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**RELIANCE COTTON SPINNING
MILLS LIMITED**

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Company Profile

BOARD OF DIRECTORS

CHAIRMAN	:	MR. MOHAMMAD ABDULLAH
CHIEF EXECUTIVE	:	MR. SHAYAN ABDULLAH
DIRECTOR	:	MR. AMER ABDULLAH MR. YOUSUF ABDULLAH MR. NABEEL ABDULLAH MR. MOHAMMAD YOUNUS MR. MOHAMMAD YAMIN
AUDIT COMMITTEE		
CHAIRMAN	:	MR. AMER ABDULLAH
MEMBER	:	MR. YOUSUF ABDULLAH
	:	MR. NABEEL ABDULLAH
CHIEF FINANCIAL OFFICER	:	MR. NAVEED-UL-ISLAM
SECRETARY	:	MR. UMAR RAHI
AUDITORS	:	M. YOUSUF ADIL SALEEM & COMPANY CHARTERED ACCOUNTANTS
MANAGEMENT CONSULTANT	:	M. YOUSUF ADIL SALEEM & COMPANY CHARTERED ACCOUNTANTS
TAX CONSULTANTS	:	M. YOUSUF ADIL SALEEM & COMPANY CHARTERED ACCOUNTANTS
LEGAL ADVISOR	:	HASSAN & HASSAN ADVOCATES
SHARE REGISTRAR	:	HAMEED MAJEED ASSOCIATES (PVT) LTD 5TH FLOOR, KARACHI CHAMBERS, HASRAT MOHANI ROAD, KARACHI
BANKERS	:	HABIB BANK LIMITED MCB BANK LIMITED HABIB METROPOLITAN BANK LIMITED
REGISTERED OFFICE	:	312, COTTON EXCHANGE BUILDING, I.I.CHUNDRIGAR ROAD, KARACHI.
MILLS	:	FEROZE WATWAN TEHSIL AND DISTRICT SHEIKHUPURA

VISION

To be one of the premier textile company recognized for leadership in technology, flexibility, responsiveness and quality.

Our customers will share in our success through innovative manufacturing, certifiable quality, exceptional services and creative alliances. Structured to maintain in depth competence and knowledge about our business, our customers and worldwide markets.

Our workforce will be the most efficient in industry through multiple skill learning, the fostering of learning and the fostering of teamwork and the security of the safest work environment possible recognised as excellent citizen in the local and regional community through our financial and human resources support and our sensitivity to the environment.

MISSION

Our mission is to be recognised as premier supplier to the markets we serve by providing quality yarns, fabrics and other textile products to satisfy the needs of our customers.

Our mission will be accomplished through excellence in customer service, sales and manufacturing supported by teamwork of all associates.

We will continue our tradition of honesty, fairness and integrity in relationship with our customers, associates, shareholders, community and stakeholders.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT 21st Annual General Meeting of RELIANCE COTTON SPINNING MILLS LIMITED will be held on Thursday the 28th day of October, 2010 at 06:30 p.m. at 212, Cotton Exchange Building, I.I.Chundrigar Road, Karachi to transact the following business:

1. To confirm the minutes of 20th Annual General Meeting.
2. To receive, consider and adopt the report of the Directors and Auditors and Audited Accounts of the Company for the year ended 30th June, 2010.
3. To approve the dividend as recommended by the Board of Directors.
4. To appoint auditors for the year ending 30th June, 2011 and fix their remuneration. The present auditors M. Yousuf Adil Saleem & Company, Chartered Accountants, retire and being eligible offer themselves for reappointment.
5. To transact any other business with the permission of the Chair.

By order of the Board

Karachi.

Dated : 06th October, 2010

(UMAR RAHI)
Secretary

NOTE:

1. The share transfer books of the Company shall remain closed for entitlement of Dividend from 22nd October, 2010 to 28th October, 2010 (both days inclusive). Transfers received in order, by the Hameed Majeed Associates (Private) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 21st October, 2010, will be considered in time for the payment of dividend.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order, to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Cards, Account/Sub Account and particular of participants I.D. numbers and account numbers in CDS, for identification purpose, and in case of proxy, to enclose an attested copy of his/her National Identity Card.
4. Shareholders are requested to notify the Company of any change in their addresses.

Directors' Report

The Directors' of your Company are pleased to present before you 21st annual report with audited financial statements of the Company for the year ended June 30, 2010.

PERFORMANCE OF THE COMPANY

The overall performance of the Company remained satisfactory. The salient features of the operational results are as under:

	2010	2009
	(Rupees in '000')	
Sales	1,753,876	1,544,923
Gross profit	394,982	312,516
Profit before tax	162,560	164,966
Profit after tax	137,703	143,869
Earnings per share (Rupees)	13.38	13.98

The company has registered increase in sales by Rs. 208.953 million which is 13.52% high comparing last year. Increase in gross profit for the year comparing last year comes to 26.38% which is very encouraging.

The main reason for decrease in profit before tax is decrease in share of profit of associates by Rs.39.0 million which clearly indicates that operational profit before tax of the Company is higher by 36.593 million i.e. 39.59% higher comparing corresponding period.

APPROPRIATION OF PROFITS

Your directors are pleased to propose the following appropriations for the period under review:

	2010	2009
	(Rupees in '000')	
Net profit after taxation	137,703	143,869
Un-appropriated profit brought forward	390,128	261,697
Profit available for appropriation:	527,831	405,566
Appropriations:		
Proposed Cash Dividend @ 20 % (2009: 15%)	20,584	15,438
Un-appropriated Profit Carried forward	507,247	390,128

DIVIDEND

The Board of Directors are pleased to recommend final cash dividend of 20% i.e. Rs.2.00 (Rupees two only) per share to be paid to the shareholders.

EARNING PER SHARE

The earning per share on June 30, 2010 was Rs. 13.38.

FUTURE OUTLOOK

Your management is confident to achieve better market share for the coming months and is looking to further enter into specialized products. However, high and volatile cotton prices remain a major concern for your company.

Directors' Report

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirm that:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, comprehensive income, cash flow and changes in equity.
2. The company has maintained proper books of account.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control, which was in place, is being continuously reviewed by the internal audit and other such procedures. The process of review and monitoring will continue with the object to improve it further.
6. All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same is disclosed as contingent liabilities in the notes to the financial statements.
7. There is no doubt about the company's ability to continue as a going concern.
8. There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
9. The Board in compliance to the Code of Corporate Governance has established an Audit Committee and the following directors are its members:

Mr. Amer Abdullah	Chairman
Mr. Yousuf Abdullah	Member
Mr. Nabeel Abdullah	Member
10. Operating and financial data and key ratios of six years are annexed.
11. The company operates an un-funded gratuity scheme for its employees and provision has been made in the financial statements accordingly.
12. Except as stated hereunder, no trades in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children:

Mrs. Shamshad Begum gifted shares	(1000)
Mr. Shayan Abdullah received gift	500
Mr. Nabeel Abdullah received gift	500

Directors' Report

13. During the year =8= meetings of the Board of Directors were held. Attendance by each Director is as follows:

Mr. Mohammad Abdullah	= 7 =	
Mr. Shahid Abdullah	= 5 =	(Resigned w.e.f 30-03-2010)
Mr. Nadeem Abdullah	= 5 =	(Resigned w.e.f 30-03-2010)
Mr. Amer Abdullah	= 7 =	
Mr. Yousuf Abdullah	= 7 =	
Mr. Shayan Abdullah	= 3 =	(Appointed w.e.f 30-03-2010)
Mr. Nabeel Abdullah	= 3 =	(Appointed w.e.f 30-03-2010)
Mr. Mohammad Younus	= 6 =	
Mr. Mohammad Yamin	= 6 =	

14. Code of Ethics and Business Practices has been developed and are communicated and acknowledged by each Director and employee of the company.

PATTERN OF SHAREHOLDING :

The pattern of share holding of the company as at June 30, 2010 is annexed. This statement is prepared in accordance with the Code of Corporate Governance and the Companies Ordinance, 1984.

AUDITORS :

The present Auditors, M. Yousuf Adil Saleem & Company, Chartered Accountants retire and being eligible offer themselves for re-appointment for the year 2010-2011. Audit Committee and Board of Directors have also recommended their appointment as Auditor for the year ending June 30, 2011.

ACKNOWLEDGEMENTS :

The Management would like to place on record its appreciation for the support of the Board of Directors, Shareholders, Bankers, Suppliers and the dedication and hard work of the Staff and Workers.

For and on behalf of the Board of Directors

Karachi
October 05, 2010

Shayan Abdullah
Chief Executive

Six Years Key Operating & Financial Data

	Rupees in million	YEARS					2005 nine months
		2010	2009	2008	2007	2006	
Sales		1,753.87	1,544.923	1,252.956	1,312.895	1,065.793	714.258
Gross Profit		394.982	312.516	249.853	211.501	111.604	100.046
Profit Before Tax		162.580	164.967	85.094	75.210	36.182	59.453
Profit After Tax		137.703	143.869	71.560	65.739	27.304	48.129
Share Capital		102.920	102.920	102.920	102.920	102.920	102.920
Shareholder's Equity		786.809	635.409	504.908	448.787	394.517	378.900
Fixed Assets		589.377	470.702	493.470	495.141	521.868	464.715
Total Assets		1,741.224	1,495.111	1,202.107	1,054.141	1,056.313	1,078.145
DIVIDEND							
CASH	%	20.00	15.00	10.00	15.00	10.00	12.50
RATIOS:							
Profitability							
	%						
Gross Profit		22.52	20.23	19.94	16.11	10.47	14.01
Profit Before Tax		9.27	10.68	6.79	5.73	3.39	8.32
Profit After Tax		7.85	9.31	5.71	5.01	2.56	6.74
Return To Shareholders							
R.O.E-Before Tax		20.66	25.96	16.85	16.76	9.17	15.69
R.O.E-After Tax		17.50	22.64	14.17	14.65	6.92	12.70
EPS	Rupees	13.38	13.98	6.95	6.39	2.65	4.67
Activity							
	Times						
Sales To Total Assets		1.01	1.04	1.042	1.245	1.009	0.65
Sales To Fixed Assets		2.98	3.28	2.539	2.660	2.04	1.54
Liquidity / Leverage							
Current Ratio		1.14	1.09	1.04	1.08	1.10	1.05
Debt Equity Ratio		0.10	0.01	0.16	0.15	0.29	0.22
Total Liabilities To Equity		1.21	1.33	1.38	1.35	1.68	1.85
Break Up Value of Shares	Rupees	76.45	61.74	49.06	43.61	38.34	36.81

Review Report to the Members

on statement of compliance with best practices of code of corporate governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **RELIANCE COTTON SPINNING MILLS LIMITED** ("the Company") to comply with the relevant Listing Regulations of Karachi and Lahore Stock Exchanges in Pakistan where the Company is listed.

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

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

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's 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.

Lahore :
Dated : October 05, 2010

M. Yosuf Adil Saleem & Co.
Chartered Accountants

Statement of Compliance

with the code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of the Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive Directors.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. The Directors have declared that all the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFIs. None of the Directors is a member of a stock exchange.
4. During the year Mr. Shahid Abdullah and Mr. Nadeem Abdullah resigned as directors of the Company and Mr. Shayan Abdullah and Mr. Nabeel Abdullah were appointed as Directors of the Company. Further Mr. Yousuf Abdullah resigned as Chief Executive and Mr. Shayan Abdullah was appointed as Chief Executive of the Company.
5. The Board have developed and adopted a 'Statement of Ethics and Business Practice', which has been signed by all the directors and employees of the company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the power of Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors, have been taken by the Board.
8. The meetings of the Board, which were held during the year were presided by the Chairman and in his absence, by a director elected by the Board for this purpose and Board met at least once in every Quarter. Written notice of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. There was no new appointment of CFO/Company Secretary during the year.
10. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.

Statement of Compliance

with the code of corporate governance

14. The Board has formed an Audit Committee. It comprises of three members, Majority of the members are non executive Directors.
15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been prepared in the light of the Code of Corporate Governance and advised to the Committee for compliance.
16. The Board has set up an effective Internal Audit Function.
17. In compliance of the requirements of Listing Regulation number 37 of the Karachi Stock Exchange (Guarantee) Limited, the related party transactions have been placed before the Audit Committee and approved by the Board of Directors
18. The statutory auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Karachi
Dated: 05th October, 2010

SHAYAN ABDULLAH
CHIEF EXECUTIVE

Auditor's Report

t o t h e m e m b e r s

We have audited the annexed balance sheet of **RELIANCE COTTON SPINNING MILLS LIMITED** ("the Company") as at June 30, 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
 - (i) the balance sheet and profit and loss account, together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for change in accounting policy as stated in note 2.2.1 to these financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2010 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Lahore :
Dated : October 05, 2010

M. Yosuf Adil Saleem & Co.
Chartered Accountants

Hafiz Mohammad Yousaf
(Engagement Partner)

Balance Sheet

as at June 30, 2010

	Note	2010 Rupees	2009
NON-CURRENT ASSETS			
Property, plant and equipment	4	589,376,993	470,702,298
Long term investments	5	192,573,359	117,828,748
Long term loan	6	260,000	560,000
Long term deposits		3,792,230	2,448,480
		<u>786,002,582</u>	<u>591,539,526</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	7	11,931,082	18,194,063
Stock-in-trade	8	728,213,474	594,491,320
Trade debts	9	142,486,639	240,620,008
Loans and advances	10	9,336,786	2,441,002
Deposits and short term prepayments	11	105,642	23,809
Other receivables	12	7,715,801	3,345,411
Advance income tax		23,732,429	16,457,965
Tax refunds due from the Government	13	28,584,926	19,151,726
Cash and bank balances	14	3,114,790	8,846,476
		<u>955,221,569</u>	<u>903,571,780</u>
		<u>1,741,224,151</u>	<u>1,495,111,306</u>
SHARE CAPITAL AND RESERVES			
Authorized capital 12,000,000 (2009: 12,000,000) ordinary shares of Rs.10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital	15	102,920,000	102,920,000
General reserve		130,000,000	130,000,000
Un-appropriated profit		553,889,235	402,489,147
		<u>786,809,235</u>	<u>635,409,147</u>
NON-CURRENT LIABILITIES			
Long term financing	16	75,000,000	-
Deferred liabilities		-	-
employee benefits - unfunded	17	24,405,843	19,702,495
deferred tax liability	18	13,409,261	6,636,166
CURRENT LIABILITIES			
Trade and other payables	19	109,015,469	81,569,418
Mark-up accrued	20	23,460,540	26,151,286
Short term borrowings	21	690,811,592	704,443,252
Current portion of long term financing	16	-	6,120,000
Provision for taxation		18,312,211	15,079,542
		<u>841,599,812</u>	<u>833,363,498</u>
CONTINGENCIES AND COMMITMENTS			
	22	<u>1,741,224,151</u>	<u>1,495,111,306</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

Karachi :

Dated : October 05, 2010

SHAYAN ABDULLAH
Chief Executive Officer

YOUSUF ABDULLAH
Director

Profit and Loss Account

for the year ended June 30, 2010

	Note	2010 Rupees	2009
Sales	23	1,753,876,366	1,544,922,778
Cost of sales	24	1,358,894,611	1,232,407,093
Gross profit		394,981,755	312,515,685
Other operating income	25	7,584,786	3,638,310
		402,566,541	316,153,995
Distribution cost	26	105,372,722	84,823,377
Administrative expenses	27	32,990,920	22,379,909
Other operating expenses	28	20,993,291	7,416,520
Finance cost	29	114,194,114	109,112,169
		273,551,047	223,731,975
		129,015,494	92,422,020
Share of profit of associates		33,544,528	72,544,523
Profit before taxation		162,560,022	164,966,543
Provision for taxation	30	24,856,840	21,097,645
Profit for the year		137,703,182	143,868,898
Earnings per share - basic and diluted	31	13.38	13.98

The annexed notes from 1 to 40 form an integral part of these financial statements.

Karachi :
Dated : October 05, 2010

SHAYAN ABDULLAH
Chief Executive Officer

YOUSUF ABDULLAH
Director

STATEMENT OF COMPREHENSIVE INCOME*for the year ended June 30, 2010*

	2010	2009
Rupees.....	
Profit for the year	137,703,182	143,868,898
Other comprehensive income:		
Share in associates' unrealized gain / (loss) on available for sale investments - net	14,834,020	(3,076,425)
Share in associate's unrealized gain on hedging instruments	56,705	-
Other comprehensive income/(loss) for the year	14,890,725	(3,076,425)
Total Comprehensive income for the year	152,593,907	140,792,473

The annexed notes from 1 to 40 form an integral part of these financial statements.

Karachi :
Dated : October 05, 2010

SHAYAN ABDULLAH
Chief Executive Officer

YOUSUF ABDULLAH
Director

Cash Flow Statement

for the year ended June 30, 2010

Note	2010 Rupees	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	162,560,022	164,966,543
Adjustments for:		
Depreciation of property, plant and equipment	45,990,105	46,298,635
Provision for employee benefits	9,447,235	8,367,645
Provision for doubtful debts	10,700,000	-
Gain on disposal of property, plant and equipment	(2,089,983)	(117,541)
Finance cost	114,194,114	109,112,169
Share of profit of associates	(33,544,528)	(72,544,523)
	307,256,965	256,082,928
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	6,262,981	(3,647,469)
Stock-in-trade	(133,722,154)	(113,227,656)
Trade debts	87,433,369	(64,140,084)
Loans and advances	(6,895,784)	(245,562)
Deposits and short term prepayments	(81,833)	208,408
Other receivables	(4,370,390)	(318,943)
Increase in current liabilities		
Trade and other payables	27,434,118	27,333,554
	(23,939,693)	(154,037,752)
Cash generated from operations	283,317,272	102,045,176
Dividends paid	(15,426,067)	(10,287,856)
Employee benefits paid	(4,743,887)	(2,511,375)
Finance cost paid	(116,884,860)	(99,867,696)
Sales tax paid	(9,870,661)	(2,418,116)
Income taxes paid	(21,688,079)	(16,457,964)
	(168,613,554)	(131,543,007)
Net cash generated from/(used in) operating activities	114,703,718	(29,497,831)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(166,094,817)	(23,807,036)
Proceeds from disposal of property, plant and equipment	3,520,000	393,888
Long term investments made	(12,142,187)	(48,538,726)
Decrease in long term loan	300,000	300,000
Increase in long term deposits	(1,343,750)	(2,082,100)
Dividend received	77,010	178,076
	(175,683,744)	(73,555,898)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	75,000,000	-
Repayment of long term financing	(6,120,000)	(73,880,000)
Short term borrowings - net	(13,631,660)	172,229,285
Net cash from financing activities	55,248,340	98,349,285
Net decrease in cash and cash equivalents	(5,731,686)	(4,704,444)
Cash and cash equivalents at beginning of year	8,846,476	13,550,920
Cash and cash equivalents at end of year	3,114,790	8,846,476

The annexed notes from 1 to 40 form an integral part of these financial statements.

Karachi :
Dated : October 05, 2010

SHAYAN ABDULLAH
Chief Executive Officer

YOUSUF ABDULLAH
Director

Statement of Changes in Equity

for the year ended June 30, 2010

	Share capital	Revenue reserves		Total
		General reserve	Un-appropriated profit	
.....Rupees.....				
Balance as at June 30, 2008	102,920,000	130,000,000	271,988,674	504,908,674
Final dividend for the year ended June 30, 2008 @ Re. 1.00 per share	-	-	(10,292,000)	(10,292,000)
Profit for the year ended June 30, 2009	-	-	143,868,898	143,868,898
Other comprehensive loss	-	-	(3,076,425)	(3,076,425)
Balance as at June 30, 2009	102,920,000	130,000,000	402,489,147	635,409,147
Final dividend for the year ended June 30, 2009 @ Rs. 1.50 per share	-	-	(15,438,000)	(15,438,000)
Effect of items directly recognized in equity by associates	-	-	14,244,181	14,244,181
Profit for the year ended June 30, 2010	-	-	137,703,182	137,703,182
Other comprehensive income	-	-	14,890,725	14,890,725
Balance as at June 30, 2010	102,920,000	130,000,000	553,889,235	786,809,235

The annexed notes from 1 to 40 form an integral part of these financial statements.

Karachi :
Dated : October 05, 2010

SHAYAN ABDULLAH
Chief Executive Officer

YOUSUF ABDULLAH
Director

Notes to the Financial Statements

for the year ended June 30, 2010

1 LEGAL STATUS AND OPERATIONS

- 1.1 Reliance Cotton Spinning Mills Limited ("the Company") was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 312, Cotton Exchange Building, Karachi. The Company is currently listed on Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The principal activity of the Company is manufacturing and sale of yarn. The mill is located at District Sheikhpura in the Province of Punjab.
- 1.2 These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 Statement of compliance

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

2.2 ADOPTION OF REVISED AND NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.2.1 International Accounting Standard - 1 "Presentation of financial Statements".

The Company has applied revised IAS-1; "Presentation of financial statements", which became effective for annual period beginning on or after January 01, 2009. Accordingly all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these financial statements for the year ended June 30, 2010. Comparative information has been re-presented in conformity with the revised standard. The Change in accounting policy impacts presentation only without any impact on earnings per share.

2.2.2 International Accounting Standard - 23 "Borrowing Costs".

The Company has applied the IAS-23 "Borrowing Costs", which became effective for annual period beginning on or after January 01, 2009. The revised IAS removes the option to expense borrowing costs and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of qualifying asset as part of the cost of that asset. Adoption of this revised IAS has no impact on these financial statements.

2.2.3 Amendments to IFRS-7 "Financial Instruments: Disclosures"

The amendment to IFRS 7 expanded the disclosures requirements more closely in line with US standards. The amendments introduce a three level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurement. Adoption of this amendment to IFRS-7 has not any effect on these financial statements as the carrying values of the financial assets and financial liabilities approximate to their fair values.

2.3 NEW ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards and Interpretations as notified by the

Notes to the Financial Statements

for the year ended June 30, 2010

Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them:

	Effective from
Amendments to IAS 7 "Statement of Cash Flows"	January 01, 2010
Amendments to IAS 17 "Leases"	January 01, 2010
Amendments to IAS 24 "Related Party Disclosures"	January 01, 2010
Amendments to IFRS - 5 "Non-current Assets Held for Sale and Discontinued Operations"	January 01, 2010
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	July 01, 2010
Amendments to IFRIC 14 "IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction"	January 01, 2011
IFRS - 9 "Financial Instruments"	January 01, 2013

The management believes that these accounting standards and interpretations do not have any material impact on the present transactions of the Company. The Company would comply with these standards, interpretations and amendments when applicable.

2.4 INTERPRETATIONS TO EXISTING STANDARDS THAT ARE EFFECTIVE AND NOT APPLICABLE TO THE COMPANY

2.4.1 Amendments to IAS-39 and IFRIC-9: Remeasurement of Embedded derivatives - January 01, 2009

The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial assets out of the "fair value through profit and loss" category as permitted by the October 2008 amendments to IAS - 39 Financial Instruments: Recognition and Measurement. The Company has not reclassified any financial assets out of the "fair value through profit and loss" and therefore, the adoption of this interpretation is unlikely to affect these financial statements.

2.4.2 International Accounting Standard- 32 " Financial Instruments: Presentation".

Amendments to IAS 32 - 'Financial instruments: Presentation', which became effective for annual periods beginning on or after January 01, 2009 requires puttable financial instruments and obligations arising on liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. Implication of amendment to this standard does not effect these financial statements.

2.4.3 International Financial Reporting Standard - 8 "Operating Segments" - January 01, 2009

IFRS - 8 "Operating Segments", which replaces IAS -14 " Segment Reporting" and became effective from January 01, 2009. IFRS - 8 requires "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard is unlikely to effect these financial statements.

2.4.4 IFRS - 2 "Share based payment" - January 01, 2009

The amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving when another group entity or shareholder has the obligation to settle the award. The Company has not entered in to any such transaction, therefore the adoption of this interpretation is unlikely to effect these financial statements.

2.4.5 IFRIC - 15 "Agreements for the construction of real estate" - January 01, 2009

IFRIC 15 is applicable for accounting for revenue and associated expenses by entities undertaking

Notes to the Financial Statements

for the year ended June 30, 2010

the construction of real estate directly or through sub-contractors. The Interpretation clarifies situations in which the relevant contract is to be treated either as a contract for providing goods, providing services or construction contract under IAS 11. Since the Company is not engaged in providing real estate services, the initial adoption of this Interpretation is unlikely to affect these financial statements.

2.4.6 IFRIC - 16 "Hedges of net investment in a foreign operation" - October 01, 2008

This Interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. The adoption of this standard is not expected to affect these financial statements as the Company has no foreign investments.

This Interpretation deals with the situations when transfer of non-cash assets qualify for as dividends and the accounting treatment of distribution of such assets. This Interpretation is unlikely to affect these financial statements as the Company has not declared specie dividend to its shareholders.

2.4.7 IFRIC - 17 "Distribution of non-cash assets to owners" - July 01, 2009

This Interpretation deals with the situations when transfer of non-cash assets qualify for as dividends and the accounting treatment of distribution of such assets. This Interpretation is unlikely to affect these financial statements as the Company has not declared specie dividend to its shareholders.

2.4.8 IFRIC - 18 "Transfer of assets from customers" - July 01, 2009

IFRIC 18 is applied in situations where the customer transfers an item of property, plant and equipment or provides cash to acquire or construct such item and the entity must then use the item either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. The Company does not have any such assets and therefore, the adoption of this interpretation is unlikely to affect these financial statements.

2.5 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

Employee benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. The calculation require assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and discount rate used to derive present value of defined benefit obligation. The assumptions are determined by independent actuaries on annual basis.

Notes to the Financial Statements

for the year ended June 30, 2010

Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, if any.

Taxation

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention modified by:

- financial instruments at fair value
- recognition of certain employee benefits at present value
- investments in associates at equity method

THE PRINCIPAL ACCOUNTING POLICIES ADOPTED ARE SET OUT BELOW:

3.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Freehold land, capital work-in-progress and stores held for capital expenditure are stated at cost less accumulated impairment loss, if any. Cost includes borrowing cost as referred in accounting policy for borrowing cost.

Assets' residual values, if significant, and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment.

Subsequent costs are recognized as separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation is charged to income applying the reducing balance method over estimated useful life at the rates specified in relevant Note to these financial statements. In respect of additions and disposals during the year, depreciation is charged when the asset is available for use and upto the month preceding the disposal respectively.

Gains or losses on disposal of assets, if any, are included in the profit and loss account.

Capital work-in-progress is stated at cost accumulated upto the balance sheet date. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

3.3 INVESTMENTS IN ASSOCIATES

Associates are entities over which the Company has significant influence, but not control. Investment in associate is accounted for using equity method of accounting. Under the equity method, the investment in associate is initially recognized at cost and the carrying amount is increased or decreased

Notes to the Financial Statements

for the year ended June 30, 2010

to recognize the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of the profit or loss of the associate is recognized in the Company's profit or loss account. The carrying amount of the investment in associate is reduced by the amount of distributions received from the associate. The carrying amount is also adjusted by the amount of changes in the Company's proportionate interest in the associate arising from changes in associate's equity that is recognized directly in equity of the Company.

The carrying amount of investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any, is recognized in profit or loss. When impairment losses subsequently reverse, the carrying amounts of the investment is increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

3.4 STORES, SPARE PARTS AND LOOSE TOOLS

These are valued at lower of cost and net realizable value. Cost is determined on a moving average less allowances for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon up to the balance sheet date.

3.5 STOCK-IN-TRADE

These are valued at the lower of average cost and net realizable value. Cost is computed applying the following bases:

Raw material	
- at mills	- weighted average cost.
- in transit	- cost accumulated upto the balance sheet date.
Work-in-process	- average manufacturing cost.
Finished goods	- average manufacturing cost.
Waste	- net realizable value.

Average manufacturing cost in relation to work-in-process and finished goods includes cost of direct material, direct labour and a proportion of manufacturing overheads based on normal capacity.

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.

3.6 IMPAIRMENT

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized for that asset. Reversal of impairment loss is recognized as income.

3.7 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the

Notes to the Financial Statements

for the year ended June 30, 2010

contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Financial instruments are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates.

The gain or loss relating to financial instruments is recognized immediately in the profit and loss account.

Particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

3.8 OFF SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.9 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the period end. Balances considered bad and irrecoverable are written off when identified.

3.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

3.11 TRADE AND OTHER PAYABLES

Liability for trade and other payables are measured at the fair value of the consideration to be paid in the future for goods and services received.

3.12 FINANCIAL INSTRUMENTS - HEDGE ARRANGEMENTS

In certain cases, the Company uses forward foreign exchange contracts (cash flow hedge arrangements) to hedge its risk associated primarily with foreign currency fluctuations.

These contracts (except those having immaterial financial impact) are included in the balance sheet at fair value and any resultant unrealized gain or loss is recognized in the statement of changes in equity, on realization of same is transferred to profit and loss account. The fair value of forward foreign exchange contracts are included in "Other receivables" in case of favorable contracts and "Trade and other payables" in case of unfavorable contracts. The fair values of forward foreign exchange contracts are calculated by reference to current forward foreign exchange rates with similar maturity profiles.

3.13 EMPLOYEE BENEFITS

Defined benefit plan

The Company operates un-funded gratuity scheme for all its employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the schemes on the basis of actuarial valuation and are charged to income.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses.

The most recent valuation was carried out as at June 30, 2010 using the "Projected Unit Credit Method". Actuarial gains / losses are recognized in accordance with the limits set-out by IAS - 19 ("Employee Benefits").

Notes to the Financial Statements

for the year ended June 30, 2010

Cumulative net unrecognized actuarial gains and losses at the end of previous period which exceeds 10% of the present value of the Company's gratuity is amortized over the average expected remaining working lives of the employees.

Details of the scheme are given in relevant Note to the financial statements.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

3.14 PROVISIONS

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

3.15 BORROWINGS

Loans and borrowings are recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and is included in current liabilities to the extent of amount remaining unpaid, if any.

3.16 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Revenue from local sales is recognized when goods are dispatched to customers, export sales are recognized on shipment of goods.

Export rebate is recognized on accrual basis at the time of making the export sales.

Dividend income from investment is recognized when the Company's right to receive dividend is established.

3.17 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 assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss account for the year.

3.18 TAXATION

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amount for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject

Notes to the Financial Statements

for the year ended June 30, 2010

to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" and "Technical Release 30" of the Institute of Chartered Accountants of Pakistan.

Deferred tax liability is recognized for all taxable temporary differences while deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized.

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

3.19 FOREIGN CURRENCIES

Transactions in currencies other than Pakistani rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in profit or loss for the year.

3.20 DIVIDEND DISTRIBUTION

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

3.21 RELATED PARTY TRANSACTIONS

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on commercial terms and conditions.

Notes to the Financial Statements

for the year ended June 30, 2010

4 PROPERTY, PLANT AND EQUIPMENT

4.1 PROPERTY, PLANT AND EQUIPMENT - AT JUNE 30, 2010

Particulars	Rupees							Annual depreciation Rate %	
	As at July 01, 2009	Additions	Transfer	Disposals	As at June 30, 2010	As at July 01, 2009	Charge for the year		As at June 30, 2010
Operating assets									
Freehold land	10,806,424	-	-	-	10,806,424	-	-	-	10,806,424
Buildings on freehold land:									
Residential	79,848,247	-	-	-	79,848,247	15,312,124	3,226,806	18,538,930	61,309,317
Factory	114,564,737	-	-	-	114,564,737	68,769,306	4,579,543	73,348,849	41,215,888
Plant and machinery	749,134,266	1,158,748	68,233,351	750,000	817,776,365	422,957,063	35,217,528	457,884,271	359,892,094
Furniture and fittings	1,345,627	-	-	-	1,345,627	704,891	64,074	768,965	576,662
Vehicles	12,876,596	-	6,936,225	2,897,596	16,915,225	6,311,415	1,906,458	6,290,614	10,624,611
Office equipment	2,552,167	368,913	-	-	2,921,080	1,307,102	139,919	1,447,021	1,474,059
Electric installation	21,121,318	-	3,220,750	-	24,342,068	13,764,201	852,399	14,616,600	9,725,468
Electric equipment	195,500	-	-	-	195,500	161,724	3,378	165,102	30,398
	992,444,882	1,527,661	78,390,326	3,647,596	1,068,715,273	529,287,826	45,990,105	573,060,352	495,654,921
Capital work-in-progress									
Building - civil work	62,892	65,233,189	-	-	65,296,081	-	-	-	65,296,081
Plant and machinery	7,482,350	89,176,992	(68,233,351)	-	28,425,991	-	-	-	28,425,991
Vehicles	-	6,936,225	(6,936,225)	-	-	-	-	-	-
Electric installation	-	3,220,750	(3,220,750)	-	-	-	-	-	-
	7,545,242	164,567,156	(78,390,326)	-	93,722,072	-	-	-	93,722,072
2010	999,990,124	166,094,817	-	3,647,596	1,162,437,345	529,287,826	45,990,105	573,060,352	589,376,993
					2010	2009			
					45,990,105	46,298,635			

4.1.1 Depreciation charge for the year has been allocated to cost of sales:

Notes to the Financial Statements

for the year ended June 30, 2010

4.2 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Book value	Sales Proceeds	Gain	Mode of disposal	Particulars of buyer
..... Rupees							
Plant and machinery							
Generator - Diesel	750,000	290,320	459,680	2,050,000	1,590,320	Negotiation	M/s Unicat Engineering & Services Lahore
Vehicles							
LWQ-1674	488,703	249,782	238,921	270,000	31,079	Negotiation	Muhammad Waseem Chohan Sheikhupura
LWR-6379	488,703	240,225	248,478	300,000	51,522	Negotiation	Mr. Tariq Baig Karachi
LZE-6797	1,159,010	866,882	292,128	600,000	307,872	Negotiation	Mr. Nabeel Riaz Lahore
LZE-7215	761,180	570,370	190,810	300,000	109,190	Negotiation	Mr. Nasir Ahmed Sheikh Lahore
2010	3,647,596	2,217,579	1,430,017	3,520,000	2,089,983		
2009	478,440	202,093	276,347	393,888	117,541		

Notes to the Financial Statements

for the year ended June 30, 2010

Particulars	Cost				Depreciation			Book value		Annual depreciation Rate %
	As at July 01, 2008	Additions	Transfer	Disposals	As at June 30, 2009	As at July 01, 2008	Charge for the year	Disposals	As at June 30, 2009	
	Rupees									
Operating assets										
Freehold land	10,806,424	-	-	-	10,806,424	-	-	-	-	10,806,424
Buildings on freehold land:										
Residential	60,986,000	-	18,862,247	-	79,848,247	12,481,585	2,830,539	-	15,312,124	64,536,123
Factory	114,564,737	-	-	-	114,564,737	63,680,925	5,088,381	-	68,769,306	45,795,431
Plant and machinery	744,042,985	5,091,281	-	-	749,134,266	387,182,235	35,774,828	-	422,957,063	326,177,203
Furniture and fittings	1,345,627	-	-	-	1,345,627	633,698	71,193	-	704,891	640,736
Vehicles	11,916,926	-	1,438,110	478,440	12,876,596	4,938,531	1,574,977	202,093	6,311,415	6,565,181
Office equipment	2,462,167	90,000	-	-	2,552,167	1,169,595	137,507	-	1,307,102	1,245,065
Electric installation	21,121,318	-	-	-	21,121,318	12,946,744	817,457	-	13,764,201	7,357,117
Electric equipment	195,500	-	-	-	195,500	157,971	3,753	-	161,724	33,776
	967,441,684	5,181,281	20,300,357	478,440	992,444,882	483,191,284	46,298,635	202,093	529,287,826	463,157,056
Capital work-in-progress										
Building - civil work	6,292,844	12,632,295	(18,862,247)	-	62,892	-	-	-	-	62,892
Plant and machinery	2,275,000	5,207,350	-	-	7,482,350	-	-	-	-	7,482,350
Vehicles	652,000	786,110	(1,438,110)	-	-	-	-	-	-	-
	9,219,844	18,625,755	(20,300,357)	-	7,545,242	-	-	-	-	7,545,242
2009	976,661,528	23,807,036	-	478,440	999,990,124	483,191,284	46,298,635	202,093	529,287,826	470,702,298

Notes to the Financial Statements

for the year ended June 30, 2010

			2010		2009
5	LONG TERM INVESTMENTS	Note	-----	Rupees	-----
	Investments in associates - at equity method:				
	Quoted:				
	Sapphire Fibres Limited	5.2	127,849,257		85,070,433
	Sapphire Textile Mills Limited	5.3	41,285,173		13,320,792
	Un quoted:				
	Sapphire Finishing Mills Limited	5.4	23,438,929		19,437,523
			192,573,359		117,828,748

5.1 The existence of significant influence by the Company is evidenced by the representation on the board of directors of associated companies.

5.2 Investment in Sapphire Fibres Limited - Quoted

319,728 (2009: 237,700) ordinary shares of Rs. 10 each - cost	35,532,224	29,601,020
Share of post acquisition profit	86,171,334	61,594,369
Dividend received at fair value	-	(178,076)
Share in unrealized gain/(loss) on available for sale investments	6,145,699	(5,946,880)
	127,849,257	85,070,433

The financial year of Sapphire Fibres Limited ends on June 30. The latest un-audited consolidated financial results of Sapphire Fibres Limited as of June 30, 2010 have been used for the purpose of application of equity method. Summarized financial information of Sapphire Fibres Limited is set out below:

Total assets	11,927,070,658	10,174,863,153
Total liabilities	5,263,422,764	4,975,508,133
Net assets	6,663,647,894	5,199,355,020
Sales-net	9,235,883,847	7,452,429,595
Profit for the year	723,768,481	393,640,785
Company's share of profit for the year	20,882,830	61,594,369
Market value per share	102.41	85
Percentage of ownership	1.62%	1.36%

5.3 Investment in Sapphire Textile Mills Limited - Quoted

100,223 (2009: 43,156) ordinary shares of Rs. 10 each - cost	8,639,528	2,428,546
Share of post acquisition profit	27,110,759	8,021,791
Dividend received at fair value	(77,010)	-
Share in unrealized gain on available for sale investments	5,611,896	2,870,455
	41,285,173	13,320,792

The financial year of Sapphire Textile Mills Limited ends on June 30. The latest un-audited financial results of Sapphire Textile Mills Limited as of June 30, 2010 have been used for the purpose of application of equity method. Summarized financial information of Sapphire Textile Mills Limited is set out below:

Notes to the Financial Statements

for the year ended June 30, 2010

	Note	2010 ----- Rupees -----	2009
Total assets		11,575,097,854	10,193,122,930
Total liabilities		5,582,505,402	5,731,933,300
Net assets		5,992,592,452	4,461,189,630
Sales-net		14,435,179,612	11,831,655,204
Profit for the year		1,015,671,419	181,174,858
Company's share of profit for the year		8,643,833	8,021,791
Market value per share		108.99	69
Percentage of ownership		0.50%	0.22%
5.4 Investment in Sapphire Finishing Mills Limited - Unquoted			
1,556,000 (2009: 1,556,000) ordinary shares of Rs. 10 each - cost		16,509,160	16,509,160
Share of post acquisition profit		6,929,769	2,928,363
		23,438,929	19,437,523
The financial year of Sapphire Finishing Mills Limited ends on June 30. Financial results of Sapphire Finishing Mills Limited as of June 30, 2010 are used for the purpose of application of equity method, which are based on the unaudited management accounts. Summarized financial information of Sapphire Finishing Mills Limited is set out below:			
Total assets		4,314,635,360	2,688,924,060
Total liabilities		2,924,660,078	1,531,016,635
Net assets		1,389,975,282	1,157,907,425
Sales-net		7,497,650,475	4,730,179,494
Profit for the year		237,560,145	173,027,786
Company's share of profit for the year		4,017,865	2,928,363
Breakup value per share		15.11	13
Percentage of ownership		1.70%	1.70%
6 LONG TERM LOAN			
Long term loan to employee - secured, considered good		560,000	860,000
Less: current portion		300,000	300,000
		260,000	560,000
6.1	This represents interest free loan to an executive employee for purchase of residential plot and secured against post employment benefits. This loan is payable in sixty one monthly installments and will be adjusted against salary of the employee. The maximum balance outstanding at the end of any month during the year was Rs. 0.835 million (2009: 1.135 million).		
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	7.1	6,854,425	8,410,510
Spare parts	7.1	5,069,510	9,757,630
Loose tools		7,147	25,923
		11,931,082	18,194,063
7.1	These include stores in transit of Rs.0.989 million (2009: Rs. Nil) and spare parts in transit of Rs. Nil (2009: Rs.2.367 million).		

Notes to the Financial Statements

for the year ended June 30, 2010

		2010	2009
	Note	----- Rupees -----	
8 STOCK-IN-TRADE			
Raw material	8.1	608,450,950	464,852,425
Work-in-process		48,857,562	24,061,495
Finished goods			
Manufactured yarn		64,548,124	100,747,088
Purchased yarn		944,218	-
		65,492,342	100,747,088
Waste		5,412,620	4,830,312
		728,213,474	594,491,320

8.1 Raw material include stock in transit of Rs. 59.764 million (2009: Rs. 37.665 million).

9 TRADE DEBTS

Considered good:

Foreign

Secured	9.1	42,038,742	170,251,579
Unsecured		12,201,481	-
		54,240,223	170,251,579

Local

Secured	9.1	10,784,472	-
Unsecured	9.2	77,461,944	70,368,429
		88,246,416	70,368,429
		142,486,639	240,620,008

Considered doubtful:

Local - others, unsecured		10,700,000	-
Less: Provision for doubtful debts		(10,700,000)	-
		-	-

9.1 These are secured against letters of credit.

9.2 These includes amount due from following associated companies:

Sapphire Textile Mills Limited	711,200	507,953
Sapphire Fibres Limited	24,837,792	17,958,134
Diamond Fabrics Limited	6,039,884	8,157,224
	31,588,876	26,623,311

10 LOANS AND ADVANCES

Considered good:

Current portion of long term loan	6	300,000	300,000
Loans to employees - secured	10.1	518,700	551,600
Advances to suppliers - unsecured		8,483,709	1,537,455
Letters of credit		34,377	51,947
		9,336,786	2,441,002

10.1 These are interest free loans and are secured against post employment benefits.

Notes to the Financial Statements

for the year ended June 30, 2010

			2010	2009
11	DEPOSITS AND SHORT TERM PREPAYMENTS	Note	----- Rupees -----	
	Bank guarantee margin		23,809	23,809
	Prepaid guarantee		81,833	-
			<u>105,642</u>	<u>23,809</u>
12	OTHER RECEIVABLES			
	Export rebate receivable		5,643,945	3,202,817
	Sundry receivables	12.1	2,071,856	142,594
			<u>7,715,801</u>	<u>3,345,411</u>
12.1	This Include Rs. 1.929 million (2009: Rs. Nil) due from Sapphire Electric Company Limited, an associated company, on account of common expenses.			
13	TAX REFUNDS DUE FROM THE GOVERNMENT			
	Sales tax refundable		21,250,508	11,379,847
	Income tax refundable		7,334,418	7,771,879
			<u>28,584,926</u>	<u>19,151,726</u>
14	CASH AND BANK BALANCES			
	Cash-in-hand		117,511	3,531,696
	Cash at banks on current accounts		2,997,279	5,314,780
			<u>3,114,790</u>	<u>8,846,476</u>
15	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	10,292,000 (2009: 10,292,000) ordinary shares of Rs. 10 each fully paid in cash.		<u>102,920,000</u>	<u>102,920,000</u>
15.1	Ordinary shares of the Company held by associated companies as at the balance sheet date:			
			2010	2009
			Number of shares	
	Reliance Textiles Limited		1,098,118	1,094,715
	Diamond Fabrics Limited		1,662,000	1,662,000
	Neelum Textile Mills (Pvt) Limited		365,515	365,515
	Sapphire Textile Mills Limited		318,780	319,756
	Sapphire Fibres Limited		217,112	238,348
	Sapphire Agencies (Private) Limited		1,839,823	1,818,061
	Amer Cotton Mills (Private) Limited		1,584,800	1,584,800
	Galaxy Agencies (Private) Limited		108,217	108,217
	Sapphire Power Generation Limited		20,539	20,539
	Nadeem Enterprises (Private) Limited		87,104	87,104
	Crystal Enterprises (Private) Limited		27,696	27,696
	Salman Ismail (SMC Private) Limited		1,500	1,500
	Yousuf Agencies (Private) Limited		3,223	3,223
			<u>7,334,427</u>	<u>7,331,474</u>

Notes to the Financial Statements

for the year ended June 30, 2010

		2010	2009
	Note	----- Rupees -----	-----
16 LONG TERM FINANCING			
From banking companies - secured			
Long term musharika	16.1	75,000,000	-
Term finance - III	16.2	-	6,120,000
		<u>75,000,000</u>	<u>6,120,000</u>
Less: current portion		-	6,120,000
		<u>75,000,000</u>	<u>-</u>
16.1	This facility has been obtained from Meezan Bank Limited and carries mark up at the rate of 3 month Kibor+1.10 % payable on quarterly basis. The facility is secured against exclusive charge of Rs.123.208 million on Specific Plant and Machinery. It is repayable in sixteen equal quarterly installment commencing from September 2011 to June 2015.		
16.2	This facility has been created under the LTF-EOP Scheme of State Bank of Pakistan from the existing facility of Rs. 200 million of Hong Kong and Shanghai Banking Corporation Limited. The facility carries mark-up at the rate of 6.00% (2009: 6.00%) per annum, payable on quarterly basis. It is secured against exclusive charge of Rs. 250 million on plant and machinery of the Company. This loan has been repaid fully in June 2010.		
17 EMPLOYEE BENEFITS - UNFUNDED		<u>24,405,843</u>	<u>19,702,495</u>
The most recent valuation was carried out as at June 30, 2010 using the "Projected Unit Credit Method".			
Movement in net liability recognized in the balance sheet			
At the beginning of year		19,702,495	13,846,225
Add: Cost for the year		9,447,235	8,367,645
Less: Payments during the year		(4,743,887)	(2,511,375)
At the end of year		<u>24,405,843</u>	<u>19,702,495</u>
The amount recognised in the balance sheet			
Present value of defined benefit obligations		25,613,095	22,016,690
Less: unrecognized actuarial losses		(1,207,252)	(2,314,195)
Liability recognized in the balance sheet		<u>24,405,843</u>	<u>19,702,495</u>
Charge for the year			
Current service cost		6,803,639	6,259,321
Interest cost		2,616,908	1,949,588
Actuarial loss charged		26,688	158,736
Expense recognized in the profit and loss account		<u>9,447,235</u>	<u>8,367,645</u>
Principal actuarial assumptions:			
Principal actuarial assumptions used are as follows: -			
Discount rate - per annum		2010	2009
Expected rate of growth per annum in future salaries		12%	12%
Average expected remaining working life time of employees		11%	11%
		6 years	5 years

Notes to the Financial Statements

for the year ended June 30, 2010

History of present value of deferred employee benefits

	Present value of defined obligations at the end of the year	Experience adjustment arising on plan liabilities losses
 Rupees	
2006	<u>10,029,679</u>	<u>497,386</u>
2007	<u>11,818,838</u>	<u>65,634</u>
2008	<u>16,246,563</u>	<u>739,926</u>
2009	<u>22,016,690</u>	<u>55,000</u>
2010	<u>25,613,095</u>	<u>980,255</u>

18 DEFERRED TAX LIABILITY

Deferred tax provision has been recognized only in respect of share of profit of associates considering that other temporary differences will not have any tax impact in foreseeable future, as the income of the Company is being assessed under the final tax regime and the management is confident that the Company will continue to be taxed under final tax regime in foreseeable future.

	Note	2010 ----- Rupees -----	2009
19 TRADE AND OTHER PAYABLES			
Creditors	19.1	9,579,190	7,950,321
Advances from customers		1,924,086	986,824
Bills payable		23,555,246	17,395,164
Accrued liabilities	19.2	45,478,779	34,542,814
Workers' profit participation fund	19.3	6,928,867	4,963,589
Workers' welfare fund		2,643,335	2,088,550
Infrastructure fee		18,463,231	13,435,354
Unclaimed dividend		154,735	142,802
Others		288,000	64,000
		<u>109,015,469</u>	<u>81,569,418</u>

19.1 Creditors include Rs.1.030 million (2009: Rs.1.292 million) due to associated companies.

19.2 Accrued liabilities includes Rs. 2.289 million (2009:Rs.4.557 million) due to associated company.

19.3 Workers' profit participation fund

At the beginning of year		4,963,589	4,486,897
Interest on funds utilized in the Company's business	29	263,478	234,364
Provision for the year	28	6,928,867	4,963,589
		<u>12,155,934</u>	<u>9,684,850</u>
Payments during the year		(5,227,067)	(4,721,261)
At the end of year		<u>6,928,867</u>	<u>4,963,589</u>

19.4 Interest on workers' profit participation fund has been charged at the rate of 15.50% (2009: 15.50%) per annum.

Notes to the Financial Statements

for the year ended June 30, 2010

20 MARK-UP ACCRUED	Note	----- Rupees -----	
		2010	2009
Mark-up accrued on:			
Long term financing		111,015	1,162,915
Short term borrowings		23,349,525	24,988,371
		<u>23,460,540</u>	<u>26,151,286</u>
21 SHORT TERM BORROWINGS			
From banking companies-secured			
Running finance		690,811,592	597,212,010
Export finance		-	107,231,242
		<u>690,811,592</u>	<u>704,443,252</u>

21.1 The aggregate unavailed short term borrowings facilities amounting to Rs. 939 million (2009: Rs. 1,171 million).

21.2 These facilities have been obtained from various banks under mark-up arrangements against aggregate sanctioned limit of Rs. 1,630 million (2009: Rs. 1,875 million). These facilities carry mark-up at the rates ranging from 1.785% to 17.40% (2009: 4.96% to 15.13%) per annum payable quarterly. The aggregate short term borrowings facilities are secured against hypothecation charge on current assets of the Company and promissory notes.

21.3 Facilities available for opening letters of credit and guarantees aggregate to Rs. 1,415 million (2009: Rs. 1,070 million) of which facilities amounting to Rs. 1,266 million (2009: Rs. 1,014 million) were un-utilized at the year end. These facilities are secured against lien on shipping documents, current assets and cash margins.

22 CONTINGENCIES AND COMMITMENTS	2010	2009
	----- Rupees -----	
CONTINGENCIES		
Guarantees have been issued by banks in favour of Government departments on behalf of the Company in the normal course of business.	17,593,819	27,025,800
The Company has issued post dated cheques in favour of Commissioner Inland Revenue.	67,549,735	31,663,094
	<u>85,143,554</u>	<u>58,688,894</u>
Refer to Note 30.3 to the financial statements for contingencies relating to income tax matters.		
COMMITMENTS		
Letters of credit for import of:		
Stores and spare parts	1,587,880	-
Raw material	29,336,571	56,494,836
Plant and Machinery	32,831,356	-
	<u>63,755,807</u>	<u>56,494,836</u>

23 SALES

	2010			2009		
	Export	Local	Total	Export	Local	Total
	----- Rupees -----					
Yarn	1,120,928,925	209,983,930	1,330,912,855	1,043,096,816	293,232,799	1,336,329,615
Yarn (under SPO)	366,083,440	-	366,083,440	185,402,528	-	185,402,528
Waste	23,317,354	24,812,554	48,129,908	7,733,066	11,807,723	19,540,789
	1,510,329,719	234,796,484	1,745,126,203	1,236,232,410	305,040,522	1,541,272,932
Processing fee	-	4,492,151	4,492,151	-	1,428,805	1,428,805
Export rebate	4,258,012	-	4,258,012	2,221,041	-	2,221,041
	<u>1,514,587,731</u>	<u>239,288,635</u>	<u>1,753,876,366</u>	<u>1,238,453,451</u>	<u>306,469,327</u>	<u>1,544,922,778</u>

Notes to the Financial Statements

for the year ended June 30, 2010

24	COST OF SALES	Note	2010 ----- Rupees -----	2009 -----
	Raw material consumed	24.1	948,811,312	860,405,437
	Packing material consumed		22,408,983	21,661,772
	Store and spare parts consumed		35,592,755	28,716,244
	Salaries, wages and other benefits	24.2	108,367,459	96,499,938
	Fuel and power		114,589,865	98,181,550
	Insurance		7,562,107	5,164,383
	Repair and maintenance		10,032,445	2,344,743
	Doubling charges		9,457,234	7,125,756
	Other manufacturing overheads		6,990,258	5,307,591
	Depreciation	4.1.1	45,990,105	46,298,635
			<u>1,309,802,523</u>	<u>1,171,706,049</u>
	Work-in-process			
	At beginning of year		24,061,495	26,732,518
	At end of year		(48,857,562)	(24,061,495)
			<u>(24,796,067)</u>	<u>2,671,023</u>
	Cost of goods manufactured		<u>1,285,006,456</u>	<u>1,174,377,072</u>
	Finished goods			
	At beginning of year		105,577,400	140,522,998
	Yarn purchased		39,215,717	23,084,423
	At end of year		(70,904,962)	(105,577,400)
			<u>73,888,155</u>	<u>58,030,021</u>
	Cost of goods sold		<u>1,358,894,611</u>	<u>1,232,407,093</u>
24.1	Raw material consumed			
	At beginning of year		427,187,696	269,097,787
	Add: Purchases - net		1,070,310,444	1,018,495,346
			<u>1,497,498,140</u>	<u>1,287,593,133</u>
	Less: At end of year		(548,686,828)	(427,187,696)
			<u>948,811,312</u>	<u>860,405,437</u>
24.2	Salaries, wages and other benefits include Rs. 6.458 million (2009: Rs. 6.087 million) in respect of employee benefits - gratuity.			
25	OTHER OPERATING INCOME			
	Income from financial assets			
	Foreign exchange gain		4,547,402	2,384,598
	Income from assets other than financial assets			
	Gain on disposal of property, plant and equipment	4.2	2,089,983	117,541
	Scrap sales - net off sales tax	25.1	947,401	1,136,171
			<u>7,584,786</u>	<u>3,638,310</u>
25.1	Scrap sales inclusive of sales tax amounts to Rs. 1.111 million (2009: Rs. 1.331 million).			

Notes to the Financial Statements

for the year ended June 30, 2010

		2010	2009
	Note	----- Rupees -----	
26 DISTRIBUTION COST			
Salaries and other benefits	26.1	8,299,968	4,219,954
Postage and telephone		221,521	302,627
Traveling, conveyance and entertainment		4,009,928	1,469,586
Printing, stationery and others		1,065,306	569,122
Commission			
- Local		1,705,425	586,999
- Export		37,625,687	30,835,166
Freight and forwarding			
- Local		4,150	43,860
- Export		48,729,993	44,059,835
Export development surcharge		3,017,812	2,463,237
Insurance charges - export		692,932	272,991
		<u>105,372,722</u>	<u>84,823,377</u>
26.1	Salaries and other benefits include Rs. 1.294 million (2009: Rs. 0.986 million) in respect of employee benefits - gratuity.		
27 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	27.1	16,987,722	14,784,943
Postage and telephone		1,115,503	571,738
Fees and subscription		239,650	1,053,117
Printing and stationery		623,209	253,218
Traveling and conveyance		2,157,088	249,988
Repair and maintenance		3,266,058	886,930
Legal and professional charges		2,685,775	856,504
Advertisement		67,150	118,250
Entertainment		604,404	378,483
Others		1,696,392	1,701,239
Donation	27.2	3,120,000	1,400,000
Utility charges		427,969	125,499
		<u>32,990,920</u>	<u>22,379,909</u>
27.1	Salaries and other benefits include Rs.1.695 million (2009: Rs. 1.295 million) in respect of employee benefits - gratuity.		
27.2	Donation of Rs.3.000 million (2009: Rs. Nil) is paid to Abdullah Foundation, 212 Cotton Exchange Building, I.I. Chundrigar Road, Karachi, a Trust. Mr. Muhammad Abdullah, Mr. Amer Abdullah, Mr. Yousuf Abdullah, Mr. Mohammad Yunus, and Mr. Mohammad Yamin, directors of the Company, are trustees of this trust.		
28 OTHER OPERATING EXPENSES			
Auditors' remuneration	28.1	731,455	566,767
Provision for doubtful debts		10,700,000	-
Workers' profit participation fund		6,928,867	4,963,589
Workers' welfare fund	28.2	2,632,969	1,886,164
		<u>20,993,291</u>	<u>7,416,520</u>
28.1 Auditors' remuneration			
Annual audit		500,000	375,000
Half-yearly review		100,000	100,000
Compliance report on Code of Corporate Governance		50,000	50,000
Out-of-pocket expenses		81,455	41,767
		<u>731,455</u>	<u>566,767</u>

Notes to the Financial Statements

for the year ended June 30, 2010

28.2 Provision for worker's welfare fund has been recognized under section 4(1) of Workers' Welfare Fund Ordinance, 1971.

		2010	2009
	Note	----- Rupees -----	-----
29 FINANCE COST			
Mark-up on:			
Long term financing		385,663	5,489,127
Short term borrowings		105,436,921	95,803,735
Interest on workers' profit participation fund		263,478	234,364
Bank charges and commission		<u>8,108,052</u>	<u>7,584,943</u>
		<u>114,194,114</u>	<u>109,112,169</u>
30 PROVISION FOR TAXATION			
Current			
for the year	30.1	18,312,211	15,079,542
for prior year		<u>(228,466)</u>	<u>(618,063)</u>
		18,083,745	14,461,479
Deferred - for the year		<u>6,773,095</u>	<u>6,636,166</u>
		<u>24,856,840</u>	<u>21,097,645</u>

30.1 The Company falls under the ambit of final tax regime under the Income Tax Ordinance, 2001, provision for income tax is made accordingly. Assessments for the tax year 2009 is deemed to have been finalized under section 120 of the Income Tax Ordinance, 2001.

30.2 Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.

30.3 There is a dispute between the Company and tax department on applicability of tax rate on export sales in the tax years 2003, 2004 and 2005. The Company contends that the rate applicable is 1% on export proceeds whereas the tax department takes it at 1.25% in the tax year 2003 and 2004 whereas for tax year 2005 it was taken at 1.5%. For these years there are two set of appeals on two different angles.

First one is on refusal of the tax department to pass refund order under section 170(4) as claimed by the Company as a result of application of aforementioned difference in tax rates. Appeals on this matter at Commissioner Inland Revenue (Appeals) were decided against tax department. However, both the Company and tax department are in appeals before the Inland Revenue Appellate Tribunal.

The second one is against the Order passed under section 122(5A) of the Ordinance for the same years whereby the tax department has framed amendment of assessment disallowing the eligibility of tax rate adopted by the Company in the tax returns filed. Appeals on this matter at Commissioner Inland Revenue (Appeals) were decided against the Company. The Company is in appeals before the Inland Revenue Appellate Tribunal.

Appeals are pending for hearing therefore, no corresponding adjustments have been incorporated in these financial statements.

		2010	2009
31 EARNINGS PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earning per share which is based on:			
Profit after taxation for the year (Rupees)		<u>137,703,182</u>	<u>143,868,898</u>
Weighted average number of ordinary shares outstanding during the year (Numbers)		<u>10,292,000</u>	<u>10,292,000</u>
Earnings per share - (Rupees)		<u>13.38</u>	<u>13.98</u>

Notes to the Financial Statements

for the year ended June 30, 2010

32 REMUNERATION TO CHIEF EXECUTIVE OFFICER AND EXECUTIVES

	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	2010	2010	2009	2009
	----- Rupees -----		----- Rupees -----	
Managerial remuneration	402,000	10,824,597	-	7,311,507
House rent	180,900	4,653,804	-	2,965,679
Utilities	17,100	421,913	-	265,938
Conveyance	-	18,000	-	14,400
Medical expenses	8,037	157,247	-	83,080
Bonus/Leave encashment	-	1,953,026	-	1,134,508
Others	-	684,000	-	514,000
	<u>608,037</u>	<u>18,712,587</u>	<u>-</u>	<u>12,289,112</u>
Number of persons	<u>1</u>	<u>11</u>	<u>-</u>	<u>7</u>

32.1 The executives are also provided with cars maintained by the Company.

32.2 No meeting fee was paid to the directors and chief executive officer of the Company.

32.3 No remuneration was paid to the directors of the Company.

33 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of chief executive officers and executives is disclosed in note in 32. Others significant transactions with related parties are as follows:-

Relationship	Nature of transaction	2010	2009
		----- Rupees -----	
Associated companies	Sales:		
	Yarn / raw material / stores, spare parts	263,618,033	291,514,263
	Purchase:		
	Yarn / raw material / stores, spare parts	21,109,617	18,094,753
	Shares	-	16,509,160
	Electricity	49,968,442	54,887,380
	Services:		
	Rendered	4,378,751	1,412,918
	Obtained	1,655,220	4,117,328
	Dividend:		
	Paid	10,975,441	8,504,200
	Received (at fair value)	77,010	178,076
	Shared expenses paid	1,581,723	1,718,918
Employee benefits plan	Contribution for the year	9,447,235	8,367,645
Bonus share received		Numbers 30,828	Numbers -

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

Notes to the Financial Statements

for the year ended June 30, 2010

34 FINANCIAL RISK MANAGEMENT

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

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

34.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for local trade debts, sundry receivables and other financial assets.

The Company does not hold collateral as security.

The Company's credit risk exposures are categorized under the following headings:

Counterparties

The Company conducts the following major types of transactions with counterparties:

Notes to the Financial Statements

for the year ended June 30, 2010

Trade debts

Trade debts are essentially due from local and foreign customers against supply of yarn. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

Bank and investments

The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have a satisfactory credit rating. Given these satisfactory credit ratings, management does not expect any counterparty to fail to meet its obligations.

34.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2010	2009
	----- Rupees -----	
Long term loan	560,000	860,000
Long term deposits	3,792,230	2,448,480
Trade debts	142,486,639	240,620,008
Loans and advances	518,700	851,600
Deposits	23,809	23,809
Other receivables	2,071,856	142,594
Bank balances	2,997,279	5,314,780
	<u>152,450,513</u>	<u>250,261,271</u>

Geographically there is no concentration of credit risk.

An analysis of the age of trade debts that are past due as of the reporting date but not impaired is as follows:

Past due		
Upto 1 month	-	29,442,107
1 month to 6 months	-	13,402,415
Over 6 months	10,833,022	24,962,729
	<u>10,833,022</u>	<u>67,807,251</u>

Trade debts past due are not impaired.

34.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

Notes to the Financial Statements

for the year ended June 30, 2010

34.2.1 Liquidity and interest risk table

The following table detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing and short term borrowing agreements based on the earliest date on which the Company can be required to pay.

Carrying amount and contractual cash flows of trade and other financial liabilities are approximately same.

2010					
Carrying Amount	Contractual Cash Flows	Six months or less	Six to twelve months	One to two years	Two years or above

..... Rupees

Non-derivative Financial liabilities

Long term financing	75,000,000	135,255,000	5,062,521	4,979,979	28,792,500	96,420,000
Trade and other payable	79,055,950	79,055,950	79,055,950	-	-	-
Mark up accrued	23,460,540	23,460,540	23,460,540	-	-	-
Deferred employee benefit	24,405,843	34,997,698	3,027,301	4,280,218	5,249,655	22,440,524
Short term borrowings	690,811,592	760,082,724	391,586,551	368,496,173	-	-
	892,733,925	1,032,851,912	502,192,863	377,756,370	34,042,155	118,860,524

2009					
Carrying Amount	Contractual Cash Flows	Six months or less	Six to twelve months	One to two years	Two years or above

..... Rupees

Non-derivative Financial liabilities

Long term financing	6,120,000	6,487,200	185,109	6,302,091	-	-
Trade and other payable	60,095,101	60,095,101	60,095,101	-	-	-
Mark up accrued	26,151,286	26,151,286	26,151,286	-	-	-
Deferred employee benefit	19,702,495	33,859,647	3,725,566	5,960,906	4,470,680	19,702,495
Short term borrowings	704,443,252	775,081,299	399,313,657	375,767,642	-	-
	816,512,134	901,674,533	489,470,719	388,030,639	4,470,680	19,702,495

Notes to the Financial Statements

for the year ended June 30, 2010

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 21.1 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

34.3.1 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2010		2009	
	USD	EURO	USD	EURO
Trade debts	593,755	33,869	1,713,925	273,058
Short term borrowings	(874,300)	-	(703,951)	-
	<u>(280,545)</u>	<u>33,869</u>	<u>1,009,974</u>	<u>273,058</u>

Commitments outstanding at year end amounted to Rs. 63.75 (2009: Rs.56.49 million) relating to letter of credits for import of stores, spare parts and raw material.

Notes to the Financial Statements

for the year ended June 30, 2010

The following significant exchange rates applied during the year:

	Average rate		Reporting date mid spot rate	
	2010	2009	2010	2009
	----- Rupees -----		----- Rupees -----	
USD 1	83.91	78.82	85.50	81.20
EURO 1	120.24	107.89	104.46	114.68

Sensitivity analysis

A 5 percent strengthening of the Pak Rupee against the USD & EURO at June 30, 2010 would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2009.

	2010	2009
	----- Rupees -----	
(Increase)/ Decrease in profit and loss account	(984,171)	5,478,262

A 5 percent strengthening of the Pak Rupee against the USD & EURO at June 30, 2010 would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2009.

34.4 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

Profile

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

	2010	2009	2010	2009
 %		----- Rupees -----	
Fixed rate instruments				
Financial liabilities				
Long term financing	6.0%	6.0%	-	6,120,000
			-	6,120,000

Fair value sensitivity analysis for fixed rate instruments

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

Notes to the Financial Statements

for the year ended June 30, 2010

	2010 %	2009 %	2010 ----- Rupees -----	2009 ----- Rupees -----
Floating rate instruments				
Financial liabilities				
Short term borrowings	1.785% to 17.4%	4.24% to 18.0%	690,811,592	704,443,252
Long term financing	13.39%	11.13% to 16.51%	75,000,000	6,120,000
			<u>765,811,592</u>	<u>710,563,252</u>

Fair value sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates, with all other variables held constant, on the Company's profit before tax. There is only an immaterial impact on the Company's equity.

	Increase / (Decrease) in basis points %	Effect on profit before tax Rupees
2010		
Short term borrowings	1.00%	6,431,520
Long term financing		698,250
		<u>7,129,770</u>
2009		
Short term borrowings	1.00%	4,141,341
Long term financing		492,899
		<u>4,634,240</u>

34.5 Equity Price Risk Management

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. The Company's Board of Directors reviews and approves all equity investment decisions.

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments

34.6 Determination of fair values

Fair value of financial instruments

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

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

Notes to the Financial Statements

for the year ended June 30, 2010

35 PLANT CAPACITY AND ACTUAL PRODUCTION	2010	2009
Production Capacity		
Total number of spindles installed	26,976	26,976
Number of MVS units installed (in equivalent number of spindles)	920	920
Installed capacity after conversion into 20's count (Lbs)	21,894,873	21,894,873
Actual production		
Number of spindles / MVS worked	26,965	26,965
Number of shifts per day	3	3
Total days worked	364	364
Actual production of yarn after conversion into 20's count (Lbs)	20,684,731	21,031,586

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted. Difference of actual production with installed capacity is in normal course of business.

36 CAPITAL DISCLOSURE

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholder and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to reserve or/and issue new shares.

Consistent with others in industry, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowing divided by total capital employed. Borrowing comprises of long term finances and short term borrowings obtained by Company. Total capital employed includes share capital and reserves (total equity) plus borrowings:-

		2010	2009
Borrowings	(Rupees)	765,811,592	710,563,252
Total equity	(Rupees)	786,809,235	635,409,147
Total capital employed	(Rupees)	<u>1,552,620,827</u>	<u>1,345,972,399</u>
Gearing ratio	(Percentage)	<u>49.32%</u>	<u>52.79%</u>

37 EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on October 05, 2010 has proposed to pay cash dividend for the year ended 30th June 2010 of Rs. 20,584,000 @ Rs. 2.00 (2009: Rs15,438,000 @ Rs.1.50) per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been recognised in these financial statements.

Notes to the Financial Statements

for the year ended June 30, 2010

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 05, 2010 by the Board of Directors of the Company.

39 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-arrangement has been made except provision for taxation is shown under current liabilities. Previously, it was adjusted in advance tax.

40 GENERAL

Figures have been rounded off to the nearest Rupee.

Karachi :
Dated : October 05, 2010

SHAYAN ABDULLAH
Chief Executive Officer

YOUSUF ABDULLAH
Director



Pattern of Shareholding

as at June 30, 2010

Number of Shareholder	Shareholding		Total Shares Held
	From	To	
302	1	100	6,298
71	101	500	28,648
30	501	1000	27,117
25	1001	5000	65,433
8	5001	10000	63,739
4	10001	15000	48,376
5	15001	20000	83,164
1	20001	25000	20,539
4	25001	30000	108,932
2	30001	35000	64,542
1	45001	50000	45,927
2	60001	65000	128,298
3	65001	70000	204,313
1	70001	75000	72,350
2	85001	90000	173,316
1	105001	110000	108,217
1	130001	135000	134,890
1	215001	220000	217,112
1	220001	225000	224,428
1	240001	245000	243,669
1	275001	280000	275,699
1	300001	305000	302,630
1	310001	315000	310,697
1	315001	320000	318,780
1	365001	370000	365,515
1	465001	470000	465,638
1	565001	570000	566,700
1	825001	830000	829,200
1	830001	835000	832,800
1	905001	910000	905,797
1	930001	935000	934,026
1	1015001	1020000	1,018,100
1	1095001	1100000	1,097,110
479		Total	10,292,000

Pattern of Shareholding

as at June 30, 2010

CATEGORY OF SHAREHOLDERS	Shares Held	Percentage
Directors, CEO, spouses and Minor Children	823,585	8.0022
Associated Companies, undertakings, related parties	7,334,427	71.2634
NIT & ICP	476,014	4.6251
Banks, DFI & NBFI	398,806	3.8749
Insurance Companies	16,940	0.1646
Modaraba Companies and Mutual Funds	1,756	0.0171
Individuals Local	1,135,397	11.0318
Joint Stock Companies	105,075	1.0209
	10,292,000	100.0000

Pattern of Shareholding

as at June 30, 2010

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

Reliance Textiles Limited	1,097,110
Diamond Fabrics Limited	829,200
Neelum Textile Mills Limited.	365,515
Diamond Fabrics Limited	832,800
Sapphire Textile Mills Limited.	318,780
Sapphire Fibres Limited	217,112
Sapphire Agencies (Pvt) Ltd.	934,026
Amer Cotton Mills (Private) Limited	566,700
Galaxy Agencies (Private) Limited	108,217
Sapphire Power Generation Limited	20,539
Nadeem Enterprises (Private) Limited	87,104
Crystal Enterprises (Private) Limited	27,696
Salman Ismail (SMC-Private) Limited	1,500
Yousuf Agencies (Private) Limited	3,223
Sapphire Agencies (Pvt) Ltd.	905,797
Amer Cotton Mills (Private) Limited	1,018,100
Reliance Textiles Limited	1,008

B) NIT & ICP

National Bank of Pakistan Trustee Department	465,638
National Investment Trust Limited	10,376

C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN

DIRECTORS & THEIR SPOUSES

Mr. Mohammad Abdullah.	45,927
Mr. Mohammad Younus	3,652
Mr. Yousuf Abdullah.	310,697
Mr. Mohammad Yamin.	500
Mr. Amer Abdullah.	275,699
Mrs. Ambareen Amer	72,350
Mrs. Shamshad Begum	64,247
Mrs. Usma Yousuf	25,403
Mr. Mohammad Yamin.	110
Mrs. Shamshad Begum	11,500
Mr. Yousuf Abdullah.	4,500
Mrs. Ambareen Amer	8,000
Mr. Nabeel Abdullah	500

CHIEF EXECUTIVE OFFICER & HIS SPOUSE

Mr. Shayan Abdullah	500
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Pattern of Shareholding

as at June 30, 2010

D)	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
	BANKS	
	Faysal Bank Limited	65,325
	Bank of Punjab	86,212
	National Bank of Pakistan	243,669
	DEVELOPMENT FINANCIAL INSTITUTIONS	
	Bankers Equity Limited	3,500
	National Development Finance Corporation	100
	INSURANCE COMPANIES	
	State Life Insurance Company of Pakistan	16,940
	MODARABA COMPANIES	
	First Punjab Modaraba	500
	First Prudential Modaraba	1,256
E)	SHAREHOLDERS HOLDING 10% OR MORE	
	Diamond Fabrics Limited	1,662,000
	Reliance Textiles Limited	1,098,118
	Amer Cotton Mills (Private) Limited	1,584,800
	Sapphire Agencies (Private) Limited	1,839,823
F)	TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN.	
	Mrs. Shamshad Begum gifted shares	(1,000)
	Mr. Shayan Abdullah received gift	500
	Mr. Nabeel Abdullah received gift	500

Form of Proxy

I/WE _____
of _____
a member(s) of **RELIANCE COTTON SPINNING MILLS LIMITED** and a holder of _____
ordinary shares, do hereby appoint _____
of _____
or failing him _____
of _____
vide Registered Folio No. _____
as my/ our proxy to act on my/ our behalf at the 21st Annual General Meeting of the company to be held on Thursday, 28th October, 2010 at 06:30 p.m. at 212, Cotton Exchange Building, I.I. Chundrigger Road, Karachi and or at any adjournment thereof.

Affix
Five Rupee
Revenue
Stamp

Signed this _____ day of October, 2010

Signature _____

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

NOTICE

1. No proxy shall be valid unless it is duly stamped with a revenue stamp worth Rs. 5/-.
2. In the case of Bank or Company, the proxy form must be executed under its common seal and signed by its authorized person.
3. Power of attorney and other authority (if any) under which this proxy form is signed then a notarially certified copy of that power of attorney must be deposited along with this proxy form.
4. This form of proxy duly completed must be deposited at the Registered Office of Company atleast 48 hours before the time of holding the meeting.
5. In case of CDC account holder :
 - i). The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - ii). Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii). The proxy shall produce his original CNIC or original passport at the time of meeting.