Contents

Company Information

Board of Directors

Execitive Directors

Mr. Fawad Ahmed Mukhtar	Chairman
Mr. Fazal Ahmed Sheikh	
Mr. Faisal Ahmed Mukhtar	
Mr. Fahd Mukhtar	

Non-Execitive Directors

Mrs. Fatima Fazal
Mrs. Farah Faisal
Mr. Shahid Aziz

Sub Committees of the Board

Audit Committee

Mr. Fawad Ahmed Mukhtar	Chairman
Mr. Faisal Ahmed Mukhtar	
Mrs. Fatima Fazal	
Mr. Amanullah	Secretary

HR & Remuneration Committee

Mrs. Farah Faisal	Chairman
Mr. Fahd Mukhtar	
Mr. Faisal Mukhtar	
Mr. Basharat Hashmi	Secretary

Executive Management Team

Chief Executive Officer
Mr. Fazal Ahmed Sheikh

Chief Financial Officer
Mr. Waheed Ahmed

Company Secretary
Mr. Amanullah

GM Marketing
Mr. Khawaja Sajid

GM Unit # 1 & 2
Mr. Ikram Azeem

GM Unit # 3
Mr. Imran Malik

GM Unit # 4
Mr. Muhammad Shoaib Alam

Bankers

Allied Bank Ltd
Bank of Khyber
First National Bank Modarba
First Punjab Modaraba
Habib Bank Ltd
Habib Metropolitan Bank Ltd
MCB Bank Ltd
Meezan Bank Ltd
National Bank of Pakistan
Pak Brunei Investment Company Ltd
Saudi Pak Industrial & Agricultural Investment Company Ltd
Standard Chartered Bank (Pakistan) Ltd
Soneri Bank Ltd
United Bank Ltd

Auditors & Share Registrar

External Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants,
Lahore.

Shares Registrar
M/s CDC Pakistan Ltd.
2nd Floor 307-Upper Mall Lahore
info@cdc.pak.com
basharat.hashmi@fatima-group.com

Business Offices

Registered Office
2nd Floor Trust Plaza, LMQ Road, Multan.
Tel # 061-4512031-2, 061-4546238
Fax # 061-4511677, 061-4584288
e-mail: info@fatima-group.com

Head Office
E-110, Khyaban-e-Jinah Lahore.
Tel # 042-35909449, 042-111-328-462
Fax # 042-36621389
Website: www.fatima-group.com

Sites Address

Unit # 1,2 & 4
Fazalpur Khanewal Road, Multan.
Tel. No. 061-6740020-3
Fax. No. 061-6740039

Unit # 3
Mukhtarabad, Chak Beli Khan Road,
Rawat, Rawalpindi.
Tel. No. 051-4611579-81
Fax. No. 051-4611097

Vision

To be a Company recognized for its art of Textile
and best business practices.

Mission & Values

The mission of company is to operate state of the art Textile plants capable of producing yarn and fabrics.

The company will conduct its operations prudently assuring customer satisfaction and will provide profits and growth to its shareholders through:

- Manufacturing of yarn and fabrics as per the customers' requirements and market demand.
- Exploring the global market with special emphasis on Europe, USA and Far-East.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

Group Profile

Fatima Group

In 1988 a dynamic and radical person known as Mr. Mukhtar A. Sheikh had conceptualized his revolutionary vision and laid the stone of a Multan based organization which commenced its business mainly in sugar. In subsequent years the untiring, dedicated and missionary zeal & zest of the founders of group had woven the net of Companies into glorified galaxy of shining Stars and named it Fatima Group. The substantial Strategic benefits of vertical integration led him and his associates to consider venturing into the manufacturing field of Textile, Sugar, Fertilizers, Malaises, Trading, Mining, Power Generation, Air Line and Packing Material etc.

Over the years and by the grace of all mighty Allah the Fatima Group of Companies now proudly stood unparallel and peerless leader in business groups of Pakistan. It ranks amongst the top Companies of Pakistan. The group has strong presence in most important business sectors of the region. It also has the distinction of being one of the largest players in each sector.

The Group has a remarkable position in the market as good as any multinationals operating locally in terms of its quality of products, services and management skills.

Textile

- **Reliance Weaving Mills Ltd,** the flagship company of the group was established in 1991. Its annual turnover for the year 2012 is approx Rs. 9 billion with the production facility of 35,520 spindles (two units) and 296 looms (two units). It is listed on Karachi & Lahore Stock Exchanges of Pakistan.

Fertilizers

- **Pakarab Fertilizers Ltd** is the largest fertilizer complex in Pakistan with annual production capacity of 847,000 MT. It was put into operation in 1979. Under the privatization policy of Government of Pakistan, the management of the company was taken over by Fatima Group on July 14, 2005.
- **Fatima Fertilizer Company Ltd** was incorporated on 24 December 2003 as a Public Limited Company. Fatima Fertilizer is fully integrated fertilizer complex with annual production capacity (in MT for the year 2011) of Urea 500,000, CAN 420,000, NP 244,000, Nitric Acid 500,000 and Amonia 500,000. It is listed on all the Stock Exchanges of Pakistan.

Sugar

- **Fatima Sugar Mills Limited** was incorporated as a public limited company in 1988. Current production capacity is 9,500 MT per day with net profit of Rs. 786 million for the year ended September 2011.

Molasses

- **Reliance Commodities (Pvt) Limited** is a private limited company incorporated in 1996 and deals in export of molasses, sugar, and other commodities. Company has earned net profit for the year ended June 30, 2011 of Rs. 862 million.

Along with above areas Group also participating in following activities:

1	**Fatima Energy Ltd**	(Power Generation)
2	**Air One (Pvt) Ltd**	(Air Line)
3	**Pakistan Mining Ltd**	(Mining & Exploration)
4	**Reliance Sacks Ltd**	(Packing Material)

Company Profile

Reliance Weaving Mills Ltd (RWML) is a public limited company listed on both Karachi and Lahore Stock Exchanges. It was incorporated on April 07, 1990 and Securities & Exchange Commission of Pakistan (SECP) granted certificate of Commencement of Business on May 14, 1990. The Company is established with the objective of setting-up a textile (Yarn & fabric) manufacturing plant. Initially it started its production as weaving unit but later on it also involved in manufacturing of yarn. The principal business of the Company is manufacture and sale of cotton yarn and grey woven fabrics.

Authorized Capital of the Company is Rs.700 million which was gradually increased and at present subscribed share capital of the company stands at Rs. 308 million. The production capacity was enhanced gradually by establishing Unit # 2, 3 & 4 at different stages with annual capacity of 56.50 million meter of Grey Cloth (50 PPI) & 11.96 million KGs of yam (20/S count converted). This excellent performance was due to hard work and dedication of all employees and the progressive approach and support from the top management.

Over the years, the plants have demonstrated an operational excellence which has become a reference for the engineering and advisory companies whose process technologies are used here. Delegations from China and Japan keep visiting the plant site for gaining first hand knowledge for the quality of production and this practice has also been adopted before deciding to purchase a new plant.

Company has developed a special management team and it is managed by a team of highly trained & skilled persons in their fields. Responsibilities that are assigned to special management team are monitoring plant performance, development of new projects, handling capital investment projects, advising management on technical matters and development of a technological base along with consultancy functions. Since 1990, special management team has made tremendous progress in the field of Plant Engineering, Project Management, Project Feasibilities and Project Development. The development of special management team was equally supported by the RWML management which has recognized the need to promote research and technological development activities.

Nearly half of the strength is located at the plant to provide assistance to the manufacturing units and feeding vital plant data to the Head Office for immediate processing. Special management team is equipped with latest computing facilities along with world famous software ORACLE Financial as well as in house developed software related to general purpose need of the company. This technology enables special management team to provide most valuable assistance to all the departments within the company. The success achieved so far by special management team proves that RWML now possesses requisite in-house capabilities to ensure successful completion of large scale projects within allocated budgets and assigned project schedules.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Members of Reliance Weaving Mills Ltd will be held on October 31, 2012 at 12.30 P.M at the Registered Office of the Company at 2nd Floor Trust Plaza L.M.Q. Road Multan to transact the following business.

1. To confirm the minutes of last Extra Ordinary General Meeting held on March 31, 2012.
2. To receive consider & adopt the Audited Accounts of the company for the year ended June 30, 2012 along with Auditor's Report and Directors' Report thereon.
3. To Confirm the recommendation of Board of Directors to distribute 3,081,094 quoted shares of Fatima Fertilizer Company Ltd (FFCL) to the shareholders of the company as final dividend in the ratio of 1:10 (1 shares of FATIMA for every 10 shares held of M/s Reliance Weaving Mills Ltd). The Distribution has a book value of Rs. 76,010,589/- as on June 30, 2012 being 24.67% of the paid up capital of the Company.
4. To appoint the Auditors for the year ending June 30, 2013 and to fix their remuneration. As per Code of Corporate Governance (Rotation Policy) Present retiring Auditors M/s KPMG Taseer Hadi & Company Chartered Accountants has completed their tenure of five years and M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, have been proposed to be appointed as the Auditors of the Company to hold office until the conclusion of the ensuing Annual General Meeting. The requisite consent as per Companies Ordinance, 1984 has been received from M/s M. Yousuf Adil Saleem & Co.
5. To discuss any other business with the permission of the Chair.

By the order of the Board

Sd/-
Amanullah
(Company Secretary)

Place: Multan
Dated: October 10, 2012

Notes

1 The Share Transfer Books of the company will remain closed from October 25, 2012 to October 31, 2012 (both days inclusive). Transfers received at the close of business hours on dated 24.10.12 will be treated in time for the purpose of transfer.

2 A member eligible to attend and vote at the Meeting may appoint another member as his / her proxy to attend, and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the meeting in the working hours. Copy of shareholders' CNIC (attested) must be attached with the proxy Form.

3 Any individual beneficial owner of C.D.C. entitled to attend and vote at this meeting must bring his / her identity and in case of proxy must enclose an attested copy of his/her National Identity Card (NIC) or Passport. Representatives of corporate members should bring the usual documents required for such purposes.

4 Members are requested to notify any changes in their addresses immediately.

Very Important Notice

1. In order to comply with the directives of SECP Shareholders/members are requested to please send their copies of valid NIC or NTN (in case of corporate entity)
2. In compliance with Section 250 of Companies ordinance 1984 shareholders may, if so desire, direct the company to pay dividend to their bank Account. In pursuance of direction given by SECP Vide Circular No. 18 of 2012 dated 05.06.12. we request you to kindly authorized the company for direct credit of your cash dividend in your bank Account, if any cash dividend declared by the Company in future (Please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore it, dividend will be paid to you through Dividend warrant at your registered address). Kindly provide us the following information with your appropriate signature as per company record.

    1 Bank Account Title
    2 Bank Account No.
    3 Bank Name, code and branch with address
    4 Contact No

    Information can be provided to our Registrar M/s CDC Pakistan Ltd at 2nd Floor, 307 Upper Mall Lahore.

Management Profile

Board of Directors

The company's Board of Directors has the ultimate responsibility for the administration of the affairs of the Company. The company's Articles of Association provide for a Board of Directors to be at least seven. As at June 30, 2012, the company's Board of Directors consisted of seven members, six from sponsors and one director representative of minorities shareholders' interest and nominated by NIT. All the directors having equal rights to participate in the matters of the company. Four members of the Board of Directors are executive Directors and three members of the Board of Directors are non-executive Directors. The executive Directors are involved in the day to day operations of the Company. The current Directors of the Company are as follows:

Name	Position	Executive / Non-Executive
Mr. Fawad Ahmed Mukhtar	Chairman	Executive
Mr. Fazal Ahmed Sheikh	Chief Executive	Executive
Mr. Faisal Ahmed Mukhtar	Director	Executive
Mr. Fahd Mukhtar	Director	Executive
Mrs. Fatima Fazal	Director	Non-Executive
Mrs. Farah Faisal	Director	Non-Executive
Mr. Shahid Aziz	Director	Non-Executive

The Board of Directors meets regularly in every quarter. The company complies with the code of corporate governance issued by the Securities and Exchange Commission of Pakistan ("SECP").

Under its governance structure, the Board of Directors has established a fully functional internal audit team directly reporting to the Board of Directors. The internal audit team is comprised of four members and is chaired by Asad Murad FCA. All the Financial System equipped with ORACLE based program.

Profile of the Executive Members of the Board

Mr. Fawad Ahmed Mukhtar

Mr. Fawad Ahmed Mukhtar is the Chairman of the Company and the Chairman of Fatima Group. The Group has witnessed immense growth under his leadership and investments have been made in the fertilizer, sugar, energy and mining sectors. The Group acquired Pakarab Fertilizers, in 2005, through a privatization process. In 2004 the Group participated in an investment of US$750 million for the establishment of a state of the art fertilizer complex -Fatima Fertilizer. He holds the following portfolios:

Chairman	Fatima Energy Ltd.
	Reliance Commodities (Pvt) Ltd.
CEO	Fatima Fertilizer Company Ltd.
	Pakarab Fertilizers Ltd.
Director	Fatima Sugar Mills Ltd.
	Air One (Pvt) Ltd.
	Fatima Trading Company (Pvt) Ltd.
	Farrukh Trading Company (Pvt) Ltd.
	Reliance Sugar Mills Ltd.

Mr. Fazal Ahmed Sheikh

Mr. Fazal Ahmed Sheikh is the CEO of the Company.He holds a degree in Economics from the University of Michigan, Ann Arbor, USA. He plays an important role in matters related to financial management, marketing and information technology, across the Group companies. He also holds the following portfolios:

CEO	Fatima Energy Ltd.
Director	Fatima Fertilizer Company Ltd
	Pakarab Fertlizers Ltd
	Fazal Cloth Mills Limited
	Fatima Sugar Mills Limited
	Air One (Private) Limited
	Fatima Trading Company (Private) Limited
	Reliance Commodities (Pvt) Ltd
	Reliance Sugar Mills Ltd

Profile of the Executive Members of the Board

Mr. Faisal Ahmed Mukhtar

Mr. Faisal Ahmed Mukhtar is a Director of the company. He holds a Law degree from Bahauddin Zakariya University, Multan. He also holds the following portfolios:

CEO	Fatima Sugar Mills Ltd. Reliance Sugar Mills Ltd.
Director	Fatima Fertilizer Company Ltd Pakarab Fertlizers Ltd Fazal Cloth Mills Limited Air One (Private) Limited Fatima Trading Company (Private) Limited Furrukh Trading Company (Private) Limited Reliance Commodities (Pvt) Ltd
Member	Syndicate of BZU Multan Provincial finance Commission Steering Committee of Southern Punjab Development Project Decentralization support Program

Mr. Fahd Mukhtar

Mr. Fahd Mukhtar is a Director of the Company. He holds a Bachelor of Economics Degree from the Philadelphia University of USA. He also holds the following portfolios:

CEO	Reliance Sacks Ltd
Director	Fazal Cloth Mills Ltd. Reliance Sugar Mills Ltd.

Profile of the Executive Officers

Mr. Amanullah Khan

Company Secretary

Mr. Amanullah Khan joined Reliance Weaving Mills Ltd. in April 1990. He has been looking after the affairs of the Company Secretariat from the incorporation of the Company in May 1990. He also participates in meetings of Board of Directors.

Mr. Waheed Ahmed

Chief Financial Officer

Mr. Waheed Ahmed is qualified Chartered Accountant having more than 12 years experience of handling the Accounting and Financial Matters of Listed companies. He is with Reliance Weaving Mills Ltd since August, 2008.

Mr. Ikram Azeem

General Manager Unit 1 & 2

Mr. Ikram Azeem is holding B.Sc, Textile Engineering Degree from National College of Textile Engineering Faisalabad (Specialization in Weaving). He has vast experience of textile sector in renowned textile mills of the country on different kind of weaving machines like Sulzer Toyoda and Tsudakoma Air Jet Looms.

Profile of the Executive Officers

Mr. Muhammad Shoaib Aalam

General Manager (Spinning Unit-4)

Mr. Muhammd Shoaib Aalam is having B.Sc. Textile (Spinning) Degree from University of Engineering and Technology (UET) Lahore. He was Vice-President of Spinning Society. He is part of this group since the erection of this Unit. He has experience of managing coarse and fine count mills, ranging from 6/1 to 120/1 on various type of machinery setups, and producing different types of yarn from GIZA, PIMA and Brazilian Cotton. He also got training for blow room and card from Reiter in Winterthur, Switzerland.

Mr. Imran Malik

General Manager (Spinning Unit-3)

Mr. Imran Malik is BSc Textile Engineer from National Textile University, Faisalabad and serving as G.M. Spinning Unit No. 3 at Rawat. He has worked in Major textile Groups of Pakistan. He has vast experience of running cottons like PIMA, GIZA and Brazilian Cotton etc, also of production of variety of yarns like LYCRA, SLUB, SIRO, Combed of coarse and fine counts.

Mr. Khawaja Sajid

General Manager Marketing

Mr. Khawaja Sajid is the General Manager of Marketing Department. He holds Master Degree in Business Administration from Baha-Ud-din Zakriya University Multan and have 21 years of working experience in his port folio with the reputed Textile companies of Pakistan. He joined Reliance Weaving Mills Ltd in 2004 and remains devoted till today.

Directors' Report to the Shareholders

The Directors of the Company are pleased to present Annual Financial Statements along with Auditors' Report thereon for the year ended 30 June 2012.

Financial Performance Review

During the year turnover of the company remained to Rs. 8,698 million (2011: Rs. 9,993 million) and cost of sales Rs 7,785 million (2011: Rs. 8,642) resulting into gross profit to Rs. 913 million (2011: Rs.1,351 million) and profit after tax to Rs. 260 million (2011: Rs. 503 million). Decline in profit is mainly due to decrease in yarn and fabric prices and substantial increase in power and gas cost. Although raw material prices showed downward trend yet more decline in yarn and fabric prices could not keep profitability to last year's level.

Unpredictable market conditions, shortage of gas supply and increase in the cost of production were main challenges for the company and the textile industry as a whole. Since these variables are external to the company and are beyond its control, a slight shift in these variables can result in significant variations in profitability. However, your company managed to minimize adverse effects of such conditions by timely procurement of raw material, improve production efficiency and efficient financial planning to keep the finance cost at reasonably low level.

This year was especially tough for weaving segment due to imbalance between sale price and raw material cost. Downward trend in the fabric prices made it difficult to match with yarn price at the customers end. As a result of these developments and fierce competition from regional players like India and Bangladesh, weaving segment's profitability did not remain impressive. However, last quarter of financial year showed signs of improvement and devaluation of PKR against USD contributed positively in profitability of the company.

Market Overview

The global as well as Pakistani cotton and textile communities are facing historically volatile times, regardless of part of the supply chain of which they belong to. Without question, the problem our industry faces are significant - but they are by no means insurmountable. Ironically, in textiles, not international demand or global management, nor inefficiencies have been the main culprits, but the sheer choking of power and gas has forced closures resulting in the loss of production and global market share.

Our textile exports are falling, total textile exports have registered a decline as compare to 2011 to 2012. Even more disturbing is the trend that the exports of higher value items have fallen at a much

Directors' Report to the Shareholders

higher rate than the less valued ones and, the products that in competing manufacturing economies are regarded as 'raw materials', have actually gained their share of exports! For example, export of raw cotton and yarn has shown significant increase. Electricity and gas cut to the industry has crippled the production capacities of textile industry, which despite being export-oriented is unable to cross $1 billion a month over the last six months against traditional exports of $1.25 billion a month in the past.

Macro Economic Review

The restoration of macroeconomic stability in a country is vital to provide a platform for generating growth, jobs, and improving the quality of life of the people. Pakistan still faces the challenges of meeting the budget deficit, reviving growth, providing employment opportunities, solving the energy crisis and reduction of poverty. The Large Scale Manufacturing sector remained victim of power and gas outages and lower domestic demand. Despite of above mentioned crises overall economy tended toward encouraging mode, in recent year Large Scale Manufacturing growth is 1.1 percent against 1.0 percent last year. Pakistan's GDP growth rate remained 3.7% as compared to 3.0% in correspondence year and Per capita real income grew at 2.3 percent in 2011-12 as compared to 1.3 percent growth last year and in dollar terms, it increased from $ 1,258 in 2010-11 to $ 1,372 in 2011-12. Agriculture Sector is a key sector of the economy and accounts for 21 percent of GDP. This sector showed a growth of 3.1 percent against 2.4 percent last year. Livestock has witnessed a marginally higher growth of 4.0 percent against the growth of 3.97 percent last year.

Future Outlook

The cotton prices return to realistic and sustainable level. World cotton inventory level is also at their highest and it is expected that cotton prices will remain stable. However, yarn and fabric demand is very strong due to which profitability is good during first quarter. It is important to note that there has been an increasing trend in wage structure and energy prices, to minimize this impact the company has started cost cutting in different areas.

Current fiscal year is showing some optimistic signs, for example on account of SBP's monetary easing policy which will contribute towards reduction in finance cost yet may lead to more inflation. Government in federal budget 2012-13, took positive steps towards reducing tax burden on textile industry, including tax credit on new investment, reduction in turnover tax, withholding tax on bank withdrawals, Income Tax exemption and zero rating of sizing, warping and weaving industries. Reduction in turnover tax from 1% to 0.5% will benefit the textile sector in the situation of low profitability under prevailing circumstances. European Union has allowed duty free access to Pakistani products to their markets, most of which are textile related. China has also announced import of cotton and yarn from Pakistan. However, acute power outage is a continuous threat to production efficiency. Inflationary trend in power and fuel cost (due to implementation of GIDC at Rs 50 per mmbtu), wages bill and other production costs, adverse movement in raw material cost may occur if excessive export of cotton is allowed by the Government.

Earnings Per Share

Company's earnings per share remained at Rs. 8.45 (2011: Rs.16.35) per share during the year under review.

BMR Plan

The company is planning to extend its spinning capacity by adding 11 new ring frames to the production line. This will enhance production of ring spun yarn by 300 bags per day and will fulfill in house requirement of high quality yarn and demand of the market as well.

Information Technology

Company's approach has always remained progressive towards adaptation of new developments in Information Technology and data

Directors' Report to the Shareholders

processing system. This not only provides timely and useful information to the management but also provides support in decision making. The company continued this strategy by implementing Oracle Discrete Manufacturing modules to its ERP system during the year which successfully stated functioning on go-live. This will automate production processing information system, from raw material to finished product and provide useful information at each stage of production process.

Health And Safety

Company considers Health & Safety as one of the top priorities and continuous investment in safety and health is part of the annual budgets. All employees have been provided with Personal Protection Equipment. The company is fully committed to adhere to the rules and regulations implemented time to time by the Government for the safety of employees.

Product Quality

Company has always endeavored to produce best quality textile products in Pakistan which would sufficiently reflect in high demand, both inside & outside the country. Company is focused on customer's satisfaction, employees' morale and fair deal to its partner in the business. The company has a well-designed & effectively practiced “Quality Policy”.

Certification

Company has obtained certification for compliance to the following latest Quality Assurance Standards:

- Oeko-Tex Standard 100 (AITEX Spain)
- Better Cotton Initiative (Switzerland)
- Global Organic Textile Standard (GOTS) (Control Union Sri Lanka)
- ISO 9001

Salient Aspects Of Company's Control And Reporting Systems

The Company complies with all the requirements of the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. The Board's primary role is the protection and enhancement of long term shareholders' value. To fulfill this role, the Board is responsible to implement overall corporate governance in the Company including approval of the strategic direction as recommended by the Management, approving and monitoring capital expenditure, appointing, removing and creating succession policies for the senior management, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and Management Information Systems. It is also responsible for approving and monitoring financial and other reporting. The Board has delegated responsibility for operation and administration of the Company to the Chief Executive. Responsibilities are delineated by formal authority delegations. The Board has constituted the following committees which work under the guidance of Board of Directors:-

a) Audit Committee.

b) Human Resource & Remuneration Committee.

Name of Directors	Meetings Attended
Mr. Fawad Ahmed Mukhtar	2
Mr. Fazal Ahmed Sheikh	2
Mr. Faisal Mukhtar	4
Mr. Fahd Mukhtar	4
Mrs. Fatima Fazal	3
Mrs. Farah Faisal	3
Mr. Shahid Aziz	4

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

Criteria to Evaluate Board Performance

Following are main criteria:

1. Financial policies reviewed and updated;
2. Capital and operating budgets approved annually;

Directors' Report to the Shareholders

3. Board receives regular financial reports;
4. Procedure for annual audit;
5. Board approves annual business plan;
6. Board focuses on goals and results;
7. Availability of board's guideline to management;
8. Regular follow up to measure the impact of board's decisions;
9. Assessment to ensure compliance with code of ethics and corporate governance.

In compliance with Code of Corporate Governance the Board has constituted its sub committees as follow:-

Audit Committee

Audit committee consists of following members:

Name	Designation
Mr. Fawad Ahmed Mukhtar	Chairman (Executive Director)
Mr. Faisal Mukhtar	Member (Executive Director)
Mrs. Fatima Fazal	Member (Non-Executive Director)

Reconstitution of audit committee according to change in code of corporate governance will take place after next election of directors as provided by the code.

During the year under review, six meetings of the Audit Committee were held and the attendance of Directors was as under:

Name of Directors	Meetings Attended
Mr. Fawad Ahmed Mukhtar	6
Mr. Faisal Mukhtar	4
Mrs. Fatima Fazal	5

The Main terms of reference of the Audit Committee of the Company include the following:

a) Determination of appropriate measures to safeguard the Company's assets;

b) Review of preliminary announcements of results prior to publication;

c) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
   - Major judgmental areas;
   - Significant adjustments resulting from the audit;
   - The going-concern assumption;
   - Any changes in accounting policies and practices;
   - Compliance with applicable accounting standards; and
   - Compliance with listing regulations and other statutory and regulatory requirements.

d) Ensuring coordination between the internal and external auditors of the Company;

e) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

f) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

g) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors;

h) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

i) Consideration of any other issue or matter as may be assigned by the Board of Directors.

HR & Remuneration committee

Human Resources & Remuneration committee as under:

In compliance with revised Code of Corporate Governance 2012, Board has constituted a Human

Resources & Remuneration Committee as under. As the committee constituted in June 2012 and no meeting was held during the year.

Name	Designation
Mrs. Farah Faisal	Chairman (Non-Executive Director)
Mr. Faisal Mukhtar	Member (Executive Director)
Mr. Fahd Mukhtar	Member (Executive Director)

The Main terms of reference of the HR & R Committee of the Company include the following:

This Committee will conduct its business under the Chairman. The role of the Human Resources Committee is to assist the Board of Director in its oversight of the evaluation and approval of the employee benefit plans, welfare projects and retirement emoluments. The Committee will recommend any adjustments, which are fair and required to attract/retain high caliber staff, for consideration and approval. This committee is also responsible for reviewing the remuneration and benefits of the Chief Executive, Executive Directors and other senior managers. It also reviews the overall remuneration budget of the Company. The Committee consists of two Non- Executive & one Executive Directors.

The Committee has the following responsibilities, powers, authorities and discretion:-

1. Conduct periodic reviews of the Good Performance Awards, Bonuses, and Maintenance of Industrial Peace Incentives, Long Terms Service Award Policy and Safety Awards for safe plant operations.

2. Recommend HR Policies to the board

3. Periodic reviews in case of retirement and death of any employee.

4. Consider any changes to the Company's retirement benefit plans including gratuity, pension, post-retirement medical treatment, based on the actuarial reports, assumptions and funding recommendations.

5. Review organizational policies concerning housing/welfare schemes, scholarship and incentives for outstanding performance.

6. Recommend financial package for employees against their personal needs like children marriage, studies and housing etc.

7. Review and recommend compensation/ benefits for the Chief Executive Officer in consultation with the Company Secretary.

8. Ensure, in consultation with the CEO that succession plans are in place and review such plans at regular intervals for those executives, whose appointment requires Board approval (under Code of Corporate Governance), namely, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their terms of appointment and remuneration package in accordance with market positioning.

9. Conduct periodic reviews of the amount and form of directors' compensation for Board and Committee services in relation to current norms. Recommend any adjustments for Board consideration and approval. The Committee meets on as required basis or when directed by the Board of Directors. The Secretary sets the agenda, time, date and venue of the meeting in consultation with the Chairman of the Committee. The Secretary of the Committee submits the minutes of the meeting duly signed by its Chairman to the Company Secretary. These minutes are then circulated to the Board of Directors.

Trade of Company's Shares

The shares of the Company are listed on Karachi & Lahore Stock Exchanges and the Directors, CEO, CFO, Company Secretary, Head of internal audit and their spouses and minor children did not carry out any trade in the shares of the Company during the year.

Directors' Report to the Shareholders

Pattern of shareholding

The statement of shareholding of the Company in accordance with Code of Corporate Governance and Companies Ordinance, 1984 as at June 30, 2012 is annexed to this report.

Dividend

Board of Directors has recommended to distribute 3,081,094 quoted shares of Fatima Fertilizer Company Limited to the shareholders of the company as final dividend in the ratio of 1:10 (i.e. 1 share of FATIMA for every 10 ordinary shares held of Reliance Weaving Mills Ltd.). This distribution has book value of Rs.76,010,589/- as on 30 June 2012 being 24.67% of paid up capital of the Company.

External Auditors

The present auditors of the Company M/s. KPMG Taseer Hadi& Company, Chartered Accountants audited the financial statements of the Company for the year ended June 30, 2012 and have issued report to the members thereon. The auditors will retire at the conclusion of the Annual General Meeting. In compliance with Code of Corporate Governance present Auditors M/s KPMG Taseer Hadi & Company, Chartered Accountants, has completed their tenure of five years and Audit Committee has recommended the name of M/s M. Yousuf Adil Saleem & Co. Chartered Accountants for holding office of External Auditors for the year ending June 30, 2013 subject to approval of the members in the forthcoming Annual General Meeting.

Acknowledgment

The Directors of the company convey their deep appreciation to valued shareholders, customers, and employees for hard work and commitment and express gratitude to the financial institutions, government agencies and all stake holders for their cooperation which enabled the company in achieving its goal of sustainable growth.

For and on behalf of the Board

Sd/-
Fazal Ahmed Sheikh
(Chief Executive Officer)

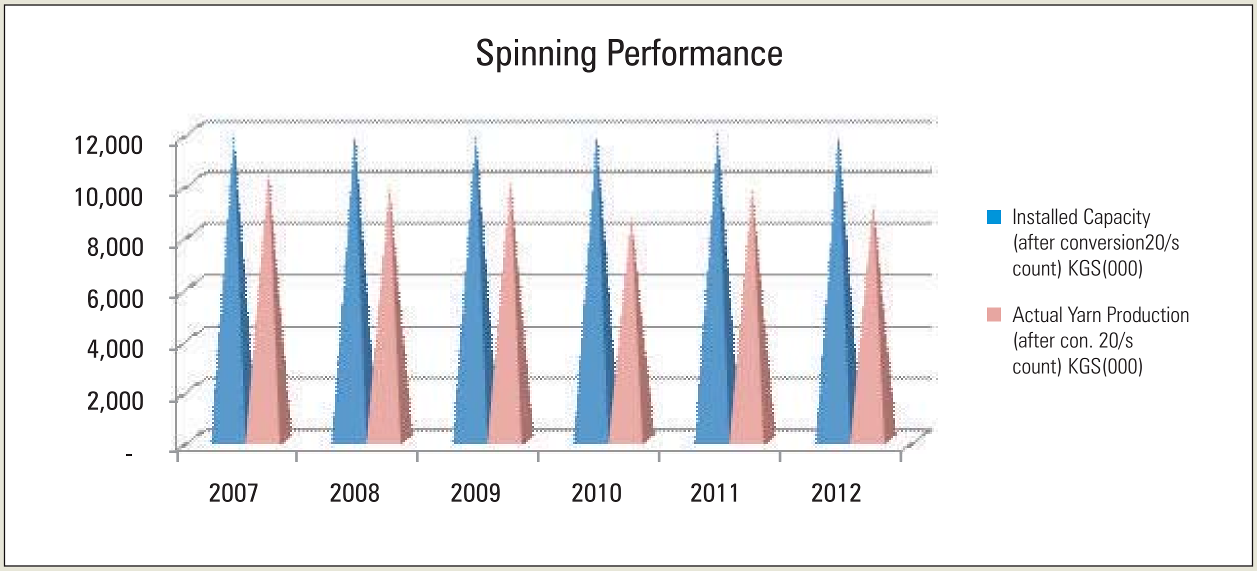
Place: Lahore
Dated: October 08, 2012

Financial Highlights

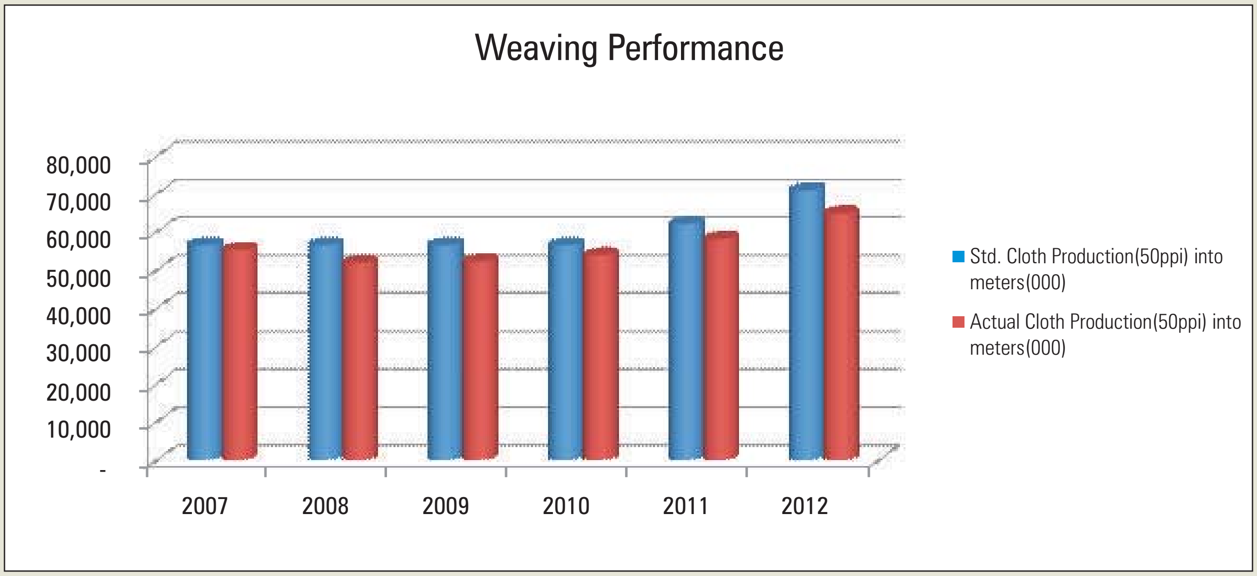
6 Years Growth at a Glance

OPERATIONAL PERFORMANCE:

Spinning	2007	2008	2009	2010	2011	2012
Number of Spindles Installed	35,520	35,520	35,520	35,520	35,520	**35,520**
Installed Capacity (after conversion20/s count) KGS(000)	11,963	11,963	11,963	11,963	11,963	**11,963**
Actual Yarn Production (after con. 20/s count) KGS(000)	10,448	9,894	10,085	8,724	9,819	**9,268**



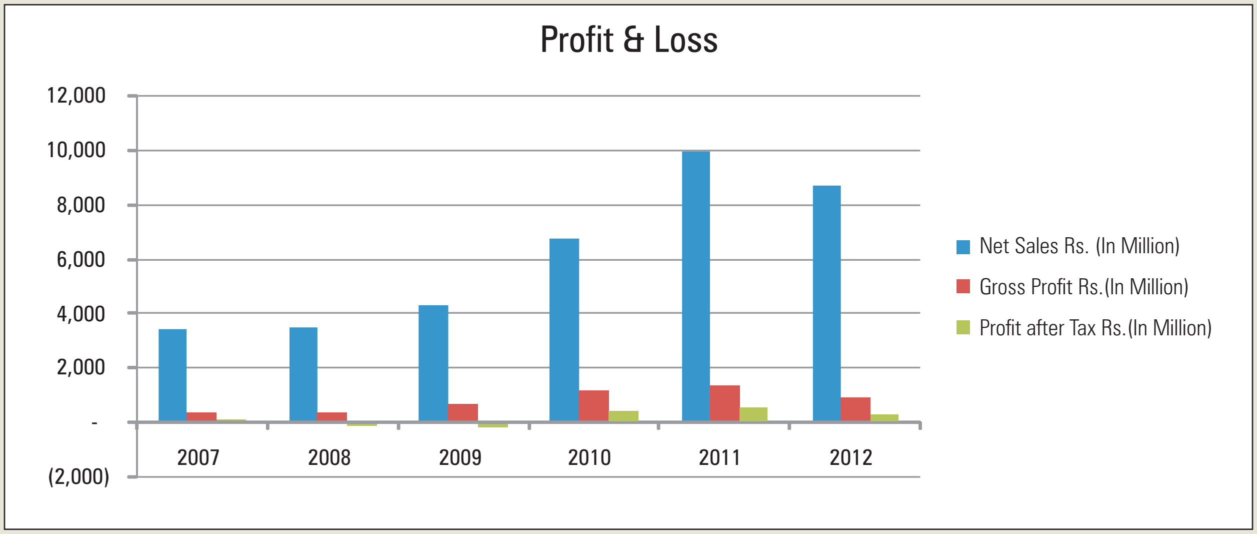
Weaving	2007	2008	2009	2010	2011	2012
Number of Looms Installed	295	295	295	295	274	**296**
Std. Cloth Production(50ppi) into meters(000)	56,508	56,508	56,508	56,508	62,090	**70,930**
Actual Cloth Production(50ppi) into meters(000)	55,190	51,845	52,261	53,820	58,088	**64,881**



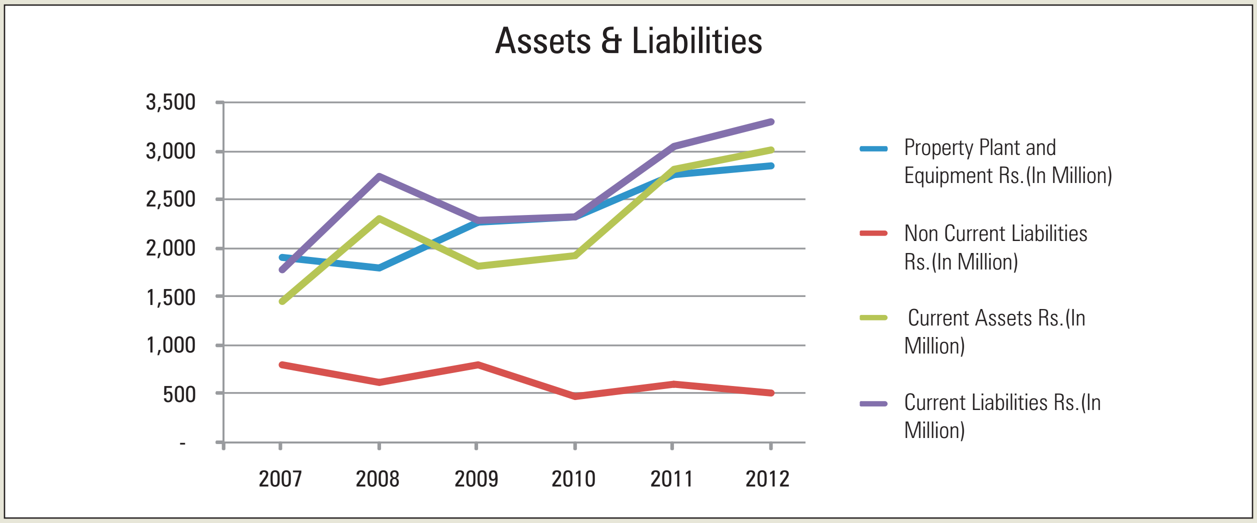
Financial Highlights

6 Years Growth at a Glance

PROFIT AND LOSS:	2007	2008	2009	2010	2011	2012
Net Sales Rs. (In Million)	3,401	3,466	4,337	6,773	9,994	**8,699**
Gross Profit Rs.(In Million)	346	316	672	1,163	1,351	**914**
Profit before Tax Rs.(In Million)	47	(81)	(174)	479	602	**289**
Profit after Tax Rs.(In Million)	32	(101)	(177)	403	504	**260**



	2007	2008	2009	2010	2011	2012
Share Capital and Reserves Rs. (In Million)						
Shareholders Funds	828	727	550	953	1,384	**1,538**
Capital Reserves	41	41	41	84	108	**125**
Total Equity Rs. (In Million)	869	768	591	1,037	1,492	**1,663**
Property Plant and Equipment Rs. (In Million)	1,907	1,807	2,285	2,335	2,772	**2,859**
Non Current Liabilities Rs. (In Million)	784	610	793	466	596	**508**
Current Assets Rs. (In Million)	1,450	2,309	1,806	1,929	2,801	**3,006**
Current Liabilities Rs. (In Million)	1,777	2,741	2,290	2,327	3,057	**3,313**

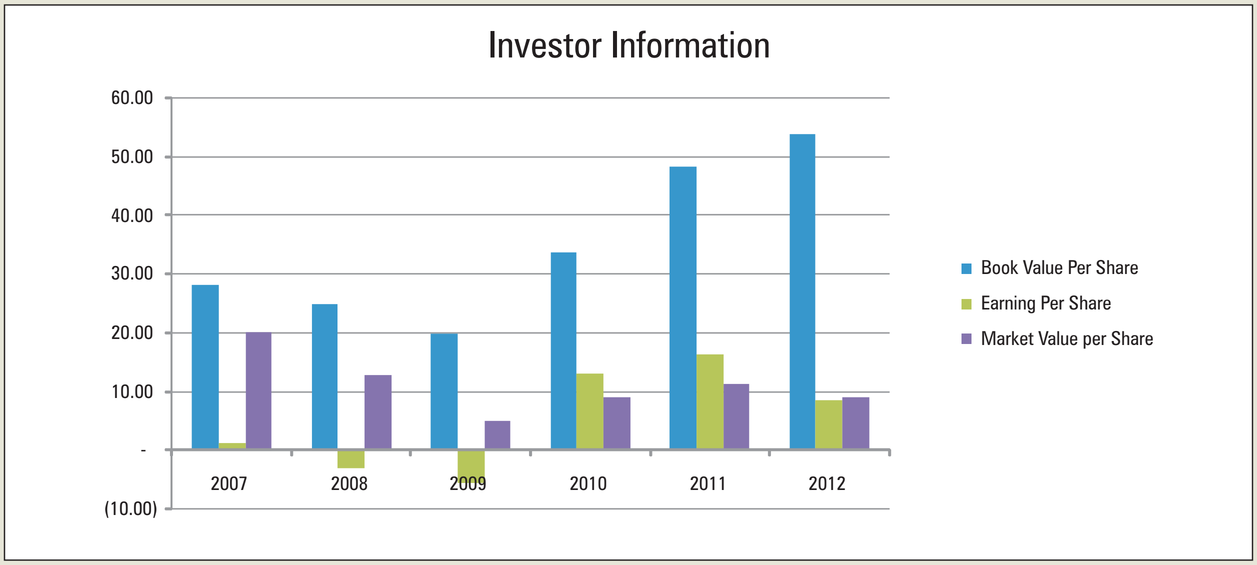


Financial Highlights

6 Years Growth at a Glance

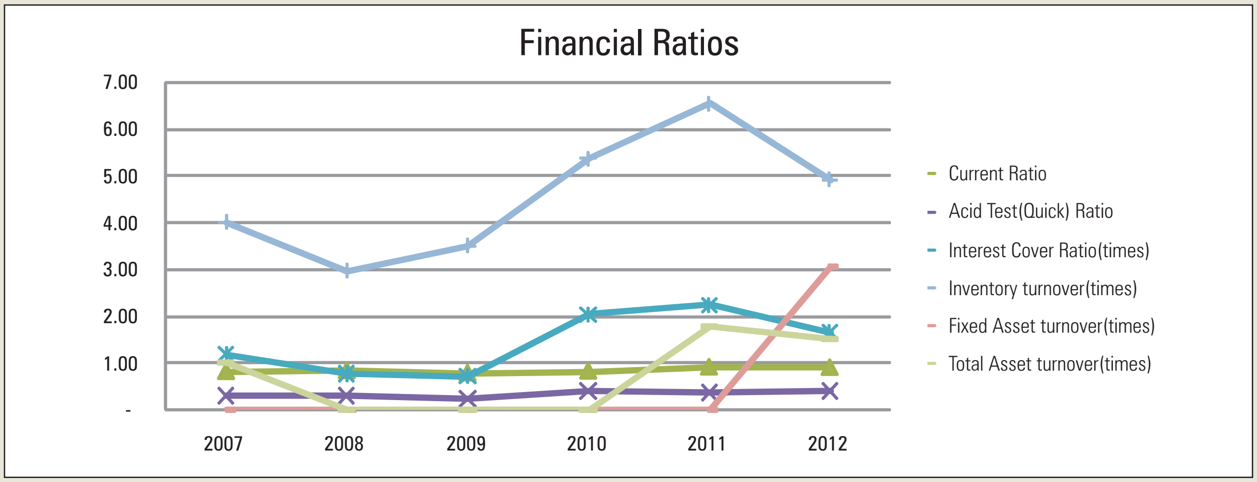
INVESTOR INFORMATION:

Per Share (Rs.)	2007	2008	2009	2010	2011	2012
Book Value	28.20	24.94	19.71	33.66	48.40	**53.95**
Earning Per Share	1.04	(3.26)	(5.75)	13.08	16.35	**8.45**
Market Value per Share	20.11	12.64	5.00	9.00	11.25	**9.00**
Specie Dividend	-	-	-	25.00	15.00	**10.00**
Price Earning Ratio	19.41	0.00	0.00	0.69	0.69	**1.06**



FINANCIAL RATIOS:

	2007	2008	2009	2010	2011	2012
Gross Profit Ratio(%age)	10.19	9.11	15.50	17.18	13.52	**10.50**
Net Profit Ratio(%age)	0.94	(2.90)	(4.08)	5.95	5.04	**2.99**
Acid Test(Quick) Ratio	0.31	0.30	0.24	0.40	0.37	**0.41**
Interest Cover Ratio(times)	1.20	0.78	0.73	2.06	2.25	**1.67**
Inventory turnover(times)	4.02	2.98	3.51	5.38	6.56	**4.93**
Fixed Asset turnover(times)	1.83	1.87	2.12	2.88	3.60	**3.08**
Total Asset turnover(times)	1.00	0.92	1.05	1.6	1.79	**1.51**



Pattern of Shareholding

Categories Detail As at 30 June 2012

S.No.	Name of shareholder		Shares	%AGE
Directors				
1	FAWAD AHMAD MUKHTIAR		7,854,550	25.49
2	FAZAL AHMED SHEIKH		7,925,722	25.72
3	FAISAL AHMAD MUKHTAR		7,886,071	25.60
4	FAHD MUKHTAR		25,000	0.08
5	FATIMA FAZAL		140,625	0.46
6	FARAH FAISAL		112,500	0.37
		6	**23,944,468**	**77.71**
Directors' Spouses				
1	AMBREEN FAWAD		115,625	0.38
		1	**115,625**	**0.38**
Associated Companies, Undertakings and Related Parties				
1	RELIANCE COMMODITIES (PVT) LTD		545,708	1.77
		1	**545,708**	**1.77**
NIT and ICP				
1	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND		592,645	1.92
2	INVESTMENT CORP. OF PAKISTAN		1,460	0.00
		2	**594,105**	**1.93**
Public Sector Companies				
1	NATIONAL DEVELOPMENT FINANCE		984	0.00
2	IDBP (ICP UNIT)		438	0.00
3	NATIONAL BANK OF PAKISTAN		56,692	0.18
4	NATIONAL INVESTMENT TRUST LIMITED		15,262	0.05
		4	**73,376**	**0.24**
Joint Stock Companies				
1	M/S PYRAMID INVESTMENT(PVT)LTD		3,900	0.01
2	BAWA SECURITIES (PVT.) LTD.		2,175	0.01
3	KARACHI,LAHORE STOCK EXCHANGES		2	0.00
4	PRUDENTIAL SECURITIES LIMITED		400	0.00
5	Y.S. SECURITIES & SERVICES (PVT) LTD.		555	0.00
6	AMIR FINE EXPORTS (PVT) LTD.		24,250	0.08
7	S.H. BUKHARI SECURITIES (PVT) LIMITED		150	0.00
8	H M INVESTMENTS (PVT) LIMITED		540	0.00
9	PYRAMID INVESTMENTS (PVT) LTD.		2,850	0.01
10	EXCEL SECURITIES (PVT.) LTD.		220	0.00
11	STOCK MASTER SECURITIES (PRIVATE) LTD.		1,000	0.00
12	DARSON SECURITIES (PVT) LIMITED		400	0.00
13	ARIF HABIB CORPORATION LIMITED		813,215	2.64
14	AXIS GLOBAL LIMITED		150	0.00
15	AWJ SECURITIES (SMC-PRIVATE) LIMITED.		800	0.00
16	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED		400	0.00
17	MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED		13,000	0.04
18	MAZHAR HUSSAIN SECURITIES (PVT) LTD		16,000	0.05
19	ICON SECURITIES (PRIVATE) LIMITED		6,500	0.02
		19	**886,507**	**2.88**
General Public		**1,707**	**4,651,148**	**15.10**
	G. TOTAL	**1,740**	**30,810,937**	**100.00**
Persons having shares 5% or above				
1	FAWAD AHMAD MUKHTIAR		7,854,550	25.49
2	FAZAL AHMED SHEIKH		7,925,722	25.72
3	FAISAL AHMAD MUKHTAR		7,886,071	25.60

Form 34

As at 30 June 2012

S.No.	No. of Shareholders	From		To	Shares	%age
1	171	1	-	100	6,088	0.02
2	657	101	-	500	144,636	0.47
3	578	501	-	1000	503,184	1.63
4	210	1001	-	5000	500,541	1.62
5	46	5001	-	10000	350,618	1.14
6	16	10001	-	15000	198,237	0.64
7	15	15001	-	20000	256,019	0.83
8	7	20001	-	25000	161,052	0.52
9	7	25001	-	30000	191,170	0.62
10	7	35001	-	50000	300,351	0.97
11	9	50001	-	100000	564,238	1.83
12	7	100001	-	170000	875,125	2.84
13	3	185001	-	200000	571,375	1.85
14	3	530001	-	600000	1,722,745	5.59
15	1	813201	-	813300	813,215	2.64
16	1	7850001	-	7855000	7,854,550	25.49
17	1	7885001	-	7890000	7,886,071	25.60
18	1	7910001	-	7915000	7,911,722	25.68
	1740				30,810,937	100

	No. of Shareholders	Shares	%age
Directors	6	23,944,468	77.71
Directors' Spouses	1	115,625	0.38
Associated Companies, Undertakings and Related Parties	1	545,708	1.77
NIT and ICP	2	594,105	1.93
Banks Development Financial Institutions, Non Banking Financial Institutions	1	56,692	0.18
Public Sector Companies	3	16,684	0.05
Joint Stock Companies	18	886,505	2.88
Stock Exchange	1	2	0.00
Individuals	1,707	4,651,148	15.10
	1,740	30,810,937	100

Statement of Compliance

with the Best Practice of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of 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 practice of Corporate Governance

Name of the Company **Reliance Weaving Mills Ltd**
For the Year Ended **June 30, 2012**

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

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

Category Name	Names
Executive Directors	
	1. Mr. Fawad Ahmed Mukhtar
	2. Mr. Fazal Ahmed Sheikh
	3. Mr.Faisal Ahmed Mukhtar
	4. Mr. Fahd Mukhtar
Non-Executive Directors	
	5. Mrs. Fatima Fazal
	6. Mrs. Farah Faisal
Independent Directors	
	7. Mr. Shahid Aziz

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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 during the financial 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 or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

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

9. The board arranged one training programs for its directors during the year.

10. The board has approved/ratified appointment of Head of Internal Audit, CS, CFO and including their remuneration and terms and conditions of employment.

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

12. The financial statements of the company were

Statement of Compliance

with the Best Practice of Corporate Governance

duly endorsed by CEO and CFO before approval of the board.

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

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

15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

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

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

18. The board has set up an effective internal audit function.

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

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

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

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

23. During the year Members re-elected the existing Board of Directors on the expiry of the tenure of the Board.

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

Sd/-

Place: Multan
Fazal Ahmed Sheikh

Date: October 08, 2012
Chief Executive Officer

Financial Statements

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 Reliance Weaving Mills Limited ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

Further, sub regulation (x) of Listing Regulation No.35 notified by The Karachi Stock Exchange (Guarantee) Limited require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Place: Lahore
Date: October 08, 2012

Auditors' Report to the Members

We have audited the annexed balance sheet of Reliance Weaving Mills Limited ("the Company") as at 30 June 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 account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

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

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

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

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

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

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Lahore
Date: October 08, 2012

Balance Sheet

	Note	2012 Rupees	2011 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
40,000,000 (2011: 40,000,000) ordinary shares of Rs 10 each		400,000,000	400,000,000
30,000,000 (2011: 30,000,000) preference shares of Rs 10 each		300,000,000	300,000,000
		700,000,000	700,000,000
Issued, subscribed and paid up capital	7	308,109,370	308,109,370
Reserves	8	198,882,959	288,223,673
Retained earnings		1,155,253,969	895,045,191
		1,662,246,298	1,491,378,234
Surplus on revaluation of fixed assets		452,271,382	452,271,382
Non-current liabilities			
Long term finances	9	439,404,906	543,464,674
Loans from related parties - subordinated loan	10	3,800,000	3,800,000
Liabilities against assets subject to finance lease	11	29,867,886	26,242,911
Deferred liability	12	34,782,876	22,563,810
		507,855,668	596,071,395
Current Liabilities			
Current portion of non-current liabilities - secured		209,762,023	258,498,220
Finances under mark up arrangements and other credit facilities - secured	13	2,655,260,929	2,296,531,238
Trade and other payables	14	392,979,415	400,852,130
Markup accrued	15	54,805,648	101,203,541
		3,312,808,015	3,057,085,129
Contingencies and commitments	16		
		5,935,181,363	5,596,806,140

The annexed notes 1 to 46 form an integral part of these financial statements.

Sd/-
Chief Executive Officer

As at 30 June 2012

	Note	2012 Rupees	2011 Rupees
ASSETS			
Non-current assets			
Fixed assets	17	2,859,273,097	2,772,975,905
Long term deposits		16,830,635	15,713,425
		2,876,103,732	2,788,689,330
Deferred tax asset	18	52,841,915	7,246,805
Current assets			
Stores, spares and loose tools	19	173,559,337	184,565,485
Stock in trade - net	20	1,489,257,667	1,672,003,501
Trade debts	21	781,845,982	574,724,095
Loans and advances	22	325,539,965	122,929,033
Trade deposits and prepayments	23	1,042,731	711,879
Other receivables	24	21,399,506	649,837
Short term investments	25	140,773,459	171,856,384
Tax refunds due from the government	26	43,571,348	53,987,361
Cash and bank balances	27	29,245,721	19,442,430
		3,006,235,716	2,800,870,005
		5,935,181,363	5,596,806,140

Sd/-
Director

Profit and Loss Account

For the Year ended 30 June 2012

	Note	2012 Rupees	2011 Rupees
Sales - net	28	8,698,693,299	9,993,572,791
Cost of sales	29	(7,785,084,948)	(8,642,769,149)
Gross profit		913,608,351	1,350,803,642
Distribution and marketing expenses	30	(132,038,619)	(111,078,025)
Administrative expenses	31	(114,562,967)	(101,888,570)
Other operating expenses	32	(31,621,467)	(60,789,658)
Finance cost	33	(429,358,130)	(481,594,268)
Net change in fair value of 'available-for-sale' financial assets distributed		58,257,789	-
Other operating income	34	24,266,509	7,022,733
Profit before taxation		288,551,466	602,475,854
Taxation	35	(28,342,688)	(98,776,608)
Profit after taxation		260,208,778	503,699,246
Earning per share - basic and diluted	42	8.45	16.35

The annexed notes 1 to 46 form an integral part of these financial statements.

Sd/-
Chief Executive Officer

Sd/-
Director

Statement of Comprehensive Income

For the Year ended 30 June 2012

	Note	2012 Rupees	2011 Rupees
Profit for the year		260,208,778	503,699,246
Other comprehensive Income:			
Gain on remeasurement of available-for-sale investment		75,261,034	21,265,265
Net change in fair value of 'available-for-sale' financial assets distributed		(58,257,789)	-
Deferred tax	18	-	2,730,747
		17,003,245	23,996,012
Total comprehensive income for the year		277,212,023	527,695,258

The annexed notes 1 to 46 form an integral part of these financial statements.

Sd/-
Chief Executive Officer

Sd/-
Director

Cash Flow Statement

For the Year ended 30 June 2012

	Note	2012 Rupees	2011 Rupees
Cash flows from operating activities			
Cash generated from operations	40	574,439,084	400,304,501
Finance cost paid		(454,400,390)	(450,863,142)
Taxes paid - net		(67,550,933)	(82,986,827)
Workers' profit participation fund paid		(29,037,737)	-
Staff retirement benefits paid		(11,448,848)	(9,692,349)
Net cash generated from / (used in) operating activities		12,001,176	(143,237,817)
Cash flows from investing activities			
Fixed capital expenditure		(199,616,881)	(589,124,158)
Proceeds from disposal of fixed assets		11,401,781	37,981,543
Long term deposits		(1,117,210)	(313,085)
Net cash used in investing activities		(189,332,310)	(551,455,700)
Cash flows from financing activities			
Proceeds from long term finances		93,000,000	445,025,755
Repayment of long term finances		(264,595,266)	(271,076,402)
Repayment of long term finances - related party		-	(33,200,000)
Net cash (used in) / generated from financing activities		(171,595,266)	140,749,353
Net (decrease) in cash and cash equivalents		(348,926,400)	(553,944,164)
Cash and cash equivalents at beginning of the year		(2,277,088,808)	(1,723,144,644)
Cash and cash equivalents at end of the year	41	(2,626,015,208)	(2,277,088,808)

The annexed notes 1 to 46 form an integral part of these financial statements.

Sd/-
Chief Executive Officer

Sd/-
Director

Statement of Changes in Equity

For the Year ended 30 June 2012

	Share capital	Capital reserve: Share premium	Capital reserve: Fair Value reserve	Revenue reserve: General reserve	Revenue reserve: Retained earnings	Total
	----------------	----------------	----------------	Rupees	----------------	----------------
Balance as at 30 June 2010	308,109,370	41,081,250	42,630,492	254,000,000	391,345,945	1,037,167,057
Total comprehensive income for the year						
Profit for the year	-	-	-	-	503,699,246	503,699,246
Other comprehensive income	-	-	23,996,013	-	-	23,996,013
Total comprehensive income for the year	-	-	23,996,013	-	503,699,246	527,695,259
Transactions with owners of the Company recognized directly in equity						
Specie dividend	-	-	-	(73,484,082)	-	(73,484,082)
Balance as at 30 June 2011	308,109,370	41,081,250	66,626,505	180,515,918	895,045,191	1,491,378,234
Total comprehensive income for the year						
Profit for the year	-	-	-	-	260,208,778	260,208,778
Other comprehensive income	-	-	17,003,245	-	-	17,003,245
Total comprehensive income for the year	-	-	17,003,245	-	260,208,778	277,212,023
Transactions with owners of the Company recognized directly in equity						
Specie dividend	-	-	-	(106,343,959)	-	(106,343,959)
Balance as at 30 June 2012	308,109,370	41,081,250	83,629,750	74,171,959	1,155,253,969	1,662,246,298

The annexed notes 1 to 46 form an integral part of these financial statements.

Sd/-
Chief Executive Officer

Sd/-
Director

Notes to the Financial Statements

For the Year ended 30 June 2012

1 Legal status and nature of business

Reliance Weaving Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on 7 April 1990 under the Companies Ordinance, 1984 and its shares are quoted on Karachi and Lahore Stock Exchanges. The Company commenced its operations on 14 May 1990 and is principally engaged in the manufacture and sale of yarn and fabric. The registered office of the Company is situated at Second Floor, Trust Plaza, L.M.Q. Road, Multan.

2 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 and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for land and investments classified as available for sale which are stated at fair value and obligations in respect of gratuity schemes which are measured at present value.

4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the 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 the 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 ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

- **Income taxes**
  In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

- **Investment stated at fair value**
  Management has determined fair value of investment by using quotations from active market conditions and information about the financial instrument. These estimates are subjective in nature and involve some uncertainties and matters of judgment and therefore, cannot be determined with precision.

- Fixed Assets

  Property, plant and equipment
  The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

- Intangible assets
  The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

- Stock-in-trade and stores and spares
  The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

- Staff retirement benefits
  Certain actuarial assumptions have been adopted as disclosed in these financial statements for actuarial valuation of present value of defined benefit obligations . Changes in these assumptions in future years may affect the liability under the scheme in those years.

- Trade debts
  The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on certain assumptions whereas actual results may differ, resulting in future changes to the provisions.

5 Initial application of new standards, interpretations or amendments to existing standards and forthcoming requirements

5.1 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

5.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

  - IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.

  - IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

  - IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

  - IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendments have no impact on financial statements of the Company.

The said amendments have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

6 Summary of significant accounting policies

6.1 Fixed assets

(a) Operating property, plant and equipment - owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except freehold land, which is stated at revalued amount.

Depreciation is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset’s economic benefits are consumed by the Company, at the rates specified in note 17.1.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

Surplus on revaluation of land is credited to the surplus on revaluation account.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized

Normal repair and maintenance are charged to profit and loss as and when incurred. Gains and losses on disposal of assets, if any, are included in profit and loss currently.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at 30 June 2012 has not required any adjustment as its impact is considered insignificant.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

(b) Assets subject to finance lease

The Company accounts for property, plant and equipment obtained under finance leases by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments at inception of lease or fair value whichever is lower. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on lease assets is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 17.1.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

c) Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates specified in note 17.1.6 after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.
Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

d) Capital work-in-progress (CWIP)

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment.

6.2 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence 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.

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 assessments 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.

6.3 Borrowings

Interest bearing borrowings are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

6.4 Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

6.5 Taxation

Income tax on profit or loss for the year comprises current and deferred tax.

(a) Current

Provision for tax on other income and local sales is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001 and whichever is higher, is provided in these financial statements

(b) Deferred

Deferred taxation is recognized, using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of the realization or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Deferred tax assets, are reduced to the extent that they are no longer probable that the related tax benefit will be realized.

6.6 Employee retirement benefit - gratuity

The main features of the scheme operated by the Company for its employees are as follows:

Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2012. Projected Unit Credit Method, based on the following significant assumptions is used for valuation of the scheme:

	2012	2011
- Discount Rate	13%	14%
- Expected increase in eligible salary	12%	13%
- Average expected remaining working life time	8 years	8 years
- Mortality rate	EFU (61-66) mortality table	

The Company's policy with regard to actuarial gains/ losses is to follow minimum recommended approach under IAS 19.

6.7 Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

6.8 Provisions

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

6.9 Derivative financial instruments and hedging activities

These are initially recorded at fair value on the date on which a derivative contract is entered into and subsequently measured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. Derivatives are carried as asset when the fair value is positive and liabilities when the fair value is negative.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized in profit and loss account in the periods when the hedged item will effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Any gains or losses arising from change in fair value derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

6.10 Investments

Investments in equity instruments of associated companies

Associated companies, where the Company holds 20% or more of the voting power of the investee company and where the Company has significant influence, but not control, over the financial and operating policies, are accounted for using the equity method.

Investment at fair value through profit and loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer margin are classified as "investment at fair value through profit or loss", these are initially recognized on trade date at cost being the fair value of the consideration given and derecognized by the Company on the date it commits to sell them off. Transaction costs are charged to profit and loss account as and when incurred. At each balance sheet date, fair value is determined on the basis of year-end bid prices obtained from stock exchange quotations. Any resultant increase/ (decrease) in fair value is recognized in the profit and loss account for the year.

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss currently. Fair value of quoted investments is their bid price on Karachi Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment.

Available for sale, investments are tested for impairment at each reporting date. Investments are considered to be impaired if there is a significant or prolonged decline in the fair value of the investment at the reporting date.

6.11 Stores, spares and loose tools

Usable stores, spares and loose tools are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

6.12 Stock in trade

These are stated at the lower of cost and net realizable value except for waste stock which is valued at net realizable value.

Cost has been determined as follows:

Raw materials	Weighted average cost
Work in process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit comprises of invoice value plus other charges paid thereon.
Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

6.13 Trade debts

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

6.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as component of cash and cash equivalents for the purpose of cash flow statement.

6.15 Financial instruments

a) Initial recognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it.

b) Derecognition of financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit and loss account.

6.16 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when the risks and rewards of ownership are transferred i.e. on dispatch in case of local sales and on preparation of bill of lading in case of exports and when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and applicable rate of return.

Mark up income is accrued on a time basis, by reference to the principal outstanding and at the agreed mark up rate applicable.

Dividend income is recognized when the right to receive payment is established.

6.17 Foreign currency transanctions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

6.18 Borrowing cost

Borrowing costs incurred on long term finances directly attributable for the construction/ acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

6.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

6.20 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

6.21 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

6.22 Earnings per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

7 Issued, subscribed and paid up capital

2012	2011		2012	2011
Number of shares			Rupees	Rupees
17,801,875	17,801,875	Ordinary shares of Rs. 10/- each fully paid in cash	**178,018,750**	178,018,750
13,009,062	13,009,062	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	**130,090,620**	130,090,620
30,810,937	30,810,937		**308,109,370**	308,109,370

8 Reserves

Composition of reserves is as follows:	Note		
Capital reserve			
- Share premium	8.1	**41,081,250**	41,081,250
- Fair value reserve - net of tax		**83,629,750**	66,626,505
		124,711,000	107,707,755
Revenue reserve			
- General reserve		**74,171,959**	180,515,918
		198,882,959	288,223,673

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

9 Long term finances

	Note		
Loan from financial institutions - secured			
Long term loans	9.1	**634,114,104**	795,846,329
		634,114,104	795,846,329
Current portion		**(194,709,198)**	(252,381,655)
		439,404,906	543,464,674

9.1 Long term loans

Loan # Lender - Nature	2012 Rupees	2011 Rupees	Rate of interest per annum	Number of remaining installments	Interest payable
1. National Bank of Pakistan (DF II)	126,000,000	189,000,000	3 M KIBOR + 1.75%	4 equal half yearly installment ending December 2013	Quarterly
2. United Bank Limited (DF)	27,500,000	82,500,000	3 M KIBOR + 1.85%	1 half yearly installment ending December 2012	Quarterly
3. National Bank of Pakistan (LTF)	93,000,000	-	12.70%	12 equal half yearly installment ending June 2018	Quarterly
4. Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF)	217,985,104	249,125,829	11.10%	7 equal half yearly installment ending July 2015	Quarterly
5. Pak Brunei Investment Company (LTFF)	137,499,000	149,998,000	10.70%	11 equal half yearly installment ending November 2017	Quarterly
6. MCB Bank Limited (LTFF) `	32,130,000	41,310,000	11.10%	7 equal half yearly installment ending December 2015	Quarterly
7. First National Bank Modaraba (Morabaha)	-	14,500,000	3 M KIBOR + 1.25%	Nil	Quarterly
8. Standard Chartered Bank Limited (Term Loan)	-	22,500,000	3 M KIBOR +2%	Nil	Quarterly
9. Habib Bank Limited (LTF II)	-	6,133,000	7%	Nil	Quarterly
10. Habib Bank Limited (LTF III)	-	29,629,500	7%	Nil	Quarterly
11. United Bank Limited (DF I)	-	11,150,000	3 M KIBOR + 2.25%	Nil	Quarterly
	634,114,104	795,846,329			

Security

Loan No. 1

This loan is secured by a first charge over the assets of Unit 4 (Spinning) of the Company.

Loan No. 2

This loan is secured by a first pari passu charge on all fixed assets of Unit 4 (Spinning) of the Company.

Loan No. 3

This loan is secured by a 1st pari passu charge on fixed assets of the Company.

Loan No, 4

This loan is secured by a first pari passu charge over present and future fixed assets.

Loan No. 5

This loan is secured by a first pari passu charge over present and future fixed assets.

Loan No.6

This loan is secured by a first exclusive registered charge over gas generator.

Loan No. 7

This loan was secured by a first pari passu charge on all present and future fixed assets and personal guarantees of the directors.

Loan No. 8

This loan was secured by hypothecation pari passu charge over all present and future fixed assets of the Company.

Loan No. 9, 10

These were secured by a first pari passu charge on all fixed assets of unit 2 (Weaving) and Unit 4 (Spinning) of the Company

Loan No. 11

This loan was secured by a first charge on fixed assets of Unit - 3 (Spinning) of the Company.

	Note	2012 Rupees	2011 Rupees
10 Loans from related parties - subordinated loan			
Unsecured			
Faisal Ahmed Mukhtar		**3,800,000**	3,800,000

This represents interest free subordinated loan obtained from the director of the Company.

11 Liabilities against assets subject to finance lease

	Note	2012 Rupees	2011 Rupees
Present value of minimum lease payments	11.3	**44,920,711**	32,359,476
Current portion shown under current liabilities		**(15,052,825)**	(6,116,565)
		29,867,886	26,242,911

11.1 The minimum lease payments have been discounted at implicit interest rates ranging from 3 months KIBOR plus 4% to 6 month KIBOR plus 1.50% (2011: 3 months kibor plus 4%) to arrive at their present value. Rentals are payable in quarterly/monthly installments. The Company has the option to purchase the assets after expiry of the lease term and has the intention to exercise such option. There are no financial restrictions imposed by lessor.

11.2 Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company is to pay the entire rent for the unexpired period of lease agreement.

11.3 The amount of future minimum lease payments along with their present value and the period during which they will fall due are:

	2012		
	Total Minimum lease payment	Finance cost	Principal
	---------- Rupees ----------		
Not later than one year	21,066,385	6,013,561	15,052,824
Later than one year and not later than five years	34,449,539	4,581,652	29,867,887
	55,515,924	10,595,213	44,920,711

	2011		
	Total Minimum lease payment	Finance cost	Principal
	---------- Rupees ----------		
Not later than one year	11,474,008	5,357,443	6,116,565
Later than one year and not later than five years	34,422,024	8,179,113	26,242,911
	45,896,032	13,536,556	32,359,476

	Note	2012 Rupees	2011 Rupees
12 Deferred liabilities			
Staff retirement benefits - gratuity	12.1	**34,782,876**	22,563,810
12.1 Staff retirement benefits-gratuity			
Present value of defined benefit obligation	12.1.2	**45,131,372**	42,070,887
Unrecognized actuarial (loss)/gain	12.1.3	**(10,348,496)**	(19,507,077)
Liability as at June 30		**34,782,876**	22,563,810
12.1.1 Change in present value of net staff gratuity			
Liability as at July 01		**22,563,810**	13,725,541
Charge to profit and loss account		**23,667,914**	18,530,618
Payments made during the year		**(11,448,848)**	(9,692,349)
Liability as at June 30		**34,782,876**	22,563,810
12.1.2 Movement in liability for defined benefit obligation			
Opening present value of defined benefit obligations		**42,070,887**	23,712,397
Current service cost for the year		**15,865,491**	14,733,178
Interest cost for the year		**5,889,924**	2,845,488
Benefit paid during the period		**(11,448,848)**	(9,692,349)
Actuarial (gain) / loss on present value of defined benefit obligation		**(7,246,082)**	10,472,173
Closing present value of defined benefit obligations		**45,131,372**	42,070,887
12.1.3 Movement in unrecognized actuarial (losses)/gains			
Opening unrecognized actuarial gains/ (losses)		**(19,507,077)**	(9,986,856)
Actuarial gain / (loss) arising during the year		**7,246,082**	(10,472,173)
Actuarial losses charged to profit & loss account during the year		**1,912,499**	951,952
Closing unrecognized actuarial (losses)		**(10,348,496)**	(19,507,077)
12.1.4 Charge for the year			
Current service cost for the year		**15,865,491**	14,733,178
Interest cost for the year		**5,889,924**	2,845,488
Actuarial loss / (gains) recognized		**1,912,499**	951,952
		23,667,914	18,530,618

12.1.5 Historical Information for gratuity plan

	2012 Rupees	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees
Present value of defined benefit obligation	**45,131,372**	42,070,887	23,712,397	11,582,208	7,453,859
Experience adjustment arising on plan liabilities	**(7,246,082)**	10,472,173	8,342,393	2,100,291	41,213

12.1.6 The charge for the year has been allocated as follows :

	Note	2012 Rupees	2011 Rupees
Cost of Sales	29.2	**20,933,472**	16,905,944
Administrative expenses	31.1	**2,734,442**	1,624,674
		23,667,914	18,530,618

12.1.7 Expected contribution for the next year

The expected contribution to the gratuity scheme for the year ending 30 June 2013 works out to Rs.22,970,831 (2011: Rs. 23,667,914).

	Note	2012 Rupees	2011 Rupees
13 Finances under mark up arrangements and other credit facilities - secured			
Short term finances	13.1	**2,064,610,464**	1,749,306,016
Export finances	13.2	**590,650,465**	547,225,222
		2,655,260,929	2,296,531,238

13.1 Short term finances are available from different commercial banks under mark up arrangements amounting to Rs. 7,425 million (2011: Rs. 4,960 million). The rates of mark up range from 12.64% to 16.01% (2011: 14.72% to 15.71%) on the outstanding balance.

13.2 The Company has obtained export finance facilities from commercial banks aggregating to Rs.5,240 million (2011: Rs. 3,190 million) being the sub limit of the finance mentioned in note 13.1. The rates of mark up range from 1.49% to 3.79% (2011: 2.46% to 3.55%) on the outstanding balance.

13.3 Of the aggregate facility of Rs. 1,700 million (2011: Rs. 1,850 million) for opening letters of credit and Rs. 1,003 million (2011: Rs. 163 million) for guarantees being the sub limit of finances mentioned in note 13.1, the amount utilized as at 30 June 2012 was Rs.19.520 million (2011: Rs. 134 million) and Rs.57.60 million (2011: Rs. 58.096 million) respectively.

13.4 The aggregate facilities are secured by pledge of stock (cotton, yarn, polyster and fabric), hypothecation / pari pasu charge on all present and future current assets of the Company including stock in trade, trade debts and lien on export bills.

	Note	2012 Rupees	2011 Rupees
14 Trade and other payables			
Trade creditors		**203,946,737**	202,689,475
Accrued liabilities		**131,724,511**	103,493,542
Due to related parties	14.1	**146,935**	12,142,580
Workers' profit participation fund payable		**48,975,555**	61,496,676
Unclaimed dividend		**3,541,559**	3,541,624
Accrued mark-up	14.2	**2,023,950**	-
Others		**2,620,168**	17,488,233
		392,979,415	400,852,130
14.1 Due to related parties			
Fatima Sugar Mills Limited		-	7,914,376
Fazal Cloth Mills Limited		-	3,378,156
Reliance Cotton (Private) Limited		-	850,048
Reliance Commodities (Pvt) Ltd.		**146,935**	-
		146,935	12,142,580

This relates to normal business of the Company and is interest free.

14.2 This represents mark-up on short term loan obtained during the year from Fatima Sugar Mills Limited

	2012 Rupees	2011 Rupees
15 Mark up accrued		
Long term finances - secured	15,491,989	22,043,299
Liabilities against assets subject to finance lease	1,284,539	929,280
Finances under mark-up arrangements and other credit facilities - secured	38,029,120	78,230,962
	54,805,648	101,203,541

16 Contingencies and commitments

16.1 Contingencies

(i) The Company has arranged bank guarantees from Habib Bank Limited in favour of Sui Northern Gas Pipelines Limited amounting to Rs. 52.596 million on account of payment of dues against gas sales (2011: Rs. 58.096 million) and Rs.5.5 million from Meezan Bank Limited (2011: nil) in favour of the Director Excise and Taxation .

(ii) The Company is contingently liable for Rs. 1.4 million Iqra surcharge on account of non-compliance of the provisions of SRO. 1140(1) 97 in respect of 1,320 bales of raw cotton imported in the year 2001. However, all the contingencies previously attached to the particular case have already been decided in favour of the Company. The management is confident, since Alternate Dispute Resolution Committee recommendations and subsequent decisions by FBR were in favour of the Company, that the liability of Iqra surcharge on account of exportation of goods so manufactured from imported cotton, will be positively waived off.

(iii) The Company challenged the imposition of infrastructure cess at the rate of 0.85% by the Director Excise and Taxation Karachi vide Sindh Finance Act, in the High Court. The High Court decided that 50% of the demand amounting to Rs. 5.5 million shall be paid by the Company while for remaining 50%, guarantees shall be issued in favour of Excise and Taxation Karachi. The Company although paid the said amount and issued guarantees, has challenged the said order in Supreme Court and the management is confident that the decision will be decided in their favour and accordingly no provision has been made in the accounts.

Foreign bills discounted outstanding as at 30 June 2012 aggregated Rs. 668.26 million (2011: Rs. 366.976 million).

	2012 Rupees	2011 Rupees
16.2 Commitments		
16.2.1 Commitments in respect of forward foreign exchange contracts		
Sale	61,741,617	149,685,000
Purchase	11,855,669	-
16.2.2 Letter of credits for:		
Capital expenditures	5,037,119	117,372,066
Other than capital expenditures	14,478,688	16,746,940
	19,515,807	134,119,006

17. Fixed assets

17.1 Property, plant and equipment

	Note	2012 Rupees	2011 Rupees
Operating property, plant and equipment	17.1.1	**2,857,561,160**	2,768,840,533
Capital work in progress	17.1.5	**434,377**	3,561,155
		2,857,995,537	2,772,401,688
Intangible Assets	17.1.6	**1,277,560**	574,217
		2,859,273,097	2,772,975,905

17.1.1 Operating property, plant and equipment

Particulars	Owned assets										Leased			
	Freehold land	Buildings	Plant and machinery	Electric installations	Factory equipment	Office equipment	Electric appliances	Furniture and fixtures	Vehicles	Subtotal	Plant and machinery	Vehicles leased	Subtotal	Grand total
	Rupees													
Cost														
Balance at 1 July 2010	486,972,575	402,592,538	2,567,150,589	106,194,179	26,466,088	15,641,355	10,461,957	10,371,250	32,421,885	3,658,272,416	50,788,037	-	50,788,037	3,709,060,453
Additions	-	18,061,309	561,008,354	15,000	142,608	1,970,461	2,589,179	901,929	7,853,822	592,542,662	-	-	-	592,542,662
Disposals	-	-	(176,889,872)	-	-	-	-	-	(1,843,883)	(178,733,755)	-	-	-	(178,733,755)
Balance at 30 June 2011	486,972,575	420,653,847	2,951,269,071	106,209,179	26,608,696	17,611,816	13,051,136	11,273,179	38,431,824	4,072,081,323	50,788,037	-	50,788,037	4,122,869,360
Balance at 1 July 2011	486,972,575	420,653,847	2,951,269,071	106,209,179	26,608,696	17,611,816	13,051,136	11,273,179	38,431,824	4,072,081,323	50,788,037	-	50,788,037	4,122,869,360
Additions	-	27,125,661	155,241,112	10,716,713	260,413	1,986,765	844,847	1,965,323	3,741,576	201,882,410	-	22,424,276	22,424,276	224,306,686
Disposals	-	-	(46,474,127)	-	-	(85,800)	-	-	(3,746,003)	(50,305,930)	-	-	-	(50,305,930)
Balance at 30 June 2012	**486,972,575**	**447,779,508**	**3,060,036,056**	**116,925,892**	**26,869,109**	**19,512,781**	**13,895,983**	**13,238,502**	**38,427,397**	**4,223,657,803**	**50,788,037**	**22,424,276**	**73,212,313**	**4,296,870,116**
Rate	-	5%	5%	5%	5%	10%	10%	10%	20%		5%	20%		
Depreciation														
Balance at 1 July 2010	-	142,818,345	1,169,095,044	32,974,415	7,632,477	5,821,394	4,593,750	4,315,566	18,281,175	1,385,532,166	623,495	-	623,495	1,386,155,661
Adjustment for disposal	-	-	(142,689,904)	-	-	-	-	-	(1,576,426)	(144,266,330)	-	-	-	(144,266,330)
Depreciation for the year	-	13,121,547	86,057,104	3,661,051	945,999	1,083,859	684,238	657,816	3,419,655	109,631,269	2,508,227	-	2,508,227	112,139,496
Balance at 30 June 2011	-	155,939,892	1,112,462,244	36,635,466	8,578,476	6,905,253	5,277,988	4,973,382	20,124,404	1,350,897,105	3,131,722	-	3,131,722	1,354,028,827
Balance at 1 July 2011	-	**155,939,892**	**1,112,462,244**	**36,635,466**	**8,578,476**	**6,905,253**	**5,277,988**	**4,973,382**	**20,124,404**	**1,350,897,105**	**3,131,722**	-	**3,131,722**	**1,354,028,827**
Adjustment for disposal	-	-	**(39,287,382)**	-	-	**(16,635)**	-	-	**(2,963,320)**	**(42,267,337)**	-	-	-	**(42,267,337)**
Depreciation for the year	-	**13,365,432**	**97,446,563**	**3,599,869**	**907,905**	**1,169,227**	**811,212**	**685,600**	**4,084,240**	**122,070,048**	**2,382,816**	**3,094,602**	**5,477,418**	**127,547,466**
Balance at 30 June 2012	-	**169,305,324**	**1,170,621,425**	**40,235,335**	**9,486,381**	**8,057,845**	**6,089,200**	**5,658,982**	**21,245,324**	**1,430,699,816**	**5,514,538**	**3,094,602**	**8,609,140**	**1,439,308,956**
Carrying amounts														
At 30 June 2011	486,972,575	264,713,955	1,838,806,827	69,573,713	18,030,220	10,706,563	7,773,148	6,299,797	18,307,420	2,721,184,218	47,656,315	-	47,656,315	2,768,840,533
At 30 June 2012	**486,972,575**	**278,474,184**	**1,889,414,631**	**76,690,557**	**17,382,728**	**11,454,936**	**7,806,783**	**7,579,520**	**17,182,073**	**2,792,957,987**	**45,273,499**	**19,329,674**	**64,603,173**	**2,857,561,160**

17.1.2 The Company carried out the revaluation of land on 1 December 2008. The valuation was conducted by an independent valuer, Dimen Associates (Private) Limited. Land was revalued on the basis of fair market value.

Revaluation of land resulted in surplus of Rs. 452.271 million.

17.1.3 The depreciation charge for the year has been allocated as follows:	Note	2012 Rupees	2011 Rupees
Cost of sales	29	118,513,797	106,978,166
Administrative expenses	31	9,033,669	5,161,330
		127,547,466	112,139,496

Had there been no revaluation, the net book value of land would have been Rs.34.70 million.

17.1.4 Disposal schedule of operating property, plant and equipment:

	2012						
Particulars	Cost	Accumulated depreciation	Book Value	Claim/Sales proceeds	Gain/ (loss)	Mode of disposal	Sold to
	Rupees						
Plant and machinery							
8 Looms ZAX x 340 CM	43,949,052	38,457,452	5,491,600	6,600,000	1,108,400	Negotiation	M/s Faisal Enterpriese
2 Compressors ZR -4-52 and ZR - 355	2,525,075	829,930	1,695,145	4,000,000	2,304,855	Negotation	Fazal Cloth Mills Limited
Office equipment							
Black Berry	16,200	3,051	13,149	3,240	(9,909)	Company Policy	Mr. Asad Admin Manager
Black Berry	17,400	3,019	14,381	3,480	(10,901)	Company Policy	Mr. Ikram Azeem GM
Black Berry	17,400	3,391	14,009	3,480	(10,529)	Company Policy	Mr. Waheed Ahmed CFO
Black Berry	17,400	3,524	13,876	3,480	(10,396)	Company Policy	Mr. Waqar Nasir
Black Berry	17,400	3,650	13,750	16,200	2,450	Insurance claim	Mr. Ikram
Vehicles							
Vehicle MLM - 9520 (Coure)	449,490	298,547	150,943	140,161	(10,782)	Company policy	Mr. Waqas Nasir TM
Vehicle MLB -1474 (Coure)	418,744	345,343	73,401	73,401	-	Company policy	Mr. Jawad Ahmed Manager Accounts
Vehicle ML -6 (Honda Civic)	1,150,814	944,466	206,348	206,348	-	Company policy	Mr. Khawaja Sajid GMM
Vehicle MLA - 5866 (Coure)	418,490	345,134	73,356	73,356	-	Company policy	Mr. Ahsan Alvi FM
Vehicle MLE -5571 (Coure)	424,675	339,512	85,163	85,163	-	Company policy	Mr. Shahid Ismail (GM Procurement)
Vehicle MLL - 8396 (Coure)	459,000	350,708	108,292	108,292	-	Company policy	Mr. Aftab MM
Vehicle MLE - 5570 (Coure)	424,790	339,610	85,180	85,180	-	Company policy	Mr. Akhtar Malik
	50,305,930	**42,267,337**	**8,038,593**	**11,401,781**	**3,363,188**		

Particulars	Cost	Accumulated depreciation	Book Value	Claim/Sales proceeds	Gain/ (loss)	Mode of disposal	Sold to
	2011						
	---------- Rupees ----------						
Plant and machinery							
59 Tsudakoma airjet looms	102,573,750	85,940,412	20,367,101	20,367,101	3,733,763	Negotiation	Hashmani Ind. & NMK Sons
Warping machine	10,460,612	8,607,510	500,000	500,000	(1,353,102)	Negotiation	Nazuk Textile MIlls Ltd.
Sizing machine	19,121,712	14,259,040	5,000,000	5,000,000	137,328	Negotiation	Nazuk Textile MIlls Ltd.
24 Tsudakoma airjet looms	44,733,798	33,882,942	11,400,000	11,400,000	549,144	Negotiation	Tricon GTC Lahore.
Vehicles							
Motor Bike MNL 4696	50,490	19,478	25,250	25,250	(5,762)	Company policy	Mr. Irfan Rasul
Mazda Van MNV 9536	815,000	801,481	465,000	465,000	451,481	Negotiation	Sarfraz Hyder Khan
Toyota Corola MNZ-99	912,993	743,801	169,192	169,192	-	Company policy	Mr. Amanullah
MNN 1973 Motor Bike	65,400	11,666	55,000	55,000	1,266	Insurance Claim	EFU Insurance
	178,733,755	**144,266,330**	**37,981,543**	**37,981,543**	**3,514,118**		

17.1.5 Capital work in progress

	2012 Rupees	2011 Rupees
Civil works and buildings	**105,483**	1,333,261
Plant and machinery	**328,894**	328,894
Advances	**-**	1,899,000
	434,377	3,561,155

17.1.6 Intangible assets

Computer software - License fee

	Rupees
Cost	
Balance as at 1st July 2010	1,148,440
Addition/disposal during the year	-
Balance as at 30 June 2011	1,148,440
Balance as at 1st July 2011	**1,148,440**
Addition/disposal during the year	**861,249**
Balance as at 30 June 2012	**2,009,689**
Rate of amortization	10%
Amortization	
Balance as at 1st July 2010	459,379
Amortization for the year	114,844
Balance as at 30 June 2011	574,223
Balance as at 1st July 2011	**574,223**
Amortization for the year	**157,906**
Balance as at 30 June 2012	**732,129**
Carrying amounts	
At 30 June 2011	574,217
At 30 June 2012	**1,277,560**

17.1.6.1 The amortization for the year has been allocated to administrative expenses.

18 Deferred tax asset/(liability)

	2012			
	Opening	Charge to/reversal from		Closing
		Profit or loss	Other comprehensive income	
	---------------------------------- Rupees ----------------------------------			
Taxable temporary difference				
Accelerated tax depreciation	(170,767,931)	(4,334,087)	-	(175,102,018)
Assets subject to finance lease	(2,034,479)	(376,622)	-	(2,411,101)
Deductible temporary difference				
Unabsorbed tax losses and tax credits	177,048,228	49,045,903	-	226,094,131
Provision for retirement benefits	3,000,987	1,259,916	-	4,260,903
	7,246,805	45,595,110	-	52,841,915

	2011			
	Opening	Charge to/reversal from		Closing
		Profit or loss	Other comprehensive income	
	---------- Rupees ----------			
Taxable temporary difference				
Accelerated tax depreciation	(57,173,906)	(113,594,025)	-	(170,767,931)
Available for sale securities	(2,730,747)	-	2,730,747	-
Assets subject to finance lease	(123,747)	(1,910,732)	-	(2,034,479)
Deductible temporary difference				
Unabsorbed tax losses	61,244,828	115,803,400	-	177,048,228
Provision for retirement benefits	831,156	2,169,831	-	3,000,987
	2,047,584	2,468,474	2,730,747	7,246,805

	Note	2012 Rupees	2011 Rupees
19 Stores, spares and loose tools			
Stores		**53,172,423**	81,620,451
Spares		**120,384,806**	103,047,411
Loose tools		**232,130**	127,645
		173,789,359	184,795,507
Less: Provision for obsolete items		**230,022**	230,022
		173,559,337	184,565,485

19.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	Note	2012 Rupees	2011 Rupees
20 Stock in trade - net			
Raw materials	20.1	**960,611,114**	914,690,986
Work in process		**148,043,710**	140,160,491
Finished goods		**365,045,103**	602,854,629
Waste		**15,557,740**	14,297,395
		1,489,257,667	1,672,003,501

20.1 This includes items in-transit as at 30 June 2012 amounting to Rs. 2.61 million (2011: Rs. 5.63 million).

	2012 Rupees	2011 Rupees
21 Trade debts		
Considered good		
Export - secured	**613,875,403**	307,921,108
Local - unsecured	**167,970,579**	266,802,987
Considered doubtful - unsecured	**6,017,453**	6,017,453
	787,863,435	580,741,548
Less: Provision for doubtful debts	**6,017,453**	6,017,453
	781,845,982	574,724,095

	Note	2012 Rupees	2011 Rupees
22 Loans and advances			
Advances - considered good			
- To employees	22.1	55,023,639	47,211,252
- To suppliers		127,442,987	62,025,694
Advances for issue of shares - related party	22.2	8,352,010	8,352,010
Due from related parties	22.3	132,714,397	4,814,248
Letters of credit - margins, deposits, opening charges, etc.		2,006,932	525,829
		325,539,965	122,929,033

22.1 It includes amount of Rs. 285,612 (2011: Rs. 396,652) due from executives.

22.2 Advance for issuance of shares has been given to Fatima Fertilizer Company Limited.

22.3 Due from related parties

	Note	2012 Rupees	2011 Rupees
Fatima Fertilizer Company Limited		-	539,144
Gadoon Packing Limited		-	1,048,350
Pakarab Fertilizers Limited		-	29,973
Fazal Cloth Mills Limited		4,276,945	-
Multan Cloth Finishing Factory		1,945,920	1,631,025
Pakistan Mining Company Limited		47,137	33,887
Reliance Commodities (Pvt) Limited	22.3.1	99,188,000	1,531,869
Fatima Sugar Mills Limited	22.3.2	26,240,774	-
Air One Pvt Limited		29,135	-
Fatima Energy Limited		986,486	-
		132,714,397	4,814,248

22.3.1 This represents short term loan given to Reliance Commodities (Pvt) Limited and carries mark-up at 1 month KIBOR plus per 3% per annum. (2011: Nil)

22.3.2 This includes short term loan of Rs. 19,583,838 given to Fatima Sugar Mills Limited and carries mark-up at 1 month KIBOR plus per 3% per annum. (2011: Nil)

	Note	2012 Rupees	2011 Rupees
23 Trade deposits and prepayments			
Security deposits		171,840	171,840
Prepayments		870,891	540,039
		1,042,731	711,879
24 Other receivables			
Accrued mark-up	24.1	12,084,626	-
Dividend receivable	24.2	8,559,392	-
Others		755,488	649,837
		21,399,506	649,837

24.1 This represents mark-up on short term loan given to Reliance Commodities (Pvt) Limited (2011: Nil). See note 23.3.1.

24.2 This represents dividend receivable on short term investment from Fatima Fertilizer Company Limited (2011: Nil). See note 26.

25 Short term investment - *available for sale*	Note	2012 Rupees	2011 Rupees
Fatima Fertilizer Company Limited			
5,706,261 (2011: 10,327,902) fully paid ordinary shares of Rs. 10 each			
Carrying amount		171,856,384	225,923,857
Shares transferred as specie dividend 4,621,641 (2011: 7,702,734) ordinary shares	25.2	(106,343,959)	(75,332,738)
Fair value adjustment		75,261,034	21,265,265
		140,773,459	171,856,384

25.1 Fatima Fertilizer Company Limited (FFCL) is an associate of the Company through common directorship of 3 directors. However, the Company does not have a significant influence to participate in the financial and operating decisions of FFCL. Therefore, investment in FFCL is not accounted for using the equity method.

25.2 During the year the Company distributed 4,621,641 (2011: 7,702,734) shares of Fatima Fertilizer Company Limited (FFCL), having face value of Rs. 10 each, to the share holders as specie dividend in the ratio of 1.5 (2011: 2.5) shares of FFCL, for every 10 (2011:10) shares held in the Company.

26 Tax refunds due from the government	2012 Rupees	2011 Rupees
Export rebate	8,294,175	6,640,292
Income tax	(2,425,637)	3,961,228
Sale tax	31,134,083	36,914,069
Special Excise duty	6,568,727	6,471,772
	43,571,348	53,987,361

27 Cash and bank balances	2012 Rupees	2011 Rupees
Balances at banks		
Current accounts:		
- Pak rupee	19,339,592	16,931,061
- Foreign currency - US $ 924.60 (2011: US $ 924.60)	87,467	79,377
	19,427,059	17,010,438
Saving accounts		
- Pak rupee	7,294,643	106,970
Cash in hand	2,524,019	2,325,022
	29,245,721	19,442,430

27.1 Effective mark up rate in respect of saving accounts ranges from 5% to 5.3% (2011: 5% to 5.3%) per annum.

28 Sales - net	2012 Rupees	2011 Rupees
Export	6,505,997,568	5,951,110,486
Local	2,196,912,468	4,020,434,237
Waste	119,459,798	151,332,941
	8,822,369,834	10,122,877,664
Less: Commission	137,753,427	131,638,272
	8,684,616,407	9,991,239,392
Add: Doubling income	10,877,489	1,642,600
Export rebate	3,199,403	690,799
	14,076,892	2,333,399
	8,698,693,299	9,993,572,791

		Note	2012 Rupees	2011 Rupees
29	**Cost of sales**			
	Raw material consumed	29.1	6,148,602,132	7,877,494,151
	Stores and spares consumed		198,992,127	182,979,925
	Packing material consumed		47,540,080	50,792,416
	Salaries, wages and other benefits	29.2	332,697,225	333,457,447
	Fuel and power		628,682,705	485,015,922
	Insurance		34,736,908	9,344,377
	Repairs and maintenance		17,691,546	12,268,536
	Depreciation on property, plant and equipment	17.1.3	118,513,797	106,978,166
	Utilities		558,391	546,165
	Other expenses		28,404,075	19,324,380
			7,556,418,986	9,078,201,485
	Opening stock of work in process		140,160,491	104,223,423
	Closing stock of work in process		(148,043,710)	(140,160,491)
			(7,883,219)	(35,937,068)
	Cost of goods manufactured		7,548,535,767	9,042,264,417
	Opening stock - Finished goods		602,854,629	202,675,708
	- Waste		14,297,395	14,981,048
			617,152,024	217,656,756
	Closing stock - Finish goods		(365,045,103)	(602,854,629
	- Waste		(15,557,740)	(14,297,395)
			(380,602,843)	(617,152,024)
			236,549,181	(399,495,268)
			7,785,084,948	8,642,769,149

29.1 Raw materials consumed include Rs. 177,993,075 (2011:Rs. 303,230,672) relating to the cost of cotton and polyster which were sold during the period.

29.2 Salaries, wages and other benefits include Rs.20,933,472 (2011: Rs. 16,905,944) in respect of staff retirement benefits.

		2012 Rupees	2011 Rupees
30	**Distribution and marketing expenses**		
	Ocean freight and shipping	35,564,739	39,817,703
	Local freight	48,059,796	34,641,176
	Export development surcharge	16,042,969	14,022,375
	Forwarding and clearing expenses	20,621,318	12,530,326
	Marketing expenses	3,132,543	4,443,008
	Other expenses	8,617,254	5,623,437
		132,038,619	111,078,025

		Note	2012 Rupees	2011 Rupees
31	**Administrative expenses**			
	Salaries, wages and other benefits	31.1	43,422,821	40,532,316
	Printing and stationery		2,022,576	1,865,051
	Motor vehicles running		4,832,614	3,790,769
	Traveling and conveyance		14,910,093	13,925,442
	Rent, rates and taxes		3,022,560	2,675,234
	Telephone and postage		11,788,277	8,972,898
	Fee, subscription and periodicals		6,422,198	3,299,138
	Utilities		1,538,813	1,713,046
	Insurance		520,097	696,620
	Repairs and maintenance		10,583,818	8,901,666
	Entertainment		1,708,334	1,266,646
	Advertisement		420,405	44,950
	Provision on doubtful debts		-	5,326,705
	Depreciation on property, plant and equipment	17.1.3	9,033,669	5,161,330
	Amortization of intangible assets	17.1.6	157,906	114,844
	Professional services	31.2	2,341,414	2,863,501
	Other expenses		1,837,372	738,414
			114,562,967	101,888,570

31.1 Salaries, wages and other benefits include Rs. 2,734,442 (2011: Rs. 1,624,674) in respect of staff retirement benefits.

31.2 Professional services

The charges for professional services include the following in respect of auditors' remuneration for:

	2012 Rupees	2011 Rupees
KPMG Taseer Hadi & Co.		
Statutory audit	600,000	600,000
Half yearly review	175,000	150,000
Taxation services	122,000	122,000
Other services and certifications	130,000	150,000
Out of pocket expenses	120,000	120,000
	1,147,000	1,142,000

		Note	2012 Rupees	2011 Rupees
32	**Other operating expenses**			
	Unrealised loss on derivative financial instruments		607,897	248,630
	Loss on remeasurement of specie dividend	25.2	-	1,848,656
	Mark up on associate	22.3.2	1,002,331	722,552
	Provision for WPPF/ WWF		11,647,779	44,392,958
	Donations	32.1	18,363,460	13,576,862
			31,621,467	60,789,658

32.1 Donations

Names of donees in which a director or his spouse has an interest:

	2012 Rupees	2011 Rupees
Farrukh Mukhtar Hospital, Multan (Mian Faisal, Director is the Trustee)	-	143,060
Mian Mukhtar Trust, Multan (Mian Faisal, Director is the Trustee)	17,483,290	13,433,802

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For the Year ended 30 June 2012

		Note	2012 Rupees	2011 Rupees
33	**Finance cost**			
	Interest and mark up on:			
	- Long term finances		95,524,677	102,021,112
	- Lease finance		6,770,321	6,052,861
	- Finances under mark up arrangements and other credit facilities		254,441,223	320,681,743
	- Workers profit participation fund		4,868,837	3,453,827
	Exchange loss		16,486,796	11,105,843
	Bank charges and commission		51,266,276	38,278,882
			429,358,130	481,594,268
34	**Other operating income**			
	Income from financial assets:			
	Realised gain on forward foreign exchange contracts		1,786,187	3,149,424
	Dividend Income	34.1	8,559,392	-
	Mark up on loans to associates	34.2	10,539,793	-
	Income from non financial assets:			
	Gain on sale of operating assets	17.1.4	3,363,188	3,514,118
	Others		17,949	359,191
			3,381,137	3,873,309
			24,266,509	7,022,733

34.1 This represents dividend receivable on short term investment from Fatima Fertilizer Company Limited (2011:Nil). (See note 25).

34.2 This represents mark-up amounting to Rs.9,999,815 (2011:Nil) and Rs.539,978 (2011:Nil) on short term loan given to Reliance Commodities (Pvt) Limited and Fatima Sugar Mills Limited respectively. (See note 23).

		2012 Rupees	2011 Rupees
35	**Taxation**		
	For the year		
	- Current		
	Current taxation	88,246,056	101,245,082
	Reversal of WWF	(16,890,032)	-
		71,356,024	101,245,082
	- Deffered	(45,595,110)	(2,468,474)
		25,760,914	98,776,608
	Prior years - current	2,581,774	-
		28,342,688	98,776,608

35.1 The provision for current taxation represents the minimum tax liability under section 113 of the Income Tax Ordinance, 2001. Accordingly tax charge reconciliation has not been prepared and presented.

36 Remuneration of Director and Executives

36.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the director and executives of the Company is as follows:

	Director		Executives	
	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees
Managerial remuneration	2,851,409	2,821,320	6,091,449	5,158,816
House rent allowance	-	-	2,215,662	1,817,467
Utility allowance	-	-	203,763	161,941
Bonus	-	-	1,479,803	831,936
	2,851,409	2,821,320	9,990,677	7,970,160
Number of key executive	4	4	9	8
Number of non-executive directors	3	3	-	-

The Company also provides the directors and executives with free use of company maintained cars and allowances for utility bills.

36.2 Remuneration to other directors

Meeting fee amounting to Rs. 60,000 (2011: Rs. 15,000) was paid to a non executive director during the year.

37 Segment reporting

37.1 Reportable Segments

The management has determined the operating segments of the Company on the basis of products produced.

The Company's reportable segments are as follows:

- Spinning segment - production of different qualities of yarn using natural and artificial fibers
- Weaving segment - production of different qualities of greige fabric using yarn

Information regarding the Company’s reportable segments is presented below. Performance is measured based on segment profit before tax, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

37.2 Information about reportable segments

	Spinning		Weaving		Total	
	2012	2011	2012	2011	2012	2011
External revenue	1,557,510,996	2,412,135,975	7,141,182,303	7,581,436,816	8,698,693,299	9,993,572,791
Intersegment revenue	2,605,851,056	2,994,327,750	-	-	2,605,851,056	2,994,327,750
Cost of sales	(3,721,845,316)	(4,766,859,345)	(4,063,239,632)	(3,875,909,804)	(7,785,084,948)	(8,642,769,149)
Intersegment cost of sales	-	-	(2,605,851,056)	(2,994,327,750)	(2,605,851,056)	(2,994,327,750)
Distribution and marketing expense	(13,203,862)	(13,798,523)	(118,834,757)	(97,279,502)	(132,038,619)	(111,078,025)
Administrative expense	(40,097,038)	(35,680,551)	(74,465,929)	(66,208,019)	(114,562,967)	(101,888,570)
Other operating expense	(11,007,513)	(21,276,380)	(20,613,954)	(39,513,278)	(31,621,467)	(60,789,658)
Finance cost	(200,136,206)	(271,920,759)	(229,221,924)	(209,673,509)	(429,358,130)	(481,594,268)
Other operating income	8,493,278	2,457,956	15,773,231	4,564,777	24,266,509	7,022,733
Profit before tax	185,565,395	299,386,123	44,728,282	303,089,731	230,293,677	602,475,854

37.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 6.21 to the financial statements. 65% of Administrative expenses, other operating expenses and income are apportioned to Weaving segment while the other 35% are allocated to Spinning segment. Distribution & marketing expenditures are allocated on the basis of actual amounts incurred for the segments. Finance cost relating to long term loan is also allocated on the basis of purpose of loan for which it is obtained and finance cost relating to short term loan is allocated on the basis of working capital requirements of the segments. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

37.3 Reconciliation of reportable segment revenues and profits	2012 Rupees	2011 Rupees
Total revenue from reportable segments	11,304,544,355	12,987,900,541
Elimination of inter segment revenue	(2,605,851,056)	(8,642,769,149)
	8,698,693,299	4,345,131,392
Profit or loss		
Total profit or loss of reportable segments	230,293,677	602,475,854
Elimination of inter segment profits	-	-
Net change in fair value of available - for- sale financial assets	58,257,789	-
Tax for the year	(28,342,688)	(98,776,608)
Consolidated profits	260,208,778	503,699,246

37.4 Segment assets and liabilities

37.4.1 Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Weaving	Total
For the year ended 30 June 2012:	--------------------------Rupees----------------------		
Segment assets for reportable segment			
- Operating fixed assets	1,322,045,611	1,499,300,070	2,821,345,681
- Stores, spares and loose tools	98,874,677	74,684,660	173,559,337
- Stocks in trade	703,675,368	785,582,299	1,489,257,667
	2,124,595,656	2,359,567,029	4,484,162,685
Unallocated corporate assets			1,451,018,678
Total assets as per balance sheet			5,935,181,363
Segment liabilities for reportable segment	1,401,543,691	1,932,752,053	3,334,295,744
Unallocated corporate liabilities			486,367,939
Total liabilities as per balance sheet			3,820,663,683
For the year ended 30 June 2011:			
Segment assets for reportable segment			
- Operating fixed assets	1,430,625,882	1,338,214,651	2,768,840,533
- Stores, spares and loose tools	101,509,464	83,056,021	184,565,485
- Stocks in trade	777,521,655	894,481,846	1,672,003,501
	2,309,657,001	2,315,752,518	4,625,409,519
Unallocated corporate assets			971,396,621
Total assets as per balance sheet			5,596,806,140
Segment liabilities for reportable segment	359,434,531	468,771,274	828,205,805
Unallocated corporate liabilities			2,824,950,719
Total liabilities as per balance sheet			3,653,156,524

37.4.2 For the purposes of monitoring segment performance and allocating resources between segments

- operating property, plant & equipment, stocks in trade and stores, spares and loose tools are allocated to reportable segments while all other assets are held under unallocated corporate assets; and
- long term loans and liabilities against assets subject to finance lease are allocated to reportable segment and all other liabilities (i.e.) loans from related parties, deferred liabilities, trade and other payables, short term borrowings and accrued mark up are held under unallocated corporate assets.

	2012 Rupees	2011 Rupees
37.5 Gross revenue from major products and services		
Fabric export sales	**6,273,716,842**	5,536,534,907
Yarn export sales	**232,280,726**	414,575,579
Fabric local sales	**910,914,682**	2,076,670,945
Yarn local sales	**1,102,765,468**	1,597,371,071
Cotton and polyester local sale	**183,232,318**	346,392,221
Waste local sales	**119,459,798**	151,332,941
	8,822,369,834	10,122,877,664
37.6 Gross revenue from major customers		
Spinning	**661,491,126**	1,220,205,426
Weaving	**3,837,407,069**	5,319,001,055
	4,498,898,195	6,539,206,481

37.7 Geographical information

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

	2012	2011
Pakistan	**2,316,372,266**	4,171,767,178
Asia	**5,800,053,230**	5,661,442,766
Europe	**685,646,802**	251,801,067
Africa	**20,297,536**	37,866,653
	8,822,369,834	10,122,877,664

37.7.2 All non-current assets of the Company as at 30 June 2012 are located and operating in Pakistan.

37.8 Other segment information

	Spinning	Weaving	Total
	------------------- Rupees -------------------		
For the year ended 30 June 2012:			
Capital expenditure	**38,968,858**	**177,644,163**	**216,613,021**
Depreciation/amortization			
Cost of sales	**47,257,982**	**71,255,815**	**118,513,797**
Administrative expenses	**3,161,784**	**5,871,885**	**9,033,669**
	50,419,766	**77,127,700**	**127,547,466**
For the year ended 30 June 2011:			
Capital expenditure	95,932,975	493,191,183	589,124,158
Depreciation/amortization			
Cost of sales	46,750,993	60,227,173	106,978,166
Administrative expenses	2,257,030	2,904,300	5,161,330
	49,008,023	63,131,473	112,139,496

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38 Transaction with related parties

The related parties comprise associated undertakings 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 are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 37. Other significant transactions with related parties are as follows:

Description of transaction	Nature of relationship	2012 Rupees	2011 Rupees
Fazal Cloth Mills Limited	Associate		
Purchase of goods and services		108,226,755	146,736,584
Sale of goods and services		7,841,426	1,606,049
Sale of fixed assets		4,000,000	-
Fatima Fertilizer Company Limited	Associate		
Purchase of fixed assets		7,592,601	-
Dividend Income		8,559,392	-
Pakarab Fertilizers Limited	Associate		
Purchase of fixed assets		877,112	-
Reliance Commodities (Pvt) Limited	Associate		
Mark up - Income		9,999,815	1,949,612
Fatima Sugar Mills Limited	Associate		
Purchase of fixed assets		189,024	-
Mark up - expenses		1,002,331	2,672,057
Mark up - Income		539,978	-
Faisal Ahmed Mukhtar	Director		
Loan repayment		-	33,200,000
Mian Mukhtar Trust	Associate		
Donation		17,592,690	13,576,862

All transactions with related parties have been carried out on commercial terms and conditions.

39 Capacity and production

	2012	2011
Unit 1 (Weaving)		
Number of looms installed	92	92
Capacity after conversion into 50 picks - Meters	19,916,795	18,246,340
Actual production of fabric after conversion into 50 picks - Meters	18,298,451	16,875,018
Unit 2 (Weaving)		
Number of looms installed	204	182
Capacity after conversion into 50 picks - Meters	51,013,436	43,844,141
Actual production of fabric after conversion into 50 picks - Meters	46,582,698	41,213,493

Under utilization of available weaving capacity is due to:

- Electricity / shut downs
- Change of articles required
- Width loss due to specification of the cloth
- Due to normal maintenance

	2012	2011
Unite 3 (Spinning)		
Number of spindles installed	14,400	14,400
Capacity after conversion into 20 count - Kgs	4,849,904	4,849,904
Actual production of yarn after conversion into 20 count - Kgs	3,222,767	3,639,714

		2012	2011
Unit 4 (Spinning)			
Number of spindles installed		21,120	21,120
Capacity after conversion into20 count - Kgs		7,113,193	7,113,193
Actual production of yarn after conversion into 20 count - Kgs		6,044,971	6,179,055

Under utilization of available spinning capacity is due to:

- Electricity / shut downs
- Processing mix of coarser and finer counts

		2012 Rupees	2011 Rupees
40 Cash generated from operations			
Profit before tax		288,551,466	602,475,854
Adjustments for non cash charges and other items:			
Depreciation / amortisations of fixed assets		127,705,372	112,254,340
Staff retirement benefits accrued		23,667,914	18,530,618
Gain on disposal of fixed assets		(3,363,188)	(3,514,118)
Provision for WPPF/ WWF		11,647,779	44,392,958
Unrealised loss on derivative financial instruments		607,897	248,630
Provision for doubtful debts		-	5,326,705
Net change in fair value of ‘available-for-sale’ financial reclassified from equity		(58,257,789)	-
Interest on workers’ profit participation fund		4,868,837	-
(Gain) / loss on remeasurement of specie dividend		-	1,848,656
Finance cost (excluding exchange loss)		408,002,497	470,488,425
Profit before working capital changes		803,430,785	1,252,052,068
Effect on cash flow due to working capital changes:			
(Increase)/decrease in current assets			
- Stores, spares and loose tools		11,006,148	(46,324,429)
- Stock in trade		182,745,834	(709,322,579)
- Trade debts		(207,121,887)	(214,223,461)
- Loans and advances		(202,610,932)	(3,384,986)
- Trade deposits and prepayments		(330,852)	(311,889)
- Other receivables		(20,749,669)	2,369,704
- Tax refunds due from government (excluding income tax)		4,029,148	7,351
		(233,032,210)	(971,190,289)
Increase in current liabilities			
- Trade and other payables (excluding workers' welfare fund and workers' profit participation fund)		4,040,509	119,442,722
Cash generated from operations		574,439,084	400,304,501
41 Cash and cash equivalent			
Cash and bank balances	27	29,245,721	19,442,430
Finances under mark up arrangements and other credit facilities	13	(2,655,260,929)	(2,296,531,238)
Cash and cash equivalent		(2,626,015,208)	(2,277,088,808)
42 Earnings per share			
42.1 Basic			
Earning for the year	Rupees	260,208,778	503,699,246
Weighted average number of ordinary shares	Number	30,810,937	30,810,937
Basic earning per share	Rupees	8.45	16.35

42.2 Diluted

There is no dilution effect on the basic earning/ (loss) per share as the Company has no such commitments.

43 Financial Instruments

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors 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.

43.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables and investment in debt securities. Out of the total financial assets of Rs. 1,374 million (2011: Rs.959.474 million), the financial assets which are subject to credit risk amounted to Rs. 1,313 million (2011: Rs.903.162 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of yarn and fabric parties to reduce the credit risk.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2012 Rupees	2011 Rupees
Investments	**140,773,459**	171,856,384
Loans and advances	**325,539,965**	122,929,033
Trade debts	**781,845,982**	574,724,095
Trade and other deposits	**17,002,475**	15,885,265
Other receivables	**21,399,506**	649,837
Bank balances	**26,721,702**	17,117,408
	1,313,283,089	903,162,022

The Company believes that it is not exposed to major concentration of credit risk.

<u>Investments</u>

Investments comprise of ordinary shares of Fatima Fertilizer Company Limited, listed on Karachi Stock Exchange. The fair value of the investment amounts to Rs. 140.773 million as at 30 June 2012. Long term and short term credit rating of the investee company is "A+" and "A1" respectively, issued by PACRA.

Trade debts

The maximum exposure to credit risk for trade debt at the reporting date by geographical region was as follows:

	Note	2012 Rupees	2011 Rupees
Foreign	38.7	613,875,403	307,921,108
Domestic		167,970,579	266,802,987
		781,845,982	574,724,095

The maximum exposure to credit risk before any credit enhancements for trade receivables at the reporting date by type of counterparty was:

	2012 Rupees	2011 Rupees
Fabric customer against exports	600,234,487	293,475,080
Yarn customers against exports	13,640,916	11,738,879
Fabric customers against local sales	129,713,227	116,184,554
Yarn customers against local sales	38,257,352	153,325,582
	781,845,982	574,724,095

Impairment Losses

The aging of trade receivables at the reporting date is:

	2012 Rupees	2011 Rupees
Neither past due nor impaired	658,743,026	81,803,429
Past due 0-30 days	97,536,916	167,090,568
Past due 30-150 days	16,153,876	291,935,071
Past due 150 days	9,412,164	33,895,027
	781,845,982	574,724,095

The total allowance against impaired trade debts as at 30 June 2012 amounts to Rs. 6.017 million. There was no movement in allowance against trade debts.

Out of total trade debts, 79% comprise of foreign debtors that are secured against letters of credit. Local trade debts include companies with very good credit history and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history.

Bank balances

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating	2012	2011
	Short term	Long Term	Agency	Rupees	Rupees
Allied Bank Limited	A1+	AA	PACRA	7,377,572	1,388,227
Askari Commercial Bank Limited	A1+	AA	PACRA	125,522	6,825,522
Bank Al Habib Limited	A1+	AA+	PACRA	2,805,894	510,137
Dubai Islamic Bank	A1-	A	JCR-VIS	700	700
Faysal Bank Limited	A1+	AA	PACRA	244,110	253,972
Habib Bank Limited	A1+	AA+	JCR-VIS	7,251,077	64,280
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	6,131,466	3,456,742
JS Bank Limited	A1	A	PACRA	15,742	15,742
MCB Bank Limited	A1+	AA+	PACRA	91,266	67,720
National Bank of Pakistan	A1+	AAA	JCR-VIS	1,870,704	3,660,503
NIB Bank Limited	A1+	AA-	PACRA	8,464	8,464
Silk Bank Limited	A-2	A-	JCR-VIS	3,934	3,347
Standard Chartered Bank Limited	A1+	AAA	PACRA	30,480	30,480
Summit Bank Limited	A2	A-2	JCR-VIS	399,063	398,518
The Bank of Khyber	A2	A-	PACRA	212,787	223,540
United Bank Limited	A1+	AA+	JCR-VIS	152,921	209,514
				26,721,702	17,117,408

Based on past experience the management believes no impairment allowance is necessary in respect of loans, advances and other receivables past due as some receivables have been recovered subsequent to the year end and for other balances, there are reasonable grounds to believe that the amounts will be recovered in due course.

43.2 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's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2012						
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Above five year
	------- Rupees -------						
Financial Liabilities							
Long term finance	634,114,104	746,341,479	137,207,950	110,625,290	205,805,739	256,253,260	36,449,241
Loan from related parties	3,800,000	3,800,000	-	-	-	-	3,800,000
Liabilities against assets subject to finance lease	44,920,711	55,515,923	11,394,026	9,672,359	19,413,552	15,035,987	-
Trade and other payables	392,979,415	392,979,415	392,979,415	-	-	-	-
Mark-up accrued	54,805,648	54,805,648	54,805,648	-	-	-	-
Finance under markup arrangement:	2,655,260,929	2,655,260,929	2,655,260,929	-	-	-	-
	3,785,880,807	3,908,703,394	3,251,647,968	120,297,649	225,219,291	271,289,247	40,249,241

	2011						
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Above five year
	------- Rupees -------						
Financial Liabilities							
Long term finance	795,846,329	962,894,499	129,696,,300	137,828,223	204,129,240	491,240,735	-
Loan from related parties	38,000,000	38,000,000	-	-	-	-	38,000,000
Liabilities against assets subject	32,359,476	-	-	-	-	-	-
to finance lease	-	45,896,032	5,562,786	5,562,786	11,125,572	23,644,888	-
Trade and other payables	392,979,415	391,191,082	391,191,082	-	-	-	-
Mark-up accrued	101,203,541	101,203,541	101,203,541	-	-	-	-
Finance under markup arrangement:	2,296,531,238	2,438,137,880	2,438,137,880	-	-	-	-
	3,622,719,999	3,943,123,034	3,065,791,589	143,391,009	215,254,812	514,885,623	3,800,000

43.3 Market risk

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

43.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts.

The Company's exposure to currency risk is as fellows :

	2012 Rupees	2011 Rupees
Foreign debtors	613,875,403	305,213,959
Foreign currency bank account	87,467	79,377
Export finances	(590,650,465)	(547,225,222)
Gross balance sheet exposure	23,312,405	(241,931,886)
Outstanding letters of credit	(19,515,807)	(134,119,006)
Forward foreign exchange contracts	(49,885,948)	(149,685,000)
Net exposure	(46,089,350)	(525,735,892)

The following significant exchange rate has been applied:

Average rate Reporting date rate

	Average rate		Reporting date rate	
	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees
USD to PKR	90.33	86.20	94.60	86.05

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of export finances and foreign debtors.

	2012 Rupees	2011 Rupees
Effect on profit or loss		
USD	4,608,935	52,573,589
Effect on balance sheet		
USD	(2,331,241)	24,193,189

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax loss / profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

43.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
	2012 %	2011 %	2012 Rupees	2011 Rupees
Financial Liabilities				
Fixed rate instruments				
Long term loan	**11.93**	9	**480,614,104**	71,492,500
Financial liabilities				
Variable rate instruments				
Long term loan	**13.66-15.79**	13.43-15.60	**153,500,000**	550,404,476
Liabilities against assets subject to finance lease	**13.43-17.58**	16.24	**44,920,711**	37,600,000
Short term running finance	**12.85-20**	13.53-20	**2,064,610,464**	1,289,293,846
Export finances	**2.46-3.55**	2.01-6.1	**590,650,465**	469,925,074

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 rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit and loss 100 bp	
	Increase Rupees	Decrease Rupees
As at 30 June 2012		
Cash flow sensitivity - Variable rate financial liabilities	**(28,536,816)**	**28,536,816**
As at 30 June 2011		
Cash flow sensitivity - Variable rate financial liabilities	(26,485,407)	26,485,407

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/ (loss) for the year and assets / liabilities of the Company.

43.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

Sensitive analysis

A 10% increase/decrease in share prices at year end would have decreased/increased the surplus on re-measurement of investments in 'available for sale' investments as follows:

	2012 Rupees	2011 Rupees
Effect on equity	**14,077,346**	16,151,054

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/equity and assets of the Company.

43.4 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 value of all financial assets and liabilities on the balance sheet approximate to their fair value.

a) **Fair values versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rupees			
Financial assets				
Short term investments	**140,773,459**	**140,773,459**	171,856,384	171,856,384
Loans and advances	**325,539,965**	**325,539,965**	122,929,033	122,929,033
Trade debts	**781,845,982**	**781,845,982**	574,724,095	574,724,095
Trade deposits	**17,002,475**	**17,002,475**	15,885,265	15,885,265
Other receivables	**21,399,506**	**21,399,506**	649,837	649,837
Cash and bank balances	**29,245,721**	**29,245,721**	19,442,430	19,442,430
Tax refunds due from the government	**43,571,348**	**43,571,348**	53,987,361	53,987,361
	1,359,378,456	**1,359,378,456**	959,474,405	959,474,405
Financial liabilities				
Long term finance	**634,114,104**	**634,114,104**	795,846,329	795,846,329
Loan from related parties	**3,800,000**	**3,800,000**	3,800,000	3,800,000
Liabilities against assets subject to finance lease	**44,920,711**	**44,920,711**	32,359,476	32,359,476
Trade and other payables	**392,979,415**	**392,979,415**	392,979,415	392,979,415
Mark-up accrued	**54,805,648**	**54,805,648**	101,203,541	101,203,541
Finance under markup arrangements	**2,655,260,929**	**2,655,260,929**	2,296,531,238	2,296,531,238
	3,785,880,807	**3,785,880,807**	3,622,719,999	3,622,719,999

b) **Valuation of financial instruments**

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2012			
	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------			
Available-for-sale financial asset				
Equity securities	140,773,459	-	-	140,773,459

	2011			
	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------			
Available-for-sale financial asset				
Equity securities	171,856,384	-	-	171,856,384

c) Accounting classifications and fair values

	2012					
	Trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Cost / amortized cost	Total carrying amount
	---------- Rupees ----------					
Financial assets						
Short term investments	-	-	-	140,773,459	-	140,773,459
Loans and advances	-	-	325,539,965	-	-	325,539,965
Trade debts	-	-	781,845,982	-	-	781,845,982
Trade deposits	-	-	17,002,475	-	-	17,002,475
Other receivables	-	-	21,399,506	-	-	21,399,506
Cash and bank	-	-	-	-	29,245,721	29,245,721
Tax refunds due from the government	-	-	43,571,348	-	-	43,571,348
	-	-	1,189,359,276	140,773,459	29,245,721	1,359,378,456
Financial liabilities						
Long term finance	-	-	-	-	634,114,104	634,114,104
Loan from related	-	-	-	-	3,800,000	3,800,000
Liabilities against assets subject to finance lease	-	-	-	-	44,920,711	44,920,711
Trade and other	-	-	-	-	392,979,415	392,979,415
Mark-up accrued	-	-	-	-	54,805,648	54,805,648
Finance under markup	-	-	-	-	2,655,260,929	2,655,260,929
	-	-	-	-	3,785,880,807	3,785,880,807

	2011					
	Trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Cost / amortized cost	Total carrying amount
	---------- Rupees ----------					
Financial assets						
Short term investments	-	-	-	171,856,384	-	171,856,384
Loans and advances	-	-	122,929,033	-	-	122,929,033
Trade debts	-	-	574,724,095	-	-	574,724,095
Trade deposits	-	-	15,885,265	-	-	15,885,265
Other receivables	-	-	649,837	-	-	649,837
Cash and bank balances	-	-	-	-	19,442,430	19,442,430
Tax refunds due from the government	-	-	53,987,361	-	-	53,987,361
	-	-	768,175,591	171,856,384	19,442,430	959,474,405
Financial liabilities						
Long term finance	-	-	-	-	795,846,329	795,846,329
Loan from related	-	-	-	-	3,800,000	3,800,000
Liabilities against assets to finance lease	-	-	-	-	32,359,476	32,359,476
Trade and other	-	-	-	-	392,979,415	392,979,415
Mark-up accrued	-	-	-	-	101,203,541	101,203,541
Finance under markup	-	-	-	-	2,296,531,238	2,296,531,238
	-	-	-	-	3,622,719,999	3,622,719,999

The financial instruments not accounted for at fair value are those financial assets and liabilities whose carrying amounts approximate at fair value.

43.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) to provide an adequate return to shareholders.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June were as follows:

	2012 Rupees	2011 Rupees
Total debt	**637,914,104**	828,205,805
Total equity and debt	**2,300,160,402**	2,319,584,039
Debt-to-equity ratio	**28%**	36%

The decrease in the debt-to-equity ratio in 2012 resulted primarily due to increase in equity of the Company.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

44 Non adjusting event after balance sheet date

Board of Directors of the Company has recommended to distribute 3,081,094 quoted shares of Fatima Fertilizer Company Ltd (FFCL) to the shareholders of the Company as final dividend in the ratio of 1:10 (1 shares of FATIMA for every 10 shares held of M/s Reliance Weaving Mills Ltd). The Distribution has a book value of Rs. 76,010,589/- as on June 30, 2012 being 24.67% of the paid up capital of the Company. These financial statements do not include the effect of this proposed Specie Dividend and will be accounted for subsequent to year end.

45 Date of authorization

These financial statements are authorised for issue on 08 October 2012 by the board of directors of the company.

46 General

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

Sd/-
Chief Executive Officer

Sd/-
Director

Form of Proxy

I/We ____

of ____

in the district of ____________________ being a member of RELIANCE WEAVING MILLS LIMITED and

a holder of ____

Hereby appoint ____

of ____ another member of the

Company or failing him ____

of ____ another member of

the Company as my / our proxy to vote for me / us and on my / our behalf, at Annual General Meeting of the Company to be held on Wednesday 31 October 2012 at 12:30 P.M. adjournment thereof

.

Affix
Revenue
Stamps of Rs.5/-

1. witness: ____________________

   Signature ____________________

   Name ____________________

   Address ____________________

____
Signature of Member

2. witness: ____________________

   Signature ____________________

   Name ____________________

   Address ____________________

Shareholder's Folio No. ____________________

CDC A/c No. ____________________

NIC No. ____________________

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office 2nd Floor, Trust Plaza, L.M.Q Road Multan not later that 48 hours before the time for the meeting and must be duly stamped, signed and witnessed.

2. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her NIC or Passport, to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.