

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ANJUM TEXTILE MILLS (PVT) LIMITED** as at **JUNE 30, 2012** 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 explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion-
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the period was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **JUNE 30, 2012** and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980- (XVIII of 1980).

FAISALABAD:

Date: SEPTEMBER 22, 2012

Zahid Jamil

CHARTERED ACCOUNTANTS

(Engagement Partner: Muhammad Amin)

From

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ANJUM TEXTILE MILLS (PVT.) LTD.
BALANCE SHEET
AS AT JUNE 30, 2012

	NOTE	2012 RUPEES	2011 RUPEES		NOTE	2012 RUPEES	2011 RUPEES
EQUITY & LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
SHARE CAPITAL				TANGIBLE			
Authorised				Property, plant and equipment			
2,000,000 (2011: 2,000,000) Ordinary				Operating fixed assets	12	622,358,931	373,263,467
shares of Rs. 100/- each		<u>200,000,000</u>	<u>200,000,000</u>	Capital work in progress	13	-	17,058,321
Issued, subscribed & paid up							
1,800,000 (2011: 1,800,000) Ordinary							
shares of Rs.100/- each fully paid in cash		180,000,000	180,000,000				
RESERVES							
Revenue							
General reserve		10,000,000	10,000,000				
Unappropriated profit		<u>105,977,476</u>	<u>121,265,174</u>				
		<u>295,977,476</u>	<u>311,265,174</u>				
SURPLUS ON REVALUATION							
OF OPERATING FIXED ASSETS	3	233,456,026	7,978,813	LONG TERM DEPOSITS	14	7,512,941	1,953,391
NON CURRENT LIABILITIES							
LONG TERM FINANCING	4	47,013,348	49,380,443				
LIABILITIES AGAINST ASSETS							
SUBJECT TO FINANCE LEASE	5	2,079,989	-				
DEFERRED LIABILITIES	6	130,070,647	24,046,985				
CURRENT LIABILITIES				CURRENT ASSETS			
Trade and other payables	7	135,781,949	52,130,162	Store, spares and loose tools		22,354,517	21,318,056
Mark-up accrued on loans	8	4,446,995	7,775,632	Stock in trade	15	143,530,643	77,739,830
Short term borrowings	9	76,520,109	32,157,792	Trade debts	16	24,140,993	23,190,081
Current portion of non current liabilities	10	26,977,509	80,350,053	Advances	17	7,040,320	11,832,440
				Trade deposits & short term			
				prepayments	18	2,790,842	1,308,689
				Other receivables	19	569,920	1,173,179
				Tax refunds due from the Government	20	26,754,323	26,301,902
				Cash and bank balances	21	48,301,569	9,945,698
		<u>243,726,562</u>	<u>172,413,639</u>			<u>275,483,127</u>	<u>172,809,875</u>
CONTINGENCIES & COMMITMENTS	11	-	-	Non current assets held for sale	22	46,969,049	-
		<u>952,324,048</u>	<u>565,085,054</u>			<u>952,324,048</u>	<u>565,085,054</u>

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

CHIEF EXECUTIVE

DIRECTOR

ANJUM TEXTILE MILLS (PVT.) LTD.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	NOTE	EXPORT DIVISION	SPINNING DIVISION	2012 RUPEES	2011 RUPEES
Sales	23	46,034,434	968,575,962	1,014,610,396	1,037,436,640
Cost of sales	24	43,784,487	894,598,402	938,382,889	882,649,644
Gross profit		2,249,947	73,977,560	76,227,507	154,786,996
Trading profit	25	-	-	-	719,703
		2,249,947	73,977,560	76,227,507	155,506,699
Operating expenses					
Distribution cost	26	1,015,156	2,693,533	3,708,689	5,021,004
Administrative	27	6,885,925	23,933,961	30,819,886	32,591,351
		7,901,081	26,627,494	34,528,575	37,612,355
Operating profit		(5,651,134)	47,350,066	41,698,932	117,894,344
Other income	28	336,108	1,102,561	1,438,669	70,275
Other charges					
Finance cost	29	4,379,542	25,240,424	29,619,966	36,005,443
Workers' profit participation fund		-	675,882	675,882	4,094,445
Workers' welfare fund	30	-	-	-	-
		4,379,542	25,916,306	30,295,848	40,099,888
Profit before taxation		(9,694,568)	22,536,321	12,841,753	77,864,731
Taxation					
Current		247,787	9,687,910	9,935,697	10,985,240
Deferred	6.1	-	24,080,766	24,080,766	31,346,615
Prior year	31	-	(267,185)	(267,185)	(3,396,419)
		247,787	33,501,491	33,749,278	38,935,436
Net (loss)/profit for the year		(9,942,355)	(10,965,170)	(20,907,525)	38,929,295

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

CHIEF EXECUTIVE

DIRECTOR

ANJUM TEXTILE MILLS (PVT.) LTD.
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	RUPEES	RUPEES
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,841,753	77,864,731
Adjustments of non cash / non operating items		
Depreciation	38,659,354	32,702,915
Finance cost	29,619,966	36,005,443
Staff retirement benefits - Gratuity	4,437,058	4,851,100
Profit on sale of operating fixed assets	(1,223,669)	(70,275)
	<u>71,492,709</u>	<u>73,489,183</u>
Operating profit before working capital changes	84,334,462	151,353,914
Changes in working capital		
(Increase) / decrease in current assets		
Store, spares and loose tools	(10,555,931)	(3,727,572)
Stock in trade	(65,790,813)	73,768,572
Trade debts	(950,912)	(4,831,824)
Advances	4,792,120	2,493
Trade deposits & short term prepayments	(1,482,153)	56,415
Other receivables	603,259	3,722
Tax refunds due from the Government	(1,164,393)	226,548
Increase / (decrease) in current liabilities		
Trade and other payables	87,746,232	(8,887,241)
	<u>13,197,409</u>	<u>56,611,113</u>
Cash generated from operations	97,531,871	207,965,027
Taxes paid	(8,956,540)	(9,161,094)
Workers' profit participation fund paid	(4,094,445)	-
Gratuity paid	(2,003,884)	(1,521,158)
Finance cost paid	(32,683,690)	(39,956,396)
	<u>(47,738,559)</u>	<u>(50,638,648)</u>
Net cash generated from operating activities	49,793,312	157,326,379
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of operating fixed assets	(4,617,200)	(20,231,726)
Proceeds from sale of operating fixed assets	2,850,000	215,000
Capital work in progress	3,161,805	(12,858,321)
Long term deposits	330,200	(5,520)
Net cash used in investing activities	1,724,805	(32,880,567)

	2012 RUPEES	2011 RUPEES
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	44,362,317	(59,166,655)
Liabilities against assets subject to finance lease	(807,415)	-
Long term financing	(56,717,148)	(65,026,382)
Net cash used in financing activities	(13,162,246)	(124,193,037)
Net increase in cash and cash equivalents (A+B+C)	38,355,871	252,775
Cash and cash equivalents at the beginning of the year	9,945,698	9,692,923
Cash and cash equivalents at the end of the year	48,301,569	9,945,698

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

CHIEF EXECUTIVE

DIRECTOR

**ANJUM TEXTILE MILLS (PVT.) LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012**

PARTICULARS	SHARE CAPITAL	REVENUE RESERVES		TOTAL
		GENERAL RESERVE	UNAPPROPRIATED PROFIT	
	Rupees	Rupees	Rupees	Rupees
Balance as on July 01, 2010	180,000,000	10,000,000	82,218,964	272,218,964
Net profit for the year	-	-	38,929,295	38,929,295
Revaluation surplus realized during the year (Incremental depreciation)	-	-	116,915	116,915
Balance as on June 30, 2011	180,000,000	10,000,000	121,265,174	311,265,174
Net loss for the year	-	-	(20,907,525)	(20,907,525)
Revaluation surplus realized during the year (Incremental depreciation)	-	-	5,619,827	5,619,827
Balance as on June 30, 2012	180,000,000	10,000,000	105,977,476	295,977,476

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

CHIEF EXECUTIVE

DIRECTOR

ANJUM TEXTILE MILLS (PVT.) LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. Status and activities

Anjum Textile Mills (Private) Limited was incorporated in Pakistan as on April, 1984 as a private limited company under the Companies Ordinance, 1984. The registered office of the company is situated at Anjum street, Industrial Estate road, Nalka kohala, Sargodha road, Faisalabad. The principal business of the company is the manufacture and sale of yarn and fabric.

2. Significant accounting policies

2.1. Accounting convention and basis of preparation

These financial statements have been prepared on the basis of "historical cost" convention except that certain operating fixed assets have been stated at revalued amounts. Moreover, these financial statements have been prepared on accrual basis except for cash flow information.

2.2. Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and 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. Taxation

2.3.1. Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account applicable tax credits, rebates and exemptions available under the law. Current year's taxation is charged under section 113 and section 169 read with section 153(1A) & 154 of The Income Tax Ordinance 2001.

2.3.2. Deferred

Deferred tax is accounted for using the liability method for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for the financial reporting purpose. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release 27 of Institute of Chartered Accountants of Pakistan.

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

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

The company also recognizes deferred tax liability on surplus on revaluation of assets which is adjusted against the related surplus as per the requirements of revised IAS 12 " Income Taxes".

2.4. Staff retirement benefits

The company operates an unfunded gratuity scheme covering all its employees. Provision is made annually to cover the obligation under this scheme, based on gross salary & length of service of employees.

2.5. Property, plant and equipment

2.5.1. Owned

Property, plant and equipment including all additions except land are stated at cost/revaluation less accumulated depreciation and any identified impairment losses.

Depreciation on additions is charged from the month in which assets are put to use and no depreciation is charged for the month in which asset is disposed off. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Impairment loss or its reversal, if any is also charged to profit. Where an impairment loss is recognized, depreciation charge is adjusted to allocate the asset's revised carrying amount over its estimated useful life. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal of property, plant and equipment, if any, are taken to profit and loss account currently.

2.5.2. Leased

Leased assets in terms of which the company assumes substantially all risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are recognized at lower of present value of minimum lease payments under the lease arrangement and fair value of assets acquired, each determined at the inception of lease. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. Lease payment are apportioned between finance charges and reduction of the liability against assets subject to finance leases so as to achieve a constant rate of interest on the remaining balance of liability. Financial charges are charged directly against income. Depreciation is charged at the rates specified in fixed assets schedule.

2.5.3. Capital work in progress

All costs / expenditures connected with specific assets, incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

2.6. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. All other borrowing costs are charged to profit and loss account during the year.

2.7. Store, spares and loose tools

These are valued at cost, determined on moving average method less allowance for obsolete and slow moving items. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.8. Stock in trade

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

Raw materials

In hand

Weighted average cost

In transit

Invoice value and related expenses incurred up to balance sheet date.

Work in process

Cost of direct material, labor and appropriate manufacturing overheads based on normal capacity.

Finished goods /
Waste

Cost or net realizable value, whichever is lower. Net realizable value represents the estimated selling price less estimated cost necessary to make the sale.

2.9. Trade debts and other receivables

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

2.10. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

2.11. Non-current assets held for sale

Non-current assets (or disposal group) are classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of its previous carrying amount and fair value less costs to sell.

Non-current assets (or disposal group) classified as held for sale that no longer meet the criteria of classification as held for sale are transferred to non-current assets at the lower of:

- Its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the assets not been classified as held for sale, and
- Its recoverable amount at the date of the subsequent decision not to sell.

Gains and losses on disposal of non-current assets (or disposal group) held for sale are included in current income.

2.12. Trade and other payables

Liabilities for trade and other payables are measured 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.

2.13. Provisions

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

2.14. Revenue recognition

Revenue from sales is recognized on dispatch/provision of goods/services to the customers. Export goods are considered dispatched when shipped on board.

2.15. Foreign currency transactions

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

Exchange differences are included in current income. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

2.16. Offsetting of financial assets and financial liabilities

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

2.17. Impairment

An assessment is made at each balance sheet date to determine whether there is an indication for impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the profit and loss account.

2.18. Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

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

	NOTE	2012 RUPEES	2011 RUPEES
3. Surplus on revaluation of operating fixed assets			
Balance as on July 01	3.1	8,362,890	8,479,805
Created during the year	3.2	310,606,762	-
Incremental depreciation transferred		(8,421,425)	(116,915)
		310,548,227	8,362,890
Related deferred tax liability			
Opening balance		384,077	-
Transferred to unappropriated profit on account of incremental depreciation		(2,801,598)	(38,407)
Transferred from deferred tax liability	6.1	79,509,722	422,484
		77,092,201	384,077
Balance as on June 30,		233,456,026	7,978,813

3.1. It represents surplus on revaluation of free hold land on market value, building thereon and plant & machinery on depreciated replacement values of the export division that was carried out by independent valuer in April, 1993.

3.2. It represents surplus on revaluation of free hold land, building thereon, plant & machinery and electric installation & appliances of the spinning division on present market values that was carried out by independent valuer in March 14, 2012.

4. Long term financing

Secured - Under mark-up arrangements

From banking companies

Bank Alfalah Limited - Term finance I

4.1

42,000,000

64,000,000

Habib Bank Limited - Demand finance I

-

2,650,053

Habib Bank Limited - Demand finance II

-

34,100,000

Unsecured - Interest free

From directors

31,013,348

28,980,443

73,013,348

129,730,496

Current portion transferred to current liabilities

Term finance I

(26,000,000)

(52,000,000)

Demand finance I

-

(2,650,053)

Demand finance II

-

(25,700,000)

(26,000,000)

(80,350,053)

47,013,348

49,380,443

4.1. It represents term finance for spinning unit. It is secured against first EM charge over entire spinning unit of the company of Rs. 530 M. The markup is charged @ average 6 months KIBOR plus 1.50 % p.a. (2011: average 6 months KIBOR plus 1.50 % p.a.). The loan is repayable in monthly installments of Rs. 2.00 M upto February 28, 2014 .

	NOTE	2012 RUPEES	2011 RUPEES
5. Liabilities against assets subject to finance lease			
Opening balance		-	-
Obtained during the year	5.1	3,600,000	-
		<u>3,600,000</u>	<u>-</u>
Paid during the year		(542,502)	-
		<u>3,057,498</u>	<u>-</u>
Current portion shown under current liabilities		(977,509)	-
		<u>2,079,989</u>	<u>-</u>

Particulars	2012 (RUPEES)			2011 (RUPEES)		
	Minimum lease payment	Finance cost for future periods	Present value of minimum lease payments	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
Within one year	1,384,140	406,631	977,509	-	-	-
After one year but not more than five years	2,320,865	240,876	2,079,989	-	-	-
Total	3,705,005	647,507	3,057,498	-	-	-

- 5.1** It represents finance obtained against vehicle under finance lease liability. The purchase option is available to the company on payment of last installment and surrender of deposit paid under the agreement. The liability represents total minimum lease payments discounted at the rate ranging from 6 months KIBOR + 6% p.a. There is no major restriction imposed by leasing company.

	NOTE	2012 RUPEES	2011 RUPEES
6. Deferred liabilities			
Deferred taxation	6.1	120,876,331	17,285,843
Staff retirement benefits - Gratuity	6.2	9,194,316	6,761,142
		<u>130,070,647</u>	<u>24,046,985</u>

6.1. Deferred taxation

Deferred tax			
Opening balance		17,285,843	(14,444,849)
Reversed during the year		-	14,444,849
Deferred tax liability charged to			
Profit and loss account		24,080,766	16,901,766
Revaluation surplus		79,509,722	384,077
Closing balance	6.1.1	<u>120,876,331</u>	<u>17,285,843</u>

	NOTE	2012 RUPEES	2011 RUPEES
6.1.1. Deferred tax liability			
Accelerated tax depreciation		154,559,378	67,699,259
Deferred tax assets			
Carry forward tax losses		(16,214,028)	(32,959,736)
Provision for gratuity		(3,058,719)	(2,366,400)
Minimum tax paid		(14,410,300)	(15,087,280)
		(33,683,047)	(50,413,416)
Net deferred tax liability		120,876,331	17,285,843
Deferred tax liability recognized		120,876,331	17,285,843

6.2. Staff retirement benefits - Gratuity

Opening balance		6,761,142	3,431,200
Provided during the year		4,437,058	4,851,100
		11,198,200	8,282,300
Paid / adjusted during the year		(2,003,884)	(1,521,158)
		9,194,316	6,761,142

6.2.1. The management is of the opinion that the carrying amount recognized as on the balance sheet date approximates the amount required to settle the liability.

7. Trade and other payables

Creditors			
Trade & services	7.1	49,547,521	22,046,301
Advance against sale of non current assets		50,000,000	-
Advances from customers		11,927,559	12,044,035
Accrued charges		14,474,840	10,326,044
Commission	7.1	1,488,114	1,136,783
Workers' profit participation fund		675,882	4,094,445
Audit fee		400,000	400,000
Income tax withheld		114,916	56,450
Book overdrawn		1,700,545	345,139
Letter of credit		2,619,732	-
Research & development support	7.2	-	-
Others	7.1	2,832,840	1,680,965
		135,781,949	52,130,162

7.1. Prior year figures have been reclassified for better presentation. (See Note # 32.1)

7.2. Research & development support

Balance as on July 01,		-	-
R & D support received during the year		157,082	143,825
Received during the year		157,082	143,825
Expenses incurred on research & development;			
Skill development and training		92,695	72,095
Professional consultancy charges		25,610	38,750
Production efficiency		38,777	32,980
		(157,082)	(143,825)
Balance as on June 30,		-	-

8. Mark-up accrued on loans

Long term financing		1,456,285	4,185,097
Short term borrowings		2,990,710	3,590,535
		4,446,995	7,775,632

-----2012-----											
PARTICULARS	GROSS CARRYING AMOUNT					DEPRECIATION				W.D.V AS AT 30-06-2012	RATE %
	TOTAL AS AT 01-07-2011	ADDITIONS/ (DELETIONS)	ADJUSTMENT FOR REVALUATION SURPLUS	REVALUATION SURPLUS	TOTAL AS AT 30-06-2012	ACCUMULATED	ADJUSTMENT	FOR THE YEAR	ACCUMULATED		
						AS AT 01-07-2011			AS AT 30-06-2012		
Export division											
Owned											
Land - freehold	9,538,315	(9,538,315)	-	-	-	-	-	-	-	-	-
Building on freehold land	48,420,120	(48,420,120)	-	-	-	34,480,819	(35,874,749)	1,393,930	-	-	10
Plant and machinery	62,644,074	(62,644,074)	-	-	-	41,910,582	(43,983,931)	2,073,349	-	-	10
Electric installation and appliances	15,307,002	169,000 (15,476,002)	-	-	-	9,920,757	(10,471,765)	551,008	-	-	10
Factory equipments	53,300	(53,300)	-	-	-	33,598	(35,568)	1,970	-	-	10
Office equipments	2,632,737	(2,261,587)	-	-	371,150	1,678,116	(1,684,380)	95,462	89,198	281,952	10
Furniture & fixture	2,283,617	36,400 (2,320,017)	-	-	-	1,625,760	(1,693,973)	68,213	-	-	10
Vehicles	4,396,196	- (39,900)	-	-	4,356,296	3,658,562	(26,008)	146,709	3,779,263	577,033	20
	145,275,361	205,400 (140,753,315)	-	-	4,727,446	93,308,194	(93,770,374)	4,330,641	3,868,461	858,985	
Spinning division											
Owned											
Land - freehold	11,806,287	-	-	61,120,713	72,927,000	-	-	-	-	72,927,000	
Building on freehold land	141,744,744	575,000	(37,619,661)	69,372,917	174,073,000	34,021,705	(37,619,661)	6,499,173	2,901,217	171,171,783	5
Plant and machinery	326,650,854	-	(164,947,962)	125,697,108	287,400,000	153,397,755	(164,947,962)	21,130,207	9,580,000	277,820,000	10
Electric installation and appliances	40,238,643	17,280,436	(19,335,103)	54,416,024	92,600,000	17,460,903	(19,335,103)	4,960,867	3,086,667	89,513,333	10
Factory equipments	408,500	14,500	-	-	423,000	192,305	-	22,828	215,133	207,867	10
Office equipments	124,010	-	-	-	124,010	61,376	-	6,263	67,639	56,371	10
Computers	393,049	24,500	-	-	417,549	346,490	-	18,818	365,308	52,241	30
Furniture & fixture	278,098	-	-	-	278,098	128,593	-	14,951	143,544	134,554	10
Vehicles	7,199,465	4,043,600 (2,453,000)	-	-	8,790,065	1,938,223	(840,561)	1,258,606	2,353,268	6,436,797	20
	528,843,650	21,938,036 (2,453,000)	(221,902,726)	310,606,762	637,032,722	207,547,350	(222,743,287)	33,908,713	18,712,776	618,319,946	
LEASED											
Vehicles	-	3,600,000	-	-	3,600,000	-	-	420,000	420,000	3,180,000	
	528,843,650	25,538,036 (2,453,000)	(221,902,726)	310,606,762	640,632,722	207,547,350	(222,743,287)	34,328,713	19,132,776	621,499,946	
RUPEES	674,119,011	25,743,436 (143,206,315)	(221,902,726)	310,606,762	645,360,168	300,855,544	(316,513,661)	38,659,354	23,001,237	622,358,931	

-----2011-----									
PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION				W.D.V AS AT 30-06-2011	RATE %
	TOTAL AS AT 01-07-2010	ADDITIONS/ (DELETIONS)	TOTAL AS AT 30-06-2011	ACCUMULATED AS AT 01-07-2010	ADJUSTMENT	FOR THE YEAR	ACCUMULATED AS AT 30-06-2011		
Export division									
Owned									
Land - freehold	9,538,315	-	9,538,315	-	-	-	-	9,538,315	-
Building on freehold land	48,003,333	416,787	48,420,120	32,959,022	-	1,521,797	34,480,819	13,939,301	10
Plant and machinery	59,420,486	3,223,588	62,644,074	39,755,300	-	2,155,282	41,910,582	20,733,492	10
Electric installation and appliances	15,020,202	286,800	15,307,002	9,333,776	-	586,981	9,920,757	5,386,245	10
Factory equipments	53,300	-	53,300	31,409	-	2,189	33,598	19,702	10
Office equipments	2,431,837	200,900	2,632,737	1,579,438	-	98,678	1,678,116	954,621	10
Furniture & fixture	2,283,617	-	2,283,617	1,552,665	-	73,095	1,625,760	657,857	10
Vehicles	4,396,196	-	4,396,196	3,474,153	-	184,409	3,658,562	737,634	20
	141,147,286	4,128,075	145,275,361	88,685,763	-	4,622,431	93,308,194	51,967,167	
Spinning division									
Owned									
Land - freehold	11,806,287	-	11,806,287	-	-	-	-	11,806,287	-
Building on freehold land	129,658,865	12,085,879	141,744,744	28,777,088	-	5,244,617	34,021,705	107,723,039	5
Plant and machinery	326,650,854	-	326,650,854	134,147,411	-	19,250,344	153,397,755	173,253,099	10
Electric installation and appliances	39,123,386	1,115,257	40,238,643	14,950,596	-	2,510,307	17,460,903	22,777,740	10
Factory equipments	408,500	-	408,500	168,283	-	24,022	192,305	216,195	10
Office equipments	124,010	-	124,010	54,417	-	6,959	61,376	62,634	10
Computers	383,649	9,400	393,049	328,550	-	17,940	346,490	46,559	30
Furniture & fixture	271,598	6,500	278,098	112,462	-	16,131	128,593	149,505	10
Vehicles	4,812,850	2,886,615	7,199,465	1,283,334	(355,275)	1,010,164	1,938,223	5,261,242	20
		(500,000)							
	513,239,999	16,103,651	528,843,650	179,822,141	(355,275)	28,080,484	207,547,350	321,296,300	
		(500,000)							
RUPEES	654,387,285	20,231,726	674,119,011	268,507,904	(355,275)	32,702,915	300,855,544	373,263,467	
		(500,000)							

2012
NOTE **RUPEES** **2011**
RUPEES

12.1. Depreciation for the year has been allocated as follows;

Cost of goods manufactured	36,633,332	31,295,539
Administrative	2,026,022	1,407,376
	<u>38,659,354</u>	<u>32,702,915</u>

13. Capital work in progress

Building	-	1,730,969
Electric installation and appliances	-	15,327,352
	<u>-</u>	<u>17,058,321</u>

14. Long term deposits

Considered good		
Securities		
Electricity	7,066,030	1,519,880
Telephone and mobiles	86,911	89,911
Lease key money	360,000	343,600
	<u>7,512,941</u>	<u>1,953,391</u>

15. Stock in trade

Raw material	79,819,579	13,212,371
Work in process	7,719,573	7,266,726
Finished goods	55,991,491	57,260,733
	<u>143,530,643</u>	<u>77,739,830</u>

16. Trade debts

Considered good		
Local - unsecured	24,140,993	23,190,081

	NOTE	2012 RUPEES	2011 RUPEES
17. Advances			
Considered good			
Advances			
Staff		1,886,633	1,023,703
Supplies & services		4,598,103	8,583,932
Letter of credit		552,671	2,218,608
Others		2,913	6,197
		<u>7,040,320</u>	<u>11,832,440</u>
18. Trade deposits & short term prepayments			
Deposits			
Bank guarantee margin		50,000	50,000
Cash security - SNGPL		642,000	88,000
Prepayments			
Bank guarantee commission		258,786	134,132
Insurance		1,840,056	1,036,557
		<u>2,790,842</u>	<u>1,308,689</u>
19. Other receivables			
Considered good			
Duty drawback		544,720	546,831
Subsidy on mark-up		-	601,148
Others		25,200	25,200
		<u>569,920</u>	<u>1,173,179</u>
20. Tax refunds due from the Government			
Income tax		2,239,510	2,951,482
Sales tax		24,514,813	23,350,420
		<u>26,754,323</u>	<u>26,301,902</u>
21. Cash and bank balances			
Cash in hand		19,743,401	6,354,347
Cash with banks			
in current accounts		28,558,168	3,591,351
		<u>48,301,569</u>	<u>9,945,698</u>
22. Non-current assets held for sale			
Land		9,538,315	-
Building		12,545,371	-
Plant and machinery		18,660,143	-
Electric installation and appliances		5,004,237	-
Factory equipments		17,732	-
Office equipments		577,207	-
Furniture & fixture		626,044	-
		<u>46,969,049</u>	<u>-</u>

22.1. The company is in the process to dispose off the above non-current assets as per terms of the agreement.

	NOTE	EXPORT DIVISION	SPINNING DIVISION	2012 RUPEES	2011 RUPEES
23. Sales					
Export		-	-	-	6,337,831
Export services		42,511,434	-	42,511,434	41,593,580
Local		3,523,000	968,575,962	972,098,962	989,505,229
		<u>46,034,434</u>	<u>968,575,962</u>	<u>1,014,610,396</u>	<u>1,037,436,640</u>
24. Cost of sales					
Cost of goods manufactured	24.1	41,853,397	895,260,250	937,113,647	883,721,284
Finished goods					
Opening stock		52,604,115	4,656,618	57,260,733	56,224,857
Closing stock		(50,673,025)	(5,318,466)	(55,991,491)	(57,260,733)
		1,931,090	(661,848)	1,269,242	(1,035,876)
Duty drawback		-	-	-	(35,764)
		<u>1,931,090</u>	<u>(661,848)</u>	<u>1,269,242</u>	<u>(1,071,640)</u>
		<u>43,784,487</u>	<u>894,598,402</u>	<u>938,382,889</u>	<u>882,649,644</u>
24.1. Cost of goods manufactured					
Raw material consumed	24.1.1	1,309,148	688,007,219	689,316,367	671,445,803
Fuel and power		12,608,892	92,434,509	105,043,401	81,444,887
Salaries, wages & benefits		11,706,558	48,381,273	60,087,831	57,385,552
Weaving & sizing charges		1,733,583	-	1,733,583	894,896
Processing charges		-	-	-	555,232
Packing & other material		-	10,376,317	10,376,317	9,317,066
Store & spares		9,718,866	19,178,735	28,897,601	27,693,282
Repair & maintenance		259,152	2,619,674	2,878,826	1,852,332
Insurance		181,575	2,079,971	2,261,546	2,387,474
Depreciation (refer note 12.1)		4,020,257	32,613,075	36,633,332	31,295,539
Freight		-	-	-	380,162
Other materials, services & overheads	24.1.2	81,330	256,360	337,690	639,522
		<u>41,619,361</u>	<u>895,947,133</u>	<u>937,566,494</u>	<u>885,291,747</u>
Work in process					
Opening stock		415,251	6,851,475	7,266,726	5,696,263
Closing stock		(181,215)	(7,538,358)	(7,719,573)	(7,266,726)
		234,036	(686,883)	(452,847)	(1,570,463)
Cost of goods manufactured		<u>41,853,397</u>	<u>895,260,250</u>	<u>937,113,647</u>	<u>884,791,538</u>
24.1.1. Raw material consumed					
Purchases					
Yarn		-	-	-	1,915,250
Cloth		1,069,802	-	1,069,802	-
Cotton		-	426,725,739	426,725,739	296,021,349
Polyester		-	328,128,034	328,128,034	297,134,293
		<u>1,069,802</u>	<u>754,853,773</u>	<u>755,923,575</u>	<u>595,070,892</u>
Stock					
Opening		2,158,256	11,054,115	13,212,371	89,587,282
Closing		(1,918,910)	(77,900,669)	(79,819,579)	(13,212,371)
		239,346	(66,846,554)	(66,607,208)	76,374,911
		<u>1,309,148</u>	<u>688,007,219</u>	<u>689,316,367</u>	<u>671,445,803</u>
24.1.2. Other materials, services & overheads					
Other factory overhead		<u>81,330</u>	<u>256,360</u>	<u>337,690</u>	<u>639,522</u>
25. Trading profit					
Sales		-	-	-	10,239,523
Cost of sales					
Material including direct expenses		-	-	-	9,519,820
		<u>-</u>	<u>-</u>	<u>-</u>	<u>719,703</u>

	NOTE	EXPORT DIVISION	SPINNING DIVISION	2012 RUPEES	2011 RUPEES
26. Distribution cost					
Freight & octroi		-	-	-	456,148
Clearing & forwarding		-	-	-	59,577
Others		4,640	-	4,640	1,350
Commission	26.1	1,010,516	2,693,533	3,704,049	4,503,929
		<u>1,015,156</u>	<u>2,693,533</u>	<u>3,708,689</u>	<u>5,021,004</u>

26.1. Prior year figures have been reclassified for better presentation . (See Note # 32.1)

27. Administrative

Directors' remuneration	27.1	-	3,360,000	3,360,000	3,315,000
Salaries & benefits		4,242,805	12,134,703	16,377,508	19,120,218
Telephone, mobile and communications		13,699	520,179	533,878	457,864
Electricity		308,346	512,825	821,171	482,270
Insurance		-	181,476	181,476	271,308
Printing and stationery		2,617	118,597	121,214	189,859
Vehicle running and maintenance		505,672	2,219,510	2,725,182	2,487,353
Repair & maintenance		97,995	208,574	306,569	110,845
Traveling		21,317	199,046	220,363	287,454
Entertainment		6,601	744,212	750,813	664,269
Rent, rates & taxes		278,301	573,244	851,545	624,107
Lease rentals		-	50,240	50,240	602,880
News paper & periodicals		419	8,738	9,157	10,149
Audit fee		100,000	300,000	400,000	400,000
Legal & professional		5,100	189,200	194,300	344,385
Depreciation (refer note 12.1)		310,384	1,715,638	2,026,022	1,407,376
Others		992,669	897,779	1,890,448	1,816,014
		<u>6,885,925</u>	<u>23,933,961</u>	<u>30,819,886</u>	<u>32,591,351</u>

27.1 Directors' remuneration

	DIRECTORS	
No. of persons	2	2
Remuneration for services	3,054,576	3,013,636
Medical allowance	305,424	301,364
	<u>3,360,000</u>	<u>3,315,000</u>

28. Other income

From financial assets				
Scrap sale	-	215,000	215,000	-
From assets other than financial assets				
Profit on sale of operating fixed assets	336,108	887,561	1,223,669	70,275
	<u>336,108</u>	<u>1,102,561</u>	<u>1,438,669</u>	<u>70,275</u>

29. Finance cost

Bank charges & commission	246,329	886,475	1,132,804	1,960,225
Lease finance charges	-	264,913	264,913	-
Mark-up on secured loans				
- on long term financing	4,133,213	7,503,885	11,637,098	18,571,548
- on short term borrowings	-	16,585,151	16,585,151	15,473,670
	<u>4,379,542</u>	<u>25,240,424</u>	<u>29,619,966</u>	<u>36,005,443</u>

30. In light of judgment of Honorable Lahore High Court, Lahore in writ petition No. 8753/2011 the Workers' Welfare Fund should only be charged on taxable profits. Due to tax losses, the same has not been charged in these financial statements.

	NOTE	EXPORT DIVISION	SPINNING DIVISION	2012 RUPEES	2011 RUPEES
31. Prior year					
Advance income tax		-	267,185	267,185	2,179,613
Workers' welfare fund		-	-	-	1,216,806
		<u>-</u>	<u>267,185</u>	<u>267,185</u>	<u>3,396,419</u>

32. General

32.1. Following figures have been reclassified for better presentation:

Account head	Previous head	Current head
Creditors - Others (Rs. 1,668,665/-)	Trade and other payables Creditors - Trade & services	Trade and other payables Other payables
Creditors - Commission (Rs. 15,668/-)	Trade and other payables Creditors - Trade & services	Trade and other payables Commission
Commission & Brokerage (Rs.1,070,254/-)	Cost of sales - Cost of goods manufactured Other materials, services & overheads	Distribution cost

32.2. Nomenclature of the following account has been changed in these financial statements:

Current nomenclature	Previous nomenclature
Tax refunds due from the Government	Tax refunds due from Government
Staff retirement benefits - Gratuity	Staff retirement benefits

33. Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors on September 22, 2012.

34. Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR