ANNUAL REPORT 2011

ADM

BRAND BEHIND BRANDS

Artistic Denim Mills Ltd.

Contents

Company Information

Board of Directors	
Chairman & Chief Executive	Faisal Ahmed
Directors	Maliha Faisal Muhammad Yousuf Ahmed Muhammad Ali Ahmed Mrs. Hajra Ahmed Muhammad Iqbal-ur-Rahim Sarah Ahmed
Audit Committee	
Chairman	Muhammad Yousuf Ahmed
Members	Muhammad Iqbal-ur-Rahim Sarah Ahmed
CFO & Company Secretary	Sagheer Ahmed
Chief Internal Auditor	Yasir Anwar
Auditors	M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Legal Advisor	Monawwer Ghani Advocate
Share Registrar	M/s Technology Trade (Pvt.) Ltd. Dagia House, 241-C, Block-2, PECHS, Karachi. Phone No. 3439 1316-7
Bankers	Allied Bank Limited Bank Al Habib Limited Citibank N.A. Faysal Bank Limited Habib Metropolitan Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited
Registered Office and Factory	Plot No. 5-9, 23-26, Sector 16, Korangi Industrial Area, Karachi. UAN: 111 236 236, Fax No. 3505 4652 www.admdenim.com

Vision

DYNAMIC, QUALITY CONSCIOUS
AND EVER PROGRESSIVE

Mission

ARTISTIC DENIM MILLS LIMITED IS COMMITTED TO:

- ACHIEVE AND RETAIN MARKET LEADERSHIP IN DENIM FABRIC / GARMENTS MANUFACTURING
- PRODUCE TO THE HIGHEST QUALITY STANDARDS
- EXCEL THROUGH CONTINUOUS IMPROVEMENT
- FULFILL AND EXCEED THE EXPECTATIONS OF OUR CUSTOMERS
- BE ETHICAL IN ITS PRACTICES
- OPERATE THROUGH TEAM WORK
- ENSURE A FAIR RETURN TO STAKE HOLDERS
- FULFILL SOCIAL RESPONSIBILITIES

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of **Artistic Denim Mills Limited** will be held at MOOSA DE. DESSAI Auditorium, ICAP, Chartered Accountants Avenue, Clifton, Karachi, on Tuesday, October 25, 2011 at 1600 hrs to transact the following business after recitation from the Holy Quran.

ORDINARY BUSINESS:

1. To confirm the Minutes of the 18th Annual General Meeting held on October 27, 2010.

2. To receive and adopt the audited Financial Statements for the year ended June 30, 2011, together with Directors' Report and Auditors' Report thereon.

3. To approve the cash dividend as recommended by the Board of Directors.

4. To appoint the Auditors of the Company for the year 2011-2012 and to fix their remuneration.

5. To consider any other business with the permission of the chair.

For and on behalf of the Board

SAGHEER AHMED
CFO & Company Secretary

Karachi: October 03, 2011.

NOTES:

1. Closure of Share Transfer Books:

The share transfer books of the Company will remain closed from October 17, 2011 to October 25, 2011 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business by October 16, 2011 will be treated in time for the entitlement of cash dividend.

2. Participation in the Annual General Meeting:

All Member of the Company are entitled to attend the Meeting and vote there at in person or through proxy. A Proxy, duly appointed, shall have such rights in respect to speaking and voting at the Meeting as are available to a Member. The proxies shall produce their original CNIC's or original Passports at the time of the Meeting.

3. Proxy:

A Member of the Company may appoint another Member as his/her Proxy to attend and vote instead of him/her. A Corporation being a Member may appoint any person, whether or not a Member of the Company, as its Proxy. In the case of corporate entities, the Board of Directors' resolution / Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, unless provided earlier, shall be submitted to the Company along-with the Proxy Form.

In order to be effective, Proxy Forms, duly filled and signed, must be received at the company's Registered Office not less than forty eight (48) hours before the Meeting.

4. Declaration for Zakat

Members are requested to submit declaration for Zakat on the required format.

5. Change of Address & CNIC

Shareholders are requested to immediately notify the change of address, if any and shareholders who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) to the Company are requested to send the same at the earliest.

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors of Artistic Denim Mills Limited ("the Company") are pleased to present the report of the Company for the year ended June 30, 2011 along with the financial statements and auditors' report thereon.

OPERATING FINANCIAL RESULTS

Following is Company's performance for the year under review.

	June 30, 2011 Rs. in million	June 30, 2010 Rs. in million
Net Sales	4,869	3,672
Gross profit	743	767
Finance costs	189	160
Profit before tax	395	371
Net Profit	351	335
EPS (Rs. per share)	4.18	3.98

Net sales of the company for the year were Rs. 4,869 million compared to Rs. 3,672 million showing increase by 32.62%. The Net Profit for the current year was Rs. 351 million (2010: Rs. 335 million) which is 5.05% higher than the preceding year. The sales of the Company increased but gross profit margin could not be maintained in the current year due to abnormal rise in the prices of raw cotton and yarn as well as other inputs. The rise in financial charges was due to higher working capital requirement again due to cotton prices and increase in financing rates. These factors eroded the net profit margin.

DIVIDEND

The Directors in their meeting dated 1st October 2011 recommended final dividend @ 10% (i.e. Rs.1.0/= per share), subject to approval by the Members at the Annual General Meeting.

PRODUCTION

During the year, the Company was able to produce 15.97 million meters of fabric and 20.39 million lbs of yarn. During the year 165 garment machines were added to increase the production capacity of garment division and this will provide great employment opportunity to large number of households in the area. Due to efficient plant management, improvements were witnessed in various key areas of the factory operations.

SALES AND MARKETING

During the year, the Company continued to participate in exhibitions in Europe and US to increase our customer base and attract new denim brands. ADM is not just a manufacturer of fabric and garments, but a complete development facility to provide speedy solutions to markets' changing environment required by our customers. ADM in its continuous endeavor tries to exceed the expectations of its customers.

FUTURE OUTLOOK

Pakistani export is going through a difficult phase because of rising cost of inputs, making us uncompetitive in the international markets. It may be noted that the textile industry is already on the respirator due to energy shortage, adverse law-and-order situation, inflationary pressure and a financial challenge of paying 15 percent interest, adding heavily to the cost of production. Cost of production is making Pakistani textile items dearer in the international markets. Despite the challenging overall economic and political environment of the country we expect to remain firmly entrenched in the profitability zone not only because of our strong commitment to producing quality products but also our effective and efficient management of stakeholders' resources. Professionalism, systematic approach, clear cut strategies and investments in human resource are our hallmarks.

CORPORATE COMPLIANCE

ADM Board of Management is fully cognizant of its responsibility as recognized by the Code of Corporate Governance issued by the Securities & Exchange of Pakistan (SECP). The Directors of your company are pleased to confirm the following:

- The financial statements have been drawn up in conformity with the requirements of the Companies Ordinance, 1984 and present fairly state of its affairs, operating results, cash flow and changes in equity.
- Proper books for account have been maintained in the manner required under Companies Ordinance, 1984.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- The sound internal control system has been established and is being effectively implemented and monitored.
- There are no significant doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed by the listing regulations.
- The Management is pleased to provide you with the following information as required by the Code of Corporate Governance:
- Key financial and operating data for the last six years in summarized form is annexed.
- During the year under review, five meetings of the Board of Directors were held. The attendance record of each Director is as follows:

Name of Directors	Meeting Attended
Faisa1 Ahmed	5
Maliha Faisa1	2
Muhammad Yousuf Ahmed	5
Muhammad Ali Ahmed	5
Mrs. Hajra Ahmed	5
Muhammad Iqbal ur Rahim	5
Sarah Ahmed	2

Leave of absence granted to the directors who were unable to attend the meeting and applied for.

- Pattern of shareholding is annexed.
- During the fiscal year July 1, 2010 to June 30, 2011 the trading in the shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is annexed.

AUDIT COMMITTEE

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee. The names of its members are given in the Company information.

RELATED PARTY TRANSACTION AND TRANSFER PRICING

The Company has fully complied with best practices on transfer pricing as contained in the listing regulations of Karachi Stock Exchange. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

AUDITORS

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and are eligible for re-appointment.

CORPORTATE SOCIAL RESPONSIBLITY

1. **Energy conservation**
   ADM has its own Power Generation Plant. Power plant is captive unit which caters the energy requirement of all its sites to keep running with a low cost power at all the divisions like Spinning, Weaving, and Garments. Manufacturing and computer systems must also be kept on line. If this facility were to experience electrical problems or power disruptions, it would put us at considerable risk of losing production. The operation and maintenance of the plant is being carried out by the highly qualified and well trained staff. In order to keep the environment neat and clean the waste heat from the exhaust gases of the engines are being utilized for the production of steams and heat recovery boilers have been installed for this purpose.

2. **Health, Safety & Environmental protection measures**

ADM places great emphasis on the health and safety of its employees & protection of the environment. Residential housing is provided for workers. The mission of the dedicated Health, Safety & Environment (HSE) team is, "Better safety and better quality leads to better production".

- **Training**

  ADM believes in empowering its people by equipping them with the knowledge and ability to keep them aware of recent development of the industry.

- **Fire fighting training**

  As per the ADM safety policy, all occupied areas of the plant and premises are equipped with fire fighting systems. The protection and well being of employees is given critical importance. Regular training sessions are conducted for fire, accident or injury situations.

- **Waste water treatment plant**

  In accordance with ADM environmental policy, all industrial and chemical effluent is treated in a waste water treatment plant before going to the main sewer lines of the city.

3. **Disciplinary practices**

ADM treat all personnel with dignity and respect. The company does not engage in or tolerate the use of corporal punishment, mental or physical coercion, or verbal abuse of personnel. No harsh or inhumane treatment is allowed.

4. **Child and forced labor**

ADM does not hire any employee under the age of 18 or under the minimum age established by law for employment, whichever is greater. The company does not engage in or support the use of forced labor. Neither the company nor any entity supplying labor to the Company shall engage in or support trafficking in human beings.

5. **Management systems**

Top management has defined the Company's policy for social accountability and labor conditions. Management periodically reviews the adequacy, suitability and continuing effectiveness of the company's policy, procedures and performance results.

6. **Compliance with best practices**

ADM is certified by following certification bodies.

- ISO 9001:2008 (Quality Management System)
- SA 8000:2008 (Social Accountability)
- WRAP (Worldwide Responsible Accreditation Production)
- REACH (Registration, Evaluation, Authorization & Restriction of Chemicals)
- GOTS (Global Organic Textile Standards)
- Oeko Tex -100
- Organic Exchange
- Organic Exchange Blended

7. **Contribution to national exchequer**

During the year, the Company contributed Rs. 44 million to the government exchequer in the form of corporate taxes, excise duty and sales tax.

ACKNOWLEDGEMENT

The Board of Directors wish to take this opportunity to express their deep sense of gratitude to the Government, Bankers, Financial Institutions, Shareholders and Customers for their co-operation and support and look forward to their continued support in future.

The Board of Directors place on record their appreciation for the contribution made by employee's at all levels. The Company growth was made possible by employee's support, co-operation, commitment, solidarity and hard work.

On Behalf of the Board

Karachi: October 01, 2011

Faisal Ahmed
Chairman & Chief Executive

YEAR WISE STATISTICAL SUMMARY

	2011	2010	2009	2008	2007	2006
	..........(Rupees in '000)..........					
ASSETS EMPLOYED						
Fixed assets	**3,250,504**	3,393,330	3,341,198	2,863,087	2,686,790	2,497,553
Capital work-in-progress	**16,008**	26,960	84,401	397,681	428,249	211,052
Long term loans	**4,592**	4,467	4,997	4,365	3,820	3,939
Long term deposits	**777**	777	979	798	800	467
Net current Assets/(Liabilities)	**25,676**	(204,701)	(259,182)	65,160	(99,398)	60,937
Total Assets Employed	**3,297,557**	3,220,833	3,172,393	3,331,091	3,020,261	2,773,948
FINANCED BY						
Shareholders equity	**3,031,237**	2,847,793	2,681,257	2,472,836	2,123,252	1,716,806
Long term financing	**235,319**	348,293	471,430	799,889	810,138	811,111
Long term murabaha	**-**	-	-	42,498	70,830	233,333
Deferred liability	**31,001**	24,747	19,706	15,868	16,041	12,698
	3,297,557	3,220,833	3,172,393	3,331,091	3,020,261	2,773,948
SALES & PROFITS						
Net sales	**4,869,120**	3,671,610	3,125,384	2,436,268	2,488,086	2,485,949
Gross profit	**743,095**	766,715	697,984	638,014	741,492	745,022
Profit before taxation	**395,273**	370,925	410,338	373,722	438,286	500,490
Net profit after taxation	**351,444**	334,536	376,421	349,584	406,446	469,698
Proposed Bonus/Dividend %	**10**	20	20	20	20	400
Un-appropriated profit	**2,191,237**	2,007,793	1,841,257	1,632,836	1,423,252	1,471,806

PATTERN OF SHAREHOLDING

Number of Shareholders	Shareholdings		Total Number of Shares Held
	From	To	
161	1	100	7,723
201	101	500	71,138
176	501	1000	140,956
259	1001	5000	614,114
43	5001	10000	321,785
21	10001	15000	258,067
9	15001	20000	161,599
3	20001	25000	67,198
3	30001	35000	99,000
3	35001	40000	116,000
3	40001	45000	129,858
2	45001	50000	99,000
1	90001	95000	93,505
3	95001	100000	296,011
1	105001	110000	108,233
1	145001	150000	150,000
1	195001	200000	200,000
1	240001	245000	244,958
1	310001	315000	310,258
1	595001	600000	600,000
1	905001	910000	905,613
1	930001	935000	934,086
1	995001	1000000	1,000,000
1	1140001	1145000	1,143,838
1	1765001	1770000	1,767,000
1	1815001	1820000	1,818,700
1	3355001	3360000	3,355,439
1	3575001	3580000	3,579,667
1	8725001	8730000	8,726,400
1	15295001	15300000	15,299,200
1	41380001	41385000	41,380,654
905			**84,000,000**

PATTERN OF SHAREHOLDING

Categories of Shareholders		Shares Held	Percentage
INSURANCE COMPANIES			
STATE LIFE INSURANCE CORP. OF PAKISTAN		1,767,000	
	Sub-Total:	**1,767,000**	2.10
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN			
MUHAMMAD ALI AHMED		42,858	
SARAH AHMED		3,355,439	
HAJRA AHMED		310,258	
MUHAMMAD YOUSUF AHMED		100,000	
FAISAL AHMED		41,380,654	
MALIHA FAISAL		15,299,200	
IQBAL-UR-RAHIM		600	
	Sub-Total:	**60,489,009**	72.01
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES.			
ARTISTIC PROPERTIES (PVT) LIMITED		1,819,700	
	Sub-Total:	**1,819,700**	2.17
MODARABAS AND MUTUAL FUNDS.			
CDC - TRUSTEE AKD OPPORTUNITY FUND		905,613	
CDC - TRUSTEE PICIC INVESTMENT FUND		1,143,838	
B.R.R. GUARDIAN MODARABA		45,000	
CDC - TRUSTEE PICIC GROWTH FUND		934,086	
GOLDEN ARROW SELECTED STOCKS FUND LIMITED		244,958	
	Sub-Total:	**3,273,495**	3.90
NIT AND ICP			
IDBP (ICP UNIT)		2,500	
INVESTMENT CORP, OF PAKISTAN		500	
	Sub-Total:	**3,000**	0.00
FOREIGN INVESTORS			
AKIKO MAHREEN		120	
MOHAMMAD HAROON NUR REHMAN ABDLLA KHAN		12,400	
MIZUE MUKAI		120	
	Sub-Total:	**12,640**	0.02

PATTERN OF SHAREHOLDING

Categories of Shareholders	Shares Held	Percentage
OTHERS		
SEVEN STAR SECURITIES (PVT.) LTD.	108,233	
SEVEN STAR SECURITIES (PVT.) LTD.	40,000	
MOONACO SECURITIES (PRIVATE) LIMITED	21,000	
MSMANIAR FINANCIALS (PVT) LTD.	21,198	
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SE	1,000	
DARSON SECURITIES (PVT) LIMITED	100	
FIRST NATIONAL EQUITIES LIMITED	18,700	
B & B SECURITIES (PRIVATE) LIMITED	16,600	
HSZ SECURITIES (PVT.)LTD.	80	
HH MISBAH SECURITIES (PRIVATE) LIMITED	11,000	
TIME SECURITIES (PVT.) LTD.	5,000	
CAPITAL VISION SECURITIES (PVT) LTD.	280	
AZEE SECURITIES (PRIVATE) LIMITED	5,700	
TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	31,000	
TRUSTEES OF NAZ TEXTILES PRIVATE LTD. EM	1,000	
MOOSANI SECURITIES (PVT) LTD.	7,850	
CAPITAL VISION SECURITIES (PVT) LIMITED	600	
Y.S. SECURITIES & SERVICES (PRIVATE) LIMITED	80	
Sub-Total:	**289,421**	0.34
INDIVIDUAL		
Local - Individuals	16,345,735	
Sub-Total:	**16,345,735**	19.46
Grand Total:	**84,000,000**	**100.00**

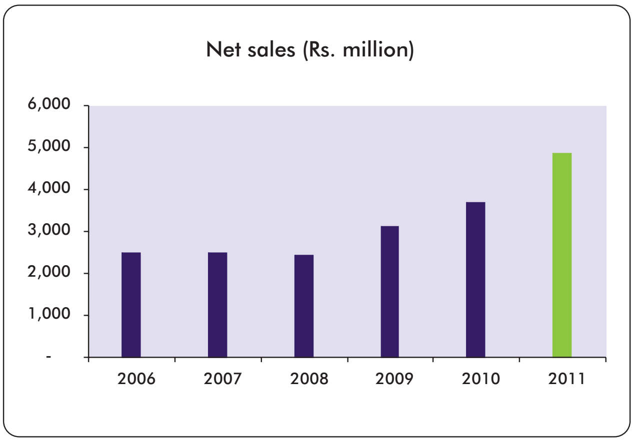
PERFORMANCE AT A GLANCE

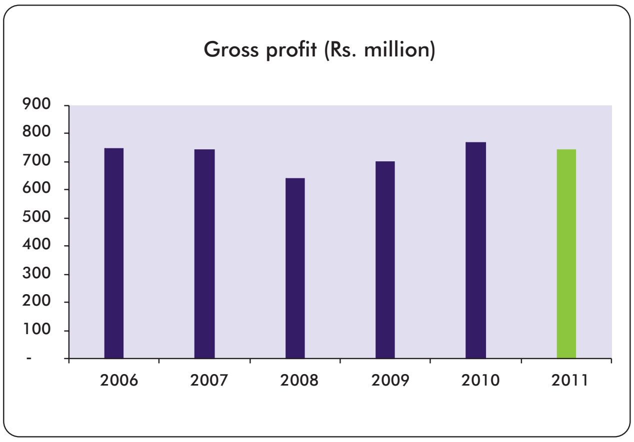
	2011	2010
FINANCIAL RATIOS		
Gross profit - % of sales	**15.26**	20.88
Profit before taxation - % of sales	**8.12**	10.10
Net Profit after taxation - % of sales	**7.22**	9.11
Earnings per share - basic & diluted	**4.18**	3.98
Increase / (decrease) in sale - %	**32.62**	17.48
Raw and packing materials - % of sales	**63.19**	54.73
Labour - % of sales	**10.38**	9.85
Other cost of goods manufactured - % of sales	**11.07**	25.34
Distribution costs - % of sales	**2.13**	3.52
Administrative expenses - % of sales	**1.11**	1.42
Finance costs - % of sales	**3.87**	4.35
Taxation - % of sales	**0.90**	0.99
Inventory turnover days	**92.00**	62.61
Receivable turnover days	**71.00**	49.53
SHORT TERM SOLVENCY		
Current ratio	**1.01**	0.89
Acid test ratio	**0.55**	0.37
OVERALL VALUATION AND ASSESSMENT		
Return on equity (average)	**11.96**	12.10
P.E. ratio	**5.98**	5.13
Book value per share	**36.09**	33.90
Long term debts : equity	**7:93**	11:89

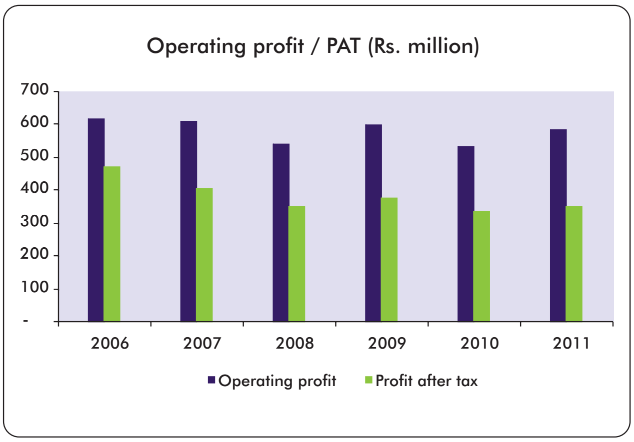
DETAIL OF TRADING BY THE DIRECTORS, CHIEF EXECUTIVE, CHIEF FINANCIAL OFFICER COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN

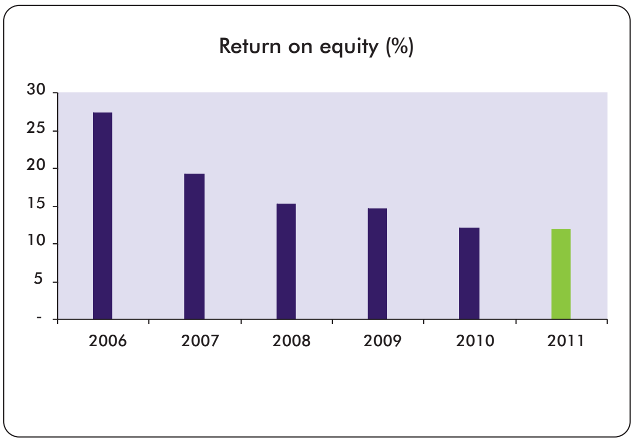
Name of Director	No. of Shares			
	Opening Balance	Purchase	Sold	Closing Balance
Sarah Ahmed	1,000,500	2,354,939	-	3,355,439

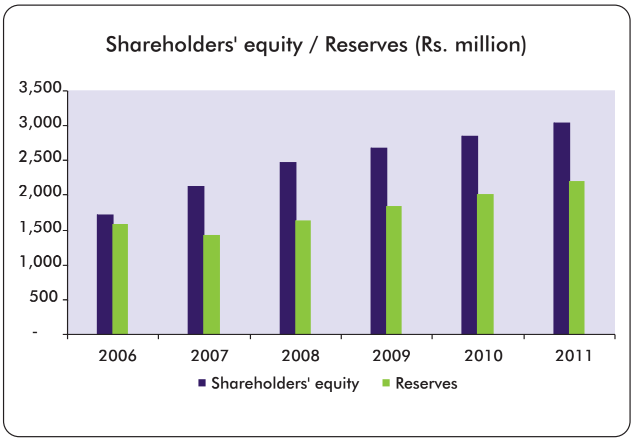
FINANCIAL HIGHLIGHTS

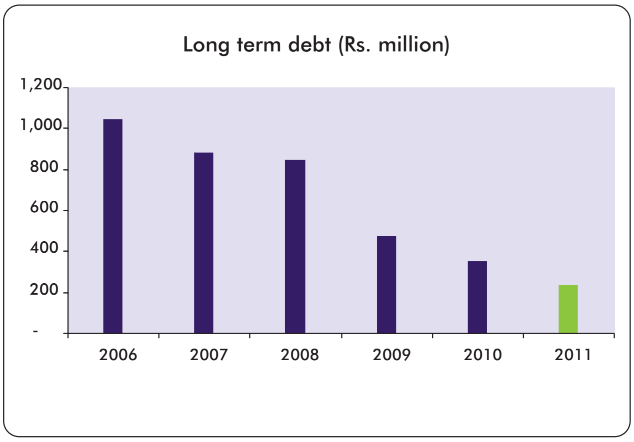












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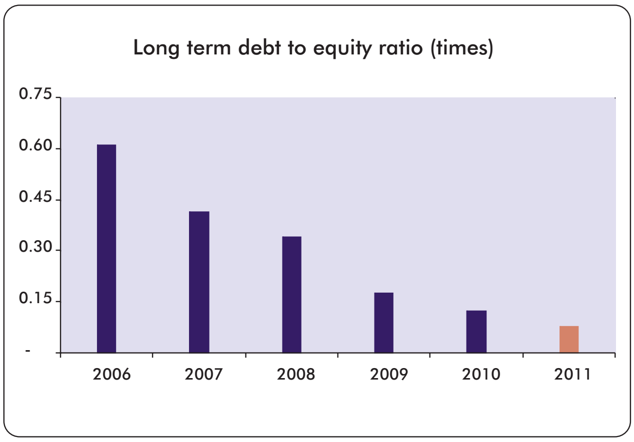

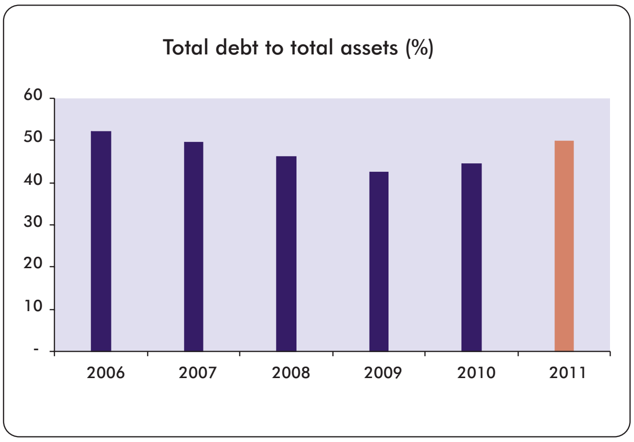

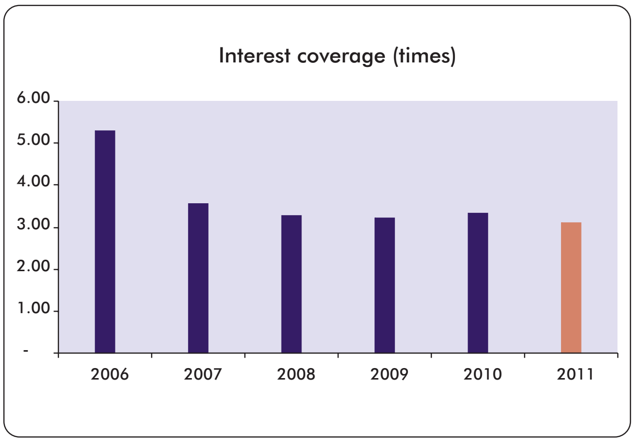

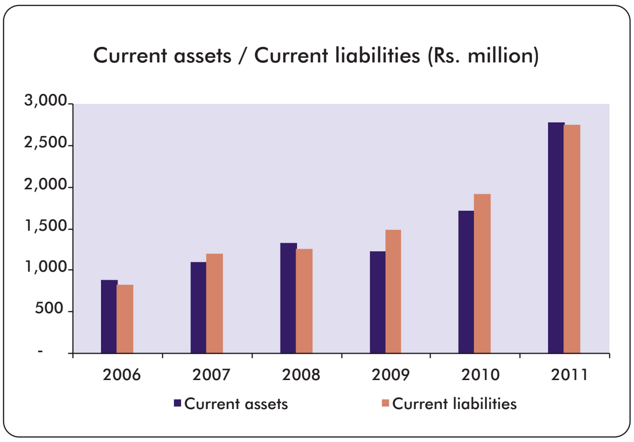

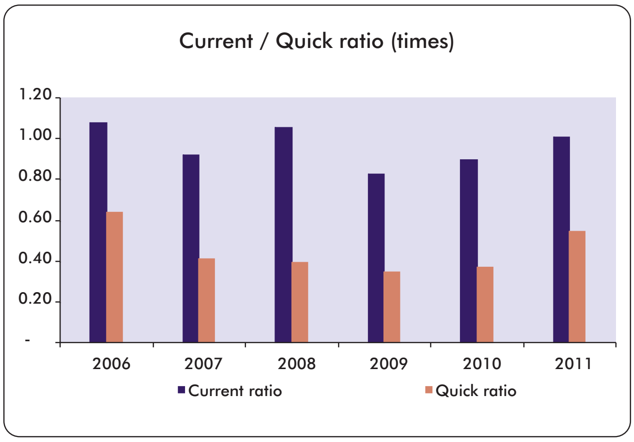

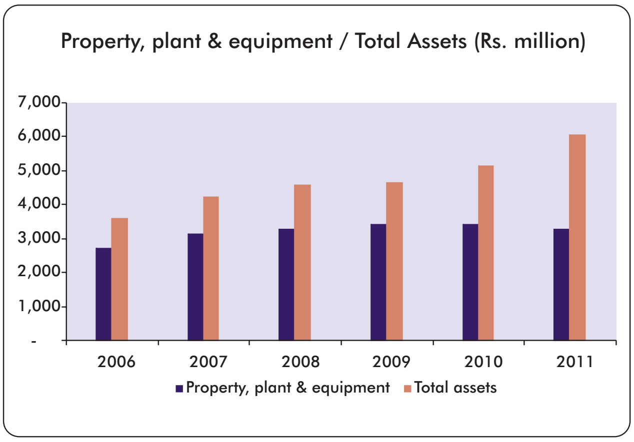

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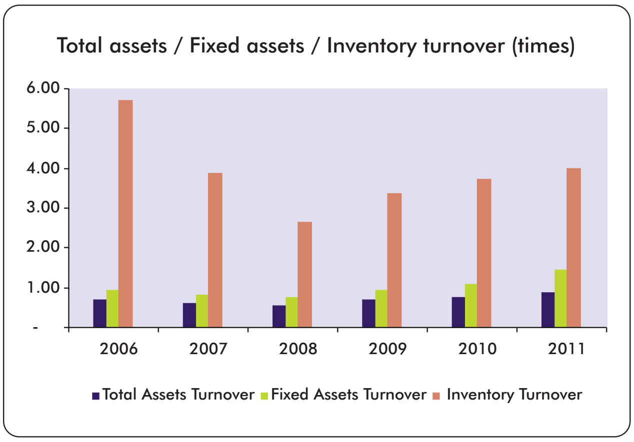
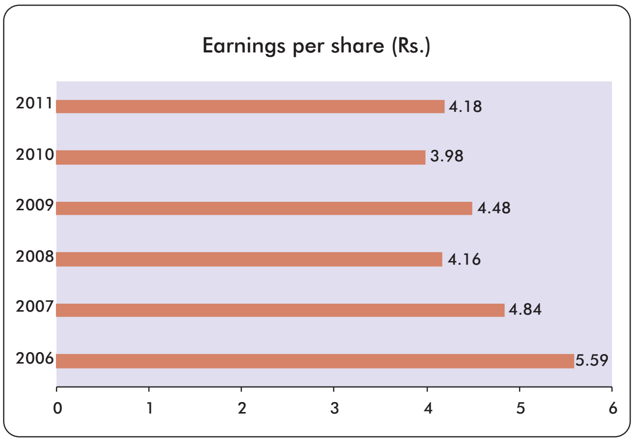
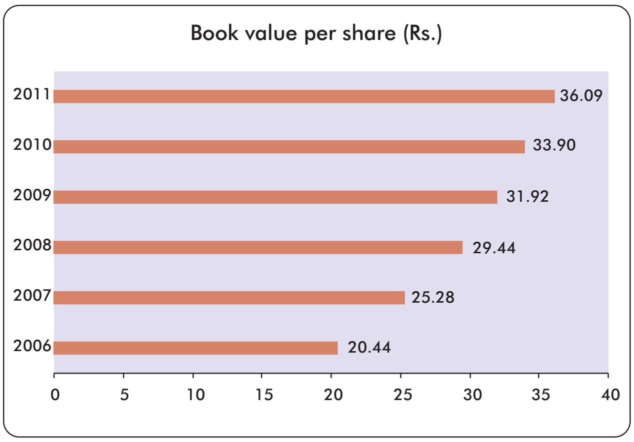
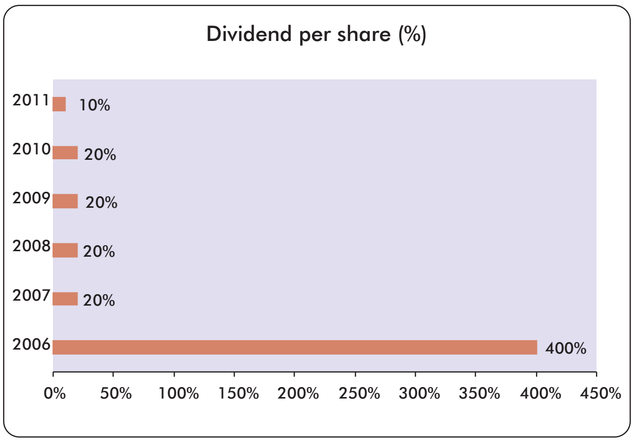
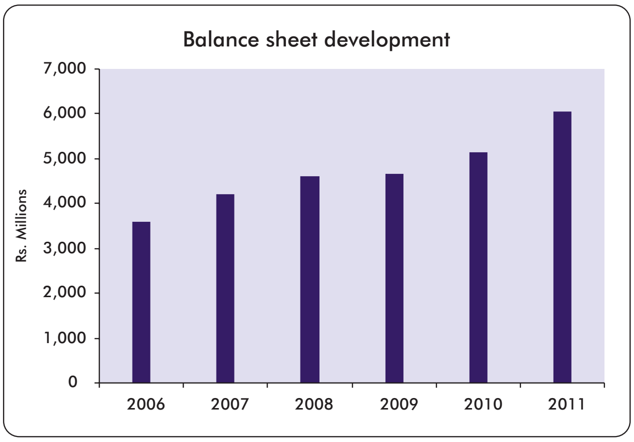
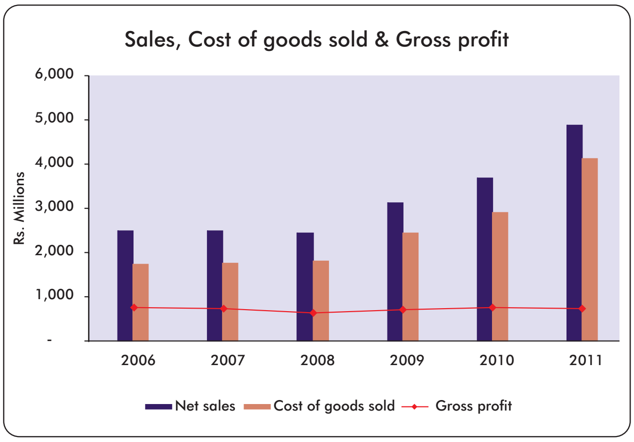




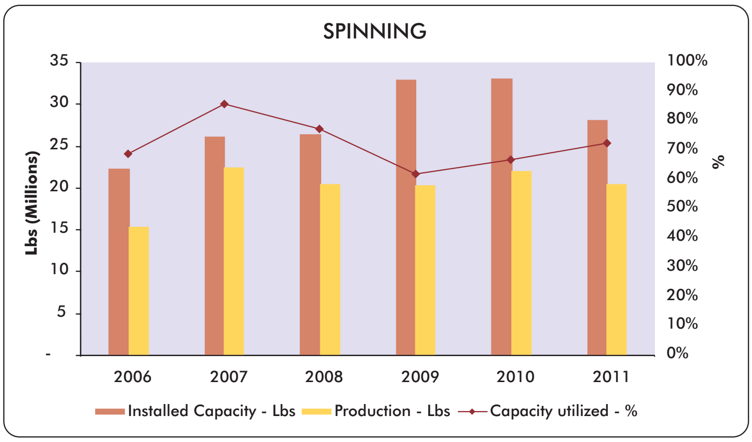


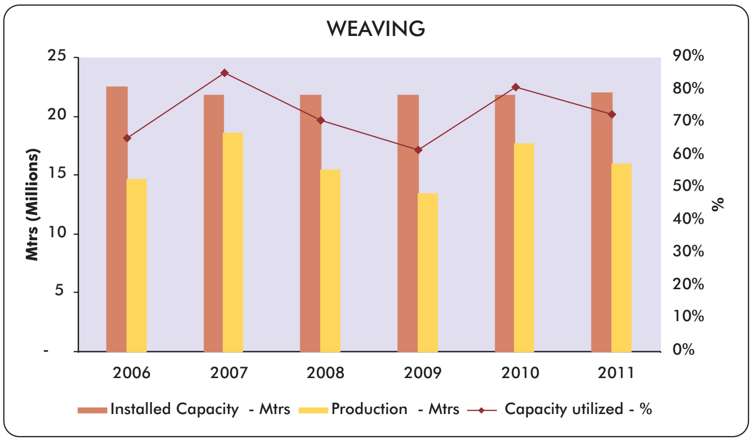


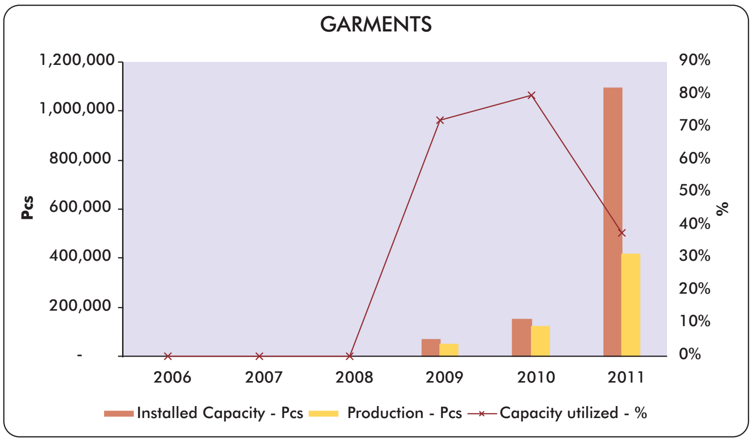




PRODUCTION HIGHLIGHTS







STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi 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 Company encourages representation of independent non-executive directors on its Board of Directors. At present, the Board includes one independent non-executive director and four non-executive directors.

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

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

4. No casual vacancy occurred in the Board during the year.

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.

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 and other executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in her 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. The directors have been provided orientation to apprise them of their duties and responsibilities.

10. During the year there were no new appointment of Chairperson, CEO and Directors.

11. New appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit were made during the year. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by the CEO.

12. The Directors' report has been prepared in compliance with the requirements of the Code and describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

14. 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.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed an Audit Committee. It comprises three members, all of them are non-executive directors including the Chairman of the Committee.

17. 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 Code. The terms of reference of the Committee have been formed and advised to the committee for compliance.

18. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors along with pricing methods for transactions carried out on terms equivalent to those that prevail in the arm's length transactions.

19. The Board has set-up an effective internal audit function.

20. 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.

21. 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.

We confirm that all other material principles contained in the Code have been complied with.

Ahmed

Faisal Ahmed
Chairman & Chief Executive

Karachi: October 01, 2011

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan

Tel: + 9221 3565 0007
Fax:+ 9221 3568 1965
www.ey.com

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 **Artistic Denim Mills Limited** to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 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 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 for the year ended **30 June 2011**.

Karachi-

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

01 October 2011

Ernst & Young

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ARTISTIC DENIM MILLS LIMITED** (the Company) as at **30 June 2011** 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, except for the changes, as stated in note 3.3, with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2011** and of the profit, 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.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner's Name: Pervez Muslim
Date: 01 October 2011
Place: Karachi

BALANCE SHEET
as at June 30, 2011

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	**3,266,512**	3,420,290
Long-term loans	5	**4,592**	4,467
Long-term deposits	6	**777**	777
CURRENT ASSETS			
Stores and spares	7	**98,201**	94,518
Stock-in-trade	8	**1,169,686**	901,334
Trade debts	9	**1,322,268**	579,728
Loans and advances	10	**33,520**	14,118
Trade deposits and prepayments	11	**5,748**	843
Other receivables	12	**88,623**	54,045
Short-term investments	13	**14,407**	14,623
Taxation - net	14	**26,170**	11,643
Cash and bank balances	15	**10,628**	34,965
		2,769,251	1,705,817
TOTAL ASSETS		**6,041,132**	5,131,351
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share capital	16	**840,000**	840,000
Reserve	17	**2,191,237**	2,007,793
		3,031,237	2,847,793
NON-CURRENT LIABILITIES			
Long-term financing	18	**235,319**	348,293
Deferred liability	19	**31,001**	24,747
CURRENT LIABILITIES			
Trade and other payables	20	**354,867**	230,549
Accrued mark-up	21	**39,093**	40,666
Short-term borrowings	22	**2,199,354**	1,463,296
Current maturity of long-term financing		**150,261**	176,007
		2,743,575	1,910,518
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		**6,041,132**	5,131,351

The annexed notes 1 to 42 form an integral part of these financial statements.

Faisal Ahmed
Chairman & Chief Executive

Muhammad Ali Ahmed
Director

PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2011

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
NET SALES	24	**4,869,120**	3,671,610
Cost of sales	25	**(4,126,025)**	(2,904,895)
GROSS PROFIT		**743,095**	766,715
Distribution costs	26	**(103,643)**	(129,198)
Administrative expenses	27	**(53,922)**	(52,304)
Other operating expenses	28	**(38,130)**	(83,949)
Other operating income	29	**36,514**	29,224
		(159,181)	(236,227)
OPERATING PROFIT		**583,914**	530,488
Finance costs	30	**(188,641)**	(159,563)
PROFIT BEFORE TAXATION		**395,273**	370,925
Taxation	31	**(43,829)**	(36,389)
NET PROFIT FOR THE YEAR		**351,444**	334,536
EARNINGS PER SHARE - BASIC AND DILUTED (Rs. per share)	32	**4.18**	3.98

The annexed notes 1 to 42 form an integral part of these financial statements.

Faisal Ahmed
Chairman & Chief Executive

Muhammad Ali Ahmed
Director

STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 30, 2011

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Net profit for the year		**351,444**	334,536
Other comprehensive income		**-**	-
Total comprehensive income for the year		**351,444**	334,536

The annexed notes 1 to 42 form an integral part of these financial statements.

Faisal Ahmed
Chairman & Chief Executive

Muhammad Ali Ahmed
Director

CASH FLOW STATEMENT

for the year ended June 30, 2011

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	33	**(113,086)**	309,765
Taxes paid		**(58,356)**	(45,773)
Gratuity paid		**(2,291)**	(1,394)
Finance costs paid		**(190,215)**	(142,603)
Long-term deposits		**-**	202
Net cash (used in) / generated from operating activities		**(363,948)**	120,197
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(92,521)**	(251,714)
Long-term loans		**(125)**	530
Sale proceeds of operating fixed assets		**1,048**	6,963
Dividend received		**1,694**	1,354
Net cash used in investing activities		**(89,904)**	(242,867)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing acquired		**25,898**	166,784
Long-term financing repaid		**(164,618)**	(285,210)
Short-term borrowings acquired		**798,565**	318,273
Dividend paid		**(167,823)**	(167,447)
Net cash generated from financing activities		**492,022**	32,400
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**38,170**	(90,270)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(142,331)**	(52,061)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34	**(104,161)**	(142,331)

The annexed notes 1 to 42 form an integral part of these financial statements.

Faisal Ahmed
Chairman & Chief Executive

Muhammad Ali Ahmed
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2011

	Share Capital	Revenue Reserve	
	Issued, Subscribed and paid-up	Unappropriated profit	Total
	.... Rupees in '000	....	
Balance as at June 30, 2009	840,000	1,841,257	2,681,257
Net profit for the year	-	334,536	334,536
Other comprehensive income	-	-	-
Total comprehensive income	-	334,536	334,536
Cash dividend paid @ Rs.2 per Ordinary share of Rs.10 each for the year ended June 30, 2009	-	(168,000)	(168,000)
Balance as at June 30, 2010	840,000	2,007,793	2,847,793
Net profit for the year	-	351,444	351,444
Other comprehensive income	-	-	-
Total comprehensive income	-	351,444	351,444
Cash dividend paid @ Rs.2 per Ordinary share of Rs.10 each for the year ended June 30, 2010	-	(168,000)	(168,000)
Balance as at June 30, 2011	**840,000**	**2,191,237**	**3,031,237**

The annexed notes 1 to 42 form an integral part of these financial statements.

Faisal Ahmed
Chairman & Chief Executive

Muhammad Ali Ahmed
Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2011

1. THE COMPANY AND ITS OPERATIONS

Artistic Denim Mills Limited (the Company) was incorporated in Pakistan on May 18, 1992 under the Companies Ordinance, 1984 and is currently listed on the Karachi Stock Exchange. The principal activity of the Company is to manufacture and sell rope dyed denim fabric and yarn.

The registered office of the Company is situated at Plot No. 5 - 9, 23 - 26, Sector 16, Korangi Industrial Area, Karachi.

2. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for investments, which are carried at fair value.

3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

	Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 7	Financial Instruments : Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IAS 12	Income Tax (Amendment) - Deferred Taxes : Recovery of underlying assets	January 01, 2012
IAS 19	Employee Benefits - Amended Standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 24	Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

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

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

		IASB Effective date (annual periods beginning Standard on or after)
IFRS 9	Financial Instruments	January 01, 2015
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

3.3 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS - 2 Group Cash-settled Share-based Payment Arrangements
IAS - 32 Financial Instruments: Presentation - Classification of Rights Issues (Amendment)
IFRIC - 19 Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8 Operating Segments
IAS 1 Presentation of Financial Statements
IAS 7 Statement of Cash flows Presentation of Financial Statements
IAS 17 Leases
IAS 36 Impairment of Assets
IAS 39 Financial Instruments : Recognition and Measurement

Issued in May 2010

IFRS 3 Business Combinations
IAS 27 Consolidated and Separate Financial Statements

The adoption of the above standards, amendments / improvements and interpretations did not have any effect on the financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.4 Dividends and appropriation to general reserve

Dividends and appropriation to general reserves are recognised in the financial statements in the period in which these are approved.

3.5 Significant accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

(a) determining the residual values and useful lives of property, plant and equipment (Note 3.6);
(b) impairment of assets (Note 3.25);
(c) impairment of inventories / adjustment of inventories to their Net realisable Value (Note 3.9);
(d) recognition of staff retirement benefits (Note 3.16 and 3.17);
(e) recognition of taxation and deferred taxation (Note 3.20) ; and
(f) provision for doubtful debts (Note 3.19).

3.6 Property, plant and equipment

(i) Operating fixed assets

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation on all operating fixed assets except leasehold land, is charged to income, applying the reducing balance method whereby the cost of an asset, less there residual value, is written off over its estimated useful life. Leasehold land is amortised using the straight line method whereby the cost of the leasehold land is written off over its lease term. The rates used are stated in note 4.1 to the financial statements.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and up to the month preceding the deletion, respectively.

An item of operating fixed assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the year the item is derecognised.

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of operating fixed assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the profit and loss account.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Maintenance and normal repairs are charged to profit and loss account as and when incurred.

(ii) Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their construction, installation and acquisition.

3.7 Investments

Investments at fair value through profit or loss include investments held for trading and investments designated upon initial recognition as at fair value through profit and loss.

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses on investments held for trading are recognised in profit and loss account.

3.8 Stores and spares

Stores and spares are valued cost, determined on a first-in-first-out (FIFO) basis. Provision is made for any slow moving and obsolete items.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon up to the balance sheet date.

3.9 Stock-in-trade

Stock-in-trade are valued at the lower of cost and net realisable value.

Cost of raw and packing materials is determined using FIFO basis except for those in transit which are stated at invoice price plus other charges incurred thereon up to the balance sheet date.

Finished goods and work-in-process consist of cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity. Cost is determined on a FIFO basis.

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

3.10 Trade debts

Trade debts are recognised and carried at original invoice amount less provision for doubtful debts. When the recovery of the amount is considered uncertain by the management, a provision is made for the same. Bad debts are written-off when identified.

3.11 Loans, advances and other receivables

These are stated at cost less provision for any doubtful receivables.

3.12 Cash and cash equivalents

These are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand net of outstanding balance of running finance facilities availed by the Company, if any.

3.13 Interest / Mark-up bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction cost) and the redemption value recognised in the profit and loss account over the period of the borrowing using the effective interest method.

Gains and losses are recognised in profit and loss account when the liabilities are derecognised as well as through amortisation process.

3.14 Trade and other payables

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

3.15 Foreign currency translation

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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3.16 Staff retirement benefit

The Company operates an unfunded gratuity plan (defined benefit scheme) for all its permanent employees. Provision is made annually, to cover obligations under the plan, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation. The latest valuation was carried out as at June 30, 2011. Actuarial gain / loss is recognised on the basis of actuarial recommendation. Projected Unit Credit Method, using following assumptions, is used for valuation of the scheme:

- Expected rate of increase in salaries is 13% per annum.
- Expected discount rate is 14% per annum.

3.17 Actuarial gains and losses

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses exceed 10% of the defined benefit obligation. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

3.18 Research and development support

These are recorded on receipt basis.

3.19 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of 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 the obligation.

3.20 Taxation

Current

The Company falls under the final tax regime under Section 169 of the Income Tax Ordinance, 2001. Provision for tax on other income is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available, if any.

Deferred

Since the income of the Company is subject to tax under Final Tax Regime, no deferred tax liability has been accounted for in these financial statements as the Company's tax liability will be assessed under the said regime and, hence, no temporary differences are likely to arise in respect of sales whereas, temporary differences in respect of other income are expected to be negligible.

3.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Specific revenue recognition criteria is as follows:

(i) Sales are recorded when goods are dispatched and invoiced.

(ii) Duty draw back on export sales is recognised on an accrual basis at the time of making the export sale.

(iii) Dividend income is recognised when the Company's right to receive payment is established.

3.22 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account.

3.23 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

3.24 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 transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.25 Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Operating fixed assets	4.1	**3,250,504**	3,393,330
Capital work-in-progress	4.2	**16,008**	26,960
		3,266,512	3,420,290

4.1 Operating fixed assets

	Note	COST As at July 01, 2010	Additions	(Disposals)	As at June 30, 2011	Period / Rate %	ACCUMULATED DEPRECIATION / AMORTISATION As at July 01, 2010	For the Year	(On disposals)	As at June 30, 2011	WRITTEN DOWN VALUE As at June 30, 2011
		....Rupees in '000....					....Rupees in '000....				
June 30, 2011											
Leasehold land		1,211,663	-	-	1,211,663	65 to 86 yrs	82,397	15,188	-	97,585	1,114,078
Building on leasehold land	4.1.1	952,987	23,571	-	976,558	10	241,833	71,312	-	313,145	663,413
Plant and machinery	4.1.1	2,523,597	67,499	-	2,591,096	10	1,052,422	147,745	-	1,200,167	1,390,929
Factory equipment	4.1.1	102,514	1,415	-	103,929	10	49,390	5,376	-	54,766	49,163
Furniture and fixtures		7,562	1,568	-	9,130	10	4,325	398	-	4,723	4,407
Office equipment, including computers		17,105	655	-	17,760	33	13,581	1,257	-	14,838	2,922
Vehicles		37,517	8,765	(1,532)	44,750	20	15,667	4,530	(1,039)	19,158	25,592
		4,852,945	103,473	(1,532)	4,954,886		1,459,615	245,806	(1,039)	1,704,382	3,250,504

	Note	COST As at July 01, 2009	Additions	(Disposals)	As at June 30, 2010	Period / Rate %	ACCUMULATED DEPRECIATION / AMORTISATION As at July 01, 2009	For the Year	(On disposals)	As at June 30, 2010	WRITTEN DOWN VALUE As at June 30, 2010
		....Rupees in '000....					....Rupees in '000....				
June 30, 2010											
Leasehold land		1,211,663	-	-	1,211,663	65 to 86 yrs	67,209	15,188	-	82,397	1,129,266
Building on leasehold land	4.1.1	851,681	101,306	-	952,987	10	172,737	69,096	-	241,833	711,154
Plant and machinery	4.1.1	2,396,964	191,233	(64,600)	2,523,597	10	954,827	145,606	(48,011)	1,052,422	1,471,175
Factory equipment	4.1.1	98,377	4,137	-	102,514	10	43,787	5,603	-	49,390	53,124
Furniture and fixtures		7,512	50	-	7,562	10	3,968	357	-	4,325	3,237
Office equipment, including computers		15,499	1,606	-	17,105	33	11,992	1,589	-	13,581	3,524
Vehicles		26,694	10,823	-	37,517	20	12,672	2,995	-	15,667	21,850
		4,608,390	309,155	(64,600)	4,852,945		1,267,192	240,434	(48,011)	1,459,615	3,393,330

4.1.1 During the current year, the following amounts have been transferred from capital work-in-progress to:

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Building on leasehold land	4.1	**23,571**	101,306
Plant and machinery	4.1	**67,499**	191,233
Factory equipment	4.1	**1,415**	4,137
		92,485	296,676

4.1.2 Depreciation / amortisation charge for the year has been allocated as follows:

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Cost of sales	25.1	**226,879**	221,921
Distribution costs	26	**492**	480
Administrative expenses	27	**18,435**	18,033
		245,806	240,434

4.1.3 The following assets were disposed off during the year:

Description	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of Buyer
	.... Rupees in '000						
Vehicle	38	6	32	37	5	Insurance claim	EFU General Insurance, Karachi
Vehicle	779	380	399	857	458	Negotiation	The Pyramid Constructors, Karachi
Vehicle	715	653	62	154	92	Negotiation	S. D. Siddiqui, Ex-employee, Karachi
June 30, 2011	**1,532**	**1,039**	**493**	**1,048**	**555**		
June 30, 2010	64,600	48,011	16,588	6,963	(9,625)		

	Civil works	Plant & machinery	Factory equipment	Advances	Total
	.... Rupees in '000'				
4.2 Capital work-in-progress					
As at July 01, 2010	12,127	10,115	-	4,718	26,960
Additions during the year	15,600	60,580	1,415	3,938	81,533
Transfer to operating fixed assets	(23,571)	(67,499)	(1,415)	-	(92,485)
Transfer from advances	-	100	-	(100)	-
June 30, 2011	**4,156**	**3,296**	**-**	**8,556**	**16,008**
June 30, 2010	12,127	10,115	-	4,718	26,960

5. LONG-TERM LOANS

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Considered good - secured			
Executives	5.3	**2,649**	3,661
Employees		**5,439**	4,384
		8,088	8,045
Recoverable within one year shown under current assets			
Executives		**(1,872)**	(1,590)
Employees		**(1,624)**	(1,988)
	10	**(3,496)**	(3,578)
		4,592	4,467

5.1 The secured loans extended to executives and employees are either personal loans or given for medical expenses. These are granted in accordance with the terms of their employment and are secured against their gratuity balances. These loans are recoverable in monthly installments over a period, ranging between 1 and 5 (2010: 1 and 4) years, and are interest free. These loans have not been discounted to their present value as the financial impact thereof is not considered material.

5.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs.5.346 (2010: Rs.5.753) million.

		Note	June 30, 2011	June 30, 2010
			Rupees in '000	
5.3	**Reconciliation of carrying amount of loans to executives**			
	Opening balance		**3,661**	4,444
	Disbursements during the year		**2,097**	2,310
			5,758	6,754
	Recoveries during the year		**(3,109)**	(3,093)
			2,649	3,661
6.	**LONG-TERM DEPOSITS**			
	Security deposits			
	Utilities		**524**	524
	Others		**253**	253
			777	777
7.	**STORES AND SPARES**			
	Stores			
	In hand		**57,425**	55,773
	Spares			
	In hand		**40,776**	38,745
			98,201	94,518
8.	**STOCK-IN-TRADE**			
	Raw and packing materials			
	In hand		**465,810**	407,725
	In transit		**16,026**	31,163
			481,836	438,888
	Work-in-process		**638,038**	407,837
	Finished goods		**49,812**	54,609
			1,169,686	901,334

		Note	June 30, 2011	June 30, 2010
9.	**TRADE DEBTS**			
			Rupees in '000	
	Considered good			
	Secured - against letters of credit	9.1	**1,099,125**	256,011
	Unsecured			
	Related parties:			
	Artistic Apparels (Private) Limited		**-**	43,688
	Casual Sportswear		**77,796**	61,600
			77,796	105,288
	Others		**145,347**	218,429
			223,143	323,717
	Considered doubtful			
	Others		**-**	6,151
	Provision there against	9.3	**-**	(6,151)
			-	-
			1,322,268	579,728

9.1 Included herein is a sum of Rs.5.412 million (2010: Rs.Nil), due from Artistic Apparels (Private) Limited, a related party.

9.2 As at June 30, 2011, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired: > 30 days upto 1 year	> 1 year upto 2 years	> 2 years and above
	---------------- Rupees in '000 ----------------				
June 30, 2011	**1,322,268**	**1,298,282**	**23,986**	**-**	**-**
June 30, 2010	579,728	259,393	310,873	8,962	500

		Note	June 30, 2011	June 30, 2010
9.3	**Provision against debts considered doubtful**		**Rupees in '000**	
	Opening provision		**6,151**	-
	Provision for the year		**-**	6,151
	Provision written off against trade debts during the year		**(6,151)**	-
			-	6,151

		Note	June 30, 2011	June 30, 2010
10.	**LOANS AND ADVANCES**			
	Considered good			
	Loans - secured			
	Current portion of long-term loans			
	Executives		**1,872**	1,590
	Employees		**1,624**	1,988
		5	**3,496**	3,578
	Short-term loans			
	Executives		**280**	788
	Employees		**625**	348
		10.1	**905**	1,136
	Advances - unsecured			
	Suppliers		**27,962**	8,855
	Labour contractors		**1,157**	549
			29,119	9,404
			33,520	14,118

10.1 These are interest free personal loans given to the employees and executives of the Company. These are secured against the gratuity balances of concerned employees.

11.	**TRADE DEPOSITS AND PREPAYMENTS**	Note	**June 30, 2011**	**June 30, 2010**
			Rupees in '000	
	Trade deposits			
	Margin against letters of credit		**5,248**	130
	Prepayments			
	Insurance		**64**	638
	Others		**436**	75
			500	713
			5,748	843

12.	**OTHER RECEIVABLES**			
	Duty draw back on export sales		**47,531**	25,202
	Sales tax - net		**27,680**	19,212
	Refund of custom duty		**-**	8,434
	Research and Development Support	12.1	**13,412**	1,197
			88,623	54,045

12.1	**Research and Development Support**			
	Opening balance		**1,197**	2,233
	Support received on account of Research and Development	12.1.1	**(5,128)**	(17,824)
			(3,931)	(15,591)
	Less: Expenses incurred thereagainst:			
	Upgrade of information technology		**4**	24
	Market research		**11,509**	10,417
	Participation in exhibitions		**5,830**	6,347
			17,343	16,788
			13,412	1,197

12.1.1 This represents Research and Development Support received by the Company from the Ministry of Textile Industry, Government of Pakistan, during the current year, in accordance with SRO 803(I)/2006, dated August 04, 2006, amended through SRO 1128(I)/2006, dated November 11, 2006, to encourage research and development in the value added textile sectors.

13. SHORT-TERM INVESTMENTS			Note	June 30, 2011	June 30, 2010
At fair value through profit and loss				Rupees in '000	
Listed equity securities					
Numbers of Ordinary shares of Rs.10 each					
2011	**2010**				
281,250	225,000	National Bank of Pakistan		**14,181**	14,423
1,386	1,155	Engro Corporation Limited (formerly Engro Chemical Pakistan Limited)		**226**	200
				14,407	14,623

The aggregate cost of the above referred investments is Rs.12.200 (2010: Rs.12.200) million. Resulting unrealised loss of Rs.0.216 (2010: gain of Rs.2.423) million, arising from a change in the fair value of these investments during the current year, has been recognised directly in the profit and loss account to restate the same at their fair value.

14. TAXATION - Net	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Provision for income tax - current	31	**(43,829)**	(36,361)
Advance income tax		**69,999**	48,004
		26,170	11,643

15. CASH AND BANK BALANCES		
Cash		
In hand	**156**	60
At banks in		
Current accounts	**10,472**	34,905
	10,628	34,965

16. SHARE CAPITAL

No. of Shares June 30, 2011	No. of Shares June 30, 2010			
		Authorised share capital		
100,000,000	100,000,000	Ordinary shares of Rs.10 each	**1,000,000**	1,000,000
		Issued, subscribed and Paid-up capital		
14,000,000	14,000,000	Ordinary shares of Rs.10 each fully paid in cash	**140,000**	140,000
70,000,000	70,000,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**700,000**	700,000
84,000,000	84,000,000		**840,000**	840,000

	Note	June 30, 2011	June 30, 2010
17. RESERVE		Rupees in '000	
Revenue reserve			
Unappropriated profit		**2,191,237**	2,007,793

18. LONG-TERM FINANCING

	Note	June 30, 2011	June 30, 2010
From Banking Companies and Financial Institutions - secured			
Term finance from a bank	18.1	**4,859**	4,859
Term finances from banks under the State Bank of Pakistan's (SBP's) scheme for Export Oriented Projects (EOP) and Long-Term Financing Facility (LTFF)	18.2	**380,721**	519,441
		385,580	524,300
Current maturities shown under current liabilities			
Term finance from a bank		**(1,216)**	(607)
Term finances from banks under the SBP's scheme for EOP and LTFF		**(149,045)**	(175,400)
		(150,261)	(176,007)
		235,319	348,293

18.1 Term finance from a bank

The balance outstanding of Rs.4.859 (2010: Rs.4.859) million at the end of the year represents term finance obtained by the Company for the purposes of capital expenditure and rationalising the financial structure of the Company. The said loan is repayable in 16 equal quarterly installments, commencing July 02, 2011 to April 02, 2015. It carries mark-up at 6 months KIBOR plus 1.5% per annum, payable quarterly. The said loan along with the term finance from a bank under SBP's Scheme for LTFF [note 18.2(i)] is secured against the hypothecation of specific plant and machinery, aggregating to Rs.9.900 million, and a promissory note of Rs.8.665 million.

18.2 Term finances from banks under the State Bank of Pakistan (SBP's) scheme for Export Oriented Projects (EOP) and Long-Term Financing Facility (LTFF)

The balance outstanding of Rs.380.721 (2010: Rs.519.441) million at the end of the current year comprises of the following 14 (2010: 12) separate local currency loans:

(a) Rs.40.896 (2010: Rs.122.689) million obtained by the Company after the introduction of a one time opportunity given by the SBP to the textile sector to get the outstanding fixed term loans against the import of eligible plant and machinery, under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No. 19, dated September 04, 2006.

The loan is repayable in 9 equal half yearly installments, commencing December 14, 2006 to December 14, 2011, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e. 5% per annum) plus 2% (2010: 3 to 7.5 years (i.e. 5%) plus 2%) per annum, which is payable quarterly on the principal sum of loan outstanding from time to time.

The said loan is secured against the first equitable mortgage over the immovable property of the Company and hypothecation of plant and machinery, aggregating to Rs.534.000 million.

(b) Rs.19.167 (2010: Rs.57.502) million obtained against the import of eligible plant and machinery by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 9 equal half yearly installments, commencing December 14, 2006 to December 14, 2011, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e. 5%) plus 2% (2010: 3 to 7.5 years (i.e. 5%) plus 2%) per annum, which is payable quarterly on the principal sum of loan outstanding from time to time.

The said loan is secured against the first equitable mortgage over the immovable property of the Company and the hypothecation of specific machinery, aggregating to Rs.400.000 million.

(c) Rs.82.094 (2010: Rs.104.785) million obtained for the import of eligible plant and machinery, by the Company against the import of eligible plant and machinery, refinanced under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing September 21, 2008 to December 21, 2014, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e., 5%) plus 1% (2010: 3 to 7.5 years (i.e., 5%) plus 1%) per annum, which is payable quarterly on the principal sum of loan outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.130.000 million.

(d) Rs.14.139 (2010: Rs.17.282) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing March 25, 2009 to June 25, 2015, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e. 5%) plus 1% (2010: 3 to 7.5 years (i.e. 5%) plus 1%) per annum, which is payable quarterly on the principal sum of loan outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.18.000 million.

(e) Rs.3.463 (2010: Rs.4.010) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing September 26, 2009 to December 26, 2015, carrying mark-up at the SBP Refinance rate for 3 to 7.5 years (i.e. 5%) plus 1% (2010: 3 to 7.5 years (i.e. 5%) plus 1%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.4.090 million.

(f) Rs.3.362 (2010: Rs.3.893) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 22 equal quarterly installments, commencing August 15, 2009 to November 15, 2015, carrying mark-up at the SBP Refinance rate for 3.0 to 7.5 years (i.e. 5%) plus 1% (2010: 3.0 to 7.5 years (i.e. 5%) plus 1%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.3.890 million.

(g) Rs.16.852 (2010: Rs.22.980) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing March 16, 2010 to December 16, 2013, carrying mark-up at the SBP Refinance rate of 6.5% plus 2.5% (2010: 6.5% plus 2.5%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.27.000 million and a demand promissory note of Rs.42.900 million.

(h) Rs.17.875 (2010: Rs.24.375) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing March 26, 2010 to December 26, 2013, carrying mark-up at the SBP Refinance rate of 6.5% plus 2.5% (2010: 6.5% plus 2.5%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.26.000 million and a demand promissory note of Rs.45.600 million.

(i) Rs.4.859 (2010: Rs.4.859) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing July 02, 2011 to April 02, 2015, carrying mark-up at the SBP Refinance rate of 7.2% plus 2.0% per annum (2010: 7.2% plus 2.0% per annum), which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan along with the term finance from a bank (note 18.1) is secured against the hypothecation of specific plant and machinery, aggregating to Rs.9.900 million and a promissory note of Rs.8.665 million.

(j) Rs.71.077 (2010: Rs.71.077) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing August 21, 2011 to May 21, 2015, carrying mark-up at the SBP Refinance rate of 7.9% plus 2.0% (2010: 7.9% plus 2.0%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.76.000 million and a demand promissory note of Rs.168.820 million.

(k) Rs.6.770 (2010: Rs.6.770) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing September 16, 2011 to June 16, 2015, carrying mark-up at the SBP Refinance rate of 7.9% plus 2.0% (2010: 7.9% plus 2.0%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.6.800 million and a promissory note of Rs.11.055 million.

(l) Rs.74.269 (2010: Rs.79.220) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006.

The loan is repayable in 16 equal quarterly installments, commencing March 16, 2011 to December 16, 2015, carrying mark-up at the SBP Refinance rate of 7.2% plus 2.0% (2010: 7.2% plus 2.0%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.86.000 million and a promissory note of Rs.150.493 million.

(m) Rs.12.368 million (2010: Rs.Nil) refinanced by the Company against the import of eligible plant and machinery, during the current year from a bank under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006, against the import of eligible plant and machinery.

The loan is repayable in 16 equal quarterly installments, commencing April 03, 2012 to January 03, 2016, carrying mark-up at the SBP Refinance rate of 8.6% plus 2.0% per annum (2010: Nil), which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.13.000 million and a promissory note of Rs.21.129 million.

(n) Rs.13.530 million (2010: Rs.Nil) refinanced by the Company against the import of eligible plant and machinery, during the current year from a bank under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, Circular No.19, dated September 04, 2006, against the import of eligible plant and machinery.

The loan is repayable in 16 equal quarterly installments, commencing July 19, 2011 to April 19, 2015, carrying mark-up at the SBP Refinance rate of 8.6% plus 2.0% (2010: 8.6% plus 2.0%) per annum, which is payable quarterly on the principal sum of loan and other dues, if any, outstanding from time to time.

The said loan is secured against the hypothecation of specific plant and machinery, aggregating to Rs.13.600 million.

Apart from specific charges mentioned in notes 18.2(a) to 18.2(n), these loans are further secured against first equitable mortgage on immoveable property and hypothecation of plant and machinery, aggregating to Rs.670.000 (2010: Rs.670.000) million.

19. DEFERRED LIABILITY

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Employees' Gratuity	19.1	**31,001**	24,747

19.1 In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2011, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligations in accordance with the actuarial recommendations. Following significant assumptions were used for the valuation of above-mentioned scheme.

	June 30, 2011	June 30, 2010
	Per annum	
Discount rate	14%	13%
Salary increase	13%	12%

Necessary disclosures in respect of defined benefit plan are as follows:

	Gratuity	
	June 30, 2011	June 30, 2010
(a) Movement in the liability finalised in the balance sheet	Rupees in '000	
Provision at July 01, 2010	**24,747**	19,706
Expense for the year	**8,545**	6,435
Benefits paid	**(2,291)**	(1,394)
Provision as at June 30, 2011	**31,001**	24,747
(b) Reconciliation		
Present value of defined benefit obligation	**39,319**	30,017
Actuarial losses un-recognised	**(8,318)**	(5,270)
Provision as at June 30, 2011	**31,001**	24,747

	Gratuity June 30, 2011	Gratuity June 30, 2010
	Rupees in '000	
(c) The amount finalised in the profit and loss account is determined as follows:		
Current service cost	**4,508**	4,278
Interest cost	**3,753**	2,139
Recognised actuarial losses	**284**	18
Expense for the year	**8,545**	6,435

(d) Amounts for the current and previous four years are as follows:

As at June 30	2011	2010	2009	2008	2007
	Rupees in '000				
Present value of defined benefit obligation	**39,319**	30,017	24,975	17,826	18,013
Experience adjustment					
Actuarial loss on obligation	**284**	18	18	14	340

19.2 The Company operates an unfunded gratuity scheme, hence, no planned assets are available.

20. TRADE AND OTHER PAYABLES

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Trade			
Creditors		**239,927**	139,901
Other payables			
Accrued expenses		**58,296**	50,721
Advances from customers		**14,320**	3,518
Retention money		**-**	1,185
Workers' Profit Participation Fund	20.1	**21,244**	19,974
Workers' Welfare Fund	20.2	**19,357**	13,759
Tax deducted at source		**381**	324
Unclaimed dividend		**1,342**	1,167
		114,940	90,648
		354,867	230,549

20.1 Workers' Profit Participation Fund

	Note	June 30, 2011	June 30, 2010
Balance at the beginning of the year		**19,974**	22,360
Allocation for the year	28	**21,244**	19,958
Interest on WPPF	28	**464**	291
		41,682	42,609
Payments made during the year		**(20,438)**	(22,635)
		21,244	19,974

		Note	June 30, 2011	June 30, 2010
			Rupees in '000	
20.2	**Workers' Welfare Fund**			
	Balance at the beginning of the year		**13,759**	8,374
	Allocation for the year	28	**8,498**	7,983
			22,257	16,357
	Payments made during the year		**(2,900)**	(2,598)
			19,357	13,759
21.	**ACCRUED MARK-UP**			
	Accrued mark-up on secured:			
	Long-term financing - Term finance from a bank		**183**	169
	Long-term finance - SBP's EOP and LTFF		**6,930**	5,817
	Short-term running finances		**3,427**	7,686
	Short-term running finances under FE - 25		**10,324**	-
	Short-term loans		**18,229**	26,994
			39,093	40,666
22.	**SHORT-TERM BORROWINGS - secured**			
	From Banking Companies			
	Short-term loans	22.1	**668,000**	1,286,000
	Short-term running finances	22.2	**114,789**	177,296
	Short-term running finances under FE-25	22.3	**1,416,565**	-
			2,199,354	1,463,296
22.1	**Short-term loans**			
	Export refinance - I	22.1.1	**100,000**	-
	Export refinance - II		**-**	618,000
	Export refinance - II	22.1.2	**568,000**	668,000
			668,000	1,286,000

22.1.1 During the year, the Company arranged a facility for short-term loan under export refinance, amounting to Rs.100.000 million (2010: Rs.Nil), from a commercial bank on mark-up basis, repayable by September 06, 2011. It is secured against the first pari passu specific charge on land, building and plant and machinery of Company, aggregating to Rs.400.000 million, and a demand promissory note of Rs.250.000 million.

The said export refinance carries mark-up at the rate of 1% per annum (2010: Nil) above the SBP's Minimum Export Refinance rate, payable quarterly.

22.1.2 This represents a separate export refinance facility, amounting to Rs.568.000 (2010: Rs.668.000) million, arranged by the Company from a commercial bank during the current year, repayable by August 31, 2011 and is secured against the export proceed realisation and registered charge over stock-in-trade, stores and spares and book debts, aggregating to Rs.891.000 million, and a demand promissory note of Rs.668.000 million.

The said export refinance carries mark-up at the rate of 1% (2010: 1%) per annum above the SBP's Minimum Export Refinance rate, payable quarterly.

		Note	June 30, 2011	June 30, 2010
22.2	**Short-term running finances**		**Rupees in '000**	
	From a commercial bank	22.2.1	**50,556**	86,643
	From a commercial bank	22.2.2	**28,219**	90,653
	From a commercial bank	22.2.3	**36,014**	-
			114,789	177,296

22.2.1 This represents a running finance facility, amounting to Rs.300.000 (2010: Rs.114.789) million, arranged by the Company from a commercial bank, repayable latest by September 30, 2011 and is secured against the registered charge over stock-in-trade, stores and spares and book debts of the Company, amounting to Rs.533.000 million and a demand promissory note of Rs.200.000 million.

This carries mark-up at the rate of 1% (2010: 1%) per annum over and above 3 month average KIBOR rate, payable quarterly.

22.2.2 This represents a running finance facility, amounting to Rs.200.000 (2010: Rs.150.000) million, arranged by the Company from a commercial bank, repayable / renewable latest by March 31, 2012 and is secured against the first pari passu specific charge on land, building and plant and machinery of the Company, amounting to Rs.200.000 million and a demand promissory note of Rs.243.170 million.

This carries mark-up at the rate of 0.75% (2010: 1.0%) per annum over and above 3 month average KIBOR rate, payable quarterly.

22.2.3 This represents a running finance facility, amounting to Rs.100 million (2010: Nil) arranged by the Company from a commercial bank on mark-up basis during the year repayable / renewable by December 31, 2011. It is secured against the registered charge over stock in trade, stores, spares and book debts of Company, and first pari passu specific charge on land, building and plant and machinery, aggregating to Rs.133.500 million, and a demand promissory note of Rs.100 million.

The loans carries mark-up at the rate of 0.75% per annum (2010: Nil) over and above 3 month KIBOR rate, payable quarterly.

22.3 The Company has also borrowed short-term running finances under Foreign Exchange Circular No.25, dated June 20, 1998 for the purpose of meeting import requirements. The facilities availed are for an amount of USD16.462 million equivalent to Rs.1,416.565 million (2010: Nil). The rates of mark-up on these finances range between 2.30% and 3.83% (2010: Nil) per annum. These facilities are secured against the first pari passu hypothecation charge over the land, building stocks and plant and machinery of Company.

		Note	June 30, 2011	June 30, 2010
23.	**CONTINGENCIES AND COMMITMENTS**		**Rupees in '000**	
	Contingencies			
23.1	Foreign bills discounted		**5,417**	393,927
23.2	Outstanding counter guarantees		**72,582**	63,325

Commitments

23.3 Commitments in respect of building on leasehold land at the end of the current year amounted to Rs.Nil (2010: Rs.8.00 million).

23.4 Outstanding letters of credit at the end of the current year amounted to Rs.149.740 (2010: Rs.395.753) million.

23.5 Post dated cheques issued in favour of Custom Authorities, aggregated to Rs.32.561 (2010: Rs.6.930) million, against zero rated supplies for export purposes.

24. NET SALES

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Exports	24.1	**4,588,099**	3,533,334
Local		**375,692**	213,765
		4,963,791	3,747,099
Returns		**(9,101)**	(5,921)
Commission		**(85,570)**	(69,568)
		4,869,120	3,671,610

24.1 Included herein is a sum of Rs.658.844 (2010: Rs.380.978) million, representing indirect exports made by the Company during the year, either by arranging inland letters of credit or standardised purchase orders from certain direct exporters in favour of the Company, pursuant to the Banking Policy and Regulation Department (BPRD), Circulars No.24 and 31, dated June 28, 1999, and August 13, 1999 respectively, issued by the State Bank of Pakistan.

25. COST OF SALES

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Opening stock - finished goods		**54,609**	19,589
Cost of goods manufactured	25.1	**4,121,228**	2,939,915
		4,175,837	2,959,504
Closing stock - finished goods		**(49,812)**	(54,609)
		4,126,025	2,904,895

25.1 Cost of goods manufactured

	Note	June 30, 2011	June 30, 2010
Raw and packing materials consumed	25.1.1	**3,076,912**	2,009,358
Stores and spares consumed	25.1.2	**171,761**	137,379
Salaries, wages and other benefits	25.1.3	**76,898**	59,578
Contract wages		**428,626**	302,207
Fuel and power		**271,386**	242,766
Weaving and sarning charges		**2,762**	4,633
Repairs and maintenance		**13,757**	16,576
Printing and stationery		**12,498**	3,878
Postage and photocopy		**106**	103
Telephone and telex		**1,830**	1,885
Conveyance		**39**	58
Rent, rates and taxes		**1,122**	1,178
Insurance		**7,700**	8,866
Water charges		**53,245**	41,917
Transportation		**2,734**	1,221
Depreciation / amortisation	4.1.2	**226,879**	221,921
Security charges		**-**	30
Traveling and lodging		**-**	53
Miscellaneous		**3,174**	3,631
		4,351,429	3,057,238
Opening work-in-process		**407,837**	290,514
Closing work-in-process		**(638,038)**	(407,837)
		4,121,228	2,939,915

25.1.1 Raw and packing materials consumed

		June 30, 2011	June 30, 2010
Opening stock		**407,725**	321,082
Purchases		**3,163,930**	2,118,144
Duty draw back on export sales		**(28,933)**	(22,143)
		3,134,997	2,096,001
		3,542,722	2,417,083
Closing stock		**(465,810)**	(407,725)
		3,076,912	2,009,358

	Note	June 30, 2011	June 30, 2010
25.1.2 Stores and spares consumed		**Rupees in '000**	
Opening stock		**94,518**	53,210
Purchases		**175,444**	178,687
		269,962	231,897
Closing stock		**(98,201)**	(94,518)
		171,761	137,379

25.1.3 Included herein is a sum of Rs.5.721 (2010: Rs.4.078) million in respect of staff retirement benefits.

26. DISTRIBUTION COSTS

	Note	June 30, 2011	June 30, 2010
Salaries, allowances and other benefits	26.1	**5,027**	4,053
Insurance		**4,513**	3,536
Freight and transportation		**33,901**	70,406
Export development surcharge and clearing charges		**18,802**	19,123
Postage, courier and stamps		**34,252**	26,383
Depreciation / amortisation	4.1.2	**492**	480
Travelling and lodging		**5,730**	4,208
Telephone and telex		**209**	121
Miscellaneous		**717**	888
		103,643	129,198

26.1 Included herein is a sum of Rs.0.484 (2010: Rs.0.346) million in respect of staff retirement benefits.

27. ADMINISTRATIVE EXPENSES

	Note	June 30, 2011	June 30, 2010
Salaries, allowances and other benefits	27.1	**25,556**	24,587
Rent, rates and taxes		**125**	144
Depreciation / amortisation	4.1.2	**18,435**	18,033
Legal and professional charges		**4,031**	4,160
Auditors' remuneration	27.2	**970**	793
Vehicle running expenses		**352**	827
Printing and stationery		**435**	366
Insurance		**54**	163
Advertisement and publication		**36**	212
Conveyance		**367**	287
Telephone and telex		**227**	346
Postage and telegrams		**255**	221
Fees and subscriptions		**631**	496
Donations	27.3	**2,345**	1,589
Miscellaneous		**103**	80
		53,922	52,304

27.1 Included herein is a sum of Rs.2.340 (2010: Rs.2.011) million in respect of staff retirement benefits.

27.2 Auditors' remuneration

	June 30, 2011	June 30, 2010
Audit fee	**600**	500
Fee for half yearly review	**100**	80
Special certifications	**55**	85
Tax services	**98**	35
Out-of-pocket expenses	**117**	93
	970	793

27.3 Donations do not include any donee in whom any director or his spouse has any interest.

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	

28. OTHER OPERATING EXPENSES

	Note	2011	2010
Workers' Profits Participation Fund	20.1	**21,244**	19,958
Interest on WPPF	20.1	**464**	291
Workers' Welfare Fund	20.2	**8,498**	7,983
Loss on sale of fixed assets		**-**	9,625
Loss arising as a result of robberies		**-**	39,941
Exchange loss - net		**7,708**	-
Unrealised loss on short-term investments		**216**	-
Provision for doubtful debts		**-**	6,151
		38,130	83,949

29. OTHER OPERATING INCOME

		2011	2010
Scrap sales		**34,265**	15,507
Exchange gain - net		**-**	9,940
Gain on sale of fixed assets		**555**	-
Dividend income		**1,694**	1,354
Unrealised gain on short-term investments		**-**	2,423
		36,514	29,224

30. FINANCE COSTS

		2011	2010
Mark-up on secured:			
Long-term financing		**38,584**	26,114
Short-term running finances		**16,499**	22,636
Short-term loans		**118,611**	95,538
		173,694	144,288
Bills discounting charges		**130**	488
Federal excise duty on services		**353**	436
Bank charges		**14,464**	14,351
		188,641	159,563

31. TAXATION

	Note	2011	2010
Current	14	**43,829**	36,361
Prior		**-**	28
		43,829	36,389

The income tax assessments of the Company have been finalised up to and including tax year 2009. The return in respect of the tax year 2010 has been filed, which is deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

The relationship between income tax expense and accounting profit has not been presented in these financial statements as the total income of the Company falls under the final tax regime and is taxed at a rate of 1% (2010: 1%) on export proceeds, including scrap sales.

32. EARNINGS PER SHARE - BASIC AND DILUTED

Basic / diluted earnings per share has been computed by dividing the net profit for the year after taxation with the number of Ordinary shares issued by the Company.

	Note	June 30, 2011	June 30, 2010
		Rupees in '000	
Net profit for the year		**351,444**	334,536
Number of shares		Number of shares	
Number of Ordinary shares		**84,000,000**	84,000,000
		Rupees	
Earnings per shares - basic and diluted		**4.18**	3.98

33. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	June 30, 2011	June 30, 2010
Profit before taxation		**395,407**	370,925
Adjustments for non-cash charges and other items:			
Depreciation		**245,806**	240,434
Provision for gratuity		**8,545**	6,435
Finance costs		**188,507**	159,563
Provision for doubtful debts		**-**	6,151
Dividend income		**(1,694)**	-
(Gain) / loss on disposal of operating fixed assets		**(555)**	9,625
		440,609	422,208
Profit before working capital changes		**836,016**	793,133
Decrease / (increase) in current assets			
Stores and spares		**(3,683)**	(36,298)
Stock-in-trade		**(268,352)**	(246,777)
Trade debts		**(742,541)**	(169,139)
Loans and advances		**(19,402)**	6,736
Trade deposits and prepayments		**(4,905)**	6,639
Short-term investments - held for trading		**216**	(2,423)
Other receivables		**(34,578)**	(15,537)
		(1,073,245)	(456,799)
Increase / (decrease) in current liabilities			
Trade and other payables		**124,143**	(26,569)
Cash (used in) / generated from operations		**(113,086)**	309,765

34. CASH AND CASH EQUIVALENTS

	Note	June 30, 2011	June 30, 2010
Cash and bank balances	15	**10,628**	34,965
Short-term running finances	22.2	**(114,789)**	(177,296)
		(104,161)	(142,331)

35. UNAVAILED CREDIT FACILITIES

	Note	June 30, 2011	June 30, 2010
Short-term running finances		**328,387**	322,704

36. REMUNERATION OF THE CHIEF EXECUTIVE, A DIRECTOR AND EXECUTIVES

	2011			2010		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	Rupees in '000					
Managerial remuneration	**4,365**	**3,274**	**28,363**	4,365	3,274	20,356
Medical	**436**	**326**	**2,880**	436	326	2,028
Bonus	**400**	**300**	**2,115**	388	278	1,232
Retirement benefits	**-**	**-**	**23,585**	-	-	801
	5,201	**3,900**	**56,943**	5,189	3,878	24,417
Number of persons	**1**	**1**	**37**	1	1	30

36.1 Some executives, including Chief Executive, are provided with the free use of the Company cars.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of directors reviews and agrees policies for managing each of these risks which are summarised below:

37.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk, such as equity risk.

Financial instruments affected by market risk include short-term investment, trade debtors, trade payables, bank balances, long-term financing and short-term borrowings.

37.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company interest rate risk arises from long-term and short-term borrowings obtained with floating rates. The Company is currently exposed to interest rate risk as all the borrowings of the Company are at floating rate of interest. All the borrowings of the Company are obtained in the functional currency.

Change in interest rate by 100bps may have a positive or negative impact of approximately Rs.12.605 (2010: Rs.11.664) million in profit and loss account before taxation. The analysis is made based on the assumption that all other variables remain constant.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
	Rupees in '000	
June 30, 2011		
KIBOR	**100**	(12,605)
	(100)	12,605
June 30, 2010		
KIBOR	**100**	(11,664)
	(100)	11,664

37.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency). The Company's exposure to foreign currency risk is as follows:

	June 30, 2011	June 30, 2010
	Rupees in '000	
Trade debts	**1,226,608**	486,851
Cash and bank balances	**2,618**	23,380
Short-term running finance under FE - 25	**(1,416,565)**	-
Trade and other payables	**(70,714)**	(37,195)
	(258,053)	473,036

The following significant exchange rates have been applied at the reporting dates:

Exchange rates	**86.05**	85.40

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Company has assessed that hedging its foreign currency borrowings will be more expensive than assuming the risk itself.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in US Dollar Rate (%)	Effect on profit / (loss)	Effect on equity
		Rupees in '000	
June 30, 2011	**+10**	**(25,805)**	**(25,805)**
	-10	**25,805**	**25,805**
June 30, 2010	**+10**	47,399	47,399
	-10	(47,399)	(47,399)

37.1.3 Equity risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs.14.407 (2010: Rs.14.623) million. A decrease of 10% in the share price of the listed security would have an impact of approximately Rs.1.440 million on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed security would impact equity or income in the similar amount.

37.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is mainly exposed to credit risk on trade debts and bank balances. The Company seeks to minimise the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

37.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	June 30, 2011	June 30, 2010
Trade debts	**Rupees in '000**	
Customers with no defaults in the past one year	**1,322,268**	579,728
Short-term investments		
A1+	**14,181**	14,423
AA	**226**	-
A1-	**-**	200
	14,407	14,623
Bank balances		
A1+	**10,346**	29,528
A1	**126**	-
A1-	**-**	5,167
	10,472	34,695

37.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, the Company has unavailed credit facility of Rs.328.387 (2010: Rs.322.704) million.

Table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
	Rupees in '000					
Long-term financing	-	16,499	133,762	235,319	-	385,580
Trade and other payables	187,553	167,314	-	-	-	354,867
Accrued mark-up	39,093	-	-	-	-	39,093
Short-term borrowings	-	1,601,611	597,743	-	-	2,199,354
2011	**226,646**	**1,785,424**	**731,505**	**235,319**	**-**	**2,978,894**

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
	Rupees in '000					
Long-term financing	-	-	176,007	347,574	719	524,300
Trade and other payables	4,685	210,920	13,759	1,185	-	230,549
Accrued mark-up	-	40,666	-	-	-	40,666
Short-term borrowings	-	-	1,463,296	-	-	1,463,296
2010	4,685	251,586	1,653,062	348,759	719	2,258,811

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

37.4 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 arm's length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

37.5 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended June 30, 2011 and June 30, 2010.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes equity attributable to the equity holders add reserves.

	June 30, 2011	June 30, 2010
	Rupees in '000	
Long-term financing	**235,319**	348,293
Current maturities of long-term financing	**150,261**	176,007
Cash and cash equivalents	**(104,461)**	(34,965)
Net debt	**281,119**	489,335
Issued, subscribed and paid-up capital	**840,000**	840,000
Reserves	**2,191,237**	2,007,793
Total capital	**3,031,237**	2,847,793
Capital and net debt	**3,312,356**	3,337,128
Gearing ratio	**8.49%**	14.66%

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

Casual Sportswear		
Associated undertaking / Common directorship		
Sales	**292,327**	234,944
Artistic Apparels (Private) Limited		
Associated undertaking / Common directorship		
Sales	**117,059**	80,436
Purchase	**-**	334
Services received	**5,920**	-
Sui Southern Gas Company Limited		
Associated undertaking / Common directorship		
Gas purchased	**79,330**	218,892

39.	PLANT CAPACITY AND PRODUCTION	June 30, 2011	June 30, 2010
	Spinning		
	Number of rotors installed	**864**	864
	Number of spindles installed	**17,856**	17,856
	Capacity of yarn (Lbs.)	**28,105,000**	32,951,500
	Production of yarn (Lbs.)	**20,399,363**	21,989,918
	Weaving		
	Number of looms installed	**148**	148
	Capacity of fabric (meters)	**21,958,400**	21,778,240
	Production of fabric (meters)	**15,974,318**	17,608,658
	Garments		
	Number of machines installed	**260**	95
	Capacity of garments (pcs)	**1,095,000**	150,000
	Production of garments (pcs)	**413,536**	120,000

Under utilisation of available capacity was due to global recession, quality change down time and type of quality produced.

40. MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

In the meeting held on October 01, 2011, the Board of Directors of the Company recommended a final cash dividend for the year at the rate of Rs.1.0 per Ordinary share of Rs.10 each, amounting to Rs. 84,000,000/-, out of the Company's profit, to the members at the Annual General Meeting for their approval.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on October 01, 2011 by the Board of Directors of the Company.

42. GENERAL

Figures in these financial statements have been rounded off to the nearest thousand rupees.

Faisal Ahmed
Chairman & Chief Executive

Muhammad Ali Ahmed
Director

FORM OF PROXY

19th Annual General Meeting

The Company Secretary,
Artistic Denim Mills Limited,
Plot No. 5-9, 23-26, Sector 16,
Korangi Industrial Area, Karachi.

I, ______________________________

of ______________________________

being a members of ARTISTIC DENIM MILLS LIMITED and a holder of ______________ ordinary

shares as per Share Registrar Folio No. _______ and / or CDC Participant I.D. No. ____________

and Sub Account No. ________________ hereby appoint ________________

of ______________________________

who is also member of ARTISTIC DENIM MILLS LIMITED as my Proxy to attend and vote for me on my behalf at the 19th Annual General Meeting of the Company to be held on Tuesday, October 25, 2011 at 1600 hrs and at any adjournment thereof.

Signed this day of 2011.

WITNESS :

1. Signature ________________
   Name ________________
   Address ________________
   ____
   CNIC or ________________
   Passport No. ________________

2. Signature ________________
   Name ________________
   Address ________________
   ____
   CNIC or ________________
   Passport No. ________________

Note :

1. The proxy order to be valid must be signed across a Five Rupees Revenue Stamp and should be deposited in the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
2. No person shall act as proxy unless he is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.
4. CDC Shareholders and their Proxies must attach either an attested photocopy of their Computerized National Identity Card or Passport with this Proxy Form.

ADM

AFFIX
CORRECT
POSTAGE

Company Secretary
Artistic Denim Mills Limited
Plot # 5-9, 23-26, Sector 16
Korangi Industrial Area
Karachi.

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