	Accrued liabilities	147,248	78,983
	Advances from customers	20,744	8,629
	Securities / retention money - interest free	3,657	3,119
	Income tax deducted at source	204	158
	Sales tax deducted at source	651	-
	Unclaimed dividend	41	41
	Payable to Employees Provident Fund Trust	-	707
	Workers' profit participation fund (Note 10.2)	34,544	19,405
	Workers' welfare fund	7,343	3,023
	Other payables	9,029	7,455
		385,151	227,006

10.1 This includes amounts in aggregate of Rupees Nil (2012: Rupees 0.154 million) due to related parties.

		2013	2012
10.2	**Workers' profit participation fund**		
	Balance as on 01 July	19,405	26,549
	Interest for the year (Note 33)	1,515	2,826
	Add: Provision for the year (Note 31)	34,544	19,405
		55,464	48,780
	Less: Payments during the year	20,920	29,375
		34,544	19,405

10.2.1 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.

		2013	2012
11.	**ACCRUED MARK-UP**		
	Long term financing	2,690	8,687
	Liabilities against assets subject to finance lease	59	45
	Short term borrowings	26,028	25,759
		28,777	34,491

		2013	2012
12.	**SHORT TERM BORROWINGS**		
	From banking companies - secured		
	Cash and running finances (Note 12.1 and Note 12.2)	378,328	586,467
	State Bank of Pakistan (SBP) refinance (Note 12.1 and Note 12.3)	425,000	235,000
	Other short term finances (Note 12.1 and Note 12.4)	328,953	65,951
		1,132,281	887,418
	Unsecured		
	From directors (Note 12.5)	62,575	105,969
	Temporary bank overdrafts	-	38,859
		62,575	144,828
		1,194,856	1,032,246

12.1 These finances are obtained from banking companies under mark up arrangements and are secured against joint pari passu hypothecation charge of Rupees 2,673 million (2012: Rupees 2,673 million) on present and future current assets, joint pari passu charge of Rupees 1,240 million (2012: Rupees 1,240 million) on fixed assets, pledge of stock of cotton, yarn and polyester with specific margin and personal guarantee of certain directors of the Company. These form part of total credit facility of Rupees 4,925 million (2012: Rupees 4,587 million).

12.2 The rates of mark-up range from 10.81% to 14.49% (2012: 12.67% to 16.03%) per annum on the balance outstanding.

12.3 The rates of mark up range from 8.65% to 9.50% (2012: 10.25% to 11.00%) per annum on the balance outstanding.

12.4 The rates of mark up on Pak Rupee finances and US Dollar finances range from 10.81% to 13.49% (2012: 10.00% to 16.25%) per annum and 3.50% to 4.50% (2012: 1.50% to 4.50%) per annum respectively on the balance outstanding.

12.5 This represents interest free loan obtained from directors of the Company.

	2013	2012
	(RUPEES IN THOUSAND)	
13. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Current portion of long term financing (Note 6)	112,573	119,583
Current portion of liabilities against assets subject to finance lease (Note 8)	12,426	5,978
	124,999	125,561

14. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company has filed an appeal before Appellate Tribunal, Inland Revenue, Lahore against order in original 02/2007 dated 03 May 2007 for Rupees 11.002 million (2012: Rupees 11.002 million) alongwith default surcharge under section 34 of Sales Tax Act, 1990 and penalty at the rate of 30 percent. The related provision is not made in these financial statements in view of possible favourable outcome of the appeal.

ii) The Company has filed appeal before Appellate Tribunal, Inland Revenue, Lahore against order in original 13/2003 dated 29 April 2003 for Rupees 3.063 million (2012: 3.063 million) alongwith additional tax and default surcharge under sections 36(3) and 34 respectively of Sales Tax Act, 1990 and penalty at the rate of 3 percent. The related provision is not made in these financial statements in view of possible favourable outcome of the appeal.

iii) The Company has filed appeals with Appellate Tribunal, Inland Revenue for the revision of assessment orders issued under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2005 to 2009 where tax liability of Rupees 3.352 million (2012: 3.352 million) was raised by the department. The Company considers that its stance is based on reasonable grounds and appeals are likely to succeed. Hence, no provision has been recognized in these financial statements.

iv) The Company has filed appeal before Commissioner (Appeals), Inland Revenue against order in original 07/2013 dated 28 June 2013 for Rupees 0.937 million (2012: Nil) alongwith default surcharge and penalty imposed amounting to Rupees 0.658 million under section 33(5) of the Sales Tax Act, 1990. The related provision is not made in these financial statements in view of possible favourable outcome of the appeal.

v) Guarantees of Rupees 43.185 million (2012: Rupees 43.185 million) are given by the banks of the Company to Sui Northern Gas Pipeline Limited against gas connections.

vi) Post dated cheques of Rupees 70.247 million (2012: Rupees 5.700 million) are issued to custom authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

b) Commitments

i) There is no capital commitment as at 30 June 2013 (2012: Nil).

ii) Letters of credit other than for capital expenditure are of Rupees 43.597 million as at 30 June 2013 (2012: 68.525 million).

iii) Ijarah (operating lease) commitments - Company as lessee

The Company obtained vehicle through sale and leaseback arrangement under ijarah (operating lease) agreement. The lease term is three years. The Company has given undertaking to purchase the leased vehicles on agreed purchase price at maturity.

The future aggregate minimum lease payments under ijarah (operating lease) are as follows:

	2013	2012
	(RUPEES IN THOUSAND)	
Not later than one year	4,395	-
Later than one year and not later than five years	8,423	-
	12,818	-

15. PROPERTY, PLANT AND EQUIPMENT

	2013	2012
Operating fixed assets (Note 15.1)		
-Owned	2,601,962	2,654,077
-Leased	40,336	25,728
Capital work-in-progress (Note 15.2)	180,666	161,956
	2,822,964	2,841,761

15.1 OPERATING FIXED ASSETS

	OWNED ASSETS										LEASED ASSETS			
	Freehold Land	Buildings on freehold land	Plant and machinery	Stand-by equipments	Electric installations and appliances	Factory equipment	Furniture and fixtures	Office equipment	Vehicles	Total	Plant and machinery	Electric installations and appliances	Vehicles	Total
	(RUPEES IN THOUSAND)													
At 30 June 2011														
Cost / revalued amount	183,770	453,877	1,715,233	372,456	196,350	26,677	2,981	19,741	84,861	3,055,946	113,143	1,149	15,232	129,524
Accumulated depreciation	-	(68,844)	(293,111)	(81,659)	(48,160)	(13,834)	(1,900)	(10,458)	(36,836)	(554,802)	(34,317)	(252)	(10,374)	(44,943)
Net book value	183,770	385,033	1,422,122	290,797	148,190	12,843	1,081	9,283	48,025	2,501,144	78,826	897	4,858	84,581
Year ended 30 June 2012														
Opening net book value	183,770	385,033	1,422,122	290,797	148,190	12,843	1,081	9,283	48,025	2,501,144	78,826	897	4,858	84,581
Additions	-	41,063	214,314	-	3,664	600	1,803	703	28,032	290,179	-	-	-	-
Transfer:														
Cost	-	-	80,346	-	1,149	-	-	-	11,238	92,733	(80,346)	(1,149)	(11,238)	(92,733)
Accumulated depreciation	-	-	(27,195)	-	(252)	-	-	-	(8,051)	(35,498)	27,195	252	8,051	35,498
	-	-	53,151	-	897	-	-	-	3,187	57,235	(53,151)	(897)	(3,187)	(57,235)
Deletions:														
Cost / revalued amount	-	-	(47,809)	-	-	-	-	-	(21,398)	(69,207)	-	-	-	-
Accumulated depreciation	-	-	9,842	-	-	-	-	-	5,332	15,174	-	-	-	-
	-	-	(37,967)	-	-	-	-	-	(16,066)	(54,033)	-	-	-	-
Depreciation charge	-	(19,973)	(75,385)	(14,540)	(7,592)	(1,143)	(124)	(963)	(9,667)	(129,387)	(1,284)	-	(334)	(1,618)
Impairment loss	-	-	(11,061)	-	-	-	-	-	-	(11,061)	-	-	-	-
Closing net book value	183,770	406,123	1,565,174	276,257	145,159	12,300	2,760	9,023	53,511	2,654,077	24,391	-	1,337	25,728
At 30 June 2012														
Cost / revalued amount	183,770	494,940	1,962,084	372,456	201,163	27,277	4,784	20,444	102,733	3,369,651	32,797	-	3,994	36,791
Accumulated depreciation	-	(88,817)	(385,849)	(96,199)	(56,004)	(14,977)	(2,024)	(11,421)	(49,222)	(704,513)	(8,406)	-	(2,657)	(11,063)
Impairment loss	-	-	(11,061)	-	-	-	-	-	-	(11,061)	-	-	-	-
Net book value	183,770	406,123	1,565,174	276,257	145,159	12,300	2,760	9,023	53,511	2,654,077	24,391	-	1,337	25,728

	OWNED ASSETS										LEASED ASSETS			
	Freehold Land	Buildings on freehold land	Plant and machinery	Stand-by equipments	Electric installations and appliances	Factory equipment	Furniture and fixtures	Office equipment	Vehicles	Total	Plant and machinery	Electric installations	Vehicles	Total
	(RUPEES IN THOUSAND)													
Year ended 30 June 2013														
Opening net book value	183,770	406,123	1,565,174	276,257	145,159	12,300	2,760	9,023	53,511	2,654,077	24,391	-	1,337	25,728
Additions	21,880	53,805	281,762	-	16,308	-	3,329	1,305	43,030	421,419	43,979	-	-	43,979
Transfer:														
Cost	-	-	32,797	-	-	-	-	-	3,994	36,791	(32,797)	-	(3,994)	(36,791)
Accumulated depreciation	-	-	(8,421)	-	-	-	-	-	(2,665)	(11,086)	8,421	-	2,665	11,086
	-	-	24,376	-	-	-	-	-	1,329	25,705	(24,376)	-	(1,329)	(25,705)
Deletions:														
Cost / revalued amount	-	-	(45,854)	-	-	-	-	-	(21,810)	(67,664)	-	-	-	-
Accumulated depreciation	-	-	10,640	-	-	-	-	-	7,526	18,166	-	-	-	-
	-	-	(35,214)	-	-	-	-	-	(14,284)	(49,498)	-	-	-	-
Effect of revaluation as at 29 June 2013														
Increase in revaluation	5,966	202,030	-	-	-	-	-	-	-	207,996	-	-	-	-
Decrease in revaluation:														
Revalued amount	-	-	(425,636)	(171,559)	(62,213)	-	-	-	-	(659,408)	-	-	-	-
Accumulated depreciation	-	-	84,338	44,314	17,320	-	-	-	-	145,972	-	-	-	-
	-	-	(341,298)	(127,245)	(44,893)	-	-	-	-	(513,436)	-	-	-	-
Depreciation charge	-	(21,976)	(83,440)	(13,230)	(7,886)	(1,054)	(450)	(950)	(15,315)	(144,301)	(912)	-	(8)	(920)
Impairment loss	-	-	-	-	-	-	-	-	-	-	(2,746)	-	-	(2,746)
Closing net book value	211,616	639,982	1,411,360	135,782	108,688	11,246	5,639	9,378	68,271	2,601,962	40,336	-	-	40,336
At 30 June 2013														
Cost / revalued amount	211,616	750,775	1,794,092	200,897	155,258	27,277	8,113	21,749	127,947	3,297,724	43,979	-	-	43,979
Accumulated depreciation	-	(110,793)	(382,732)	(65,115)	(46,570)	(16,031)	(2,474)	(12,371)	(59,676)	(695,762)	(897)	-	-	(897)
Impairment loss	-	-	-	-	-	-	-	-	-	-	(2,746)	-	-	(2,746)
Net book value	211,616	639,982	1,411,360	135,782	108,688	11,246	5,639	9,378	68,271	2,601,962	40,336	-	-	40,336
Annual rate of depreciation (%)	-	5	5	5	5	10	10	10	20		5	5	20	

15.1.1 Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets as at 30 June 2013 would have been as follows:

	Cost	Accumulated Depreciation	Net book value
	(RUPEES IN THOUSAND)		
Freehold land	57,837	-	57,837
Buildings on freehold land	515,126	237,777	277,349
Plant and machinery	1,964,593	711,095	1,253,498
Stand-by equipment	154,568	23,782	130,786
Electric installations and appliances	224,475	129,835	94,640
2013	2,916,599	1,102,489	1,814,110
2012	2,555,901	1,103,776	1,452,125

15.1.2 Depreciation charge for the year has been allocated as follows:

	2013	2012
	(RUPEES IN THOUSAND)	
Cost of sales (Note 28)		
-Owned assets	127,586	118,633
-Leased assets	912	1,284
	128,498	119,917
Administrative expenses (Note 30)		
-Owned assets	16,715	10,754
-Leased assets	8	334
	16,723	11,088
	145,221	131,005

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

Description	Qty.	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
	Nos.	---------------(RUPEES IN THOUSAND)-----------------					
Plant and Machinery							
Chinese Scutures	2	2,728	643	2,085	750	Negotiation	SSQ Textile Traders, Faisalabad
Autocone Machine	3	10,714	2,666	8,048	3,500	Negotiation	Zulfiqar Ali, Faisalabad
Autocone Machine	1	3,572	889	2,683	3,600	Negotiation	Colony Mills Limited, Multan
Chinese Scutures	4	5,455	1,410	4,045	1,078	Negotiation	Khalid Mehmood, Faisalabad
MK-4 Crossrol Cards	4	6,000	1,551	4,449	2,600	Negotiation	Kashir Textile Mills, Faisalabad
Autocone Machine	1	3,571	888	2,683	3,627	Negotiation	Beacon Impex (Private) Limited, Faisalabad
Autocone Machine	1	3,571	900	2,671	3,627	Negotiation	Beacon Impex (Private) Limited, Faisalabad
Autocone Machine	1	7,143	1,616	5,527	7,046	Negotiation	K & B Brothers, Karachi
Autocone Machine	1	3,100	77	3,023	2,850	Negotiation	Multinational Textile (Private) Limited, Faisalabad
		45,854	10,640	35,214	28,678		
Vehicles							
Audi A8 SJ-881	1	16,665	3,282	13,383	16,000	Sale and leaseback	Standard Chartered Modaraba, Lahore
Mitsubishi LZR-300	1	1,439	1,201	238	615	Negotiation	Mr. Ameer Bakhtyar Awan, Faisalabad
Cuore FDA-5224	1	497	340	157	163	Company policy	Mr. Amjad Ali (Company's Employee)
Cultus FDA-4313	1	610	426	184	188	Company policy	Mr. Muhammad Aslam (Company's Employee)
Honda City FSB-2284	1	860	768	92	197	Company policy	Mr. Tahir Mehmood (Company's Employee)
Honda City FSE-2661	1	792	666	126	358	Company policy	Mr. Hanif Jilani (Company's Employee)
		20,863	6,683	14,180	17,521		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		947	843	104	633		
		67,664	18,166	49,498	46,832		

		2013	2012
		(RUPEES IN THOUSAND)	
15.2	Capital work-in-progress		
	Buildings on freehold land	24,536	42,897
	Plant and machinery	156,130	119,059
		180,666	161,956
16.	LONG TERM INVESTMENT		
	Investment in an associate		
	J.K. Tech (Private) Limited - unquoted 750 (2012: 750) ordinary shares of Rupees 10 each (Note 16.1)	8	8
	Less: Accumulated Impairment	(8)	(8)
		-	-

16.1 The Company holds 50% (2012: 50%) shares in J.K. Tech (Private) Limited, a private limited company involved in providing services of electricity transmission. The summarized financial information of J.K. Tech (Private) Limited is as follows:

	Un-audited	Audited
	(RUPEES IN THOUSAND)	
Associate's balance sheet:		
Current assets	50	2,904
Non-current assets	11,708	13,109
Current liabilities	(471)	(1,223)
Non-current liabilities	(11,196)	(13,968)
Net assets	91	822
Associate's revenue and profit:		
Revenue	2,467	2,014
loss before taxation for the year	(491)	(963)
loss after taxation for the year	(730)	(1,106)

		2013	2012
17.	LONG TERM LOANS		
	Considered good - secured		
	Employees	1,080	1,033
	Less: Current portion shown under current assets (Note 22)	693	641
		387	392

17.1 These represent personal loans to employees and are secured against balance standing to the credit of employees in the provident fund trust. These are recoverable in equal monthly installments. Interest on long term loans was charged at the rate of 12.70% (2012: 16%) per annum.

	2013	2012
	(RUPEES IN THOUSAND)	

18. LONG TERM DEPOSITS AND PREPAYMENTS

	2013	2012
Deposits	9,304	5,305
Prepayments	203	1,154
	9,507	6,459
Less: Current portion shown under current assets (Note 23)	203	5,784
	9,304	675

19. STORES, SPARE PARTS AND LOOSE TOOLS

	2013	2012
Stores (Note 19.1)	33,681	26,827
Spare parts	10,915	9,947
Loose tools	330	308
	44,926	37,082

19.1 These include stores in transit of Rupees 3.035 million (2012: Rupees Nil).

20. STOCK-IN-TRADE

	2013	2012
Raw materials	936,250	774,191
Work in process	311,908	234,250
Finished goods (Note 20.1)	317,215	250,788
Waste	26,648	19,449
	1,592,021	1,278,678

20.1 Finished goods include stock in transit of Rupees Nil (2012: Rupees 28.217 million).

20.2 Finished goods of Rupees Nil (2012: Rupees 32.738 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 Nil (2012: Rupees 7.000 million).

21. TRADE DEBTS

Considered good:

	2013	2012
Secured (against letters of credit)	157,284	190,750
Unsecured	455,467	260,393
	612,751	451,143

22.1 As at 30 June 2013, trade debts of Rupees 128.375 million (2012: Rupees 17.942 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2013	2012
	(RUPEES IN THOUSAND)	
Upto 1 month	95,574	17,640
1 to 6 months	32,472	302
More than 6 months	329	-
	128,375	17,942

21.2 As at 30 June 2013, trade debts of Rupees Nil (2012: Rupees 0.264 million) were impaired and written off. The ageing of these trade debts was more than three years.

22. LOANS AND ADVANCES

	2013	2012
Considered good:		
Employees - interest free		
Against expenses	1,590	1,444
Against salary	1,458	943
	3,048	2,387
Current portion of long term loans (Note 17)	693	641
Advances to suppliers (Note 22.1)	79,473	59,157
Letters of credit	1,183	368
	84,397	62,553

22.1 This includes amount of Rupees 0.126 million (2012: Rupees Nil) due from J.K. Tech (Private) Limited - an associate.

23. SHORT TERM DEPOSITS AND PREPAYMENTS

	2013	2012
Deposits	3,017	3,042
Prepayments	2,695	2,434
Current portion of long term deposits and prepayments (Note 18)	203	5,784
	5,915	11,260

24. OTHER RECEIVABLES

	2013	2012
Considered good:		
Export rebate	14,885	8,893
Insurance claim	-	57,963
Miscellaneous	3,070	2,079
	17,955	68,935

		2013	2012
		(RUPEES IN THOUSAND)	
25.	TAX REFUNDS DUE FROM THE GOVERNMENT		
	Considered good:		
	Income tax	94,404	93,274
	Sales tax	115,966	85,902
	Federal / special excise duty	2,888	3,338
		213,258	182,514

		2013	2012
26.	CASH AND BANK BALANCES		
	With banks:		
	On current accounts	58,087	44,392
	Including US$ 68,435 (2012: US$ 7,129)	151	371
	On PLS saving accounts (Note 26.1)	58,238	44,763
	Cash in hand	776	454
		59,014	45,217

26.1 Rate of profit on bank deposits ranges from 5.52% to 6.50% (2012: 5.00% to 8.00%) per annum.

		2013	2012
27.	SALES		
	Export	4,846,928	3,860,690
	Local (Note 27.1)	4,060,467	3,321,111
	Export rebate and duty drawback	11,578	12,094
		8,918,973	7,193,895
27.1	Local		
	Sales	4,008,725	3,175,120
	Waste	80,578	148,973
		4,089,303	3,324,093
	Less: Sales tax	28,836	2,982
		4,060,467	3,321,111

		2013	2012
		(RUPEES IN THOUSAND)	

28. COST OF SALES

	2013	2012
Raw material consumed (Note 28.1)	5,643,474	4,213,492
Stores, spare parts and loose tools consumed	135,169	97,251
Packing material consumed	71,061	90,492
Processing and conversion charges	686,756	685,903
Doubling charges	855	1,902
Fuel and power	524,363	389,840
Salaries, wages and other benefits (Note 28.2)	361,944	278,799
Repair and maintenance	16,009	8,640
Insurance	12,282	10,852
Other factory overheads	33,920	24,796
Impairment loss on leased assets	2,746	-
Depreciation (Note 15.1.2)	128,498	119,917
	7,617,077	5,921,884
Work-in-process:		
Opening stock	234,250	112,164
Closing stock	(311,908)	(234,250)
	(77,658)	(122,086)
Cost of goods manufactured	7,539,419	5,799,798
Finished goods:		
Opening stock	270,237	547,555
Closing stock	(343,863)	(270,237)
	(73,626)	277,318
	7,465,793	6,077,116
Cost of sale - purchased for resale	10,475	99,506
Cost of sales	7,476,268	6,176,622

28.1 Raw material consumed

	2013	2012
Opening stock	774,191	589,711
Add: Purchased during the year	5,805,533	4,468,835
	6,579,724	5,058,546
Less:		
Cotton lost due to fire	-	(70,863)
Closing stock	(936,250)	(774,191)
	(936,250)	(845,054)
	5,643,474	4,213,492

28.2 Salaries, wages and other benefits include provident fund contribution of Rupees 7.628 million (2012: Rupees 6.573 million) by the Company.

		2013	2012
		(RUPEES IN THOUSAND)	

29. DISTRIBUTION COST

	2013	2012
Salaries, wages and other benefits (Note 29.1)	5,910	5,175
Ocean freight	141,530	94,003
Commission and brokerage	183,423	120,168
Travelling and conveyance	13,121	9,858
Local freight	26,747	28,138
Shipping expenses	10,184	12,579
Export development surcharge	11,478	9,408
Advertisement	1,506	2,024
Business promotion	4,835	7,122
Miscellaneous	5,285	3,300
	404,019	291,775

29.1 Salaries, wages and other benefits include provident fund contribution of Rupees 0.326 million (2012: Rupees 0.383 million) by the Company.

30. ADMINISTRATIVE EXPENSES

	2013	2012
Salaries, wages and other benefits (Note 30.1)	74,698	53,679
Rent, rates and taxes (Note 30.2)	2,475	1,848
Legal and professional	1,977	2,186
Insurance	2,614	2,088
Traveling and conveyance	22,238	16,640
Vehicles' running	11,832	8,824
Entertainment	4,956	2,915
Auditors' remuneration (Note 30.3)	1,200	1,200
Advertisement	729	190
Communication	5,641	5,387
Utilities	2,521	3,026
Printing and stationery	1,041	971
Repair and maintenance	2,314	1,881
Fee and subscription	4,214	5,738
Depreciation (Note 15.1.2)	16,723	11,088
Other charges	9,249	2,602
	164,422	120,263

30.1 Salaries, wages and other benefits include provident fund contribution of Rupees 2.111 million (2012: Rupees 2.350 million) by the Company.

30.2 This includes ijarah (operating lease) rentals amounting to Rupees 0.378 million (2012: Rupees Nil).

30.3 Auditors' remuneration:

	2013	2012
Audit fee	1,150	1,150
Half yearly review	50	50
	1,200	1,200

Notes to the Financial Statements

For the Year ended 30 June 2013

		2013	2012
		(RUPEES IN THOUSAND)	
31.	**OTHER EXPENSES**		
	Donations (Note 31.1)	7,007	4,273
	Trade debts written off	-	264
	Workers' profit participation fund (Note 10.2)	34,544	19,405
	Workers' welfare fund	4,320	1,830
		45,871	25,772

31.1 The directors and their spouses have no interest in donations made by the Company during the year.

		2013	2012
32.	**OTHER INCOME**		
	Income from financial assets		
	Exchange gain	20,342	25,465
	Mark-up on PLS saving accounts	121	105
	Others	-	290
		20,463	25,860
	Income from non-financial assets		
	Gain on sale of property, plant and equipment	17,856	301
		38,319	26,161
33.	**FINANCE COST**		
	Mark up on:		
	Long term financing	30,424	23,816
	Liabilities against assets subject to finance lease	2,575	2,446
	Short term borrowings	135,931	165,627
	Interest on workers' profit participation fund (Note 10.2)	1,515	2,826
	Bank charges and commission	45,775	46,830
		216,220	241,545
34.	**TAXATION**		
	Charge for the year:		
	Current tax (Note 34.1)	30,345	72,112
	Prior year adjustment	-	(377)
		30,345	71,735
	Deferred income tax (Note 34.2)	20,792	10,759
		51,137	82,494

34.1 Provision for current taxation represents the tax deducted against export sales and current tax on local sales under the relevant provisions of the Income Tax Ordinance, 2001 adjusted by minimum taxation and tax credits available as at 30 June 2013. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented, being impracticable.

	2013	2012
	(RUPEES IN THOUSAND)	
34.2 Deferred income tax effect due to:		
Accelrated tax depreciation	198,749	163,110
Minimum taxation	-	(34,097)
Tax credits	-	(21,431)
Liabilities against assets subject to finance lease	(6,043)	(965)
Surplus on revaluation of property, plant and equipment	85,118	157,599
	277,824	264,216
Opening balance as at 01 July	(264,216)	(258,452)
Related to surplus on revaluation of property, plant and equipment	3,946	(1,217)
Adjustment of deferred income tax liability on sale and impairment of plant and machinery	3,238	6,212
	(257,032)	(253,457)
	20,792	10,759

35. EARNING PER SHARE - BASIC AND DILUTED

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

	2013	2012
Profit attributable to ordinary shareholders (Rupees in thousand)	599,355	281,585
Weighted average number of ordinary shares (Numbers)	60 903 275	60 903 275
Earnings per share (Rupees)	9.84	4.62

36. CASH GENERATED FROM OPERATIONS

	2013	2012
Profit before taxation	650,492	364,079
Adjustments for non-cash charges and other items:		
Depreciation	145,221	131,005
Finance cost	216,220	241,545
Provision for workers' profit participation fund	34,544	19,405
Trade debts written off	-	264
Gain on sale of property, plant and equipment	(17,856)	(301)
Impairment loss on leased assets	2,746	-
Working capital changes (Note 36.1)	(334,922)	(77,463)
	696,445	678,534

	2013	2012
	(RUPEES IN THOUSAND)	

36.1 Working capital changes

	2013	2012
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(7,844)	(1,856)
Stock in trade	(313,343)	(29,248)
Trade debts	(161,608)	77,338
Loans and advances	(21,844)	(26,195)
Short term deposits and prepayments	5,345	6,294
Other receivables	50,980	(59,206)
Tax refunds due from the Government	(29,614)	26,567
	(477,928)	(6,306)
increase / (Decrease) in trade and other payables	143,006	(71,157)
	(334,922)	(77,463)

37. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for the year for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Directors		Executives	
	2013	2012	2013	2012	2013	2012
	(RUPEES IN THOUSAND)					
Managerial remuneration	3,408	3,408	10,469	7,542	22,594	19,278
Allowances						
Utilities	1,243	1,304	300	180	-	-
Contribution to provident fund	-	-	248	143	1,144	1,392
	4,651	4,712	11,017	7,865	23,738	20,670
Number of persons	1	1	5	5	25	21

37.1 Chief Executive Officer, directors and certain executives of the Company are provided with Company maintained vehicles.

37.2 No remuneration was paid to non-executive director of the Company.

38. PROVIDENT FUND RELATED DISCLOSURES

Following information is based on the Employees' Provident Fund Trust's un-audited financial statements for the year ended 30 June 2013 and audited financial statements for the year ended 30 June 2012.

	UN-AUDITED 2013	AUDITED 2012
	(RUPEES IN THOUSAND)	
Size of the fund - Total assets	133,656	120,436
Cost of investments	133,596	119,660
Percentage of investments made	99.96%	99.36%
Fair value of investments	133,116	119,660

38.1 The break-up of cost of investments is as follows:

	2013	2012	UN-AUDITED 2013	AUDITED 2012
	PERCENTAGE		(RUPEES IN THOUSAND)	
Bank deposits	25%	31%	32,895	37,472
Mutual fund	69%	69%	90,732	82,188
Listed securities	7%	-	9,969	-
	100%	100%	133,596	119,660

38.2 The investments out of provident fund have not been made in accordance with the provisions of section 227 of the Companies Ordinance, 1994 and the rules formulated for this purpose as the investment in unit trust scheme exceeded the limits prescribed in SRO (I) / 2002 regarding investment in unit trust schemes.

	2013	2012
	(Number of Persons)	
39. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	2 043	2 023
Average number of employees during the year	2 076	1 947

40. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, staff retirement fund, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2013	2012
	(RUPEES IN THOUSAND)	
Associated Companies		
Service charges	2,467	2,014
Purchases	328	4,609
Other related parties		
Contribution to Employees' Provident Fund Trust	10,065	9,306
Loan (repaid to) / received from directors	(43,394)	34,144
Office rent	315	1,260

41. PLANT CAPACITY AND ACTUAL PRODUCTION		2013	2012
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1 095 shifts (2012: 1 098 shifts)	(Kgs.)	28 440	28 518
Actual production converted to 20s count based on 3 shifts per day for 1017 shifts (2012: 1044 shifts)	(Kgs.)	24 013	22 302

Fabric and Home textile

The plant capacity of these divisions is indeterminable due to multi products plants involving varying processes of manufacturing.

41.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity is mainly due to gas and electricity shutdowns.

42. SEGMENT INFORMATION

	Spinning		Fabric		Home Textile		Elimination of Inter-segment transactions		Total - Company	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(RUPEES IN THOUSAND)									
Sales										
External	5,676,465	4,644,006	2,073,500	1,529,933	1,169,008	1,019,956	-	-	8,918,973	7,193,895
Inter segment	93,758	371,486	-	-	-	-	(93,758)	(371,486)	-	-
	5,770,223	5,015,492	2,073,500	1,529,933	1,169,008	1,019,956	(93,758)	(371,486)	8,918,973	7,193,895
Cost of sales	(4,718,966)	(4,291,259)	(1,835,378)	(1,354,109)	(1,015,682)	(902,740)	93,758	371,486	(7,476,268)	(6,176,622)
Gross profit	1,051,257	724,233	238,122	175,824	153,326	117,216	-	-	1,442,705	1,017,273
Distribution cost	(196,866)	(132,897)	(130,968)	(93,087)	(76,185)	(65,791)	-	-	(404,019)	(291,775)
Administrative expenses	(117,137)	(82,059)	(33,011)	(22,384)	(14,274)	(15,820)	-	-	(164,422)	(120,263)
	(314,003)	(214,956)	(163,979)	(115,471)	(90,459)	(81,611)	-	-	(568,441)	(412,038)
Profit before taxation and unallocated income and expenses	737,254	509,277	74,143	60,353	62,867	35,605	-	-	874,264	605,235
Unallocated income and expenses:										
Other expenses									(45,871)	(25,772)
Other income									38,319	26,161
Finance cost									(216,220)	(241,545)
Taxation									(51,137)	(82,494)
Profit after taxation									599,355	281,585

42.1 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric		Home Taxtile		Total - Company	
	2013	2012	2013	2012	2013	2012	2013	2012
	(RUPEES IN THOUSAND)							
Total assets for reportable segments	4,188,329	4,012,990	701,092	371,166	320,164	381,018	5,209,585	4,765,174
Unallocated assets							253,307	215,036
Total assets as per balance sheet							5,462,892	4,980,210

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

	Spinning		Fabric		Home Taxtile		Total - Company	
Total liabilities for reportable segments	1,455,501	1,506,749	414,853	153,716	234,235	230,574	2,104,589	1,891,039
Unallocated liabilities							350,056	358,756
Total Liabilities at per balance sheet							2,454,645	2,249,795

All segment liabilities are allocated to reportable segments other than provision for taxation and deferred income tax liabilities and other corporate liabilities.

42.2 Geographical Information

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

	2013	2012
	(RUPEES IN THOUSAND)	
Europe	2,580,340	1,988,036
America	512,631	745,106
Asia, Africa and Australia	1,765,535	1,139,642
Pakistan	4,060,467	3,321,111
	8,918,973	7,193,895

42.3 All non-current assets of the Company as at reporting date are located and operating in Pakistan.

42.4 Revenue from major customers

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

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.

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 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 United States Dollar (USD), Great Britain Pound (GBP) & 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 uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2013	2012
Cash at banks - USD	68,435	7,129
Trade debts - USD	3,173,022	2,702,450
Trade debts - Euro	312,599	-
Trade debts - GBP	91,692	-
Trade and other payables - USD	(75,187)	-
Short term borrowings - USD	-	(33,453)
Net exposure - USD	3,166,270	2,676,126
Net exposure - Euro	312,599	-
Net exposure - GBP	91,692	-

Following significant exchange rates were applied during the year:

	2013	2012
Rupees per US Dollar		
Average rate	96.12	89.21
Reporting date rate	98.60	94.00
Rupees per Euro		
Average rate	125.18	-
Reporting date rate	128.85	118.25
Rupees per Great Britain Pound		
Average rate	149.06	-
Reporting date rate	150.57	146.76

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 14.533 million, Rupees 1.875 million and Rupees 0.643 million (2012: Rupees 11.710 million, Rupees Nil and Rupees Nil) 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.

Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected / forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly bases, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities / payments to assets / receipts, using source inputs in foreign currency and arranging cross currency swaps. The Company maintains foreign currency working capital lines in order to finance production of exportable goods. Proceeds from exports are used to repay / settle / rollover the Company's obligations under these working capital lines which substantially reduces exposure to currency risk in respect of such liabilities. Balances in foreign currency are also maintained in current accounts with banking companies.

(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.

(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 interest bearing assets except for long term loans and bank balances in saving accounts. The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease, short term borrowings, long term loans and bank balances in saving accounts. Financial instruments obtained at variable rates expose the Company to cash flow interest rate risk. Financial instruments obtained at fixed rate expose the Company to fair value interest rate risk.

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

	2013	2012
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial assets		
Long term loans	1,080	1,033
Financial liabilities		
Long term financing	447	11,508
Short term borrowings	425,000	235,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	151	371
Financial liabilities		
Long term financing	198,944	302,238
Liabilities against assets subject to finance lease	38,301	5,978
Short term borrowings	707,281	652,418

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 rates, 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 8.792 million (2012: Rupees 8.940 million) lower / higher, as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming that the amounts of financial instruments outstanding at balance sheet date were outstanding for the whole year.

Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Credit risk

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

	2013	2012
	(RUPEES IN THOUSAND)	
Loans and advances	2,538	1,976
Deposits	12,321	8,347
Trade debts	612,751	451,143
Other receivables	3,070	60,042
Bank balances	58,238	44,763
	688,918	566,271

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

	Rating			2013	2012
	Short Term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,504	-
Allied Bank Limited	A1+	AA	PACRA	35	138
Askari Bank Limited	A1+	AA	PACRA	5,849	7,458
Bank Alfalah Limited	A1+	AA	PACRA	16,836	2,253
Faysal Bank Limited	A1+	AA	PACRA	2,422	1,036
Habib Bank Limited	A-1+	AAA	JCR-VIS	3	3
Bank Al-Habib Limited	A1+	AA+	PACRA	91	99
MCB Bank Limited	A1+	AAA	PACRA	-	4
NIB Bank Limited	A1+	AA -	PACRA	51	51
Silkbank Limited	A-2	A-	JCR-VIS	638	83
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	19,077	5,121
United Bank Limited	A-1+	AA+	JCR-VIS	640	3,740
Al-Baraka Bank (Pakistan) Limited	A2	A	PACRA	-	406
HSBC Bank Middle East Limited	P-1	A2	Moody's	44	6
The Bank of Punjab	A1+	AA-	PACRA	5,058	24,358
Summit Bank Limited	A-3	A-	JCR-VIS	5,990	7
				58,238	44,763

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

Credit risk management

The Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by counterparties. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties 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.

Contractual maturities of financial liabilities including interest payments 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	199,391	224,899	69,552	59,972	82,266	13,109
Directors' loan	300,000	300,000	-	-	300,000	-
Liabilities against assets subject to finance lease	38,301	43,492	7,819	7,819	15,638	12,216
Trade and other payables	321,665	321,665	321,665	-	-	-
Accrued mark-up	28,777	28,777	28,777	-	-	-
Short term borrowings	1,194,856	1,197,868	921,634	276,234	-	-
	2,082,990	2,116,701	1,349,447	344,025	397,904	25,325

The following are the contractual maturities of financial liabilities as at 30 June 2012:

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 year	More than 2 years
Non-derivative financial liabilities:						
Long term financing	313,746	381,261	83,766	73,759	128,985	94,751
Directors' loan	300,000	300,000	-	-	300,000	-
Liabilities against assets subject to finance lease	5,978	5,989	5,989	-	-	-
Trade and other payables	195,084	195,084	195,084	-	-	-
Accrued mark-up	34,491	34,491	34,491	-	-	-
Short term borrowings	1,032,246	1,067,508	940,808	126,700	-	-
	1,881,545	1,984,333	1,260,138	200,459	428,985	94,751

The amounts disclosed in the table are undiscounted cash flows.

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 8 and Note 12 to these financial statements.

Liquidity risk management

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2013, the Company had Rupees 3,793 million (2012: Rupees 3,700 million) available borrowing limits from financial institutions and Rupees 59.014 million (2012: Rupees 45.217 million) cash and bank balances. Management believes the liquidity risk to be low.

43.2 Fair values of financial assets and liabilities

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

43.3 Financial instruments by categories

	Loans and receivables	
	2013	2012
	(RUPEES IN THOUSAND)	
Assets as per balance sheet		
Loans and advances	2,538	1,976
Deposits	12,321	8,347
Trade debts	612,751	451,143
Other receivables	3,070	60,042
Cash and bank balances	59,014	45,217
	689,694	566,725

	Financial liabilities at amortized cost	
	2013	2012
	(RUPEES IN THOUSAND)	
Liabilities as per balance sheet		
Long term financing	199,391	313,746
Directors' loan	300,000	300,000
Liabilities against assets subject to finance lease	38,301	5,978
Accrued mark-up	28,777	34,491
Short term borrowings	1,194,856	1,032,246
Trade and other payables	321,665	195,084
	2,082,990	1,881,545

43.4 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 to be 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 8 and Note 12 respectively. Equity represents 'total equity' as shown in the balance sheet and directors' loans which are subordinated to bank borrowings as referred in Note 7. Total capital employed includes 'equity' plus 'borrowings'. The Company's overall strategy remained unchanged from year 2012.

		2013	2012
Borrowings	Rupees in thousand	1,432,548	1,351,970
Total equity	Rupees in thousand	2,700,047	2,063,656
Total capital employed	Rupees in thousand	4,132,595	3,415,626
Gearing ratio	Percentage	34.66	39.58

The decrease in the gearing ratio resulted primarily from increase in total equity of the Company.

44. NON ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on 30 September 2013 have proposed cash dividend of Rupees 5 per share for the year ended 30 June 2013 (2012: Rupees 2.50 per share) to ordinary shareholders except Directors, Chief Executive Officer, their spouses and associates. However, this event has been considered as non adjusting under IAS 10 and has not been recognized in these financial statements.

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 Septmber 2013 by the Board of Directors of the Company.

46. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made except those required by revised Fourth Schedule to the Companies Ordinance, 1984.

47. GENERAL

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

Jawed Anwar
Chief Executive Officer

Faiq Jawed
Director

Pattern of Shareholding

As at June 30, 2013

No. of Share Holders	Share Holding From	Share Holding To	Total Shares Held
50	1	100	874
39	101	500	10,002
36	501	1000	24,113
57	1,001	5,000	124,011
15	5,001	10,000	110,624
6	10,001	15,000	74,101
4	15,001	25,000	69,173
1	25,001	30,000	27,500
2	40,001	45,000	71,685
1	45,001	50,000	46,410
1	60,001	70,000	70,000
1	80,001	90,000	89,236
1	90,001	100,000	100,000
2	285,001	300,000	585,796
1	630,001	635,000	631,700
1	955,001	960,000	960,000
1	2,820,001	2,825,000	2,820,212
1	9,385,001	9,390,000	9,388,120
1	9,415,001	9,425,000	9,419,380
1	12,210,001	12,215,000	12,214,715
1	24,065,001	24,070,000	24,065,623
223			60,903,275

PATTERNS OF SHARE HOLDING

S.No.	Categories of Share Holders	No. of Share Holders	Shares Held	Percetnage
1	Financial Institutions	4	310,295	0.51
2	Investment Companies	4	135,420	0.22
3	Insurance Companies	2	5,460	0.01
4	Joint Stock Companies	3	14,705	0.02
5	Modarba Companies	2	5,880	0.01
6	Directores, CEOs & Their Spouses	8	55,724,953	91.50
7	Individuals	200	4,706,562	7.73
	Total	223	60,903,275	100.00

Detail of Categories Share Holders As On June 30, 2013	No. of Share Holders	Shares Held
Financial Institutions		
National Bank of Pakistan, Trustee Deptt.	1	285,796
National Bank of Pakistan	1	191
The Bank of Punjab	1	20,423
National Industrial & Commercial Leasing Ltd	1	3,885
	4	310,295
Modaraba Companies		
First Prudential Modarba	1	3,255
Prudential Capital Management Ltd	1	2,625
	2	5,880
Investment Companies		
Trustee-National Bank of Pakistan-Employees benevolent Fund	1	1,093
Trustee-National Bank of Pakistan-Employees Pension Fund	1	31,157
Trustee-J.K.Spinning Mills Ltd-Employees Provident Funds	1	100,000
Industrial Development Bank of Pakistan	1	3,170
	4	135,420
Insurance Companies		
Pakistan Guarantee Insurance Company Ltd	1	4,935
Gulf Insurance Company Ltd	1	525
	2	5,460
Directores, CEOs & Their Spouses		
Mr. Jawed Anwar (Chairman / Chief Executive)	1	24,065,623
Mr. Faiq Jawed (Director)	1	12,214,715
Mr. Shaiq Jawed (Director)	1	9,388,120
Mrs. Farhat Jehan (Director)	1	9,419,380
Syed Shahid Hussain Mansoor Naqvi (Director)	1	4,415
Mr. Ghulam Muhammad (Director)	1	500
Mr. Qayyum Mohsin Malik (Director)	1	500
Mrs. Nageen Faiq (Spouse of Mr.Faiq Jawed)	1	631,700
	8	55,724,953
Joint Stock Companies		
Stock Master Securities (Pvt.) Ltd	1	9,699
SAAO Capital (Pvt.) Ltd	1	5,000
Sultan Textile Mills Karachi Ltd	1	6
	3	14,705
Individuals	200	4,706,562
Grand Total	223	60,903,275

Shareholders Holding 10% Or More Voting Interest in The Company As On June 30, 2013

Directores, CEOs	Shares Held	% Age
Mr. Jawed Anwar (Chairman / Chief Executive)	24,065,623	39.51
Mr. Faiq Jawed (Director)	12,214,715	20.06
Mr. Shaiq Jawed (Director)	9,388,120	15.41
Mrs. Farhat Jehan (Director)	9,419,380	15.47

Dated: 1st November, 2012

To: All Members of Company,

Subject: Abstract under section 218 of the companies Ordinance,1984

Dear Sir,

We would like to inform you that the Members of company in their Annual General Meeting have approved the increase in the remuneration of following Directors:

Names	Previous Monthly Salary (Rupees)	Monthly Increase (Rupees)	Present Monthly (Rupees)
1) Mr. Ghulam Muhammad Director	130,785/=	21,841/=	152,626/=
2) Mr. Qayyum Mohsin Malik Director	111,090/=	18,663/=	129,753/=

Other terms & conditions will remain the same.

Syed Hussain Shahid Mansoor Naqvi
Director / Company Secretary

Notes

Notes

Form of Proxy

Folio No. _______________CDC Participants Identity Card No. _____________________ A/C No. __________________

I / We ____

of____

being a member(s) of J.K SPINNING MILLS LIMITED a holder of ____

ordinary shares as per Registered Folio No. ____

hereby appoint ____

of ____

Shares Registered Folio No. ____ who is also a member of J.K SPINNING MILLS LIMITED as my proxy to vote for me and on my behalf at the 27th Annual General Meeting of the Company to be held on Thursday, the October 31st, 2013 and at any adjournment thereof.

Signed this ___________________________________ day of __________________________________2013.

Witness:

Affix Rs. 5/- Revenue Stamp here

1.

N.B. (Signature should agree with specimen signature registered with the Company)

2.

NOTICE

A member entitled to vote at this meeting may appoint a proxy. Proxies in order to be effective must be received at Registered Office of the Company duly stamped and signed not later than 48 hours before the time of meeting.

Second Fold

Affix Revenue
Stamp

The Company Secretary

JK Spinning Mills Limited
29-KM, Sheikhupura Road, Faisalabad.

First Fold

Third Fold and Tuck In

www.jkgroup.net

Registered Office:
JK Spinning Mills Limited 29 K.M, Sheikhupura Road, Druman Wala More Khurianwala, Faisalabad. Pakistan
PABX.+92-41-4362441-46 , +92-41-5036678-80 , Fax:+92-41-4362447-48 , UAN Tel.+92-41-111-151515, UAN Fax.+92-41-111-161616
E-mail: jkgroup@jkgroup.net

Concept, Design & Printed by: Al-Imran www.alimranprinters.com