FINANCIAL STATEMENTS
OF

ELAHI COTTON MILLS LIMITED

FOR THE YEAR ENDED
JUNE 30, 2013

COMPANY'S INFORMATION

BOARD OF DIRECTORS

MAHBOOB ELAHI
MAHFOOZ ELAHI
MAHMOOD ELAHI
ABDUL RASHEED
FARRUKH AHMED
NAVEED AKHTER
S. M. RAUNAQ UD DIN

CHIEF EXECUTIVE

MAHFOOZ ELAHI

AUDIT COMMITTEE

MAHMOOD ELAHI
FARRUKH AHMED
NAVEED AKHTER

HRR COMMITTEE

MAHBOOB ELAHI
MAHFOOZ ELAHI
ROUNAQ-UD-DIN

CHIEF FINANCIAL OFFICER

MUHAMMAD IMTIAZ

COMPANY SECRETARY

SALEEM AHMED

AUDITORS

M/S. BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
23, EAST SAEED PLAZA
BLUE AREA, ISLAMABAD

REGISTRAR OFFICE

CORPLINK (PVT) LIMITED
WINGS ARCADE,
1-K, COMMERCIAL,
MODEL TOWN, LAHORE

LEGAL ADVISER

M/S. KHAN & PIRACHA
NO.1, 2ND FLOOR, 6-B,
MARKAZ F-6, ISLAMABAD

REGISTERED OFFICE

270-SECTOR I-9,
INDUSTRIAL AREA,
ISLAMABAD.

MILLS

JURIAN, MANDRA,
TEHSIL GUJAR KHAN,
DISTRICT RAWALPINDI.

WEBSITE

www.elahicotton.com

Vision

Elahi Cotton Mills Limited's vision is to run on purely professional grounds and to accomplish, build up and sustain a good reputation within textile industry by marketing premium quality yarn by means of honesty, integrity and commitment.

Mission Statement

It is the mission of the Company:

- To transform the Company into a modern and dynamic yarn manufacturer and to provide premium quality products to customers.
- To faster a culture of trust in order to make professional life at the Elahi Cotton Mills Limited a stimulating and challenging experience for all our people.
- To build the Company on sound financial footings, increase earning distribution of adequate return to shareholders, employees and to contribute towards the government revenues.
- To expand sales of the Company through good Governance and faster a sound and dynamic team so as to achieve optimum profitably for the Company for sustaining and equitable growth and prosperity of the Company.
- To make comprehensive arrangements for the training of our workers technicians.
- To strive for the continuous development of Pakistan while adding value to the textile sector.
- To continue to earn the respect, confidence and goodwill of our customers and suppliers.
- To earn and sustain the trust of our stakeholders through efficient resource management.

ELAHI COTTON MILLS LIMITED

NOTICE OF 43^{RD}
ANNUAL GENERAL MEETING

Notice is hereby given that 43^{rd} Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at 270-Sector I/9, Industrial Area, Islamabad on Saturday, October 26, 2013 at 10.30 a.m. to transact the following business: -

1. To confirm the minutes of the last meeting.

2. To consider, approve and adopt the Audited Accounts of the Company for the year ended June 30, 2013 together with Auditors' and Directors' Reports thereon.

3. To appoint Auditors of the Company for the next financial year and to fix their remuneration.

4. To transact any other ordinary business of the Company with the prior permission of the Chairman.

BY ORDER OF THE BOARD

Islamabad,
September 26, 2013

(MAHFOOZ ELAHI)
Chief Executive

NOTES:

1. Share transfer Books of the Company will remain closed from October 21, 2013 to October 27, 2013 (both days inclusive).

2. A member entitled to attend and vote in the meeting is authorized to appoint any other member of the Company a proxy to attend, speak and vote for him or her.

3. Any individual Beneficial Owner of CDC, entitled to vote at this meeting must bring his/her original CNIC with him/her to prove his/her identity; and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominees at the time of meeting.

4. An instrument of proxy, duly stamped and signed, and the Board of Directors' Resolution, Power of Attorney or other authority (if any) under which they are signed, or a notarially certified copy of such Power or Authority, must be reached at the Registered Office of the Company not later than 48 hours before the time of the meeting.

5. Share holders are requested to notify immediately their CNIC numbers and/or any change in their registered address.

DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Company are pleased to present the 43rd Annual Report and the Audited financial statements of the Company for the year ended June 30, 2013 together with the auditors' report thereon.

FINANCIAL RESULTS

During the year under review, the Company registered a turnover of Rs 255.845 million as compared to Rs 211.215 million in the preceeding year showing an increase of Rs. 44.630 million (21.13 %) whereas the cost of sales increased from Rs. 206.030 million to Rs. 252.044 million showing increase of Rs. 46.014 million (22.33%). The Company earned gross profit of Rs. 3.801 million as compared to gross profit of 5.185 million. The decrease in gross profit is mainly due to increase in the prices of raw material and factory overheads.

The financial results of the Company for the year under review are as under:

	RUPEES IN MILLION
Sales	255.845
Cost of Sales	252.044
Gross Profit	3.801
Operating expenses	3.553
Other income	3.159
Financial Charges	0.088
Profit before taxation	3.319
Provision for taxation	0.505
Profit after taxation	2.814
Earning per share (Rs.)	2.17

The Company earned net profit of Rs. 2.814 million as compared to net profit of Rs. 1.022 million in the last year. The increase in net profitability of the Company is due to other income. Due to electric shut down the Company has closed one shift throughout the year and hence not utilized 100% capacity.

DIVIDEND:

As the Company has accumulated losses and keeping in view of present scenario and liquidity tidiness being faced by the Company, no dividend/bonus shares has been recommended by the Directors.

AUDITORS:

The present Auditors M/S. BDO Ebrahim & Company, Chartered Accountants retire and being eligible offers themselves for re-appointment. The Audit Committee has recommended to appoint retiring Auditors.

SHAREHOLDING:

A statement showing the pattern of share holding by the shareholders of the Company as on June 30, 2013 is annexed herewith.

FUTURE PROSPECTS AND OUT LOOK:

The future outlook appears to be uncertain due to continued energy crises.

The Directors have to comment on Auditors qualification as under:

1. Provision for gratuity has not been made on the basis of actuarial valuation method as it would not materially differ from amount provided in the books of accounts. However, the actuarial valuation method for gratuity will be adopted in due course of time.

2. Zakat deducted in the prior years was not deposited in Central Zakat Fund due to the financial constraints. However, it will be deposited soon.

The auditors have drawn attention to Note 1.2 in the financial statements that the Company has accumulated loss of Rs. 77.513 million and total liabilities exceeded its total assets by Rs. 25.456 million which indicate the existence of a material uncertainty that cast doubt about the Company's ability to continue as a going concern.

During the year under review, the Company earned profit before tax amounting to Rs. 3.319 million and net profit after taxation amounting to Rs. 2.814 million. Total liabilities have been reduced from Rs. 100.238 million to Rs. 97.293 million showing an improvement. Accumulated losses have also been reduced from 81.469 million to 77.513 million. These factors indicate improvement as compared to previous year. Despite the accumulated losses, the management is committed with the Company and is continuously supporting in the form of funds as and when required by the Company. With the successful efforts of the management, the Mills will continue as a going concern.

CORPORATE GOVERNANCE

The Company has complied with all material requirements of the Code of Corporate Governance. The Directors are pleased to report that:

a) The Financial Statements prepared by the Management present its state of affairs fairly, the results of its operations, cash flows and changes in equity.

b) Proper Books of Accounts have been maintained.

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

d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of Financial Statements.

e) The system of Internal Control is sound in design and has been effectively implemented and monitored.

f) The management has devised a plan to enable the Company to continue as a going concern.

g) There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

h) Significant deviation from last year in operating results of the Company and reasons thereof has been explained.

i) The key operating and financial data for the last six years is annexed.

j) There are no outstanding statutory payments on account of taxes, duties, levies and charges except as shown in notes to the accounts.

k) The Company is operating as un-funded Gratuity Fund which was not invested and was retained for business of the Company.

l) Six meetings of the Board of Directors and six meetings of the Audit Committee were held during the year. The attendance of each Director at the meetings is as under: -

Name of Director	*Board*	*Audit Committee*
Mr. Mahboob Elahi	5	N/A
Mr. Mahfooz Elahi	4	N/A
Mr. Mahmood Elahi	6	6
Mr. Abdul Rasheed	1	N/A
Mr. Naveed Akhter	6	6
Mr. Farrukh Ahmed	5	6
Syed Muhammad Raunaq ud din	4	N/A

Leave of absence was granted to the Directors who could not attend any of the aforesaid Meetings.

One meeting of Human Resource & Remuneration Committee was held during the year. All the relevant decisions were directly taken by the board.

m) Four directors of the Company are exempt from director training programme due to their qualification and relevant experience. The Company is making arrangements for training of remaining directors.

n) The pattern of shareholding alongwith trading of shares by directors, executives and their spouses has been included in this annual report

ACKNOWLEDGEMENT:

The Board of Directors is pleased to record word of thanks to its members. The Staff – management remained pleasantly co-operative. I together with fellow Directors, wish to acknowledge our gratitude to the staff members for performing their duties.

ON BEHALF OF THE BOARD

Islamabad,
September 26, 2013

Mahfooz Elahi

(MAHFOOZ ELAHI)
Chief Executive

Statement of Compliance with the Code of Corporate Governance
ELAHI COTTON MILLS LIMITED
For the year ending June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Karachi/Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	Nil
Executive Directors	Mahfooz Elahi, Abdul Rasheed, Naveed Akhtar, Farrukh Ahmad, S.M. Raunaq-ud-Din
Non-Executive Directors	Mahboob Elahi, Mahmood Elahi

2 The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this company.

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

4 No casual vacancy was occurred in the board during the current year.

5 The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6 The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company.

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/shareholders.

8 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 at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9 Four directors of the Company are exempt from director training programme due to their qualification and relevant experience. During the year, no board member has attended any orientation course. However, the Company is making arrangements for training of remaining directors.

10 There was no new appointment of CFO, Company Secretary and Head of Internal Audit.

11 The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12 The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13 The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

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

15 The board has formed an Audit Committee. It comprises of three members.

16 The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17 The board has formed an HR and Remuneration Committee. It comprises of three members.

18 The board has set up an effective internal audit function that is qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

19 The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21 The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22 Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

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

Mahfooz Elahi

(MAHFOOZ ELAHI)
CHIEF EXECUTIVE

Islamabad,
September 26, 2013

LAST SIX YEARS AT A GLANCE

PARTICULARS	2011-12	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Paid up capital	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000
Reserve	--	--	--	--	--	--
Fixed asset						
(at cost less depreciation)	58,724,606	59,662,031	62,357,942	41,834,787	43,386,945	45,286,045
Accumulated depreciation	66,826,571	64,079,276	60,683,723	58,947,921	60,627,760	59,182,360
Long term investment	--	--	--	--	--	--
Current assets	12,157,853	10,225,467	9,505,412	5,937,299	6,106,293	5,792,431
Current Liabilities	8,133,406	9,220,007	10,250,356	14,037,430	19,514,758	61,110,450
Income						
Sales	211,215,463	206,403,850	150,011,159	139,722,355	148,163,333	109,721,141
Other Income	562,890	635,210	192,232	1,392,609	19,100,484	824,044
Gross profit / (loss)	5,185,429	2,472,197	(4,767,833)	(3,521,116)	(2,334,635)	(1,541,121)
Pre tax profit / (loss)	2,554,627	485,375	(6,555,367)	(4,690,211)	15,200,151	(4,468,184)
Taxation (prior year)	--	--	--	--	--	--
Taxation (current year)	(1,522,706)	(2,317,311)	398,768	502,560	(1,339,048)	334,260
Profit/(loss) after taxation	(1,021,921)	(1,831,936)	(6,156,599)	(4,187,651)	13,861,103	(4,133,924)
Un-appropriated profit/(loss)	(81,468,926)	(83,756,584)	(82,530,252)	(76,598,784)	(72,546,926)	(86,557,547)

BDO

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **ELAHI COTTON MILLS LIMITED** (the Company) to comply with the Listing Regulations of the 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, Sub-regulation (xiii) of Listing Regulation 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide Circular KSE/-269 dated January 19, 2009 and sub-regulation (xiii(a)) of Listing Regulation 35 of the Islamabad Stock Exchange (Guarantee) Limited requires 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 June 30, 2013.

We draw your attention to clause 9 of the Statement, which mentions that the Company has not made appropriate arrangements to carry out orientation courses during the year for their three eligible directors as required under clause (xi) of the Code of Corporate Governance.

ISLAMABAD

DATED: September 26, 2013

Bdo ebrahim & Co
CHARTERED ACCOUNTANTS
Engagement Partner: Iffat Hussain
Bdo

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Pakistan.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ELAHI COTTON MILLS LIMITED** (the Company) as at June 30, 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 state that: -

The provision for gratuity has not been made on the basis of actuarial valuation as required by International Accounting Standard 19 "Employees Benefits" as explained more fully in note 16.1.1 to the financial statements.

Except for the adjustment in respect of matter stated above;

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

(b) in our opinion:-

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

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

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980). However, Zakat amounting to Rs. 0.393 million deducted in the years 1997 and 2002 was not deposited in Central Zakat Fund established under section 7 of the Ordinance.

Without further qualifying our opinion, we draw attention to Note 1.2 in the financial statements which indicates that the Company's accumulated losses exceed the issued, subscribed and paid up capital by Rs. 64.513 million as at June 30, 2013 and accumulated losses as of that date amounted to Rs. 77.513 million. These conditions, along with other matters as set forth in Note 1.2, indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern.

Bdo ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Iffat Hussain

ISLAMABAD

DATE: September 26, 2013

ELAHI COTTON MILLS LIMITED
BALANCE SHEET AS AT JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	57,022,331	58,724,606
Long term security deposits		918,810	918,810
Loans and advances	6	714,858	117,728
		58,655,999	59,761,144
CURRENT ASSETS			
Stores, spares and loose tools	7	446,132	652,744
Stock in trade	8	7,454,677	7,780,752
Trade debts	9	2,067,559	657,490
Loans and advances	10	631,381	644,109
Short terms prepayments		72,454	67,978
Tax refunds due from government	11	70,009	122,152
Taxation - net	12	20,103	7,430
Cash and bank balances	13	2,418,818	2,107,470
		13,181,133	12,040,125
TOTAL ASSETS		71,837,132	71,801,269
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	13,000,000	13,000,000
Accumulated loss		(77,512,626)	(81,468,926)
		(64,512,626)	(68,468,926)
SURPLUS ON REVALUATION OF FIXED ASSETS	15	39,056,603	40,031,928
NON-CURRENT LIABILITIES			
Deferred liabilities	16	12,091,116	12,081,237
Long term loan from directors	17	62,607,547	62,607,547
Due to associated undertaking	18	12,416,077	17,416,077
		87,114,740	92,104,861
CURRENT LIABILITIES			
Trade and other payables	19	7,678,415	8,133,406
Current portion of balance due to associated undertaking	18	2,500,000	-
		10,178,415	8,133,406
CONTINGENCIES AND COMMITMENTS	20	-	-
TOTAL EQUITY AND LIABILITIES		71,837,132	71,801,269

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mahfooz Elahi
CHIEF EXECUTIVE

Mahmood Elahi
DIRECTOR

ELAHI COTTON MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales-net	21	255,845,239	211,215,463
Cost of sales	22	252,044,326	206,030,034
Gross profit		3,800,913	5,185,429
Administrative expenses	23	3,007,743	2,585,838
Other operating charges	25	544,985	520,120
		3,552,728	3,105,958
Operating profit		248,185	2,079,471
Other income	26	3,158,786	562,890
Financial charges	27	87,689	97,734
Profit before taxation		3,319,282	2,544,627
Taxation	28	(505,109)	(1,522,706)
Profit after taxation		2,814,173	1,021,921
Earnings per share - basic and diluted	29	2.165	0.786

The annexed notes from 1 to 39 form an integral part of these financial statements.

Mahfooz Elahi
CHIEF EXECUTIVE

Mahmood Elahi
DIRECTOR

ELAHI COTTON MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	2013 Rupees	2012 Rupees
Profit for the year	2,814,173	1,021,921
Other comprehensive income	-	-
Total comprehensive profit for the year	2,814,173	1,021,921

Surplus arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 in a separate account below equity.

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ELAHI COTTON MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Note	Issued, subscribed and paid-up capital	Accumulated loss	Total
		Rupees		
Balance as at July 01, 2011		13,000,000	(83,756,584)	(70,756,584)
Total comprehensive income for the year ended June 30, 2012		-	1,021,921	1,021,921
Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax	15	-	1,265,737	1,265,737
Balance as at June 30, 2012		13,000,000	(81,468,926)	(68,468,926)
Total comprehensive income for the year ended June 30, 2013		-	2,814,173	2,814,173
Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax	15	-	1,142,127	1,142,127
Balance as at June 30, 2013		13,000,000	(77,512,626)	(64,512,626)

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ELAHI COTTON MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,319,282	2,544,627
Adjustment for non-cash charges and other items:		
Depreciation	3,168,375	3,227,905
Financial charges	87,689	97,734
Provision for gratuity	2,195,210	1,419,353
Gain on sale of property, plant and equipment	-	(291,909)
Liabilities written off	(3,009,427)	(74,600)
	2,441,847	4,378,483
Profit before working capital changes	5,761,129	6,923,110
Changes in working capital:		
Decrease / (increase) in current assets		
Stores and spares	206,612	(37,332)
Stock in trade	326,075	(1,597,484)
Trade debts	(1,410,069)	(657,490)
Loans and advances	12,728	131,143
Short term prepayments	(4,476)	(20,661)
Tax refund due from government	59,573	(32,059)
Increase / (decrease) in current liabilities		
Trade and other payables	2,435,666	(919,460)
	1,626,109	(3,133,343)
Cash generated from operations	7,387,238	3,789,767
Financial charges paid	(7,920)	(2,949)
Income tax paid	(1,413,640)	(2,308,871)
Gratuity paid	(1,091,100)	(1,018,303)
	(2,512,660)	(3,330,123)
Net cash generated from operating activities	4,874,578	459,644
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceed of property, plant and equipment	-	300,000
Loan and advances	(597,130)	-
Purchase of property, plant and equipment	(1,466,100)	(2,298,570)
Net cash used in investing activities	(2,063,230)	(1,998,570)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loan from directors	(1,800,000)	(4,400,000)
Payment to associated undertaking	(2,500,000)	-
Long term loan from directors	1,800,000	5,650,000
Net cash (used in) / generated from financing activities	(2,500,000)	1,250,000
Net decrease in cash and cash equivalents	311,348	(288,926)
Cash and cash equivalents at the beginning of the year	2,107,470	2,396,396
Cash and cash equivalents at the end of the year	2,418,818	2,107,470

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE | **DIRECTOR**

ELAHI COTTON MILLS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

1 STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated as a public limited company on June 22, 1970 and is listed on Karachi and Islamabad Stock Exchanges. The registered office of the Company is situated at 270, sector I-9, Industrial Area, Islamabad. The principal business of the Company is manufacture and sale of yarn.

1.2 The Company has accumulated loss of Rs. 77.513 million (2012: Rs. 81.469 million). Total liabilities exceeded its total assets by Rs. 25.456 million (2012: Rs. 28.437 million). These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

These financial statements have been prepared on going concern basis without any adjustment to assets and liabilities. The directors have made a commitment not to seek repayment of loan within the foreseeable future. Moreover, the management is confident of improving profitability through streamlining the operations of the Company.

2 BASIS OF PREPARATION

2.1 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed in note 4.23.

2.3 Functional and presentation currency

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following accounting standards which became effective during the year:

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IAS 12	Income Taxes	January 01, 2012

3.2 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments for government loan with a below-market rate of interest when transitioning to IFRSs and amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	January 01, 2013
IFRS 7	Financial Instruments Disclosures - Amendments related to the offsetting of assets and liabilities	January 01, 2013
IFRS 7	Financial Instruments Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	January 01, 2015

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		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements	January 01, 2013
IFRS 9	Financial Instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	January 01, 2015
IFRS 10	Consolidated Financial Statements - Amendments to transitional guidance	January 01, 2013
IFRS 10	Consolidated Financial Statements - Amendments for investment entities	January 01, 2014
IFRS 11	Joint Arrangements - Amendments to transitional guidance	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities - Amendments to transitional guidance	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities - Amendments for investment entities	January 01, 2014
IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information)	January 01, 2013
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment)	January 01, 2013
IAS 19	Employee Benefits - Amended standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 27	Separate Financial Statements - Amendments for investment entities	January 01, 2014
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014

		Effective date (annual periods beginning on or after)
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)	January 01, 2013
IAS 34	Interim Financial Reporting - Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets)	January 01, 2013
IAS 36	Impairment of Assets - Recoverable amount disclosures for non financial assets	January 01, 2014
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives	January 01, 2014

The Company expects that the adoption of the above amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

3.3 Standards or interpretations not yet effective

The following International Financial Reporting Standards or interpretations issued by IASB would be effective from the dates mentioned below against the respective standard or

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	January 01, 2013
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investments in Associates	January 01, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013
IFRIC 21	Levies	January 01, 2014

The Company expects that the adoption of the above amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Operating fixed assets

Operating fixed assets except for freehold land, building and plant and machinery are stated at cost less accumulated depreciation or impairment, if any. Freehold land, building and plant and machinery are stated at cost/revalued amount less accumulated depreciation or impairment, if any and capital work in progress is stated at cost.

Depreciation is charged on the basis of written down value method whereby cost or revalued amount of an asset is written off over its useful life without taking into account any residual value. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets.

Major renewals and repairs are capitalized and the assets so replaced are retired. Minor renewals or replacement, maintenance and repairs are charged to income as and when incurred. Gains or losses on disposal of property, plant and equipment are accounted for as profit or loss for the year.

Amount equivalent to incremental depreciation charged on revalued assets is transferred from surplus on revaluation of building net of deferred taxation to retained earnings (unappropriated profit).

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Disposal of assets is recognized when significant risks and reward incidental to the ownership have been transferred to buyers. Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the profit and loss accounts.

4.2 Impairment losses

The Company assesses at each balance sheet date whether there is any indication that assets other than stores and spares and stock in trade and deferred tax assets may be impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

4.3 Stores, spares and loose tools

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the moving average method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as tangible fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

4.4 Stock in trade

Stock in trade, except stock in transit, are valued at lower of cost and net realizable value. Cost is determined as follows:

- Raw materials	- at moving average method except stock in transit
- Work in process	- at cost of material plus proportionate production overheads
- Finished goods	- at cost of material as above plus proportionate production overheads

Net realizable value represents estimated selling prices in the ordinary course of business less expenses incidental to make the sale.

Stock in transit is valued at cost comprising invoice value plus other charges thereon.

4.5 Trade receivables

Trade receivables are recognized and carried at original invoiced amount which is fair value of the consideration to be received in future. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written-off.

4.6 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.7 Investments

Investments are classified as financial assets at fair value through profit or loss. This category has two sub-categories: financial assets held for trading and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term if so designated by management.

Purchase and sales are recognized on trade-date i.e. the date on which the Company commits to purchase or sell the asset.

Financial asset at fair value through profit or loss are initially recognized at fair value and subsequently re-measured at fair value at each balance sheet date. Gains and losses arising from changes in the fair value are included in the profit and loss account in which they arise.

Investments are treated as current assets where the intention is to hold for less than twelve months from the balance sheet date. Otherwise investments are treated as long term assets.

4.8 Cash and bank balances

Cash in hand and at banks are carried at nominal amounts.

4.9 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

4.10 Staff retirement benefits

The Company operates contributory unfunded gratuity scheme for its officers and employees. Provision for gratuity is made on the basis of last drawn salary for each completed year of service. Minimum qualifying period for gratuity benefit is one year from the date of joining.

4.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

The Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or one percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

Further, the Company has recognized the deferred tax liability on surplus on revaluation of fixed assets which has been adjusted against the related surplus.

4.12 Borrowing

Loans and borrowings are recorded at the proceeds received. Mark up, interest and other borrowing costs are charged to income in the period in which they are incurred.

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets (plant and machinery) are capitalized up to the date of commencement of commercial production on the respective assets. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

4.13 Trade and other payables

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

4.14 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.15 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax.

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

Local sales are recorded on dispatch of goods to customers.
Scrap sales are recognized when delivery is made to customers.
Interest income is recognized as revenue on time proportion basis.

4.16 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period.

4.17 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprise cash in hand, cash at bank and short term investments with maturity of not later than three months at known amount in rupees.

4.18 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

4.19 Dividend and apportioning to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.20 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in profit and loss account.

4.21 Offsetting of financial assets and financial liabilities

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

4.22 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

4.23 Significant accounting judgments and critical accounting estimates / assumptions

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

Judgments and assumptions have been required by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and useful lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

c) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.

d) Defined benefits plan

The management has exercised judgment in applying Company's accounting policies for classification of Post Employment Benefits as Defined Benefits Plan (refer note 4.10) that have the most significant effects on the amount recognized in the financial statements.

5 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Land free hold	Buildings Residential	Buildings Factory	Plant & machinery	Furniture fixture and office equipments	Computer equipments	Power and other installations	Factory equipments and scientific instruments	Motor vehicles	Total
	Rupees									
Year ended June 30, 2013										
Net carrying value basis										
Opening book value	28,350,000	2,104,639	7,103,512	19,321,328	109,299	1,007	270,504	133,257	1,331,060	58,724,606
Additions	-	38,500	-	1,427,600	-	-	-	-	-	1,466,100
Depreciation charge	-	(105,553)	(710,351)	(2,034,621)	(10,930)	(332)	(27,050)	(13,326)	(266,212)	(3,168,375)
Closing net book value	28,350,000	2,037,586	6,393,161	18,714,307	98,369	675	243,454	119,931	1,064,848	57,022,331
Gross carrying value basis										
Cost/revalue	28,350,000	3,573,692	18,893,182	68,583,201	1,006,252	5,000	2,203,543	2,001,887	2,400,520	127,017,277
Accumulated depreciation	-	1,536,106	12,500,021	49,868,894	907,883	4,325	1,960,089	1,881,956	1,335,672	69,994,946
Net book value	28,350,000	2,037,586	6,393,161	18,714,307	98,369	675	243,454	119,931	1,064,848	57,022,331
Year ended June 30, 2012										
Net carrying value basis										
Opening book value	28,350,000	2,215,409	7,892,791	20,181,041	121,443	1,503	300,560	148,063	451,221	59,662,031
Additions during the year	-	-	-	1,220,700	-	-	-	-	1,077,870	2,298,570
Deletions - NBV	-	-	-	(8,090)	-	-	-	-	-	(8,090)
Depreciation charge	-	(110,770)	(789,279)	(2,072,323)	(12,144)	(496)	(30,056)	(14,806)	(198,031)	(3,227,905)
Closing net book value	28,350,000	2,104,639	7,103,512	19,321,328	109,299	1,007	270,504	133,257	1,331,060	58,724,606
Gross carrying value basis										
Cost/revalue	28,350,000	3,535,192	18,893,182	67,155,601	1,006,252	5,000	2,203,543	2,001,887	2,400,520	125,551,177
Accumulated depreciation	-	1,430,553	11,789,670	47,834,273	896,953	3,993	1,933,039	1,868,630	1,069,460	66,826,571
Net book value	28,350,000	2,104,639	7,103,512	19,321,328	109,299	1,007	270,504	133,257	1,331,060	58,724,606
Annual rate of depreciation (%)	-	5%	10%	10%	10%	33%	10%	10%	20%	

5.1 **Depreciation has been allocated as follows:**

	Note	2013 Rupees	2012 Rupees
Cost of sales	22	2,785,348	2,906,464
Administrative expenses	23	383,027	321,441
		3,168,375	3,227,905

5.2 **The following operating fixed assets were disposed off during the year:**

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposals	Particulars of buyers
	Rupees					
	-	-	-	-	-	-
Total - 2013	-	-	-	-		
Total - 2012 Plant & machinery - Card machine Marzoli	488,700	480,610	8,090	300,000		

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	Note	2013 Rupees	2012 Rupees

6 LOANS AND ADVANCES

	Note	2013 Rupees	2012 Rupees
Unsecured			
Considered good			
Opening balance		739,808	791,630
Loan given to employees during the year		774,480	178,350
Payment received during the year		(622,080)	(230,172)
		892,208	739,808
Less: Current portion shown under current assets	10	(177,350)	(622,080)
		714,858	117,728

7 STORES, SPARES AND LOOSE TOOLS

	2013 Rupees	2012 Rupees
Stores	366,742	519,547
Spares	47,770	101,490
Loose tools	31,620	31,707
	446,132	652,744

7.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, management beleives that there is no stores and spares at the balance sheet which may result in capital expenditure.

8 STOCK IN TRADE

	2013 Rupees	2012 Rupees
Raw material	3,185,445	3,397,914
Work in process	2,658,086	2,367,107
Finished goods	1,590,516	2,011,170
Waste	20,630	4,561
	7,454,677	7,780,752

9 TRADE DEBTS

	2013 Rupees	2012 Rupees
Unsecured-considered good		
Local	2,067,559	657,490

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	Note	2013 Rupees	2012 Rupees
10 ADVANCES			
Unsecured-considered good			
Advances to employees	6	177,350	622,080
Advances to suppliers		454,031	22,029
		631,381	644,109
11 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax		7,430	-
Sales tax		62,579	122,152
		70,009	122,152
12 TAXATION - NET			
Balance at beginning of the year		7,430	(187,326)
Transferred to tax refunds due from governemnt		(7,430)	-
		-	(187,326)
Provision for the year	28	(1,393,537)	(2,114,115)
		(1,393,537)	(2,301,441)
Less: Payment/adjustment		1,413,640	2,308,871
		20,103	7,430
13 CASH AND BANK BALANCES			
Cash in hand		64,076	49,296
Cash at banks:			
Current accounts		1,948,526	1,508,623
Saving account	13.1	406,216	549,551
		2,418,818	2,107,470

13.1 Saving account carries mark up at the rates ranging from 0.05% to 0.06% (2012: 2% - 3%) per annum.

14 SHARE CAPITAL

14.1 Authorized share capital:

This represents 5,000,000 (2012 : 5,000,000) ordinary shares of Rs. 10 each amounting to Rs. 50,000,000 (2012 : 50,000,000).

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		2013 Rupees	2012 Rupees

14.2 **Issued, subscribed and paid up capital:**

Number of ordinary shares of Rs. 10/- each				
2013	**2012**		**2013 Rupees**	**2012 Rupees**
1,300,000	1,300,000	Fully paid in cash	13,000,000	13,000,000

15 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS

		2013 Rupees	2012 Rupees
Balance brought forward		46,485,024	48,432,312
Less:	Transferred to equity in respect of incremental depreciation charged during the year - (net of deferred tax)	1,142,127	1,265,737
	Related deferred tax liability during the year transferred to profit and loss account	614,992	681,551
		44,727,905	46,485,024
Less:	Related deferred tax effect:		
	Balance as at July 01	6,453,096	7,134,647
	Effect of change in rate	(166,802)	-
Less:	Incremental depreciation charged during the year transferred to profit and loss account	(614,992)	(681,551)
		5,671,302	6,453,096
		39,056,603	40,031,928

15.1 The Company has revalued its freehold land, buildings and plant and machinery on June 07, 2010 by independent valuer M/s Asrem (Private) Limited on the basis of market value. At the above date, the revaluation resulted in a surplus of Rs. 22,258,957. Previously freehold land and building was revalued on June 30, 1996 by M/S. Zia Consultants, independent firm of industrial valuation consultants. The revaluation was based on prevailing market price for free hold land and replacement value for building. At that date, the revaluation resulted in a surplus of Rs. 33,215,659 of these assets.

15.2 Under the requirements of the Companies Ordinance, 1984, the Company cannot use the surplus except for setting off the losses arising out of the disposal of the revalued assets, losses arising out of the subsequent revaluation of assets and to set-off any incremental depreciation arising as a result of revaluation.

15.3 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

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	Note	2013 Rupees	2012 Rupees
Freehold land		302,395	302,395
Buildings on freehold land		1,424,158	1,519,298
Plant and machinery		9,040,598	8,572,762

16 DEFERRED LIABILITIES

	Note	2013 Rupees	2012 Rupees
Employees gratuity	16.1	4,678,210	3,613,100
Deferred taxation	16.2	7,412,906	8,468,137
		12,091,116	12,081,237

16.1 Employees gratuity

	Note	2013 Rupees	2012 Rupees
Balance brought forward		3,613,100	3,212,050
Add: Provision for the year	16.1.1	2,195,210	1,419,353
		5,808,310	4,631,403
Less: Paid during the year		1,091,100	1,018,303
Transfer to current liabilities		39,000	-
		1,130,100	1,018,303
		4,678,210	3,613,100

16.1.1 Provision for gratuity has not been made on the basis of actuarial valuation as the management is of the view that the values determined by actuarial valuation method would not materially differ from the amounts provided in the books of accounts.

16.2 Deferred taxation

Deferred tax liabilities / (assets) arising due to taxable temporary timing differences are as follows:

	2013 Rupees	2012 Rupees
Accelerated tax depreciation	1,741,604	2,015,041
Surplus on revaluation of fixed assets	5,671,302	6,453,096
	7,412,906	8,468,137
Tax rate used	34%	35%

16.3 Deferred tax asset of Rs. 4,881,749 (2012: Rs. 10,140,206) brought forward losses has not been recognised in the current financial statements, as in the opinion of the management there is no certainty regarding realisability of the amount. No deferred tax assets has been recognized on gratuity as the Company is claiming it as tax expense.

16.4 In view of judgement of Sindh High Court vide ITRA No. 132 of 2011 dated May 07, 2013, the benefit of section 113 (2) (c) is no more available to the taxpayer. Accordingly minimum tax paid in previous years due to losses cannot be adjusted from the tax liability of subsequent years. Therefore deferred tax assets on turnover tax amounting to Rs. 6,207,983 has been not been disclosed during the year.

	Note	2013 Rupees	2012 Rupees
17 LONG TERM LOAN FROM DIRECTORS			
Balance brought forward	17.1	62,607,547	61,357,547
Additions during the year		1,800,000	5,650,000
Adjustment / payments during the year		(1,800,000)	(4,400,000)
		62,607,547	62,607,547

17.1 This represents unsecured interest free loans from two directors and Chief Executive of the Company, repayable at the convenience of the Company on attaining financial stability.

17.2 The maximum aggregate amount due to directors at the end of any month during the year was Rs. 62,607,547 (2012: Rs. 62,607,547).

	Note	2013 Rupees	2012 Rupees
18 DUE TO ASSOCIATED UNDERTAKING			
Unsecured			
International Beverages (Private) Limited			
Opening balance		17,416,077	17,416,077
Paid during the year		(2,500,000)	-
		14,916,077	17,416,077
Less: Current portion shown under current liabilities		(2,500,000)	-
	18.1	12,416,077	17,416,077

18.1 This represents the amount payable to International Beverages (Private) Limited (IBL) against MCB Bank Limited long term facility restructured during the year ended June 30, 2008, as per settlement agreement dated May 29, 2008 signed between the Company, IBL and MCB Bank Limited. As per above agreement this facility now stands transferred in the name of IBL.

As per agreement the settled amount is Rs. 17.866 million which includes Rs. 16.668 million as principal and Rs. 1.198 million as markup payable at 6% by the Company.

The amount due is repayable to IBL at the convenience of the Company on attaining financial stability.

The maximum aggregate amount due to associated undertaking at the end of any month during the year was Rs. 17,416,077 (2012: Rs. 17,416,077).

	Note	2013 Rupees	2012 Rupees
19 TRADE AND OTHER PAYABLES			
Creditors		3,000	2,886,295
Accrued expenses		4,102,251	3,432,191
Advances from customers		1,529,560	103,591
Government dues		201,839	199,798
Unclaimed dividend		248,165	314,653
Insurance claim payable	19.1	200,000	-
Gratuity payable		51,000	-
Income tax payable		3,507	109
Zakat payable		393,600	393,600
Workers profit participation fund	19.2	892,623	803,169
Sales tax payable		52,870	-
		7,678,415	8,133,406

19.1 This represents insuracne claim payable to heirs of the employees died during the period against the claim received from insurance company.

	2013 Rupees	2012 Rupees
19.2 Workers' profit participation fund		
Balance brought forward	803,169	574,456
Paid during the year	(165,014)	-
For the year	174,699	133,928
Add: Interest for the year @ 12.5% (2012: 16.5%)	79,769	94,785
	892,623	803,169

The Company retains the allocation to this fund for its business operations till the amounts are paid to the employees.

20 CONTINGENCIES AND COMMITMENTS

20.1 CONTINGENCIES

a) Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, the Company was considered to be subject to the provisions of the WWF Ordinance.

The Lahore High Court has struck down the aforementioned amendments to the WWF Ordinance. However, a three member larger bench of Sindh High Court has held that such amendments were validly made. Subsequent to this judgment, various petitions have been filed before Sindh High Court challenging the vires of such amendments and stay has been granted by a Division Bench of Sindh High Court.

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Besides this, the judgment of three member larger bench of Sindh High Court has also been challenged before Supreme Court of Pakistan. Therefore, the management of the Company is of the opinion that no provision is to be made till the outcome of these petitions. Had this provision been made since July 01, 2010 it would amounting to Rs. 124,878.

b) There was no other contingent liability of the Company as at the balance sheet date (2012: Nil).

20.2 COMMITMENTS

There were no commitment for capital expenditures as at the balance sheet date (2012: Nil).

		Note	2013 Rupees	2012 Rupees
21	**SALES**			
	Yarn		257,371,795	210,848,307
	Waste		392,604	457,863
			257,764,399	211,306,170
	Less sales tax		(1,919,160)	(90,707)
			255,845,239	211,215,463
22	**COST OF SALES**			
	Raw material consumed	22.1	192,827,719	159,248,431
	Store and spares consumed	22.2	6,602,565	4,156,947
	Salaries, wages and other benefits	22.3	27,390,084	21,118,187
	Power charges		22,149,348	19,726,964
	Insurance		141,856	120,695
	Repairs and maintenance		33,800	83,650
	Depreciation	5.1	2,785,348	2,906,464
			251,930,720	207,361,338
	Work in process			
	Opening		2,367,107	2,327,261
	Closing	8	(2,658,086)	(2,367,107)
			(290,979)	(39,846)
	Cost of goods manufactured		251,639,741	207,321,492
	Finished goods			
	Opening		2,011,170	694,206
	Closing	8	(1,590,516)	(2,011,170)
			420,654	(1,316,964)
	Waste			
	Opening	8	4,561	30,067
	Closing		(20,630)	(4,561)
			(16,069)	25,506
			252,044,326	206,030,034

	2013 Rupees	2012 Rupees

22.1 Raw material consumed

	2013 Rupees	2012 Rupees
Opening stock	3,397,914	3,131,734
Add: Purchases	192,615,250	159,514,611
Cost of raw materials available for use	196,013,164	162,646,345
Less: Closing stock	(3,185,445)	(3,397,914)
	192,827,719	159,248,431

22.2 Stores and loose tools consumed

	2013 Rupees	2012 Rupees
Opening stock	652,744	615,412
Add: Purchases	6,395,953	4,194,279
	7,048,697	4,809,691
Less: Closing stock	(446,132)	(652,744)
	6,602,565	4,156,947

22.3 Salaries, wages and other benefits includes an amount of Rs. 1,960,050 (2012: Rs. 1,323,653) in respect of staff retirement benefits.

23 ADMINISTRATIVE EXPENSES

	Note	2013 Rupees	2012 Rupees
Director's remuneration	24	278,400	278,400
Salaries and other benefits	23.1	1,397,401	892,604
Telephone expenses		59,163	62,548
Motor running expenses		425,310	360,700
Printing, stationery and periodicals		72,379	40,130
Advertisement		9,440	17,440
Traveling and conveyance		79,025	271,735
Repair and maintenance		11,000	-
Entertainment		76,247	31,429
Subscription and membership fee		89,956	79,268
Depreciation	5.1	383,027	321,441
Donation	23.2	50,000	100,000
Other expenses		76,395	130,143
		3,007,743	2,585,838

23.1 Salaries and other benefits include Rs. 235,160 (2012: Rs. 95,700) in respect of staff retirement benefits.

23.2 None of the Directors and their spouses have any interest in the donee.

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24 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year in respect of remuneration including benefits applicable to the chief executive, directors and executives of the Company are as follows:

	2013			2012		
	Chief Executive	Executive	Total	Chief Executive	Executive	Total
	Rupees					
Managerial remuneration	278,400	787,000	1,065,400	278,400	720,000	998,400
Travelling reimbursements	-	-	-	106,777	-	-
	278,400	787,000	1,065,400	385,177	720,000	998,400
Number of persons	1	1	2	1	1	2

No fee or remuneration was paid to the directors of the Company (2012 : Nil).

	Note	2013 Rupees	2012 Rupees
25 OTHER OPERATING CHARGES			
Commission on selling of yarn		37,569	-
Legal and professional expenses		82,717	136,192
Auditor's remuneration		250,000	250,000
Workers' profit participation fund	19	174,699	133,928
		544,985	520,120
26 OTHER INCOME			
Income from non-financial assets			
Scrap sales		148,907	196,045
Other income		452	336
Gain on sale of property, plant and equipment		-	291,909
Liabilities written off	26.1	3,009,427	74,600
		3,158,786	562,890

26.1 This represents old outstanding liabilities written off during the year as approved by the Board of Directors in their meeting (2012: 74,600).

	Note	2013 Rupees	2012 Rupees
27 FINANCIAL CHARGES			
Mark-up/interest on:			
Workers' profit participation fund	19.2	79,769	94,785
		79,769	94,785
Bank commission and charges		7,920	2,949
		87,689	97,734

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	Note	2013 Rupees	2012 Rupees

28 TAXATION

	Note	2013 Rupees	2012 Rupees
Provision for taxation			
Current		1,279,971	2,114,115
Prior	28.2	113,566	-
Deferred		(888,428)	(591,409)
		505,109	1,522,706

28.1 Numerical reconciliation between applicable tax rate and average effective tax rate has not been prepared as the Company was subject to minimum tax in the current year and has no tax provision for the prior year.

28.2 This represents tax paid during the year in respect of tax year 1991-92 and 1993-94 amounting to Rs. 105,140 and 8,426 respectively under the recovery notice No. 0656463 dated June 12, 2013 from the Income Tax Department under the amnesty scheme introduced vide SRO 494(I)/2013 June 10, 2013.

29 EARNINGS PER SHARE - BASIC AND DILUTED

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

	2013 Rupees	2012 Rupees
Profit after taxation	2,814,173	1,021,921
	Number of shares	
Weighted average number of ordinary shares at the end of the year	1,300,000	1,300,000
	Rupees	
Earnings per share	2.165	0.786

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30 TRANSACTIONS WITH RELATED PARTIES

30.1 The related parties and associated undertakings of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties and associated undertakings involve advance for working capital requirements and payment of taxes. These transactions including remuneration to key management personnel under the terms of their employment are as follows:

Transaction with the Companies	Nature of Transaction	2013 Rupees	2012 Rupees
International Beverages (Private) Limited	Payment made against balance due to associted undertaking	(2,500,000)	-
Directors	Advance for payment of income taxes and for working capital requirements	1,800,000	5,650,000
	Adjustment / repayment of long term finance	(1,800,000)	(4,400,000)

30.2 Compensation to key management personnel

Short term employee benefits	1,129,400	446,197
Provision towards retirement benefits (Provision for gratuity)	23,100	21,000
	1,152,500	467,197

There are no other transactions with key management personnel other than under their terms of employment.

30.3 The status of outstanding balances of related parties as at June 30, 2013 are included in "Long term loan from directors" (note 17) and "Due to associated undertaking" (note 18).

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31 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows: -

	2013				
	Total	Interest/mark up bearing			Not interest /mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
			Rupees		
Financial assets					
Loans and receivables at amortized cost					
Long term security deposits	918,810	-	-	-	918,810
Trade debts	2,067,559	-	-	-	2,067,559
Loans and advacnes	892,208	-	-	-	892,208
Cash and bank balances	2,418,818	406,216	-	406,216	2,012,602
	6,297,395	406,216	-	406,216	5,891,179
Financial liabilities					
Financial liabilities carried at amortized cost					
Long-term loan from directors	62,607,547	-	-	-	62,607,547
Provision for gratuity	4,678,210	-	-	-	4,678,210
Due to associated undertaking	12,416,077	-	-	-	12,416,077
Trade and other payables	6,092,478	892,623	-	892,623	5,199,855
	85,794,312	892,623	-	892,623	84,901,689
On balance sheet gap	(79,496,917)	(486,407)	-	(486,407)	(79,010,510)
Off Balance sheet Items					
Financial commitments:	-	-	-	-	-
Total Gap	(79,496,917)	(486,407)	-	(486,407)	(79,010,510)

	2012				
	Total	Interest/mark up bearing			Not interest /mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
			Rupees		
Financial assets					
Loans and receivables at amortized cost					
Long term loan from directors	918,810	-	-	-	918,810
Trade debts	657,490	-	-	-	657,490
Advances	761,837	-	-	-	761,837
Cash and bank balances	2,107,470	549,551	-	549,551	1,557,919
	4,445,607	549,551	-	549,551	3,896,056
Financial liabilities					
Financial liabilities carried at amortized cost					
Long-term loan from directors	62,607,547	-	-	-	62,607,547
Provision for gratuity	3,613,100	-	-	-	3,613,100
Due to associated undertaking	17,416,077	-	-	-	17,416,077
Trade and other payables	8,029,706	803,169	-	803,169	7,226,537
	91,666,430	803,169	-	803,169	90,863,261
On balance sheet gap	(87,220,823)	(253,618)	-	(253,618)	(86,967,205)
Off Balance sheet Items					
Financial commitments:	-	-	-	-	-
Total Gap	(87,220,823)	(253,618)	-	(253,618)	(86,967,205)

Effective interest rates are mentioned in the respective notes to the financial statements.

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32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

32.1 The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

32.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. Out of total financial assets of Rs. 6.297 million (2012: Rs. 4.505 million), the financial assets which are subject to credit risk amounted to Rs. 6.233 million (2012: Rs. 4.396 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2013 Rupees	2012 Rupees
Long term security deposits	918,810	918,810
Trade debts	2,067,559	657,490
Loans and advances	892,208	761,837
Bank balances	2,354,742	2,058,174
	6,233,319	4,396,311

The aging of trade debts at the reporting date is:

	2013	2012
Not past due	-	-
Past due 1-30 days	1,010,572	657,490
Past due 30-60 days	1,056,987	-
	2,067,559	657,490

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

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The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

32.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
				Rupees			
2013							
Deferred liabilities	4,678,210	4,678,210	-	-	-	-	4,678,210
Long term loan from directors	62,607,547	62,607,547	-	-	-	62,607,547	-
Due to associated undertaking	14,916,077	14,916,077	-	2,500,000	-	12,416,077	-
Trade and other payables	7,678,415	7,678,415	3,839,208	3,839,208	-	-	-
	89,880,249	89,880,249	3,839,208	6,339,208	-	75,023,624	4,678,210
2012							
Deferred liabilities	3,613,100	3,613,100	-	-	-	-	3,613,100
Long term loan from directors	62,607,547	62,607,547	-	-	-	62,607,547	-
Due to associated undertaking	17,416,077	17,416,077	-	-	-	17,416,077	-
Trade and other payables	8,133,406	8,133,406	4,066,703	4,066,703	-	-	-
	91,770,130	91,770,130	4,066,703	4,066,703	-	80,023,624	3,613,100

32.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(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 arise in financial instruments that are denominated in foreign currencies i.e. in a currency other then the functional currency in which they are measured.

Presently the Company is not exposed to foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short borrowings.

Interest rate of the Company's financial assets and financial liabilities as at June 30, 2013 can be evaluated from the schedule given in note 31 to these financial statements.

The Company is not exposed to interest rate risk as the interest payable to associated undertaking is fixed as per terms of agreement, therefore, no sensitivity analysis has been presented.

(iii) Other price risk

Price risk is 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.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

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

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34 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

	2013 Rupees	2012 Rupees
35 PLANT CAPACITY, PRODUCTION AND EMPLOYEES		
No. of spindles installed	6,216	6,216
Installed capacity converted into 20's count lbs.	4,679,483	4,679,483
Actual production converted into 20's count lbs.	3,130,590	3,023,910
Actual production in lbs.	2,407,500	2,040,400
Average count manufactured	26	30
No. of shifts worked daily	2	2

33.1 Reasons for under utilization of capacity

The Company could not achieve the installed capacity due to excessive electricity shut down which resulted in decrease in one production shift.

36 NUMBER OF EMPLOYEES

The Company has following number of employees as at June 30, 2013 and average during the year.

	No of employees			
	June 30, 2013	June 30, 2012	Average 2013	Average 2012
No of employees	189	188	188	187

37 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the year except below:

Loans and advances amounting to Rs. 117,728 has been reclassified as long term loans and advances during the year.

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38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue by the Board of Directors on 26 SEP 2013.

39 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

THE COMPANIES ORDINANCE, 1984

(Section 236 (1) and 464)

PATTERN OF SHAREHOLDINGS

1.	Incorporation Number	:	0004649
2.	Name of the Company	:	ELAHI COTTON MILLS LIMITED
3.	Pattern of holding of the shares held by the share holders as at	:	June 30, 2013

4.	NO. OF SHARE HOLDERS	SHAREHOLDING From	To	TOTAL SHARES HELD
	29	1	100	950
	29	101	500	12,505
	40	501	1,000	26,742
	14	1,001	5,000	20,761
	1	5,001	10,000	5,500
	1	15,001	20,000	19,244
	1	25,001	30,000	25,030
	1	45,001	50,000	48,000
	1	70,001	75,000	73,500
	1	150,001	155,000	152,743
	1	195,001	200,000	199,625
	1	200,001	205,000	200,200
	1	515,001	520,000	515,200
	121			1,300,000

Note: The slabs not applicable have not been shown.

5.	CATEGORIES OF SHAREHOLDERS	Shares held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children	1,036,625	79.74%
5.2	Associated Companies, undertakings and related parties	–	–
5.3	NIT and ICP	–	–
5.4	Banks, Development Financial institutions, Non Banking Financial Institutions	–	–
5.5	Insurance companies	–	–
5.6	Modarabas and Mutual Funds	–	–
5.7	Share holders holding 10%	1,115,868	85.84%
5.8	General Public		
	a. → Local	110,632	8.51%
	b. → foreign	–	–
5.9	Others (to be specified) **Joint Stock Companies**	152,743	11.75%

6.	Signature of Chief Executive	Mahfooz Elahi
7.	Name of signatory	Mr. Mahfooz Elahi
8.	Designation	Chief Executive
9.	NIC Number	61101-1999527-5
10.	Date	Day 26 Month 09 Year 2013

CATEGORIES OF SHARE HOLDING AS ON JUNE 30, 2013

As per requirements of Code of Corporate Governance

CATEGORIES OF SHARE HOLDERS	Shares Held	Percentage
Associated Companies, undertakings and related parties (Name wise detail)	NIL	
Mutual Funds (Name wise detail)	NIL	
Directors and their spouse and Minor children (Name wise detail);		
Mr. Mahboob Elahi	563,200	43.32
Mr. Mahfooz Elahi	199,675	15.36
Mr. Mahmood Elahi	200,250	15.40
Mrs. Samina Begum W/o Mr. Mahboob Elahi	73,500	5.65
Executives:	NIL	
Public Sector Companies and Corporations	NIL	
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	NIL	
Shareholders holding five percent or more voting rights in the listed company (Name wise detail)		
1. Mr. Mahboob Elahi	563,200	43.32
2. Mr. Mahfooz Elahi	199,675	15.36
3. Mr. Mahmood Elahi	200,250	15.40
4. Salim Sozer Securities (Pvt) Limited	152,743	11.75
5. Mrs. Samina Begum	73,500	5..65
All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouse and minor children.	Nil	

Folio No.	CDC Account No.	
	Participant I. D.	Account No.

PROXY FORM

I/We ______________________________of ______________________________being a member / members of **ELAHI COTTON MILLS LIMITED** hereby appoint ______________________ (name) of ___________________________(Full address) or failing him / her ____ (name) of ______________________________________ (Full address) another member of the company as my/our proxy to attend and vote for me/us and on my/our behalf, at the 43rd Annual General Meeting of the company to be held at registered office of the Company Plot # 270, Sector I-9, Industrial Area, Islamabad on October 26, 2013 or at any adjournment thereof.

Signed this __________________day of ______________________________________

Signature on Rupees Five Revenue Stamp

(Signature should agree with the specimen signature registered with the company)

Important

1. A member entitled to attend and vote at the Annual General Meeting of the company entitled to appoint a proxy to attend and vote instead of him / her. No person shall act as proxy, who is not a member.
2. The instrument appointing a proxy should be signed by the member (s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.
3. This Proxy Form, duly completed, must be deposited at the company's Registered Office, at Plot # 270, Sector I-9, Industrial Area, Islamabad, not less than 48 hours before the time of holding the meeting.
4. The Proxy shall produce his original CNIC or original passport at the time of the Meeting.
5. In case of individual CDC Account holders, attested copy of CNIC or passport (as the case may be) of the beneficial owner will have to be provided with this Proxy.
6. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the nominee shall be submitted alongwith this Proxy.