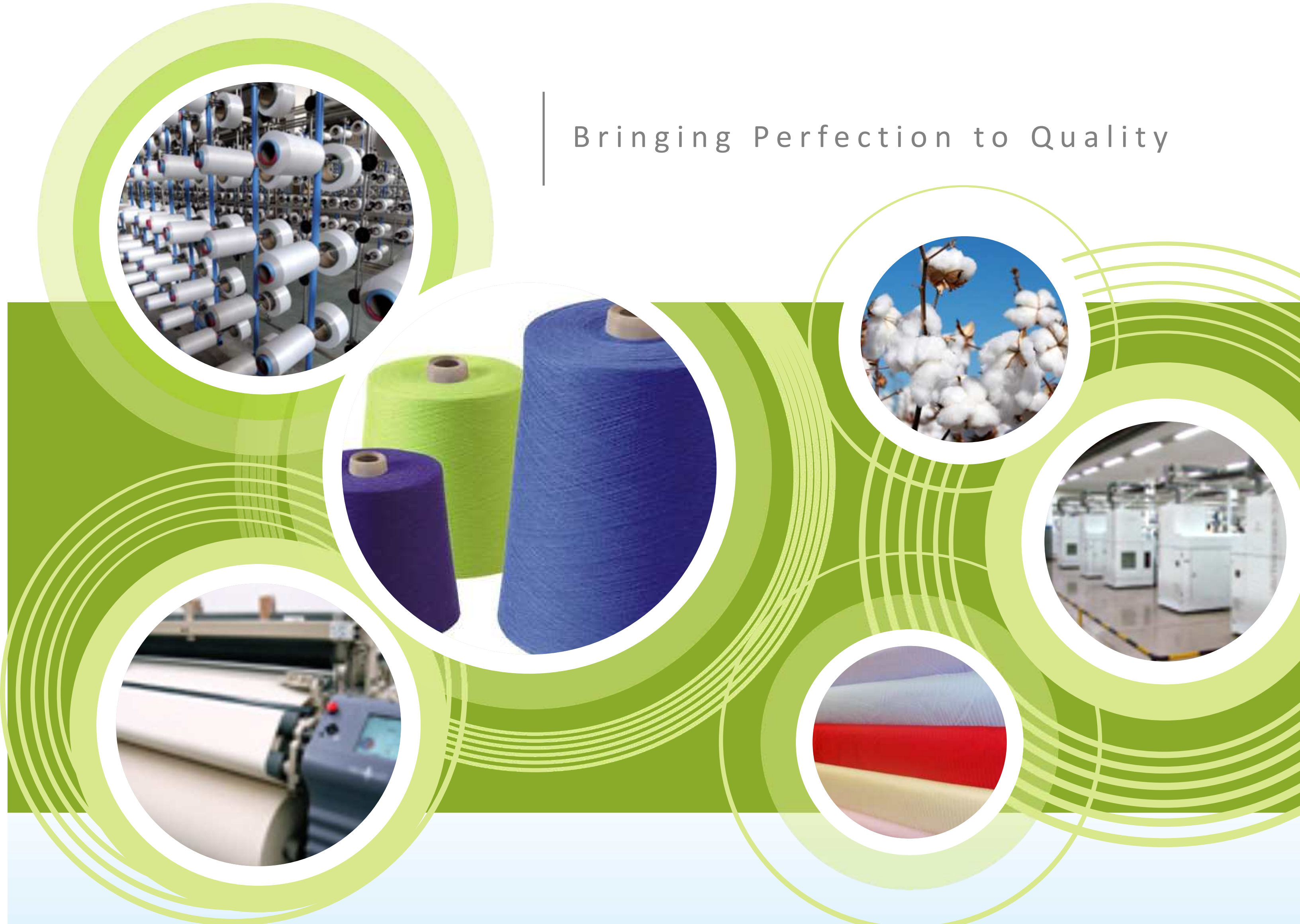
HUSSAIN GROUP

Annual Report
2011

Bringing Perfection to Quality



MOODY
INTERNATIONAL CERTIFICATION
ISO 9001
APPROVED

UKAS
QUALITY MANAGEMENT
Registration Number
014

HUSSAIN MILLS LIMITED

Fazalabad, Vehari Road, Multan, Pakistan.

بسم الله الرحمن الرحيم

CONTENTS

COMPANY INFORMATION

Board of Directors	Mr. Muhammad Ismail (Chief Executive) Mr. Umar Farooq Sheikh Mr. Hussain Ahmad Fazal Mr. Mushtaq Ahmad Mst. Ghazala Nasreen Mr. Sajjad Shakoor Mr. Sarfraz Hassan
Chief Financial Officer	Mushtaq Ahmad
Auditors	Tariq Ayub Anwar & Co. Chartered Accountants
Bankers	Askari Bank Limited Allied Bank Limited National Bank of Pakistan Habib Bank Limited Soneri Bank Limited MCB Bank Limited Pak Oman Investment Co. Ltd. Bank Islami Pakistan Ltd. Faysal Bank Limited Al-Baraka Bank Pakistan Limited

Offices:

Karachi:	Room # 808, 8th Floor, Saima Trade Tower-B, I.I. Chundrigar Road, Karachi. Ph. No. 92-21-2217328-9
Multan (Unit-1&3)	Fazalabad, Vehari Road, Opp. Timber Market, Multan. Ph. No. 92-61-6527238, 6528245, 6760524 Fax No. 92-61-6526487, 6526572 Web Site: www.hussaingroup.com
Multan (Unit-2)	35-KM Bahawalpur Road, Near Adda Muhammad Pur, Multan.
Multan (Unit-4)	Qadir Pur Rawan Bypass, Khanewal Road, Multan. Ph. NO. 92-61-4578866-7
Kabir Wala (Unit-5)	17-KM Mauza Kohi Wala, Kabirwala, Khanewal.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Hussain Mills Limited ("Company") are pleased to present 33rd Annual Report of the Company, along with Audited Financial Statements for the Year ended 30th June, 2011 and Auditors' Report thereon.

OPERATIONAL PERFORMANCE

During the year under review, the Company's performance has been ever best. Briefs of financial results given below will give you a quick look of the current year's performance of the Company with comparison of the previous year:

	2011 Rupees	2010 Rupees
Sale	13,976,822,318	8.695,516,488
Gross Profit	1,616,317,418	1,591,134,741
Operating Profit	1,113,581,346	1,200,314,948
Finance Cost	(517,944,509)	(567,611,249)
Profit before Tax	595,636,837	632,703,699
Profit after Tax	575,729,030	432,870,714
Earning Per Share	30.61	23.03

The financial year under review was a year of massive profit. The main feature was cotton prices & consequently the yarn prices amplified substantially during the year, resulting in high profit margin, as cotton had been procured at lower levels.

The Sales for the year are ever highest at Rs. 13.977 billion giving an increase of Rs. 5.281 billion in sales of Rs. 8.695 billion in the preceding year, which constitutes a 60.74% raise of the Sales. Increase in Sales is due to premium prices of the products of the Company, higher exchange rate parity and better capacity utilization.

Although the Profit is very high, yet it might be more than this if our total required electricity for production is replaced with self sui gas generation capacity. Presently your company is running at WAPDA / Sui Gas Company total requirement of electricity is 17 MW and company is able to meet only 9 MW through self sui gas generation with short fall of 8 MW. As soon as this deficiency is made up, profit margin will improve.

OPERATIONAL REVIEW

The financial year under review was a mix of pressure & opportunities i.e. political uncertainty, abnormal hike in gas, electricity, transportation etc. But all credit goes to the management who procured cotton at good average price for the financial year & contributed to attain encouraging results for the company. The management did its level best to purchase quality cotton from local & international markets at favorable prices. Afterwards cotton prices gone up tremendously & prices of yarn & fabrics also increased.

In a nutshell, the whole scenario moved towards achieving better operating results of the company. In addition, looking at the international markets, economic condition is gradually overcoming the previous recession & crunch. This encouraging situation paved the way to get good prices of the yarn & fabrics internationally.

GENERAL MARKET SCENARIO AND FUTURE PROSPECTS

All the economic activities of the country have been paralyzed because of recent flood disaster & large area of cotton belt has effected badly & cotton crops have been damaged, whereas prices of cotton are also un stable in the international market. This critical scenario is creating turmoil in the cotton market & prices of cotton in local market have jumped up to an alarming level. Clouds of uncertainty are prevailing to a great extent and no direction is on hand at the moment.

There in no second opinion on the issue that cotton of good qualities take part very imperative role in the entire textile products i.e. ginning / spinning to value added goods. It is very discouraging to note that being an agricultural country we are still lacking in producing cotton to such an extent to meet demand of our industry comfortably. Our textile industry which contributes overwhelmingly toward economic activities of the country will remain at stake unless good quality of cotton in abundance is produced.

Load shedding of electricity & sui gas is another burning issue in general for the entire country and in particular for the textile industry. This industry is operated round the clock throughout the year and load shedding even for a shorter period of time causes loss to the sector. Government should adopt sound policies to curb this issue in the betterment of textile sector and Pakistan.

MERGER OF NEL INTO HML:

It is also significant to apprise here that M/s Naseem Enterprises (Pvt) Limited exists no more as a separate entity because under the Sindh High Court Order dated 03.09.2010 and correction order dated 28.09.2010 it has merged into your company and accordingly SECP has amended its books on October 29, 2010.

RELATED PARTY TRANSACTIONS

As per policy of the company, all transactions entered with related parties must be at arms length. Your company follows comparable uncontrolled price method for pricing of transaction with relevant parties, if any.

FINANCIAL STATEMENTS

M/s Tariq Ayub, Anwar & Co. Chartered Accountants audited the financial statements of the company and issued clean audited report in this respect for the financial year that comes to an end on June 30, 2011 and the same is annexed to the financial statements.

AUDITORS

The retiring auditors M/s Tariq Ayub, Anwar & Co. chartered Accountants retire & being eligible, have offered themselves for re-appointment. The board recommended their re-appointment as external auditors until the conclusion of the next Annual General Meeting. Said chartered accountants are a member firm of Clarkson Hyde International world wide and are on the panel of the State Bank of Pakistan and have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan.

EXPANSION PLAN

Looking at the current situation of market where cost of financing & production is increasing by leaps and bounds it is quite hard to forecast any definite conclusion about the performance of the company in future. However, normal BMR will remain continue as and when required.

ACKNOWLEDGMENT

Your directors record with admiration, the hard work of the company's executives, managers, technicians & workers who worked energetically to meet the goals set before them. Your directors also extend their appreciation to the company's bankers, valued customers, suppliers, shareholders and government authorities for the cooperation extended by them during the year.

For and on behalf of the Board

sd/-

HUSSAIN AHMAD FAZAL
Director

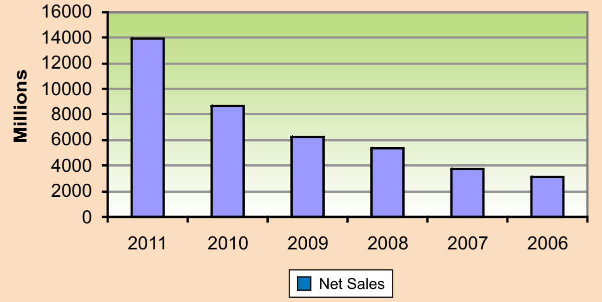
LAHORE:
7TH OCTOBER, 2011

FINANCIAL HIGHLIGHTS
Six Year Growth at Glance

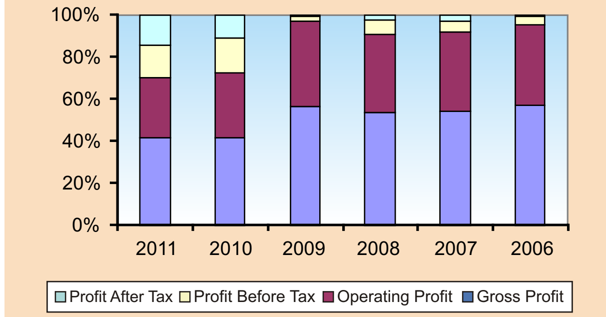
PARTICULARS	Year 30th June,					
	2011	2010	2009	2008	2007	2006
Profit and Loss						
Net Sales	13,976,822,318	8.695,516,488	6,253,776,491	5,392,224,041	3,768,564,364	3,132,314,226
Gross Profit	1,616,317,418	1,591,134,741	1,006,899,871	673,963,859	320,796,913	229,264,784
Operating Profit	1,113,581,346	1,200,314,948	722,272,842	466,866,082	223,449,866	156,524,001
Profit Before Tax	595,636,837	632,703,699	48,590,111	82,578,920	32,758,077	15,275,897
Profit After Tax	575,729,030	432,870,714	10,687,878	35,012,376	17,420,308	3,741,203
Cash Out Flows						
Taxes Paid	175,456,298	69,590,225	56,781,883	37,714,858	33,190,258	11,443,521
Financial Charges Paid	495,936,004	566,803,516	645,368,872	318,667,722	184,161,303	124,902,702
Fixed Capital Expenditure	337,536,607	245,275,172	181,911,038	35,156,783	901,085,409	309,685,386
Balance Sheet						
Current Assets	3,835,328,189	3,700,803,054	3,333,607,647	2,982,785,169	1,724,892,482	1,579,151,090
Current Liabilities	3,924,929,241	3,271,374,802	3,229,024,162	3,141,774,473	1,831,859,983	1,663,603,996
Operating Fixed Assets - Owned	5,394,691,901	4,258,404,902	3,794,569,153	3,797,735,853	3,938,186,825	1,386,599,498
Total Assets	9,434,095,210	8,265,017,304	7,394,097,896	7,027,046,305	5,843,825,730	3,130,204,529
Long Term Loans and Finances	1,361,139,967	1,482,665,993	1,643,560,501	1,373,065,708	1,502,318,149	603,749,009
Shareholders' Equity	1,917,781,078	1,158,873,548	677,856,047	615,945,623	577,419,493	538,080,754
Financial Ratios						
Current Ratio	0.98	1.13	1.03	0.95	0.94	0.95
Gearing Ratio (%age)	0.71	0.79	0.87	0.85	0.82	0.79
Gross Profit Ratio (%age)	11.56	18.30	16.10	12.50	8.51	7.32
Net Profit Ratio (%age)	0.045	0.055	0.010	0.65	0.46	0.12
Return on Capital Employed (%age)	3.06	2.30	0.06	5.68	3.02	0.70
Earning Per Share	30.61	23.03	0.57	1.86	0.93	0.20
Production Machines						
Spinning Section						
Spindles Installed	93,720	76,440	76,440	76,440	76,440	55,640
Spindles Works	93,720	76,440	76,440	76,440	76,440	55,640
Number of Rotors Installed	2,000	2,000	2,000	2,000	2,000	2,000
Number of Rotors Worked	2,000	2,000	2,000	2,000	2,000	2,000
No. of Shifts Worked per Day	3	3	3	3	3	3
Installed Capacity at 20/s Count (Kgs.)	31,139,671	30,513,554	30,513,554	32,894,703	30,790,050	23,373,305
Actual Production converted into 20/s Count (Kgs.)	24,539,948	22,969,510	22,674,377	24,703,924	24,009,611	18,375,441
Weaving Section						
Number of Looms Installed	130	120	120	103	103	-
Number of Looms Worked	130	120	120	103	103	-
Number of Shifts Worked per day	3	3	3	3	3	-
Installed Capacity at 50 Picks - Sq Meter	42,381,432	29,471,525	29,471,525	24,477,256	10,059,146	-
Actual Production converted into 50 Picks - Sq. Meter	26,295,716	23,571,213	23,112,011	19,846,243	8,976,197	-

FINANCIAL HIGHLIGHTS

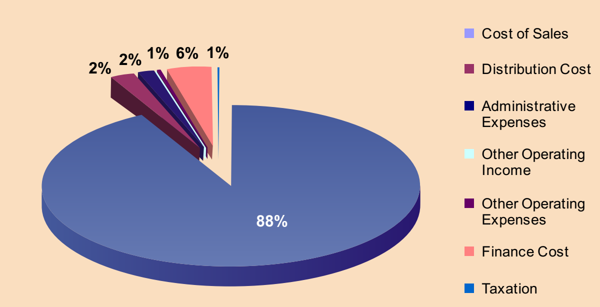
Sales Performance



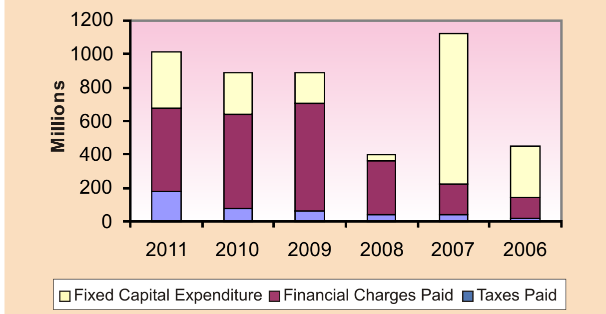
Earning Performance



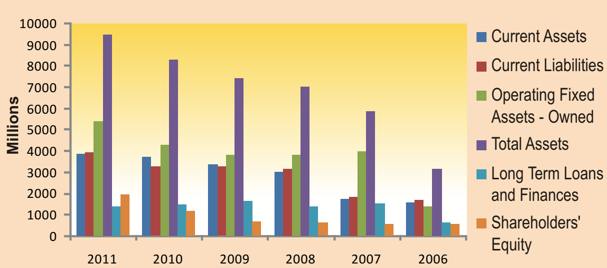
Distribution of Sales Revenue



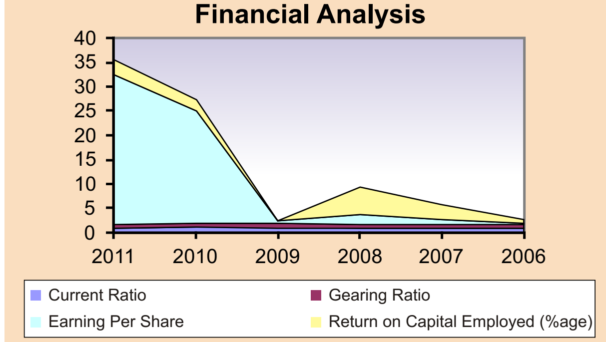
Cash Out Flow



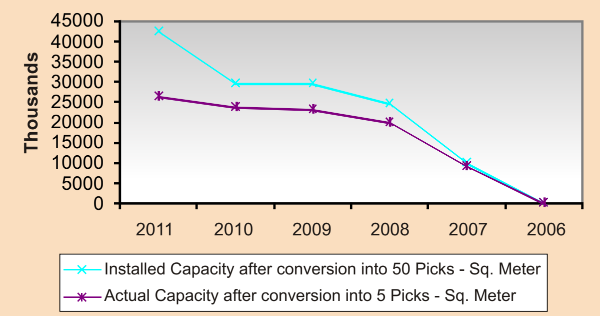
Balance Sheet



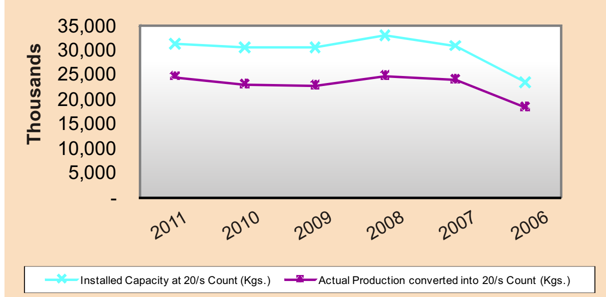
Financial Analysis



Weaving Section



Spinning Section



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of HUSSAIN MILLS LIMITED as at 30th June, 2011 and the related Profit and Loss Account, 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 the 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 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 the Management, as well as, evaluating the overall presentation of the above said Statements. We believe that our audit provides a reasonable basis for our Opinion and, after due verification, we report that:

a) in our opinion, proper Books of Account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion;
   i) the Balance Sheet and the Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the Books of Account and are further in accordance with Accounting Policies consistently applied,

   ii) the Expenditure incurred during the Year was for the purpose of Company's business; and

   iii) the Business Conducted, Investments made and the Expenditure incurred during the Year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Cash Flow Statement and the Statement of Changes in Equity, together with the Notes forming part thereof, 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 Company's affairs as at 30th June, 2011 and of the Profit and the Cash Flows for the Year then ended; and

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

Lahore:
84-B-I, Gulberg-III
7th October, 2011

TARIQ AYUB, ANWAR & CO.
CHARTERED ACCOUNTANTS
AUDIT ENGAGEMENT PARTNER: MUHAMMAD ANWAR KHAN

BALANCE SHEET

AS AT 30TH JUNE, 2011

	Note	2011 Rupees	2010 Rupees
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized capital			
40,000,000 (2010: 20,000,000) Ordinary Shares of Rs.10 each		400,000,000	200,000,000
Issued, Subscribed & Paid Up Capital	4	188,102,570	187,997,420
Capital Reserves	5	129,738,223	2,400,000
Un-appropriated Profit		1,599,940,285	968,476,128
		1,917,781,078	1,158,873,548
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	1,932,988,856	1,980,413,611
NON CURRENT LIABILITIES			
Long Term Finances	7	1,361,139,967	1,482,665,993
Liabilities against Assets subject to Finance Lease	8	26,034,027	-
Deferred Liabilities	9	271,222,041	371,689,349
		1,658,396,035	1,854,355,342
CURRENT LIABILITIES			
Trade & Other Payables	10	391,301,932	209,736,872
Accrued Interest & Mark-up	11	138,258,354	116,249,849
Short Term Borrowings	12	2,905,860,215	2,547,862,306
Current Portion of Long Term Liabilities	13	489,508,740	397,525,775
		3,924,929,241	3,271,374,802
CONTINGENCIES & COMMITMENTS	14	-	-
		9,434,095,210	8,265,017,304
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	5,492,528,537	4,303,840,902
Intangible Assets	16	6,563,677	8,751,569
Long term Investments	17	13,052,745	187,806,787
Long Term Loans & Advances	18	49,440,000	53,312,000
Long Term Deposits & Prepayments	19	37,182,062	10,502,992
		5,598,767,021	4,564,214,250
CURRENT ASSETS			
Stores, Spares & Loose Tools	20	87,244,440	76,811,894
Stock in Trade	21	1,810,028,359	2,254,749,540
Trade Debts	22	1,064,937,858	759,341,474
Loans & Advances	23	594,909,271	500,310,842
Trade Deposits & Short Term Prepayments	24	1,058,963	1,214,965
Interest Accrued	25	393,830	370,032
Other Receivables	26	34,358,712	39,936,474
Short Term Investments	27	777,075	200,319
Tax Refunds Due from Government Departments	28	56,921,876	21,012,443
Cash & Bank Balances	29	184,697,805	46,855,071
		3,835,328,189	3,700,803,054
		9,434,095,210	8,265,017,304

The annexed Notes from 1 to 46 form an integral part of these Financial Statements.

	sd/-	sd/-
Lahore:	**(Hussain Ahmad Fazal)**	( )
7th October, 2011	Director	Chief Executive

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE, 2011

	Note	2011 Rupees	2010 Rupees
SALES	30	13,976,822,318	8,695,516,488
COST OF SALES	31	(12,360,504,900)	(7,104,381,747)
GROSS PROFIT		1,616,317,418	1,591,134,741
DISTRIBUTION COST	32	(275,865,811)	(221,337,609)
ADMINISTRATIVE EXPENSES	33	(186,005,865)	(125,609,161)
OTHER OPERATING EXPENSES	34	(44,230,293)	(53,998,993)
		(506,101,969)	(400,945,763)
OPERATING PROFIT before Other Income		1,110,215,449	1,190,188,978
OTHER OPERATING INCOME	35	3,365,897	10,125,970
OPERATING PROFIT after Other Income		1,113,581,346	1,200,314,948
FINANCE COST	36	(517,944,509)	(567,611,249)
NET PROFIT FOR THE YEAR before Taxation		595,636,837	632,703,699
TAXATION	37	(19,907,807)	(199,832,985)
NET PROFIT FOR THE YEAR after Taxation		575,729,030	432,870,714
OTHER COMPREHENSIVE INCOME:			
Un-realized Gain/(Loss) on Re-Measurement of fair value of investments held for sale		8,310,372	(2,788,278)
Transferred from Surplus on Revaluation of Fixed Assets in Respect of Incremental Depreciation	6	47,424,755	50,935,065
Total Other Comprehensive Income		55,735,127	48,146,787
TOTAL COMPREHENSIVE INCOME		631,464,157	481,017,501
EARNING PER SHARE:	38		
Basic		30.61	23.03
Diluted		30.61	23.01

The annexed Notes from 1 to 46 form an integral part of these Financial Statements

Lahore:
7th October, 2011

sd/-
(Hussain Ahmad Fazal)
Director

sd/-
( )
Chief Executive

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE, 2011

	Note	2011 Rupees	2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Taxation		595,636,837	632,703,699
Adjustment for:			
Provision for Gratuity		25,266,617	18,247,456
Provision for Workers' (Profit) Participation Fund		31,989,089	34,335,135
Provision for Workers Welfare Fund		12,155,854	12,747,888
Depreciation		201,332,850	171,287,497
Balances Written off		85,350	6,637,670
Profit on Disposal of Fixed Assets		(419,108)	(959,328)
Dividend Income		(240,000)	(515,000)
Interest Income		(604,598)	(21,360)
Return on Bank Deposits		(1,138,418)	(307,563)
Amortization of Intangible Asset		2,187,892	2,187,892
(Gain)/Loss on Investments		(771,684)	278,300
Finance Cost		517,944,509	567,611,249
		787,788,353	811,529,836
		1,383,425,190	1,444,233,535
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES			
(Increase)/Decrease in Current Assets			
Stores, Spares & Loose Tools		(10,432,546)	(15,211,801)
Stock in Trade		444,721,181	(245,407,389)
Trade Debtors		(305,596,384)	(425,977,893)
Loans & Advances		(94,598,429)	237,799,715
Trade Deposits & Short Term Prepayments		156,002	(400,897)
Other Receivables		5,577,762	21,071,466
Increase/(Decrease) in Current Liabilities			
Trade and Other Payables		183,911,106	(122,012,021)
		223,738,692	(550,138,820)
Cash Generated from Operations		1,607,163,882	894,094,715
Income Tax Paid		(175,456,298)	(82,338,113)
Finance Cost Paid		(495,936,004)	(566,803,516)
Gratuity Paid		(18,431,456)	(14,444,402)
Workers' (Profit) Participation Fund Paid		(34,335,135)	(2,679,633)
NET CASH INFLOW FROM OPERATING ACTIVITIES		883,004,989	227,829,051
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income		580,800	544,080
Return on Bank Deposits		1,138,418	307,563
Dividend Received		240,000	515,000
Fixed Capital Expenditure		(337,536,607)	(245,275,172)
Proceeds from Disposal of Fixed Assets		982,500	2,110,000
Net Assets Merged - excluding Operating Assets	5.4	(742,585,899)	-
Long Term Investments with Others		41,132	(55,998)
Short Term Investments		295,596	35,412,367
Long Term Loan Recovered		3,872,000	-
Long Term Deposits and Prepayments		(26,679,070)	(455,078)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,099,651,130)	(206,897,238)
CASH FLOW FROM FINANCING ACTIVITIES			
Long Term Finances - net		(92,402,822)	16,691,498
Finance Lease Liabilities		54,544,534	-
Loan from Directors/Sponsors		34,349,254	(319,000)
NET CASH INFLOW FROM FINANCING ACTIVITIES		(3,509,034)	16,372,498
NET (DECREASE)/ INCREASE IN CASH AND EQUIVALENTS		(220,155,175)	37,304,311
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(2,501,007,235)	(2,538,311,546)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	39	(2,721,162,410)	(2,501,007,235)

The annexed Notes from 1 to 46 form an integral part of these Financial Statements.

	sd/-	sd/-
Lahore:	**(Hussain Ahmad Fazal)**	( )
7th October, 2011	Director	Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE, 2011

PARTICULARS	NOTE	PAID-UP SHARE CAPITAL	CAPITAL RESERVES			UN-APPRO-PRIATED PROFIT	TOTAL
			PREMIUM ON SHARES ISSUED	MERGER RESERVE	TOTAL		
		R U P E E S					
Balance as at 30th June, 2009		**187,997,420**	**2,400,000**	**-**	**2,400,000**	**487,458,627**	**677,856,047**
Total Comprehensive Income for the Year ended 30th June, 2010		-	-	-	-	481,017,501	481,017,501
Balance as at 30th June, 2010		**187,997,420**	**2,400,000**	**-**	**2,400,000**	**968,476,128**	**1,158,873,548**
Shares Cancelled as per Merger Scheme	4.2	(148,400)	-	-	-	-	(148,400)
Issued against Consideration Other than Cash	4.3	253,550	952,334	-	952,334	-	1,205,884
Reserve Arising on Amalgamation	5.3	-	-	126,660,389	126,660,389	-	126,660,389
Bargain Purchase Loss Arising on Acquisition of Non-Controlling Interest in N Ltd.	5.5	-	-	(274,500)	(274,500)	-	(274,500)
Total Comprehensive Income for the Year ended 30th June, 2011		-	-	-	-	631,464,157	631,464,157
Balance as at 30th June, 2011		**188,102,570**	**3,352,334**	**126,385,889**	**129,738,223**	**1,599,940,285**	**1,917,781,078**

The annexed Notes from 1 to 46 form an integral part of these Financial Statements.

Lahore:
7th October, 2011

sd/-
(Hussain Ahmad Fazal)
Director

sd/-
( )
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2011

1. STATUS AND NATURE OF BUSINESS

1.1 Hussain Mills Limited ("the Company") was incorporated in Pakistan on 31st March, 1980 as a Public Limited Company under the Companies Act 1913 (Now Companies Ordinance, 1984). This is an unquoted Company which is principally engaged in manufacturing/purchase and sale of Yarn and Fabric. The manufacturing units of the Company are located in the vicinity of Multan. The principal office of the Company is situated at Saima Trade Tower-B, I I Chundrigar Road, Karachi.

1.2 During the year, the Assets and Liabilities of the Company were amalgamated with the Assets and Liabilities of M/S Naseem Enterprises (Private) Limited ("the N Ltd."), a wholly owned subsidiary (99.70% Equity Held) of the Company. Consequent to this amalgamation and under a scheme of amalgamation approved by the Shareholders of the Company and the Honourable Sindh High Court, the fair value of the Assets and Liabilities of N Ltd. have been merged in to the Company with effect from the close of business on 31st October, 2010. Prior to this merger, the operations of the mills of N Ltd. were conducted by the Company, under lease arrangement.

2. BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These Financial Statements have been prepared under the historical cost convention except for revaluation/re-measurement as indicated in Note 6.2, 17.4 and 27, without any adjustment of Inflation or Current Values, if any, using, except for Cash Flow Statement, Accrual basis of Accounting.

2.2 STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and approved accounting standards as applicable in Pakistan. Approved accounting standards for Economically Significant Entities (ESEs) 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.

2.3 CHANGES TO STANDARDS, INTERPRETATIONS AND PUBLISHED APPROVED ACCOUNTING STANDARDS

Amendments to Published Approved Standards that are effective in current year and are relevant to the Company

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2010:

International Accounting Standard (IAS) 1 (Amendment), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2010). The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in share at any time. The application of the amendment does not affect the results or net assets of the company as it is only concerned with presentation and disclosures.

IAS 7 (Amendment), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2010). The amendment provides clarification that only expenditure that results in a recognized asset in the balance sheet can be classified as a cash flow from investing activity. The Clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognized assets in the balance sheet. The application of the amendment does not affect the result or net assets of the Company as it is only concerned with presentation and disclosures.

IFRS 8 (Amendment), Operating Segments' (effective for annual periods beginning on or after 01 January 2010). The amendment is part of the International Accounting Standards Board's (IASB) annual improvements project published in April 2009. The amendment provides clarification that the requirement for disclosing a measure of segment assets is only required when the Chief Operating Decision Maker (CODM) reviews that information. The application of the amendment does not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

Interpretations and amendments to published approved standards that are effective in current year but not relevant to the Company

There are other new interpretations and amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2010 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

Standards and amendments to published approved standard that are not yet effective but relevant to the Company.

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2011 or later periods:

IFRS 7 (Amendment), 'Financial Instruments: Disclosure' (effective for annual periods beginning on or after 01 July 2011). The new disclosure requirements apply to transfer of financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. These amendments are part of the IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfer of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset. The management of the Company is in the process of evaluating impacts of the aforesaid amendment on the Company's financial statements.

IFRS 9, Financial Instruments' (effective for annual periods beginning on or after 01 January 2013). This standard is the first step in the process to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets.

IFRS 10, Consolidated Financial Statements' (effective for annual period beginning on or after 01 January 2013). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Investments in Associates'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 'Consolidated and Separate Financial Statements' that address when and how an investor should prepare consolidated financial statements and replaces Standing interpretations Committee (SIC) 12 'Consolidation - Special Purpose Entities' in its entity. The management of the Company is in the process of evaluation the impacts of the aforesaid standard on the Company's financial statements.

IFRS 12, Disclosure of Interests in Other Entities' (effective for annual period beginning on or after 01 January 2013). IFRS 12 applies to entities that have an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. IFRS 12 establishes disclosure objectives and specifies minimum disclosures that an entity must provide to meet those objectives. IFRS 12 requires an entity to disclose information that helps users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 13, Fair Value Measurement' (effective for annual period beginning on or after 01 January 2013). IFRS 13 establishes a single framework for measuring fair value where that is required by other standards. IFRS 13 applies to both financial and non-financial items measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). It clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

There are other amendments resulting from annual improvements project initiated by International Accounting Standards Board in May 2010, specially in IFRS 7 'Financial Instruments: Disclosures', IAS 1 'Presentation of Financial Statements' and IAS 24 'Related Party Disclosures' that are considered relevant to the Company's financial statements. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analysed in detail.

Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the Company

There are other amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2011 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with the approved accounting standards and application of the Company's significant accounting policies stated in Note 3, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances, Following are the areas where various assumptions and estimates are significant to the Company's Financial Statements or where judgment was exercised in application of accounting policies are as follows:

(i)	Employees Retirement Benefits	(Note 3.2)
(ii)	Taxation	(Note 3.3)
(iii)	Useful Life of Assets and Depreciation/Amortization	(Note 3.6)
(iv)	Financial Instruments and Investments	(Note 3.15)

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

These Financial Statements are presented in Pakistan Rupees which is the Company's Functional and presentation currency.

2.6 **Figures** are rounded off to the nearest Rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The significant accounting policies adopted in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.2 STAFF RETIREMENT BENEFITS

The Company operates an unfunded Gratuity Scheme covering all eligible Employees of the Company who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover the obligation and charged to income currently in accordance with actuarial recommendation. The projected unit credit method is based on assumptions stated in Note 9.3.

3.3 TAXATION

Current:

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

Deferred:

Deferred Tax is recognized using balance sheet liability method in respect of all taxable temporary timing differences between the amounts used for financial reporting purpose and amounts used for taxation purposes. However, Deferred Tax is not provided if it can be established with reasonable accuracy that these differences will not reverse in the foreseeable future.

The Company recognizes deferred tax assets on all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated using rates that are expected to apply to the period when these differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the profit and loss account, except where deferred tax arises on the items credited or charged directly to the equity, in which case it is included in equity.

3.4 FOREIGN CURRENCY TRANSLATIONS

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the spot rate. All non-monetary items are translated into Pak Rupees exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Exchange gains/losses due to exchange fluctuations on principal loans are capitalized as part of the cost of machinery acquired out of the proceeds of such Foreign Currency Loans. All other exchange differences are taken to the Profit and Loss Account.

3.5 BORROWING COST

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. All other borrowing costs are charged to income in the period of incurrence.

Investment income earned on the temporary investment of specific borrowings spend their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.6 PROPERTY, PLANT AND EQUIPMENT

These are stated at Cost less accumulated Depreciation and impairment, if any, except Freehold Land, Buildings, Plant and Machinery and Capital work-in-Progress. Buildings on freehold land and Plant and Machinery are stated at re-valued amount less accumulated Depreciation thereon. Freehold Land and Capital Work-in- Progress are stated at Re-Valued Amount and Cost, respectively. Cost, in relation to Capital Work in Progress, consists of expenditure incurred in respect of Fixed Assets in the course of their construction, installation and acquisition.

Cost of certain items of Plant and Machinery consists of historical cost and exchange fluctuations on foreign currency loans utilized for acquisition thereof. Borrowing Costs pertaining to erection / construction period are capitalized as part of the historical cost.

Depreciation is charged to income applying the reducing balance method to write-off the Cost, capitalized Exchange Fluctuations and Borrowing Costs over the estimated remaining useful life of the assets. The useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these items of Fixed Assets. Rates of Depreciation are stated in Note 15.2. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively. Gains/losses on disposal of Fixed Assets are taken to Profit and Loss Account.

Depreciation on major additions to the Fixed Assets is charged from the month in which Fixed Asset is put to use or becomes operational while no depreciation is charged for the month in which Fixed Asset is disposed off.

Minor Repairs and Maintenance are charged to Income, as and when incurred. Major Renewals and Replacements are capitalized and the Assets so replaced, if any, other than those retained as stand by, are retired.

3.7 ASSETS SUBJECT TO FINANCE LEASE

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of lease are accounted for as liabilities. Financial charges are allocated to the accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged at the rates stated in Note 15.2 applying the reducing balance method to write-off the Cost of the Asset over its estimated remaining useful life in view of certainty of ownership of Assets at the end of the lease period.

Financial Charges and Depreciation on leased Assets are charged to Income currently.

3.8 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income on straight line basis during the estimated useful life of assets. The useful life is reviewed periodically to ensure that it is consistent with the expected pattern of economic benefits.

Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/ loss on disposal of intangible assets are taken to profit and loss account.

3.9 INVESTMENTS AND OTHER FINANCIAL ASSETS

Investment in Subsidiary

Investment in subsidiary is carried at cost less impairment, if any and is classified as Held for Sale. Gain/(Loss) arising on merger of subsidiary is recognised as Capital Reserve.

Others
Financial Assets in the scope of IAS 39: "Financial Instruments - Recognition and Measurement", are classified as either Financial Assets at Fair Value through Profit and Loss, Loans and Receivables, Held to Maturity Investments and Held for Sale Financial Assets as appropriate. When Financial Assets are recognized initially, they are measured at fair value, plus, in the case of Investments not at Fair Value through Profit or Loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and where allowed and appropriate revalue these designation at each financial year end.

All regular way purchases and sales of Financial Assets are recognized on the trade date i.e. the date the Company commits to purchase the Asset. Regular way purchases or sales are purchases/sales of Financial Assets that require delivery of Assets within the period generally established by regulation or convention in the Market place.

Investment at fair value through profit or loss
Financial Assets classified as held for trading are included in this category. Financial Assets are classified as held for trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

Held to Maturity Investments
Investment with fixed or determinable payments and fixed maturity are classified as held to maturity when the Company has the positive intention and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently measured at amortized cost using effective interest rate method. Gains or Losses on investments held-to-maturity are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

Loans and Receivables
These are non derivative Financial Assets with Fixed or Determinable payments that are not Quoted in an Active market. Such assets are carried at amortized cost using the effective interest method. Gains and Losses are Recognized in Income when the Loans and Receivables are De-recognized or impaired, as well as through the amortization process.

Held for Sale Financial Assets
Financial Assets intended to be held for an indefinite period of time, which may by sold in response to need for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognized at fair value plus transaction cost and subsequently re-measured at fair value. Gains and losses arising from re-measurement at fair value is recognized in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

The fair value of investments that are actively traded in organized financial markets is determined by reference to Quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

The un-recognized gain on re-measurement of investments at fair value is not available for distribution. This will be transferred to Profit and Loss Account on de-recognition of Investments.

De-recognition
All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. These investments are accounted for in accordance with IAS-39 "Financial Instruments: Recognition and Measurement".

3.10 STORES, SPARES AND LOOSE TOOLS
These are valued at moving average Cost less allowance for obsolete and slow moving items.

Stores-in-transit are valued at Cost accumulated to the Balance Sheet date.

3.11 STOCK - IN - TRADE as valued as follows:

Particulars	**Mode of Valuation**
Raw Materials:	
At mills	At the Lower of Cost and Net Realizable Value
In-Transit	At Cost Accumulated to the Balance Sheet date.
Work-in-Process:	At Raw Material Cost and Conversion Cost appropriate to the Stage of Completion.
Finished Goods	At the Lower of Cost and Net Realisable Value
Waste	At Realisable Value.
Other Stocks	At Cost.

Cost in relation to Work-in-Process and Finished Goods represents the annual average Manufacturing Cost which consists of Prime Cost and appropriate Production Overheads.

Net Realizable Value signifies the Selling Price in the ordinary course of business less Cost necessary to be incurred to effect such Sale.

3.12 REVENUE RECOGNITION:

Sales are recorded on dispatch of goods to the Customers. Processing Charges are recorded when Goods are delivered to Customers and Invoices are raised. Return on Investments and Deposits are recorded on time proportion basis. Dividend Income is recognized when right to receive is established. Interest/Mark up is recognized as this becomes due.

3.13 TRADE DEBTS, ADVANCES TO SUPPLIERS AND OTHER RECEIVABLES

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

3.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in values.

3.15 FINANCIAL INSTRUMENTS

Recognition and Measurements

Financial instruments are recognized at fair value when the Company becomes party to the contractual provisions of the instruments by the following trade date accounting. Any gain or loss on the subsequent measurement is charged to the profit and loss account. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the enterprise looses the control over contractual right that comprises the financial asset or a portion of financial asset. While a financial liability or a part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e., when the obligation specified in contract is discharged, cancelled or expired.

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item, if any.

Financial assets are long term investments, trade debts, deposits, loans and advances, other receivables, short term investments and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term financing, short term financing and trade and other payables.

Off-setting of Financial Assets and Financial Liabilities

A financial asset and financial liability is offset against each other and the net amount is reported in the Balance Sheet, if the Company has a legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the assets and settle the liability simultaneously.

3.16 TRADE AND OTHER PAYABLES

Liabilities for Trade and Other Payables are carried at Cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed to the Company or not.

3.17 PROVISIONS

A Provision is recognized in the Balance Sheet when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.18 IMPAIRMENT

The carrying amounts of the Company's Assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the Asset's recoverable amount is estimated and Impairment Losses are recognized in the Profit and Loss Account.

3.19 CONTINGENCIES AND COMMITMENTS

Unless these are actual liabilities these are not incorporated in the Financial Statements.

3.20 SEGMENT REPORTING

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segments results that reported to the chief decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments. Spinning (producing different quality of yarn using natural and artificial fibers). Weaving (producing different quality of grey fabric using yarn).

3.21 RELATED PARTY TRANSACTIONS

These are made at arm's length prices determined in accordance with the comparable uncontrolled price method.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

4.1 This comprises of:

2011 Number of Shares	2010 Number of Shares		Note	2011 Rupees	2010 Rupees
17,037,542	17,037,542	Ordinary Shares of Rs.10 each paid in Cash		170,375,420	170,375,420
(13,449)	-	Ordinary Shares of Rs.10 each Cancelled	4.2	(134,490)	-
17,024,093	17,037,542			170,240,930	170,375,420
1,762,200	1,762,200	Ordinary Shares of Rs.10 each issued as fully paid Bonus Shares		17,622,000	17,622,000
(1,391)	-	Ordinary Shares of Rs.10 each Cancelled	4.2	(13,910)	-
1,760,809	1,762,200			17,608,090	17,622,000
25,355	-	Issued against Consideration Other than Cash	4.3	253,550	-
18,810,257	18,799,742			188,102,570	187,997,420

4.2 This represents the shares of the Company previously held by the Naseem Enterprises (Private) Limited ("the N Ltd.") which, on amalgamation of N Ltd. in to the Company, have been cancelled under the scheme of arrangement for aforesaid amalgamation.

4.3 This represents the shares issued in accordance with the Scheme of Arrangement for merger indicated at Note 1.2 against net assets of the amalgamated entity belonging to Non-Controlling Interest (NCI), as indicated in Note 5.2 .

	Note	2011 Rupees	2010 Rupees
5. CAPITAL RESERVES			
5.1 These comprise of:			
Premium on Issue of Shares		3,352,334	2,400,000
Merger Reserve	5.2	126,385,889	-
		129,738,223	2,400,000

MERGER RESERVE relates to the amalgamation of a subsidiary in to the Company and comprises of:

	Note	2011 Rupees
Amalgamation Gain	5.3	126,660,389
Purchase Bargain Loss	5.5	(274,500)
		126,385,889

5.3 AMALGAMATION GAIN is made up as follows:

	Note	2011 Rupees
Fair value of identifiable Net Assets of Naseem Enterprises (Pvt) Limited as on 31st October, 2010	5.4	310,461,373
Percentage of Company's Previous Share of Identifiable Net Assets Acquired		99.70%
Fair Value of the Net Assets of the N Ltd held on 31st October, 2010		309,529,989
Less: Purchase Consideration - net		182,869,600
Gain on Bargain Purchase		126,660,389

During the year the Assets and Liabilities of the Company were amalgamated with the Assets and Liabilities of Naseem Enterprises (Private) Limited ("the N Ltd.") [owning a yarn manufacturing unit]. The N Ltd has already been a subsidiary of the Company, after 99.70 % of the Equity of the N Ltd. were acquired, at a purchase consideration amounting to Rs. 183,018,000/-. The mills of N Ltd. were previously operated by the Company on a lease basis.

The Management of the Company believes that this merger is materialization of the Company's strategy of maximization of the shareholders' wealth through larger asset base and profit growth (both organically and through acquisition). The management further believes that the acquisition will translate synergies in the areas of asset base, cost saving, technology and will contribute towards the improvement of the leverage of the Company.

The proposal for the amalgamation and the scheme of amalgamation were approved by the Board of Directors and the Shareholders of the Company. The Honourable Sindh High Court, Karachi also approved the scheme of amalgamation and granted sanction order for the amalgamation of the N Ltd. with the Company.

Pursuant to the aforementioned approvals and scheme of amalgamation duly approved by the Honourable Sindh High Court, the entire undertaking of the N Ltd. including all the Properties, Assets and Liabilities and the rights and obligations stand amalgamated with and vested into the Company as at 31st October, 2010 (closing of business). Accordingly the Assets and Liabilities included in the statement of financial position also include balances of the N Ltd.

The amalgamation has been accounted for by applying the Purchase method. The Cost of the Acquisition has been measured at the fair value of the consideration given. Identified Assets acquired, Liabilities assumed or incurred have been carried at the fair value as at the amalgamation date. The excess of the fair value of the Company's share of the identifiable Net Assets acquired over the cost of acquisition has been recognised as part of the equity (shown separately as "Merger Reserve").

Acquisition-related costs (Charged to Profit and Loss Account) 600,000

5.4 FAIR VALUE OF NET ASSETS ACQUIRED is made up as follows:

Particulars	Acquiree's Carrying Amounts At 31st Oct. 2010	Fair Value Adjustment	Fair Value At 31st Oct. 2010
Identifiable Assets			
Operating Assets	792,910,830	260,136,442	1,053,047,272
Long Term Deposits and Prepayments	184,600	-	184,600
Trade Deposits and Short Term Prepayments	1,317,450	-	1,317,450
Sales Tax Refunds due from the Government	379,568	-	379,568
Cash and Bank Balances	992,882	-	992,882
	795,785,330	260,136,442	1,055,921,772
Less: Liabilities Assumed			
Long Term Financing	92,302,685	-	92,302,685
Liabilities against Assets subject to Finance Lease	35,907,410	-	35,907,410
Trade and Other Payables	260,000	-	260,000
Interest and Mark-up Accrued	16,322,248	-	16,322,248
Short Term Borrowings	600,487,321	-	600,487,321
Provision for Taxation	180,735	-	180,735
	745,460,399	-	745,460,399
Identifiable Net Assets	50,324,931	260,136,442	310,461,373

5.5 PURCHASE BARGAIN LOSS relates to the Acquisition of the Non-Controlling Interest (NCI) of N Ltd.. and is made up as follows:

Fair value of identifiable Net Assets of Naseem Enterprises (Private) Limited as on 31st October 2010 (Note 5.4)	310,461,373
Percentage of NCI's Share of Identifiable Net Assets Acquired	0.30%
NCI's Share of Fair Value of the Net Assets of the N Ltd held on 31st October, 2010	931,384
Less: Fair Value of the Equity Shares of the Company Issued	1,205,884
Purchase Bargain Loss	(274,500)

In consideration for the amalgamation and as per the scheme of amalgamation, the Company allotted 25,355 fully paid other than Cash ordinary shares to the shareholders of the N Ltd. for the acquisition of non-controlling interest, The shares proposed to be issued by the Company are as under:

As at the date of acquisition the purchase of non-controlling interest (NCI) is measured at the proportionate share of the NCI in the fair value of net assets acquired by the Company. The management of the Company has incorporated the share of NCI's post bargain results of N Ltd. in the proportionate share of the NCI determined as at the amalgamation of N Ltd (the adjusted balance). The following excess of the fair value of the equity shares issued and the adjusted balances of the NCI has been recorded as gain on bargain purchase in the Financial Statements of the Company.

The fair value of the shares issued to the shareholders of the N Ltd. is based on the intrinsic value of the of the share of the Company determined in scheme of arrangement approved by the Honourable Sindh High Court.

5.6 The mills of the N Ltd. have already been operated by the Company on under lease arrangement. However, the amalgamation of the N Ltd. resulted following incremental impact on the results of the Company for the period from 1st November, 2010 to 30th June, 2011 which are included in the respective heads of income or expense as included in the profit and loss account of the Company.

Lease Money of the Factory Saved	52,000,000
Depreciation Charged	26,370,153
Taxation Impact	(8,970,446)
Net Impact	69,399,707

		2011 Rupees	2010 Rupees
6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
6.1 This is made up as follows:			
Balance at beginning of the Year			
Land - Freehold		1,002,158,584	558,579,566
Buildings - on Freehold Land		343,788,008	176,518,136
Plant and Machinery		634,467,019	860,999,170
		1,980,413,611	1,596,096,872
Resulted from Revaluation during the Year		-	435,251,804
		1,980,413,611	2,031,348,676
Incremental Depreciation on Revaluation (Net of Deferred Tax) transferred to Comprehensive Income	(Note 6.3)	(47,424,755)	(50,935,065)
		1,932,988,856	1,980,413,611

6.2 The Company has re-valued its entire class of certain assets as at 28th January, 2003. The Revaluation was carried-out by independent Valuators, M/S Hamid Mukhtar and Co., Lahore and has been duly certified by M. Yousaf Adil Saleem and Co., Chartered Accountants. And on 30th June, 2007, again, the Company had carried out revaluation of aforesaid assets through M/S BFA (Private) Limited, Multan. Subsequently, on 30th June, 2010, again, the Company has carried out revaluation of aforesaid assets through M/S Maricon Consultants (Private) Limited, Multan.

6.3 The incremental depreciation charged on re-valued assets during the period has been transferred to retained earnings (un-appropriated profit) to record realization of Surplus to the extent of incremental depreciation to comply with the amendment in Section 235 of the Companies Ordinance, 1984 and further notification of SECP to clarify the treatment of Surplus arising on revaluation of Fixed Assets.

		2011 Rupees	2010 Rupees
7 LONG TERM FINANCES			
7.1 These Comprise of:			
Secured:			
From Banking Companies	(Note 7.2)	1,010,896,002	1,166,771,282
From Suppliers	(Note 7.11)	98,907,275	98,907,275
		1,109,803,277	1,265,678,557
Unsecured:			
From Directors	(Note 7.12)	238,736,690	216,987,436
From Others		12,600,000	-
		251,336,690	216,987,436
		1,361,139,967	1,482,665,993

		2011 Rupees	2010 Rupees
7.2 LONG TERM FINANCING FROM BANKING COMPANIES AND FINANCIAL INSTITUTIONS represents secured Term Finances which have been obtained from:			
Askari Bank Limited	(Note 7.3)	222,614,057	311,546,871
Soneri Bank Limited	(Note 7.4)	49,000,000	34,000,000
Pak Oman Investment Company Limited	(Note 7.5)	40,000,000	56,000,000
Allied Bank Limited	(Note 7.6)	257,471,800	375,442,124
Bank Islami Pakistan Limited	(Note 7.7)	101,250,000	168,750,000
Faysal Bank Limited	(Note 7.8)	103,406,235	172,343,727
MCB Bank Limited	(Note 7.9)	36,516,420	48,688,560
National Bank of Pakistan	(Note 7.10)	200,637,490	-
		1,010,896,002	1,166,771,282

7.3 TERM FINANCES FROM ASKARI BANK LIMITED is made up as follows:

	2011	2010
Balance at the beginning of the Year	311,546,871	443,403,122
Add: Disbursement during the Year	13,797,855	-
	325,344,726	443,403,122
Less:		
Payment during the Year	650,000	-
Current Portion Shown under Current Liabilities	102,080,669	131,856,251
	102,730,669	131,856,251
Balance at end of the Year	222,614,057	311,546,871

These have been obtained for the import of Plant and Machinery for BMR/Expansion of Spinning Section. These are repayable in 4 to 14 equal half yearly instalments commencing from 25th August, 2010.

These Finances are secured by way of:

(i) First pari passu charge (with Pak Oman Investment Company Ltd.) to the extent of Rs. 350.000 Million (2010: 350.000 Million) on all present and future fixed assets of the Spinning Section.

(ii) First pari passu charge (with Bank Islami, Soneri Bank Ltd., and Pak Oman Investment Company Ltd.) to the extent of Rs. 575.000 Million (2010: 575.000 Million) on all present and future fixed assets of the Spinning Section,

(iii) First pari passu charge (with Soneri Bank Ltd., and Pak Oman Investment Company Ltd.) to the extent of Rs. 550.000 Million (2010: 550.000 Million) on all present and future fixed assets of the Spinning Section.

(iv) Personal Guarantees of the Sponsoring Directors of the Company.

These carry mark-up rates ranging from 13.75% to 14.89% (2010: 13.50% to 15.50%) per annum for DF/TF and SBP rate 5.00% +2.00% (2010: SBP rate 5.00% + 2.00%) per annum for LTF-EOP, payable bi annually.

	2011 Rupees	2010 Rupees
7.4 TERM FINANCE FROM SONERI BANK LIMITED is made up as follows:		
Balance at beginning of the Year	34,000,000	40,000,000
Add: Transferred from N Ltd. due to Merger	92,302,685	-
	126,302,685	40,000,000
Less:		
Transferred to Current Maturity	48,302,685	6,000,000
Payments made during the Year	29,000,000	-
	77,302,685	6,000,000
Balance at the end of the Year	49,000,000	34,000,000

This has been obtained for the import of Plant and Machinery under Letters of Credit. This Loan is secured against pari passu charge over fixed assets of the Company of Rs. 158.000 Million and 580.000 Million and is repayable in 10 equal half yearly instalments commencing from 11th January, 2005 to 15th January, 2006. These carry mark-up rates ranging from 14.85% to 16.14% (2010: 14.91% to 16.75%) per annum payable quarterly.

	2011 Rupees	2010 Rupees
7.5 TERM FINANCE FROM PAK OMAN INVESTMENT COMPANY LIMITED is made up as follows:		
Balance at beginning of the Year	56,000,000	64,000,000
Less: Current Portion Shown under Current Liabilities	16,000,000	8,000,000
Balance at end of the Year	40,000,000	56,000,000

This has been obtained for the purchase of Plant and Machinery. This is secured against pari passu charge Rs. 96.00 Million over fixed assets of the Company by way of equitable mortgage on Land and Buildings and hypothecation charge on Plant and Machinery of Weaving section and personal guarantees of working directors of the Company. The principal amount is repayable in 18 equal quarterly instalments commencing from 7th March, 2011. These carry mark-up rates ranging from 15.35% to 16.59% (2010: 15.41% to 16.71%) per annum, payable quarterly.

	2011 Rupees	2010 Rupees
7.6 TERM FINANCE FROM ALLIED BANK LIMITED is made up as follows:		
Balance at beginning of the Year	375,442,124	330,912,448
Add: Disbursements during the Year	-	145,000,000
	375,442,124	475,912,448
Less: Current Portion Shown under Current Liabilities	117,970,324	100,470,324
Balance at the end of the Year	257,471,800	375,442,124

This has been obtained for import of Plant and Machinery and Material. This finance is secured against a lien on the import documents, first exclusive charge over fixed assets of the Weaving Unit of Company for Rs. 664 Million and personal guarantees of the working directors. The principal amount is repayable in 24 equal quarterly instalments commencing from 2nd July, 2009. These carry mark-up rates ranging from 14.50% to 15.87% (2010: 14.00% to 15.01%) per annum for DF and SBP rate 5% + 2.00% (2010: SBP rate 5% + 2.00%) per annum for LTF-EOP, payable quarterly.

7.7 TERM FINANCE FROM BANK ISLAMI PAKISTAN LIMITED is made up as follows:

	2011	2010
Balance at beginning of the Year	168,750,000	207,750,000
Less: Current Portion Shown under Current Liabilities	67,500,000	39,000,000
Balance at end of the Year	101,250,000	168,750,000

This has been obtained to refinance the existing Machinery with Diminishing Musharika facility previously financed through conventional loan. This is secured against parri pasu charge Rs. 333.333 Million over Fixed assets of the Company with 25% margin and personal guarantees of the working directors. The principal amount is repayable in 52 monthly instalments commencing from 1st July, 2009. This carries mark-up rates ranging from 14.64% to 15.91% (2010: 13.93% to 15.01%) per annum, payable monthly.

7.8 TERM FINANCE FROM FAYSAL BANK LIMITED is made up as follows:

	2011	2010
Balance at beginning of the Year	172,343,727	241,281,219
Less: Current Portion Shown under Current Liabilities	68,937,492	68,937,492
Balance at end of the Year	103,406,235	172,343,727

This has been obtained to finance acquisition of spinning section. This is secured by way of 1st pari passu charge over present and future fixed assets amounting to Rs. 450.000 Million of Company and personal guarantees of the working directors of the Company. This is repayable in 8 equal half yearly instalments commencing from 22nd Nov, 2010. This carries Mark-up ranging from 14.22% to 15.69% (2010: 14.50% to 15.51%) per annum payable bi annually.

	2011 Rupees	2010 Rupees
7.9 TERM FINANCE FROM MCB BANK LIMITED is made up as follows:		
Balance at beginning of the Year	48,688,560	-
Add: Disbursement during the Year	-	48,688,560
	48,688,560	48,688,560
Less: Current Portion Shown under Current Liabilities	12,172,140	-
Balance at end of the Year	36,516,420	48,688,560

This has been obtained to finance acquisition of Fixed Assets (Gas Generator). This is secured by ranking charge on Gas Generator amounting to Rs. 74.000 Million of the Company and personal guarantees of the working directors of the Company. This is repayable in 8 equal half yearly instalments commencing from 20th October, 2011. This carries Mark-up ranging from 10.40% to 15.64% (2010: 10.40% to 14.35%) per annum payable quarterly.

7.10 TERM FINANCE FROM NATIONAL BANK OF PAKISTAN is made up as follows:

	2011 Rupees	2010 Rupees
Disbursement during the Year	211,887,490	-
Less: Current Portion Shown under Current Liabilities	11,250,000	-
Balance at end of the Year	200,637,490	-

This has been obtained to finance acquisition of Fixed Assets (Gas Generator and Air Jet Looms). This is secured by ranking charge on Air Jet Looms amounting to Rs. 60 Million and Gas Generator amounting to Rs. 232.000 Million of the Company and personal guarantees of the working directors of the Company. This is repayable in 8 to 12 equal half yearly instalments commencing from 31st Dec, 2011. This carries Mark-up ranging from 15.38% to 15.75% (2010: Nil) per annum payable quarterly.

7.11 Supplier's Credit represent Credit amounting to JPY112.689 Million (2010: JPY 112.689 Million) from Marubeni Tekmatex Corporation- Japan, availed through a 720 days usance Letters of Credit opened by Soneri Bank Limited, Mall Plaza, Multan, effective from 9th September, 2008, for the import of Plant and Machinery for BMR/Expansion of Weaving Section. Subsequently the Company obtained extension of more 360 days maturity date will be 30th August, 2011. This includes discount charges amounting to JPY 5.165 Million @ 1 Year LIBOR per annum subject to minimum of 2.5% per annum (2010: @ 1 Year LIBOR per annum subject to minimum of 2.5% per annum).

7.12 LONG TERM FINANCING FROM DIRECTORS is unsecured, Interest Free and is repayable at the option of the Company. This includes an amount of 215.000 Million (2010: 215.000 Million) which has been subordinated to the Banks against Long Term Financing and is made up as follows:

	2011 Rupees	2010 Rupees
Balance at beginning of the Year	216,987,436	217,306,436
Add: Disbursement during the Year	52,300,095	14,339,616
	269,287,531	231,646,052
Less: Payments made during the year	30,550,841	14,658,616
Balance at end of the Year	238,736,690	216,987,436

	2011 Rupees	2010 Rupees

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE is made up as follows:

	2011 Rupees	2010 Rupees
Liability Due for the year ended 30th June:		
2011	31,786,424	-
2012	33,716,353	-
2013	11,920,967	-
2014	6,620,350	-
2015	2,508,000	-
2016	2,508,000	-
2017	2,508,000	-
2018	2,508,000	-
Gross Minimum Lease Payments	94,076,094	-
Less: Payments during the Year	31,786,424	-
	62,289,670	-
Less: Future Period:		
Financial Charges	6,057,219	-
Insurance Charges	1,687,917	-
	7,745,136	-
Present Value of Gross Minimum Lease Payments	54,544,534	-
Less: Current Portion Shown under Current Liabilities	28,510,507	-
	26,034,027	-

The reconciliation between Gross Minimum Lease Payments, future Financial Charges and present value of Minimum Lease Payments is as follows:

GROSS MINIMUM LEASE PAYMENTS		
Not later than one Year	33,716,353	-
Later than one Year but not later than five Years	26,065,317	-
Later than Five Years	2,508,000	-
	62,289,670	-

PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Not later than one Year	5,668,424	-
Later than one Year but not later than five Years	45,555,189	-
Later than Five Years	3,320,922	-
	54,544,535	-

The Company entered into the Finance Lease agreements with various Banks to acquire Machinery and Motor Vehicles. The implicit Mark-up rate used to discount the minimum lease payments ranges from 16.20% to 21.14% (2010: Nil) per annum. These are secured against Title of the Leased Assets and Personal Guarantees of the Directors of the Company. The Company avails the option to purchase the Assets at the end of respective lease terms.

9. DEFERRED LIABILITIES:

		2011 Rupees	2010 Rupees
9.1 These comprise of			
Deferred Taxation	(Note 9.2)	235,241,730	342,544,199
Staff Retirement Benefits	(Note 9.3)	35,980,311	29,145,150
		271,222,041	371,689,349

		2011 Rupees	2010 Rupees
9.2	**DEFERRED TAXATION** is in respect of the following temporary differences:		
	Taxable Temporary Differences		
	Accelerated Depreciation	408,203,043	341,810,043
	Export Debtors	6,008,935	4,959,820
	Deductible Temporary Differences		
	Staff Gratuity	(4,486,199)	(4,225,664)
	Unused Tax Losses	(138,876,173)	-
	Turnover Tax	(49,820,831)	-
	Lease Liability	14,212,955	-
		235,241,730	342,544,199

9.3 STAFF RETIREMENT BENEFITS represent Gratuity and is made up as follows:

	2011 Rupees	2010 Rupees
Balance at beginning of the Year	29,145,150	25,342,096
Expense for the Year	25,266,617	18,247,456
Payments made during the Year	(18,431,456)	(14,444,402)
Present Value of Defined Benefit Obligation	35,980,311	29,145,150

CHARGE FOR THE YEAR in respect of this benefit comprises of:

	2011 Rupees	2010 Rupees
Current Service Cost	11,354,302	10,448,424
Interest Cost	2,979,426	3,041,052
Actuarial Losses Recognized	10,932,889	4,757,980
	25,266,617	18,247,456

ALLOCATION OF CHARGE FOR THE YEAR is as follows:

	2011 Rupees	2010 Rupees
Cost of Goods manufactured	20,065,444	15,148,540
Administrative Expenses	5,201,173	3,098,916
	25,266,617	18,247,456

Historical information is as follows:

	2011	2010	2009	2008	2007
Charge of Gratuity	25,266,617	18,247,456	18,492,569	13,393,503	11,343,620

RECONCILIATION of the amount recognized in Balance Sheet is as follows:

	2011 Rupees	2010 Rupees
Present value of defined benefit obligation	20,730,821	24,828,549
Unrecognized Actuarial Gains/(Losses)	-	(441,379)
Unrecognized Past Service Cost	15,249,490	4,757,980
Liability in Balance Sheet	35,980,311	29,145,150

MOVEMENT IN PRESENT VALUE of Defined benefit Obligation

	2011 Rupees	2010 Rupees
Defined Benefit Obligation at the beginning of the Year	24,828,549	25,342,096
Current Service Cost	11,354,302	10,448,424
Interest Cost	2,979,426	3,041,052
Actuarial (Gain)/Losses - arise	-	441,379
Benefit Paid during the Year	(18,431,456)	(14,444,402)
Defined benefit Obligation at the end of the Year	20,730,821	24,828,549

PRINCIPAL ACTUARIAL ASSUMPTIONS

The actuarial valuation of Gratuity was conducted on 30th June, 2010 in accordance with IAS 19 "Employees Benefits" by using Projected Unit Credit Method. Following significant assumptions, were used for the actuarial valuation:

		2011 Rupees	2010 Rupees
PRINCIPAL ACTUARIAL ASSUMPTIONS			
Discount Rate		12%	12%
Expected Rate of Salary Increase		11%	11%
Average Expected Remaining Working Life of Employees		6 Years	6 Years

10. TRADE & OTHER PAYABLES

10.1 These comprise of:

Creditors		95,585,631	41,206,089
Accrued Liabilities		148,247,861	82,373,284
Advance from Customers		42,605,684	42,434,323
Income Tax Withheld		431,915	5,678,213
Unclaimed Dividend		107,090	107,090
Other Liabilities		72,334,662	3,602,738
Workers' (Profit) Participation Fund	(Note 10.2)	31,989,089	34,335,135
		391,301,932	209,736,872

10.2 WORKERS' (PROFIT) PARTICIPATION FUND is made up as follows:

Balance at beginning of the Year	34,335,135	2,679,633
Less: Payments during the Year	34,335,135	2,679,633
Unclaimed Balance	-	-
Add: Allocation for the Year	31,989,089	34,335,135
Balance at end of the Year	31,989,089	34,335,135

11. ACCRUED INTEREST & MARK-UP relates to:

Long Term Finance	67,410,503	46,649,196
Short Term Borrowings	68,884,163	69,341,622
Workers' (Profit) Participation Fund	1,963,688	259,031
	138,258,354	116,249,849

12. SHORT TERM BORROWINGS

12.1 These have been obtained from Commercial Banks and comprise of:

Cash/Running Finances	(Note 12.2)	1,086,060,000	1,203,363,201
Pre-shipment Advance	(Note 12.2)	1,819,800,215	1,344,499,105
		2,905,860,215	2,547,862,306

12.2 These facilities have been obtained from various Commercial Banks against credit facilities with sanctioned limits aggregating Rs. 4.200 Billion (2010: Rs. 4.120 Billion), The aggregate facilities are secured by a joint pari passu hypothecation charge on all present and future current assets of the Company including Stock in Trade, Trade Debts, Lien on Export Bills and Personal Guarantees of the Working Directors of the Company. The expiry dates of the facilities ranges from 31st October, 2011 to 30th November, 2012. These facilities carry Mark up rates ranging from 1.95% to 15.41% (2010: from 2.23% to 15.50%) per annum.

13. CURRENT PORTION OF LONG TERM LIABILITIES

13.1 These comprise of:

Current Portion of Long Term Finances	(Note 13.2)	460,998,233	397,525,775
Current Portion Lease Liabilities	(Note 8)	28,510,507	-
		489,508,740	397,525,775

13.2 CURRENT PORTION OF LONG TERM FINANCES is made up as follows:

Balance at beginning of the Year	397,525,776	220,258,769
Add: Transferred from Long - Term Portion	444,213,310	354,264,067
	841,739,086	574,522,836
Less: Payments made during the Year	380,740,853	176,997,061
Balance at end of the Year	460,998,233	397,525,775

		2011 Rupees	2010 Rupees

14. CONTINGENCIES AND COMMITMENTS

14.1 CONTINGENCIES

A case of the Company is pending for decision by Honourable Sind High Court, against the imposition of a levy amounting to Rs. 69.288 Million (2010: Rs. 67.000 Million), on imports of the Company, by the Excise and Taxation Officer, which has been recognised in these financial statements.

Letters of Guarantee issued by Commercial Banks in favour of:

	2011 Rupees	2010 Rupees
Sui Northern Gas Pipelines Limited	109,414,700	52,274,700
Excise and Taxation	92,500,000	67,000,000
Utilities Stores Corporation	-	2,500,000
State Bank of Pakistan	-	201,704
	201,914,700	121,976,404

14.2 COMMITMENTS

Letters of Credit for:

	2011 Rupees	2010 Rupees
Capital Expenditure	61,410,592	71,794,000
Raw Material	1,516,142,449	212,372,000
	1,577,553,041	284,166,000

15. PROPERTY, PLANT AND EQUIPMENT

15.1 These comprise of:

		2011 Rupees	2010 Rupees
Operating Assets	(Note 15.2)	5,489,844,878	4,258,404,902
Capital Work in Progress	(Note 15.5)	2,683,659	45,436,000
		5,492,528,537	4,303,840,902

15.2 OPERATING ASSETS are made up as follows:

30TH JUNE, 2011

PARTICULARS	COST / REVALUATION: AT BEGINING OF THE YEAR	ADDITIONS	MERGER ACQUISITION	DELETIONS	REVALUATION SURPLUS /(DEFICIT)	AT END OF THE YEAR	RATE %	DEPRECIATION: TO BEGINNING OF THE YEAR	ON MERGER ACQUISITION	ON DELETIONS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	WRITTEN DOWN AT END OF THE YEAR
OWNED ASSETS													
LAND - Freehold													
Cost	31,751,416	52,704,090	13,227,427	-	-	97,682,933	-	-	-	-	-	-	97,682,933
Revaluation Surplus	1,002,158,584	-	18,990,723	-	-	1,021,149,307	-	-	-	-	-	-	1,021,149,307
	1,033,910,000	52,704,090	32,218,150	-	-	1,118,832,240		-	-	-	-	-	1,118,832,240
BUILDINGS - on Freehold Land													
Cost -Factory	279,541,265	4,914,422	104,970,620	-	-	389,426,307	5	92,661,298	16,281,591	-	12,423,160	121,366,049	268,060,258
Cost -Non Factory	136,354,668	-	67,862,970	-	-	204,217,638	5	48,766,069	8,735,841	-	6,350,335	63,852,245	140,365,393
Revaluation Surplus	439,787,108	-	157,424,672	-	-	597,211,780	5	60,756,567	-	-	18,951,527	79,708,094	517,503,686
	855,683,041	4,914,422	330,258,262	-	-	1,190,855,725		202,183,934	25,017,432	-	37,725,022	264,926,388	925,929,337
PLANT AND MACHINERY													
Cost	2,113,060,600	94,185,607	556,985,950	-	-	2,764,232,157	5	742,635,336	84,254,831	-	86,244,417	913,134,584	1,851,097,573
Revaluation Surplus	1,034,595,448	-	83,721,047	-	-	1,118,316,495	5	246,252,171	-	-	39,417,164	285,669,335	832,647,160
	3,147,656,048	94,185,607	640,706,997	-	-	3,882,548,652		988,887,507	84,254,831	-	125,661,581	1,198,803,919	2,683,744,733
POWER HOUSE	251,398,904	198,418,362	30,371,347	-	-	480,188,613	5	22,034,215	4,717,504	-	13,164,811	39,916,530	440,272,083
WEIGHING BRIDGE AND SCALE	2,302,374	23,000	-	-	-	2,325,374	10	1,254,330	-	-	106,147	1,360,477	964,897
LABORATORY EQUIPMENT	53,355,091	350,000	-	-	-	53,705,091	10	26,236,617	-	-	2,720,597	28,957,214	24,747,877
ELECTRIC INSTALLATION	125,177,579	1,113,550	47,182,101	-	-	173,473,230	5	37,813,210	6,170,469	-	5,776,742	49,760,421	123,712,809
TARPULINE	739,107	-	-	-	-	739,107	10	392,415	-	-	34,670	427,085	312,022
TUBE WELL	5,051,940	-	2,941,619	-	-	7,993,559	10	2,088,580	1,148,171	-	415,900	3,652,651	4,340,908
FURNITURE AND FIXTURE	19,402,453	1,083,873	4,454,728	-	-	24,941,054	10	9,097,216	1,771,041	-	1,245,565	12,113,822	12,827,232
OFFICE EQUIPMENT	12,996,405	598,251	2,551,101	-	-	16,145,757	10	5,578,569	1,660,395	-	878,782	8,117,746	8,028,011
VEHICLES	64,578,567	11,822,357	3,481,323	3,197,663	-	76,684,584	20	27,809,272	2,417,784	2,634,271	8,361,047	35,953,832	40,730,752
FIRE FIGHTING EQUIPMENT	4,081,496	-	2,046,109	-	-	6,127,605	10	1,978,805	800,056	-	293,339	3,072,200	3,055,405
TELEPHONE	6,394,361	59,580	-	-	-	6,453,941	10	2,560,736	-	-	385,620	2,946,356	3,507,585
ARMS AND AMMUNITION	6,130	-	-	-	-	6,130	10	5,372	-	-	76	5,448	682
AIR CONDITIONERS AND REFRIGERATORS	-	-	804,414	-	-	804,414	10	-	319,739	-	32,312	352,051	452,363
TOOLS AND EQUIPMENT	5,206,611	-	-	-	-	5,206,611	10	1,614,428	-	-	359,218	1,973,646	3,232,965
	5,587,940,107	365,273,092	1,097,016,151	3,197,663	-	7,047,031,687		1,329,535,206	128,277,422	2,634,271	197,161,429	1,652,339,786	5,394,691,901
LEASED ASSETS													
PLANT AND MACHINERY	-	-	100,000,000	-	-	100,000,000	5	-	15,691,458	-	2,810,285	18,501,743	81,498,257
POWER HOUSE	-	2,470,000	-	-	-	2,470,000	5	-	-	-	123,500	123,500	2,346,500
VEHICLES	-	12,545,856	-	-	-	12,545,856	20	-	-	-	1,237,636	1,237,636	11,308,220
	-	15,015,856	100,000,000	-	-	115,015,856		-	15,691,458	-	4,171,421	19,862,879	95,152,977
	5,587,940,107	380,288,948	1,197,016,151	3,197,663	-	7,162,047,543		1,329,535,206	143,968,880	2,634,271	201,332,850	1,672,202,665	5,489,844,878

30TH JUNE, 2010

PARTICULARS	COST / REVALUATION: AT BEGINING OF THE YEAR	ADDITIONS	MERGER ACQUISITION	DELETIONS	REVALUATION SURPLUS /(DEFICIT)	AT END OF THE YEAR	RATE %	DEPRECIATION: TO BEGINNING OF THE YEAR	ON MERGER ACQUISITION	ON DELETIONS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	WRITTEN DOWN AT END OF THE YEAR
OWNED ASSETS													
LAND - Freehold													
Cost	31,751,416	-	-	-	-	31,751,416	-	-	-	-	-	-	31,751,416
Revaluation Surplus	558,579,566	-	-	-	443,579,018	1,002,158,584	-	-	-	-	-	-	1,002,158,584
	590,330,982	-	-	-	443,579,018	1,033,910,000		-	-	-	-	-	1,033,910,000
BUILDINGS - on Freehold Land													
Cost -Factory	276,106,581	5,321,940	-	-	-	281,428,521	5	83,747,633	-	-	9,647,189	93,394,822	188,033,699
Cost -Non Factory	133,862,691	604,721	-	-	-	134,467,412	5	43,512,516	-	-	4,520,029	48,032,545	86,434,867
Revaluation Surplus	263,814,182	-	-	-	175,972,926	439,787,108	5	50,069,325	-	-	10,687,242	60,756,567	379,030,541
	673,783,454	5,926,661	-	-	175,972,926	855,683,041		177,329,474	-	-	24,854,460	202,183,934	653,499,107
PLANT AND MACHINERY													
Cost	2,103,138,502	9,922,098	-	-	-	2,113,060,600	5	670,906,054	-	-	71,729,282	742,635,336	1,370,425,264
Revaluation Surplus	1,218,895,588	-	-	-	(184,300,140)	1,034,595,448	5	195,060,412	-	-	51,191,759	246,252,171	788,343,277
	3,322,034,090	9,922,098	-	-	(184,300,140)	3,147,656,048		865,966,466	-	-	122,921,041	988,887,507	2,158,768,541
POWER HOUSE	95,115,925	156,282,979	-	-	-	251,398,904	5	16,284,243	-	-	5,749,972	22,034,215	229,364,689
WEIGHING BRIDGE AND SCALE	2,302,374	-	-	-	-	2,302,374	10	1,137,880	-	-	116,450	1,254,330	1,048,044
LABORATORY EQUIPMENT	53,355,091	-	-	-	-	53,355,091	10	23,223,453	-	-	3,013,164	26,236,617	27,118,474
ELECTRIC INSTALLATION	123,061,464	2,116,115	-	-	-	125,177,579	5	33,283,533	-	-	4,529,677	37,813,210	87,364,369
TARPULINE	739,107	-	-	-	-	739,107	10	353,894	-	-	38,521	392,415	346,692
TUBE WELL	4,027,495	1,024,445	-	-	-	5,051,940	10	1,835,203	-	-	253,377	2,088,580	2,963,360
FURNITURE AND FIXTURE	19,402,453	-	-	-	-	19,402,453	10	7,952,190	-	-	1,145,026	9,097,216	10,305,237
OFFICE EQUIPMENT	12,996,405	-	-	-	-	12,996,405	10	4,754,364	-	-	824,205	5,578,569	7,417,836
VEHICLES	41,850,471	25,749,816	-	3,021,720	-	64,578,567	20	22,897,523	-	1,871,048	6,782,798	27,809,273	36,769,294
FIRE FIGHTING EQUIPMENT	4,081,496	-	-	-	-	4,081,496	10	1,745,172	-	-	233,632	1,978,804	2,102,692
TELEPHONE	6,394,361	-	-	-	-	6,394,361	10	2,134,776	-	-	425,959	2,560,735	3,833,626
ARMS AND AMMUNITION	6,130	-	-	-	-	6,130	10	5,288	-	-	84	5,372	758
TOOLS AND EQUIPMENTS	5,206,611	-	-	-	-	5,206,611	10	1,215,297	-	-	399,131	1,614,428	3,592,183
	4,954,687,909	201,022,114	-	3,021,720	435,251,804	5,587,940,107		1,160,118,756	-	1,871,048	171,287,497	1,329,535,205	4,258,404,902

15.3 DISPOSAL OF OPERATING PROPERTY, PLANT AND EQUIPMENT comprises of:

	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	PROCEEDS	GAIN	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
			---------- 30TH JUNE, 2011 ----------				
Vehicles							
Honda City -MNU - 7980	651,955	625,573	26,382	75,000	48,618	Negotiation	Eagle Motors, Vehari Road, Multan
Honda CD 70 - MNS - 9670	42,100	39,484	2,616	15,500	12,884	Negotiation	Sohail Ahmad S/O Server Ahmad, New Awan Motors, Gujjar Khadda, Multan
Suzuki Alto VXR - MNZ 6789	505,735	439,281	66,454	105,000	38,546	Negotiation	Muhammad Khawar, Khanewal Road, H # 534-4/97, Street # 8, Multan
Suzuki Cultus - MLF - 4065	694,885	524,110	170,775	212,000	41,225	Negotiation	Ch. Muhammad Afzal, House # 1268/5, Lakar Mandi Colony Ali Bhai Wali, Post Office, Multan
Suzuki Mehran - MNX - 8098	328,140	295,720	32,420	75,000	42,580	Negotiation	Muhammad Arif S/O Bashir Ahmad, Ward # 6 Shersha Road, Mohala Khuda Dad Colony, Multan
Suzuki Cultus VXR MLD - 274	585,600	449,998	135,602	190,000	54,398	Negotiation	Muhammad Saleem, House # 230 Qadirpura Road, Multan
SUZUKI MEHRAN MLG - 5802	389,248	260,105	129,143	310,000	180,857	Negotiation	Muhammad Asif S/O Khadim Hussain, H # 1270, Street # 2 Samijaabad, Multan
30th June, 2011 (Rupees):	3,197,663	2,634,271	563,392	982,500	419,108		
			---------- 30TH JUNE, 2010 ----------				
Vehicles							
Honda Civic -MNZ-9913	1,494,180	892,364	601,816	865,000	263,184	Negotiation	Mr.Azeem Khan
Honda CD-MNZ - 9704	78,000	64,085	13,915	55,000	41,085	Insurance Claim	Premier Insurance, 163, Shadman II, Lahore
Honda CD-MNZ - 9911	68,500	56,276	12,224	50,000	37,776	Insurance Claim	Premier Insurance, 163, Shadman II, Lahore
Honda CD -MNO - 8007	86,050	10,038	76,012	85,000	8,988	Insurance Claim	Premier Insurance, 163, Shadman II, Lahore
Honda Civic -MNZ-92	692,510	391,130	301,380	655,000	353,620	Insurance Claim	Premier Insurance, 163, Shadman II, Lahore
Hyundai Santro 999 CC - MLC 6700	602,480	457,155	145,325	400,000	254,675	Negotiation	Farooq Enterprises
30th June, 2010 (Rupees) :	3,021,720	1,871,048	1,150,672	2,110,000	959,328		

15.4 DEPRECIATION ALLOWANCE provided for the Year has been allocated as follows:

		2011 RUPEES	2010 RUPEES
Cost of Goods Manufactured	(Note 31.2)	188,508,446	161,415,939
Administrative Expenses	(Note 33.1)	12,824,404	9,871,558
		201,332,850	171,287,497

		2011 Rupees	2010 Rupees
15.5 CAPITAL WORK IN PROGRESS comprises of			
Factory Buildings		88,471	-
Sui Gas Pipeline		2,595,188	45,436,000
		2,683,659	45,436,000

16. INTANGIBLE ASSET represents Cost of Computer Software (ERP System) and is made up as follows:

	2011 Rupees	2010 Rupees
Balance at beginning of the Year	8,751,569	9,027,270
Capitalized during the Year	-	1,912,191
	8,751,569	10,939,461
Less: Amortized during the Year	2,187,892	2,187,892
Balance at the end of the Year	6,563,677	8,751,569

17. LONG TERM INVESTMENTS

17.1 These comprises of:

		2011 Rupees	2010 Rupees
Investment in Related Party	(Note 17.2)	-	183,018,000
Other Investments	(Note 17.3)	13,052,745	4,788,787
		13,052,745	187,806,787

17.2 This represents Investment Held for Sale comprising 1,858,746 Ordinary Shares of Naseem Enterprises (Private) Limited (N Ltd.), a subsidiary of the Company, which has been amalgamated by the Company as indicated in Note 1.2 and 5.

17.3 OTHER INVESTMENTS comprise of:

		2011 Rupees	2010 Rupees
Investments Held for Sale	(Note 17.4)	12,793,109	4,529,047
Investment Held to Maturity	(Note 17.5)	259,636	259,740
		13,052,745	4,788,787

17.4 INVESTMENT HELD FOR SALE are not intended to be sold in next 12 months and comprise of:

Quoted Companies	**2011**	**2010**	2011 Rupees	2010 Rupees
Kakakhel Pakistan Limited			-	4,621
No of Ordinary Shares of Rs. 10 each	-	150		
Per Share Quoted Price at Year End	-	17.40		
Fatima Enterprises Limited			6,536,572	6,536,572
No of Ordinary Shares of Rs. 10 each	829,808	414,940		
Per Share Quoted Price at Year End	15.30	10.50		
Mubarak Textile Mills Limited			182,700	182,700
No of Ordinary Shares of Rs. 10 each	66,000	66,000		
Per Share Quoted Price at Year End	1.00	1.49		
Fazal Cloth Mills Limited			19,591	55,998
No of Ordinary Shares of Rs. 10 each	565	1,615		
Per Share Quoted Price at Year End	54.95	44.10		
			6,738,863	6,779,891
Fair Value Adjustment			6,054,246	(2,250,844)
Fair Value as at 30 June, 2011			12,793,109	4,529,047

17.5 INVESTMENT HELD TO MATURITY

Term Finance Certificates issued by Bank Al-Habib Limited on 7th March, 2007 having Redeemable Value amounting to Rs. 7,736.75 per certificate with maturity date of 7th February, 2015 carrying Mark-up @ 6 month KIBOR + 1.95% (2010: 6 month KIBOR + 1.95%) per annum.

18. LONG TERM LOANS & ADVANCES

These represent the unsecured amount advanced by the Company to Sui Northern Gas Pipelines Limited, to meet the cost of Gas Pipeline to be laid for supply of Gas to the weaving unit of the Company at Qadir Pur Rawan, Khanewal Road, Multan. This is recoverable in 12 years including two years grace period, in 10 equal annual instalments. This is subject to a Return @ 1.5% (2010: 1.5%) per annum, receivable annually.

		2011 Rupees	2010 Rupees
19. LONG TERM DEPOSITS & PREPAYMENTS comprise of.			
19.1 These Comprise of:			
Deposits		12,182,062	10,502,992
Pre-Payments	(Note 19.2)	25,000,000	-
		37,182,062	10,502,992

19.2 This represents a payment against the manufacturing facilities leased by the Company which is adjustable towards the end of the respective lease terms.

20. STORES, SPARES & LOOSE TOOLS comprise of:

Stores	38,691,364	29,561,519
Spares	48,226,131	47,234,305
Loose Tools	326,945	16,070
	87,244,440	76,811,894

21. STOCK IN TRADE

21.1 These are in respect of:

Raw material	1,192,986,142	1,752,171,035
Work in Process	131,643,095	64,621,890
Finished Goods	485,399,122	437,956,615
	1,810,028,359	2,254,749,540

21.2 The aggregate amount of write-down of inventories to net realizable value recognised during the year amounts to Rs. 318.249 million (2010: Rs. Nil).

22. TRADE DEBTORS

22.1 These are in respect of:

Export - Secured	(Note 22.2)	600,893,487	495,982,023
Local - Unsecured Considered Good	(Note 22.3)	464,044,371	263,359,451
		1,064,937,858	759,341,474

22.2 Secured Debtors represent Foreign Bills under collection against Letters of Credit which are secured against Bank Guarantees.

22.3 Past Due but un-impaired Debtors Included Therein	4,506,977	6,239,307

These relate to various independent customers from whom there is no recent history of default. The ageing of these debtors is More than 6 Months.

23. LOANS & ADVANCES

23.1 These are unsecured considered which are considered good by the management and comprise of:

Advances to:			
Employees against Salaries	(Note 23.2)	5,654,868	6,160,088
Suppliers of Goods & Services		59,134,663	101,898,908
Due from Related Party		-	384,660,247
Immature Letters of Credit	(Note 23.3)	519,078,505	4,000,634
Guarantee Margin		11,041,235	3,590,965
		594,909,271	500,310,842

	2011 Rupees	2010 Rupees
23.2 Included therein amounts due from Executives	1,722,366	3,932,312

23.3 These comprise of Opening Charges, Bank Charges and Cost of Documents.

24. <u>TRADE DEPOSITS & SHORT TERM PRE-PAYMENTS</u> comprise of:

	2011 Rupees	2010 Rupees
Security Deposits	444,329	444,329
Short Term Pre-Payments	614,634	770,636
	1,058,963	1,214,965

25. <u>ACCRUED INTEREST</u> relates to Interest Recoverable from Sui Gas.

26. <u>OTHER RECEIVABLES</u> comprise of:

	2011 Rupees	2010 Rupees
Sales Tax	29,652,237	38,738,057
Insurance & Cotton Claims	2,050,710	505,713
Other	2,655,765	692,704
	34,358,712	39,936,474

27. <u>SHORT TERM INVESTMENTS</u> comprise of:

	2011	2010	2011 Rupees	2010 Rupees
Held for Sale				
Bank Islami Pakistan Limited			451,350	451,350
No of Ordinary Shares of Rs. 10 each	31,875	31,875		
Per Share Quoted Price at Year End	3.40	3.21		
Fair Value Adjustment			(342,975)	(349,031)
			108,375	102,319
Held for Trading				
Soneri Bank Limited			-	328,800
No of Ordinary Shares of Rs. 10 each	-	30,000		
Per Share Quoted Price at Year End	-	2.27		
NIB Bank Limited			229,100	229,100
No of Ordinary Shares of Rs. 10 each	10,000	10,000		
Per Share Quoted Price at Year End	1.51	2.99		
Nishat Power Limited			168,128	-
No of Ordinary Shares of Rs. 10 each	10,000	-		
Per Share Quoted Price at Year End	15.44	-		
Fatima Fertilizer Company				
No of Ordinary Shares of Rs. 10 each	30,000	-	475,043	-
Per Share Quoted Price at Year End	16.64	-		
Fair Value Adjustment			(203,571)	(459,900)
			668,700	98,000
Fair Value as at 30th June, 2011			777,075	200,319

28. <u>TAX REFUNDS DUE FROM GOVERNMENT DEPARTMENTS</u> relates to Income Tax.

		2011 Rupees	2010 Rupees
29. CASH & BANK BALANCES			
29.1 These comprise of:			
Cash in Hand		2,937,351	1,737,929
Cash with Banks in:			
Current Accounts		120,416,761	35,809,103
Saving Accounts	(Note 29.2)	19,693	308,039
Deposit Accounts	(Note 29.3)	61,324,000	9,000,000
		181,760,454	45,117,142
		184,697,805	46,855,071

29.2 The rate of Interest/Mark-up on Saving Accounts is @ 7.60% to 11.2% (2010: 7.40% to 11%) per annum.

29.3 These represent Term Deposit Receipt (TDRs) and is subject to a Return @ 12.00% (2010: 12.00%) per annum.

		2011 Rupees	2010 Rupees
30. SALES comprises of:			
Local Sales:			
Goods		4,749,422,750	3,322,000,748
Waste		229,713,597	160,129,337
Total Local Sales		4,979,136,347	3,482,130,085
Export Sales:			
Direct Export			
Goods		7,682,594,727	5,079,685,615
Waste		44,920,909	4,199,163
Indirect Export - Goods		1,238,650,897	119,971,750
		8,966,166,533	5,203,856,528
Exchange Rate Gain		31,007,092	9,328,919
Export Rebate		512,346	200,956
Total Export Sales		8,997,685,971	5,213,386,403
		13,976,822,318	8,695,516,488
31. COST OF SALES			
31.1 This is made up as follows:			
Finished Goods at beginning of the year		437,956,614	269,365,917
Add: Cost of Goods:			
Manufactured	(Note 31.2)	11,905,607,020	6,837,725,677
Purchased		502,340,388	435,246,768
		12,407,947,408	7,272,972,445
		12,845,904,022	7,542,338,362
Finished Goods at end of the year		485,399,122	437,956,615
		12,360,504,900	7,104,381,747

		2011 Rupees	2010 Rupees
31.2 COST OF GOODS MANUFACTURED is made up as follows			
Work in process at beginning of the year		64,621,890	54,342,829
Raw Material Consumed	(Note 31.3)	10,161,666,510	5,248,836,274
Packing Material Consumed		125,189,791	115,587,860
Stores Consumed		237,601,217	210,691,735
Salaries, Wages & Benefits		481,111,025	376,675,830
Power & Fuel		692,729,016	623,821,949
Insurance		20,626,341	11,534,420
Repair & Maintenance		15,571,177	13,070,385
Processing Charges		3,068,528	5,880,446
Factory Lease Charges		42,000,000	78,000,000
Other Manufacturing Expenses		4,556,174	2,489,900
Depreciation	(Note 15.4)	188,508,446	161,415,939
		12,037,250,115	6,902,347,567
Work in Process at end of the Year		(131,643,095)	64,622,890
		11,905,607,020	6,837,725,677

	2011 Rupees	2010 Rupees
31.3 RAW MATERIAL CONSUMED is made up as follows		
Balance at beginning of the Year	1,752,171,035	1,685,686,515
Add: Purchases including Expenses	9,602,481,618	5,315,320,793
Available for Consumption	11,354,652,652	7,001,007,309
Balance at end of the Year	1,192,986,142	1,752,171,035
	10,161,666,510	5,248,836,274

	2011 Rupees	2010 Rupees
32. DISTRIBUTION COST comprises of		
Local Freight, Octroi and Other Charges	40,146,646	38,686,695
Sea Freight	60,071,826	48,386,124
Cleaning and Forwarding Expenses	11,637,693	4,614,341
Commission on Sales	118,084,279	79,197,257
Insurance	1,106,496	1,547,512
Export Regularity Duty	10,086,275	587,979
Terminal Handling Charges	2,324,560	6,352,530
Export Development Surcharge	18,281,592	11,193,013
Quality Claim	5,102,917	391,653
Sales Promotion Expenses	5,877,658	7,853,732
Others Expenses	3,145,869	22,526,773
	275,865,811	221,337,609

		2011 Rupees	2010 Rupees
33. ADMINISTRATIVE EXPENSES			
33.1 These comprise of			
Directors' Remuneration		3,180,000	1,740,000
Staff Salaries & Benefits		89,610,906	64,084,555
Printing & Stationery		742,627	441,805
Communication		5,420,507	4,511,998
Sui Gas & Water Charges		1,268,973	1,924,206
Electricity		1,769,259	965,678
Insurance		2,958,920	2,726,216
Travelling & Conveyance		26,752,949	15,808,910
Entertainment		2,962,804	1,659,755
Rent, Rates & Taxes		418,161	1,165,923
Vehicle Running & Maintenance		5,808,702	4,616,582
Repair & Maintenance		6,009,413	1,285,602
Fees & Subscriptions		419,935	989,016
Legal & Professional Charges		2,424,051	1,237,773
Auditors' Remuneration	(Note 33.2)	625,000	615,000
Advertisement & Publicity		51,700	138,713
ISO Expenses		3,371,394	1,704,341
Charity & Donations		6,079,108	1,989,466
Newspapers & Periodicals		97,668	47,630
Amortization of Intangible Asset	(Note 16)	2,187,892	2,187,892
Depreciation	(Note 15.4)	12,824,404	9,871,557
General Expenses		11,021,492	5,896,543
		186,005,865	125,609,161
33.2 AUDITORS' REMUNERATION relates to:			
Tariq Ayub, Anwar & Co.,			
Company's Statutory audit		600,000	600,000
Mehboob Sheikh & Co.,			
Workers' (Profit) Participation Fund Audit		25,000	15,000
		625,000	615,000
34. OTHER OPERATING EXPENSES comprises of:			
Loss on Investment		-	278,300
Balances Written Off		85,350	6,637,670
Workers (Profit) Participation Fund		31,989,089	34,335,135
Workers Welfare Fund		12,155,854	12,747,888
		44,230,293	53,998,993
35. OTHER OPERATING INCOME			
35.1 This comprises of:			
Fine Penalties & Claims	(Note 35.2)	179,089	32,453
Profit on Disposal of Fixed Assets		419,108	959,328
Sale of Salvage		13,000	500
Dividend Income		240,000	515,000
Gain on Sale of Investment	(Note 35.3)	771,684	8,289,766
Interest Income		604,598	21,360
Return on Bank Deposits		1,138,418	307,563
		3,365,897	10,125,970

35.2 This represents penalties on breach of Contract and quality claims against purchase of Cotton from the foreign Suppliers.

		2011 Rupees	2010 Rupees
35.3 GAIN ON INVESTMENTS arises on:			
Re-Measurement	(Note 27)	1,685	-
Sale		769,999	8,289,766
		771,684	8,289,766

36. FINANCE COST comprises of:

Interest / Mark-up on:		
Short Term Borrowings	284,855,757	338,749,265
Long Term Finance	164,930,037	167,962,755
Worker's (Profit) Participation Fund	1,963,688	259,031
Lease Finance Charges	1,543,789	-
Exchange Loss on Foreign Currency Finance	1,629,032	12,298,870
Bank Charges & Commission	63,022,206	48,341,328
	517,944,509	567,611,249

37. TAXATION

37.1 This relates to:

Current Year		
Current Taxation	144,838,529	76,661,861
Deferred Taxation	(107,302,469)	120,325,981
	37,536,060	196,987,842
Prior Years - Taxation	(17,628,253)	2,845,143
	19,907,807	199,832,985

37.2 In view of available Tax Losses, Current Taxation represents tax levied on Turnover U/S 113 on Local Sale and Final Tax U/S 169 deducted on export (direct/indirect) proceeds realized during the Year.

37.3 Income Tax Assessments of the Company up to Tax Year 2010 have either been Finalized or the Income Tax Returns were filed under self assessment scheme in accordance with the provisions of Income Tax Ordinance, 2001, hence deemed to be assessed as declared.

37.4 Numerical reconciliation between the effective tax and the applicable tax is not given as, in presence of available tax losses, the entire income of the Company is liable to the Presumptive Tax only.

38. EARNING PER SHARE (EPS)

Net Earning for the Year	575,729,030	432,870,714
	No. of Shares	
Weighted Average Number of Ordinary Shares outstanding during the Year for Basic EPS	18,806,714	18,799,742
Number of Dilutive Potential Ordinary Shares - net - Against Amalgamation with N Ltd.	-	10,515
Weighted Average Number of Ordinary Shares outstanding during the Year for Diluted EPS	18,806,714	18,810,257
Basic Earning per Share	30.61	23.03
Diluted Earning per Share	30.61	23.01

	2011 Rupees	2010 Rupees
39. CASH & CASH EQUIVALENTS comprise of:		
Cash & Bank Balances	184,697,805	46,855,071
Short Term Finances	(2,905,860,215)	(2,547,862,306)
	(2,721,162,410)	(2,501,007,235)

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Executive means an employee whose basic salary exceeds Rs. 500,000 (2010: Rs. 500,000) per year. The aggregate amount charged in the account for the year for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company is as follows:

	2011 RUPEES		
	Chief Executive	Director	Executive
PARTICULARS			
Managerial Remuneration	360,000	1,656,000	10,369,754
House Rent	156,000	744,000	13,921
Utility Allowance	24,000	-	-
Medical Allowance	-	-	1,036,975
	540,000	2,400,000	11,420,650
NUMBER OF PERSONS	1	1	18

	2010 RUPEES		
	Chief Executive	Director	Executive
PARTICULARS			
Managerial Remuneration	360,000	828,000	10,203,548
House Rent	156,000	372,000	652,415
Utility Allowance	24,000	-	-
Medical Allowance	-	-	1,020,355
	540,000	1,200,000	11,876,318
NUMBER OF PERSONS	1	1	17

41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 Financial assets and liabilities of the Company are as follows:

Particulars	2011 Rupees						
	Mark-Up Bearing			Non Mark-Up Bearing			Total
	Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after One Year	Sub-Total	
Financial Assets							
Long Term Investments	-	-	-	12,793,109	259,636	13,052,745	13,052,745
Long Term Loan	-	49,440,000	49,440,000	-	-	-	49,440,000
Long Term Deposits	-	-	-	-	12,182,062	12,182,062	12,182,062
Trade Debtors	-	-	-	1,064,937,858	-	1,064,937,858	1,064,937,858
Loans and advances	-	-	-	75,830,766	-	75,830,766	75,830,766
Trade Deposits	-	-	-	1,058,963	-	1,058,963	1,058,963
Interest Accrued	-	-	-	393,830	-	393,830	393,830
Short Term Investments	-	-	-	777,075	-	777,075	777,075
Dues with Government Deptt.	-	-	-	56,921,876	-	56,921,876	56,921,876
Other Receivables	-	-	-	34,358,712	-	34,358,712	34,358,712
Cash & Bank Balances	61,343,693	-	61,343,693	123,354,112	-	123,354,112	184,697,805
	61,343,693	49,440,000	110,783,693	1,370,426,301	12,441,698	1,382,867,999	1,493,651,692
Financial Liabilities							
Long Term Financing	460,998,233	1,109,803,277	1,570,801,510	-	-	-	1,570,801,510
Trade & Other Payables	-	-	-	391,301,932	-	391,301,932	391,301,932
Interest & Mark up accrued	138,258,354	-	138,258,354	-	-	-	138,258,354
Short Term Finances	2,905,860,215	-	2,905,860,215	-	-	-	2,905,860,215
	3,505,116,802	1,109,803,277	4,614,920,079	391,301,932	-	391,301,932	5,006,222,011
On Balance Sheet Gap	(3,443,773,109)	(1,060,363,277)	(4,504,136,386)	979,124,369	12,441,698	991,566,067	(3,512,570,319)

Particulars	2010 Rupees						
	Mark-Up Bearing			Non Mark-Up Bearing			Total
	Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after One Year	Sub-Total	
Financial Assets							
Long Term Investments	-	-	-	4,529,047	183,277,740	187,806,787	187,806,787
Long Term Loan	-	53,312,000	53,312,000	-	-	-	53,312,000
Long Term Deposits	-	-	-	-	10,502,992	10,502,992	10,502,992
Trade Debtors	-	-	-	759,341,474	-	759,341,474	759,341,474
Loans and advances	-	-	-	496,310,208	-	496,310,208	496,310,208
Trade Deposits	-	-	-	1,214,965	-	1,214,965	1,214,965
Interest Accrued	-	-	-	370,032	-	370,032	370,032
Short Term Investments	-	-	-	200,319	-	200,319	200,319
Dues with Government Deptt.	-	-	-	21,012,443	-	21,012,443	21,012,443
Other Receivables	-	-	-	39,936,474	-	39,936,474	39,936,474
Cash & Bank Balances	9,308,039	-	9,308,039	37,547,032	-	37,547,032	46,855,071
	9,308,039	53,312,000	62,620,039	1,360,461,994	193,780,732	1,554,242,726	1,616,862,765
Financial Liabilities							
Long Term Financing	397,525,775	1,265,678,557	1,663,204,332	-	-	-	1,663,204,332
Trade & Other Payables	-	-	-	209,736,872	-	209,736,872	209,736,872
Interest & Mark up accrued	116,249,849	-	116,249,849	-	-	-	116,249,849
Short Term Finances	2,547,862,306	-	2,547,862,306	-	-	-	2,547,862,306
	3,061,637,930	1,265,678,557	4,327,316,487	209,736,872	-	209,736,872	4,537,053,359
On Balance Sheet Gap	(3,052,329,891)	(1,212,366,557)	(4,264,696,448)	1,150,725,122	193,780,732	1,344,505,854	(2,920,190,594)

41.2 FINANCIAL RISK FACTORS

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

Risk management is carried out by Board of Directors of the Company. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

a) Market Risk

i) Currency Risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and other currencies. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and amounts receivables/ payables from / to the foreign entities. The Company exposure to currency risk was as follows:

	2011 USD	2010 USD	2011 Rupees	2010 Rupees
Trade Debts	7,114,360	5,804,802	600,893,487	495,982,023
Advances from Customers	(94,603)	(400,051)	(8,351,025)	(34,168,361)
Net Exposure	7,019,758	5,404,751	592,542,462	461,813,662

The following significant exchange rates have been applied:

	Average Rate		Reporting Rate	
	2011	2010		
USD to PKR	86.37	85.43	86.05	85.60

Sensitivity Analysis:

At reporting date, if the PKR had strengthened by 10% (2010: 10%) against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors and outstanding letter of credits.

Effect on Profit & Loss		
Trade Debts	60,089,349	49,598,202
Trade and Other Payables	(835,103)	(3,416,836)
Short Term Borrowings as FE-25 imports/Export Loan	(181,980,022)	(134,449,911)
Accrued Markup on FE 25 Import/Export Loans	(1,818,383)	(1,864,126)
Net Exposure	(124,544,159)	(90,132,671)

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

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

ii) Price Risk

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

iii) Interest Rate Risk

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

	Effective Percentage		Carrying Amount	
Financial Liabilities	**2011**	**2010**	**2011**	**2010**
Fixed Rate Instruments				
Long Term Financing	7	7	783,718,519	463,833,798
Variable Rate Instruments				
Long Term Financing	10.40 - 16.59	10.40 - 16.75	2,122,141,696	1,416,357,970
Short Term Borrowings	1.95 - 15.41	2.23 - 15.50	2,905,860,215	2,547,862,306

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any significant fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A Change in 1% in interest rates at the reporting date would have decreased/(increased) Profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis performed on the same basis for 2010.

	2011 Rupees	2010 Rupees
	Profit and Loss 1%	
	Increase	**Decrease**
As at 30 June 2011		
Cash flow sensitivity - Variable rate financial liabilities	(44,957,914)	44,957,914
As at 30 June 2010		
Cash flow sensitivity - Variable rate financial liabilities	(20,152,344)	20,152,344

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

b) Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2011 Rupees	2010 Rupees
Investments	13,829,820	4,989,106
Loans and Advances	16,696,103	9,751,053
Deposits	12,626,391	10,947,321
Trade Debts	1,064,937,858	759,341,474
Other Receivables	2,655,765	692,704
Bank Balances	181,760,454	45,117,142
	1,292,506,391	830,838,800

The Credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2011	2010
	Short Term	Long Term	Agency	Rupees	Rupees
National Bank of Pakistan	A-1+	AAA	JCR-VIS	20,217,966	335,258
Allied Bank Limited	A1+	AA	PACRA	69,750	73,518
Askari Bank Limited	A1+	AA	PACRA	69,219,921	16,331,113
Bank Alflah Limited	A1+	AA	PACRA	50,595	720,424
Faysal Bank Limited	A1+	AA	PACRA	360,222	20,500
Habib Bank Limited	A-1+	AA+	JCR-VIS	5,387,720	256,236
The Bank of Punjab	A1+	AA-	PACRA	63,380	830
Soneri Bank Limited	A1+	AA-	PACRA	78,833,118	17,099,632
MCB Bank Limited	A1+	AA+	PACRA	374,603	51,312
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,228,938	3,437,760
NIB Bank Limited	A1+	AA-	PACRA	6,906	6,358
RBS Bank	A1+	AA	PACRA	-	9,704
Silk Bank Limited	A-2	A-	JCR-VIS	31,890	31,890
Standard Chartered Bank	A1+	AAA	PACRA	178,655	1,157,693
KASB Bank Limited	A2	A-	PACRA	61,267	61,488
Meezan Bank Limited	A-1+	A+	JCR-VIS	274,028	3,650,018
Bank Al-Habib Limited	A1+	AA+	PACRA	109,039	74,960
Bank Islami Pakistan Ltd	A1	A	PACRA	345,345	20,847
Bank of Khyer	A2	A-	PACRA	46,611	10,500
Al-Baraka Islamic Bank	A-1	A	PACRA	4,900,500	1,767,101
				181,760,454	45,117,142

Due to Company's long outstanding business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

c) Liquidity Risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of founding through an adequate amount of committed credit facilities. At 30 June 2011, the Company had Rs. 8,158 (2010: Rs. 7,700) Million available borrowings limits from financial institutions and Rs. 184,697,942/- (2010: Rs. 46,855,071/-) cash and bank balances. Further, the Company has a positive working capital position at the year end and management believes the liquidity risk too low. Following are the maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Financial Liabilities Maturities as at 30th June, 2011:

	Carrying Amount	6 Month or Less	6-12 Month	1-2 Years	More than 2 Years
	----------------------	----------------------	Rupees	----------------------	----------------------
Long Term Financing	1,570,801,510	340,935,275	242,028,000	416,760,000	571,078,235
Trade and Other Payables	316,275,244	177,587,600	138,687,644	-	-
Short Term Borrowings	2,905,860,215	1,430,506,472	1,475,353,743	-	-

Financial Liabilities Maturities as at 30th June, 2010:

	Carrying Amount	6 Month or Less	6-12 Month	1-2 Years	More than 2 Years
	----------------------	----------------------	Rupees	----------------------	----------------------
Long Term Financing	1,663,204,332	204,014,902	201,628,195	502,062,387	755,498,848
Trade and other Payables	127,289,201	-	-	-	-
Short Term Borrowings	2,547,862,306	-	2,547,862,306	-	-

41.3 Fair Value of Financial Assets and Liabilities

The carrying value of all financial assets and liabilities reflected in Financial Statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

41.4 Financial Instruments by Categories
As at 30th June 2011

Assets as per Balance Sheet

	Loans and Advances	Fair Value through Profit and Loss	Available for Sale	Held to Maturity
	----------------------	Rupees	----------------------	
Investments	-	668,700	12,901,484	259,636
Loans and Advances	16,696,103	-	-	-
Deposits	12,626,391	-	-	-
Trade Debts	1,064,937,858	-	-	-
Other Receivables	2,655,765	-	-	-
Cash and Bank Balances	184,697,805	-	-	-
	1,281,613,922	668,700	12,901,484	259,636

Liabilities as per Balance Sheet

	Financial Liabilities at Amortized Cost
	Rupees
Long Term Financing	1,850,648,707
Accrued Mark-up	138,258,354
Short Term Borrowings	2,905,860,215
Trade and Other Payables	316,275,244
	5,211,042,520

As at 30th June 2010

Assets as per Balance Sheet

	Loans and Advances	Fair Value through Profit and Loss	Available For Sale	Held to Maturity
	----------------------	Rupees	----------------------	
Investments	-	98,000	4,631,366	259,740
Loans and advances	9,751,053	-	-	-
Deposits	10,947,321	-	-	-
Trade Debts	759,341,474	-	-	-
Other Receivables	692,704	-	-	-
Cash and Bank Balances	46,855,071	-	-	-
	827,587,623	98,000	4,631,366	259,740

Liabilities as per Balance Sheet

	Financial Liabilities at Amortized Cost
	Rupees
Long Term Financing	1,663,204,332
Accrued Mark-up	116,249,849
Short Term Borrowings	2,547,862,306
Trade and Other Payables	127,289,201
	4,454,605,688

41.5 CAPITAL RISK MANAGEMENT

The Company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce to cost of capital.

In orders to maintain or adjust the capital structure, the Company may adjust the amount through return capital to shareholders through repurchase of shares, right issue, issue new shares, obtain loan from sponsors or sell assets to reduce debt.

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. The ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in Note 7 and 12 respectively. The capital employed includes 'Total Equity' as shown in the balance sheet plus 'External Borrowings' and 'Loan from Directors and Sponsors'.

	2011 Rupees	2010 Rupees
The gearing ratio of the Company as on the balance sheet date was as follows:		
External Borrowings	4,476,661,725	4,211,066,638
Loan from Directors and Sponsors	251,336,690	216,987,436
Total Debt	4,727,998,415	4,428,054,074
Total Equity	1,917,781,078	1,158,873,548
Total Capital Employed	6,645,779,493	5,586,927,622
Gearing Ratio	71.14%	79.26%

42. SEGMENT REPORTING

42.1 REPORTABLE SEGMENTS

The Company's reportable segments are as follows:

- Spinning segment - production of different quality of yarn using natural and artificial fibers
- Weaving segment - production of different quality of gray fabric using yarn.

Information regarding the Company's reportable segments is presented below:

42.2 SEGMENTS REVENUE AND RESULTS

Follows is an analysis of the Company's revenue and results by reportable segments

	Spinning	Weaving	Elimination of Inter Segment Transaction	Total
	----------------------Rupees----------------------			
For the year ended 30 June 2011				
Sales	9,439,401,775	3,148,959,383	1,388,461,160	13,976,822,318
Cost of Sales	(8,242,133,991)	(2,729,909,749)	(1,388,461,160)	(12,360,504,900)
Gross Profit	1,197,267,784	419,049,634	-	1,616,317,418
Allocated Income and Expenses				
Distribution Cost	(212,461,205)	(63,404,606)	-	(275,865,811)
Administrative Expenses	(152,810,410)	(31,295,089)	-	(184,105,499)
Other Operating Income	2,730,906	634,991	-	3,365,897
	(362,540,709)	(94,064,704)	-	(456,605,413)
Profit before tax and unallocated expenses	834,727,075	324,984,930	-	1,159,712,005
Unallocated Expenses				
Administrative Expenses				(1,900,366)
Other operating expenses				(44,230,293)
Finance cost				(517,944,509)
Taxation				(19,907,807)
				(583,982,975)
				575,729,030

Profit after Taxation

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3 to the financial statements. Administrative expenses are apportioned on the basis of actual expenses incurred for the segments. Finance cost relating to long term loan is also allocated on the basis of purpose of loan for which it is obtained. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

42.3 GROSS REVENUE FROM MAJOR PRODUCTS AND SERVICES

	2011 Rupees	2010 Rupees
Yarn Export Sale	7,181,120,482	3,824,393,867
Fabric Export Sale	1,476,720,595	1,105,775,781
Waste Export Sale	44,920,909	4,199,163
Yarn Local Sale	3,562,141,462	2,507,882,782
Fabric Local Sale	1,187,281,288	814,117,966
Waste Local Sale	229,713,597	160,129,337
	13,681,898,333	8,416,498,896

	2011 Rupees	2010 Rupees

42.4 GEOGRAPHICAL INFORMATION

(a) The Company's gross revenue percentage from external customers by geographical location is detailed below:

	2011	2010
Domestic	45.45	44.22
Asia	48.83	50.23
Europe	4.51	4.99
America	1.18	0.55
Africa	0.03	0.00
	100.00	100.00

(b) All non-current assets of the Company as at 30 June 2011 are located and operating in Pakistan

42.5 SEGMENT ASSETS AND LIABILITIES

(a) Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

For the year ended 30 June 2011	**Spinning**	**Weaving**	**Total**
	------------------	**Rupees**	------------------
Total assets for reportable segments	7,284,362,520	1,846,779,913	9,131,142,433
Unallocated assets:			
Other Receivables			34,358,712
Cash and bank balances			184,697,805
Other Corporate assets			83,711,660
Total assets as per consolidated balance sheet			9,433,910,610
Total liabilities for reportable segments	3,324,206,128	462,277,940	3,786,484,068
Unallocated liabilities:			
Other Corporate liabilities			1,796,841,208
Total liabilities as per consolidated balance sheet			5,583,325,276

(b) For the purpose of monitoring segment performance and allocating resources between segment operating property, plant and equipment is allocated to reportable segments and all other assets are held under unallocated corporate assets; and

long term loan is allocated to reportable segment and all other liabilities (i.e.) surplus on revaluation of fixed assets, deferred liabilities, trade and other payables, short term borrowings and accrued mark up are held under allocated corporate liabilities.

43. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary undertaking and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in Note 40. Other significant transactions with related parties are as follows:

Description	**2011 Rupees**	**2010 Rupees**
Sale of Assets	-	8,664,318
Factory Lease Payments	26,000,000	78,000,000
Markup Expenses	27,428,882	50,282,027
Funds Transferred	-	384,660,247

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

	2011 Rupees	2010 Rupees
44. PLANT CAPACITY & ACTUAL PRODUCTION		
Spinning Section		
Owned Capacity		
Number of Spindles Installed	76,440	55,800
Number of Rotors Installed	2,000	2,000
Number of Spindle Shifts Worked	3	3
Number of Rotors Shifts Worked	3	3
Installed Capacity at 20/S Count (Kgs.) 365 Days	28,000,763	20,440,118
Actual Production of All Counts (Kgs.)	30,946,371	20,319,466
Actual Production Converted into 20/S Count (Kgs.)	24,493,778	17,956,248
Leased Capacity		
Number of Spindles Installed	17,280	20,640
Number of Spindle Shifts Worked	2	3
Capacity at 20/S Count (Kgs.) 181 Days	3,138,908	7,560,646
Actual Production of All Counts (Kgs.)	46,086	12,392,264
Actual Production Converted into 20/S Count. (Kgs.)	46,170	5,013,262
Weaving Section		
Owned Capacity		
Number of Looms Installed	130	120
Number of Looms Shifts Worked	3	3
Capacity at 50 picks/inch (Meters) - 365 days	32,409,330	29,471,525
Actual Production of All picks/inch	19,049,447	16,559,434
Actual Production Converted into 50 picks/inch	26,295,716	23,571,213
Leased Capacity		
Number of Looms Installed	80	N/A
Number of Looms Worked	None	N/A
Capacity at 50 picks/inch (Meters) - 181 days	9,972,102	N/A
Actual Production	-	N/A

It is difficult to describe precisely the production capacity in Spinning/Weaving Mills since it fluctuates widely depend on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular Year. The reason for under utilization of available capacity is attributable to normal Repair and Maintenance, Power failures and count changes.

45. CORRESPONDING FIGURES

No significant reclassification/ rearrangement of corresponding figures has been made.

46. DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue by the Board of Directors of the Company on 7th October, 2011.

	sd/-	sd/-
Lahore:	**(Hussain Ahmad Fazal)**	( )
7th October, 2011	Director	Chief Executive