of Companies

25th Annual Report 2012

UMER GROUP OF COMPANIES

BLESSED TEXTILES LIMITED.

Contents

Vision

A Leader Company maintaining

an excellent Level of ethical and

Professional standards

Mission Statement

To become a top quality

Manufacturer of textile products

In the International

&

Local markets

CORPORATE INFORMATION

Board of Directors	Mr. Mohammad Amin	Chief Executive / Director
	Mr. Khurram Salim	Non Executive Director
	Mr. Bilal Sharif	Non Executive Director
	Mr. Adil Shakeel	Non Executive Director
	Mr. Mohammad Salim	Non Executive Director / Chairman
	Mr. Mohammad Sharif	Non Executive Director
	Mr. Mohammad Shaheen	Executive Director
	Mr. Mohammad Shakeel	Non Executive Director
Company Secretary	Syed Ashraf Ali, FCA	
Chief Financial Officer	Mr. Anwar Hussain, FCA	
Audit Committee	Mr. Khurram Salim	Chairman
	Mr. Bilal Sharif	Member
	Mr. Mohammad Salim	Member
Human Resource and Remuneration Committee	Mr. Mohammad Shakeel	Chairman
	Mr. Khurram Salim	Member
	Mr. Adil Shakeel	Member
Auditors	M/s Rehman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants Suite # 4, Block B 90-Canal Park, Gulberg II Lahore	
Legal Advisor	Mr. Shahid Pervaiz Jami	
Bankers	Barclays Bank Plc Bank Al Habib Limited Dubai Islamic Bank HSBC Middle East Bank Limited MCB Bank Limited Meezan Bank Limited Standard Charted Bank (Pakistan) Limited United Bank Limited	
Share Registrar	Hameed Majeed Associated (Private) Limited 5th Floor Karachi Chamber, Karachi	
Registered Office	Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, Pakistan Tel : 021 35115177 - 80 ; Fax: 021 -35063002-3 Email: khioff@umergroup.com Website: http://www.umergroup.com	
Liason / Correspondence office	9th Floor, City Towers, 6-K, Main Boulevard Gulberg - II, Lahore, Pakistan Tel : 042 111 130 130 ; Fax: 042 -35770015 Email: lhroff@umergroup.com Website: http://www.umergroup.com	
Mills At:	Spinning and weaving units are situated at Feroz Watwan, Sheikhupura, Punjab. Tel: 0496 731724	

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th Annual General Meeting of the members of **Blessed Textiles Limited** will be held on Wednesday 24th October 2012 at 4:30 PM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on 27th October 2011.

2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2012 together with the Auditors' and Directors' Report thereon.

3. To approve the cash dividend @ 50% (i.e. PKR 5 per share) for the year ended 30th June, 2012, as recommended by the Board of Directors.

4. To appoint the auditors for the next term i.e. year 2012-2013 and fix their remuneration. The retiring auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, being eligible, offer themselves for reappointment.

5. To transact any other business with the permission of the chairman.

(By the order of the Board)

Syed Ashraf Ali
FCA
Company Secretary

Karachi:
Dated: 24th September, 2012

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 20th October 2012 to 27th October, 2012 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 19th October 2012 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2012.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/ her. No person other than a member shall act as proxy.

3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.

4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.

5. Members are requested to immediately inform of any change in their addresses to our share Registrar, Hameed Majeed Associates (Private) Limited.

Directors' Report

The directors of the **Blessed Textiles Limited** have the pleasure in submitting 25^{th} annual report together with audited financial statements of the company for the year ended 30^{th} June 2012.

Overview

By the grace of Al-Mighty Allah your company maintained the position among the market leaders. Company earned a profit of PKR 283.282 million during the year ended 30^{th} June 2012 as compared to PKR 609.605 Million in previous year. The earning per share of company is PKR 44.04 as compared to PKR 94.78 in previous year.

Current Economic Conditions and Textile Industry

High inflation and energy crisis in the country is major cause of concern. This is mainly due to rising commodity prices, weakening of the rupee due to stoppage of foreign exchange liquidity support for oil imports by the SBP, modest recovery in the domestic economy due to an increase in aggregate demand and upward adjustments of power and fuel tariffs. Due to higher inflation, cost of production is increasing day by day and affecting the competitiveness in international market. Moreover Pakistani Rupees has been devalued by 12% during the year ended 30^{th} June 2012.

The Pakistan's GDP grew by 3.7% against the target of 4.2%. This year growth is attributed to better crops and improved value addition in construction and finance sectors.

The global economy recovery is threatened by intensifying strains in the euro area and fragilities elsewhere. Unemployment remains high in advanced economies, and new macroeconomic risks are building in emerging market economies. According to IMF report the World GDP growth is projected to be 3.9% in financial year ended 30^{th} June 2013 (3.5% in year ended 30^{th} June 2012).

Pakistan's economy has been severely affected due to energy crises and Pakistan's textiles sector particularly has been critically affected. The production efficiencies have been down due to energy shortage. As per Pakistan Bureau of Statistics, textile sector exports shrank by about one-tenth during the first ten months of the outgoing fiscal year and its share in the country's total exports has also drastically reduced.

Pakistan is the World's fourth largest cotton producers and the third largest consumer of cotton. Cotton-based textiles contribute over 60 percent to country's total exports, 46 percent of the total manufacturing and provide employment to about 38 percent manufacturing labour force. But during the period under review its share in the total exports has reduced to about 52 percent.

According to official data, textiles' exports have been contracted by 10.38 percent during 2011-12, as its total exports stood at USD 12.356 billion against USD 11.219 billion in same period of last year. In the sub-groups, only raw cotton exports increased by 26.65 percent while other products' exports in textiles, which involve value addition and need energy, all have reduced. Overall in the sector, cotton yarn export down by 18.48 percent, cotton cloth 6.42 percent, bed wear 16.3 percent, knitwear 14.37 percent, readymade garments down by 7.84 percent and towels exports down by 10.25 percent over the period last year.

No concrete steps have so far been taken by government in order to overcome the energy crises. Government must work on war footing in order to solve the energy crises and achieve the GDP growth of 4% and above.

Despite uncertain business environment, law order situation, double digit inflation and markup rates, massive electricity and gas load shedding, the performance of textile industry during the financial year ended 30^{th} June 2012 is satisfactory.

Operating Results
Financial results of the company are summarized as under;

	2012 Rupees	2011 Rupees
Sales	5,447,990,694	6,124,843,644
Gross profit	732,112,026	1,161,396,592
Profit before taxation	338,718,752	673,402,451
Taxation		
Current year	55,520,148	64,239,035
Prior year	(83,495)	(441,658)
	55,436,653	63,797,377
Profit after taxation	283,282,099	609,605,074
Un-appropriated profit brought forward	159,404,893	81,959,819
Profit available for appropriation	442,686,992	691,564,893
Appropriations:		
Dividend paid	(48,240,000)	(32,160,000)
Transferred to General Reserve	(300,000,000)	(500,000,000)
Un-appropriated profit carried forward	94,446,992	159,404,893
	============	============
Basic and diluted earning per share	44.04	94.78
	====	====

Sales of the company have decreased from PKR 6.124 billion to 5.447 billion due to reason of substantial decrease in prices of cotton. Gross profit for the year under review is amounting to PKR 732.112 million as compared to PKR 1,160.396 million in prior year. Whereas profit before taxation for the year under review is amounting to PKR 338.718 million as compared to PKR 673.402 million in prior year. Profitability of company has also been affected as compared to previous year due to decrease in demand and prices of cotton, yarn and fabric based on domestic and international recession.

No provision for Workers Welfare Fund amounting to PKR 6.641 million has been made in view of the judgments of Honorable High Court in writ petition bearing number W.P. No. 8763/2011, declaring the amendments made in the Workers' Welfare Fund Ordinance through Finance Act 2006 and 2008 is unconstitutional and unlawful.

Dividend
The board of directors is pleased to recommend a final cash dividend of 50% i.e PKR 5.0 per share (June 2011: 75% i.e. PKR 7.50 per share) for the approval of shareholders at the forthcoming annul general meeting.

Balance Sheet
Balance sheet footing has increased to PKR 3,260.530 million this year. Long term borrowing at the year end is PKR 445.839 million (2011: PKR 333.929 million). Gearing ratio is 0.40 at 30th June 2012 as compared to 0.36 at 30th June 2011. The liquidity position of the company is good with a current ratio of 2.21 at 30th June 2012 (2011: 2.07). The total of shareholders' fund stood at PKR 2.058 billion (2011: PKR 1.823 billion).

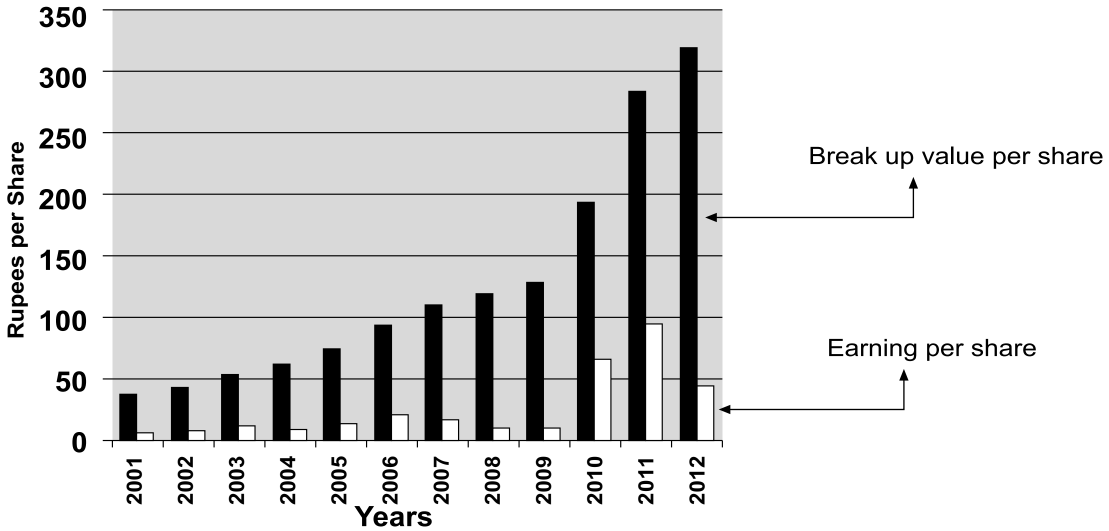
Cash Flow Management
The company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis. Working capital requirements are planned through internal cash generations and short term borrowings.

During the year under review, an amount of PKR 223.223 million (2011: PKR 352.607 million) was generated from operating activities which was used on fixed capital expenditures, payment of dividend to the shareholders and repayment of long term finance.

The company is well placed for its commitments towards long and short term loans.

Breakup Value and Earning per Share

The breakup value of your share as on 30th June 2012 is PKR 320.08 (30th June 2011: PKR 283.53). The Earning per Share (EPS) of your company for the year ended 30th June 2012 is PKR 44.04 (30th June 2011: PKR 94.78).



Statement on Corporate and Financial Reporting Framework

The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in your Company as required by the Code. As a part of the compliance of the Code, we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- As required by the Code of Corporate Governance, we have included the following information in this report:
  - o Statement of pattern of shareholding has been given separately.
  - o Statement of shares held by associated undertakings and related persons.
  - o Statement of the Board meetings held during the year and attendance by each director has been given separately.
  - o Key operating and financial statistics for last six years.
- Information about taxes and levies is given in the notes to the financial statements.

Human Resource and Remuneration Committee:

The board of directors has formed Human Resource and Remuneration Committee. The committee consists of three members. Majority of members including chairman of committee is non-executive directors. The committee will be responsible for making recommendation to board of directors for maintaining;

- A sound plan of organization for the company
- An effective employees' development programme
- Sound compensation and benefits plans, policies and practices designed to attract and retain the caliber of personnel needed to manage the business effectively

1. To review and advise on the human resource policies of the company and its revision from time to time as and when necessary.
2. To determine the remuneration and terms of service of the Chief Executive and other non-board of directors of the company including their performance benefits and other benefits such as retirements benefits, perquisite and other contractual terms.
3. To ensure that the best practices are adopted by the management of the company with emphasis that:
   a. The people of appropriately high ability and caliber are recruited, retained and motivated by offering market competitive packages
   b. Clear statement of job description and responsibilities for each individual position are defined for proper performance measurement
   c. Performance evaluation process / mechanism is in place and carried out annually
   d. Market competitive pay scales of comparable size and turnover comspanies are determined through independent sources and compared with company's existing pay scale
4. To review and advice on the training, development and succession planning for the senior management of the company.
5. To devise a mechanism for the approval of HR related policies of the company.
6. To recommend any matter of significance to the board of directors.

Audit Committee
The audit committee of the company is working as required by the code of corporate governance. The audit committee has established internal audit system to monitor and review the adequacy and implementation of internal control at each level. The meetings of audit committee were held in compliance of the requirements of Code of Corporate Governance. Interim and annual financial statements were reviewed by the audit committee before the approval of board of directors.

Financial statements
As required under listing regulations of stock exchanges the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation. The financial statements of the company have been duly audited by the auditors of the company, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2012 and clean review report on Statement of Code of Corporate Governance. These reports are attached with the financial statements.

No material changes in contingencies and commitments, affecting the financial position of your company, have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

Related Party transaction and Transfer Pricing
It is the policy of the company to ensure that all transactions entered with related parties must be at arms length. The company has adopted comparable uncontrolled price method for pricing of transaction with related parties.

Pattern of Shareholding
The pattern of shareholding and additional information regarding pattern of shareholding is attached separately. No trade in the shares of the company was carried out by CEO, CFO and Company Secretary and their spouses and minor children except those that have been duly reported as per the law.

Auditors
The present auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants shall retire on the conclusion of the 25th annual general meeting. Being eligible, they offer themselves for re-appointment as auditor of the company to hold office from the conclusion of 25th annual general meeting until the conclusion of 26th annual general meeting. The audit committee has recommended the appointment of aforesaid M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as external auditor for the year ended 30th June 2012. The external auditors, M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

Safety, Health and Environment
We maintain our commitment to higher standard of Safety, Health and Environment. All our employees undergo continuous training on all aspects of safety especially with regards to the safe production, delivery, storage and handling of the materials. In addition we have initiated a rotation exercise at the mill whereby our aim is to ensure that all supervisors are also safety managers and are fully cognizant of all aspects of safety training. Due to these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

Expansion Plan
In view of the current economic scenario where the cost of financing and production is rapidly increasing and due to non supportive behavior of government for textile industry, no further expansion is under consideration in near future. However, normal BMR is continued as and when required. The company is replacing existing blow room and cards with new sophisticated blow room and cards of Unit I of company and expected to be completed in coming quarter.

Risks, Challenges and Future Outlook
US Department of Agriculture (USDA) cotton forecast for 2012-13 projects that global cotton production will increase while consumption rebounds, although consumption remains below production for the third consecutive season. Global cotton consumption for 2012-13 is projected at 110 million bales, a 3-percent increase from last season. Modest growth in world GDP and lower cotton prices relative to polyester are expected to improve cotton's competitiveness and support the rebound. World cotton consumption will be led once again by China, India, and Pakistan, accounting for a combined two-thirds of global cotton consumption in 2012-13.

Total consumption of the local industry is about 15 million bales of cotton, against the targeted production of 14.0 million bales, showing a shortfall of about a million bales. However after the floods in Punjab and Sindh, the shortfall might be increased. If target production of 14.0 million bales of cotton is achieved then the country will need to import about one million bales otherwise the import will be about 1.5 to 2.5 millionbales to meet the domestic requirements.

Based on above it is expected that the prices of cotton would be moderate in both local and international markets in the coming quarter.

Inflation and social disruptions arising from law and order situations are major concerns for business activities in country. Rising inflation, devaluation of Rupee and high markup rates may have severe adverse impact on the growth of the economy. This may lead to Pakistan losing its share to its competitor like India, China and Bangladesh due to their government supportive export policies.

Major threat for textile industry is power disruption due to shut down of gas during winter season as well as in summer season. In the absence of gas supply, machineries have to be operated through electricity generated from furnace oil which is not cost effective and causes in increase in production cost.

The reduction in discount rate by State Bank of Pakistan to 12% is a good step but it is not enough to promote the business activities. The State Bank of Pakistan should consider a further reduction in discount rate to single digit and introduction of a new leverage product in the capital market, these steps would help spawn another positive run in the equity market.

The results of the First Quarter of the next fiscal year will depend on the direction of cotton prices and recovery of global recession particularly Euro zone.

We are fully aware of the current economic conditions and are prepared to mitigate the adverse impact of such an event as far as it is under the control limit of management.

The management is aware of the challenges and prepared to mitigate the adverse impact of such challenges. But in the absence of government support toward energy crises, law order situation and business support policies, we are not sure to have good results in the coming year.

Acknowledgement
We would like to take advantage of this opportunity to thank our business partners and those who continue to steer the company forward. We owe special gratitude to company's bankers, shareholders and government authorities for the cooperation extended by them during this period.

For and on behalf of the Board of Directors

Karachi: 24th September, 2012

Mohammad Amin
Chief Executive / Director

Board of Directors Meetings

During the year four meetings of board of directors were held and the attendance by each director is as follows.

Directors	2011	2012			Total
	27th Oct	25th Feb	26th April	24th Sept	
Mr. Mohammad Salim	✥	✥	✥	✥	4/4
Mr. Mohammad Sharif	✥	✥	-	✥	3/4
Mr. Mohammad Shaheen	✥	✥	✥	✥	4/4
Mr. Mohammad Shakeel	✥	✥	✥	✥	4/4
Mr. Khurram Salim	✥	✥	✥	✥	4/4
Mr. Bilal Sharif	✥	✥	✥	✥	4/4
Mr. Mohammad Amin	✥	✥	✥	✥	4/4
Mr. Adil Shakeel	✥	✥	✥	✥	4/4
Total	8/8	8/8	7/8	8/8	31/32

Audit Committee Meetings

During the year four meetings of audit committee were held and the attendance by each member is as follows.

Directors	2011	2012			Total
	19th Oct	18th Feb	19th April	17th Sept	
Mr. Khurram Salim	★	★	★	★	4/4
Mr. Mohammad Salim	★	★	★	★	4/4
Mr. Bilal Sharif	★	★	★	★	4/4
Total	3/3	3/3	3/3	3/3	12/12

Year wise Operating Data

	Year Ended 30th June					
	2012	2011	2010	2009	2008	2007
Spinning Unit						
Spindle installed	47,616	47,616	47,616	47,616	47,616	44,496
Spindle worked	47,616	47,616	47,616	47,616	47,616	44,496
Installed capacity after conversion in to 20/s count (Kgs)	20,413,000	20,413,000	20,413,000	20,413,000	20,413,000	19,081,000
Actual production after conversion in to 20/s count (Kgs)	18,498,000	23,832,744	18,498,000	18,689,000	18,229,000	18,049,000
Weaving Unit						
Air jet looms installed	131	131	131	131	131	131
Air jet looms worked	131	131	131	131	131	131
Installed capacity after conversion into 50 picks - (meters)	17,483,076	17,483,076	17,483,076	17,483,076	17,483,076	17,483,076
Actual production after conversion into 50 picks - (meters)	25,059,000	23,245,090	25,059,000	23,892,170	23,892,170	28,556,778

Year wise Financial Data

	Year Ended 30th June					
	2012	**2011**	**2010**	**2009**	**2008**	**2007**
	Rupees in Thousands					
Fixed assets	1,734,165	1,539,364	1,623,295	1,565,526	1,624,082	1,640,014
Long term loans and deposits	7,297	8,128	12,864	11,314	7,688	7,132
Current assets	1,519,067	1,293,004	773,352	880,145	1,163,347	917,700
Shareholders equity	2,058,766	1,823,724	1,246,279	827,581	761,811	703,616
Long term liabilities	445,840	333,929	504,014	495,842	531,156	541,038
Deferred liabilities	67,474	57,830	57,639	81,956	68,644	22,270
Current liabilities	688,449	625,012	514,871	962,321	1,353,786	1,197,923
Turnover (Net)	5,447,990	6,124,843	4,054,211	3,254,301	2,961,744	2,676,741
Gross profit	732,112	1,160,396	801,314	466,696	365,722	395,663
Operating profit	494,923	923,186	637,523	357,270	275,028	305,099
Financial charges	137,939	192,407	175,417	1,257,167	159,347	179,969
Profit before tax	338,718	673,402	429,929	100,103	115,680	125,130
Profit after tax	283,282	609,605	423,522	70,593	64,627	106,329
Cash Dividend	48,240	32,160	4,824	4,824	6,432	4,824
Transfer to reserves	300,000	500,000	350,000	60,000	60,000	100,000
Profit carried forward	94,446	159,404	81,959	13,261	7,491	9,296

RAHMAN SARFARAZ RAHIM
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Review Report to the members

on Statement of Compliance with Best practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **BLESSED TEXTILES LIMITED** ("the Company") to comply with chapter XI of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited, the Lahore Stock Exchange (Guarantee) Limited and the Islamabad Stock Exchange (Guarantee Limited, where the Company is listed.

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

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

Further Sub- Regulations (xiii) of Listing Regulations No 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transaction distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: September 24, 2012
Place: Lahore

Engagement Partner:
IRFAN RAHMAN MALIK

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2012

This statement is being presented to comply with the code of corporate governance contained in listing regulation of the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange for purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The company applies the principles contained in the Code in the following manner.

1. The company encourages representation of independent non executive directors and directors representing minority interest on its Board of Directors. The Board of directors of the Company has always supported implementation of the highest standards of Corporate Governance at all times.

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

3. The Company has prepared a "Code of Conduct", which has been signed by all the directors, non workmen employees and has been communicated formally to workmen employees of the Company.

4. 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.

5. There was no casual vacancy occurred during the year.

6. There is no change in position of Chief Financial Officer, Head of Internal Audit and Company Secretary during the year ended 30th June 2012.

7. 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 once in every quarter. During the year four meetings of Board of Directors was held. 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 meeting were appropriately recorded and circulated.

8. All the directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFI. No director in the board is a member of any Stock exchange in Pakistan.

9. The Board arranged one orientation course for its directors during the year.

10. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.

11. The director's report has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.

12. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

13. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors.

14. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, majority of them including Chairman of committee are non executive directors.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2012

15. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors have been taken by the Board.

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

17. All material information as described in clause (Xiii) of the Code of Corporate Governance is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in time.

18. 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.

19. The Board has set up effective internal audit function with suitable qualified and experienced personnel, which are involved in the internal audit function on full time basis.

20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they are not aware of any instances where shares of the company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are compliant with International Federation of accountants (IFAC) guidelines on Code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).

21. The "Closed Period", prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. All transactions with related parties have been carried out on arm's length basis. Transactions with related parties have been placed before the audit committee and board of directors' meeting for their consideration and formal approval.

23. 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.

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

For and on behalf of the Board of Directors

Karachi: 24th September, 2012

Mohammad Amin
Chief Executive / Director

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
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Gulberg II, Lahore
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Auditors' Report to the Members

We have audited the annexed balance sheet of **BLESSED TEXTILES LIMITED** ("the Company") as at June 30, 2012 and the related profit and loss account, statement of other 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 purpose 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: September 24, 2012
Place: Lahore

Engagement Partner:
IRFAN RAHMAN MALIK

Balance Sheet
as at June 30, 2012

	Note	2012 Rupees	2011 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
6,500,000 ordinary shares of Rs. 10 each		**65,000,000**	65,000,000
Issued, subscribed and paid-up capital	5	**64,320,000**	64,320,000
General reserve	6	**1,900,000,000**	1,600,000,000
Accumulated profit		**94,446,992**	159,404,893
		2,058,766,992	1,823,724,893
Loan from sponsors - *Unsecured*	7	**-**	-
Non-current liabilities			
Long term finances - *Secured*	8	**445,839,698**	320,426,335
Liabilities against assets subject to finance lease - *Secured*	9	**-**	13,502,810
Deferred liabilities	10	**67,473,999**	57,830,137
		513,313,697	391,759,282
Current liabilities			
Current portion of non-current liabilities	11	**107,836,694**	294,837,126
Short term borrowings - *Secured*	12	**271,863,359**	19,638,590
Accrued interest/mark-up		**14,852,689**	13,488,589
Trade and other payables	13	**293,897,120**	297,048,646
		688,449,862	625,012,951
Contingencies and commitments	14	**-**	-
		3,260,530,551	2,840,497,126

Karachi
Date: September 24, 2012

Mohammad Amin
Chief Executive

Balance Sheet
as at June 30, 2012

	Note	2012 Rupees	2011 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	15	**1,734,165,084**	1,539,364,345
Long term deposits - *Unsecured, Considered good*	16	**7,297,985**	8,128,385
		1,741,463,069	1,547,492,730
Current assets			
Stores, spares and loose tools	17	**69,099,763**	55,901,941
Stock in trade	18	**1,156,335,546**	935,161,078
Trade receivables	19	**132,020,836**	164,856,435
Advances, prepayments and other receivables	20	**88,684,145**	70,431,323
Current taxation	21	**56,994,747**	49,791,519
Cash and bank balances	22	**15,932,445**	16,862,100
		1,519,067,482	1,293,004,396
		3,260,530,551	2,840,497,126

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

Mohammad Salim
Director

Profit and Loss Account
for the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
Turnover - net	23	**5,447,990,694**	6,124,843,644
Cost of sales	24	**4,715,878,668**	4,964,447,052
Gross profit		**732,112,026**	1,160,396,592
Selling and distribution expenses	25	**146,251,386**	182,059,377
Administrative and general expenses	26	**93,637,271**	57,550,360
		239,888,657	239,609,737
		492,223,369	920,786,855
Other operating income	27	**2,700,271**	2,399,470
Operating profit		**494,923,640**	923,186,325
Finance cost	28	**137,939,486**	192,407,120
Other charges	29	**18,265,402**	57,376,754
		156,204,888	249,783,874
Profit before taxation		**338,718,752**	673,402,451
Taxation			
Provision for taxation	30	**55,436,653**	63,797,377
Profit after taxation		**283,282,099**	609,605,074
Earnings per share - *basic and diluted*	31	**44.04**	94.78

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

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 24, 2012

Statement of other Comprehensive Income
for the year ended June 30, 2012

	2012 Rupees	2011 Rupees
Profit after taxation	**283,282,099**	609,605,074
Other comprehensive income	**-**	-
Total comprehensive income	**283,282,099**	609,605,074

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

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 24, 2012

Cash Flow Statement
for the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	*33*	**411,015,647**	576,480,391
Payments for:			
Employees retirement benefits		**(10,347,295)**	(10,536,493)
Interest/markup		**(114,804,989)**	(149,480,366)
Income tax		**(62,639,881)**	(64,033,500)
Net cash generated from operating activities		**223,223,482**	352,430,032
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		**(355,650,678)**	(69,041,900)
Proceeds from disposal of property, plant and equipment		**2,370,000**	1,457,500
Net cash used in investing activities		**(353,280,678)**	(67,584,400)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances obtained		**219,749,518**	-
Repayment of long term finances		**(169,335,873)**	(150,841,769)
Repayment of liabilities against assets subject to finance lease		**(25,503,524)**	(25,578,731)
Loan from sponsors repaid		**(100,000,000)**	-
Net decrease in short term borrowings		**252,224,769**	(90,361,410)
Dividend paid		**(48,007,349)**	(31,982,737)
Net cash generated from/(used in) financing activities		**129,127,541**	(298,764,647)
Net decrease in cash and cash equivalents		**(929,655)**	(13,919,015)
Cash and cash equivalents at the beginning of the year		**16,862,100**	30,781,115
Cash and cash equivalents at the end of the year	*34*	**15,932,445**	16,862,100

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

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 24, 2012

Statement of Changes in Equity
for the year ended June 30, 2012

	Issued subscribed and paid-up capital	General reserve	Accumulated profit	Total equity
	Rupees	*Rupees*	*Rupees*	*Rupees*
As at July 01, 2010	64,320,000	1,100,000,000	81,959,819	1,246,279,819
Total comprehensive income for the year ended June 30, 2011	-	-	609,605,074	609,605,074
Profit transferred to general reserve		500,000,000	(500,000,000)	-
Final dividend on ordinary shares for the year ended June 30, 2010	-	-	(32,160,000)	(32,160,000)
As at June 30, 2011	64,320,000	1,600,000,000	159,404,893	1,823,724,893
Profit for the year ended June 30, 2012	**-**	**-**	**283,282,099**	**283,282,099**
Profit transferred to general reserve	-	300,000,000	(300,000,000)	-
Final dividend on ordinary shares for the year ended June 30, 2011	**-**	**-**	**(48,240,000)**	**(48,240,000)**
As at June 30, 2012	**64,320,000**	**1,900,000,000**	**94,446,992**	**2,058,766,992**

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

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 24, 2012

Notes to and Forming Part of Financial Statements for the year ended June 30, 2012

1 REPORTING ENTITY

Blessed Textiles Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The Company is primarily a spinning unit engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at District Sheikhupura in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employee retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The Company reassesses useful lives, depreciation method and rates for each item of property and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 Recoverable amount and impairment

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.3.3 Taxation

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.3.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

2.3.5 Obligation under defined benefit plan

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

3.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

3.2 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil.

3.3 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis

Raw materials	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

3.4 Employee benefits

Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss. The amount recognized on balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains or losses. Actuarial gains or loss are recognized using '10% corridor approach' as set out by International Accounting Standard 19 - Employee Benefits. The details of the scheme are referred to in note 10 to the financial statements.

3.5 Financial instruments

3.5.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

3.5.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

3.5.2(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

3.5.2(b) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

3.5.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.5.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

3.5.5 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.6 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

3.7 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

3.8 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

3.9 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

3.10 Trade and other payables

3.10.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

3.10.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

3.11 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

Notes to and Forming Part of Financial Statements for the year ended June 30, 2012

3.12 Trade and other receivables

3.12.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

3.12.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

3.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized 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 costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:
Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer. Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For local sales transfer usually occurs on dispatch of goods to customers. For export sales transfer occurs upon loading the goods onto the relevant carrier.
Interest income is recognized using effective interest method.

3.14 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of other comprehensive income'.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

3.16 Income tax

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

3.16.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

3.16.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of

Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.17 Government grants

Government grants that compensate the Company for expenses or losses already incurred are recognized in profit or loss in the period in which these are received and are deducted in reporting the relevant expenses or losses.

3.18 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are classified as 'loans and receivables' and are carried at cost.

3.20 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

3.21 Impairment

3.21.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. 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 the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.21.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.22 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

4 NEW AND REVISED APPROVED ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS THERETO

4.1 Approved accounting standards, interpretations and amendments thereto issued but not effective as at the reporting date

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date. Their impact on the Company's financial statements cannot be ascertained as at the reporting date.

IFRS 9 - Financial Instruments: Classification and Measurement

The standard introduces new requirements for the classification and measurement of financial instruments and replaces relevant requirements in IAS 39 - Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 01, 2013.

IFRS 10 - Consolidated Financial Statements

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities. The standard is effective for annual periods beginning on or after January 01, 2013.

IFRS 11 - Joint Arrangements

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers. The standard is effective for annual periods beginning on or after January 01, 2013.

IFRS 12 - Disclosure of Interests in Other Entities

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for annual periods beginning on or after January 01, 2013.

IFRS 13 - Fair Value Measurement

The standard establishes a single framework for measuring fair value where that is required by other standards. The standard is effective for annual periods beginning on or after January 01, 2013.

IAS 12 - Income Taxes (amendements)

The amendments provide exception to the general principal of IAS 12 for investment property measured using the fair value model and introduces a rebuttable presumption that the carrying amount of such an asset will be recovered entirely through sale. The amendments are effective for annual periods beginning on or after January 01, 2012.

IAS 19 - Employee Benefits (amendements)

The amendments require actuarial gains and losses to be recognized immediately in other comprehensive income and remove the corridor method as well as the option to recognize all changes in defined benefit obligation and plan assets in profit or loss. The amendments are effective for annual periods begining on or after January 01, 2013.

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

IAS 1 - Presentation of Financial Statements (amendements)
The amendments require presentation of items of other comprehensive income that would be reclassified to profit or loss in future if certain conditions are met separately from those items which will never be so reclassifed. The amendemens are effective for annual periods beginning on or after July 01, 2012.

IAS 27 - Separate Financial Statements (revised 2011)
The revised standard supercedes IAS 27 - Consolidated and Separate Financial Statements (revised 2008). The revised standard carries forward existing accounting and disclosure requirements for separate financial statements with some minor clarifications. The revised standard is effective for annual periods begining on or after January 01, 2013.

IAS 28 - Investments in Associates and Joint Ventures (revised 2011)
The revised standard supercedes IAS 28 - Investments in Associates (revised 2008). The revised standard makes amendments to apply IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations to investment, or a portion thereof, in an associate or joint venture, that meets the criteria to be classified as held for sale. The revised standard is effective for annual periods begining on or after January 01, 2013.

IAS 32 - Financial Instruments: Presentation (amendments)
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. The amendments are effective for annual periods beginning on or after January 01, 2014.

IFRS 7 - Financial Instruments: Disclosure (amendments)
The amendments 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.The amendments are effective for annual periods beginning on or after January 01, 2013.

IFRIC 20 -Stripping Cost in the Production Phase of a Surface Mining
The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met.

Annual Improvements 2009-2011(effective for annual periods beginning on or after January 01, 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 (amendements)
The amendement clarifies 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 (amendments)
The amendement clarifies 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 (amendments)
The amendement clarifies 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.

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

IAS 34 - Interim Financial Reporting (amendments)

The amendement aligns 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.

IAS 34 - Interim Financial Reporting (amendments)

The amendement aligns 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.

	2012 Rupees	2011 Rupees
5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
6,432,000 (2011: 6,432,000) ordinary shares of Rs. 10 each issued for cash	**64,320,000**	64,320,000

6 GENERAL RESERVE

General reserve is primarily being maintained to have adequate resources for future requirements and business operations.

	Note	2012 Rupees	2011 Rupees
7 LOAN FROM SPONSORS - UNSECURED			
Face value of loan	7.1	**-**	100,000,000
Transferred to current liabilities	12	**-**	(100,000,000)
		-	-

7.1 This loan was obtained from Sponsors of the Company, and was unsecured and interest free. The loan has been repaid during the year.

	Note	2012 Rupees	2011 Rupees
8 LONG TERM FINANCES - SECURED			
These represent long term finances utilized under interest/markup arrangements from banking companies			
Term Finances ('TF')			
TF - I	8.1	**125,000,000**	225,000,000
TF - II	8.2	**42,750,000**	54,150,000
TF - III	8.3	**79,632,000**	106,176,000
TF - IV	8.4	**7,596,518**	-
TF - V	8.5	**212,153,000**	-
		467,131,518	385,326,000
Long Term Finances for Export Oriented Projects ('LTFEOP')			
LTFEOP - I	8.6	**20,867,000**	27,822,873
LTFEOP - II	8.7	**21,131,180**	35,219,180
LTFEOP - III	8.8	**16,402,000**	21,870,000
LTFEOP - IV	8.9	**14,644,000**	19,524,000
		73,044,180	104,436,053
		540,175,698	489,762,053
Current maturity presented under current liabilities	11	**(94,336,000)**	(169,335,718)
		445,839,698	320,426,335

8.1 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.1% per annum (2011: three months KIBOR plus 1.1% per annum), payable quarterly. The finance is repayable by December 2014.

8.2 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 2% per annum (2011: three months KIBOR plus 2% per annum), payable quarterly. The finance is repayable by March 2016.

8.3 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.65% per annum (2011: three months KIBOR plus 1.65% per annum), payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in August 2011.

8.4 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.25% per annum payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in September 2013.

8.5 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.25% per annum payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in July 2013.

8.6 The finance has been obtained from Bank Al-Habib Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 7% per annum (2011: 7% per annum), payable quarterly. The finance is repayable in twelve equal half yearly installments with the first installment due in October 2008.

8.7 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 9% per annum (2011: 9% per annum), payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in February 2010.

8.8 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 10.4% per annum (2011: 10.4% per annum), payable quarterly. The finance is repayable in eight equal half yealry installments with the first installment due in November 2011.

8.9 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 10.4% per annum (2011: 10.4% per annum), payable quarterly. The finance is repayable in eight equal semi-annual installments with the first installment due in October 2011.

8.10 For restrictions on title, and assets pledged as security, refer to note 41 to the financial statements.

	Note	**2012** *Rupees*	2011 *Rupees*
9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED			
Present value of minimum lease payments	*9.1 & 9.2*	**13,500,694**	39,004,218
Current maturity presented under current liabilities	*9.1 & 9.2*	**(13,500,694)**	(25,501,408)
		-	13,502,810

9.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from three to six months KIBOR plus 0.75% to 2% per annum (2011: three months KIBOR plus 0.75% to 2% per annum). Lease rentals are payable quarterly over a tenor of 3 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

9.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

	Note	**2012** *Rupees*	2011 *Rupees*
Not later than one year		**14,158,341**	29,757,155
Later than one year but not later than five years		**-**	14,227,445
Total future minimum lease payments		**14,158,341**	43,984,600
Finance charge allocated to future periods		**(657,647)**	(4,980,382)
Present value of future minimum lease payments		**13,500,694**	39,004,218
Not later than one year	*12*	**(13,500,694)**	(25,501,408)
Later than one year but not later than five years		**-**	13,502,810

10 DEFERRED LIABILITIES

These include the following:

Employees retirement benefits	*10.1*	**56,574,327**	49,212,759
Long term payables - *Secured*	*10.2*	**10,899,672**	8,617,378
		67,473,999	57,830,137

10.1 EMPLOYEES RETIREMENT BENEFITS

The amount recognized on balance sheet represents present value of defined benefit obligation.

10.1.1 Movement in present value of defined benefit obligation

As at beginning of the year		**49,212,759**	39,418,887
Charged to profit or loss for the year	*10.1.2*	**15,864,841**	14,144,533
Benefits paid during the year		**(10,347,295)**	(10,536,493)
Actuarial (gain)/loss arising during the year	*10.1.2*	**1,844,022**	6,185,832
As at end of the year		**56,574,327**	49,212,759

10.1.2 Charge to profit or loss

Current service cost		**10,381,925**	9,524,379
Interest cost		**5,482,916**	4,620,154
	10.1.1	**15,864,841**	14,144,533
Actuarial (gain)/loss recognized during the year	*10.1.1*	**1,844,022**	6,185,832
		17,708,863	20,330,365

10.1.3 The charge to profit or loss has been allocated as follows

Cost of sales	*24.2*	**13,886,148**	16,183,061
Administrative and general expenses	*26.1*	**3,822,715**	4,147,304
		17,708,863	20,330,365

10.1.4 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date has been determined by the management of the Company based on internal estimates. Last independent actuarial valuation was carried out as at June 30, 2012. The principal assumptions used in determining present value of defined benefit obligation are:

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

	2012	2011
Discount rate	**12%**	14%
Expected rates of increase in salary	**11%**	14%
Expected average remaining working lives of employees	**5 years**	5 years

10.1.5 Historical information

		2012	2011	2010	2009	2008
Present value of defined benefit obligation	*Rupees*	**56,574,327**	49,212,759	39,418,887	32,620,765	25,686,445
Actuarial adjustment arising during the year	%	**3.26**	12.57	4.64	9.71	5.21

The experience adjustment component of actuarial adjustment is impracticable to determine and thus has not been disclosed.

10.2 LONG TERM PAYABLES - SECURED

This represents infrastructure cess levied by Excise and Taxation Officer ('ETO') Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan. The Company and others have filed a suit before the Sindh High Court (SHC') challenging the levy. The Supreme Court of Pakistan thourgh order has declared all levies and collections before December 26, 2008 to be invalid. During the pendency of decision on the levies and collections on or after December 26, 2008, SHC has directed the petitioners to pay 50% of liability for levies on or after December 26, 2008 to ETO and to arrange bank gaurantees for the remaining amount in favour of ETO. The liability represents 50% of levies after December 26, 2008 against which guarantees have been arranged in favour of ETO (see note 14.1.1).

11 CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2012 Rupees	2011 Rupees
Loan from sponsors	7	**-**	100,000,000
Long term finances - *Secured*	8	**94,336,000**	169,335,718
Liabilities against assets subject to finance lease - *Secured*	9	**13,500,694**	25,501,408
		107,836,694	294,837,126

12 SHORT TERM BORROWINGS - SECURED

	Note	2012 Rupees	2011 Rupees
These represent short term finances utilized under interest/mark-up arrangements from banking companies			
Running finances	12.1	**171,863,359**	19,638,590
Term loans		**100,000,000**	
		271,863,359	19,638,590

12.1 The facility has been obtained from various banking companies for working capital requirements and are secured by joint hypothecation charge over all present and future current assets of the Company and demand promissory notes.

Interest/mark-up on term loans is payable along with principal on maturity and that on running finances is payable quarterly. These finances carry mark-up at rates ranging from one to three months KIBOR plus 0.4% to 2.5% per annum (2011: one to three months KIBOR plus 0.4% to 2.5% per annum).

The aggregate available short term funded facilities amounts to Rs. 4,815 million (2011: Rs. 3,185 million) out of which Rs. 4,543 million (2011: Rs. 3,796 million) remained unavailed as at the reporting date.

12.2 For restrictions on title, and assets pledged as security, refer to note 41 to the financial statements.

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
13 TRADE AND OTHER PAYABLES			
Trade creditors - *Unsecured*		**104,596,067**	130,155,121
Accrued liabilities		**144,518,002**	99,735,174
Advances from customers - *Unsecured*		**10,445,504**	13,720,934
Workers' Profit Participation Fund	*13.1*	**17,965,402**	37,677,480
Workers' Welfare Fund	*13.2*	**13,474,274**	13,474,274
Unclaimed dividend		**1,903,788**	1,671,137
Other payables - *Unsecured*		**994,083**	614,526
		293,897,120	297,048,646
13.1 Workers' Profit Participation Fund			
As at beginning of the year		**37,677,480**	23,112,136
Interest on funds utilized by the Company	*13.1.1*	**2,023,874**	3,253,112
Charged to profit or loss for the year	*29*	**17,965,402**	37,677,480
Paid during the year		**(39,701,354)**	(26,365,248)
As at end of the year		**17,965,402**	37,677,480

13.1.1 Interest is charged at 56.25% (2011: 37.5%) per annum.

	Note	2012 Rupees	2011 Rupees
13.2 Workers' Welfare Fund			
As at beginning of the year		**13,474,274**	1,994,843
Charged to profit or loss for the year	*30*	**-**	13,474,274
Paid/adjusted during the year		**-**	(1,994,843)
As at end of the year		**13,474,274**	13,474,274

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Guarantees issued by banks on behalf of the Company as at the reporting date amount to Rs. 69.81 million (2011: Rs. 67.76 million), however the Company has already recognized related liability amounting to Rs. 10.9 million (2011: Rs. 8.67 million). See note 11.

14.1.2 Bills discounted/negotiated as at the reporting date amount to Rs. 379.34 million (2011: Rs. 24.46 million).

15.1.3 The Company has issued post dated cheques collectively amounting to Rs. 46.6 million (2011: Rs. 10.76 million) in favour of Sales Tax Department in lieu of levies under various statutory notifications and these are likely to be released after fulfillment of the terms of related notifications.

	Note	2012 Rupees	2011 Rupees
14.2 Commitments			
14.2.1 Commitments under irrevocable letters of credit for:			
- purchase of stores, spare and loose tools		**4,170,950**	4,337,438
14.2.2 Commitments for capital expenditure		**-**	-

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
15 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	**1,411,360,030**	1,521,179,827
Capital work in progress	15.2	**322,805,054**	18,184,518
		1,734,165,084	1,539,364,345

15.1 Operating fixed assets

	2012										
	COST						DEPRECIATION				Net book value
	As at July 01, 2011 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2012 Rupees	Rate %	As at July 01, 2011 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2012 Rupees	as at June 30, 2012 Rupees
Assets owned by the Company							-				
Freehold land	25,432,849	22,694,042	-	-	48,126,891	-	-	-	-	-	48,126,891
Buildings on freehold land											
Factory buildings	370,663,107	1,124,872	-	-	371,787,979	10	196,458,943	17,476,662	-	213,935,605	157,852,374
Non-factory buildings	67,683,287	8,541,989	-	-	76,225,276	5	21,024,132	2,656,291	-	23,680,423	52,544,853
	438,346,394	9,666,861	-	-	448,013,255		217,483,075	20,132,953	-	237,616,028	210,397,227
Plant and machinery	2,161,576,221	210,000	(10,611,719)	785,000	2,151,959,502	10	1,015,382,763	114,540,005	(8,541,996)	1,121,380,772	1,030,578,730
Equipment and other assets	70,893,820	-	-	13,326,325	84,220,145	25-35	47,278,134	10,543,361	-	57,821,495	26,398,650
Electric installations	26,816,448	-	-	-	26,816,448	10	13,623,008	1,319,344	-	14,942,352	11,874,096
Office equipment - head office	4,451,754	575,000	(107,000)	-	4,919,754	10	3,383,692	125,751	(94,745)	3,414,698	1,505,056
Office equipment - factory	2,388,815	385,000	-	-	2,773,815	10	901,254	177,632	-	1,078,886	1,694,929
Furniture and fixtures - head office	199,098	-	-	-	199,098	10	132,814	6,628	-	139,442	59,656
Furniture and fixtures - factory	6,971,397	-	-	-	6,971,397	10	3,764,392	320,700	-	4,085,092	2,886,305
Vehicles	30,762,021	3,387,914	-	-	34,149,935	20	11,704,839	4,390,663	-	16,095,502	18,054,433
	2,767,838,817	36,918,817	(10,718,719)	14,111,325	2,808,150,240		1,313,653,971	151,557,037	(8,636,741)	1,456,574,267	1,351,575,973
Assets subject to finance lease											
Plant and machinery	90,924,545	-	-	-	90,924,545	10	28,164,212	6,363,996	-	34,528,208	56,396,337
Vehicles	5,774,520	-	-	-	5,774,520	20	1,539,872	846,928	-	2,386,800	3,387,720
	2,864,537,882	36,918,817	(10,718,719)	14,111,325	2,904,849,305		1,343,358,055	158,767,961	(8,636,741)	1,493,489,275	1,411,360,030

	2011										
	COST						DEPRECIATION				Net book value
	As at July 01, 2010 Rupees	Additions Rupees	Disposals Rupees	Transfers Rupees	As at June 30, 2011 Rupees	Rate %	As at July 01, 2010 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2011 Rupees	as at June 30, 2011 Rupees
Assets owned by the Company											
Freehold land	25,432,849	-	-	-	25,432,849	-	-	-	-	-	25,432,849
Buildings on freehold land											
Factory buildings	363,128,659	-	-	7,534,448	370,663,107	10	177,604,508	18,854,435	-	196,458,943	174,204,164
Non-factory buildings	65,392,196	-	-	2,291,091	67,683,287	5	18,678,923	2,345,209	-	21,024,132	46,659,155
	428,520,855	-	-	9,825,539	438,346,394		196,283,431	21,199,644	-	217,483,075	220,863,319
Plant and machinery	1,926,139,129	-	-	235,437,092	2,161,576,221	10	909,066,766	106,315,997	-	1,015,382,763	1,146,193,458
Equipment and other assets	63,747,361	-	-	7,146,459	70,893,820	25-35	35,165,173	12,112,961	-	47,278,134	23,615,686
Electric installations	26,816,448	-	-	-	26,816,448	10	12,157,070	1,465,938	-	13,623,008	13,193,440
Office equipment - head office	4,451,754	-	-	-	4,451,754	10	3,265,017	118,675	-	3,383,692	1,068,062
Office equipment - factory	1,208,309	1,180,506	-	-	2,388,815	10	825,840	75,414	-	901,254	1,487,561
Furniture and fixtures - head office	199,098	-	-	-	199,098	10	125,449	7,365	-	132,814	66,284

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	2011										
	COST						DEPRECIATION				Net book value
	As at July 01, 2010	Additions	Disposals	Transfers	As at June 30, 2011	Rate	As at July 01, 2010	For the year	Adjustment	As at June 30, 2011	as at June 30, 2011
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*%*	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Furniture and fixtures - factory	6,886,273	85,124	-	-	6,971,397	10	3,415,692	348,700	-	3,764,392	3,207,005
Vehicles	18,834,886	14,562,660	(3,637,325)	1,001,800	30,762,021	20	11,665,052	2,437,965	(2,398,178)	11,704,839	19,057,182
	2,502,236,962	15,828,290	(3,637,325)	253,410,890	2,767,838,817		1,171,969,490	144,082,659	(2,398,178)	1,313,653,971	1,454,184,846
Assets subject to finance lease											
Plant and machinery	90,924,545	-	-	-	90,924,545	10	21,093,106	7,071,106	-	28,164,212	62,760,333
Vehicles	6,776,320	-	-	(1,001,800)	5,774,520	20	959,404	1,058,660	(478,192)	1,539,872	4,234,648
	2,599,937,827	15,828,290	(3,637,325)	252,409,090	2,864,537,882		1,194,022,000	152,212,425	(2,876,370)	1,343,358,055	1,521,179,827

15.1.1 Disposal of property, plant and equipment

	2012						
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*		
Plant and machinery - owned							
Lath Machine	**107,000**	**94,745**	**12,255**	**20,000**	**7,745**	**Negotiation**	Prima Industries, Lahore
Blowroom Machinery	**2,300,000**	**1,179,545**	**1,120,455**	**1,200,000**	**79,545**	**Negotiation**	Shadab Textile Mills Limited, Lahore
Blowroom Machinery	**8,311,719**	**7,362,451**	**949,268**	**1,150,000**	**200,732**	**Negotiation**	Shadman Cotton Mills Limited, Lahore.
	10,718,719	**8,636,741**	**2,081,978**	**2,370,000**	**288,022**		

	2011						
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
Vehicles - owned	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*		
Honda City - ACZ 416	826,800	757,628	69,172	100,000	30,828	Negotiation	Mr. Asif Ali, Karachi
Honda CD 70 - LOC 3264	26,572	26,342	230	7,500	7,270	Negotiation	Mr. Shahid, Lahore
Toyota Corolla - AJD 814	1,042,000	740,392	301,608	500,000	198,392	Negotiation	Mr. Muhammad Tanveer, Karachi
Suzuki Cultus - LXX 6809	605,403	532,019	73,384	300,000	226,616	Negotiation	Mr. Fazal Rabi, Mohmand Agency
Suzuki Cultus - LWB-9209	568,450	410,121	158,329	250,000	91,671	Negotiation	Mr. Hassan Imran, Kasur
Suzuki Cultus - LWB-9214	568,100	409,868	158,232	300,000	141,768	Negotiation	Mr. Fazal Rabi, Mohmand Agency
	3,637,325	2,876,370	760,955	1,457,500	696,545		

15.1.2 Transfers represent transfers from capital work in progress on related assets becoming available for use and those from assets subject to finance lease on transfer of title to the Company at the end of lease term.

	Note	2012	2011
		Rupees	*Rupees*
15.1.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	*25*	**152,899,659**	148,165,646
Administrative and selling expenses	*27*	**5,868,302**	4,046,779
		158,767,961	152,212,425

15.2 Capital work in progress

	2012			
	Asat July01	**Additions**	**Transfers**	**Asat June30**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Buildings on freehold land	**17,960,173**	**20,432,632**	**-**	**38,392,805**
Plant and machinery	**224,345**	**284,972,904**	**(785,000)**	**284,412,249**
Equipment and other assets	**-**	**13,326,325**	**(13,326,325)**	**-**
	18,184,518	**318,731,861**	**(14,111,325)**	**322,805,054**

	2011			
	As at July01 *Rupees*	Additions *Rupees*	Transfers *Rupees*	As at June30 *Rupees*
Buildings on freehold land	5,432,297	22,353,415	(9,825,539)	17,960,173
Plant and machinery	211,947,701	23,713,736	(235,437,092)	224,345
Equipment and other assets	-	7,146,459	(7,146,459)	-
	217,379,998	53,213,610	(252,409,090)	18,184,518

	Note	2012 Rupees	2011 Rupees
16 LONG TERM DEPOSITS			
Utility companies and regulatory authorities	*16*	**7,297,985**	7,297,985
Financial institutions		**-**	830,400
		7,297,985	8,128,385

16.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

16.2 These have been deposited against liabilities against assets subject to finance lease.

17 STORES, SPARES AND LOOSE TOOLS

Stores, Spares and Loose Tools	**69,099,763**	55,901,941

17.1 It is impracticable to distinguish stores, spares and loose tools, each from the other.

17.2 This includes stores, spares and loose tools in transit valued at Rs. nil (2011: Rs. 1,006,411).

	Note	2012 Rupees	2011 Rupees
18 STOCK IN TRADE			
Raw material	*18.1 & 18.2*	**1,005,387,826**	589,039,297
Work in process		**68,095,807**	66,594,304
Finished goods	*18.2 & 18.3*	**82,851,913**	279,527,477
		1,156,335,546	935,161,078

18.1 This includes raw material in transit valued at Rs. 18,707,497 (2011: Rs. 7,964,542).

18.2 As at June 30, 2011, net realizable values of raw material and finished goods were lower than their cost, which resulted in write-downs of Rs. 171,470,035 and Rs. 49,647,395 respectively, and were charged to cost of sales. The stock of work in process was valued at cost being lower than net realizable value. There are no write-downs as at June 30, 2012.

18.3 Stock of finished goods include stock of waste valued at Rs. 752,154 (2011: Rs.287,521). The entire stock of waste is valued at net realizable value.

18.4 No item of stock in trade is pledged as at the reporting date.

Notes to and Forming Part of Financial Statements for the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
19 TRADE RECEIVABLES			
Local - *unsecured*			
considered good		**61,128,631**	140,082,621
considered doubtful		**33,759,752**	8,274,988
		94,888,383	148,357,609
Foreign - *secured*	*19.1*	**70,892,205**	24,773,814
		165,780,588	173,131,423
Accumulated impairment	*19.2*	**(33,759,752)**	(8,274,988)
		132,020,836	164,856,435

19.1 These are secured against letters of credit

19.2 Movement in accumulated impairment is as follows:

	Note	2012 Rupees	2011 Rupees
As at beginning of the year		**8,274,988**	8,331,303
Recognized during the year	26	**25,484,764**	-
Reversed during the year on recovery		**-**	(56,315)
As at end of the year		**33,759,752**	8,274,988

	Note	2012 Rupees	2011 Rupees
20 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers - *unsecured, considered good*		**13,510,736**	5,068,342
Advances to employees - *unsecured, considered good*		**3,761,048**	4,814,700
Prepayments		**1,000,713**	997,600
Security deposits	*20.1*	**12,263,277**	14,457,370
Letters of credit		**794,046**	3,087,126
Sales tax refundable		**56,997,690**	33,644,725
Other receivables - *unsecured, considered good*	*20.2*	**356,635**	8,361,460
		88,684,145	70,431,323

20.1 These include Rs.11,067,877 (2011: Rs. 9,017,877) deposited with a banking company against bank guarantees and carry a return at rates ranging from 8% to 9.5% (2011: 8%) per annum.

	Note	2012 Rupees	2011 Rupees
20.2 Particulars of other receivables			
Considered good		**356,635**	8,361,460
Considered doubtful		**99,583**	99,583
		456,218	8,461,043
Accumulated impairment		**(99,583)**	(99,583)
		356,635	8,361,460

	Note	2012 Rupees	2011 Rupees
21 CURRENT TAXATION			
Advance income tax/income tax refundable		**112,514,895**	114,030,554
Provision for taxation	30	**(55,520,148)**	(64,239,035)
		56,994,747	49,791,519

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

	2012 Rupees	2011 Rupees
22 CASH AND BANK BALANCES		
Cash at banks		
local currency	**12,780,200**	9,079,062
foreign currency	**3,152,245**	7,783,038
	15,932,445	16,862,100

23 TURNOVER - NET

	2012		
	Local *Rupees*	**Export** *Rupees*	**Total** *Rupees*
Yarn	**600,414,990**	**2,753,595,429**	**3,354,010,419**
Fabric	**256,301,962**	**1,786,785,789**	**2,043,087,751**
Cotton	**9,759,120**	**-**	**9,759,120**
Waste and other	**41,459,024**	**-**	**41,459,024**
	907,935,096	**4,540,381,218**	**5,448,316,314**
Duty drawback on export	**-**	**105,609**	**105,609**
Sales tax	**(431,229)**	**-**	**(431,229)**
	907,503,867	**4,540,486,827**	**5,447,990,694**

	2011		
	Local *Rupees*	Export *Rupees*	Total *Rupees*
Yarn	257,671,497	3,699,573,893	3,957,245,380
Fabric	52,464,161	2,066,831,474	2,119,295,635
Waste and other	48,865,833	-	48,865,833
	359,001,491	5,766,405,367	6,125,406,848
Duty drawback on export	-	141,675	141,675
Sales tax	(704,879)	-	(704,879)
	358,296,612	5,766,547,042	6,124,843,644

23.1 Export sales include indirect exports, taxable under Section 154 of the Income Tax Ordinance, 2001, amounting to Rs. 2,161,744,199 (2011: Rs. 2,397,212,915).

	Note	2012 Rupees	2011 Rupees
24 COST OF SALES			
Raw material consumed	*24.1*	**3,307,410,834**	4,173,316,558
Stores, spares and loose tools consumed		**165,845,743**	130,978,689
Salaries, wages and benefits	*24.2*	**257,499,060**	211,902,152
Processing charges		**47,468,396**	15,756,265

Notes to and Forming Part of Financial Statements for the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
Fee and subscription		**158,815**	156,160
Fuel and power		**466,349,631**	384,534,524
Electricity duty		**1,373,968**	1,570,895
Insurance		**10,841,715**	11,083,568
Vehicle running and maintenance		**5,620,789**	4,218,332
Rent, rates and taxes		**139,610**	583,406
Repair and maintenance		**15,301,255**	9,978,495
Communication		**586,896**	532,816
Traveling, conveyance and entertainment		**1,259,315**	638,264
Depreciation	*15.1.3*	**152,899,659**	148,165,646
Others		**1,528,184**	2,271,140
Manufacturing cost		**4,434,283,870**	5,095,686,910
Work in process			
As at beginning of the year		**66,594,304**	66,864,410
As at end of the year		**(68,095,807)**	(66,594,304)
		(1,501,503)	270,106
Cost of goods manufactured		**4,432,782,367**	5,095,957,016
Cost of cotton sold	*24.3*	**10,509,161**	-
Finished goods			
As at beginning of the year		**279,527,477**	101,565,655
Purchased during the year		**75,911,576**	46,451,858
As at end of the year		**(82,851,913)**	(279,527,477)
		272,587,140	(131,509,964)
		4,715,878,668	4,964,447,052

24.1 Raw material consumed

	2012	2011
As at beginning of the year	**589,039,297**	356,794,108
Purchased during the year	**3,759,128,245**	4,447,718,105
Sold during the year	**(35,368,882)**	(42,156,358)
As at end of the year	**(1,005,387,826)**	(589,039,297)
	3,307,410,834	4,173,316,558

24.2 These include charge in respect of employees retirement benefits amounting to Rs. 13,886,148 (2011: Rs. 16,183,061).

24.3 Cost of cotton sold

	2012	2011
Cost of purchase	**9,621,495**	-
Salaries, wages and benefits	**118,560**	-
Loading and unloading	**1,178**	-
Insurance	**144,322**	-
Finance cost	**623,606**	-
	10,509,161	-

Notes to and Forming Part of Financial Statements for the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
25 SELLING AND DISTRIBUTION EXPENSES			
Export			
Ocean freight and forwarding		**56,557,329**	64,432,396
Export development surcharge		**5,881,212**	8,033,504
Export sales promotion		**9,321,807**	25,849,219
Commission		**51,878,278**	64,740,057
Others		**2,836,709**	1,675,952
		126,475,335	164,731,128
Local			
Inland transportation		**1,847,941**	1,284,985
Commission		**17,317,394**	15,712,834
Others		**610,716**	330,430
		19,776,051	17,328,249
		146,251,386	182,059,377

	Note	2012 Rupees	2011 Rupees
26 ADMINISTRATIVE AND GENERAL EXPENSES			
Directors' remuneration		**2,880,000**	2,880,000
Salaries and benefits	*26.1*	**37,203,239**	31,095,568
Traveling, conveyance and entertainment		**3,054,156**	2,783,758
Printing and stationery		**1,140,386**	580,875
Communication		**1,200,292**	1,093,869
Vehicles running and maintenance		**4,104,326**	2,529,628
Legal and professional charges		**1,982,144**	1,250,625
Auditors' remuneration	*26.2*	**1,160,000**	885,000
Fee and subscription		**1,526,312**	1,566,786
Repair and maintenance		**262,609**	107,915
Depreciation	*15.1.3*	**5,868,302**	4,046,779
Rent, rates and utilities		**6,793,263**	5,631,055
Impairment loss on trade receivables	*19.2*	**25,484,764**	-
Others		**977,478**	3,098,502
		93,637,271	57,550,360

26.1 These include charge in respect of employees retirement benefits amounting to Rs. 3,822,715 (2011: Rs. 4,147,304).

	Note	2012 Rupees	2011 Rupees
26.2 Auditor's remuneration			
Annual statutory audit		**1,000,000**	750,000
Half yearly review		**100,000**	75,000
Review report under Code of Corporate Governance		**50,000**	50,000
Out of pocket expenses		**10,000**	10,000
		1,160,000	885,000
27 OTHER OPERATING INCOME			
Gain on financial instruments			
Reversal of impairment on trade receivables on recovery		**-**	56,315
Return on bank deposits		**2,412,249**	1,646,610
		2,412,249	1,702,925
Other income			
Gain on disposal of property, plant and equipment	*15.1.1*	**288,022**	696,545
		2,700,271	2,399,470

**Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012**

28 FINANCE COST

	Note	2012 Rupees	2011 Rupees
Interest / mark-up on borrowings:			
long term finances		**56,243,209**	73,751,934
liabilities against assets subject to finance lease		**3,172,699**	6,491,786
short term borrowings		**56,753,181**	67,832,925
		116,169,089	148,076,645
Interest on workers' profit participation fund	13.1	**2,023,874**	3,253,112
Imputed interest		**-**	13,292,292
Bank charges and commission	28.2	**19,746,523**	27,785,071
		137,939,486	192,407,120

28.1 Interest/mark-up on borrowings includes interest/mark-up rate subsidy amouting to Rs. 215,092 (2011: Rs. 1,587,825) recognized as government grants. See note 33.

28.2 These include letters of credit discounting charges amounting to Rs. 12,941 233 (2011: Rs. 23,826,408).

29 OTHER CHARGES

	Note	2012 Rupees	2011 Rupees
Workers' Profit Participation Fund	13.1 & 29.1	**17,965,402**	37,677,480
Workers' Welfare Fund	13.2	**-**	13,474,274
Donations	29.2	**300,000**	6,225,000
		18,265,402	57,376,754

29.1 The Honourable High Court in writ petition bearing number W.P. No. 8763/2011 has decided that the amendments made in the Workers' Welfare Fund Ordinance through Finance Act 2006 and 2008 is unconstitutional and unlawful. Therefore no provision for Workers' Welfare Fund has been made in the financial statements.

29.2 None of the directors or their spouses had any interest in donations made by the Company.

30 TAXATION

	Note	2012 Rupees	2011 Rupees
Current taxation			
for current year	30.1	**55,520,148**	64,239,035
for prior year		**(83,495)**	(441,658)
		55,436,653	63,797,377
Deferred taxation	30.5	**-**	-
		55,436,653	63,797,377

30.1 Provision for current tax has been made in accordance with section 18 and section 154 of the Income Tax Ordinance, 2001 ('the Ordinance').

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

		Unit	2012	2011
30.2	**Reconciliation between average effective tax rate and applicable tax rate**			
	Profit before taxation	*Rupees*	**338,718,752**	673,402,451
	Provision for taxation	*Rupees*	**55,436,653**	63,797,377
	Average effective tax rate	%	**16.37**	9.47
	Tax effects of:			
	Adjustments for prior years	%	**(0.02)**	(0.07)
	Income chargeable to tax at different rates	%	**18.65**	25.60
	Deferred taxation	%	**-**	-
	Applicable tax rate	%	**35.00**	35.00

30.3 Assessments upto assessment year 2002-2003 have been finalized under the relevant provisions of the Repealed Income Tax Ordinance, 1979.

30.4 Assessments upto tax year 2011 have been finalized under relevant provisions of Income Tax Ordinance, 2001.

30.5 Export sales, including indirect exports taxable under Section 154 of the Ordinance have achieved the threshold for the Company, with the option to be taxed under the Final Tax Regime. This trend is expected to continue in foreseeable future. Accordingly, no provision for deferred tax has been made as at the reporting date.

31 EARNINGS PER SHARE

	Unit	2012	2011
Profit attributable to ordinary shareholders	*Rupees*	**283,282,099**	609,605,074
Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**6,432,000**	6,432,000
Earnings per share	*Rupees*	**44.04**	94.78

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

32 GOVERNMENT GRANTS

During the year, the Company recognized Rs. 215,092 (2011: Rs. 1,587,825) as mark-up rate subsidy which has been accounted for as government grant in accordance with IAS 20 'Government Grants'. The amount has been deducted in reporting interest/mark-up expenses on relevant borrowings.

33 CASH GENERATED FROM OPERATIONS

	2012 Rupees	2011 Rupees
Profit before taxation	**338,718,752**	673,402,451
Adjustments for non-cash and other items		
Interest / markup on borrowings	**116,169,089**	148,076,645
Gain on disposal of property, plant and equipment	**(288,022)**	(696,545)
Imputed interest	**-**	13,292,292
Provision for employees retirement benefits	**17,708,863**	20,330,365
Impairment loss on trade receivables	**25,484,764**	-
Depreciation	**158,767,961**	152,212,425
	317,842,655	333,215,182
Operating profit before changes in working capital	**656,561,407**	1,006,617,633

Notes to and Forming Part of Financial Statements for the year ended June 30, 2012

	2012 Rupees	2011 Rupees
Changes in working capital		
Stores, spares and loose tools	**(13,197,822)**	(21,189,398)
Stock in trade	**(221,174,468)**	(409,936,905)
Trade receivables	**7,350,835**	(77,259,423)
Advances, prepayments and other receivables	**(17,422,422)**	(20,212,181)
Trade and other payables	**(3,384,177)**	108,064,505
Long term payables	**2,282,294**	(9,603,840)
	(245,545,760)	(430,137,242)
Cash generated from operations	**411,015,647**	576,480,391

34 CASH AND CASH EQUIVALENTS

	Note	2012 Rupees	2011 Rupees
Cash and bank balances	22	**15,932,445**	16,862,100
		15,932,445	16,862,100

35 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise sponsors, associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits only and those with sponsors are limited to support in the form of interest free loans to the Company. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

35.1 Transactions with related parties

	2012 Rupees	2011 Rupees
35.1.1 *Associated companies*		
Sale of yarn	**622,913,005**	711,633,821
Sale of fabric	**2,217,175**	7,156,232
Sale of waste	**1,204,418**	1,937,757
Purchase of cotton	**10,478,796**	30,615,081
Purchase of yarn	**326,275,180**	290,323,099
Purchase of fabric	**29,861,620**	1,731,700
Purchase of electricity	**109,699,331**	125,854,563
Purchase of machinery	**243,600**	
Services received	**11,144,700**	10,227,183
35.1.2 *Key management personnel*		
Short term employee benefits	**2,880,000**	2,880,000
Post employment benefits	**-**	-
35.1.3 *Sponsors*		
Interest free loan repaid	**100,000,000**	-

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

35.2 Balances with related parties

There are no balances with related parties as at the reporting date, with the exception of interest free loan obtained from Sponsors of the Company referred to in note 7.

36 FINANCIAL INSTRUMENTS

36.1 Financial instruments by class and category

Financial assets					
Long term deposits	17	**7,297,985**	**-**	8,128,385	-
Trade receivables	20	**132,020,836**	**-**	164,856,435	-
Security deposits	21	**12,263,277**	**-**	14,457,370	-
Cash and bank balances	23	**15,932,445**	**-**	16,862,100	-
		167,514,543	**-**	204,304,290	-
Financial liabilities					
Loan from sponsors	7	**-**	**-**	-	100,000,000
Long term finances	8	**-**	**540,175,698**	-	489,762,053
Liabilities against assets subject to finance lease	9	**-**	**13,500,694**	-	39,004,218
Short term borrowings	13	**-**	**271,863,359**	-	19,638,590
Accrued interest/mark-up		**-**	**14,852,689**	-	13,488,589
Trade creditors	14	**-**	**104,596,067**	-	130,155,121
Accrued liabilities	14	**-**	**144,518,002**	-	99,735,174
		-	**1,089,506,509**	-	891,783,745
		167,514,543	**1,089,506,509**	204,304,290	891,783,745

36.2 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.

36.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

36.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

37 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company’s exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company’s exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

37.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

37.1.1 Maximum exposure to credit risk

The maximum exposure to credit risk as at the reporting date is as follows:

	Note	2012 Rupees	2011 Rupees
Loans and receivables			
Deposits with financial institutions	*16*	**12,263,277**	15,287,770
Trade receivables	*19*	**165,780,588**	173,131,423
Security deposits	*22*	**12,263,277**	14,457,370
Cash at banks	*22*	**15,932,445**	16,862,100
		206,239,587	219,738,663

37.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2012 Rupees	2011 Rupees
Customers	**165,780,588**	173,131,423
Banking companies and financial institutions	**40,458,999**	46,607,240
	206,239,587	219,738,663

37.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

37.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits and security deposits. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

37.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade receivables. The Company is exposed to credit risk in respect of trade receivables. The analysis of ages of trade receivables as at the reporting date is as follows:

	2012		2011	
	Gross carrying amount *Rupees*	**Accumulated Impairment *Rupees***	Gross carrying amount *Rupees*	Accumulated Impairment *Rupees*
Neither past due nor impaired	**131,979,145**	**-**	143,300,246	-
Past due by 0 to 6 months	**-**	**-**	21,514,498	-
Past due by 6 months to 1 year	**-**	**-**	-	-
Past due by 1 to 2 years	**25,484,764**	**(25,484,764)**	-	-
Past due by 2 to 3 years	**-**	**-**	5,018,578	(4,976,887)
Past due by 3 years	**8,316,679**	**(8,274,988)**	3,298,101	(3,298,101)
	165,780,588	**(33,759,752)**	173,131,423	(8,274,988)

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

The Company's two (2011: three) significant customers account for Rs. 41.16 million (2011: Rs. 54.51 million) of trade receivables as at June 30, 2011, apart from which, exposure to any single customer does not exceed 5% (2011: 5%) of trade receivables as at June 30, 2011. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected. Further, trade receivables amounting to Rs. 70.89 million (2010: Rs. 24.77 million) secured through confirmed letters of credit and thus do not carry any significant credit risk. The Company believes that impairment recognized in respect of trade receivables past due is adequate and no further allowance is necessary based on historical default rates.

37.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of trade receivables, which are partially secured through confirmed letters of credit.

37.1.5 Credit risk management

As mentioned in note 38.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade receivables, which are exposed to losses arising from any non-performance by customers. In respect of trade receivables, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

37.2 Liquidity risk

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

37.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2012				
	Carrying amount *Rupees*	**Contractual cash flows** *Rupees*	**One year or less** *Rupees*	**One to five years** *Rupees*	**More than five years** *Rupees*
Loan from sponsors	-	-			
Long term finances	**540,175,698**	**662,623,523**	**258,667,183**	**403,956,340**	**-**
Liabilities against assets subject to finance lease	**13,500,694**	**14,158,341**	**14,158,341**	**-**	**-**
Short term borrowings	**271,863,359**	**273,120,707**	**273,120,707**	**-**	**-**
Accrued interest/mark-up	**14,852,689**	**14,852,689**	**14,852,689**	**-**	**-**
Trade creditors	**104,596,067**	**104,596,067**	**104,596,067**	**-**	**-**
Accrued liabilities	**144,518,002**	**144,518,002**	**144,518,002**	**-**	**-**
	1,089,506,509	**1,213,869,329**	**809,912,989**	**403,956,340**	**-**

	2011				
	Carrying amount *Rupees*	Contractual cash flows *Rupees*	One year or less *Rupees*	Oneto five years *Rupees*	More than five years *Rupees*
Loan from sponsors	100,000,000	100,000,000	100,000,000	-	-
Long term finances	489,762,053	587,465,926	224,006,111	363,459,815	
Liabilities against assets subject to finance lease	39,004,218	39,037,949	25,501,408	13,536,541	-
Short term borrowings	19,638,590	19,638,590	19,638,590	-	-
Accrued interest/mark-up	13,488,589	13,937,079	13,937,079	-	-
Trade creditors	130,155,121	130,155,121	130,155,121	-	-
Accrued liabilities	99,735,174	99,735,174	99,735,174	-	-
	891,783,745	989,969,839	612,973,483	376,996,356	-

37.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies.

37.3 Market risk

37.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

37.3.1(a) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	2012 ***Rupees***	2011 *Rupees*
Financial assets		
Trade receivables	**70,892,205**	24,773,814
Cash at bank	**3,152,245**	7,783,038
Total exposure	**74,044,450**	32,556,852

37.3.1(b) Exchange rates applied during the year

All foreign currency balances are denominated in United States Dollars (US $). Exchange rates applied during the year are as follows:

	2012		2011	
	Average rate for the year ***Rupees***	**Spot as at the reporting date** ***Rupees***	Average rate for the year *Rupees*	Spot as at the reporting date *Rupees*
Financial assets	**89.93**	**94.00**	84.39	85.85
Financial liabilities	**90.13**	**94.20**	86.46	86.05

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

37.3.1(b) Exchange rates applied during the year

All foreign currency balances are denominated in United States Dollars (US $). Exchange rates applied during the year are as follows:

37.3.1(c) Sensitivity analysis

A ten percent appreciation in Pak Rupee against the US $ would have decreased profit for the year by Rs. 7.4 million (2011: Rs. 3.26 million). A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

37.3.1(d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

37.3.2 Interest rate risk

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

37.3.2(a) Interest/mark-up bearing financial instruments

The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/mark-up bearing financial instruments as at the reporting date are as follows:

	2012	2011
	Rupees	*Rupees*
Fixed rate instruments		
Financial assets	**-**	-
Financial liabilities	**73,044,180**	104,436,053
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**752,495,571**	443,968,808

37.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

38 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances and liabilities against assets subject to finances lease, including current maturity. Total capital employed includes total equity (as shown in the balance sheet plus loan from sponsors) plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

	Unit	2012	2011
Total debt	Rupees	**553,676,392**	628,766,271
Total equity	Rupees	**2,058,766,992**	1,823,724,893
		2,612,443,384	2,452,491,164
Gearing	%age	**21.19%**	25.64%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

39 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on September 24, 2012 has proposed dividend on ordinary shares at Rs. 5.00 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by the shareholders in the forthcoming annual general meeting and has not been included as a liability in the financial statements.

	2012 Rupees	2011 Rupees
40 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Hypothecation of moveable and receivables	4,990,666,667	5,758,000,000
Mortgage over fixed assets	666,000,000	2,194,000,000
Hypothecation of plant and machinery	2,454,000,000	2,159,000,000

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2012		
	Chief Executive *Rupees*	**Directors** *Rupees*	**Executives** *Rupees*
Managerial remuneration	**662,000**	**1,324,000**	**-**
Allowances and perquisites	**298,000**	**596,000**	**-**
Post employment benefits	**-**	**-**	**-**
	960,000	**1,920,000**	**-**
Number of persons	**1**	**2**	**-**

	2011		
	Chief Executive *Rupees*	Directors *Rupees*	Executives *Rupees*
Managerial remuneration	662,000	1,324,000	-
Allowances and perquisites	298,000	596,000	-
Post employment benefits	-	-	-
	960,000	1,920,000	-
Number of persons	1	2	-

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

42 SEGMENT INFORMATION

42.1 Products and services from which reportable segments derive their revenues

Information reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The Company's reportable segments are therefore as follows:

Segment	Product
Spinning	Yarn
Weaving	Fabric
Power	Electricity

Information regarding Company's reportable segments is presented below.

42.2 Information about reportable segment revenues, results, assets and liabilities

	2012			
	Spinning *Rupees*	**Weaving** *Rupees*	**Power** *Rupees*	**Total** *Rupees*
Revenue from external customers	**3,373,769,234**	**2,074,221,460**	**-**	**5,447,990,694**
Intersegment revenues	**-**	**-**	**128,080,891**	**128,080,891**
Depreciation	**99,074,133**	**50,151,215**	**9,542,613**	**158,767,961**
Segment results	**479,799,838**	**23,749,286**	**(8,625,484)**	**494,923,640**
Segment assets	**2,397,997,426**	**683,784,444**	**102,192,672**	**3,183,974,542**
Segment liabilities	**172,209,797**	**113,517,780**	**31,465,808**	**317,193,358**
Additions to non-current assets	**355,650,678**	**-**	**-**	**355,650,678**
Disposals of property, plant and equipment	**2,081,978**	-	**-**	**2,081,978**

	2011			
	Spinning *Rupees*	Weaving *Rupees*	Power *Rupees*	Total *Rupees*
Revenue from external customers	3,957,139,164	2,168,267,684	-	6,125,406,848
Intersegment revenues	-	-	131,325,210	131,325,210
Depreciation	88,185,493	53,433,175	10,593,757	152,212,425
Segment results	679,885,979	234,393,398	8,906,948	923,186,325
Segment assets	1,828,425,958	836,803,133	102,890,761	2,768,119,852
Segment liabilities	132,503,817	148,410,351	12,524,346	293,438,514
Additions to non-current assets	56,699,780	12,342,120	-	69,041,900
Disposals of property, plant and equipment	760,955	-	-	760,955

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment results represent operating profit earned by the segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

42.3 Reconciliations of reportable segment revenues, results, assets and liabilities

42.3.1 Segment revenues

	2012			
	Spinning *Rupees*	**Weaving** *Rupees*	**Power** *Rupees*	**Total** *Rupees*
Total for reportable segments	**3,373,769,234**	**2,074,221,460**	**128,080,891**	**5,576,071,585**
Inter-segment revenues	**-**	**-**	**(128,080,891)**	**(128,080,891)**
Total for the Company	**3,373,769,234**	**2,074,221,460**	**-**	**5,447,990,694**

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

	2011			
	Spinning *Rupees*	Weaving *Rupees*	Power *Rupees*	Total *Rupees*
Total for reportable segments	3,957,139,164	2,168,267,684	131,325,210	6,256,732,058
Inter-segment revenues	-	-	(131,325,210)	(131,325,210)
Total for the Company	3,957,139,164	2,168,267,684	-	6,125,406,848

42.3.2 Segment assets

	2012			
	Spinning ***Rupees***	**Weaving** ***Rupees***	**Power** ***Rupees***	**Total** ***Rupees***
Total for reportable segments	**2,397,997,426**	**683,784,444**	**102,192,672**	**3,183,974,542**
Un-allocated assets				
Current taxation				**56,994,747**
Long term deposits				**7,297,985**
Security deposits				**12,263,277**
Total for the Company				**3,260,530,551**

	2011			
	Spinning *Rupees*	Weaving *Rupees*	Power *Rupees*	Total *Rupees*
Total for reportable segments	1,828,425,958	836,803,133	102,890,761	2,768,119,852
Un-allocated assets				
Current taxation				49,791,519
Long term deposits				8,128,385
Security deposits				14,457,370
Total for the Company				2,840,497,126

42.3.3 Segment liabilities

	2012			
	Spinning ***Rupees***	**Weaving** ***Rupees***	**Power** ***Rupees***	**Total** ***Rupees***
Total for reportable segments	**172,209,797**	**113,517,780**	**31,465,808**	**317,193,385**
Un-allocated liabilities				
Loan from sponsors				**-**
Long term finances				**540,175,698**
Liabilities against assets subject to finance lease				**13,500,694**
Long term payables				**10,899,672**
Short term borrowings				**271,863,359**
Accrued interest/mark-up				**14,852,689**
Workers' Profit Participation Fund				**17,965,402**
Workers' Welfare Fund				**13,474,274**
Unclaimed dividend				**1,903,788**
Total for the Company				**1,201,828,961**

Notes to and Forming Part of Financial Statements
for the year ended June 30, 2012

	2011			
	Spinning *Rupees*	Weaving *Rupees*	Power *Rupees*	Total *Rupees*
Total for reportable segments	132,503,817	148,410,351	12,524,346	293,438,514
Un-allocated liabilities				
Loan from sponsors				100,000,000
Long term finances				489,762,053
Liabilities against assets subject to finance lease				39,004,218
Long term payables				8,617,378
Short term borrowings				19,638,590
Accrued interest/mark-up				13,488,589
Workers' Profit Participation Fund				37,677,480
Workers' Welfare Fund				13,474,274
Unclaimed dividend				1,671,137
Total for the Company				1,016,323,743

42.4 Geographical information

The Company's operations are not distributed geographically.

43 SHARES IN THE COMPANY HELD BY ASSOCIATED COMPANIES

Faisal Spinning Mills Limited, an associated company, holds 1,189,160 (2011: 1,189,160) ordinary shares of Rs. 10 each in the Company.

44 PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning	***Unit***	**2012**	2011
Number of spindles installed	*No.*	**47,616**	47,616
Plant capacity on the basis of utilization converted into 20s count	*Kgs'000*	**20,413**	20,413
Actual production converted into 20s count	*Kgs'000*	**18,498**	18,736

Weaving	***Unit***	**2012**	2011
Number of looms installed	*No.*	**131**	131
Plant capacity on the basis of utilization converted into 50 picks	*Mtrs'000*	**17,483**	17,483
Actual production converted into 50 picks	*Mtrs'000*	**25,059**	23,245

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist, picks etc. It would also vary according to the pattern of production adopted in a particular year.

Power	***Unit***	**2012**	2011
Installed capacity	*Mwhs*	**47,304**	47,304
Power generated	*Mwhs*	**33,896**	31,057

Actual power generated is less than the installed capacity because requirement for self consumption is less then the installed capacity.

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 24, 2012 by the Board of Directors of the Company.

46 GENERAL

Figures have been rounded off to the nearest rupee.
Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there was is Significant reclassifications during the year.

Karachi
Date: September 24, 2012

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Pattern of Shareholding
As At 30th June 2012

NUMBER OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
181	1	100	13,771
162	101	500	64,347
30	501	1000	28,660
45	1001	5000	106,081
5	5001	10000	31,900
1	10001	15000	13,400
3	20001	25000	66,947
1	25001	30000	30,000
4	40001	45000	172,100
1	45001	50000	50,000
1	60001	65000	63,900
2	65001	70000	134,500
3	90001	95000	276,200
1	100001	105000	103,000
1	125001	130000	126,100
1	130001	135000	135,000
1	135001	140000	138,200
1	160001	165000	163,200
2	265001	270000	537,600
1	280001	285000	282,400
1	330001	335000	330,400
1	390001	395000	393,900
2	440001	445000	888,040
1	535001	540000	536,000
1	555001	560000	557,194
1	1185001	1190000	1,189,160
454			**6,432,000**

* There is no shareholding in the slab not mantioned

List of Shareholders As At 30 June, 2012

Sr #	Shareholder Category	Percentage	No. of Shares
1	**ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES**		
	M/S. FAISAL SPINNING MILLS LTD	18.49	1,189,160
	MR.FARRUKH SALEEM	1.41	91,000
	MR. YOUSUF SALEEM	1.96	126,100
	MR. SAQIB SALEEM	1.47	94,700
	MR. MUHAMMAD QASIM	4.17	268,100
	MR. FAISAL SHAKEEL	6.90	443,740
	MRS. SABA YOUSUF	1.60	103,000
	MRS. SABA SAQIB	2.10	135,000
	MRS. SADAF FARRUKH	2.15	138,200
	MISS. NOOR SHAKEEL	0.03	2,000
	MR. HAMZA SHAKEEL	0.03	2,000
2	**CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN**		
	MR. MUHAMMAD SHAHEEN	1.07	69,000
	MR. MUHAMMAD SALEEM	0.78	50,000
	MR. MUHAMMAD SHARIF	0.70	45,000
	MR. MUHAMMAD SHAKEEL	0.47	30,000
	MR. KHURRAM SALEEM	0.99	63,900
	MR. BILAL SHARIF	1.41	90,500
	MR. MUHAMMAD AMIN	4.39	282,400
	MR. ADIL SHAKEEL	6.91	444,300
	MRS. YASMIN BEGUM	0.65	42,000
	MRS. ANJUM BEGUM	4.19	269,500
	MRS. SEEMA BEGUM	0.63	40,600
	MRS.NAZLI BEGUM	1.02	65,500
	MRS. AMNA KHURRAM	2.54	163,200
	MRS. SAMIA BILAL	8.34	536,000
	MRS. FATIMA AMIN	5.14	330,400
	MASTER ABDULLAH BILAL	0.39	25,000
	MASTER UMER KHURRUM	0.04	2,500
3	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES**		
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	6.12	393,900
	NATIONAL BANK OF PAKISTAN	8.66	557,194
4	**JOINT STOCK COMPANIES**		
	SHAFI (PRIVATE) LTD	0.01	400
	EXCEL SECURITIES (PVT.) LTD.	0.00	100
	MAZHAR HUSSAIN SECURITIES (PVT) LTD	0.03	2,000
	M/S. MEHRAN SUGAR MILLS LTD.	0.00	200
5	**INDIVIDUAL SHAREHOLDERS**	5.21	335,401
6	**OTHERS COMPANIES**	0.00	5
	TOTAL	**100.00**	**6,432,000**
7	**DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN**		NIL
8	**SHAREHOLDERS HOLDING 10% OR MORE**		
	M/S. FAISAL SPINNING MILLS LTD	18.49	1,189,160

Categorywise Summary of Shareholders
As At 30th June 2012

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer their spouse and minor children	16	2,549,800	39,65
2	Associated Companies, Undertaking and Related Parties	12	2,593,000	40,32
3	NIT & ICP	-	-	-
4	Bank / Financial Institution	1	557,194	8.66
5	Insurance Companies	1	393,900	6.12
6	General Public / Individuals	419	335,401	5.21
7	Joint Stock Companies	4	2,700	0.04
8	Others Companies	1	5	0.00
		454	**6,432,000**	**100.00**

THE ABOVE STATEMENTS INCLUDE 165 SHARES HOLDER HOLDING 1,183,500 SHARES THROUGH THE CENTRAL DEPOSITIORY COMPANY OF PAKINSTAN LIMITED (CDC)

PROXY FORM

I/We ____

of ____

being a member of **BLESSED TEXTILES LIMITED** and holder of______________________

ordinary share as per Share Register Folio No. ____________________ and/or CDC Participant

ID No. _____________________ and Sub Account No.___________________ hereby appoint

Mr./Mrs./Miss_______________________________________ of ________________ or failing

him/her__________________________________ of______________________ as my / our

proxy to act on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday October 24, 2012 at 4:30 p.m. at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

WITNESS

Signature ______________________

Name ______________________

Address ______________________

____

CNIC/Passport # ______________________

Affix
Rs. 5/-
Revenue
Stamp

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

Signed this__________ day of ________ 2012

Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, **BLESSED TEXTILES LIMITED**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

(i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.
(ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.
(iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
(iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.

REGISTERED OFFICE

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan
Phones : 021 - 35115177 - 80
Fax No. : 021 - 35063002 - 3
E-mail : khioff@umergroup.com
Website : www.umergroup.com