

43rd ANNUAL REPORT 2012



Quetta Textile Mills Limited

QUETTA TEXTILE MILLS LIMITED

CORPORATE VISION / MISSION

STATEMENT

VISION

Quetta Textile Mills Limited is one of the leading manufacturers & exporters of yarns & fabrics in Pakistan. The Company aims to become a market leader by producing high quality products with the help of latest technologies. The Company strives to explore new markets worldwide and at the same time tries to integrate its supply chain and diversify its customer portfolio. The Company aims to be fittest in a changing market scenario through effective Balancing, Modernization & Replacement of existing machinery.

MISSION

Our aim is to make Quetta Textile Mills Limited a secure & rewarding investment for its shareholders & investors, a reliable source of high quality yarns & fabrics at affordable prices to its customers all over the world, a secure place of work to its employees & an ethical partner to its business associates.

QUETTA TEXTILE MILLS LIMITED

Annual Report 2012

For the Year Ended June 30, 2012

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QUETTA TEXTILE MILLS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tariq Iqbal (Chief Executive)
Mr. Tauqir Tariq
Mr. Asim Khalid
Mr. Omer Khalid
Mrs. Saima Asim
Mrs. Tabbasum Tariq
Mrs. Sadaf Khalid

AUDIT COMMITTEE

Mr. Asim Khalid (Chairman)
Mrs. Sadaf Khalid (Member)
Mrs. Tabbasum Tariq (Member)

CHIEF FINANCIAL OFFICER

Mr. Omer Khalid

COMPANY SECRETARY

Mr. Muhammed Sohrab Ghani

AUDITORS

Mushtaq and Company
Chartered Accountants
407 / 4th Floor, Commerce Centre
Hasrat Mohani Road, Karachi

BANKERS

Allied Bank Limited
Al-Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Burj Bank Limited
Dubai Islamic Bank, Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

REGISTERED OFFICE

Nadir House (Ground Floor)
I. I. Chundrigar Road, Karachi

MILLS

P/3 & B/4, S.I.T.E., Kotri
49 K.M. Lahore Multan Road, Bhai Pheru

QUETTA TEXTILE MILLS LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN of the 48th Annual General Meeting of the Shareholders to be held on Wednesday , October 31, 2012 at 09.00 a.m. at the Registered office of the company at Nadir House, Ground floor, I.I Chundrigar Road, Karachi to transact the following business.

1. To confirm the minutes of the 47th General Meeting held on October 31, 2011.
2. To receive, consider and approve the Audited Accounts and Directors Report thereon for the year ended June 30, 2012.
3. To appoint Auditors for the year 2012-2013 and fix their remuneration.
4. To transact any other business with the permission of the Chairman.

Karachi: October 08, 2012

By order of the Board
MOHAMMAD SOHRAB GHANI
Company Secretary

1. A member entitled to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. Proxies in order to be valid must be received at the registered office of the company 48 Hours before meeting commences.
2. For the purpose of entitlement of dividend, the Register of the members of the company will remain closed at registered office from October 25, 2012 to October 31, 2012 (both days inclusive) and dividend approved will be paid to such members whose name appear in the Company's register of member at the close of business on October 24, 2012.
3. Guidelines for CDC Account Holders for personal attendance:
 - i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his / her identity by showing his/her original NIC at the time of attending the meeting
 - ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
4. Shareholders are required to promptly notify at registered office of the company of any change in their address.

QUETTA TEXTILE MILLS LIMITED

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

It is a pleasure to present the results of the company for the year ended June 30, 2012.

Your company earned a profit before tax of Rs.157.50 (M) as compared to Rs.773.47 (M) last year. Turnover for the year ended was Rs.11.14 (B), as compared to corresponding year 2011 amounting to Rs.14.34 (B), showing a decrease of 22.33% due to significant decrease in cotton, yarn and fabric prices. Demand for yarns and fabrics remained strong in China but European markets were negatively affected by the ongoing financial crises in Europe.

Though it was generally a good year for spinning for the company, weaving business in general was under intense margin pressure and the acute gas shortage and chronic power shutdowns badly affected the company's profitability. Our mills in Punjab had to run on furnace oil for about 100 days at a stretch. Besides this, there was persistently no gas available for 3-4 days per week. Gas shortages are likely to be even more intense in times to come. Hence to overcome this problem, the company is investing in its own grid station which will likely be operational by end of this year.

We expect another good cotton crop this year in Pakistan as well as the world and this will improve margins in spinning. Nevertheless, the highly volatile financial markets and uncertainties prevailing in Europe continue to threaten the world economy and commodity prices.

Re-structuring of the Sukuk Redeemable Capital for another 5 years (till 2020) is still in process. The same will be finalized shortly.

The government has started taking a positive step to bring down interest rates but there is still much room for more reduction. Interest rates should be brought down to single digit. Besides, the relentless government borrowing from the banks is squeezing out credit to the private sector. This is severely harming the growth of private sector and thus sowing the seeds of stagnation for the economy.

The company continues its focus on BMR in our spinning and weaving mills which is very critical to cater to an ever-changing need of customers. Demand for Pakistan yarn is rising especially in China due to closure of spindleage there. This is expected to improve business conditions for exporting mills in Pakistan.

I am pleased to inform you that the company has re-paid the following long-term debts during the period mentioned below:

	<u>July 2009 to June 2010</u>	<u>July 2010 to June 2011</u>	<u>July 2011 to June 2012</u>	<u>Total</u>
Amount re-paid	Rs.380 (M)	Rs.475 (M)	Rs. 358 (M)	Rs.1,213 (M)

In the end I would like to thank all the financial institutions for their continued support and confidence they have shown towards the company. To the workers, staff and officers, I extend my gratitude for their dedication and honesty.



TARIQ IQBAL
Chief Executive

Karachi: October 08, 2012

QUETTA TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE SHARE HOLDERS:

The Directors have pleasure in presenting the 43rd Annual Report of the company and the Auditor's Report thereon for the year ended June 30, 2012.

FINANCIAL RESULTS

	Rupees
Net Profit before taxation	157,549,126
Less: Taxation	121,109,282
Net Profit after taxation	<u>36,439,845</u>
Un-appropriated profit brought forward	1,295,695,419
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation charged in current year	29,303,467
Dividend paid @ 15% for the year ended June 30, 2011	(19,500,000)
Available for appropriation	1,341,938,731
Un-appropriated profit	<u>1,341,938,731</u>
Profit after Taxation	36,439,845
Ordinary Shares	13,000,000
Earnings per share	2.80

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Director's report.

Operational Performance

	Year ended June 30		Increase /
	2012	2011	(Decrease)
	(Amount in Rupees)		%age
Total Sales	11,141,096,998	14,343,553,424	(22.33%)
Local Sales	4,842,463,546	7,660,755,907	(36.79%)
Export Sales	6,298,633,452	6,682,797,517	(5.75%)
Gross Profit	1,471,067,861	2,293,589,872	(35.86%)

Salient Feature of the Accounting Results

The achievement of the year under review may be compared against preceding year in are as under

	Year ended June 30	
	2012	2011
	(Amount in Rupees)	
Sales	11,141,096,998	14,343,553,424
Cost of Sales	<u>(9,670,029,137)</u>	<u>(12,049,963,552)</u>
Gross profit	1,471,067,861	2,293,589,872
Distribution cost	(375,466,269)	(389,769,766)
Administrative Expenses	(38,237,210)	(35,755,750)
Other operating expenses	(11,010,624)	(122,050,909)
Finance cost	(893,506,964)	(978,217,081)
	(1,318,221,067)	(1,525,793,506)
Other Operating Income	4,702,331	5,671,971
Profit before Tax	<u>157,549,126</u>	<u>773,468,337</u>

QUETTA TEXTILE MILLS LIMITED

Financial Management

Cash flow Management

The Company has an effective Cash Flow Management system in Place whereby cash inflows and out flows are projected on regular basis. Working Capital requirements are planned to be financed through internal cash generation and short term borrowings from external resources where necessary.

Risk Mitigation

The Inherent risks and uncertainties in running a business directly affect the success of business. The management of Quetta Textile Mills Limited has identified its exposure to the potential risks. As a part of our policy to produced forward looking statement we are outlining the risks which may effect our business. This exercise also helps the management focus on a strategy to mitigate risk factors.

Credit Risk

All financial assets of the company except cash in hand are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk. Exposure is Managed through application of credit limits to its customers secured by and on the base of past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sector and generally the industry. The company believes that it is prudent to provide Provision of doubt full debts.

Liquidity Risk

Prudent liquidity risk management ensures availability of the sufficient funds for meeting contractual commitments. The Company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit lines with financial institutions.

Interest Rate Risk

Majority of the interest rate exposure arises from short and long term borrowing from banks. Therefore, a change in interest rates at the reporting date would not effect the profit and loss accounts.

Foreign Exchange Risk.

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The company is mainly exposed to short term USD/ PKR parity on its imports of raw material and Plant and Machinery.

Production facilities.

Performance of our production facilities was excellent with unprecedented levels of output. Our team continued to improve efficiencies through harmonized efforts, eliminating wastage and avoidance of shutdowns on numerous occasions. The Company is determined to continue its focus on maximum capacity utilization for sustained profitability and to maintain its position as the leading Textile Manufacturer of the Country.

DIVIDEND

The Board of Directors have recommended Nil Dividend for year ended June 30, 2012 Due to persistence energy crises in Punjab and Sindh and liquidity crunch, the Board has not recommended any dividend (2010: 15% cash Dividend).

AUDITORS

The Present Auditors M/s. Mushtaq and Company Chartered Accountants retired and being eligible offer themselves for re-appointment

Safety, Health and Environment

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

QUETTA TEXTILE MILLS LIMITED

Environmental protection measures

Your company always ensures environment preservation and adopts all the possible means for environment protection. We have been taking various steps to ensure minimal dust and emission from our plant and our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions.

Corporate Social Responsibility

Your Company is fully aware of its corporate social responsibility and has been working positively to raise the educational, health and environmental standards of the Country in general and local communities in particular. Your Company is extensively supporting various educational and health projects.

PATTERN OF SHARE HOLDING

The pattern of shareholding as on June 30, 2012 is annexed to this report.

SUMMARY OF FINANCIAL DATA

Financial data for last six years in summarized form is annexed.

ATTENDANCE AT THE BOARD MEETING DURING THE YEAR 2011-2012

All the directors keenly take interest in the company's affairs. During the year Sixteen Board Meetings were held, Attendance by each director was as under:-

Name of Directors	No of Meetings attended
Mr. Tariq Iqbal	8
Tauqir Tariq	6
Mr. Asim Khalid	7
Mr. Omer khalid	8
Sadaf Kahlid	5
Mrs. Saima Asim	6
Mrs. Tabbasum Tariq	06

Leave of absence was granted to the directors who could not attend some of the meetings. During the period under review there was no trading of the Company's share by the Chief Executive, Chief Financial Officer, and Company Secretary, there spouses and minor children.

AUDIT COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee. The name of its members are given in the company profile.

The term of reference of the Audit Committee based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the board of directors from time to time to improve the system and prsedures. Within the frame work of term of reference determined by board of directors, the Audit Committee, among other things, will recommend appointment of external auditors and review of periodical statements.

CORPORATE GOVERNANCE

The Board of Directors hereby declares that for the year ended June 30, 2012.

QUETTA TEXTILE MILLS LIMITED

- a) The Financial statements, together with the notes thereon have been drawn up in conformity with the Companies Ordinance 1984. These Statements present fairly the Company's state of affairs, result of its operations, cash flow and change in equity
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of Internal control is sound in design and has been effectively implemented and monitored.
- f) There is no significant doubt upon the Company's ability to continuous a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Key operating and financial data for the last six years in summarized from is annexed.

CONCLUSION

The Directors place on record their appreciation to the officers, members of the staff and workers for their efforts and hard work

For and on behalf of the Board of Directors



TARIQ IQBAL

Chief Executive

Karachi: October 08, 2012

QUETTA TEXTILE MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012

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

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

1. The company encourages representation of independent non executive directors and directors presenting minority interest on its Board of Directors. The Board of directors of the Company has always supported implementation of the highest standards of Corporate Governance at all times.
2. The directors have confirmed that none of the directors of the company are serving as a director in more than ten listed companies, including this company.
3. The Company has prepared a "Code of Conduct", which has been signed by all the directors, non workmen employees and has been communicated formally to workmen employees of the Company.
4. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
5. There was no casual vacancy occurred during the year.
6. There is no change in position of Chief Financial Officer, Head of Internal Audit and Company Secretary during the year ended 30th June 2012.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met once in every quarter. During the year four meetings of Board of Directors was held. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
8. All the directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFIs. No director in the board is a member of any Stock exchange in Pakistan.
9. The Board arranged one orientation course for its directors during the year.
10. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.
11. The director's report has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.
12. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
13. The Board has formed an audit committee. It comprises three members, of whom two are non executive directors.
14. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, majority of them including Chairman of committee are non executive directors.

QUETTA TEXTILE MILLS LIMITED

15. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors have been taken by the Board.
16. The Company has complied with all the corporate and financial reporting requirements of the Code.
17. All material information as described in clause (Xiii) of the Code of Corporate Governance is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in time.
18. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
18. The Board has set up effective internal audit function with suitable qualified and experienced personnel, which are involved in the internal audit function on full time basis.
20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programmer of the Institute of Chartered Accountants of Pakistan, that they are not aware of any instances where shares of the company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are compliant with International Federation of accountants (IFAC) guidelines on Code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).
21. The "Closed Period", prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. All transactions with related parties have been carried out on arm's length basis. Transactions with related parties have been placed before the audit committee and board of directors' meeting for their consideration and formal approval.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. We confirm that all other material principles contained in the code have been complied with.

On Behalf of the Board of Directors



TARIQ IQBAL
Chief Executive

Karachi: October 08, 2012

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 362639843

Branch Office: 20-B, Block-G, Gulberg-III, Lahore. Tel: 35884926 Fax: 35843360

Email Address: mushtaq_vohra@hotmail.com

Member of



Illinois, USA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Quetta Textile Mills Limited** as at June 30, 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by 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 verifications, we report that;

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2012 and of the profit, comprehensive profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

KARACHI:

Date: **October 08, 2012**

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Shahabuddin A. Siddiqui

F.C.A

QUETTA TEXTILE MILLS LIMITED

SUMMARY OF FINANCIAL DATA 2007-2012

	June 2007	June 2008	June 2009	June 2010	June 2011	June 2012
Profit and Loss						
Net sales (Rs.000)	4,912,815	5,769,155	7,514,898	9,334,111	14,343,553	11,141,096
Gross Profit (Rs.000)	500,414	593,843	1,337,706	1,707,970	2,293,589	1,471,067
Profit before tax (Rs.000)	144,334	46,556	98,968	375,591	773,468	157,549
Profit after tax (Rs.000)	83,197	27,187	30,721	255,034	583,795	36,440
Cash Outflows						
Taxes paid (Rs.000)	51,087	56,467	31,468	51,583	124,745	118,063
Financial charges paid (Rs.000)	265,246	501,913	859,771	958,328	927,091	888,786
Fixed capital expenditures (Rs.000)	516,070	863,987	458,072	156,914	455,966	190,057
Balance sheet						
Current assets (Rs.000)	2,225,983	3,254,813	3,857,386	3,552,358	4,483,595	4,426,787
Current liabilities (Rs.000)	2,246,671	3,568,583	4,408,998	4,069,031	4,551,077	4,855,243
Operating fixed assets (Rs.000)	3,340,924	3,972,109	4,871,288	4,775,130	5,090,266	5,057,443
Total assets (Rs.000)	5,661,208	7,513,237	8,912,046	8,508,167	9,646,738	9,553,696
Long term loans and finances (Rs.000)	2,090,583	2,164,689	2,123,703	1,743,354	1,619,468	1,721,125
Share holders' equity (Rs.000)	612,897	413,903	1,263,353	1,536,790	2,192,119	2,238,689
Ratios						
Current ratio (As per SBP regulations)	0.99	0.91	0.87	0.87	0.99	0.91
Equity: Debt ratio (As per SBP regulations)	0.35	0.35	0.39	0.47	0.58	0.57
Leverage	3.27	3.69	3.35	2.56	2.07	2.07
Gross profit to sales	10.2%	10.3%	17.8%	18.3%	15.99%	13.20%
Net Profit before tax to sales	2.94%	0.81%	1.32%	4.02%	5.39%	1.41%
Proposed Dividend	26.62	8.70	9.83	28.60	44.91	2.80
Earning per share	15%	NIL%	NIL%	20%	15%	NIL%

QUETTA TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING (FORM - A)

Pattern of holding of the shares held by the shareholders as at 30-06-2012 is given below

No of Shareholders	Shareholding				Total Share Held
93	From	1	To	100	Shares 2,566
68	From	101	To	500	Shares 16,904
25	From	500	To	1,000	Shares 20,588
25	From	1,001	To	5,000	Shares 45,802
8	From	5,001	To	10,000	Shares 59,340
3	From	10,001	To	15,000	Shares 38,464
1	From	15,001	To	20,000	Shares 18,000
2	From	20,001	To	25,000	Shares 44,272
1	From	25,001	To	30,000	Shares 25,884
2	From	30,001	To	35,000	Shares 67,826
1	From	40,001	To	45,000	Shares 42,460
1	From	50,001	To	55,000	Shares 52,082
1	From	125,001	To	130,000	Shares 126,670
1	From	155,001	To	160,000	Shares 156,358
1	From	190,001	To	195,000	Shares 190,358
1	From	210,001	To	215,000	Shares 214,663
2	From	280,001	To	285,000	Shares 563,688
1	From	310,001	To	315,000	Shares 313,167
1	From	325,001	To	330,000	Shares 327,683
1	From	330,001	To	335,000	Shares 334,272
1	From	350,001	To	355,000	Shares 352,000
1	From	390,001	To	395,000	Shares 393,760
1	From	435,001	To	440,000	Shares 437,393
1	From	445,001	To	450,000	Shares 449,205
1	From	470,001	To	475,000	Shares 471,318
2	From	485,001	To	490,000	Shares 485,978
1	From	565,001	To	570,000	Shares 1,132,094
1	From	595,001	To	600,000	Shares 595,177
1	From	605,001	To	610,000	Shares 607,303
1	From	630,001	To	635,000	Shares 631,983
1	From	645,001	To	650,000	Shares 649,759
1	From	650,001	To	655,000	Shares 653,728
1	From	690,001	To	695,000	Shares 694,353
1	From	745,001	To	750,000	Shares 745,350
1	From	785,001	To	790,000	Shares 786,615
1	From	1,250,001	To	1,255,000	Shares 1,252,937
256			Total		13,000,000

Categories of Shareholders	No of Shareholders	Share Held	Percentage
Individuals	242	12,918,032	99.37
Investment Corporation of Pakistan	1	250	0.00
Insurance Companies	1	52,082	0.40
Joint Stock Companies	8	17,775	0.14
Financial Institutions	3	11,860	0.09
Securities & Exchange Commission of Pakistan	1	1	0.00
Total	256	13,000,000	100.00

QUETTA TEXTILE MILLS LIMITED

DETAIL OF PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE AS AT 30TH JUNE 2012

Name of shareholders		No of Shareholders	Share held	Percentage
1	<u>ASSOCIATES COMPANIES</u>			
2	<u>NIT & ICP</u>			
	Investment Corporation of Pakistan	1	250	0.00
3	<u>Directors, CEO their Spouse and Minor Childern</u>	8		
	Mr. Tariq Iqbal (Director & CEO)		566,059	4.35
	Mr. Asim Khalid (Director)		935,730	7.20
	Mr. Omer Khalid (Director)		959,303	7.38
	Mrs. Saima Asim (Director)		8,700	0.07
	Mrs. Sadaf Khalid (Director)		3,000	0.02
	Mrs. TabbasumTariq (Director)		694,353	5.34
	Mr. Tauqeer Tariq (Director)		631,983	4.86
	Mrs. Tahmina Tauqeer		449,205	3.46
4	<u>Executive</u>		Nil	
5	<u>Public Sector Companies & Corporations</u>		Nil	
6	<u>Bank Development Finance Institution, Non-Banking Finance Institution, Insurance Companies, Modarabas & Mutual Fund</u>	5		
	State Life Insurance Corporation of Pakistan		52,082	0.40
	Securities & Commission of Pakistan		1	0.00
	National Industries Co-operate Finance Corpration Ltd		364	0.00
	National Bank Of Pakistan, Trustee Wing		11,496	0.09
7	<u>ShareholdersHoding 10% or More</u>		NIL	
8	<u>Individuals</u>	234	8,669,699	66.69
9	<u>Others</u>	8	17,775	0.14
Total		256	13,000,000	100.00

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of **Quetta Textile Mills Limited** (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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

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

KARACHI:

Date: **October 08, 2012**

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Shahabuddin A. Siddiqui

F.C.A

QUETTA TEXTILE MILLS LIMITED

BALANCE SHEET AS AT JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	5,081,501,470	5,133,308,010
Long term investments	6	-	2,786,576
Long term deposits	7	45,408,552	26,742,702
		5,126,910,022	5,162,837,288
CURRENT ASSETS			
Stores, spare and loose tools	8	469,317,021	449,805,371
Stock in trade	9	3,254,744,406	2,947,780,363
Trade debts	10	335,898,019	658,397,688
Other financial assets	11	7,121,668	15,898,000
Loans and advances	12	154,740,781	192,394,294
Short term prepayments	13	7,290,735	6,450,130
Income tax and sales tax refundable	14	189,265,392	188,514,029
Cash and bank balances	15	8,408,728	24,661,647
		4,426,786,750	4,483,901,522
		<u>9,553,696,772</u>	<u>9,646,738,810</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2011: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2011: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital	16	130,000,000	130,000,000
Reserves	17	2,108,689,931	2,062,119,628
		2,238,689,931	2,192,119,628
Surplus on revaluation of property, plant and equipment	18	723,968,701	743,015,956
NON CURRENT LIABILITIES			
Long term finances	19	206,510,861	255,208,177
Redeemable capital - Sukuk	20	923,333,333	1,177,250,000
Loan from directors and others	21	52,900,000	78,776,000
Liabilities against assets subject to finance lease	22	88,567,741	187,010,286
Deferred liabilities	23	464,483,065	461,976,060
		1,735,795,000	2,160,220,523
CURRENT LIABILITIES			
Trade and other payables	24	692,331,979	360,935,227
Accrued interest / mark-up	25	173,070,772	168,349,923
Short term borrowings	26	3,487,123,043	3,652,262,111
Current portion of long term finance			
Long term finances	19	145,585,732	157,892,190
Redeemable capital - Sukuk	20	253,916,667	115,416,667
Liabilities against assets subject to finance lease	22	103,214,947	96,526,585
		4,855,243,140	4,551,382,703
Contingencies and Commitments	27		
		<u>9,553,696,772</u>	<u>9,646,738,810</u>

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

Karachi: October 08, 2012


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

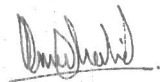
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
Sales	28	11,141,096,998	14,343,553,424
Cost of sales	29	(9,670,029,137)	(12,049,963,552)
Gross profit		1,471,067,861	2,293,589,872
Selling and distribution expenses	30	(375,466,269)	(389,769,766)
Administrative expenses	31	(38,237,210)	(35,755,750)
Other operating expenses	32	(11,010,624)	(122,050,909)
Finance cost	33	(893,506,964)	(978,217,081)
		(1,318,221,067)	(1,525,793,506)
Profit from operations		152,846,794	767,796,366
Other Operating Income	34	4,702,332	5,671,971
Profit before taxation		157,549,126	773,468,337
Taxation	35	(121,109,281)	(189,672,887)
Profit after taxation		36,439,845	583,795,450
Earnings per share - basic and diluted	36	2.80	44.91

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



TARIQ IQBAL
Chief Executive



OMER KHALID
Director

Karachi: October 08, 2012

QUETTA TEXTILE MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
Profit after taxation		36,439,845	583,795,450
Other comprehensive income:			
Unrealized gain on remeasurement of available for sale investments		326,991	65,986,583
Total comprehensive income for the year		<u>36,766,836</u>	<u>649,782,033</u>

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

Karachi: October 08, 2012



TARIQ IQBAL
Chief Executive



OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

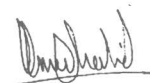
CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,731,126,226	1,254,960,131
Long term loans and deposits		(18,665,850)	(9,239,190)
Interest paid		(888,786,115)	(927,091,095)
Gratuity paid		(25,033,374)	(15,701,602)
Workers' profit participation fund paid		(42,109,849)	(21,029,058)
Taxes paid		(118,063,455)	(124,745,067)
		(1,092,658,643)	(1,097,806,012)
Cash flows from operating activities		638,467,583	157,154,119
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(190,057,292)	(455,966,320)
Long term investments		3,113,567	90,188,441
other financial assets		9,314,774	(3,475,335)
Proceeds from disposal of property, plant and equipment		525,500	90,000
Dividend received		878,000	1,086,169
Cash (used in) investing activities		(176,225,451)	(368,077,045)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		(61,003,774)	(188,334,013)
Redeemable capital - Sukuk - net		(115,416,667)	(69,250,000)
Liabilities against assets subject to finance lease - net		(91,754,183)	2,405,734
Short term borrowings - net		(165,139,068)	458,433,552
Loans from directors - net		(25,876,000)	54,876,000
Dividend paid		(19,305,359)	(25,765,280)
		(478,495,051)	232,365,993
Net increase in cash and cash equivalents		(16,252,919)	21,443,067
Cash and cash equivalent at the beginning of the year		24,661,647	3,218,580
Cash and cash equivalent at the end of the year	15	8,408,728	24,661,647

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



TARIQ IQBAL
Chief Executive



OMER KHALID
Director

Karachi: October 08, 2012

QUETTA TEXTILE MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2012

	Reserves						Unappropriated profit	Total equity	
	Share Capital	Share premium	Capital reserve	Reserve for power generation plant	General reserve	Gain/(loss) on available for sale investment			Sub total
Rupees									
Balance as at July 01, 2010	130,000,000	651,750,000	1,200	-	115,000,000	(66,313,574)	700,437,626	706,287,162	1,536,724,788
Final dividend for the year June 30, 2010 @ Rs. 2 per share	-	-	-	-	-	-	-	(26,000,000)	(26,000,000)
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	-	31,612,807	31,612,807
Profit after taxation for the year ended June 30, 2011	-	-	-	-	-	-	-	583,795,450	583,795,450
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	-	65,986,583	65,986,583	-	65,986,583
Total comprehensive income for the year ended June 30, 2011	-	-	-	-	-	65,986,583	65,986,583	583,795,450	649,782,033
Balance as at June 30, 2011	130,000,000	651,750,000	1,200	-	115,000,000	(326,991)	766,424,209	1,295,695,419	2,192,119,628
Balance as at July 01, 2011	130,000,000	651,750,000	1,200	-	115,000,000	(326,991)	766,424,209	1,295,695,419	2,192,119,628
Final dividend for the year June 30, 2011 @ Rs. 1.5 per share	-	-	-	-	-	-	-	(19,500,000)	(19,500,000)
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of deferred tax	-	-	-	-	-	-	-	29,303,467	29,303,467
Profit after taxation for the year ended June 30, 2012	-	-	-	-	-	-	-	36,439,845	36,439,845
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	-	326,991	326,991	-	326,991
Total comprehensive income for the year ended June 30, 2012	-	-	-	-	-	326,991	326,991	36,439,845	36,766,836
Balance as at June 30, 2012	130,000,000	651,750,000	1,200	-	115,000,000	-	766,751,200	1,341,938,731	2,238,689,931

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

Karachi: October 08, 2012


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

Quetta Textile Mills Limited (the Company) was incorporated in Pakistan on January 29, 1970 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Karachi Stock Exchange. The main business of the company is manufacturing and sale of yarn and fabric. The registered office of the company is situated at ground floor Nadir House I.I Chundrigar road Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of The Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under The Companies Ordinance, 1984, provisions of and directives issued under The Companies Ordinance, 1984. Wherever the requirements of The Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of The Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments to published standards effective in current year:

- ✦ IFRS 7, (Amendments), 'Financial instruments: disclosures', emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The application of this amendment has no material impact on the Company's financial statements.
- ✦ IAS 1, (Amendments), 'Presentation of financial statements', clarifies that an entity shall 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. Accordingly, the Company has presented analysis of other comprehensive income for each component of equity in the statement of changes in equity.
- ✦ IAS 24, (Revised), 'Related party disclosures', issued in November 2009 supersedes IAS 24, 'Related Party Disclosures', issued in 2003. The revised standards clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the Government and other government-related entities. The application of this standard has impacted the related part disclosures in the Company's financial statements.
- ✦ IAS 27, (Amendments), 'Consolidated and separate financial statements', clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28 'Investments in associated' and IAS 31, 'Interests in joint ventures', apply prospectively for annual periods beginning on or after July 01, 2009, or earlier when IAS 27 is applied earlier. The application of this amendment has no material impact on the Company's financial statements.
- ✦ IAS 32, 'Financial instruments presentation-classification of right issues', issued in October 2009 addresses the accounting for right issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such right issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The application of the amendment has no material impact on the Company's financial statements.
- ✦ IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The application of this interpretation has no material impact on the Company's financial statements.

- ✦ IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'. The amendments corrects an unintended consequence of IFRIC 14, 'IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendment, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IRFIC 14 was issued, and the amendments correct this. The application of this amendment has no material impact on the Company's financial statements.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

- ✦ IFRS 7 (Amendments), 'Financial instruments disclosure'. These are applicable on accounting periods beginning on or after July 01, 2011. These amendments arise from the IASB's review of off-balance sheet activities. The amendments shall promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. Earlier application is permitted. The Company shall apply these amendments from January 01, 2012 and does not expect to have a material impact on its financial statements.
- ✦ IFRS 9, 'Financial instruments; addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39, 'Financial instruments'. Recognition and measurement'. IFRS 9 has two measurement categories; amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivative. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.
- ✦ IFRS 12 - 'Disclosures of interest in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The Company shall apply this standard from January 01, 2012 and does not expect to have a material impact on its financial statements.
- ✦ IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.
- ✦ IAS 1 (Amendments), 'Presentation of financial statements'. This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from these amendment is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit and loss (reclassification adjustments). The amendment does not address which items are presented in OCI. The Company shall apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.
- ✦ IAS 19 (Amendments), 'Employees benefits' is applicable on accounting periods beginning on or after January 01, 2013. The amendment shall eliminated the corridor approach and calculated finance costs on a net funding basis. The Company shall apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.
- ✦ IAS 27 (Revised 2011), 'Separate financial statements' includes the provisions on separate financial statements that are left after the control of IAS 27 have been included in the new IFRS 10. The revised standard is applicable for accounting periods beginning on or after January 01, 2013. The Company shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. 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. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

◇ Provision for taxation

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

◇ Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

◇ Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

◇ Property, plant and equipment

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

4 Summary of Significant Accounting Policies

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.

4.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

4.2 Employee benefits

4.2.1 Compensated absences

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

Post retirement benefits

4.2.2 Defined benefit plans

The Company operates an unfunded gratuity scheme for its permanent employees as per the terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 percent of the greater of the present value of the Company's obligations are amortized over the expected average remaining working lives of the eligible employees. Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on a straight line basis over the average period until the amended benefits become vested.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

4.3 Taxation

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

4.3.1 Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 1% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

4.3.2 Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

4.4 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.5 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

4.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

4.7 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment except land, building, certain items of plant and machinery and capital work in process are stated at cost less accumulated depreciation and impairment, if any.

Land, building and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluation are performed with sufficient regularity so that the fair value and carrying value don't differ materially at the end of reporting period.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

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

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

4.8 Capital work in process

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for intended use.

4.9 Investments

4.9.1 Investments in associate - Equity Method

Investment in associates is accounted for using the equity method. These are entities in which the company has significant influence which is neither a subsidiary nor a joint venture of the company.

4.9.2 Derivative financial instruments

The Company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency borrowings and effects on cash flow of any fluctuations in interest rates. Such derivative financial instruments are stated at fair value.

4.9.3 Financial assets at fair value through profit or loss

Financial assets classified as held for trading and those designed as such are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near item. Gains or losses on such investments are recognized in profit and loss account.

4.9.4 Held-to-maturity investments

Non-derivative financial assets 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. Investments intended to be held for an undefined period are not included in this classification.

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 valuations techniques.

4.9.5 Available for sale

Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale are stated at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available for sale investments are recognised directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

4.10 Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps and cross currency swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

4.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

4.12 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.13 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows;

Raw material At weighted average cost or replacement cost which ever is lower

Work in At average manufacturing cost

Finished goods At average manufacturing cost or net realisable value which ever is lower

Waste Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

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

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

4.14 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

4.16 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognised when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

4.17 Borrowing costs

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

4.18 Impairment

All company's assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated. Impairment losses are recognized in the profit and loss account currently.

4.19 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.

4.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.21 Transactions with related party

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Ordinance 1984.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

4.22 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 a business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

4.23 Capital management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.

5 PROPERTY, PLANT AND EQUIPMENT

		2012	2011
	Note	Rupees	Rupees
Operating fixed assets	5.1	5,057,443,511	5,090,266,750
Capital work in progress - at cost	5.2	24,057,959	43,041,260
		<u>5,081,501,470</u>	<u>5,133,308,010</u>

5.1 Operating fixed assets

2012										
Cost as at July 01, 2011	Additions / (deletions)	Transfers in/(out)	Cost as at June 30, 2012	Accumulated depreciation as at July 01, 2011	Depreciation charge / (deletion) for the year	Transfers in/(out)	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012	Annual depreciation rate %	
Rupees										
Owned Assets										
Spinning Units :										
Freehold land	439,940,000	-	439,940,000	-	-	-	-	439,940,000	-	
Leasehold land	93,037,897	-	93,037,897	5,371,652	906,147	-	6,277,799	86,760,098	99 years	
Building on freehold land	475,880,566	5,488,103	481,368,669	154,885,918	16,187,310	-	171,073,228	310,295,441	5%	
Building on leasehold land	384,337,524	753,959	385,091,483	92,193,420	14,629,270	-	106,822,691	278,268,792	5%	
Labour colony on freehold land	51,652,180	-	51,652,180	17,476,202	1,708,799	-	19,185,001	32,467,179	5%	
Labour colony on leasehold land	81,115,005	-	81,115,005	11,828,070	3,464,347	-	15,292,417	65,822,588	5%	
Plant and machinery	2,934,990,407	126,696,354	3,061,686,761	1,429,156,510	77,479,910	8,172,862	1,514,809,282	1,581,921,817	5%	
Electrical fitting	50,113,290	10,237,560	60,350,850	33,621,741	3,396,304	-	37,018,045	23,332,805	15%	
Factory equipment	22,425,620	-	22,425,620	15,652,995	1,015,894	-	16,668,889	5,756,731	15%	
Office premises	22,120,321	-	22,120,321	11,991,493	1,519,324	-	13,510,817	8,609,504	15%	
Office equipment	20,123,831	668,004	20,791,835	13,885,479	1,005,642	-	14,891,121	5,900,714	15%	
Furniture and fixture	12,831,480	13,814	12,845,294	9,707,435	470,037	-	10,177,472	2,667,822	15%	
Vehicles	49,578,798	1,650,000	51,228,798	32,252,346	2,727,507	-	33,586,390	15,794,908	15%	
		(1,847,500)			(1,393,463)					
	4,638,146,919	143,660,294	4,781,807,213	1,828,023,262	123,117,028	8,172,862	1,959,313,152	2,857,538,399		
Weaving Unit:										
Building on freehold land	272,234,059	3,195,456	275,429,515	97,307,926	8,852,198	-	106,160,124	169,269,391	5%	
Labour colony on freehold land	24,609,823	-	24,609,823	7,284,161	866,283	-	8,150,444	16,459,379	5%	
Plant and machinery	1,288,492,336	14,222,621	1,302,714,957	438,525,537	42,699,203	-	481,224,740	821,490,217	5%	
Electrical fitting	29,208,215	-	29,208,215	19,633,376	1,436,226	-	21,069,602	8,138,613	15%	
Factory equipment	12,200,488	-	12,200,488	6,560,117	846,056	-	7,406,173	4,794,315	15%	
Office equipment	3,121,673	255,000	3,376,673	768,171	374,508	-	1,142,679	2,233,994	15%	
Furniture and fixture	1,731,174	162,350	1,893,524	1,128,524	94,014	-	1,222,538	670,986	15%	
Vehicles	6,083,667	1,230,840	7,314,507	1,621,499	822,517	-	2,444,016	4,870,491	15%	
	1,637,681,435	19,066,267	1,656,747,702	572,829,311	55,991,006	-	628,820,317	1,027,927,385		
Power Plant:										
Building on freehold land	89,391,861	-	89,391,861	24,426,849	3,248,251	-	27,675,100	61,716,761	5%	
Building on leasehold land	31,724,992	-	31,724,992	25,985,251	286,987	-	26,272,238	5,452,754	5%	
Plant and machinery	980,826,032	43,451,486	1,024,277,518	339,138,377	32,822,228	-	371,960,605	652,316,913	5%	
Electrical fitting	44,783,117	-	44,783,117	23,699,524	3,162,539	-	26,862,063	17,921,054	15%	
Factory equipment	7,109,074	-	7,109,074	3,834,939	491,120	-	4,326,059	2,783,015	15%	
Office equipment	66,800	-	66,800	23,261	6,531	-	29,792	37,008	15%	
Furniture and fixture	445,150	-	445,150	298,945	21,931	-	320,876	124,274	15%	
Vehicles	940,725	-	940,725	847,718	13,951	-	861,669	79,056	15%	
	1,155,287,751	43,451,486	1,198,739,237	418,254,864	40,053,538	-	458,308,401	740,430,836		
Leased Assets										
Plant and machinery	549,234,001	2,862,547	(35,044,338)	517,052,210	70,975,920	22,702,262	(8,172,862)	85,505,320	431,546,891	5%
	549,234,001	2,862,547	(35,044,338)	517,052,210	70,975,920	22,702,262	(8,172,862)	85,505,320	431,546,891	
Total - 30.06.2012	7,980,350,106	210,888,094	35,044,338	8,189,390,700	2,890,083,356	243,257,296	8,172,862	3,131,947,189	5,057,443,511	
		(1,847,500)	(35,044,338)			(1,393,463)	(8,172,862)			

2011

Cost as at July 01, 2010	Additions / (deletions)	Transfers in/(out)	Cost as at June 30, 2011	Accumulated depreciation as at July 01, 2010	Depreciation charge / (deletion) for the year	Transfers in/(out)	Accumulated depreciation as at June 30, 2011	Book value as at June 30, 2011	Annual depreciation rate %
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Rupees

Owned Assets

Spinning Units :

Freehold land	439,940,000	-	-	439,940,000	-	-	-	439,940,000	-
Leasehold land	93,037,897	-	-	93,037,897	4,465,505	906,147	5,371,652	87,666,245	99 years
Building on freehold land	475,880,566	-	-	475,880,566	137,991,463	16,894,455	154,885,918	320,994,648	5%
Building on leasehold land	384,337,524	-	-	384,337,524	76,817,415	15,376,005	92,193,420	292,144,104	5%
Labour colony on freehold land	51,652,180	-	-	51,652,180	15,677,466	1,798,736	17,476,202	34,175,978	5%
Labour colony on leasehold land	49,743,057	31,371,948	-	81,115,005	9,692,310	2,135,760	11,828,070	69,286,935	5%
Plant and machinery	2,836,401,615	98,588,792	-	2,934,990,407	1,352,308,762	76,847,748	1,429,156,510	1,505,833,897	5%
Electrical fitting	49,162,770	950,520	-	50,113,290	30,797,668	2,824,073	33,621,741	16,491,549	15%
Factory equipment	20,925,620	1,500,000	-	22,425,620	14,679,019	973,976	15,652,995	6,772,625	15%
Office premises	22,120,321	-	-	22,120,321	10,204,053	1,787,440	11,991,493	10,128,828	15%
Office equipment	19,882,577	241,254	-	20,123,831	12,795,496	1,089,983	13,885,479	6,238,352	15%
Furniture and fixture	12,547,688	283,792	-	12,831,480	9,181,275	526,160	9,707,435	3,124,045	15%
Vehicles	47,153,003	3,124,960	-	49,578,798	30,281,984	2,594,455	32,252,346	17,326,452	15%
		(699,165)				(624,093)			
	4,502,784,818	135,362,101	-	4,638,146,919	1,704,892,416	123,130,846	1,828,023,262	2,810,123,658	

Weaving Unit :

Building on freehold land	249,226,961	23,007,098	-	272,234,059	89,145,835	8,162,091	97,307,926	174,926,133	5%
Labour colony on freehold land	24,609,823	-	-	24,609,823	6,372,284	911,877	7,284,161	17,325,662	5%
Plant and machinery	1,145,266,784	143,225,552	-	1,288,492,336	399,317,464	39,208,073	438,525,537	849,966,799	5%
Electrical fitting	28,549,109	659,106	-	29,208,215	18,044,078	1,589,298	19,633,376	9,574,839	15%
Factory equipment	10,646,918	1,553,570	-	12,200,488	5,730,661	829,456	6,560,117	5,640,371	15%
Office equipment	1,105,243	2,016,430	-	3,121,673	524,641	243,530	768,171	2,353,502	15%
Furniture and fixture	1,662,674	68,500	-	1,731,174	1,027,170	101,354	1,128,524	602,650	15%
Vehicles	2,465,667	3,618,000	-	6,083,667	1,171,693	449,806	1,621,499	4,462,168	15%
	1,463,533,179	174,148,256	-	1,637,681,435	521,333,826	51,495,485	572,829,311	1,064,852,124	

Power Plant :

Building on freehold land	89,391,861	-	-	89,391,861	21,007,638	3,419,211	24,426,849	64,965,012	5%
Building on leasehold land	31,724,992	-	-	31,724,992	25,683,159	302,092	25,985,251	5,739,741	5%
Plant and machinery	830,504,028	150,322,004	-	980,826,032	311,028,359	28,110,018	339,138,377	641,687,655	5%
Electrical fitting	43,213,067	1,570,050	-	44,783,117	20,122,485	3,577,039	23,699,524	21,083,593	15%
Factory equipment	7,044,074	65,000	-	7,109,074	3,268,589	566,350	3,834,939	3,274,135	15%
Office equipment	36,300	30,500	-	66,800	17,848	5,413	23,261	43,539	15%
Furniture and fixture	445,150	-	-	445,150	273,144	25,801	298,945	146,205	15%
Vehicles	940,725	-	-	940,725	831,305	16,413	847,718	93,007	15%
	1,003,300,197	151,987,554	-	1,155,287,751	382,232,527	36,022,337	418,254,864	737,032,887	

Leased Assets

Plant and machinery	461,685,439	87,548,562	-	549,234,001	47,714,819	23,261,101	70,975,920	478,258,081	5%
	461,685,439	87,548,562	-	549,234,001	47,714,819	23,261,101	70,975,920	478,258,081	
Total - 30.06.2011	7,431,303,633	549,745,638	-	7,980,350,106	2,656,173,588	234,533,862	2,890,083,356	5,090,266,750	
		(699,165)				(624,093)			

5.1.1 Depreciation for the year has been allocated as under:

	Note	2012 Rupees	2011 Rupees
Cost of sales - spinning	26.1	141,061,656	140,614,591
Cost of sales - weaving	26.1	55,128,553	51,104,206
Cost of sales - power plant	26.1	40,053,538	36,022,337
Administrative expenses	31	7,013,549	6,792,728
		<u>243,257,296</u>	<u>234,533,862</u>

5.1.2 Disposal of property, plant and equipment:

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal
Vehicles						
Suzuki mehran	Mr. Rana Tauseef, Lahore	382,500	249,492	133,008	151,000	Negotiation
Suzuki mehran	Mrs. Rubina Mussrat, Lahore	397,500	245,390	152,110	182,500	Negotiation
Suzuki mehran	Mr. Amjad Raza, Lahore	387,500	258,768	128,732	150,000	Negotiation
Toyota corolla	Mr. Khawaja A. Pervaiz, Lahore	680,000	639,813	40,187	42,000	Negotiation
		<u>1,847,500</u>	<u>1,393,463</u>	<u>454,037</u>	<u>525,500</u>	

5.1.3 Had there been no revaluation the related figures of land, building and plant and machinery at June 30, 2012 would have been as follows:

	2012 Rupees	2011 Rupees
Freehold Land	439,940,000	439,940,000
Lease hold land	5,009,712	5,915,859
Building on freehold land	264,371,358	269,840,017
Building on lease hold land	51,283,176	66,961,274
Plant and machinery	256,866,706	271,137,079
	<u>1,017,470,952</u>	<u>1,053,794,229</u>

5.2 Capital work in progress - at cost

Building - civil works	24,057,959	43,041,260
Plant and machinery		
	<u>24,057,959</u>	<u>43,041,260</u>

The movement in Capital work in progress is as follows:

Balance at the beginning of the year	43,041,260	136,121,413
Addition during the year:		
Building - civil works	29,676,858	-
Plant and machinery	184,370,461	-
	214,047,319	-
Transfer to operating fixed assets / loan and advances		
Building - civil works	9,437,518	5,006,360
Plant and machinery	184,370,461	88,073,793
Office Building	39,222,641	-
	233,030,620	93,080,153
Balance at the end of the year	<u>24,057,959</u>	<u>43,041,260</u>

	Note	2012 Rupees	2011 Rupees
10 TRADE DEBTS			
Considered good			
Export debts - secured		206,632	147,970,379
Local debts - unsecured		335,691,387	510,427,309
		<u>335,898,019</u>	<u>658,397,688</u>

11 OTHER FINANCIAL ASSETS

Held for trading

	Note	2012 Rupees	2011 Rupees
In listed companies	11.1	11,517,163	20,831,937
Revaluation reserve for investment		(4,395,495)	(4,993,937)
		<u>7,121,668</u>	<u>15,838,000</u>

11.1 Details are as under:

Name of securities	No. of shares	Cost	Fair value adjustments	Fair value
The Hub Power Company Limited	44,000	1,412,299	430,861	1,843,160
Standard Chartered Leasing Limited	120,000	1,867,802	(1,295,402)	572,400
Askari Bank Limited	3,162	47,895	(4,987)	42,908
Wateen Telecome Limited	250,000	2,500,000	(2,000,000)	500,000
Dewan Salman Fibre Limited	10,000	35,260	(18,860)	16,400
Thal Limited	9,000	972,882	(135,882)	837,000
Engro Corporation Limited	32,500	4,681,025	(1,371,225)	3,309,800
		<u>11,517,163</u>	<u>(4,395,495)</u>	<u>7,121,668</u>
30.06.2012		<u>20,831,937</u>	<u>(4,993,937)</u>	<u>15,838,000</u>
30.06.2011				
		Note	2012 Rupees	2011 Rupees

12 LOANS AND ADVANCES

Considered good

Workers Advance against Wages

1,348,399 1,104,215

Advance against:

Letter of credit

Advance to cotton suppliers

Store suppliers and others

4,508,868	15,956,829
56,464,468	132,378,799
92,419,046	42,954,451
<u>153,392,382</u>	<u>191,290,079</u>
<u>154,740,781</u>	<u>192,394,294</u>

13 SHORT TERM PREPAYMENTS

Prepayments

7,290,735 6,450,130

14 INCOME AND SALES TAX REFUNDABLE

Income tax

Sales tax receivable

45,319,920 25,922,302
143,945,472 162,591,727
189,265,392 188,514,029

15 CASH AND BANK BALANCES

With banks on:

- current accounts

- saving accounts

15.1

984,435	21,242,870
6,800,000	300,000
<u>7,784,435</u>	<u>21,542,870</u>
624,293	3,118,777
<u>8,408,728</u>	<u>24,661,647</u>

15.1 It carries mark up at the rate of 5% (June 30, 2011: 5%) per annum.

16 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2012	2011		2012	2011
Number of shares			Rupees	Rupees
1,200,000	1,200,000	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	12,000,000	12,000,000
9,875,000	9,875,000	Ordinary shares of Rs. 10 each allotted as right shares	98,750,000	98,750,000
1,925,000	1,925,000	Ordinary shares of Rs. 10 each issued as bonus shares	19,250,000	19,250,000
<u>13,000,000</u>	<u>13,000,000</u>		<u>130,000,000</u>	<u>130,000,000</u>

16.1 The Company has only one class of shares which carry no right to fixed income.

16.2 The company has issued 9,875,000 Ordinary Shares in the ratio of 316 shares for every 100 ordinary Shares at exercise price of Rs. 76/= per share having premium of Rs. 66/= per share.

	2012	2011
	Rupees	Rupees
17 RESERVES		
Reserves:		
Share premium	651,750,000	651,750,000
Capital reserve	1,200	1,200
General reserves	115,000,000	115,000,000
Available for sale investments gain/(loss)	-	(326,991)
	766,751,200	766,424,209
Revenue:		
Unappropriated profit	1,341,938,731	1,295,695,419
	<u>2,108,689,931</u>	<u>2,062,119,628</u>

18 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance	743,015,956	763,564,281
Less: Transferred from surplus on revaluation of Property Plant Equipment on account of incremental depreciation charged in the current year - net of deferred tax	(19,047,255)	(20,548,325)
Closing balance	<u>723,968,701</u>	<u>743,015,956</u>

18.1 On March 31, 2009, further revaluation was made of the Land, Building and Labour Colony, by Asif Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value which resulted in net revaluation surplus of Rs. 622,057,842.

18.2 On November 13, 2006 and December 28, 2006, further revaluation was made of the Land, Building and Plant and Machinery, by Asif Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation surplus of Rs. 154,291,391.

18.3 On May 27, 2005 and Jun 24, 2005, Land was revalued by MYK Associate (Pvt) Ltd, registered surveyors and valuation consultants, on the basis of market value and realizable values which resulted in net revaluation surplus amounting to Rs. 119,794,763.

18.4 On July 16, 2003, revaluation was made of the land, building and machinery, by MYK Associates (Pvt.) Ltd, registered surveyors and valuation consultants, on the basis of market value which resulted in net revaluation surplus of Rs. 20,750,716.

	Note	2012 Rupees	2011 Rupees
19 LONG TERM FINANCES			
Loans from banking companies - secured			
Al Baraka Pakistan Bank Limited	19.1	-	4,375,000
Allied Bank Limited - LTF	19.2	-	36,451,422
Askari Bank Limited - TF	19.3	23,554,431	-
Citibank N.A.	19.4	11,044,337	19,327,586
Faysal Bank Limited - LTF	19.5	15,935,000	23,598,213
Habib Bank Limited - LTF	19.6	7,816,000	10,049,999
Habib Metropolitan Bank Limited	19.7	2,000,000	4,200,000
National Bank of Pakistan	19.8	61,279,614	-
National Bank of Pakistan - LTF	19.9	-	6,204,886
Pak Oman Investment Co. Limited	19.10	7,031,250	9,375,000
Pak Oman Investment Co. Limited - LTF	19.11	7,031,250	9,375,000
Pak Oman Investment Co. Limited - LTF	19.12	3,040,477	6,080,975
Silk Bank Limited - LTF	19.13	17,827,191	25,514,000
Silk Bank Limited - LTF	19.14	5,877,000	8,489,000
Silk Bank Limited - LTL	19.15	7,247,000	8,489,000
Saudi Pak Ind, & Agri. Investment Company Limited - LTF	19.16	15,333,328	22,999,996
Soneri Bank Limited	19.17	16,250,000	22,750,000
Soneri Bank Limited - LTF	19.18	112,259,000	128,297,000
Standard Chartered Bank (Pakistan) Limited	19.19	-	10,000,000
The Bank of Punjab - LTF	19.20	-	3,952,004
United Bank Limited	19.21	19,285,715	25,714,286
United Bank Limited - LTF	19.22	19,285,000	27,857,000
		<u>352,096,593</u>	<u>413,100,367</u>
Less: Current maturity shown under current liabilities		(145,585,732)	(157,892,190)
		<u>206,510,861</u>	<u>255,208,177</u>

- 19.1 Equitable mortgage over property and Token registered mortgage of Rs. 63.75 over commercial property. Total facility amount is Rs. 35 million, markup payable quarterly @ 6MK +2.4 %. Loan is repayable in 08 semi annual installments commencing from 28-06-2008. However, the loan was settled during the year.
- 19.2 First exclusive charge of Rs. 435 million on Specific Fixed assets of the Company. Total Facility amount is Rs. 326 million, markup payable quarterly @ SBP rate + 2%. Loan is repayable in 08 semi annual installments commencing from 22-04-2007. However, the loan was settled during the year.
- 19.3 First pari passu equitable mortgage charge of Rs. 50 million on fixed assets of the Company. Total facility amount is Rs. 24.579 million, markup payable monthly @ 3MK + 2.50%. Loan is repayable in 24 monthly installments commencing From 31-05-2012.
- 19.4 Registered hypothecation charge over plant and machinery of the company & 78 million charge ranking , Markup payable monthly @ 1 MK + 1.5%. The facility amount is 58.470 million. This Loan is repayable in 45 monthly installments commencing from 25-07-2009.
- 19.5 First pari passu charge on all Fixed assets of the Company amounting to Rs. 61.33 million. Total Facility amount is Rs.46 million, markup payable quarterly @ SBP rate + 2%. Loan is repayable in 24 quarterly installments commencing From 14-09-2007.
- 19.6 The loan was secured by First pari passu E/M and hypo (each) charge of Rs. 420 million on present and future fixed assets of the company. The charge amount of Rs. 393 million first pari passu and charge amount of Rs. 27 million to remain ranking. Total Facility amount is Rs. 13.4 million, markup payable quarterly @ SBP rate + 2% loan is repayable in 12 semi annual installments commencing from 24-05-2009
- 19.7 Ranking charge of Rs. 12.5 (M) with 40% margin over Machinery including imported Plant and Machinery. Total facility amount is Rs. 7.5 million, markup payable quarterly @ 3MK + 3%.Loan is repayable in 14 quarterly installments commencing from 21-10-2009.
- 19.8 First pari passu charge on all fixed assets of the company amounting to Rs. 200 M. Total Facility amount is Rs.117.012 million but Loan received upto 30.06.12 Rs. 61.28 million, markup payable quarterly @ 3MK + 3.5%.Loan is repayable in 12 quarterly installments commencing from 08-09-2012.

- 19.9 First pari passu charge of Rs. 200 million on all present & future Fixed assets of the Company. and equitable mortgage over land & building of the company Total Facility amount is Rs. 49.644 million, markup payable quarterly @ SBP rate + 2%. rate Loan is repayable in 08 semi annual installments commencing from 28-05-2007.
- 19.10 Ranking charge of Rs.34 million over all the present and future fixed assets of the company with 25% margin . Total facility amount is Rs. 12.5 million, markup payable quarterly @ 3MK + 3%. Loan is repayable in 16 quarterly installments commencing from 18-08-2010.
- 19.11 Security charge same as notes no. 19.10. Total facility amount is Rs. 12.5 million, markup payable quarterly @ SBP rate + 2.5%.Loan is repayable in 16 quarterly installments commencing from 18-08-2010.
- 19.12 Ranking Charge of Rs. 28 million on present and future fixed assets (Land , building and machinery) of the company with 25 % margin over the facility amount. Total facility amount is Rs. 20.27 million, markup payable quarterly @ SBP rate + 2.5%. Loan is repayable in 20 quarterly installments commencing from 28-02-2007.
- 19.13 First pari passu hypothecation charge of Rs. 61.33 (M) over Plant and Machinery of the company. Total Facility amount is Rs.46 Million, markup payable quarterly @ SBP rate + 2%. Loan is repayable in 24 quarterly installments commencing From 14-09-2007.
- 19.14 Ranking Charge over fixed assets of the company of Rs. 80 (M). Total facility amount is Rs. 13.060 million, markup payable quarterly @ SBP RATE + 2.5%Loan is repayable in 20 semi annual installments commencing from 20-09-2009.
- 19.15 Security charge same as notes no. 19.14. Total facility amount is Rs. 13.060 million, markup payable quarterly @ 3MK+3% Loan is repayable in 20 semi annual installments commencing from 22-08-2009.
- 19.16 First pari passu hypothecation charge of Rs. 61.33 (M) over Plant and Machinery of the company. Total Facility amount is Rs.46 Million, markup payable quarterly @ SBP rate + 2%. Loan is repayable in 24 quarterly installments commencing From 14-09-2007.
- 19.17 Exclusive charge over imported machinery of the company. Total facility amount is Rs. 26 million, markup payable quarterly @ 6MK + 3%. Loan is repayable in 08 semi annual installments commencing from 03-05-2011.
- 19.18 First specific charge over imported Machinery for Rs. 155 million of the company. Total facility is Rs. 128.3 million, markup payable quarterly @SBP Rate+2.5 % (11.10%). Loan is repayable in 16 quarterly installments commencing from 23-02-2012.
- 19.19 Ranking charge of RS. 66.700 (M) over the company's present and future fixed assets of the company with 25% margin. Total facility amount is Rs. 50 million, markup payable quarterly @ 3MK + 2.5%. Loan is repayable in 10 quarterly installments commencing from 25-09-2009. However the loan was settled during the year.
- 19.20 First pari passu charge on all Fixed assets of the Company amounting to Rs. 42.0 million. Total Facility amount is Rs.31.613 million, markup payable quarterly @ SBP rate +1.75%. Loan is repayable in 08 semi annual installments commencing From 30-05-2007. However, the loan was settled during the year.
- 19.21 Joint pari pasu EMP charge over fixed assets for Rs. 300 million situated at unit 1. Total facility amount is Rs. 30 million, markup payable quarterly @ 3MK + 2%. Loan is repayable in 14 quarterly installments commencing from 29-06-2011.
- 19.22 Security same as note 19.21 above. Total facility amount is Rs. 30 million, markup payable quarterly @ SBP rate + 2%. This Loan is repayable in 14 quarterly installments commencing from 24-06-2011.

	Note	2012 Rupees	2011 Rupees
20 REDEEMABLE CAPITAL - SUKUK			
Diminishing musharaka sukuk certificate		1,177,250,000	1,292,666,667
Less: Current portion shown under current liabilities		(253,916,667)	(115,416,667)
		<u>923,333,333</u>	<u>1,177,250,000</u>

20.1 The company had issued privately placed Sukuk Certificates of Rs. 1,385,000,000 divided into 277,000 certificates of Rs. 5,000 each. The significant terms and conditions and security of the Sukuk / certificates are as follows:

Tenure	7 years	7 years
Date of first installment	March 31, 2010	March 31, 2010
Rate of return	6 M-KIBOR + 1.5	6 M-KIBOR + 1.5
Convertible/non convertible	Non Convertible	Non Convertible
Redeemable/perpetual	Redeemable	Redeemable

20.2 Security

First Pari Passu charge of Rs. 1.846 (June 30, 2011: Rs. 1.846) billion on all fixed assets of the company.

	Note	2012 Rupees	2011 Rupees
21 LOAN FROM DIRECTORS AND OTHERS			
Unsecured			
Due to directors		21,400,000	26,394,000
Due to others	21.1	31,500,000	52,382,000
		<u>52,900,000</u>	<u>78,776,000</u>

21.1 These are non mark-up bearing loan and are unsecured. It is repayable after more than one year. The loan upto Rs. 23,900,000 (June 30, 2011: Rs. 23,900,000) is subordinated to bank loans.

	Note	2012 Rupees	2011 Rupees
22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Payable within one year		125,995,548	135,040,713
Payable after one year but not more than five years		77,643,696	197,967,626
		203,639,244	333,008,339
Less: deferred finance cost		(35,592,875)	(72,967,336)
		<u>168,046,369</u>	<u>260,041,003</u>
Add: security deposit	7	23,736,319	23,495,868
Less: Current portion shown under current liabilities		(103,214,947)	(96,526,585)
Present value of minimum lease payments		<u>88,567,741</u>	<u>187,010,286</u>

22.1 The Company has entered into lease agreement/ Ijarah of Plant and Machinery with various leasing companies and financial institutions on half yearly payment basis. The lease contains bargain purchase option.

22.2 The lease is secured by ranking charge of Rs. 321 million (June 30, 2011: Rs. 321 million) over immovable assets of the Company, personal guarantees of two directors and security deposit equivalent to 0.1% to 10% of the facility amount.

22.3 Implicit rate of return on lease varies ranging from 13.40 % to 18.27% (June 30, 2011: 13.46% to 18.27 %) p.a.

22.4 Taxes, repairs and maintenance, insurance and other cost relating to the lease assets are borne by the Company.

	Note	2012 Rupees	2011 Rupees			
23 DEFERRED LIABILITIES						
Deferred taxation	23.1 & 23.2	200,741,469	178,298,025			
Deferred tax on surplus on revaluation of property, plant and equipment		186,006,991	196,263,206			
Staff retirement benefits - gratuity	23.3 to 23.8	77,734,605	87,414,829			
		<u>464,483,065</u>	<u>461,976,060</u>			
23.1 Deferred taxation						
Deferred tax credits / (debits) arising in respect of:						
Taxable temporary differences (deferred tax liabilities)						
Accelerated tax depreciation allowances		209,417,584	187,747,673			
Deferred debit arising in respect of provisions, tax losses and refunds		8,676,115	9,449,648			
		<u>200,741,469</u>	<u>178,298,025</u>			
23.2 Deferred debit arising in respect of provisions, tax losses and refunds						
Opening balance		178,298,025	96,436,547			
Closing balance of deferred tax liability reversal of differed tax liability		(200,741,469)	(178,298,025)			
		<u>(22,443,444)</u>	<u>(81,861,478)</u>			
23.3 Staff retirement benefits - gratuity						
Opening net liability		87,414,829	67,761,911			
Expense for the year		15,353,510	35,354,520			
		<u>102,768,339</u>	<u>103,116,431</u>			
Benefits paid during the year		(25,033,374)	(15,701,602)			
Closing net liability		<u>77,734,965</u>	<u>87,414,829</u>			
23.4 Expense recognized in the profit and loss account						
Current service cost		6,429,453	14,098,008			
Interest cost		3,801,147	9,106,445			
Net actuarial (gain) / loss recognized in the year		5,122,910	12,150,067			
		<u>15,353,510</u>	<u>35,354,520</u>			
23.5 Historical information						
		2012	2011	2010	2009	2008
Present value of defined benefit obligation		<u>77,734,965</u>	<u>87,414,829</u>	<u>67,761,911</u>	<u>59,490,576</u>	<u>49,670,677</u>
23.6 General description						
The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.						
					2012 Rupees	2011 Rupees
23.7 Principal actuarial assumption						
Following are a few important actuarial assumption used in the valuation.						
					%	%
Discount rate					12.50%	14.50%
Expected rate of increase in salary					10.00%	12.00%
23.8	Expected gratuity expenses for the year ending June 30, 2013 works out Rs. 16,658,558.					

	Note	2012 Rupees	2011 Rupees
24 TRADE AND OTHER PAYABLES			
Trade creditors		501,372,538	180,364,861
Accrued liabilities		179,422,927	135,776,183
Workers' profit participation fund	24.1	8,522,793	40,843,711
Workers' welfare fund		2,600,762	2,600,762
Unclaimed dividend		194,641	234,720
Others		218,318	1,114,990
		<u>692,331,979</u>	<u>360,935,227</u>
24.1 Workers' profit participation fund			
Balance at the beginning of the year		40,843,711	20,189,866
Allocation for the year		8,292,059	40,744,918
Interest on fund utilized in the Company's business		1,496,872	937,985
		9,788,931	41,682,903
		<u>50,632,642</u>	<u>61,872,769</u>
Less: Payments during the year		(42,109,849)	(21,029,058)
Balance at the end of the year		<u>8,522,793</u>	<u>40,843,711</u>
25 ACCRUED INTEREST / MARK-UP			
Accrued interest / mark-up on secured:			
- long term finances		17,663,340	20,032,837
- redeemable capital - Sukuk		42,343,753	52,824,377
- short term borrowings		113,063,679	95,492,709
		<u>173,070,772</u>	<u>168,349,923</u>
26 SHORT TERM BORROWINGS			
Secured - Banking companies			
Finances under mark-up arrangement	26.1	3,480,494,727	3,641,533,673
Unsecured	26.2		
Directors		2,029,623	947,117
Others		4,598,693	9,781,321
		6,628,316	10,728,438
		<u>3,487,123,043</u>	<u>3,652,262,111</u>
26.1	Aggregate facilities amounting to Rs. 6.541 billion (June 30, 2011: Rs. 6.530 billion) were available to the Company from banking companies. These are secured against hypothecation charge and pledge of stock in trade, book debts, plant & machinery, export bills under collection. These loans carry mark up at the rate ranging from 13.85% to 16.98% (June 30, 2011: 15.62% to 17.02 %) per annum payable quarterly and on the maturity dates. The above facilities are expiring on various dates and renewable annually.		
26.2	These are non mark up bearing and unsecured. These are renewable and due on various dates within one year.		
		2012 Rupees	2011 Rupees
27 CONTINGENCIES AND COMMITMENTS			
27.1 Contingencies			
Guarantees issued by banks on behalf of the Company		223,984,890	135,822,000
27.2 Commitments			
Civil work		101,000,000	83,000,000
Confirmed letter of credit in respect of:			
- raw material		464,464,622	117,608,268
- Stores and spares		158,725,310	60,104,487
		<u>623,189,932</u>	<u>177,712,755</u>

	Export Sales		Local Sales		Total	
	2012	2011	2012	2011	2012	2011
	Rupees					
Yarn	3,551,610,250	4,281,252,035	3,245,996,630	4,965,046,417	6,797,606,880	9,246,298,452
Fabric	2,747,023,202	2,401,545,482	1,455,610,073	2,432,145,899	4,202,633,275	4,833,691,381
Waste	-	-	91,110,643	263,563,591	91,110,643	263,563,591
Cotton	-	-	46,951,604	-	46,951,604	-
Other	-	-	2,794,596	-	2,794,596	-
	<u>6,298,633,452</u>	<u>6,682,797,517</u>	<u>4,842,463,546</u>	<u>7,660,755,907</u>	<u>11,141,096,998</u>	<u>14,343,553,424</u>

29 COST OF SALES

	Note	2012 Rupees	2011 Rupees
Raw material consumed	29.1	6,703,784,194	9,849,834,174
Salaries, wages and benefits	29.2	657,875,297	694,853,447
Stores and spares consumed		382,569,414	380,015,350
Fuel, power and water	29.3	1,209,744,649	1,051,199,266
Rent, rates and taxes		791,754	1,118,527
Insurance expenses		28,333,376	23,959,381
Repairs and maintenance		10,167,245	15,148,914
Other expenses		30,717,880	33,603,792
Processing charges		36,525,260	24,620,649
Depreciation expenses	5.1.1	196,190,208	191,718,797
		<u>9,256,699,277</u>	<u>12,266,072,297</u>
Work in process			
Opening stock		166,068,957	123,573,750
Closing stock		(191,169,645)	(166,068,957)
		<u>(25,100,688)</u>	<u>(42,495,207)</u>
Cost of goods manufactured		<u>9,231,598,589</u>	<u>12,223,577,090</u>
Cost of cotton sold		55,340,460	-
Cost of other material sold		(2,209,645)	-
		<u>9,284,729,404</u>	<u>12,223,577,090</u>
Finished goods			
Opening balance		1,403,239,291	957,605,080
Goods purchased:			
Other material purchases		2,209,645	-
Yarn Purchased		75,160,155	194,026,950
Fabric purchased		61,362,376	77,993,723
		<u>138,732,176</u>	<u>272,020,673</u>
Closing stock		(1,156,671,734)	(1,403,239,291)
		<u>9,670,029,137</u>	<u>12,049,963,552</u>
29.1 Raw material consumed			
Opening balance		1,185,274,435	1,188,025,027
Purchases		7,459,473,424	9,847,083,582
		<u>8,644,747,859</u>	<u>11,035,108,609</u>
Less: Cost of cotton sold		(55,340,460)	-
Closing stock		(1,885,623,205)	(1,185,274,435)
		<u>6,703,784,194</u>	<u>9,849,834,174</u>

29.2 Salaries, wages and benefits include Rs. 10,743,275 (June 30, 2011: Rs. 28,357,006) in respect of staff retirement benefits.

	Note	2012 Rupees	2011 Rupees
29.3 Fuel, power and water			
Electricity purchased from outside		219,027,603	163,812,124
Electricity produced by self	29.3.1	985,187,368	879,888,170
Water charges		1,498,378	1,626,142
Gas charges		4,031,300	5,872,830
		<u>1,209,744,649</u>	<u>1,051,199,266</u>
29.3.1 Electricity produced by self			
Salaries and wages		12,387,550	15,019,021
Fuel and store consumed		922,744,684	820,001,923
Repair and maintenance		7,979,133	4,211,815
Other expenses		2,022,463	4,633,074
Depreciation	5.1.1	40,053,538	36,022,337
		<u>985,187,368</u>	<u>879,888,170</u>
30 SELLING AND DISTRIBUTION EXPENSES			
On export sales			
Export development surcharges		15,454,954	14,791,863
Regulatory duty on export		-	787,285
Freight		120,204,710	125,662,502
Commission		104,075,166	71,880,324
Clearing and forwarding		78,178,403	111,154,972
		317,913,233	324,276,946
On local sales			
Freight		16,201,536	18,080,778
Commission		41,351,500	47,412,042
		57,553,036	65,492,820
		<u>375,466,269</u>	<u>389,769,766</u>
31 ADMINISTRATIVE EXPENSES			
Director's remuneration		4,105,038	3,298,350
Salaries and benefits	31.1	10,758,537	10,401,404
Printing and stationery		1,477,952	1,491,330
Communication		1,482,182	1,691,177
Traveling and conveyance		3,196,755	1,881,985
Legal and professional charges		2,387,100	1,244,925
Auditors' remuneration	31.2	1,404,100	1,281,450
Rent, rates and taxes		1,199,758	288,670
Entertainment		1,357,081	691,951
Electricity, gas and water charges		1,526,499	2,309,400
Fees and subscription		617,177	351,377
Repairs and maintenance		192,050	365,600
Charity and donation	31.3	1,441,432	3,647,403
Depreciation	5.1.1	7,013,549	6,792,728
Brokerage and discount		78,000	18,000
		<u>38,237,210</u>	<u>35,755,750</u>
31.1 Salaries, wages and benefits include Rs. 568,160 (2011: Rs. 663,860) in respect of staff retirement benefits.			
31.2 Auditors' remuneration			
Audit fee		1,210,000	1,100,000
Half yearly review fee		139,100	126,450
Code of corporate governance review fee		30,000	30,000
Out of pocket expenses		25,000	25,000
		<u>1,404,100</u>	<u>1,281,450</u>
31.3 Directors and their spouses have no interest in the donees.			

	Note	2012 Rupees	2011 Rupees
32 OTHER OPERATING EXPENSES			
Loss on sale of shares		2,718,565	80,620,887
Workers' profit participation fund	24.1	8,292,059	40,744,918
Workers' welfare fund	32.1	-	685,104
		<u>11,010,624</u>	<u>122,050,909</u>

32.1 Honorable High Court in writ petition bearing number W.P. No. 8763/2011 has decided that the amendment made in the Workers' Welfare Fund ordinance through Finance Act 2006 and 2008 is unconstitutional and unlawful. Therefore, no provision for workers welfare fund has been made in the financial statements.

	Note	2012 Rupees	2011 Rupees
33 FINANCE COST			
Interest / mark-up on			
- short term finances		625,163,645	689,304,030
- long term loans		219,588,605	240,979,232
- lease		37,271,135	35,876,571
- Workers' profit participation		1,496,872	937,985
Bank charges, commission and others charges		10,001,587	11,130,608
		893,521,844	978,228,426
Less: Finance income			
- on TDR		14,880	11,345
		<u>893,506,964</u>	<u>978,217,081</u>

34 OTHER OPERATING INCOME			
Profit on sale of property, plant and equipment	5.1.2	71,463	14,928
Rental income		3,214,427	3,597,564
Dividend income		878,000	1,086,169
Appreciation in the fair value of investment		538,442	973,310
		<u>4,702,332</u>	<u>5,671,971</u>

35 TAXATION			
Current			
- for the year		98,665,837	107,811,409
Deferred		22,443,444	81,861,478
		<u>121,109,281</u>	<u>189,672,887</u>

36 EARNINGS PER SHARES			
Profit after taxation		36,439,845	583,795,450
		<u>36,439,845</u>	<u>583,795,450</u>
		Number of shares	
Weighted average number of ordinary shares		13,000,000	13,000,000
		<u>13,000,000</u>	<u>13,000,000</u>
		(Rupees)	
Earnings per share - basic and diluted		2.80	44.91
		<u>2.80</u>	<u>44.91</u>

36.1 There is no dilutive effect on basic earnings per share.

37 CASH GENERATED FROM OPERATIONS

	2012 Rupees	2011 Rupees
Profit before taxation	157,549,126	773,468,337
Adjustment for items involving non movement of fund		
Depreciation	243,257,296	234,533,862
Financial charges - net	893,506,964	978,217,081
(Gain) on sale of fixed assets	(71,463)	(14,928)
Dividend income	(878,000)	(1,086,169)
Provision for gratuity	15,353,510	35,354,520
Provision for (appreciation)/ diminution in the value of investment	(538,442)	(973,310)
Provision for workers' profit participation fund	8,292,059	40,744,918
	1,158,921,924	1,286,775,974
Profit before working capital changes	1,316,471,050	2,060,244,311
(Increase)/decrease in current assets		
Stocks, stores and spares	(326,475,693)	(691,551,502)
Trade debts	322,499,669	(134,335,440)
Loans and advances, prepayments, sales tax and other receivables	55,108,171	(62,592,030)
	1,367,603,197	1,171,765,339
Increase in current liabilities		
Creditors, accrued and other liabilities	363,523,029	83,194,792
	1,731,126,226	1,254,960,131

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	2012	2011	2012	2011	2012	2011
Managerial remuneration	480,024	480,024	1,613,414	1,480,074	12,370,607	14,524,009
Allowances						
House rent	192,024	192,024	645,414	592,074	-	-
Utilities	186,584	96,002	987,578	458,152	-	-
	858,632	768,050	3,246,406	2,530,300	12,370,607	14,524,009
Number of persons	1	1	5	5	16	18

Chief executive, five directors and certain executives of the Company are provided with free maintained vehicle.

39 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises directors and key management personnel. Amounts due to related parties are shown in the relevant notes to the financial statements. Transactions with related parties are disclosed below.

Nature of transaction	Relationship	2012	2011
		Rupees	Rupees
Loan received/paid - net	Key management personnel	3,911,494	21,898,154
Salaries and other benefits	Key management personnel	4,105,038	3,298,350
Staff retirement benefits	Key management personnel	-	-

The company continues to have a policy whereby all transactions with related parties are entered at arm's length price using admissible valuation method and expenses are charged on actual basis.

40 FINANCIAL INSTRUMENTS

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

- 40.1 - Credit risk
- 40.2 - Liquidity risk
- 40.3 - Market risk

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

40.1 Credit risk

40.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the long term investments, long term deposits, trade debts, loans and advances, trade deposits and prepayments, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs. 558.868 million (June 30, 2011: Rs. 927.331 million), financial assets which are subject to credit risk aggregate to Rs. 550.460 million (June 30, 2011: Rs. 902.669 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2012 Rupees	2011 Rupees
Long term investments	-	2,786,576
Long term deposits	45,408,552	26,742,702
Trade debts	335,898,019	658,397,688
Other financial assets	7,121,668	15,898,000
Loans and advances	154,740,781	192,394,294
Short term prepayments	7,290,735	6,450,130
Cash and bank balances	8,408,728	24,661,647
	558,868,483	927,331,037

40.1.2 The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows.

	2012 Rupees	2011 Rupees
Domestic	335,691,387	510,427,309
Export	206,632	147,970,379
	335,898,019	658,397,688

40.1.3 The maximum exposure to credit risk for debts at the reporting date by type of product is as follows:

	2012	2011
Yarn	169,210,453	355,211,432
Fabric	166,687,566	302,633,434
Others	-	552,822
	335,898,019	658,397,688

40.1.4 The aging of trade debts at the reporting date as follows:

	2012	2011
Not past due	134,266,039	263,176,455
Past due 0 - 30 days	116,329,620	228,019,067
Past due 31 - 90 days	72,409,627	141,930,968
Past due 91 - 1 year	12,892,733	25,271,198
More than one year	-	-
	335,898,019	658,397,688

40.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.

Financial liabilities in accordance with their contractual maturities are presented below:

	2012				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	352,096,593	477,142,674	197,449,560	279,693,114	-
Redeemable capital - Sukuk	1,177,250,000	1,925,127,440	420,732,992	1,504,394,448	-
Loan from directors and others	52,900,000	52,900,000	-	52,900,000	-
Finance lease	191,782,688	219,220,930	134,446,758	84,774,173	-
Trade and other payables	692,331,979	692,331,979	692,331,979	-	-
Accrued interest / mark-up	173,070,772	173,070,772	173,070,772	-	-
Short term borrowings	3,487,123,043	4,024,663,060	4,024,663,060	-	-
	<u>6,126,555,075</u>	<u>7,564,456,856</u>	<u>5,642,695,121</u>	<u>1,921,761,735</u>	<u>-</u>

	2011				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term finances	413,100,367	503,443,930	214,610,870	288,833,060	-
Redeemable capital - Sukuk	1,292,666,667	1,752,874,990	299,880,200	1,452,994,790	-
Loan from directors and others	78,776,000	78,776,000	-	78,776,000	-
Finance lease	283,536,871	387,415,910	142,090,960	245,324,950	-
Trade and other payables	360,935,227	360,935,227	360,935,227	-	-
Accrued interest / mark-up	168,349,923	168,349,923	168,349,923	-	-
Short term borrowings	3,652,262,111	4,248,311,288	4,248,311,288	-	-
	<u>6,249,627,166</u>	<u>7,500,107,268</u>	<u>5,434,178,468</u>	<u>2,065,928,800</u>	<u>-</u>

40.2.1 The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-end. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

40.3 Market risk

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

40.3.1 Currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro. The company's exposure to foreign currency risk is as follows.

	US Dollar	Euro	Others	Rupees
Trade debts 2012	2,198	-	-	206,632
Trade debts 2011	1,723,592	-	-	147,970,379

The following significant exchange rates applied during the year:

Average rates		Reporting date rates	
2012	2011	2012	2011
89.93	85.63	94.00	85.85

40.3.2 Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	2012 Rupees	2011 Rupees
US Dollar	<u>(10,332)</u>	<u>(7,298,519)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

40.3.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At reporting date the interest rate profile of the company's interest bearing financial instrument is as follows.

	Carrying Amount	
	2012 Rupees	2011 Rupees
Fixed rate instruments		
Financial assets	6,800,000	300,000
Financial liabilities	1,529,346,593	1,705,767,034
Variable rate instruments		
Financial assets	-	-
Financial liabilities	3,678,905,731	3,935,798,982

40.4 Fair value sensitivity analysis for fixed rate instruments

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

40.5 Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2011.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2012	36,789,057	(36,789,057)	-	-
Cash flow sensitivity - variable rate instruments 2011	39,357,990	(39,357,990)	-	-

40.6 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2012 Rupees	2011 Rupees
	40.7 Off balance sheet items	
Bank guarantees issued in ordinary course of business	223,984,890	135,822,000
Letters of credit for raw material	464,464,622	117,608,268
Letters of credit for stores and spares	158,725,310	60,104,487

The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

40.8 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 the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2012 Rupees	2011 Rupees
Borrowings	Rupees	5,261,152,324	5,720,342,016
Total equity	Rupees	2,238,689,931	2,192,119,628
Total capital employed	Rupees	7,499,842,255	7,912,461,644
Gearing ratio	Percentage	70.15	72.30

41 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2012 is as follows:

41.1 Operating results

Note	Spinning		Weaving		Power Generation		Company	
	2012	2011	2012	2011	2012	2011	2012	2011
							Rupees	
SALES								
Export	3,551,610,250	4,281,252,035	2,747,023,202	2,401,545,482	-	-	6,298,633,452	6,682,797,517
Local	3,245,996,630	4,965,046,417	1,455,610,073	2,432,145,899	-	-	4,701,606,703	7,397,192,316
Waste	91,110,643	263,563,591	-	-	-	-	91,110,643	263,563,591
Cotton	46,951,604	-	-	-	-	-	46,951,604	-
Other	2,794,596	-	-	-	-	-	2,794,596	-
	6,938,463,723	9,509,862,043	4,202,633,275	4,833,691,381	-	-	11,141,096,998	14,343,553,424
Inter - segment sales	1,495,972,521	1,621,408,283	-	-	985,187,368	879,888,170	2,481,159,889	2,501,296,453
Total sales	8,434,436,244	11,131,270,326	4,202,633,275	4,833,691,381	985,187,368	879,888,170	13,622,256,887	16,844,849,877
Cost of sales	43 (7,447,353,737)	(9,585,365,878)	(3,718,647,921)	(4,086,005,957)	(985,187,368)	(879,888,170)	(12,151,189,026)	(14,551,260,005)
Gross profit	987,082,507	1,545,904,448	483,985,354	747,685,424	-	-	1,471,067,861	2,293,589,872
Selling and distribution expenses	44 (233,833,265)	(325,460,632)	(141,633,004)	(64,309,134)	-	-	(375,466,269)	(389,769,766)
Administrative expenses	45 (23,813,409)	(23,706,277)	(14,423,801)	(12,049,473)	-	-	(38,237,210)	(35,755,750)
	(257,646,674)	(349,166,909)	(156,056,805)	(76,358,607)	-	-	(413,703,479)	(425,525,516)
Operating Results	729,435,833	1,196,737,539	327,928,549	671,326,817	-	-	1,057,364,382	1,868,064,356
41.2 Segment assets	6,165,394,889	6,078,248,832	2,291,840,148	2,499,990,925	854,666,124	834,557,746	9,311,901,160	9,412,797,503
41.3 Unallocated assets							241,795,612	233,941,307
							9,553,696,772	9,646,738,810
41.4 Segment liabilities	487,766,702	176,338,420	104,361,220	127,007,902	100,204,057	57,588,905	692,331,979	360,935,227
41.5 Unallocated liabilities							5,898,706,161	6,350,667,999
							6,591,038,140	6,711,603,226
41.6 Depreciation	145,429,562	145,118,210	57,774,196	53,393,315	40,053,538	36,022,337	243,257,296	234,533,862
41.7 Inter-segment pricing								

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

41.8 There were no major customer of company which formed 10 percent or more of the company's revenue.

	Note	2012 Rupees	2011 Rupees
42 RECONCILIATIONS OF REPORTABLE SEGMENTS SALES, COST OF SALES, ASSETS AND LIABILITIES			
42.1 Sales			
Total sales for reportable segment	41.1	13,622,256,887	16,844,849,877
Elimination of inter-segment	41.1	(2,481,159,889)	(2,501,296,453)
Total sales		11,141,096,998	14,343,553,424
42.2 Cost of sales			
Total cost of sales for reportable segment	43	12,151,189,026	14,551,260,005
Elimination of inter-segment	43.1	(2,481,159,889)	(2,501,296,453)
Total cost of sales		9,670,029,137	12,049,963,552
42.3 Assets			
Total assets for reportable segments	41.2	9,311,901,160	9,412,797,503
Long term investments	6	-	2,786,576
Long term deposits	7	45,408,552	26,742,702
Other financial assets	11	7,121,668	15,898,000
Income tax and sales tax	14	189,265,392	188,514,029
Unallocated assets	41.3	241,795,612	233,941,307
		9,553,696,772	9,646,738,810

42.4 Liabilities

Total liabilities for reportable segments	41.4	692,331,979	360,935,227
Long term finances	19	352,096,593	413,100,367
Redeemable capital - Sukuk	20	1,177,250,000	1,292,666,667
Loan from directors and others	21	52,900,000	78,776,000
Liabilities against assets subject to finance lease	22	191,782,688	283,536,871
Deferred liabilities	23	464,483,065	461,976,060
Accrued interest / mark-up	25	173,070,772	168,349,923
Short term borrowings	26	3,487,123,043	3,652,262,111
Unallocated liabilities	41.5	5,898,706,161	6,350,667,999
		6,591,038,140	6,711,603,226

Note	Spinning		Weaving		Power Generation		Company		
	2012	2011	2012	2011	2012	2011	2012	2011	
	Rupees						Rupees		
43 COST OF SALES									
Raw material consumed	43.1	5,526,586,913	7,983,655,009	2,673,169,803	3,487,587,448	-	-	8,199,756,716	11,471,242,457
Stores and spares consumed		244,318,119	277,166,889	138,251,295	102,848,461	922,744,684	820,001,923	1,305,314,098	1,200,017,273
Processing charges		-	-	36,525,261	24,620,649	-	-	36,525,261	24,620,649
Salaries, wages and benefits		531,772,324	573,483,789	126,102,973	121,369,658	12,387,550	15,019,021	670,262,847	709,872,468
Fuel, power and water:									
Inter-segment		531,028,838	496,486,482	454,158,530	383,401,688	-	-	985,187,368	879,888,170
Others		220,525,981	165,438,266	4,031,300	5,872,830	-	-	224,557,281	171,311,096
Repairs and maintenance		8,283,341	11,869,778	1,883,904	3,279,136	7,979,133	4,211,815	18,146,378	19,360,729
Insurance expenses		26,286,125	17,833,326	2,047,251	6,126,055	-	-	28,333,376	23,959,381
Rent, rates and taxes		791,754	1,118,527	-	-	-	-	791,754	1,118,527
Other expenses		21,351,785	24,198,389	9,366,093	9,405,403	2,022,463	4,633,074	32,740,341	38,236,866
Depreciation expenses		141,061,656	140,614,591	55,128,552	51,104,206	40,053,538	36,022,337	236,243,746	227,741,134
		7,252,006,836	9,691,865,046	3,500,664,962	4,195,615,534	985,187,368	879,888,170	11,737,859,166	14,767,368,750
Work in process									
Opening stock		94,863,445	79,216,170	71,205,512	44,357,580	-	-	166,068,957	123,573,750
Closing stock		(96,935,168)	(94,863,445)	(94,234,477)	(71,205,512)	-	-	(191,169,645)	(166,068,957)
		(2,071,723)	(15,647,275)	(23,028,965)	(26,847,932)	-	-	(25,100,688)	(42,495,207)
Cost of goods manufactured		7,249,935,113	9,676,217,771	3,477,635,997	4,168,767,602	985,187,368	879,888,170	11,712,758,478	14,724,873,543
Cost of cotton sold		55,340,460	-	-	-	-	-	55,340,460	-
Cost of other material sold		(2,209,645)	-	-	-	-	-	(2,209,645)	-
		7,303,065,928	9,676,217,771	3,477,635,997	4,168,767,602	985,187,368	879,888,170	11,765,889,293	14,724,873,543
Finished goods									
Opening balance		556,055,682	271,176,839	847,183,609	686,428,241	-	-	1,403,239,291	957,605,080
Finished goods purchased:									
Other material purchase		2,209,645	-	-	-	-	-	2,209,645	-
Yarn		75,160,155	194,026,950	61,362,376	77,993,723	-	-	136,522,531	272,020,673
		77,369,800	194,026,950	61,362,376	77,993,723	-	-	138,732,176	272,020,673
Closing stock		(489,137,673)	(556,055,682)	(667,534,061)	(847,183,609)	-	-	(1,156,671,734)	(1,403,239,291)
		7,447,353,737	9,585,365,878	3,718,647,921	4,086,005,957	985,187,368	879,888,170	12,151,189,026	14,551,260,005

Note	Spinning		Weaving		Power Generation		Company		
	2012	2011	2012	2011	2012	2011	2012	2011	
	Rupees						Rupees		
43.1 Raw material consumed									
Opening balance		1,048,414,400	1,014,368,879	136,860,035	173,656,148	-	-	1,185,274,435	1,188,025,027
Purchases:									
Inter-segment		-	-	1,495,972,521	1,621,408,283	-	-	1,495,972,521	1,621,408,283
Other		6,161,343,524	8,017,700,530	1,298,129,901	1,829,383,052	-	-	7,459,473,425	9,847,083,582
		6,161,343,524	8,017,700,530	2,794,102,422	3,450,791,335	-	-	8,955,445,946	11,468,491,865
Cost of cotton sold		(55,340,460)	-	-	-	-	-	(55,340,460)	-
Closing stock		(1,627,830,551)	(1,048,414,400)	(257,792,654)	(136,860,035)	-	-	(1,885,623,205)	(1,185,274,435)
		5,526,586,913	7,983,655,009	2,673,169,803	3,487,587,448	-	-	8,199,756,716	11,471,242,457

Note	Spinning		Weaving		Power Generation		Company	
	2012	2011	2012	2011	2012	2011	2012	2011

Rupees							Rupees	
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44 SELLING AND DISTRIBUTION EXPENSES

On export sales

Export development surcharge	9,625,052	9,502,903	5,829,902	5,288,960	-	-	15,454,954	14,791,863
Regulatory duty on export	-	787,285	-	-	-	-	-	787,285
Freight	74,861,212	89,032,681	45,343,498	36,629,821	-	-	120,204,710	125,662,502
Commission	64,816,038	65,005,683	39,259,128	6,874,641	-	-	104,075,166	71,880,324
Clearing and forwarding	48,688,025	104,839,061	29,490,378	6,315,911	-	-	78,178,403	111,154,972
	197,990,327	269,167,613	119,922,906	55,109,333	-	-	317,913,233	324,276,946

On local sales

Freight	10,090,009	17,826,053	6,111,527	254,725	-	-	16,201,536	18,080,778
Commission	25,752,929	38,466,966	15,598,571	8,945,076	-	-	41,351,500	47,412,042
	35,842,938	56,293,019	21,710,098	9,199,801	-	-	57,553,036	65,492,820
	233,833,265	325,460,632	141,633,004	64,309,134	-	-	375,466,269	389,769,766

Note	Spinning		Weaving		Power Generation		Company	
	2012	2011	2012	2011	2012	2011	2012	2011

Rupees							Rupees	
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45 ADMINISTRATIVE EXPENSES

Director's remuneration	2,556,540	2,186,826	1,548,498	1,111,524	-	-	4,105,038	3,298,350
Salaries and benefits	6,700,213	6,896,193	4,058,324	3,505,211	-	-	10,758,537	10,401,404
Printing and stationery	920,440	988,761	557,512	502,569	-	-	1,477,952	1,491,330
Communication	923,075	1,121,261	559,107	569,916	-	-	1,482,182	1,691,177
Traveling and conveyance	1,990,878	1,247,767	1,205,877	634,218	-	-	3,196,755	1,881,985
Legal and professional charges	1,486,641	825,393	900,459	419,532	-	-	2,387,100	1,244,925
Auditors' remuneration	874,447	849,609	529,653	431,841	-	-	1,404,100	1,281,450
Rent, rates and taxes	747,187	191,390	452,571	97,280	-	-	1,199,758	288,670
Entertainment	845,164	458,768	511,917	233,183	-	-	1,357,081	691,951
Electricity, gas and water charges	950,675	1,531,146	575,824	778,254	-	-	1,526,499	2,309,400
Fees and subscription	384,366	232,965	232,811	118,412	-	-	617,177	351,377
Repairs and maintenance	119,605	242,395	72,445	123,205	-	-	192,050	365,600
Charity and donation	897,696	2,418,250	543,736	1,229,153	-	-	1,441,432	3,647,403
Depreciation	4,367,905	4,503,619	2,645,644	2,289,109	-	-	7,013,549	6,792,728
Brokerage and discount	48,577	11,934	29,423	6,066	-	-	78,000	18,000
	23,813,409	23,706,277	14,423,801	12,049,473	-	-	38,237,210	35,755,750

46 PLANT CAPACITY AND PRODUCTION

Spinning

Total no of spindles installed	73,488	73,488
Total no of rotors installed	1,104	1,104
Average no of spindles worked	73,488	73,488
Average no of rotors worked	1,104	1,104
Numbers of shift worked per day	3	3
Capacity of industrial unit after conversion into 20/s count - KGS	29,438,125	29,438,125
Actual production after conversion into 20/s count - KGS	25,088,541	27,623,440

It is difficult to describe the production capacity in textile industry since it fluctuates widely depending upon various factors such as count of the yarn spun spindles speed twist per inch and raw material used etc.

Weaving

Rated capacity converted into 60 picks - Square meters	70,763,414	70,763,414
Actual production converted into 60 picks - square meters	63,824,513	64,344,192
Total numbers of looms worked	234	234
Number of shifts worked per day	3	3

Power Plant

Installed capacity	MW	36.2	36.2
Installed capacity per hour per day	MWH	317.112	317.112
Prime capacity	MW	20	20
Stand by	MW	16.2	16.2
Installed prime capacity per hour per day	MWH	175.2	175.2
Actual generated per hour per day	MWH	111.379	117.587

Reason for Short Fall if Any

The installed capacity includes the stand by generation which is only used in case of emergency shutdown of the prime engines.

47 NON ADJUSTING EVENT AFTER BALANCE SHEET

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2012 of Rs. NIL (June 30, 2011: Rs. 1.5/-) per ordinary share amounting to Rs. NIL (June 30, 2011: Rs. 19,500,000) at their meeting held on **October 8, 2012** for approval of the members at the Annual General meeting to held on **October 31, 2012**. These financial statements don't reflect this impact.

48 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for better presentation and comparison.

49 GENERAL

The figures have been rounded off to the nearest Rupees.

50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on **October 8, 2012**.

Karachi: October 08, 2012


TARIQ IQBAL
Chief Executive


OMER KHALID
Director

QUETTA TEXTILE MILLS LIMITED

FORM OF PROXY

Please quote Registered Folio Number

I / We _____

Of _____

being member of QUETTA TEXTILE MILLS LIMITED and a holder of _____

Ordinary shares, hereby appoint _____

_____ of _____

who is also a member of the Company, as my / our proxy in my / our absence to attend and vote of me / us and on my / our behalf at the 48th Annual General Meeting of the Company to be held at the Registered Office at Nadir House (Ground Floor), I.I. Chundrigar Road, Karachi, on Wednesday, October 31, 2012 at 9:00 a.m. or at any adjournment thereof

As witness my / our hand this _____ day of _____ 2012

Signed by the said _____ in presence of _____

Member's Signature

Witness's Signature

Date : _____

Affix Five Rupees Revenue
Stamps which must be
cancelled either by signature
over it or by some other means

Important:

- (1) This form of proxy, in order to be effective must be deposited duly completed at the Company's registered office at Nadir House (Ground Floor), I.I. Chundrigar Road, Karachi, not less than 48 hours before the time for holding the meeting.
- (2) A proxy must be member of the Company.
- (3) Signature should agree with the specimen registered with the Company.

Quetta Textile Mills Limited

Head Office : Nadir House, G/FL, I. I. Chundrigar Road, Karachi-74000, Pakistan.
Phone : (021) 3241-4334/5/6 Fax : (021) 3241-9593 Telex : 21208 QTM PK
Web : www.quettagroup.com