CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS:	
CHIEF EXECUTIVE:	MR. ZAHID ANWAR
DIRECTORS:	MRS. RUKHSANA BEGUM
	CH. GHULAM MURTAZA BUTTAR
	MR. UMER FAROOQ
	MR. AFTAB YOUNUS
	MR. ALI RAZA ZAFAR
	MR. RIAZ AHMED
AUDIT COMMITTEE:	
CHAIRMAN:	CH. GHULAM MURTAZA BUTTAR
MEMBER:	MR. AFTAB YOUNUS
MEMBER:	MR. RIAZ AHMED
HUMAN RESOURCES & REMUNERATION COMMITTEE:	
CHAIRMAN:	MR. UMER FAROOQ
MEMBER:	MR. ZAHID ANWAR
MEMBER:	CH. GHULAM MURTAZA BUTTAR
COMPANY SECRETARY:	MR. KHALID JABBAR
CHIEF FINANCIAL OFFICER:	MR. ALLAH DITTAH
HEAD OF INTERNAL AUDIT:	MR. NAVEED AKHTAR
AUDITORS:	HYDER BHIMJI & COMPANY CHARTERED ACCOUNTANTS
BANKS:	AL BARAKA BANK (PAKISTAN) LIMITED JS BANK LIMITED NATIONAL BANK OF PAKISTAN UNITED BANK LIMITED DUBAI ISLAMIC BANK
LEGAL ADVISOR:	MR. ZIA-UL-HAQ (ADVOCATE)
REGISTERED OFFICE:	JK HOUSE, 32-W, SUSAN ROAD, MADINA TOWN, FAISALABAD
SHARE REGISTRAR OFFICE:	NATIONAL BIZ MANAGEMENT (PVT) LTD. PLOT NO. 2-C, MEZZANINE FLOOR, BADAR COMMERCIAL AREA, STREET NO. 9, PHASE-V (Ext.), D. H. A., KARACHI
MILLS:	32-KM, SHEIKHUPURA ROAD, FAISALABAD
WEB SITE:	www.asimtextile.com

VISION

TO TURN AROUND THE COMPANY INTO A PROFITABLE UNDERTAKING THROUGHOUT ITS LIFE AND TO BE A MARKET LEADER BY BEING THE BEST LEADER BY BEING THE BEST.

MISSION

TO PROVIDE FINE QUALITY PRODUCTS OF ITS CUSTOMERS AND BRING THE COMPANY INTO PROFIT TO INCREASE SHAREHOLDERS' WEALTH

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the members of Asim Textile Mills Limited will be held at Registered Office of the companyJK House, 32-W, Susan Road, Madina Town, Faisalabad at 9:30 AM on 31.10.2012 to transact the following business :-

1. To confirm the minutes of the Annual General Meeting held on **31.10.2011.**

2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2012 together with the Directors' and Auditor's reports thereon.

3. To appoint auditors for the year ending June 30, 2013 and fix their remuneration. The retiring auditors M/S Hyder Bhimji & Co. chartered accountants being eligible offered themselves for reappointment.

4. To transact any other business with the permission of the chair.

FOR AND ON BEHALF OF THE BOARD

FAISALABAD: 08.10.2012

Company Secretary

NOTES:

1. The share transfer books of the company will remain closed from 26.10.2012 to 01.11.2012 (both days inclusive).

2. A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for the meeting.

3. Members are requested to immediately notify the change in their addresses, if any.

DIRECTORS' REPORT TO THE MEMBERS

Your directors feel pleasure in presenting the 23rd annual report with audited accounts of the company for the year ended June 30, 2012.

OPERATING RESULTS:

	(Rupees in thousand)	
	Year ended June 30, 2012	Year ended June 30, 2011
Profit before taxation	36,776	44,574
Taxation	7,538	6,049
Profit after taxation	29,238	38,525
Earning per share – basic (Rupee)	1.93	2.54

REVIEW OF OPERATING RESULTS:

During the year under review company has made a gross profit of Rs. 44.750 million as compare to gross profit of Rs. 59.428 million in the previous year and earned a net profit after taxation of Rs. 29.238 million as compare with Rs. 38.525 million for the pervious year. The reason of decrease in profit is due to increase in prices of stores & spares, packing material and fuel and power.

COURT CASES:

There is no material change in position of on going litigation and other matters related to court as reported in the Directors' report to the share holders for the year ended June 30, 2011, except matter disclosed in note 19.2 to the financial statements.

AUDITOR'S REPORT:

Auditors have drawn attention to note 1.2 along with the matter stated in notes 14.4, 17.1, 18.1, and 19.1 to the financial statements.

In directors' opinion our court cases are based on strong legal grounds and are likely to be decided in company's favour. The company has earned profit for last three consecutive years, so management is confident that accumulated loss of company will be recovered and capital will be restored in future. Accordingly these financial statements have been prepared on going concern basis.

OUTSTANDING STATUTORY PAYMENT:

There is no outstanding statutory payment due on account of taxes, duties, levies and charges except of normal and routine nature.

FUTURE PROSPECTS:

Pressure persist on cotton prices due to estimates of bumper crop and lower demand of yarn in local and international market results in dwindling margin of spinners. This factor along with shortage of sui gas / electricity will add to hardship of industry. The management of your company will try their best to minimize negative impacts.

COMPLIANCE SYSTEM:

The company has established implemented and maintained systems in compliance with the requirements of international standards and achieved third party certification for the following product/management systems standards:

ISO 9001:2008	Quality Management Systems

AUDITORS:

The present auditors M/s. Hyder Bhimji & Co., Chartered Accountants retire and being eligible offered themselves for reappointment for the next year. The audit committee has also recommended their name for reappointment.

PATTERN OF SHAREHOLDING:

Pattern of shareholding as on June 30, 2012 is annexed.

NUMBER OF BOARD MEETINGS HELD:

Four board meetings were held during the year ended on 30.06.2012. Attendance by each director is given below:-

Name of Director	No of Meetings Attended
Mr. Zahid Anwar (CEO)	4
Mrs. Rukhsana Begum	4
Ch. Ghulam Murtaza Buttar	4
Mr. Umer Farooq	4
Mr. Aftab Younus	4
Mr. Ali Raza	3
Mr. Riaz Ahmad	1

AUDIT COMMITTEE:

The Board in compliance with the Code of Corporate Governance has established an audit committee comprising of the following members:

Ch. Ghulam Murtaza Buttar	-	Chairman
Mr. Aftab Younus	-	Member
Mr. Riaz Ahmad	-	Member

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance to listing regulations of Stock Exchanges and as required under the Companies Ordinance, 1984, your directors are pleased to report as under:

1. The financial statements prepared by the management of your company present fairly and accurately the state of its affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of accounts of the company have been maintained.

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

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

5. The system of internal control is sound in design and has been effectively implemented and being monitored continuously. On going review will continue in future for further improvement in controls.

6. Going concern assumption has already been explained in preceding paragraphs.

7. There has been no material departure from the best practices of corporate governance.

8. Transaction undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.

9. The value of investment made in respect of Employees Provident Fund was 2011: Rs.8,869,554/- (2010: Rs.7,388,588/-).

10. Key operating and financial data of last six years in summarized form is annexed.

11. Statement of compliance with the Best Practice of Corporate Governance is annexed.

POST BALANCE SHEET EVENT:

There is no significant post balance sheet event which warrants mention.

KEY FINANCIAL HIGHLIGHTS:

Financial data of the last six years is annexed.

DIRECTORS' REMUNERATION:

As in previous years, the directors did not draw any remuneration during the current year due to financial position of the company.

DIVIDEND:

Due to accumulated loss directors do not recommend payment of dividend.

ACKNOWLEDGEMENT:

The management would like to place on record its deep appreciation for the continuous support of its shareholders, customers and employees and expect to get the same cooperation in the future.

Dated: October 08, 2012 **On behalf of the Board**
Faisalabad.

Zahid Anwar
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a frame work 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 manners:-

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

Category	Names
Independent Directors	Ch. Ghulam Murtaza Buttar
Executive Directors	Mr. Zahid Anwar
	Mrs. Rukhsana Begum
Non-Executive Directors	Mr. Umer Farooq
	Mr. Aftab Younus
	Mr. Ali Raza Zafar
	Mr. Riaz Ahmed

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

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

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved and 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 and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified on clause (xi) of CCG, some of the directors of the Company are exempted from the requirement of directors' training program and the rest of the directors to be trained within specified time.

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

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

12. 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.

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

14. The Board has formed an audit committee. It comprises of three members, all are non executive directors.

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

16. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

17. The Board has set-up an effective internal audit function. The audit staff are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

18. 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.

19. 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.

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

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

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

ZAHID ANWAR
CHIEF EXECUTIVE
OCTOBER 08, 2012

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	2011	2010	2009	2008	2007	2006
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
FINANCIAL POSITION						
Paid up capital	151.770	151.770	151.770	151.770	151.770	151.770
Fixed assets (cost)	630.916	610.699	594.997	594.728	593.607	585.439
Accumulated depreciation	251.802	231.829	212.158	191.911	170.611	148.585
Current assets	165.402	122.441	82.109	122.804	76.919	82.278
Current liabilities	244.174	236.019	229.507	247.016	222.128	235.767
INCOME						
Sales	1,094.621	832.727	650.364	629.924	535.836	515.069
Other income	1.940	1.251	1.455	-	-	-
Pre-tax profit/(loss)	44.574	27.161	(33.877)	2.426	(2.692)	(17.743)
Taxation (credit)/charge	(6.049)	(0.332)	4.025	1.429	1.819	2.161
STATISTICS AND RATIOS						
Pre-tax profit/(loss) to sales %	4.07	3.26	(5.21)	0.39	(0.50)	(3.44)
Pre-tax profit/(loss) to capital %	29.37	17.90	(22.32)	1.60	(1.77)	(11.69)
Current Ratio	1: 0.68	1 : 0.52	1 : 0.36	1 : 0.50	1 : 0.35	1 : 0.35
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Earning after tax per share (Rs.)	2.54	1.77	(1.97)	0.25	(0.06)	(1.03)
Cash dividend %	-	-	-	-	-	-
Break-up value per share (Rs.)	(20.74)	(23.76)	(26.00)	(24.53)	(25.31)	(25.80)

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 ("the Statement") contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Asim Textile Mills Limited** ("the Company") to comply with the Listing Regulation No.35 of the Karachi Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulations of Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 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 length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Khan Muhammad

DATE: OCTOBER 08, 2012
FAISALABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ASIM TEXTILE MILLS LIMITED** ("the Company") as at June 30, 2012 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

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

Without qualifying our opinion, we draw attention to;

Note 1.2 to the financial statements, which indicates that the Company has accumulated loss of Rs.429.064 million as at June 30, 2012 and its total current liabilities exceeded its current assets by Rs.41.009 million as at balance sheet date. These conditions along with the matters stated in Notes 14.4, 17.1, 18.1 and 19.1 to the financial statements indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern.

HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Khan Muhammad

DATE: OCTOBER 08, 2012
FAISALABAD

BALANCE SHEET
AS AT JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	387,152,221	379,112,555
Long term deposits	6	8,353,684	7,469,346
		395,505,905	386,581,901
CURRENT ASSETS			
Stores and spares	7	9,095,028	4,180,828
Stock in trade	8	30,932,752	52,095,475
Trade debts	9	-	7,865,281
Advances, prepayment and other receivables	10	14,416,759	15,139,729
Short term investment	11	17,986,798	30,009,417
Cash and bank balances	12	129,111,214	56,111,984
		201,542,551	165,402,714
TOTAL ASSETS		597,048,456	551,984,615
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 ordinary shares of Rs.10 each		175,000,000	175,000,000
Issued, subscribed and paid up capital			
15,177,000 ordinary shares of Rs. 10 each, fully paid up in cash		151,770,000	151,770,000
Accumulated loss		(429,064,292)	(466,536,982)
		(277,294,292)	(314,766,982)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	13	148,941,435	135,103,360
NON CURRENT LIABILITIES			
Long term financing	14	415,046,998	415,046,998
Deferred liabilities	15	67,802,070	72,426,625
		482,849,068	487,473,623
CURRENT LIABILITIES			
Trade and other payables	16	45,363,906	47,469,483
Accrued mark up	17	194,161,422	194,161,422
Short term borrowing	18	2,543,709	2,543,709
Provision for taxation		483,208	-
		242,552,245	244,174,614
CONTINGENCIES AND COMMITMENTS	19		
TOTAL EQUITY AND LIABILITIES		597,048,456	551,984,615

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
Sales - net	20	1,054,932,445	1,084,822,078
Cost of sales	21	1,010,182,188	1,035,393,839
Gross profit		44,750,257	59,428,239
Operating expenses			
Distribution costs	22	-	480,706
Administrative expenses	23	12,835,601	12,599,640
Other expenses	24	3,352,151	3,352,895
Finance costs	25	461,991	360,960
		16,649,743	16,794,201
		28,100,514	42,634,038
Other operating income	26	8,675,833	1,940,295
Profit before taxation		36,776,347	44,574,333
Taxation	27	7,538,560	6,048,847
Profit for the year		29,237,787	38,525,486
Earnings per share - Basic	28	1.93	2.54

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rupees	2011 Rupees
Profit for the year after taxation	29,237,787	38,525,486
Other comprehensive income for the year		
Unrealized income on changes in fair value of investment	1,766,714	499,417
Total comprehensive income for the year	31,004,501	39,024,903

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		36,776,347	44,574,333
Adjustments for:			
Depreciation		19,654,706	19,974,971
Profit on deposit accounts		(5,554,031)	(1,547,243)
Profit on short term investment		(1,210,667)	(386,301)
Workers' welfare fund		756,971	931,563
Workers' profit participation fund		1,975,438	2,421,332
Finance costs		461,991	360,960
Operating cash flows before working capital changes		52,860,755	66,329,615
Changes in working capital			
(Increase)/decrease in current assets			
Stores and spares		(4,914,200)	(403,186)
Stock in trade		12,162,723	(14,683,356)
Trade debts		7,865,281	(5,229,531)
Advances, prepayment and other receivables		752,778	8,716,163
Increase/(decrease) in current liabilities			
Trade and other payables		388,423	5,696,622
		16,255,005	(5,899,270)
Cash generated from operations		69,115,760	60,430,345
Finance costs paid		(86,195)	(120,226)
Taxes paid		(10,365,069)	(10,543,046)
Staff retirement gratuity paid		(1,141,685)	(304,081)
Workers' profit participation fund Paid		(4,496,863)	-
Workers' welfare fund paid		(1,105,342)	-
Net cash generated from operating activities		51,920,606	49,462,993
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property, plant and equipment		(7,388,108)	(20,217,386)
Profit on deposit accounts		5,351,070	1,440,919
Short term investment		12,022,619	(30,009,417)
Profit on short term investment		2,977,381	885,718
Long term deposits		(884,338)	(6,550)
Net cash generated from/(used in) investing activities		12,078,624	(47,906,716)
Net increase in cash and cash equivalents	(a+b)	63,999,230	1,554,275
Cash and cash equivalents at the beginning of the year		56,111,984	54,557,709
Cash and cash equivalents at the end of the year	12	120,111,214	56,111,984

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share capital	Accumulated loss	Total
	[R U P E E S]		
Balance as at July 01, 2010	151,770,000	(512,370,504)	(360,600,504)
Incremental depreciation on revalued property, plant and equipment for the year	-	10,474,798	10,474,798
Tax effect on incremental depreciation	-	(3,666,179)	(3,666,179)
Total comprehensive income for the year	-	39,024,903	39,024,903
Balance as at June 30, 2011	**151,770,000**	**(466,536,982)**	**(314,766,982)**
Incremental depreciation on revalued property, plant and equipment for the year	-	9,951,059	9,951,059
Tax effect on incremental depreciation	-	(3,482,870)	(3,482,870)
Total comprehensive income for the year	-	31,004,501	31,004,501
Balance as at June 30, 2012	**151,770,000**	**(429,064,292)**	**(277,294,292)**

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is limited by shares and incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are quoted at Karachi, Islamabad and Lahore stock exchanges. The principal business of the Company is manufacturing and sale of yarn. The Mill is located at Tehsil Jaranwala, District Faisalabad in the Province of Punjab and the registered office of the Company is located at JK House, 32 W, Susan Road, Madina Town, Faisalabad.

1.2 Going concern assumption

The Company has accumulated loss of Rs. 429.064 million (2011: Rs. 466.537 million) as against issued, subscribed and paid up capital of Rs. 151.770 million (2011: Rs. 151.770 million) and its current liabilities exceeded its current assets by Rs. 41.009 million (2011 Rs. 78.772 million). These factors in addition to factors described in notes 14, 17 and 19 of the financial statements raise doubts about the company being a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However the adjustments, if any, relating to the recoverability of recorded assets and liabilities have not been incorporated in these financial statements as the management is making efforts for improvement in the production, quality and marketing of its products. The management believes that it has sufficient assets and resources to meet its current liabilities including the fact that the company is operating at a profit during the last couple of years as well as for the current year, that trend expected to be continue in future. Accordingly, the management is fully justified to prepare these financial statements by using the going concern assumption and without incorporating / considering any adjustment relating to the recoverability of recorded assets and settlement of recorded liabilities.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards and interpretation that became effective but not relevant to the Company

New standards, amendment and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the year are considered not to be relevant or have any significant effect on the company's operations.

During the year, the following amendments, interpretations and improvements to the accounting standards became effective:

IFRS 7	Financial Instruments: Disclosures - (Amendment)
IAS 24	Related Party Disclosures (Revised)
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)

International Accounting Standards Board (IASB) also issued amendments to various standards primarily with a view to remove inconsistencies and clarifying wordings. These improvements are listed below:

IFRS 7	Financial Instruments: Disclosures - Clarification of disclosures
IAS 1	Presentation of Financial Statements - Clarification of Statement of Changes in Equity
IAS 34	Interim Financial Reporting - Significant events and transactions
IFRIC 13	Customer Loyalty Programmes - Fair value of award credits

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

Standards and Interpretations issued but not yet effective

The following standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after July 1, 2012 or later periods:

		Effective date
IFRS 7	Amendments enhancing disclosures about offsetting of financial assets and liabilities	January 01,2013
IAS 1	Presentation of financial statements-amendment 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 benefit project	January 01, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments)	January 01, 2014
IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Company expects the that the adoption of the above revisions, amendments and interpretations of the standards will not have material affect on the Company's financial statements in the period of the 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 Accounting Periods beginning 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 Interest in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for staff retirement benefits stated on termination basis and property, plant and equipment carried at revalued amount. The company's significant accounting policies are stated in note 4. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions effect only that period, or in the period of revision and future periods if revisions affect both current and future periods.

Significant areas requiring the use of the management estimates in these financial statements relate to the useful life of the depreciable assets, provision for doubtful debts on account receivables and staff retirement benefits. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Staff retirement benefits

The Company changed its policy for staff retirement benefits as on 31st March, 2008 from staff retirement gratuity to provident fund and staff retirement gratuity up to that date is stated on termination basis.

At present the Company operates an approved Provident Fund Scheme covering all its permanent employees. Equal monthly contributions are made, both by the Company, and the employees, to the fund at the rate of 8.33% of the basic salary. The Company's contribution to the fund is charged to profit and loss account.

Taxation

Current Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax rebates and tax credits, if any, available under the law.

Deferred Taxation

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

4.3 Property, plant and equipment

Operating assets

Operating fixed assets except land and capital work in progress are stated at cost / revalued amount less accumulated depreciation and impairment, if any. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Free hold land is stated at revalued amount and capital work in progress is stated at historical cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of the property, plant and equipment is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the reducing balance method so as to write off the historical cost of the assets over their expected useful life at the rates mentioned in property, plant and equipment.

Depreciation on additions during the year is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Gains and losses on disposal of property, plant and equipment are included in current income.

Capital work in progress is shown at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevent property, plant and equipment category as and when assets are available for use.

4.4 Surplus on revaluation of property, plant and equipment

Surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. However, incremental depreciation charged on surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred to accumulated loss through statement of changes in equity.

4.5 Trade and other payables

Liabilities in respect of trade and other payables 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.

4.6 Provisions

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

4.7 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence/ non- occurrence of the uncertain future event(s).

4.8 Stores and spares

Stores and spares are stated at lower of weighted average cost and net realizable value less impairment, if any.

4.9 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw material - At factory	Weighted average cost
- In Transit	Invoice value plus direct charges in respect thereof.
Work in process and finished goods	Prime cost including a proportion of production overheads.

Wastes are valued at net realizable value.

4.10 Trade and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future. Balances considered bad are written off when identified.

4.11 Short term investment

These are initially measured at cost which is the fair value of the consideration given and subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available for sale reserve until (i) the investment is derecognized, at which time the cumulative gain or loss is recognized in the profit and loss account, or (ii) determined to be impaired /change in the fair value of securities, at which time the cumulative loss is recognized in the profit and loss account and removed from the available -for-sale financial assets.

4.12 Foreign currency translation

Transactions denominated in foreign currencies are initially translated to Pakistan rupees at the exchange rate prevailing on the dates of transactions, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies at year end are subsequently translated into Pakistan Rupees at the exchange rates ruling on that date. All non-monetary assets and liabilities are translated into Pak Rupees by using exchange rates that existed when the values were determined or on the date when fair values are determined. Exchange differences on the foreign currency translations are included in the profit and loss account.

4.13 Revenue recognition

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable and is recognized on the following basis;

Revenue from sales of goods is recognized when the significant risks and rewards of the ownership of the goods have been passed to the customer usually when goods are delivered/ dispatched and title has passed.

Profit on bank deposits is recognized on a time-apportioned basis on the principal amount outstanding using the effective rate of return applicable.

Profit on short term investment is recognized on the time-apportioned basis.

4.14 Related party transactions and transfer pricing

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

4.16 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets. All other borrowing costs are charged to current year income.

4.17 Dividend and other appropriations

Dividend is recognized as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

4.18 Financial instruments

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

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

a) **Trade and other Receivables**

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

b) **Borrowings**

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

c) **Trade and other payables**

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

4.19 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidences that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Company considers evidence of impairment for receivables and other financial assets at specific asset levels. Losses are recognized as an expense in the profit and loss account. When a subsequent event causes the amount of impairment loss to decrease, this reduction is reversed through the profit and loss account.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated An impairment loss is recognized as an expense in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessment of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.20 Offsetting of financial assets and financial liabilities

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

5. PROPERTY, PLANT AND EQUIPMENT	Note	2012 Rupees	2011 Rupees
Operating fixed assets	5.1	385,790,031	379,112,555
Capital Work in Progress	5.4	1,362,190	-
		387,152,221	379,112,555

5.1 OPERATING FIXED ASSETS

2012

DESCRIPTION	COST / REVALUATION: As at July 1, 2011	Addition/ (deletion)	Surplus / (deficit) on revaluation	As at June 30, 2012	DEPRECIATION: As at July 1, 2011	For the year	As at June 30, 2012	W.D.V As at June 30, 2012	Rate %
Freehold land	9,801,987	-	29,404,413	39,206,400	-	-	-	39,206,400	-
Building on freehold land	52,265,500	-	47,873,165	100,138,665	22,144,329	1,505,815	23,650,144	76,488,519	5
Plant and machinery	544,201,526	5,747,360	(57,436,606)	492,512,280	215,281,559	16,614,721	231,896,280	260,616,000	5
Electric installations	15,423,102	79,780	462,877	15,965,759	5,470,254	495,515	5,965,769	10,000,000	10
Furniture and fixtures								-	
& office equipments	3,028,560	198,760	-	3,227,320	1,208,588	176,462	1,385,050	1,842,270	10
Vehicles	7,840,575	-	-	7,840,575	3,165,151	935,174	4,100,325	3,740,250	20
Factory Equipment	355,750	-	-	355,750	307,257	4,869	312,126	43,624	10
Total 2012	**630,915,678**	**6,025,900**	**20,303,849**	**657,245,427**	**251,803,123**	**19,654,706**	**271,457,829**	**385,790,031**	

2011

DESCRIPTION	COST / REVALUATION: As at July 1, 2010	Addition/ (deletion)	Surplus / (deficit) on revaluation	As at June 30, 2011	DEPRECIATION: As at July 1, 2010	For the year	As at June 30, 2011	W.D.V As at June 30, 2011	Rate %
Freehold land	9,801,987	-	-	9,801,987	-	-	-	9,801,987	-
Building on freehold land	52,265,500	-	-	52,265,500	20,558,715	1,585,614	22,144,329	30,121,171	5
Plant and machinery	514,272,709	500,000	-	514,772,709	199,538,378	15,253,671	214,792,049	299,980,660	5
Power Generators	13,537,927	15,881,110	-	29,419,037	339,398	1,124,102	1,463,500	27,955,537	5
Furniture and fixtures									
& office equipments	2,006,172	1,022,388	-	3,028,560	1,073,304	135,284	1,208,588	1,819,972	10
Vehicles	4,976,985	2,863,590	-	7,840,575	2,254,207	910,944	3,165,151	4,675,424	20
Factory Equipment	355,750	-	-	355,750	301,847	5,410	307,257	48,493	10
Electric installations	15,423,102			15,423,102	4,919,538	550,716	5,470,254	9,952,848	10
Total 2011	**610,698,290**	**20,217,388**	**-**	**630,915,678**	**231,829,152**	**19,973,971**	**251,803,123**	**379,112,555**	

	2012 Rupees	2011 Rupees
5.2 Depreciation has been allocated as under;		
Cost of sales	**18,543,100**	19,028,743
Administrative expenses	**1,111,606**	946,228
	19,654,706	19,974,971

5.3 Had there been no revaluation, the related figures of freehold land, building on freehold land, plant and machinery and electric installations as at June 30 would have been as follows.

	2012		
	Cost	Accumulated depreciation	Written down value
	[R U P E E S]		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	30,805,415	9,825,585
Plant and machinery	401,713,397	254,944,739	146,768,658
Electric installations	13,502,895	8,966,869	4,536,026
	459,909,292	294,717,023	165,192,269

	2011		
	Cost	Accumulated depreciation	Written down value
	[R U P E E S]		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	30,287,400	10,343,600
Plant and machinery	366,547,000	245,905,356	120,641,644
	411,240,000	276,192,756	135,047,244

	2012 Rupees	2011 Rupees
5.4 Capital work in progress		
Electric Installation	**1,362,190**	-

	Note	2012 Rupees	2011 Rupees
6. LONG TERM DEPOSITS			
Security deposits			
Sui Gas		5,611,066	5,175,858
WAPDA		2,734,078	2,284,938
WASA		8,550	8,550
		8,353,694	7,469,346
7. STORES AND SPARES			
Stores		4,234,306	2,428,002
Spares		4,860,722	1,752,826
		9,095,028	4,180,828
8. STOCK IN TRADE			
Raw material			
- Cotton		23,208,011	29,451,997
- Polyester		5,033,229	7,134,547
		28,241,240	36,586,544
Work in process		7,648,957	11,375,577
Finished goods		4,042,566	4,133,354
		39,932,763	52,095,475
9. TRADE DEBTS			
Considered good			
Foreign - secured		-	7,865,281
		-	7,865,281
10. ADVANCES, PREPAYMENT AND OTHER RECEIVABLES			
Considered good			
Advances to employees		51,000	875,378
Advances to suppliers		5,392,644	8,343,225
Prepaid insurance		107,950	134,872
Advance Income tax		-	173,153
Sales tax receivable		8,482,767	4,443,564
Accrued interest		309,298	106,324
Others		63,213	63,213
		14,416,768	15,139,729
11. SHORT TERM INVESTMENT			
Available-for-sale			
NAFA Government Securities Liquid Fund		17,986,798	30,009,417

These have been valued by using published net asset value (NAV) as at 30 June 2012, the number of units held by the Company is 1,709,121.6726 units (2011: 2,996,028.6658 units).

	Note	2012 Rupees	2011 Rupees
12. CASH AND BANK BALANCES			
Cash in hand		66,783	136,601
Cash at bank			
In current accounts	12.1	398,463	271,219
In deposit accounts	12.2	119,645,968	55,704,084
		120,044,431	55,975,303
		120,111,214	56,111,904

12.1 It includes US$ 1,000/- (2011: US$ 1,000/-) and SAR. 2,481/- (2011: SAR. 2,481/-)

12.2 Deposits with commercial banks yield profit at the rate of 5% to 11% (2011: 5% to 11%)

	Note	2012 Rupees	2011 Rupees
13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance as on July 01,		135,103,360	141,911,979
Surplus on revaluation created during the year		20,306,264	
		155,409,624	141,911,979
Incremental depreciation on revalued property, plant and equipment for the year		(9,951,059)	(10,474,798)
Related effect of deferred tax liability		3,482,870	3,666,179
		(6,468,189)	(6,808,619)
Balance as on June 30,		148,941,435	135,103,360

First revaluation of building on freehold land and plant and machinery was carried out as on September 30, 1995 by an independent valuer M/s Iqbal A. Nanjee & Co. Lahore on the basis of depreciated replacement values.

Second revaluation of free hold land, building on freehold land and plant and machinery has been carried out on September 30, 2000 by an independent valuer Inspectorates Corporation International (PM) Ltd., Lahore and the same has been verified by SBP's approved auditors on the basis of depreciated replacement values.

Third revaluation of free hold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2012 by an independent valuer M/s Nizamy Associates, Faisalabad on the basis of depreciated replacement values.

	Note	2012 Rupees	2011 Rupees
14. LONG TERM FINANCING			
Loan from banking companies - secured			
Morabaha finance			
Morabaha - I	14.1	340,901,898	340,901,898
Morabaha - II	14.2	74,145,100	74,145,100
		415,046,998	415,046,998

14.1 It represents morabaha finance created by Faysal Bank Limited by converting various morabaha finances into long term morabaha-I at an interest rate of 13% per annum.

14.2 It represents an interest free morabaha finance by Faysal Bank Limited by converting various unpaid markups into long term non-profit morabaha-II.

14.3 The above mentioned morabaha finances are secured against the first charge of Rs. 606 million on fixed assets and personal guarantees of directors and Chief Executive of the Company.

14.4 The Company is not repaying the morabaha finances as it has filed a case against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 19.1. Accordingly, the current portion of these morabaha finances has not been transferred to current liabilities as the amount of liability and related current portion is dependent upon the decision of the case.

	Note	2012 Rupees	2011 Rupees
15. DEFERRED LIABILITIES			
Deferred taxation	15.1	66,174,949	69,657,819
Staff retirement gratuity	15.2	1,627,121	2,768,806
		67,802,070	72,426,625
15.1 DEFERRED TAXATION			
Balance as on July 01,		69,657,819	73,323,998
Adjusted during the year		(3,482,870)	(3,666,179)
Balance as on June 30,		66,174,949	69,657,819

Provision for deferred taxation is based on temporary differences arising on surplus on revaluation of property, plant and equipment. The Company being prudent has not accounted for net deferred tax asset on net deductible temporary differences amounting to Rs. 1.656 million (2011: Rs.10.711 million) comprising accelerated tax depreciation, recognized losses and staff retirement benefits, due to the uncertainty with regard to availability of future taxable profits of the Company against which the unused tax losses and unused tax credits can be utilized.

	Note	2012 Rupees	2011 Rupees
15.2 STAFF RETIREMENT GRATUITY			
Balance as on July 01,		2,768,806	3,072,887
Paid during the year		(1,141,685)	(304,081)
Balance as on June 30,		1,627,121	2,768,806

16. TRADE AND OTHER PAYABLES

	Note	2012 Rupees	2011 Rupees
Trade creditors		14,848,416	27,237,122
Accrued expenses		12,646,895	7,847,763
Advances from customers		14,078,340	6,536,054
Due to directors		927,462	1,100,283
Withholding tax payable		87,366	218,823
Workers' profit participation fund	16.1	1,975,438	4,121,067
Workers welfare fund		-	348,371
		46,363,906	47,409,483

16.1 Workers' profit participation fund

	2012 Rupees	2011 Rupees
At the beginning of the year	4,121,067	1,459,000
Interest on funds utilised in the Company's business	376,796	240,735
	4,496,863	1,699,735
Allocation for the year	1,975,438	2,421,332
	6,472,301	4,121,067
Less: Payments during the year	(4,496,863)	-
	1,975,438	4,121,067

17. ACCRUED MARK UP

	Note	2012 Rupees	2011 Rupees
Accrued markup on secured morabaha finance	17.1	194,161,422	194,161,422

17.1 The company has ceased the payment of markup as it has filed a case against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 19.1

18. SHORT TERM BORROWING

	Note	2012 Rupees	2011 Rupees
Banking company			
Interest free bank overdraft - unsecured	18.1	2,543,709	2,543,709

18.1 The company has ceased repaying the overdraft as it has filed a suite against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 19.1.

19. CONTINGENCIES AND COMMITMENTS

Contingencies

19.1 The company has instituted a suit in the Honourable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is Rs.141.031 million (including claims of Central Excise Duty) and for the last count has been left for the Court to determine. The Bank has also filed a counter suit for the recovery of Rs. 454.502 million in the honourable Lahore high court along with the late payment charges, pending adjudication at the terminal date. As per opinion of the Company's legal advisor the cases are being contested on strong legal grounds and are likely to be decided in Company's favour. If so decided the amount of morabaha finances would decrease by the amount decided by the Court. Accordingly, mark up aggregated to Rs. 29.776 million on financial institutions' lending is not being accrued as referred to in note 14,17 & 25.1 of these financial statements. Due to litigations, the Bank is not responding and confirming the balance to the company.

19.2 An employee has filed suit against the company in Labour Court for the claim of outstanding dues against his services. The financial impact of the case is immaterial. The legal advisor has confirmed that the Company is at sound footing and prima facie and said case is expected to be decided in the favour of M/S. Asim Textile Mills Limited.

20. SALES - NET

	Note	2012 Rupees	2011 Rupees
Yarn sales			
Export	20.1	-	13,282,480
Local		1,043,270,365	1,067,031,051
Waste sales			
Local		11,675,080	15,337,488
		1,054,945,445	1,095,651,019
Less: Commission		(13,000)	(828,941)
		1,054,932,445	1,094,822,078

20.1 It includes exchange gain Rs. NIL (2011 Rs. 152,459/-)

21. COST OF SALES

	Note	2012 Rupees	2011 Rupees
Raw material consumed - Cotton	21.1	382,638,347	496,267,940
Raw material consumed - Polyester	21.2	418,369,268	347,150,728
Stores and spares consumed		17,836,656	14,907,813
Packing material consumed		17,027,414	12,903,041
Doubling charges		-	1,144,000
Salaries, wages and benefits		67,418,289	50,985,743
Provident fund		1,303,606	1,724,454
Fuel and power		89,751,870	76,453,314
Repairs and maintenance		703,883	1,276,432
Insurance		1,808,706	2,081,711
Depreciation	6.2	18,643,100	19,028,743
General expenses		463,631	570,008
		1,006,364,769	1,024,662,405
Work in process			
Balance as on July 01,		11,375,577	4,923,262
Balance as on June 30,		(7,648,957)	(11,375,577)
		3,726,620	(6,452,315)
Cost of goods manufactured		1,010,091,389	1,018,210,090
Finished goods			
Balance as on July 01,		4,133,354	21,317,103
Balance as on June 30,		(4,042,555)	(4,133,354)
		90,799	17,183,749
		1,010,182,188	1,035,393,839

21.1 RAW MATERIAL CONSUMED - COTTON

	2012 Rupees	2011 Rupees
Balance as on July 01,	29,451,997	7,200,088
Purchases	376,394,361	518,519,849
	405,846,358	525,719,937
Balance as on June 30,	(23,208,011)	(29,451,997)
	382,638,347	496,267,940

21.2 RAW MATERIAL CONSUMED - POLYESTER

	2012 Rupees	2011 Rupees
Balance as on July 01,	7,134,547	3,872,664
Purchases	416,267,950	350,412,611
	423,402,497	354,285,275
Balance as on June 30,	(5,033,229)	(7,134,547)
	418,369,268	347,150,728

22. DISTRIBUTION COSTS

	2012 Rupees	2011 Rupees
Ocean freight	-	358,110
Local freight and octroi	-	66,300
Clearing and forwarding	-	21,680
General export expenses	-	34,616
	-	480,706

	Note	2012 Rupees	2011 Rupees
23. ADMINISTRATIVE EXPENSES			
Staff salaries and benefits		5,952,294	6,281,441
Provident fund		253,336	269,276
Postage and telecommunication		349,576	420,022
Electricity, gas and water		273,887	300,393
Printing and stationary		48,858	104,312
Travelling and conveyance		1,080,768	1,003,804
Entertainment		100,588	98,416
Fees and subscription		246,993	1,297,316
Legal and professional		521,452	776,686
Rent, rate and taxes		119,660	75,000
Vehicle, running and maintenance		1,602,894	1,386,869
Auditors' remuneration	23.1	320,000	302,000
Insurance		601,527	167,521
Advertisement		26,190	12,320
Depreciation	5.2	1,111,606	946,228
Others		216,002	109,087
		12,836,601	12,699,640

23.1 AUDITORS' REMUNERATION

		2012 Rupees	2011 Rupees
Statutory audit		250,000	250,000
Half yearly review		50,000	50,000
Out of pocket expenses		20,000	2,000
		320,000	302,000

	Note	2012 Rupees	2011 Rupees
24. OTHER EXPENSES			
Workers' welfare fund		755,971	931,563
Workers' profit participation fund		1,976,438	2,421,332
Balance written off		619,742	
		3,352,151	3,352,895
25. FINANCE COSTS			
Interest on workers' profit participation fund		375,795	240,735
Mark up on long term financing	25.1	-	-
Bank charges and commission		86,196	120,225
		461,991	360,960

25.1 Markup on morabaha finances amounting to Rs. Nil (2011: Rs. Nil) accumulated to Rs.29.778 million (2011: Rs.29.778 million) has not been accounted for in these financial statements.

	Note	2012 Rupees	2011 Rupees
26. OTHER OPERATING INCOME			
Income from financial assets			
Profit on deposit accounts		5,664,931	1,547,243
Profit on short term investment		1,210,667	386,301
Exchange gain on foreign currency translation		29,982	6,751
Income from non-financial assets			
Balances written back		1,881,163	-
		8,876,833	1,940,295
27. TAXATION			
Current	27.1	10,716,022	9,746,118
Deferred		(3,482,870)	(3,666,179)
Prior year		305,408	(31,092)
		7,538,560	6,048,847

27.1 In view of the available tax losses, provision for current taxation is based on turnover under Section 113 of the Income Tax Ordinance, 2001 after giving effects of tax credits if any, for sales under normal law and under section 154 read with section 169 for sales under final tax regime. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of turnover and final taxation.

27.2 Reconciliation of tax expense and accounting profit has not been presented in these financial statements due to the reason discussed in note 27.1 above.

28. EARNINGS PER SHARE-BASIC

	2012	2011
Profit for the year (Rupees)	29,237,787	38,626,466
Weighted average number of ordinary shares outstanding during the year	15,177,000	15,177,000
Earnings per share-basic (Rupees)	1.93	2.54

There is no dilutive effect on the basic earnings per share of the Company.

29. REMUNERATION TO DIRECTORS

No remuneration is paid to the Chief Executive and directors during the year, however Chief Executive Officer is provided with free use of Company maintained car.

No meeting fee has been paid to any director of the Company for attending the board meetings.

No employee of the company falls within the definition of executive as defined in the 4th schedule to the Companies Ordinance, 1984.

30. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Amounts due from and due to related parties, if any, are shown under relevant notes to financial statements. Remuneration of Chief Executive Officer, Directors and Executives is disclosed in Note 29. There is no other significant transactions with related parties.

Transactions with related parties undertaken during the year were as follows:-

	2012 Rupees	2011 Rupees
Post employment benefit	4,185,801	4,062,334
Repayment to directors	232,831	1,271,824

There were no transactions with key management personnel except those covered under their terms of employment.

31. PLANT CAPACITY AND PRODUCTION

	2012	2011
Number of spindles installed	22,256	21,674
Number of spindles worked	22,256	21,674
Number of shifts worked per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	9,211,725	8,147,654
Actual production of yarn after conversion into 20/s count (Kgs)	8,520,465	7,299,576

Reasons for shortfall

The short fall in actual production during the year when compared with capacity is mainly on account of:
– Temporary closure of business for maintenance.
– The actual production is planned to meet the market demand and orders in hand; and
– Shortage of electricity.

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

32.1 Financial assets and liabilities

Financial assets and liabilities of the company are as follows:-

	June 30, 2012						
	Interest/mark-up bearing			Non interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	RUPEES						
Financial assets							
Available for sale							
- Investment (NAFA Government Securities)	-	-	-	17,886,788	-	17,886,788	17,886,788
Loans and receivables							
Long term deposits	-	5,611,000	5,611,000	-	3,742,028	3,742,028	9,353,028
Trade debts	-	-	-	-	-	-	-
Advances, prepayment and other receivables	329,265	-	329,265	171,183	-	171,183	500,448
Cash and bank balances	119,645,998	-	119,645,998	466,216	-	466,216	120,111,214
	119,966,203	5,611,000	125,633,809	18,628,207	3,742,028	21,366,886	146,882,144
Financial liabilities							
At amortised cost							
Long term finances	-	380,821,880	380,821,880	-	94,145,100	94,145,100	475,016,980
Trade and other payables	-	-	-	28,422,762	-	28,422,762	28,422,762
Mark up accrued on long term financing	-	-	-	194,161,422	-	194,161,422	194,161,422
Short term borrowing	-	-	-	2,648,709	-	2,648,709	2,648,709
	-	380,821,880	380,821,880	225,177,893	94,145,100	319,322,993	640,144,873
Excess of financial liabilities over financial assets	119,966,203	(336,230,842)	(216,330,089)	(205,604,686)	(71,403,472)	(277,807,168)	(493,262,747)

	June 30, 2011						
	Interest/mark up bearing			Non interest/mark up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	RUPEES						
Financial assets							
Available for sale							
- Investment (NAFA Government Securities)	-	-	-	30,008,417	-	30,008,417	30,008,417
Loans and receivables							
Long term deposits	-	5,175,858	5,175,858	-	2,293,488	2,293,488	7,469,346
Trade debts	-	-	-	7,896,281	-	7,896,281	7,896,281
Advances, prepayment and other receivables	106,324	-	106,324	180,085	-	180,085	286,409
Cash and bank balances	55,704,084	-	55,704,084	407,900	-	407,900	56,111,984
	55,810,408	5,175,858	60,986,266	38,480,683	2,293,488	40,774,171	101,760,437
Financial liabilities							
At amortised cost							
Long term finances	-	340,901,898	340,901,898	-	74,145,100	74,145,100	415,046,998
Trade and other payables	-	-	-	47,469,483	-	47,469,483	47,469,483
Mark up accrued on	-	-	-	-	-	-	-
long term financing	-	-	-	194,161,422	-	194,161,422	194,161,422
Short term borrowing				2,543,709		2,543,709	2,543,709
		340,901,898	340,901,898	244,174,614	74,145,100	318,319,714	659,221,612
Excess of financial liabilities over financial assets	55,810,408	(335,726,040)	(279,915,632)	(205,693,931)	(71,851,612)	(277,545,543)	(557,461,175)

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

32.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

32.2.1 Financial risk factors

The Company has exposed a variety of financial risks for its use of financial instruments: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Board of Director has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a) Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instruments will fail to discharge its contractual obligations and cause the other party to incur a financial loss. The Company is exposed to credit risk on deposits, trade debts, short term investment, profit accrued on bank deposits and bank balances. Out of the total financial assets of Rs. 146,932,144/- (2011: Rs 101,760,437), the financial assets which are subject to credit risk amounted to Rs. 146,440,126/- (2011: Rs. 101,362,660/-). The carrying value of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as under

	2012 Rupees	2011 Rupees
Long term deposits	8,353,684	7,459,946
Trade debts	-	7,085,201
Other receivables	60,213	23,213
Short term investments	17,988,798	30,009,417
Bank balances	120,044,431	55,875,303
	146,448,126	101,372,590

Credit quality of financial assets

The credit quality of the company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit rating determined based on their historical information for any defaults in meeting obligations.

	Rating			2012	2011
	Short term	Long term	Agency	Rupees	Rupees
Bank balances					
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	542,690	3,685,449
Dubai Islamic Bank (Pakistan) Limited	A1+	AA+	PACRA	74,244,792	10,217,765
Faysal Bank Limited	A1+	AA	PACRA	666	666
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	2,590
Habib Bank Limited	A-1+	AA+	JCR-VIS	21,499	21,499
JS Bank Limited	A1	A+	PACRA	26,940,129	36,857,298
American Express Bank Limited				604	604
KASB Bank Limited	A3	BBB	PACRA	-	27,620
Muslim Commercial Bank Limited	A1+	AA+	PACRA	26,355	33,955
Meezan Bank Limited	A-1+	AA-	JCR-VIS	10,411	17,411
National Bank of Pakistan	A-1+	AAA	JCR-VIS	164,227	12,109
Samba Bank Limited	A-1	AA-	JCR-VIS	10,381	17,901
Summit Bank Limited	A1+	AA-	PACRA	-	15,883
Silk Bank Limited	A-2	A-	JCR-VIS	-	27,397
United Bank Limited	A-1+	AA+	JCR-VIS	18,078,477	1,912,079
				120,044,431	55,875,303
		Rating			
Short term investment					
NAFA Government Securities Liquid Fund		AAA		17,988,798	30,009,417
Counterparties without external credit rating					
Other receivables				60,213	23,213

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents.

Financial assets and financial liabilities maturing within twelve months are presented in note 32.1.

c) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables or payables that exist due to transactions in foreign currencies.

Financial assets include Rs. 156,187/- (2011: Rs. 5,007,100/-) which were subject to currency risk.

At June 30, 2012, had the currency been weakened / strengthened by 5% against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs.7,180/- (2011: Rs.368,327/-) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts.

(ii) Interest rate risk

Interest rate risk represents the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing financial assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates exposes the Company to cash flow interest rate risk. Borrowings obtained at fixed rate exposes the company to fair value interest rate risk.

	2012 Rupees	2011 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	**415,046,399**	415,046,398
Floating rate instruments		
Financial assets		
Bank balances-deposit account	**119,649,555**	66,704,084

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 777,689/- (2011: Rupees 392,077/-) higher / lower. The analysis is prepared assuming the amounts of bank balances outstanding at the balance sheet date were outstanding for the whole year.

(iii) Other price risk

Price risk represents risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The company does not believe to have been materially exposed to price risk as its investment is in NAFA Government Securities Liquid Fund.

32.2.2 Capital risk management

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

32.3 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximate their fair value.

33. CORRESPONDING FIGURES

33.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the comparison. Major reclassification made in the corresponding figures for better presentation are as under:

	Rs	Reclassification From	Reclassification To
OPERATING FIXED ASSETS			
Power Generators	28,419,037	Power Generators	Plant and machinery
TRADE AND OTHER PAYABLES			
Provident fund	365,435	Provident fund	Accrued expenses
Others	6,036,064	Others	Advances from customers
CURRENT ASSETS			
Loan and advances	10,891,765	Loan and advances	Advances, prepayment and other receivables
Deposits and prepayment	134,872	Deposits and prepayments	Advances, prepayment and other receivables
Other receivables	4,613,101	Other receivables	Advances, prepayment and other receivables
OTHER OPERATING INCOME			
Increase in fair value of financial assets - investment	489,412	Other Operating Income	Other comprehensive income for the year

33.2 Following nomenclature has been changed during the year.

Previous year nomenclature	Current year nomenclature
Interest accrued on long term financing	Accrued mark up

33.3 Figures in these financial statements have been rounded off to the nearest Rupee.

34. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on OCTOBER 06, 2012 by the Board of Directors of the Company.

CHIEF EXECUTIVE　　　　　　　　DIRECTOR

FORM - 34

PATTERN OF SHAREHOLDING AS ON 30.06.2012

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
87	1	100	8,700
2,321	101	500	1,109,900
32	501	1,000	30,100
33	1,001	5,000	87,300
7	5,001	10,000	57,700
1	10,001	15,000	14,700
1	55,001	60,000	59,700
1	60,001	65,000	62,500
1	140,001	145,000	140,500
1	240,001	245,000	243,400
2	245,001	250,000	500,000
1	865,001	870,000	869,150
1	995,001	1,000,000	996,850
2	1,515,001	1,520,000	3,033,800
1	1,885,001	1,890,000	1,886,300
1	2,085,001	2,090,000	2,088,100
1	3,985,001	3,990,000	3,988,300
2,494			15,177,000

NOTE: The slabs not applicable have not been shown.
(*) The shareholder holds 10% or more shares

Categories of Shareholders		Number of shareholders	Shares Held	Holding Percentage
Individuals.		2,480	6,752,000	44.49
(*) N. I. T.		1	1,886,300	12.43
I. C. P.		1	59,700	0.39
(*) Mr. Zahid Anwar	(CEO/Director)	1	3,988,300	26.28
(*) Mrs. Rukhsana Begum	(Director)	1	2,088,100	13.76
Ch. Ghulam Murtaza Buttar	(Director)	1	500	0.00
Mr. Umer Farooq	(Director)	1	500	0.00
Mr Aftab Younus	(Director)	1	500	0.003
Mr. Ali Raza Zafar	(Director)	1	500	0.003
Mr. Riaz Ahmed	(Director)	1	500	0.003
Inkage consultants (Pvt) Ltd.		1	500	0.003
N.H. Holding (Pvt) Ltd.		1	1,000	0.01
Faysal Bank Limited		1	140,500	0.93
Saudi Pak Ind. & Inv. (Pvt) Ltd.		1	14,700	0.10
The Bank of Punjab		1	243,400	1.60
		2,494	15,177,000	100.00

STATEMENT SHOWING SHARES BOUGHT AND SOLD BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSE AND MINOR CHILDREN FROM 1-07-2011 TO 30-06-2012.

Name	Designation		Shares Bought	Shares Sold
NILL	NILL		NILL	NILL

ANNUAL GENERAL MEETING

FORM OF PROXY

IMPORTANT

This Form of Proxy, in order to be effective, must be deposited duly completed at the Company's Registered Office JK House, 32-W Susan Road, Madina Town, Faisalabad, not less than 48 hours before the time of holding the meeting.

A proxy must be a member of the Company. Signature should agree with the specimen registered with the company.

Please quote Registered Folio Number

I/We ____________________

of ____________________

being a member of the Asim Textile Mills Limited ____________________ and holder

of ____________________ ordinary shares, hereby appoint

____________________ of ____________________

who is also a member of the company as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at registered office of the Company, JK House, 32-W, Susan Road, Madina Town, Faisalabad, on 31.10.2012 at 9:00 a.m. or at any adjournment thereof.

As witness my/our hand this ____________________ day of ____________________ 2012

Signed by the said ____________________ in the presence of

____

Date:

(Member's Signature)

Place

(Witness's Signature)

Affix Rs. 5/- revenue stamp which must be cancelled either by signature over it or by some other means