of Companies

24th Annual Report 2011

UMER GROUP OF COMPANIES

BLESSED TEXTILES LIMITED.

Contents

Vision

A Leader Company maintaining

an excellent Level of ethical and

Professional standards

Mission Statement

To become a top quality

Manufacturer of textile products

In the International

&

Local markets

CORPORATE INFORMATION

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

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 24th Annual General Meeting of the members of **Blessed Textiles Limited** will be held on Thursday 27th October 2011 at 6:00 PM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on 26th Ocober 2010.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2011 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividend @ 75% (i.e. PKR 7.50 per share) for the year ended 30th June, 2011, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2011-2012 and fix their remuneration. The retiring auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the chairman.

(By the order of the Board)

Syed Ashraf Ali
FCA
Company Secretary

Karachi:
Dated: 27th September, 2011

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 24th October 2011 to 31st October, 2011 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 23rd October 2011 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2011.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/ her. No person other than a member shall act as proxy.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.
5. Members are requested to immediately inform of any change in their addresses to our share Registrar, Hameed Majeed Associates (Private) Limited.

Directors' Report

The directors of the **Blessed Textiles Limited** have the pleasure in submitting their annual report together with audited financial statements of the company for the year ended 30th June 2011.

Overview

By the blessing of Al Mighty Allah your company earned a record profit of PKR 609.605 million during the year ended 30th June, 2011 as compared to PKR 423.522 Million in previous year. The earning per share of company is PKR 94.78 as compared to PKR 65.85 in previous year. By the grace of Al-Mighty Allah your company maintained the position among the market leaders both in domestic and international markets.

The financial year ended 30th June, 2011 was a great milestone for the company. Sales of the company are increased by 51.07%. Sales have increased from PKR 4.054 billion to 6.124 billion. Gross profit for the year under review is amounting to PKR 1,160.396 million as compared to PKR 801.314 million in prior year which is increased by 44.81%. Whereas profit before taxation for the year under review is amounting to PKR 673.402 million as compared to PKR 429.929 million in prior year.

Current Economic Conditions and Textile Industry

The global economy recovery is now being witnessed at varying speeds in different economies after undergoing a severe recession in the past year. The recovery is gaining strength, but unemployment remains high in advanced economies, and new macroeconomic risks are building in emerging market economies. According to IMF report the World GDP growth on year to year basis is projected to be 4.5% in financial year ended 30th June 2012 (4.4% in year ended 30th June 2011).

Pakistan achieved a real GDP growth of 2.4% (as per the "Economic Survey of Pakistan 2010-2011") mainly due to the growth in the services sector. The impact of the massive floods brought damage to the cash crops and infrastructure and posed a further challenge to the economic growth in the country. Moreover, it also affected the public finances by depressing budget revenues and resulted in additional spending to meet the humanitarian and reconstruction needs.

During the first three quarters of the year under review, textile sector achieved remarkable growth and observed a rapid surge in cotton prices resulting in surge in yarn and fabric prices. However, thereafter cotton prices started to nose-dive resulting in drastic reduction in yarn prices. Demand for the yarn and fabric was also negatively affected. During the period of four months i.e. from April 2011 to July 2011 cotton prices dropped from PKR 12,400 per maund to PKR 4,800 per maund which is an abnormal dip and severely affected the result of textile sector in fourth quarter.

Moreover massive gas load shedding alongwith electricity load shedding from WAPDA affected the production activities of textile sector.

Furthermore, higher inflation in the country is another major cause of concern. Inflation rose to 15.5% (as per "Economic Survey of Pakistan 2010-2011") in current year as compared to 11.7% in the previous year. This was mainly due to rising commodity prices, weakening of the rupee due to stoppage of foreign exchange liquidity support for oil imports by the SBP, modest recovery in the domestic economy due to an increase in aggregate demand and upward

adjustments of power and fuel tariffs. Due to higher inflation, cost of production is increasing day by day and affecting the competitiveness in international market.

Despite uncertain business environment, law order situation, double digit inflation and markup rates, massive electricity and gas load shedding, the performance of textile industry during the financial year ended 30th June 2011 is satisfactory.

Operating Results

Financial results of the company are summarized as under;

	2011 Rupees	2010 Rupees
Sales	6,124,843,644	4,054,211,673
Gross profit	1,160,396,592	801,314.433
Profit before taxation	673,402,451	429,929,752
Taxation		
Current year	64,239,035	41,239,084
Prior year	(441,658)	(1,157,080)
Deferred	-	(33,674,963)
	63,797,377	6,407,041
Profit after taxation	609,605,074	423,522,711
Un-appropriated profit brought forward	81,959,819	13,261,108
Profit available for appropriation	691,564,893	436,783,819
Appropriations:		
Dividend paid	(32,160,000)	(4,824,000)
Transferred to General Reserve	(500,000,000	(350,000,000)
Un-appropriated profit carried forward	159,404,893	81,959,819
Basic and diluted earning per share	94.78	65.87

In compliance of the requirement of IAS 2 (Inventories) the stock of raw cotton and yarn as on 30th June 2011 was valued on the basis of replacement cost and net realizable value due to substantial decrease in cotton and yarn price after the balance sheet date.
During the year under review, the cost of production of your company increased because of increase in cost of raw material, fuel and power, salaries and wages and other consumables due to cost push inflation.

Dividend
The board of directors is pleased to recommend a final cash dividend of 75% i.e PKR 7.5 per share (June 2010: 50% i.e. PKR 5.00 per share) for the approval of shareholders at the forthcoming annul general meeting.

Balance Sheet
Balance sheet footing has increased to PKR 2,840.497 million this year. Long term borrowing at the year end is PKR 333.929 million (2010: PKR 504.014 million). Gearing ratio is 0.36 at 30th June 2011 as compared to 0.65 at 30th June 2010. The liquidity position of the company is good with a current ratio of 2.07 at 30th June 2011 (2010: 1.51). The total of shareholders' fund stood at PKR 1.823 billion (2010: PKR 1.246 billion).

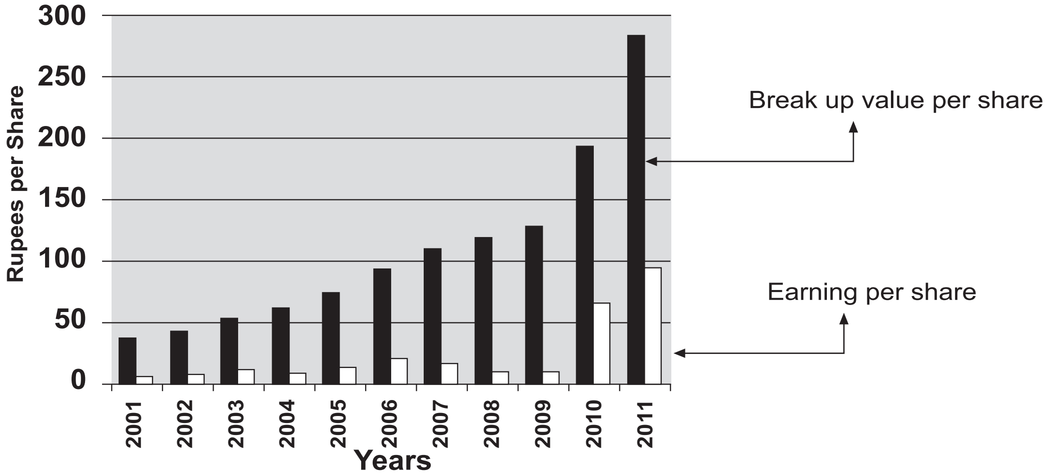
Cash Flow Management
The company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis. Working capital requirements are planned through internal cash generations and short term borrowings.

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

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

Breakup Value and Earning per Share

The breakup value of your share as on 30th June 2011 is PKR 283.53 (30th June 2010: PKR 193.76). The Earning per Share (EPS) of your company for the year ended 30th June 2011 is PKR 94.78 (30th June 2010: PKR 65.87).



Statement on Corporate and Financial Reporting Framework

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

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

Changes in the Board of Directors
Mr. Mohammad Shaheen director of company submitted his resignation from the post of chief executive of the company on 24th September 2011. The board would like to place on record its appreciation on the valuable contributions made by Mr. Mohammad Shaheen towards progress and success of the company. The causal vacancy so occurred was filled within stipulated time. The board of directors unanimously appointed Mr. Mohammad Amin as new chief executive of company.

Change in the Audit Committee
Mr. Mohammad Salim was nominated by the board on the Audit Committee as member of audit committee in place of Mr. Adil Shakeel.

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

Financial statements
As required under listing regulations of stock exchanges the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2011 and clean review report on Statement of Code of Corporate Governance. These reports are attached with the financial statements.

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

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

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

Auditors
The present auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants shall retire on the conclusion of the 24th annual general meeting. Being eligible, they offer themselves for re-appointment as auditor of the company to hold office from the conclusion of 24th annual general meeting until the conclusion of 25th annual general meeting. The audit committee has recommended the appointment of aforesaid M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as external auditor for the year ended 30th June 2012. The external auditors, M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

Safety, Health and Environment
We maintain our commitment to higher standard of Safety, Health and Environment. All our employees undergo continuous training on all aspects of safety especially with regards to the safe production, delivery, storage

and handling of the materials. In addition we have initiated a rotation exercise at the mill whereby our aim is to ensure that all supervisors are also safety managers and are fully cognizant of all aspects of safety training. Due to these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

Expansion Plan

In view of the current economic scenario where the cost of financing and production is rapidly increasing and due to non supportive behavior of government for textile industry, no further expansion is under consideration in near future.

However, normal BMR will continue as and when required.

Risks, Challenges and Future Outlook

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

Cotton crop estimates for Pakistan as well as internationally are high due to BT seed and good weather. Based on above estimates cotton prices have fallen drastically. Consequently, yarn and fabric prices have also nose-dived and demand for yarn and fabric in the local and international market has shrunk.

But the heavy rains in Sindh followed by flood have changed the scenario of cotton price in Pakistan little bit. Sindh contributes around 4.5 million bales towards the total production of cotton crop of Pakistan. About 50% to 70% crop of Sindh has been damage by flood.

Total consumption of the local industry is estimated about 15.0 million bales of cotton, against the targeted production of 14.0 million bales, showing a shortfall of about one million bales. However after the flash floods in Sindh, the shortfall might be increased. If target production of 14.0 million bales of cotton is achieved then the country will need to import about one million bales otherwise the import will be about 3.0 to 3.5 million bales to meet the domestic requirements.

China and India is expecting a bumper cotton crop as compared to their last year's cotton production. As such, India may have exportable surplus of over 7.0 million bales. Whereas lower Chinese demand for imports is expected, hence the import forecast for China was reduced by 600,000 bales.

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

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

The reduction in discount rate by State Bank of Pakistan from 14% to 13.5% is a good step but it is not enough to satisfy the business community. The State Bank of Pakistan should consider a further reduction in discount rate and introduction of a new leverage product in the capital market, these steps would help spawn another positive run in the equity market.

The results of the First Quarter of the next fiscal year will be under severe pressure as market has to adjust to new cotton, yarn and fabric prices. The effects of drastic drop in cotton and yarn prices has already been accounted for in the financial statements for the year ended 30th June 2011 by reporting the inventory of cotton and yarn at replacement cost and net realizable value.

The management is aware of the challenges and will do everything possible to mitigate the adverse impact of such events. But in the absence of government support toward textile industry particularly spinning sector, we are not sure to have good results in the coming year.

Acknowledgement

Your directors' record with appreciation, the efforts of the company's executives, managers, technicians and workers who have worked vigorously to meet the targets set before them. Your directors also extended their appreciation to the company's bankers, valued customers, suppliers, shareholders and government authorities for the cooperation extended by them during this period.

For and on behalf of the Board of Directors

Karachi: 27th September, 2011

Mohammad Salim
Chairman / Director

Board of Directors Meetings

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

Directors	2010	2011			Total
	27th Oct	24th Feb	26th April	27th Sept	
Mr. Mohammad Salim	✥	✥	✥	✥	4/4
Mr. Mohammad Sharif	✥	✥	✥	✥	4/4
Mr. Mohammad Amin	✥	✥	✥	✥	4/4
Mr. Mohammad Shakeel	✥	✥	✥	✥	4/4
Mr. Khurram Salim	✥	✥	✥	✥	4/4
Mr. Bilal Sharif	-	✥	✥	✥	3/4
Mr. Mohammad Amin	-	✥	✥	✥	3/4
Mr. Adil Shakeel	✥	✥	✥	✥	4/4
Total	6/8	8/8	8/8	8/8	30/32

Audit Committee Meeting

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

Members	2010	2011			Total
	20th Oct	17th Feb	19th April	20th Sept	
Mr. Khurram Salim	★	★	★	★	4/4
Mr. Bilal Sharif	★	★	★	★	4/4
Mr. Adil Shakeel	★	★	★	★	4/4
Total	3/3	3/3	3/3	3/3	12/12

Year wise Operating Data

Year Ended 30th June

	2011	2010	2009	2008	2007	2006
Spinning Unit						
Spindle installed	47,616	47,616	47,616	47,616	44,496	44,496
Spindle worked	47,616	47,616	47,616	47,616	44,496	44,496
Installed capacity after conversion in to 20/s count (Kgs)	20,413,000	20,413,000	20,413,000	20,413,000	19,081,000	13,457,000
Actual production after conversion in to 20/s count (Kgs)	23,832,744	18,498,000	18,689,000	18,229,000	18,049,000	14,380,000
Weaving Unit						
Air jet looms installed	131	131	131	131	131	131
Air jet looms worked	131	131	131	131	131	131
Installed capacity after conversion into 50 picks - (meters)	17,483,076	17,483,076	17,483,076	17,483,076	17,483,076	20,034,909
Actual production after conversion into 50 picks - (meters)	23,245,090	25,059,000	23,892,170	23,892,170	28,556,778	29,552,819

Year wise Financial Data

Year Ended 30th June

	2011	2010	2009	2008	2007	2006
	Rupees in Thousands					
Fixed assets	1,539,364	1,623,295	1,565,526	1,624,082	1,640,014	1,658,154
Investments, long term loans and deposits	8,128	12,864	11,314	7,688	7,132	19,866
Current assets	1,293,004	773,352	880,145	1,163,347	917,700	762,605
Shareholders equity	1,823,724	1,246,279	827,581	761,811	703,616	602,110
Long term liabilities	333,929	504,014	495,842	531,156	541,038	871,921
Deferred liabilities	57,830	57,639	81,956	68,644	22,270	20,889
Current liabilities	625,012	514,871	962,321	1,353,786	1,197,923	945,704
Turnover (Net)	6,124,843	4,054,211	3,254,301	2,961,744	2,676,741	2,927,425
Gross profit	1,160,396	801,314	466,696	365,722	395,663	416,810
Operating profit	923,186	637,523	357,270	275,028	305,099	321,983
Financial charges	192,407	175,417	1,257,167	159,347	179,969	151,466
Profit before tax	673,402	429,929	100,103	115,680	125,130	170,517
Profit after tax	609,605	423,522	70,593	64,627	106,329	129,818
Cash Dividend	32,160	4,824	4,824	6,432	4,824	4,824
Transfer to reserves	500,000	350,000	60,000	60,000	100,000	180,000
Profit carried forward	159,404	81,959	13,261	7,491	9,296	7,791

RAHMAN SARFARAZ RAHIM
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Review Report to the members

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

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the code of corporate governance for the year ended June 30, 2011.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: September 27, 2011
Place: Lahore

Engagement Partner:
IRFAN RAHMAN MALIK

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2011

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

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

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

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

3. The Company has prepared a "Statement of Ethics and Business Practices", 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. Casual vacancy occurred during the year was filled in accordance with the requirement of Companies Ordinance 1984.

6. 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. 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.

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

8. The Board arranged one orientation course for its directors during the year apprised them of their duties and responsibilities and briefed them regarding requirements of Code of Corporate Governance, amendment in the Companies Ordinance 1984 and other corporate laws, including the changes made in income tax ordinance 2001 through Finance Act.

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

10. 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.

11. 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.

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

13. 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.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2011

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

15. 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.

16. 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.

17. 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.

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

19. 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.

20. 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.

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

For and on behalf of the Board of Directors

Karachi: 27th September, 2011

Mohammad Amin
Chief Executive / Director

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
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Auditors' Report to the Members

We have audited the annexed balance sheet of **BLESSED TEXTILES LIMITED** ("the Company") as at June 30, 2011 and the related profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

b) in our opinion--

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii. the expenditure incurred during the year was for the purpose of the Company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2011 and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner:
IRFAN RAHMAN MALIK

Date: September 27, 2011
Place: Lahore

Balance sheet
as at June 30, 2011

	Note	2011 Rupees	2010 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
6,500,000 ordinary shares of Rs. 10 each		**65,000,000**	65,000,000
Issued, subscribed and paid-up capital	5	**64,320,000**	64,320,000
General reserve	6	**1,600,000,000**	1,100,000,000
Accumulated profit		**159,404,893**	81,959,819
		1,823,724,893	1,246,279,819
Loan from sponsors - *Unsecured*	7	**-**	86,707,708
Non-current liabilities			
Long term finances - *Secured*	8	**320,426,335**	464,762,053
Liabilities against assets subject to finance lease - *Secured*	9	**13,502,810**	39,252,422
Employees retirement benefits	10	**49,212,759**	39,418,887
Long term payables - *Secured*	11	**8,617,378**	18,221,218
		391,759,282	561,654,580
Current liabilities			
Current portion of non-current liabilities	12	**294,837,126**	201,172,296
Short term borrowings - *Secured*	13	**19,638,590**	110,000,000
Accrued mark-up		**13,937,079**	15,340,800
Trade and other payables	14	**296,600,156**	188,358,388
		625,012,951	514,871,484
Contingencies and commitments	15	**-**	-
		2,840,497,126	2,409,513,591

Karachi
Date: September 27, 2011

Mohammad Amin
Chief Executive

Balance sheet
as at June 30, 2011

	Note	2011 Rupees	2010 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	16	**1,539,364,345**	1,623,295,825
Long term deposits	17	**8,128,385**	8,128,385
Long term advances - *Unsecured, Considered good*	18	**-**	4,736,810
		1,547,492,730	1,636,161,020
Current assets			
Stores, spares and loose tools	19	**55,901,941**	34,712,543
Stock in trade	20	**935,161,078**	525,224,173
Trade receivables	21	**164,856,435**	87,597,012
Advances, prepayments and other receivables	22	**70,431,323**	45,482,332
Current taxation	23	**49,791,519**	49,555,396
Cash and bank balances	24	**16,862,100**	30,781,115
		1,293,004,396	773,352,571
		2,840,497,126	2,409,513,591

The annexed notes 1 to 48 form an integral part of these financial statements.

Mohammad Salim
Director

Profit and loss account
for the year ended June 30, 2011

	Note	2011 Rupees	2010 Rupees
Turnover - net	25	**6,124,843,644**	4,054,211,673
Cost of sales	26	**4,964,447,052**	3,252,897,240
Gross profit		**1,160,396,592**	801,314,433
Selling and distribution expenses	27	**182,059,377**	111,394,413
Administrative and general expenses	28	**57,550,360**	53,473,389
		239,609,737	164,867,802
		920,786,855	636,446,631
Other operating income	29	**2,399,470**	3,384,680
Operating profit		**923,186,325**	639,831,311
Finance cost	30	**192,407,120**	175,417,844
Other charges	31	**57,376,754**	34,483,715
		249,783,874	209,901,559
Profit before taxation		**673,402,451**	429,929,752
Taxation expenses/(income)			
Current taxation	32	**63,797,377**	40,082,004
Deferred taxation	32	**-**	(33,674,963)
		63,797,377	6,407,041
Profit after taxation		**609,605,074**	423,522,711
Earnings per share - ***basic and diluted***	33	**94.78**	65.85

The annexed notes 1 to 48 form an integral part of these financial statements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 27, 2011

Statement of other comprehensive income
for the year ended June 30, 2011

	2011	2010
	Rupees	*Rupees*
Profit after taxation	**609,605,074**	423,522,711
Other comprehensive income	**-**	-
Total comprehensive income	**609,605,074**	423,522,711

The annexed notes 1 to 48 form an integral part of these financial statements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 27, 2011

Cash flow statement
for the year ended June 30, 2011

	Note	2011 Rupees	2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	35	**576,657,654**	921,780,518
Payments for:			
Employees retirement benefits		**(10,536,493)**	(5,846,724)
Interest/markup		**(149,480,366)**	(167,151,330)
Income tax		**(64,033,500)**	(45,238,103)
Net cash flow from operating activities		**352,607,295**	703,544,361
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		**(69,041,900)**	(240,800,680)
Proceeds from disposal of property, plant and equipment		**1,457,500**	18,410,000
Net cash used in investing activities		**(67,584,400)**	(222,390,680)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances obtained		**-**	204,570,000
Repayment of long term finances		**(150,841,769)**	(200,131,249)
Repayment of liabilities against assets subject to finance lease		**(25,578,731)**	(35,382,716)
Net decrease in short term borrowings		**(90,361,410)**	(427,413,935)
Dividend paid		**(32,160,000)**	(4,824,000)
Net cash used in financing activities		**(298,941,910)**	(463,181,900)
Net (decrease) / increase in cash and cash equivalents		**(13,919,015)**	17,971,781
Cash and cash equivalents as at beginning of the year		**30,781,115**	12,809,334
Cash and cash equivalents as at end of the year	36	**16,862,100**	30,781,115

The annexed notes 1 to 48 form an integral part of these financial statements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 27, 2011

Statement of changes in equity
for the year ended June 30, 2011

	Issued subscribed and paid-up capital	General reserve	Accumulated profit	Total equity
	Rupees	*Rupees*	*Rupees*	*Rupees*
As at July 01, 2009	64,320,000	750,000,000	13,261,108	827,581,108
Profit for the year ended June 30, 2010	-	-	423,522,711	423,522,711
Profit transferred to general reserve		350,000,000	(350,000,000)	-
Other comprehensive income for the year ended June 30, 2010	-	-	-	-
Final dividend on ordinary shares for the year ended June 30, 2009	-	-	(4,824,000)	(4,824,000)
As at June 30, 2010	64,320,000	1,100,000,000	81,959,819	1,246,279,819
Profit for the year ended June 30, 2011	-	-	609,605,074	609,605,074
Profit transferred to general reserve	-	500,000,000	(500,000,000)	-
Other comprehensive income for the year ended June 30, 2011	-	-	-	-
Final dividend on ordinary shares for the year ended June 30, 2010	-	-	(32,160,000)	(32,160,000)
As at June 30, 2011	**64,320,000**	**1,600,000,000**	**159,404,893**	**1,823,724,893**

The annexed notes 1 to 48 form an integral part of these financial statements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 27, 2011

Notes to and forming part of financial statements
for the year ended June 30, 2011

1 REPORTING ENTITY

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Judgements, estimates and assumptions

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

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

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

2.3.2 Recoverable amount and impairment

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

Notes to and forming part of financial statements
for the year ended June 30, 2011

2.3.3 Taxation

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

2.3.4 Provisions

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

2.3.5 Obligation under defined benefit plan

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

2.4 Functional currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

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

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

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

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

Notes to and forming part of financial statements
for the year ended June 30, 2011

3.1.2 Capital work in progress

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

3.2 Stores, spares and loose tools

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

3.3 Stock in trade

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

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

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

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

3.4 Employee benefits

Short-term employee benefits

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

Post-employment benefits

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

3.5 Financial instruments

3.5.1 Recognition

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

3.5.2 Classification

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

3.5.2(a) Loans and receivables

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

3.5.2(b) Financial liabilities at amortized cost

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

3.5.3 Measurement

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

3.5.4 De-recognition

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

3.5.5 Off-setting

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

3.6 Ordinary share capital

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

3.7 Loans and borrowings

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

3.8 Finance leases

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

3.9 Operating leases

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

3.10 Trade and other payables

3.10.1 Financial liabilities

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

3.10.2 Non-financial liabilities

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

3.11 Provisions and contingencies

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

3.12 Trade and other receivables

3.12.1 Financial assets

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

3.12.2 Non-financial assets

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

3.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer. Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For local sales transfer usually occurs on dispatch of goods to customers. For export sales transfer occurs upon loading the goods onto the relevant carrier.

Interest income is recognized using effective interest method.

3.14 Comprehensive income

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

3.15 Borrowing costs

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

3.16 Income tax

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

3.16.1 Current taxation

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

3.16.2 Deferred taxation

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

3.17 Government grants

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

3.18 Earnings per share ('EPS')

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

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

3.19 Cash and cash equivalents

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

3.20 Foreign currency transactions and balances

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

3.21 Impairment

3.21.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

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

3.21.2 Non-financial assets

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

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

3.22 Dividend distribution to ordinary shareholders

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

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

4.1 New and revised approved accounting standards, interpretations and amendments thereto that are effective in the current year

The following are new and revised approved accounting standards, interpretations and amendments thereto that are effective in the current year. However, these do not effect financial statements of the Company for current period or any period. The effect, if any, on future periods, is impracticable to determine.

Standards, interpretations and amendments	Description
IFRS 1 - First-time Adoption of International Financial Reporting Standards *(Amendments)*	The amendments provide certain exemptions to first-time adoptors of International Financial Reporting Standards.
IFRS 2 - Share-based Payments *(Amendments)*	The standard was amended to provide additional guidance on the accounting for share-based payment transactions among group entities.

Notes to and forming part of financial statements
for the year ended June 30, 2011

Standards, interpretations and amendments	Description
IFRS 3 - Business Combinations *(Amendments)*	The amendments provide guidance on measurement of non-controlling interests and on measurement of un-replaced and voluntary replaced share-based payment awards and transitional requirements for contingent consideration from a business combination.
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations *(Amendments)*	The amendments provide clarification regarding scope of the standard.
IFRS 8 - Operating Segments *(Amendments)*	The amendments clarify requirements regarding disclosure of segment assets.
IAS 1 - Presentation of Financial Statements *(Amendments)*	The amendments provide guidance on current/non-current classification of convertible instruments.
IAS 7 - Statement of Cash Flows *(Amendments)*	The standard was amended to provide guidance on recognition of certain expenditures as investing activities.
IAS 17 - Leases *(Amendments)*	The amendments have removed guidance regarding classification of leases of land so as to eliminate inconsistency with the general guidance on lease classification.
IAS 32 - Financial Instruments: Presentation *(Amendments)*	The amendments provide guidance on classification of right issues.
IAS 36 - Impairment of Assets *(Amendments)*	The amendments provide guidance on identification of unit of accounting for goodwill impairment test.
IAS 38 - Intangible Assets *(Amendments)*	The amendments clarify requirements regarding accounting for intangible assets acquired in a business combination.
IAS 39 - Financial Instruments: Recognition and Measurement *(Amendments)*	The amendments provide clarification regarding treatment of loan prepayment penalties and recognition of gains or losses on certain hedging instruments .
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	The interpretation provides guidance on accounting for debt for equity swaps.

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

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

Standards, interpretations and amendments	Description
IFRS 7 - Financial Instruments: Disclosures *(Amendments)*	The amendments emphasize the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment is effective for annual periods beginning on or after January 01, 2011.
IFRS 7 - Financial Instruments: Disclosures *(Amendments)*	The amendments provide enhanced disclosure requirements pertaining to derecognition of financial assets The amendment is effective for annual periods beginning on or after July 01, 2011.

Notes to and forming part of financial statements
for the year ended June 30, 2011

Standards, interpretations and amendments	Description
IFRS 9 - Financial Instruments: Classification and Measurement	The standard introduces new requirements for the classification and measurement of financial instruments and replaces relevant requirements in IAS 39 - Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 10 - Consolidated Financial Statements	The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 11 - Joint Arrangements	The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 12 - Disclosure of Interests in Other Entities	The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 13 - Fair Value Measurement	The standard establishes a single framework for measuring fair value where that is required by other standards. The standard is effective for annual periods beginning on or after January 01, 2013.
IAS 1 - Presentation of Financial Statements (Amendments)	The amendments clarify that an entity may present the 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. The amendment is effective for annual periods beginning on or after January 01, 2011.
IAS 12 - Income Taxes	The amendments provide exception to the general principal of IAS 12 for investment property measured using the fair value model and introduces a rebuttable presumption that the carrying amount of such an asset will be recovered entirely through sale. The amendment is effective for annual periods beginning on or after January 01, 2012.
IAS 24 - Related Party Disclosures (Revised 2009)	The revised standard amends the definition of related party and modifies certain related party disclosure requirements for government-related entities. The standard is effective for annual periods beginning on or after January 01, 2011.
IAS 34 - Interim Financial Reporting (Amendments)	The amendments provide clarification about significant events and transactions to be disclosed in interim financial reports. The amendment is effective for annual periods beginning on or after January 01, 2011.
IFRIC 13 - Customer Loyalty Programmes (Amendments)	The amendments clarify the meaning of 'fair value' in the context of measuring award credits under customer loyalty programmes. The amendment is effective for annual periods beginning on or after January 01, 2011.
IFRIC 14 - IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	The amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement and result in prepayments of contributions being recognized as an asset rather than an expense. The amendment is effective for annual periods beginning on or after January 01, 2011.

Notes to and forming part of financial statements
for the year ended June 30, 2011

		2011 Rupees	2010 Rupees
5	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**		
	6,432,000 (2010: 6,432,000) ordinary shares of Rs. 10 each issued for cash	**64,320,000**	64,320,000

6 GENERAL RESERVE

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

		Note	2011 Rupees	2010 Rupees
7	**LOAN FROM SPONSORS - UNSECURED**			
	Face value of loan	7.1	**100,000,000**	100,000,000
	Unamortized imputed interest	7.2	**-**	(13,292,292)
	Transferred to current liabilities	12	**(100,000,000)**	-
			-	86,707,708

7.1 This loan has been obtained from Sponsor Directors of the Company, and is interest free. The loan is expected to repaid by June 30, 2012 and, accordingly, has been transferred to current liabilities. The loan was carried at amortized cost which was determined using a discount rate of 14% over the remaining tenor of loan.

	Note	2011 Rupees	2010 Rupees
7.2 Movement in unamortized imputed interest is as follows:			
As at beginning of the year		**13,292,292**	10,714,285
Arising during the year		**-**	13,292,292
Amortization for the year	30	**(13,292,292)**	(10,714,285)
As at end of the year		**-**	13,292,292

8 LONG TERM FINANCES - SECURED

These represent long term finances utilized under interest/markup arrangements from banking companies

	Note	2011 Rupees	2010 Rupees
Term Finances ('TF')			
TF - I	8.1	**225,000,000**	300,000,000
TF - II	8.2	**54,150,000**	57,000,000
TF - III	8.3	**106,176,000**	106,176,000
		385,326,000	463,176,000

Notes to and forming part of financial statements
for the year ended June 30, 2011

		2011	2010
		Rupees	*Rupees*
Long Term Finances for Export Oriented Projects ('LTFEOP')			
LTFEOP - I	*8.4*	**-**	42,857,140
LTFEOP - II	*8.5*	**27,822,873**	34,778,591
LTFEOP - III	*8.6*	**-**	9,090,911
LTFEOP - IV	*8.7*	**35,219,180**	49,307,180
LTFEOP - V	*8.8*	**21,870,000**	21,870,000
LTFEOP - VI	*8.9*	**19,524,000**	19,524,000
		104,436,053	177,427,822
		489,762,053	640,603,822
Current maturity presented under current liabilities	*12*	**(169,335,718)**	(175,841,769)
		320,426,335	464,762,053

8.1 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.1% per annum (2010: three months KIBOR plus 1.1% per annum), payable quarterly. The finance is repayable in quarterly installments.

8.2 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 2% per annum (2010: three months KIBOR plus 2% per annum), payable quarterly. The finance is repayable in quarterly installments.

8.3 The finance has been obtained from Meezan Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at three months KIBOR plus 1.65% per annum (2010: three months KIBOR plus 1.65% per annum), payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in August 2011.

8.4 The finance was obtained from MCB Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried mark-up at 7% per annum (2010: 7% per annum), payable quarterly. The finance has been fully repaid during the year.

8.5 The finance has been obtained from Bank Al-Habib Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 7% per annum (2010: 7% per annum), payable quarterly. The finance is repayable in twelve equal quarterly installments with the first installment due in October 2008.

8.6 The finance was obtained from Faysal Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried mark-up at 6% per annum (2010: 6% per annum), payable quarterly. The finance has been fully repaid during the year.

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

8.8 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 10.4% per annum (2010: 10.4% per annum), payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due in November 2011.

Notes to and forming part of financial statements
for the year ended June 30, 2011

8.9 The finance has been obtained from MCB Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carries mark-up at 10.4% per annum (2010: 10.4% per annum), payable quarterly. The finance is repayable in eight equal semi-annual installments with the first installment due in October 2011.

8.10 For restrictions on title, and assets pledged as security, refer to note 42 to the financial statements.

		2011	2010
		Rupees	*Rupees*
9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED			
Present value of minimum lease payments	*9.1 & 9.2*	**39,004,218**	64,582,949
Current maturity presented under current liabilities	*9.1 & 9.2*	**(25,501,408)**	(25,330,527)
		13,502,810	39,252,422

9.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from three to six months KIBOR plus 0.75% to 2% per annum (2010: three months KIBOR plus 0.75% to 2% per annum). Lease rentals are payable quarterly over a tenor of 3 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

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

		2011	2010
		Rupees	*Rupees*
Not later than one year		**29,757,155**	32,629,483
Later than one year but not later than five years		**14,227,445**	43,248,889
Total future minimum lease payments		**43,984,600**	75,878,372
Finance charge allocated to future periods		**(4,980,382)**	(11,295,423)
Present value of future minimum lease payments		**39,004,218**	64,582,949
Not later than one year	*12*	**(25,501,408)**	(25,330,527)
Later than one year but not later than five years		**13,502,810**	39,252,422

10 EMPLOYEES RETIREMENT BENEFITS

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

10.1 Movement in present value of defined benefit obligation

		2011	2010
As at beginning of the year		**39,418,887**	32,620,765
Charged to profit or loss for the year	*10.2*	**14,144,533**	14,475,510
Benefits paid during the year		**(10,536,493)**	(5,846,724)
Actuarial (gain)/loss arising during the year	*10.2*	**6,185,832**	(1,830,664)
As at end of the year		**49,212,759**	39,418,887

Notes to and forming part of financial statements
for the year ended June 30, 2011

			2011	2010
			Rupees	*Rupees*
10.2	**Charge to profit or loss**			
	Current service cost		**9,524,379**	9,582,395
	Interest cost		**4,620,154**	4,893,115
		10.1	**14,144,533**	14,475,510
	Actuarial (gain)/loss recognized during the year	*10.1*	**6,185,832**	(1,830,664)
			20,330,365	12,644,846
10.3	**The charge to profit or loss has been allocated as follows**			
	Cost of sales	*26.2*	**16,183,061**	8,792,951
	Administrative and general expenses	*28.1*	**4,147,304**	3,851,895
			20,330,365	12,644,846

10.4 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at June 30, 2011 has been determined by the management of the Company based on internal estimates, whereas, the liability as at June 30, 2010 was based on actuarial valuation carried out by independent valuers The principal assumptions used in determining present value of defined benefit obligation are:

	2011	2010
Discount rate	**14%**	12%
Expected rates of increase in salary	**14%**	11%
Expected average remaining working lives of employees	**5 years**	5 years

10.5 Historical information

		2011	2010	2009	2008	2007
Present value of defined benefit obligation	*Rupees*	**49,212,759**	39,418,887	32,620,765	25,686,445	22,270,325
Actuarial adjustment arising during the year	%	**12.57**	4.64	9.71	5.21	8.25

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

11 LONG TERM PAYABLES - SECURED

This represents infrastructure cess levied by Excise and Taxation Officer ('ETO') Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan. The Company and others have filed a suit before the Sindh High Court (SHC') challenging the levy. The Supreme Court of Pakistan thourgh order has declared all levies and collections before December 28, 2006 to be invalid. During the pendency of decision on the levies and collections on or after December 28, 2006, SHC has directed the petitioners to pay 50% of liability for levies on orafter December 26, 2006 to ETO and to arrange bank gaurantees for the remaining amount in favour of ETO (see note 15.1.1). The Company has adjusted its liability pertaining to infrastructure tax levied/collected before December 28, 2006 and has paid 50% of levies after the said date and issue 50% bank gaurantee.

Notes to and forming part of financial statements
for the year ended June 30, 2011

			2011	2010
			Rupees	*Rupees*
12	**CURRENT MATURITY OF NON-CURRENT LIABILITIES**			
	Loan from sponsors	*7*	**100,000,000**	-
	Long term finances	*8*	**169,335,718**	175,841,769
	Liabilities against assets subject to finance lease	*9*	**25,501,408**	25,330,527
			294,837,126	201,172,296
13	**SHORT TERM BORROWINGS - SECURED**			
	These represent short term finances utilized under interest/mark-up arrangements from banking companies			
	Running finances	*13.1*	**19,638,590**	-
	Term loans		**-**	110,000,000
			19,638,590	110,000,000

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

Interest/mark-up on short term loans is payable along with principal on maturity and that on running finances is payable quarterly. These finances carry mark-up at rates ranging from one to three months KIBOR plus 0.4% to 2.5% per annum (2010: one to three months KIBOR plus 0.6% to 2.5% per annum).

The aggregate available short term funded facilities amounts to Rs. 3,815 million (2010: Rs. 2,065 million) out of which Rs. 3,796 million (2010: Rs. 1,955 million) remained unavailed as at the reporting date.

13.2 For restrictions on title, and assets pledged as security, refer to note 42 to the financial statements.

			2011	2010
			Rupees	*Rupees*
14	**TRADE AND OTHER PAYABLES**			
	Trade creditors - *Unsecured*		**130,155,121**	78,636,158
	Accrued liabilities		**99,286,684**	69,568,985
	Advances from customers - *Unsecured*		**13,720,934**	5,859,399
	Workers' Profit Participation Fund	*14.1*	**37,677,480**	23,112,136
	Workers' Welfare Fund	*14.2*	**13,474,274**	9,063,579
	Unclaimed dividend		**1,671,137**	1,493,874
	Other payables - *Unsecured*		**614,526**	624,257
			296,600,156	188,358,388
14.1	**Workers' Profit Participation Fund**			
	As at beginning of the year		**23,112,136**	5,817,951
	Interest on funds utilized by the Company	*14.1.1*	**3,253,112**	407,257
	Charged to profit or loss for the year	*31*	**37,677,480**	23,112,136
	Paid during the year		**(26,365,248)**	(6,225,208)
	As at end of the year		**37,677,480**	23,112,136

Notes to and forming part of financial statements
for the year ended June 30, 2011

			2011	2010
			Rupees	*Rupees*
14.1.1	Interest is charged at 37.5% (2010: 17.5%) per annum.			
14.2	**Workers' Welfare Fund**			
	As at beginning of the year		**9,063,579**	1,994,843
	Charged to profit or loss for the year	*31*	**13,474,274**	9,063,579
	Paid/adjusted during the year		**(9,063,579)**	(1,994,843)
	As at end of the year		**13,474,274**	9,063,579

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Guarantees issued by banks on behalf of the Company as at the reporting date amount to Rs. 67.76 million (2010: Rs. 78.35 million), however the Company has already recognized related liability amounting to Rs. 8.67 million (2010: Rs. 18.22 million). See note 11.

15.1.2 Bills discounted/negotiated as at the reporting date amount to Rs. 24.46 million (2010: Rs. 240.51 million).

15.1.3 The Company has issued indemnity bonds and post dated cheques collectively amounting to Rs. 10.76 million (2010: Rs. 7.88 million) in favour of Sales Tax Department in lieu of levies under various statutory notifications and these are likely to be released after fulfillment of the terms of related notifications.

			2011	2010
			Rupees	*Rupees*
15.2	**Commitments**			
15.2.1	Commitments under irrevocable letters of credit for:			
	- purchase of stores, spare and loose tools		**4,337,438**	7,414,408
	- purchase of raw material		**-**	94,657,593
			4,337,438	102,072,001
15.2.2	Commitments for capital expenditure		**-**	10,000,000
16	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	*16.1*	**1,521,179,827**	1,405,915,827
	Capital work in progress	*16.2*	**18,184,518**	217,379,998
			1,539,364,345	1,623,295,825

Notes to and forming part of financial statements
for the year ended June 30, 2011

16.1 Operating fixed assets

2011

	COST						DEPRECIATION					Net book value
	As at July 01 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfers *Rupees*	As at June 30 *Rupees*	Rate %	As at July 01 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	Impairment allowance *Rupees*	As at June 30 *Rupees*	as at June 30 *Rupees*
Assets owned by the Company												
Freehold land	25,432,849	-	-	-	25,432,849	-	-	-	-	-	-	25,432,849
Buildings on freehold land												
Factory buildings	363,128,659	-	-	7,534,448	370,663,107	10	177,604,508	18,854,435	-	-	196,458,943	174,204,164
Non-factory buildings	65,392,196	-	-	2,291,091	67,683,287	5	18,677,081	2,345,209	-	-	21,022,290	46,660,997
	428,520,855	-	-	9,825,539	438,346,394		196,281,589	21,199,644	-		217,481,233	220,865,161
Plant and machinery	1,943,695,149	-	-	235,437,092	2,179,132,241	10	906,059,013	106,756,696	-	-	1,012,815,709	1,166,316,532
Equipment and other assets	45,923,590	7,146,459	-	-	53,070,049	35	38,090,827	12,112,961	-	-	50,203,788	2,866,261
Electric installations	26,816,448	-	-	-	26,816,448	10	12,157,070	1,025,239	-	-	13,182,309	13,634,139
Office equipment - head office	4,801,714	-	-	-	4,801,714	10	3,351,681	118,675	-	-	3,470,356	1,331,358
Office equipment - factory	1,208,309	1,180,506	-	-	2,388,815	10	825,840	75,414	-	-	901,254	1,487,561
Furniture and fixtures - head office	199,098	-	-	-	199,098	10	125,449	7,365	-	-	132,814	66,284
Furniture and fixtures - factory	6,804,063	85,124	-	-	6,889,187	10	3,412,968	348,700	-	-	3,761,668	3,127,519
Vehicles	18,834,886	14,562,660	(3,637,325)	1,001,800	30,762,021	20	11,665,052	2,437,965	(2,398,178)	-	11,704,839	19,057,182
	2,502,236,961	22,974,749	(3,637,325)	246,264,431	2,767,838,816		1,171,969,489	144,082,659	(2,398,178)	-	1,313,653,970	1,454,184,846
Assets subject to finance lease												
Plant and machinery	90,924,545	-	-	-	90,924,545	10	21,093,106	7,071,106	-	-	28,164,212	62,760,333
Vehicles	6,776,320	-	-	(1,001,800)	5,774,520	20	959,404	1,058,660	(478,192)	-	1,539,872	4,234,648
	2,599,937,826	22,974,749	(3,637,325)	245,262,631	2,864,537,881		1,194,021,999	152,212,425	(2,876,370)	-	1,343,358,054	1,521,179,827

2010

	COST						DEPRECIATION					Net book value
	As at July 01 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfers *Rupees*	As at June 30 *Rupees*	Rate %	As at July 01 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	Impairment allowance *Rupees*	As at June 30 *Rupees*	as at June 30 *Rupees*
Assets owned by the Company												
Freehold land	25,432,849	-	-	-	25,432,849	-	-	-	-	-	-	25,432,849
Buildings on freehold land												
Factory buildings	362,408,797	-	-	719,862	363,128,659	10	157,057,366	20,547,142	-	-	177,604,508	185,524,151
Non-factory buildings	64,895,478	-	-	496,718	65,392,196	5	16,222,988	2,454,093	-	-	18,677,081	46,715,115
	427,304,275	-	-	1,216,580	428,520,855		173,280,354	23,001,235	-	-	196,281,589	232,239,266
Plant and machinery	1,975,087,274	-	(62,892,125)	31,500,000	1,943,695,149	10	839,928,547	113,187,386	(47,056,920)	-	906,059,013	1,037,636,136
Equipment and other assets	36,948,393	8,975,197	-	-	45,923,590	35	18,610,741	9,261,004	9,055,249	1,163,833	38,090,827	7,832,763
Electric installations	26,816,448	-	-	-	26,816,448	10	10,528,250	1,628,820	-	-	12,157,070	14,659,378
Office equipment - head office	4,801,714	-	-	-	4,801,714	10	3,219,820	131,861	-	-	3,351,681	1,450,033
Office equipment - factory	1,208,309	-	-	-	1,208,309	10	783,344	42,496	-	-	825,840	382,469
Furniture and fixtures - head office	199,098	-	-	-	199,098	10	117,266	8,183	-	-	125,449	73,649
Furniture and fixtures - factory	6,776,603	27,460	-	-	6,804,063	10	3,027,856	385,112	-	-	3,412,968	3,391,095
Vehicles	20,345,891	2,115,875	(3,626,880)	-	18,834,886	20	13,081,742	1,758,199	(3,174,889)	-	11,665,052	7,169,834
	2,524,920,854	11,118,532	(66,519,005)	32,716,580	2,502,236,961		1,062,577,920	149,404,296	(41,176,560)	1,163,833	1,171,969,489	1,330,267,472
Assets subject to finance lease												
Plant and machinery	122,424,545	-	-	(31,500,000)	90,924,545	10	19,895,446	10,252,909	(9,055,249)	-	21,093,106	69,831,439
Vehicles	1,001,800	5,774,520	-	-	6,776,320	20	347,290	612,114	-	-	959,404	5,816,916
	2,648,347,199	16,893,052	(66,519,005)	1,216,580	2,599,937,826		1,082,820,656	160,269,319	(50,231,809)	1,163,833	1,194,021,999	1,405,915,827

16.1.1 Disposal of property, plant and equipment

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

	2010						
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*		
Plant and machinery - owned							
Auto coner	2,246,000	985,151	1,260,849	660,000	(600,849)	Negotiation	M.K. Sons Faisalabad
Auto coner	17,268,934	14,281,774	2,987,160	3,600,000	612,840	Negotiation	M.K. Sons Faisalabad
Auto coner	17,268,934	14,281,774	2,987,160	3,600,000	612,840	Negotiation	M.K. Sons Faisalabad
Auto coner	17,268,934	14,281,774	2,987,160	3,600,000	612,840	Negotiation	M.K. Sons Faisalabad
Carding machine	8,839,323	3,226,447	5,612,876	5,700,000	87,124	Negotiation	Faisal Spinning Mills Limited
	62,892,125	47,056,920	15,835,205	17,160,000	1,324,795		
Vehicles - owned							
Toyota Corolla - LRS 6555	833,023	696,904	136,119	300,000	163,881	Negotiation	Rana Yasir, Lahore
Toyota Corolla - LXZ 4797	817,290	712,394	104,896	350,000	245,104	Negotiation	Mohammad Waleed, Peshawar
Honda Civic - LXN 8598	1,158,860	1,050,890	107,970	300,000	192,030	Negotiation	Saifullah, Lahore
Toyotta Corolla - LXW 5079	817,707	714,701	103,006	300,000	196,994	Negotiation	M/s Texcom, Karachi
	3,626,880	3,174,889	451,991	1,250,000	798,009		
	66,519,005	50,231,809	16,287,196	18,410,000	2,122,804		

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

		2011	2010
		Rupees	*Rupees*
16.1.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	*26*	**148,165,646**	157,693,702
Administrative and selling expenses	*28*	**4,046,779**	2,575,617
		152,212,425	160,269,319

Notes to and forming part of financial statements
for the year ended June 30, 2011

16.2 Capital work in progress

	2011			
	As at July 01 *Rupees*	**Additions** *Rupees*	**Transfers** *Rupees*	**As at June 30** *Rupees*
Buildings on freehold land	**5,432,297**	**22,353,415**	**(9,825,539)**	**17,960,173**
Plant and machinery	**211,947,701**	**23,713,736**	**(235,437,092)**	**224,345**
	217,379,998	**46,067,151**	**(245,262,631)**	**18,184,518**

	2010			
	As at July 01 *Rupees*	Additions *Rupees*	Transfers *Rupees*	As at June 30 *Rupees*
Buildings on freehold land	-	6,648,877	(1,216,580)	5,432,297
Plant and machinery	-	211,947,701	-	211,947,701
	-	218,596,578	(1,216,580)	217,379,998

	Note	**2011** *Rupees*	2010 *Rupees*
17 LONG TERM DEPOSITS			
Utility companies and regulatory authorities	*17.1*	**7,297,985**	7,297,985
Financial institutions	*17.2*	**830,400**	830,400
		8,128,385	8,128,385

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

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

		2011 *Rupees*	2010 *Rupees*
18 LONG TERM ADVANCES - UNSECURED, CONSIDERED GOOD			
Due from employees		**-**	6,587,710
Current maturity presented under current assets	*22*	**-**	(1,850,900)
		-	4,736,810

Notes to and forming part of financial statements
for the year ended June 30, 2011

			2011 Rupees	2010 Rupees
19	**STORES, SPARES AND LOOSE TOOLS**			
	Stores, Spares and Loose Tools		**55,901,941**	34,712,543

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

19.2 This includes stores, spares and loose tools in transit valued at Rs. 1,006,411 (2010: Rs. nil).

20	**STOCK IN TRADE**			
	Raw material	*20.1*	**589,039,297**	356,794,108
	Work in process		**66,594,304**	66,864,410
	Finished goods	*20.3*	**279,527,477**	101,565,655
			935,161,078	525,224,173

20.1 This includes raw material in transit valued at Rs. 7,964,542 (2010: Rs. 60,831,099).

20.2 Stock of raw material include stock of cotton costing Rs. 591,911,613 (2010: nil) written down to net realizable value of Rs. 420,441,578 (2010: nil).

20.3 Stock of finished goods include stock of waste valued at Rs. 287,521 (Rs. 181,798).

20.4 Stock of finished goods include stock of yarn costing Rs. 167,751,819 (2010: nil) written down to net realizable value of Rs. 118,104,424 (2010: nil).

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

			2011 Rupees	2010 Rupees
21	**TRADE RECEIVABLES**			
	Local - *unsecured*			
	considered good		**140,082,621**	62,668,546
	considered doubtful		**8,274,988**	8,331,303
			148,357,609	70,999,849
	Foreign - *secured*	*21.1*	**24,773,814**	24,928,466
			173,131,423	95,928,315
	Accumulated impairment		**(8,274,988)**	(8,331,303)
			164,856,435	87,597,012

		Note	2011 Rupees	2010 Rupees
21.1	These are secured against letters of credit			
21.2	Movement in accumulated impairment is as follows:			
	As at beginning of the year		**8,331,303**	3,298,101
	Recognized during the year		**-**	5,033,202
	Reversed during the year on recovery		**(56,315)**	-
	As at end of the year		**8,274,988**	8,331,303

Notes to and forming part of financial statements
for the year ended June 30, 2011

			2011 Rupees	2010 Rupees
22	**ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to suppliers - *unsecured, considered good*		**5,068,342**	439,240
	Advances to employees - *unsecured, considered good*			
	Short term advances		**4,814,700**	-
	Current maturity of long term advances	*18*	**-**	1,850,900
	Prepayments		**997,600**	1,898,001
	Security deposits	*22.1*	**14,457,370**	21,910,891
	Letters of credit		**3,087,126**	1,732,230
	Sales tax refundable		**33,644,725**	16,657,315
	Other receivables - *unsecured, considered good*	*22.2*	**8,361,460**	993,755
			70,431,323	45,482,332

22.1 These include Rs. 9,017,877 (2010: Rs. 17,800,000) deposited with a banking company against bank guarantees and carry a return at 8% (2010: 8%) per annum.

		Note	2011 Rupees	2010 Rupees
22.2	**Particulars of other receivables**			
	Considered good		**8,361,460**	993,755
	Considered doubtful	*22.2.1*	**99,583**	99,583
			8,461,043	1,093,338
	Accumulated impairment		**(99,583)**	(99,583)
			8,361,460	993,755
22.2.1	Movement in accumulated impairment is as follows:			
	As at beginning of the year		**99,583**	-
	Recognized during the year		**-**	99,583
	As at end of the year		**99,583**	99,583
23	**CURRENT TAXATION**			
	Advance income tax/income tax refundable		**114,030,554**	90,794,480
	Provision for taxation	*32*	**(64,239,035)**	(41,239,084)
			49,791,519	49,555,396
24	**CASH AND BANK BALANCES**			
	Cash at banks			
	local currency		**9,079,062**	25,991,562
	foreign currency		**7,783,038**	4,789,553
			16,862,100	30,781,115

Notes to and forming part of financial statements
for the year ended June 30, 2011

25 TURNOVER - NET

	2011		
	Local *Rupees*	Export *Rupees*	Total *Rupees*
Sale of goods			
Yarn	257,671,497	3,699,573,883	3,957,245,380
Fabric	50,809,231	2,066,831,474	2,117,640,705
Stores and spares	4,146,361	-	4,146,361
Waste	44,719,472	-	44,719,472
	357,346,561	5,766,405,357	6,123,751,918
Rendering of services			
Processing	1,654,930	-	1,654,930
	359,001,491	5,766,405,357	6,125,406,848
Duty drawback on export	-	141,675	141,675
Trade discount	-	-	-
Sales tax	(704,879)	-	(704,879)
Regulatory duty	-	-	-
	358,296,612	5,766,547,032	6,124,843,644

	2010		
	Local *Rupees*	Export *Rupees*	Total *Rupees*
Sale of goods			
Yarn	442,180,192	1,865,311,097	2,307,491,289
Fabric	118,844,145	1,494,692,966	1,613,537,111
Cotton	90,426,045	-	90,426,045
Stores and spares	1,955,481	-	1,955,481
Waste	40,426,967	-	40,426,967
	693,832,830	3,360,004,063	4,053,836,893
Rendering of services			
Processing	1,180,223	-	1,180,223
	695,013,053	3,360,004,063	4,055,017,116
Duty drawback on export	-	193,752	193,752
Trade discount	-	-	-
Sales tax	(312,878)	-	(312,878)
Regulatory duty	(686,317)	-	(686,317)
	694,013,858	3,360,197,815	4,054,211,673

Notes to and forming part of financial statements
for the year ended June 30, 2011

			2011 Rupees	2010 Rupees
26	**COST OF SALES**			
	Raw material consumed	*26.1*	**4,173,316,558**	2,356,379,186
	Stores, spares and loose tools consumed		**130,978,689**	109,550,630
	Salaries, wages and benefits	*26.2*	**211,902,152**	203,428,771
	Processing charges		**15,756,265**	5,913,547
	Fee and subscription		**156,160**	75,035
	Fuel and power		**384,534,524**	284,067,878
	Electricity duty		**1,570,895**	1,983,516
	Insurance		**11,083,568**	7,507,783
	Vehicle running and maintenance		**4,218,332**	3,500,062
	Rent, rates and taxes		**583,406**	96,460
	Repair and maintenance		**9,978,495**	8,483,732
	Communication		**532,816**	516,079
	Traveling, conveyance and entertainment		**638,264**	1,079,898
	Depreciation	*16.1.3*	**148,165,646**	157,693,702
	Impairment loss on operating fixed assets		**-**	1,163,833
	Others		**2,271,140**	1,648,510
	Manufacturing cost		**5,095,686,910**	3,143,088,622
	Work in process			
	As at beginning of the year		**66,864,410**	44,744,068
	As at end of the year		**(66,594,304)**	(66,864,410)
			270,106	(22,120,342)
	Cost of goods manufactured		**5,095,957,016**	3,120,968,280
	Cost of cotton sold	*26.3*	**-**	93,799,732
	Finished goods			
	As at beginning of the year		**101,565,655**	55,608,566
	Purchased during the year		**46,451,858**	84,086,317
	As at end of the year		**(279,527,477)**	(101,565,655)
			(131,509,964)	38,129,228
			4,964,447,052	3,252,897,240
26.1	**Raw material consumed**			
	As at beginning of the year		**356,794,108**	569,855,159
	Purchased during the year		**4,447,718,105**	2,239,600,847
	Sold during the year		**(42,156,358)**	(96,282,712)
	As at end of the year		**(589,039,297)**	(356,794,108)
			4,173,316,558	2,356,379,186

26.2 These include charge in respect of employees retirement benefits amounting to Rs.16,183,061 (2010: Rs. 8,792,951).

Notes to and forming part of financial statements
for the year ended June 30, 2011

			2011	2010
			Rupees	*Rupees*
26.3	**Cost of cotton sold**			
	Cost of purchase		**-**	88,753,132
	Salaries, wages and benefits		**-**	177,840
	Loading and unloading		**-**	10,282
	Insurance		**-**	277,353
	Finance cost		**-**	4,581,125
			-	93,799,732

26.3.1 Cost of cotton sold, previously included in manufacturing cost, has been reclassified and presented as a separate line item after cost of goods manufactured for better presentation.

			2011	2010
			Rupees	*Rupees*
27	**SELLING AND DISTRIBUTION EXPENSES**			
	Export			
	Ocean freight and forwarding		**64,432,396**	50,422,055
	Export development surcharge		**8,033,504**	4,396,372
	Export sales promotion		**25,849,219**	9,045,290
	Commission		**64,740,057**	30,778,024
	Others		**1,675,952**	1,515,143
			164,731,128	96,156,884
	Local			
	Inland transportation		**1,284,985**	781,166
	Commission		**15,712,834**	14,217,707
	Others		**330,430**	238,656
			17,328,249	15,237,529
			182,059,377	111,394,413
28	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Directors' remuneration		**2,880,000**	2,880,000
	Salaries and benefits	*28.1*	**31,095,568**	27,557,984
	Traveling, conveyance and entertainment		**2,783,758**	3,266,768
	Printing and stationery		**580,875**	520,469
	Communication		**1,093,869**	1,056,893
	Vehicles running and maintenance		**2,529,628**	2,067,130
	Legal and professional charges		**1,250,625**	308,766
	Auditors' remuneration	*28.2*	**885,000**	635,000
	Fee and subscription		**1,566,786**	1,098,465
	Repair and maintenance		**107,915**	56,946
	Depreciation	*16.1.3*	**4,046,779**	2,575,617
	Rent, rates and utilities		**5,631,055**	4,921,698
	Impairment loss on loans and receivables		**-**	5,132,785
	Others		**3,098,502**	1,394,868
			57,550,360	53,473,389

28.1 These include charge in respect of employees retirement benefits amounting to Rs. 4,147,304 (2010: Rs. 3,851,895).

Notes to and forming part of financial statements
for the year ended June 30, 2011

			2011 Rupees	2010 Rupees
28.2	**Auditor's remuneration**			
	Annual statutory audit		**750,000**	500,000
	Half yearly review		**75,000**	75,000
	Review report under Code of Corporate Governance		**50,000**	50,000
	Out of pocket expenses		**10,000**	10,000
			885,000	635,000

			2011 Rupees	2010 Rupees
29	**OTHER OPERATING INCOME**			
	Gain on financial instruments			
	Reversal of impairment on trade receivables on recovery		**56,315**	-
	Return on bank deposits		**1,646,610**	1,261,876
			1,702,925	1,261,876
	Other income			
	Gain on disposal of property, plant and equipment	*16.1.1*	**696,545**	2,122,804
			2,399,470	3,384,680

			2011 Rupees	2010 Rupees
30	**FINANCE COST**			
	Interest / mark-up on:			
	long term finances	*30.1*	**73,751,934**	66,622,367
	liabilities against assets subject to finance lease		**6,491,786**	9,056,371
	short term borrowings		**67,832,925**	69,739,775
			148,076,645	145,418,513
	Interest on workers' profit participation fund	*14.1*	**3,253,112**	407,257
	Imputed interest	*7.2*	**13,292,292**	(2,578,007)
	Changes in fair value of derivative financial instruments		**-**	2,239,708
	Bank charges and commission	*30.2*	**27,785,071**	29,930,373
			192,407,120	175,417,844

30.1 This includes interest/mark-up rate subsidy amouting to Rs. 1,587,825 (2010: Rs. 2,433,573) recognized as government grants. See note 34.

30.2 These include letters of credit discounting charges amounting to Rs.23,826,408 (2010: Rs. 19,513,591).

			2011 *Rupees*	2010 *Rupees*
31	**OTHER CHARGES**			
	Workers' Profit Participation Fund	*14.1*	**37,677,480**	23,112,136
	Workers' Welfare Fund	*14.2*	**13,474,274**	9,063,579
	Donations	*31.1*	**6,225,000**	2,308,000
			57,376,754	34,483,715

Notes to and forming part of financial statements
for the year ended June 30, 2011

		2011 Rupees	2010 Rupees

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

32 TAXATION EXPENSE/(INCOME)

		2011 Rupees	2010 Rupees
Current taxation			
for current year	*32.1*	**64,239,035**	41,239,084
for prior year		**(441,658)**	(1,157,080)
		63,797,377	40,082,004
Deferred taxation	*32.5*	**-**	(33,674,963)
		63,797,377	6,407,041

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

32.2 Reconciliation between average effective tax rate and applicable tax rate

	Unit	2011	2010
Profit before taxation	***Rupees***	**673,402,451**	429,929,752
Provision for taxation	***Rupees***	**63,797,377**	6,407,041
Average effective tax rate	*%*	**9.47**	1.49
Tax effects of:			
Adjustments for prior years	*%*	**0.07**	0.27
Income chargeable to tax at different rates	*%*	**25.60**	25.41
Deferred taxation	*%*	**-**	7.83
Applicable tax rate	*%*	**35.14**	35.00

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

32.4 Assessments upto tax year 2010 have been finalized under relevant provisions of Income Tax Ordinance, 2001.

32.5 Export sales, including indirect exports taxable under Section 154 (3B) of the Ordinance have achieved the threshold for the Company, with the option to be taxed under the Final Tax Regime. This trend is expected to continue in foreseeable future. Accordingly, no provision for deferred tax has been made as at the reporting date. Deferred tax for the year ended June 30, 2010 represents income arising on derecognition of deferred tax liability recognized in previous years.

33 EARNINGS PER SHARE

	Unit	2011	2010
Profit attributable to ordinary shareholders	*Rupees*	**609,605,074**	423,522,711
Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**6,432,000**	6,432,000
Earnings per share	*Rupees*	**94.78**	65.85

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

Notes to and forming part of financial statements
for the year ended June 30, 2011

34 GOVERNMENT GRANTS

During the year, the Company recognized Rs. 1,587,825 (2010: Rs. 2,433,573) as mark-up rate subsidy which has been accounted for as government grant in accordance with IAS 20 'Government Grants'. The amount has been deducted in reporting interest/mark-up expenses on relevant borrowings.

35 CASH GENERATED FROM OPERATIONS

	Note	2011 Rupees	2010 Rupees
Profit before taxation		**673,402,451**	429,929,752
Adjustments for non-cash and other items			
Interest / markup on borrowings		**148,076,645**	145,418,513
Changes in fair value of derivative financial instruments		**-**	2,239,708
Gain on disposal of property, plant and equipment		**(696,545)**	(2,122,804)
Imputed interest		**13,292,292**	(2,578,007)
Provision for employees retirement benefits		**20,330,365**	12,644,846
Impairment loss		**-**	6,197,035
Depreciation		**152,212,425**	160,269,319
		333,215,182	322,068,610
Operating profit before changes in working capital		**1,006,617,633**	751,998,362
Changes in working capital			
Stores, spares and loose tools		**(21,189,398)**	4,051,994
Stock in trade		**(409,936,905)**	144,983,620
Trade receivables		**(77,259,423)**	(18,537,781)
Advances, prepayments and other receivables		**(24,948,991)**	1,066,718
Long term advances		**4,736,810**	(916,799)
Trade and other payables		**108,241,768**	36,573,185
Long term payables		**(9,603,840)**	2,561,219
		(429,959,979)	169,782,156
Cash generated from operations		**576,657,654**	921,780,518

36 CASH AND CASH EQUIVALENTS

	Note	2011 Rupees	2010 Rupees
Cash and bank balances	*24*	**16,862,100**	30,781,115
		16,862,100	30,781,115

37 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies, key management personnel (including chief executive and directors) and Sponsors of the Company. The Company in the normal course of business carries out transactions with various related parties, and continues to have a policy whereby all such transactions, with the exception of transactions with sponsors which are limited to interest free loans obtained only, are carried out at arm's length. Pricing for these transactions is determined as follows:

Nature of transaction	**Pricing mechanism**
Sale of goods and services	Comparable uncontrolled price method
Purchase of goods and services	Comparable uncontrolled price method
Sale of machinery	Comparable uncontrolled price method
Compensation of key management personnel	As per terms of employment

Notes to and forming part of financial statements
for the year ended June 30, 2011

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

	2011 Rupees	2010 Rupees
37.1 Transactions with related parties		
37.1.1 *Associated companies*		
Sale of yarn	**711,633,821**	425,450,029
Sale of fabric	**7,156,232**	15,131,361
Sale of cotton	**-**	90,426,045
Sale of stores and waste	**2,757,324**	231,973
Sale of machinery	**-**	5,700,000
Purchase of cotton	**30,615,081**	868,074
Purchase of yarn	**290,323,099**	248,449,570
Purchase of fabric	**1,731,700**	3,401,197
Purchase of electricity	**125,854,563**	64,715,424
Services rendered	**4,281,383**	3,924,970
37.1.2 *Key management personnel*		
Short term employee benefits	**2,880,000**	2,880,000
Post employment benefits	**-**	-

37.2 Balances with related parties

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

38 FINANCIAL INSTRUMENTS

38.1 Financial instruments by class and category

	Note	**2011**		2010	
		Loans and receivables *Rupees*	**Financial liabilities at amortized cost** *Rupees*	Loans and receivables *Rupees*	Financial liabilities at amortized cost *Rupees*
Financial assets					
Long term deposits	*17*	**8,128,385**	**-**	8,128,385	-
Long term advances	*18*	**-**	**-**	6,587,710	
Trade receivables	*21*	**164,856,435**	**-**	87,597,012	-
Security deposits	*22*	**14,457,370**		21,910,891	-
Cash and bank balances	*24*	**16,862,100**	**-**	30,781,115	-
		204,304,290	**-**	155,005,113	-
Financial liabilities					
Loan from sponsors	*7*	**-**	**-**	-	86,707,708
Long term finances	*8*	**-**	**489,762,053**	-	640,603,822
Liabilities against assets subject to finance lease	*9*	**-**	**39,004,218**	-	64,582,949
Short term borrowings	*13*	**-**	**19,638,590**	-	110,000,000
Accrued interest/mark-up		**-**	**13,937,079**	-	15,340,800
Trade creditors	*14*	**-**	**130,155,121**	-	78,636,158
Accrued liabilities	*14*	**-**	**99,286,684**	-	69,568,985
		-	**791,783,745**	-	1,065,440,422
		204,304,290	**791,783,745**	155,005,113	1,065,440,422

Notes to and forming part of financial statements
for the year ended June 30, 2011

38.2 Fair values of financial instruments

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

38.2.1 Methods of determining fair values

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

38.2.2 Discount/interest rates used for determining fair values

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

39 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

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

39.1 Credit risk

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

		2011	2010
		Rupees	*Rupees*
39.1.1 Maximum exposure to credit risk			
The maximum exposure to credit risk as at the reporting date is as follows:			
Loans and receivables			
Deposits with financial institutions	*17*	**15,287,770**	22,741,291
Trade receivables	*21*	**173,131,423**	95,928,315
Security deposits	*22*	**14,457,370**	21,910,891
Cash at banks	*24*	**16,862,100**	30,781,115
		219,738,663	171,361,612

Notes to and forming part of financial statements
for the year ended June 30, 2011

39.1.2 Concentration of credit risk

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

	2011	2010
	Rupees	*Rupees*
Customers	**173,131,423**	95,928,315
Banking companies and financial institutions	**46,607,240**	75,433,297
	219,738,663	171,361,612

39.1.3 Credit quality and impairment

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

39.1.3(a) Counterparties with external credit ratings

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

39.1.3(b) Counterparties without external credit ratings

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

	2011		2010	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees	*Rupees*	*Rupees*	*Rupees*
Neither past due nor impaired	**143,300,246**	**-**	35,179,863	-
Past due by 0 to 6 months	**21,514,498**	**-**	42,106,251	-
Past due by 6 months to 1 year	**-**	**-**	10,269,207	-
Past due by 1 to 2 years	**-**	**-**	5,074,893	(5,033,202)
Past due by 2 to 3 years	**5,018,578**	**(4,976,887)**	-	-
Past due by 3 years	**3,298,101**	**(3,298,101)**	3,298,101	(3,298,101)
	173,131,423	**(8,274,988)**	95,928,315	(8,331,303)

The Company's three (2010: six) significant customers account for Rs. 54.51 million (2010: Rs. 47.06 million) of trade receivables as at June 30, 2011, apart from which, exposure to any single customer does not exceed 5% (2010: 5%) of trade receivables as at June 30, 2011. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected. Further, trade receivables amounting to Rs. 24.77 million (2010: Rs. 24.93 million) secured through confirmed letters of credit and thus do not carry any significant credit risk. The Company believes that impairment recognized in respect of trade receivables past due is adequate and no further allowance is necessary based on historical default rates.

39.1.4 Collateral held

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

39.1.5 Credit risk management

As mentioned in note 39.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade receivables, which are exposed to losses arising from any non-performance by customers. In respect of trade receivables, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

39.2 Liquidity risk

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

39.2.1 Exposure to liquidity risk

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

	2011				
	Carrying amount *Rupees*	**Contractual cash flows** *Rupees*	**One year or less** *Rupees*	**One to five years** *Rupees*	**More than five years** *Rupees*
Loan from sponsors	**100,000,000**	**100,000,000**	**100,000,000**	**-**	**-**
Long term finances	**489,762,053**	**587,465,926**	**224,006,111**	**363,459,815**	**-**
Liabilities against assets subject to finance lease	**39,004,218**	**39,037,949**	**25,501,408**	**13,536,541**	
Short term borrowings	**19,638,590**	**19,638,590**	**19,638,590**	**-**	**-**
Accrued interest/mark-up	**13,937,079**	**13,937,079**	**13,937,079**	**-**	**-**
Trade creditors	**130,155,121**	**130,155,121**	**130,155,121**	**-**	**-**
Accrued liabilities	**99,286,684**	**99,286,684**	**99,286,684**	**-**	**-**
	891,783,745	**989,521,349**	**612,524,993**	**376,996,356**	**-**

	2010				
	Carrying amount *Rupees*	Contractual cash flows *Rupees*	One year or less *Rupees*	One to five years *Rupees*	More than five years *Rupees*
Loan from sponsors	86,707,708	100,000,000	-	100,000,000	-
Long term finances	640,603,822	863,042,965	150,106,626	712,936,339	
Liabilities against assets subject to finance lease	64,582,949	75,878,372	32,629,483	43,248,889	-
Short term borrowings	110,000,000	110,850,849	110,850,849	-	-
Accrued interest/mark-up	15,340,800	15,340,800	15,340,800	-	-
Trade creditors	78,636,158	78,636,158	78,636,158	-	-
Accrued liabilities	69,568,985	69,568,985	69,568,985	-	-
	1,065,440,422	1,313,318,129	457,132,901	856,185,228	-

39.2.2 Liquidity risk management

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

39.3 Market risk

39.3.1 Currency risk

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

39.3.1(a) Exposure to currency risk

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

	2011	2010
	Rupees	*Rupees*
Financial assets		
Trade receivables	**24,773,814**	24,928,466
Cash at bank	**7,783,038**	4,789,553
Total exposure	**32,556,852**	29,718,019

39.3.1(b) Exchange rates applied during the year

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

	2011		2010	
	Average rate for the year	**Spot as at the reporting date**	Average rate for the year	Spot as at the reporting date
	Rupees	***Rupees***	*Rupees*	*Rupees*
Financial assets	**85.55**	**85.80**	83.72	85.40
Financial liabilities	**86.11**	**86.40**	83.92	85.60

39.3.1(c) Sensitivity analysis

A ten percent appreciation in Pak Rupee against the US $ would have decreased profit for the year by Rs. 3.26 million (2010: Rs. 2.97 million). A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

Notes to and forming part of financial statements
for the year ended June 30, 2011

39.3.1(d) Currency risk management

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

39.3.2 Interest rate risk

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

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

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

	2011	2010
	Rupees	*Rupees*
Fixed rate instruments		
Financial assets	**9,017,877**	17,800,000
Financial liabilities	**104,436,053**	177,427,822
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**443,968,808**	637,758,949

39.3.2(b) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 4.4 million (2010: Rs. 6.4 million). A decrease of 100 basis points wound have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

39.3.2(c) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

39.3.3 Price risk

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

40 CAPITAL MANAGEMENT

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

	Unit	**2011**	2010
Total debt	*Rupees*	**628,766,271**	705,186,771
Total equity	*Rupees*	**1,823,724,893**	1,332,987,527
		2,452,491,164	2,038,174,298
Gearing	*% age*	**25.64%**	34.60%

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

41 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on September 27, 2011 has proposed dividend on ordinary shares at Rs. 7.50 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by the shareholders in the forthcoming annual general meeting and has not been included as a liability in the financial statements.

42 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY

	2011 *Rupees*	2010 *Rupees*
Mortgages and charges		
Hypothecation of moveable and receivables	5,758,000,000	3,422,700,000
Mortgage over fixed assets	2,194,000,000	666,000,000
Hypothecation of plant and machinery	2,159,000,000	2,288,500,000

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

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

Notes to and forming part of financial statements
for the year ended June 30, 2011

	2010		
	Chief Executive	Directors	Executives
	Rupees	*Rupees*	*Rupees*
Managerial remuneration	662,000	1,324,000	-
Allowances and perquisites	298,000	596,000	-
Post employment benefits	-	-	-
	960,000	1,920,000	-
Number of persons	1	2	-

44 SEGMENT INFORMATION

The Company has adopted IFRS 8 - Operating Segments with effect from July 01, 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocated resources to the segments and to assess their performance. In contrast, the predecessor standard, IAS 14 - Segment Reporting, required identification of two sets of segments; business and geographical, using a risks and returns approach, with a company's systems of internal financial reporting to key management personnel serving only at the starting point for the identification of such segments. Adoption of IFRS 8 has resulted in disclosure and presentation of the Company's segment information, which was not presented previously as the Company's activities did not qualify for segment reporting under IAS 14.

44.1 Products and services from which reportable segments derive their revenues

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

Segment	**Product**
Spinning	Yarn
Weaving	Fabric
Power	Electricity

Information regarding Company's reportable segments is presented below.

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

	2011			
	Spinning	**Weaving**	**Power**	**Total**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Revenue from external customers	**3,957,139,164**	**2,167,562,805**	**-**	**6,124,701,969**
Intersegment revenues	**-**	**-**	**131,325,210**	**131,325,210**
Depreciation	**88,185,493**	**53,433,175**	**10,593,757**	**152,212,425**
Segment results	**679,885,979**	**234,393,398**	**8,906,948**	**923,186,325**
Segment assets	**1,828,425,958**	**836,831,475**	**102,890,761**	**2,768,148,194**
Segment liabilities	**132,503,817**	**147,961,861**	**12,524,346**	**292,990,024**
Additions to non-current assets	**56,699,780**	**12,342,120**	**-**	**69,041,900**
Disposals of property, plant and equipment	**760,955**	-	**-**	**760,955**

Notes to and forming part of financial statements
for the year ended June 30, 2011

	2010			
	Spinning	Weaving	Power	Total
	Rupees	*Rupees*	*Rupees*	*Rupees*
Revenue from external customers	2,426,493,759	1,628,210,479	-	4,054,704,238
Intersegment revenues	90,763,612	-	179,859,114	270,622,726
Depreciation	95,403,370	53,099,685	11,766,264	160,269,319
Segment results	439,860,899	176,061,472	23,908,940	639,831,311
Segment assets	1,499,779,034	719,384,006	110,755,879	2,329,918,919
Segment liabilities	96,646,580	80,081,965	17,379,141	194,107,686
Additions to non-current assets	163,561,463	71,928,167	-	235,489,630
Disposals of property, plant and equipment	15,026,347	1,260,849	-	16,287,196

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

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

44.3.1 Segment revenues

	2011			
	Spinning	**Weaving**	**Power**	**Total**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Total for reportable segments	**3,957,139,164**	**2,167,562,805**	**131,325,210**	**6,256,027,179**
Inter-segment revenues	**-**	**-**	**(131,325,210)**	**(131,325,210)**
Total for the Company	**3,957,139,164**	**2,167,562,805**	**-**	**6,124,701,969**

	2010			
	Spinning	Weaving	Power	Total
	Rupees	*Rupees*	*Rupees*	*Rupees*
Total for reportable segments	2,517,257,371	1,628,210,479	179,859,114	4,325,326,964
Inter-segment revenues	(90,763,612)		(179,859,114)	(270,622,726)
Total for the Company	2,426,493,759	1,628,210,479	-	4,054,704,238

44.3.2 Segment assets

	2011			
	Spinning	**Weaving**	**Power**	**Total**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Total for reportable segments	**1,828,425,958**	**836,831,475**	**102,890,761**	**2,768,148,194**
Un-allocated assets				
Current taxation				**49,763,177**
Long term deposits				**8,128,385**
Security deposits				**14,457,370**
Total for the Company				**2,840,497,126**

	2010			
	Spinning	Weaving	Power	Total
	Rupees	*Rupees*	*Rupees*	*Rupees*
Total for reportable segments	1,499,779,034	719,384,006	110,755,879	2,329,918,919
Un-allocated assets				
Current taxation				49,555,396
Long term deposits				8,128,385
Security deposits				21,910,891
Total for the Company				2,409,513,591

44.3.3 Segment liabilities

	2011			
	Spinning	**Weaving**	**Power**	**Total**
	Rupees	***Rupees***	***Rupees***	***Rupees***
Total for reportable segments	**132,503,817**	**147,961,861**	**12,524,346**	**292,990,024**
Un-allocated liabilities				
Loan from sponsors				**100,000,000**
Long term finances				**489,762,053**
Liabilities against assets subject to finance lease				**39,004,218**
Long term payables				**8,617,378**
Short term borrowings				**19,638,590**
Accrued interest/mark-up				**13,937,079**
Workers' Profit Participation Fund				**37,677,480**
Workers' Welfare Fund				**13,474,274**
Unclaimed dividend				**1,671,137**
Total for the Company				**1,016,772,233**

	2010			
	Spinning	Weaving	Power	Total
	Rupees	*Rupees*	*Rupees*	*Rupees*
Total for reportable segments	96,646,580	80,081,965	17,379,141	194,107,686
Un-allocated liabilities				
Loan from sponsors				86,707,708
Long term finances				640,603,822
Liabilities against assets subject to finance lease				64,582,949
Long term payables				18,221,218
Short term borrowings				110,000,000
Accrued interest/mark-up				15,340,800
Workers' Profit Participation Fund				23,112,136
Workers' Welfare Fund				9,063,579
Unclaimed dividend				1,493,874
Total for the Company				1,163,233,772

44.4 Geographical information

The Company's operations are not distributed geographically.

45 SHARES IN THE COMPANY HELD BY ASSOCIATED COMPANIES

Faisal Spinning Mills Limited, an associated company, holds 1,189,160 (2010: 1,189,160) ordinary shares of Rs. 10 each in the Company.

Notes to and forming part of financial statements
for the year ended June 30, 2011

46 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	2011	2010
Spinning			
Number of spindles installed	*No.*	**47,616**	47,616
Plant capacity on the basis of utilization converted into 20s count	*Kgs'000*	**20,413**	20,413
Actual production converted into 20s count	*Kgs'000*	**18,736**	18,498
Weaving			
Number of looms installed	*No.*	**131**	131
Plant capacity on the basis of utilization converted into 50 picks	*Mtrs'000*	**17,483**	17,483
Actual production converted into 50 picks	*Mtrs'000*	**23,245**	25,059

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

	Unit	2011	2010
Power			
Installed capacity	*Mwhs*	**47,304**	47,304
Power generated	*Mwhs*	**31,057**	33,896

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

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 27, 2011 by the Board of Directors of the Company.

48 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. Significant reclassifications are referred to in relevant notes to the financial statements.

Mohammad Amin
Chief Executive

Mohammad Salim
Director

Karachi
Date: September 27, 2011

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2011

NUMBERS OF SHAREHOLDERS	SHARE HOLDING FROM	TO	TOTAL SHARES HELD
191	1	100	14,935
170	101	500	68,329
32	501	1000	29,362
58	1001	5000	140,387
7	5001	10000	47,152
1	10001	15000	13,400
3	20001	25000	69,500
1	25001	30000	30,000
3	40001	45000	127,600
3	45001	50000	145,578
2	60001	65000	129,400
1	65001	70000	69,000
3	90001	95000	276,200
1	100001	105000	103,000
1	125001	130000	126,100
1	130001	135000	135,000
1	135001	140000	138,200
1	160001	165000	163,200
1	191001	195000	193,363
1	251001	255000	254,794
2	265001	270000	537,600
1	280001	285000	282,400
1	330001	335000	330,400
1	390001	395000	393,900
2	440001	445000	888,040
1	535001	540000	536,000
1	1185001	1190000	1,189,160
491			**6,432,000**

* There is no shareholding in the slab not mantioned

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2011

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer their spouse and minor children	16	2,484,300	38.6240
2	Associated Companies, Undertaking and Related Parties	12	2,658,500	41.3324
3	NIT	1	1,421	0.0221
4	Bank / Financial Institution	3	261,046	4.0586
5	Insurance Companies	1	393,900	6.12407
6	General Public / Individuals	453	630,115	9.7966
7	Joint Stock Companies	5	2,718	0.04226
		491	**6,432,000**	**100.00**

The above statement include 192 Shareholders holding 1,183,200 Shares through the Central Depository Company of Pakistan Limited (CDC).

LIST OF SHAREHOLDERS AS AT 30 JUNE, 2011

Sr #	Shareholder Category	Percentage	No. of Shares
1	**ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES**		
	M/S. FAISAL SPINNING MILLS LTD	18.4882	1,189,160
	MR.FARRUKH SALEEM	1.4148	91,000
	MR. YOUSUF SALEEM	1.9605	126,100
	MR. SAQIB SALEEM	1.4723	94,700
	MR. MUHAMMAD QASIM	4.1682	268,100
	MRS.NAZLI BEGUM	1.0183	65,500
	MR. FAISAL SHAKEEL	6.8989	443,740
	MRS. SABA YOUSUF	1.6014	103,000
	MRS. SABA SAQIB	2.0989	135,000
	MRS. SADAF FARRUKH	2.1486	138,200
	MISS. NOOR SHAKEEL	0.0311	2,000
	MASTER HAMZA SHAKEEL	0.0311	2,000
2	**NIT**		
	NATIONAL INVESTMENT TRUST LIMITED	0.0221	1,421

LIST OF SHAREHOLDERS AS AT 30 JUNE, 2011

Sr #	Shareholder Category	Percentage	No. of Shares
3	**CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN**		
	MR. MUHAMMAD SHAHEEN	1.07276	69,000
	MR. MUHAMMAD SALEEM	0.77736	50,000
	MR. MUHAMMAD SHARIF	0.69963	45,000
	MR. MUHAMMAD SHAKEEL	0.46642	30,000
	MR. KHURRAM SALEEM	0.99347	63,900
	MR. BILAL SHARIF	1.40703	90,500
	MR. MUHAMMAD AMIN	4.39055	282,400
	MR. ADIL SHAKEEL	6.90765	444,300
	MRS. YASMIN BEGUM	0.65299	42,000
	MRS. ANJUM BEGUM	4.18999	269,500
	MRS. SEEMA BEGUM	0.63122	40,600
	MRS. AMNA KHURRAM	2.53731	163,200
	MRS. SAMIA BILAL	8.33333	536,000
	MRS. FATIMA AMIN	5.13682	330,400
	MASTER ABDULLAH BILAL	0.38868	25,000
	MASTER UMER KHURRUM	0.03887	2,500
4	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES**		
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	6.12407	393,900
	FAYSAL BANK LIMITED	0.01555	1,000
	NATIONAL BANK OF PAKISTAN	0.08165	5,252
	NATIONAL BANK OF PAKISTAN	3.96135	254,794
5	**JOINT STOCK COMPANIES**		
	PEARL CAPITAL MANAGEMENT (PRIVATE) LIMITED	0.0003	18
	SHAFI (PRIVATE) LTD	0.0062	400
	EXCEL SECURITIES (PVT.) LTD.	0.0016	100
	MAZHAR HUSSAIN SECURITIES (PVT) LTD	0.0311	2,000
	M/S. MEHRAN SUGAR MILLS LTD.	0.0031	200
6	**INDIVIDUAL SHAREHOLDERS**	9.7966	630,115
	TOTAL	**100.00**	**6,432,000**
7	**DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN**		NIL
8	**SHAREHOLDERS HOLDING 10% OR MORE**		
	M/S. FAISAL SPINNING MILLS LTD	18.4882	1,189,160

PROXY FORM

I/We ____

of ____

being a member of BLESSED TEXTILES LIMITED and holder of____________________

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

ID No. ____________________ and Sub Account No.__________________ hereby appoint

Mr./Mrs./Miss_____________________________________ of _______________ or failing

him/her________________________________ of____________________ as my / our

proxy to act on my/our behalf at the 24th Annual General Meeting of the Company to be held on Thursday October 27, 2011 at 6:00 p.m. at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

WITNESS

Signature ______________________

Name ______________________

Address ______________________

____

CNIC/Passport # ______________________

Affix
Rs. 5/-
Revenue
Stamp

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

Signed this__________ day of ________ 2011

Notes:

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

(i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.

(ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the proxy form should also be submitted.

(iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.

(iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.

REGISTERED OFFICE

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