GADOON TEXTILE MILLS LIMITED

A part of YUNUS BROTHERS GROUP

Annual Report 2012

CONTENTS

COMPANY PROFILE

Board of Directors	:	Mr. Muhammad Yunus Tabba (Chairman) Mr. Muhammad Sohail Tabba (Chief Executive) Mr. Muhammad Ali Tabba Mr. Javed Yunus Tabba Mrs. Marium Tabba Khan Mr. Ilyas Ismail Mr. Tariq Iqbal Khan
Audit Committee	:	Mr. Muhammad Ali Tabba Mr. Javed Yunus Tabba Mr. Ilyas Ismail
Director Finance & Company Secretary	:	Mr. Abdul Sattar Abdullah
Auditors	:	M. Yousuf Adil Saleem & Co. Chartered Accountants A Member of Deloitte Touche Tohmatsu
Registered Office	:	200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa Phone No. :0938-270212-13 Fax No. :0938-270311 E-mail Address :secretary@gtmlfactory.com
Liaison Office	:	7 Park Avenue Road, University Town, Peshawar. Phone No. :091-5701496 Fax No. :091-5702029 E-mail Address :secretary@gadoontextile.com
Karachi Office	:	6-A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi-75350. Phone No. 021-35205479-80 Fax No. :021-34382436 E-mail Address :secretary@gadoonho.com
Factory Locations	**:**	200-201, Gadoon Amazai Industrial Estate, and 57 K.M on Super Highway.
Share Registrar / Transfer Agent	:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi (Toll Free) : 0800 23275
Bankers	:	Allied Bank Limited Bank Al-Falah Limited (Islamic Banking) Bank Al-Habib Limited Bank Islami Pakistan Limited Barclays Bank PLC, Pakistan Citibank N.A. Pakistan Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited Meezan Bank Limited National Bank of Pakistan Standard Chartered Bank Pakistan Limited The Bank of Punjab

VISION

To be the textile manufacturer of first choice for customers at home and abroad, doggedly pursuing for sustained leadership in the markets where it competes, and making its valuable contribution in boosting the country's exports.

MISSION

Our mission is to manage a textile business entity aimed at producing quality yarns through innovative technology and effective resource management, maintaining high ethical and professional standards and coming up to the expectations of all our customers.

We persevere to achieve the highest possible operating efficiencies and lowest costs and expand the business through selective expansion so that we are able to deliver maximum value to stakeholders.

NOTICE OF 25TH ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the members of **Gadoon Textile Mills Limited** will be held on Wednesday, October 31, 2012 at 02:00 p.m. at the registered office of the Company, 200-201, Gadoon Amazai Industrial Estate, District Swabi, Khyber Pakhtunkhwa to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting held on May 22, 2012.

2. To receive, consider and adopt the Audited Accounts for the period ended June 30, 2012 together with the Directors' and Auditors' report thereon.

3. To approve cash dividend @ Rs.7.50 per share of Rs. 10/- each for the year ended June 30, 2012 as recommended by the Directors.

4. To appoint Auditors for the year ending June 30, 2013 and fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought appropriate, pass with or without modification, the following special resolution(s) in terms of Section 208 of the Companies Ordinance, 1984, for authorizing equity investment amounting to approx. Rs.75,000,000/- in one of its associated company i.e. Lucky Holdings Limited, comprising 1% of its shareholdings for onward investment in shares of ICI Pakistan Limited:

"**RESOLVED** that the Company be and is hereby authorized to make equity investment amounting to approx. Rs. 75,000,000/- divided into 1,500,000 ordinary shares of Rs.50/- per share including share premium of Rs.40/- per share in one of its associated company i.e. Lucky Holdings Limited comprising 1% of its shareholdings for onward investment in shares of ICI Pakistan Limited.

FURTHER RESOLVED THAT the Chief Executive of the Company be and is hereby authorized to do all such things and acts necessary for this investment in the best interest of the Company, including but not limited to the execution of any/all documents required for the said purpose."

A statement under section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business is appended below

ANY OTHER BUSINESS:

To transact any other business with the permission of the Chair.

By order of the Board

Abdul Sattar Abdullah
Company Secretary

Karachi: October 09, 2012

NOTES:

1. The Share Transfer Book of the Company will remain closed from Friday, October 19, 2012 to Wednesday, October 31, 2012 (both days inclusive). Transfers received in order at our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H. Society, Main Shahrah-e-Faisal, Karachi-74400, at the close of business on Thursday, October 18, 2012, will be considered in time for the purpose of above entitlement to the transferees.

2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time of holding the meeting.

3. An individual beneficial owner of shares from CDC must bring his/her Original Computerized National Identity Card or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members from CDC, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee.

4. The members are requested to notify change in their addressess, if any, to our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H. Society, Main Shahrah-e-Faisal, Karachi-74400.

THE STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 PERTAINING TO THE "SPECIAL BUSINESS" IS ANNEXED WITH THE NOTICE BEING SENT TO THE MEMBERS.

As per the disclosure requirement of Para 4(1) of the S.R.O. 27(I)/2012 dated January 16, 2012, it is informed that the following directors of the company are also the directors in the investee company, however, they have no direct or indirect interest except to the extent of shareholding in the investee company:

1) MR. MUHAMMAD YUNUS TABBA
2) MR. MUHAMMAD SOHAIL TABBA
3) MR. MUHAMMAD ALI TABBA
4) MR. JAVED YUNUS TABBA
5) MRS. MARIUM TABBA KHAN

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 AND INFORMATION REQUIRED UNDER S.R.O. 27(I)/2012 ARE PROVIDED BELOW:

Sr. No.	Description	Information Required
(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	Lucky Holdings Limited due to common directorship by the following: 1) MR. MUHAMMAD YUNUS TABBA 2) MR. MUHAMMAD SOHAIL TABBA 3) MR. MUHAMMAD ALI TABBA 4) MR. JAVED YUNUS TABBA 5) MRS. MARIUM TABBA KHAN

Sr. No.	Description	Information Required
(ii)	Purpose, benefits and period of investment.	To make equity investment. To earn dividend income. For the life of the project or at the will of the Company.
(iii)	Maximum amount of investment.	Long term equity investment of Rs.75,000,000 /-
(iv)	Maximum price at which securities will be acquired.	At a price of Rs.50/- per share including share premium of Rs. 40/- per share
(v)	Maximum number of securities to be acquired.	Approximately 1,500,000 ordinary shares.
(vi)	Number of securities and percentage thereof held before and after the proposed investment.	None at present and approx. 1% of equity after the proposed investment.
(vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	Not Applicable
(viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1).	Not Applicable, as Lucky Holdings Limited is incorporated on September 6, 2012.
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	Not Applicable, as Lucky Holdings Limited is incorporated on September 6, 2012.
(x)	Earnings per share of the associated company or associated undertaking for the last three years.	NIL, as the company has not commenced its operations as yet, as it has been incorporated on September 6, 2012.
(xi)	Sources of fund from which securities will be acquired.	Surplus funds generation from operation.
(xii)	Where the securities are intended to be acquired using borrowed funds:	
(I)	Justification for investment through borrowing; and	Not Applicable
(II)	Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
(xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable

Sr. No.	Description	Information Required
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	Mr. Muhammad Yunus Tabba, Mr. Muhammad Sohail Tabba, Mr. Muhammad Ali Tabba Mr. Javed Yunus Tabba, Mrs. Marium Tabba Khan, Who are present directors of the Company, are also directors of Lucky Holdings Limited, however, they have no direct or indirect interest except to the extent of shareholding in the investing company.
(xv)	Any others important details necessary for the members to understand the transaction.	The Company along with other group entities intends to invest in an associated company i.e. Lucky Holdings Limited, who will acquire 75.933% shares of ICI Pakistan Limited.
(xvi)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely:	
(I)	Description of the project and its history since conceptualizations.	Not Applicable
(II)	Starting and expected dated of completion of work.	Not Applicable
(III)	Time by which such project shall become commercially operational; and	Not Applicable.
(IV)	Expected time by which the project shall start paying return on investment.	Not Applicable.

STATUS OF INVESTMENT IN ASSOCIATED COMPANIES

As required under Clause 4(2) of the S.R.O. 27(1)/2012 dated January 16, 2012, the status of the previous investments in associated companies against approvals held by the Company are as under:

1) The company has approved investment in its associated company-M/s. Lucky Cement Limited to the extent of Rs.70,000,000/=, but no investment have been made by the time of approval due to unfavourable market condition and to safeguard the interest of the members of the company.

2) The company has also approved to invest in equity investment in its associated company i.e. M/s. Yunus Energy Limited to the extent of Rs.385,000,000/= divided into 38,500,000 ordinary shares of Rs.10/=, which is not yet disbursed.

DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company have pleasure in presenting before you the 25th Annual Report together with the Company's audited financial statements for the year ended June 30, 2012.

OVERVIEW

By the Grace of Almighty Allah, your Company concluded the year under review on a happy note despite hardships witnessed in the first half of the financial year when the Company could hardly breakeven and it was feared that the financial results for the year will be disastrous, leaving much to be desired. The cotton yarn market, however, turned around and regained momentum. Resultantly your Company has posted relatively encouraging results.

In order to strengthen its competitive position and enhance profitability, the Company has undertaken expansion project at Karachi, details of which are given in the subsequent paragraphs of this Report.

Although the figures for the year ended June 2012 turn pale when compared with the last year's figures, they are quite encouraging, considering the present operating conditions.

BUSINESS PERFORMANCE

Financial Performance:

A comparison of the key financial results of the Company for the Financial Year ended on June 30, 2012 with last year is as under:

	Year Ended 30-06-2012 Rupees '000	**Year Ended 30-06-2011 Rupees '000**	**Percentage Favorable (Unfavorable)**
Sales - Export	**6,368,395**	8,437,729	(24.52)
Local	**7,154,397**	7,200,758	(0.64)
Sales (net)	**13,522,792**	15,638,487	(13.53)
Gross Profit	**1,104,207**	2,810,034	(60.70)
Finance costs	**295,604**	147,806	(99.99)
Profit before taxation	**654,466**	2,169,597	(69.83)
Profit for the year	**648,813**	2,156,255	(69.91)
Earnings per share (Rs.)	**27.68**	92.00	

As can be seen from the above figures, your Company, by the Grace of Almighty Allah, put up encouraging financial performance despite difficult operating conditions.

The total sales dipped by 13.53% during the year under review mainly due to drastic fall in cotton prices which has impacted the yarn prices. This situation forced your Company to shift partially from overseas market to domestic market and diverted a part of its supplies from Europe and other Western countries to Far East where conditions are relatively favourable.

The gross profit declined by 60.70% during the year. The decline in GP is due to decline in yarn prices and costly inventory carried from previous year.

Finance cost registered almost 100% increase over previous year due to coming to an end in December 2011 of relief in mark-up rate extended by the State Bank of Pakistan under the Khyber Pakhtunkhwa Government incentives.

The net profit moved down to Rs. 648.81 million as compared to Rs.2,156.26 million last year. The after tax earnings per share works out to Rs.27.68 compared with Rs.92.00 last year.

Expansion and Modernization Projects:

In order to maintain sustained growth in profitability, the Company has put up an additional production facility at Karachi which came into commercial production during the year.

As stated in our earlier Reports, your Company pursues the policy of replacing old plant and machinery in a phased manner from own resources to promote efficiency and economy of operations.

Further, your Company has entered in a deal to acquire assets of a textile mill located in Gadoon Amazai Industrial Estate, comprising 10 acres of land with building constructed thereon, machineries, electrical installation, utility connection etc.

INVESTMENT IN PROJECTS:

Investments in ICI Pakistan Business Acquisition

As a part of strategy to diversify its business, your Company in consortium with other group entities has signed a share purchase agreement for 75.81% shareholding in ICI Pakistan Limited with Omicron B.V., a 100% owned subsidiary of AkzoNobel N.V. Netherland at a bid value of US$ 152.5 million (payable in equivalent Pak Rupees) which will be subject to certain adjustments based on lock box mechanism for cash and indebtedness to be ascertained as per the terms of the agreement.

Equity Investment in Associated Company for 50 MW Wind Farm

The required approval for investment in the equity of 50 MW Wind Farm being setup by associated company under the name of "Yunus Energy Limited" has been granted by our shareholders in an extraordinary general meeting held on 22nd May, 2012. The total project cost is estimated at US$ 143 million which would be financed through 20:80 debt equity ratio. Your Company would contributed US$ 4 million towards 13.79% share of its equity in the proposed equity in the project.

Earnings Per Share:

The earnings per share during the year under report worked out to Rs.27.68 as compared to earnings of Rs.92.00 for 2011.

Dividend:

The Board of Directors have pleasure in recommending cash dividend at the rate of Rs.7.50 per Share for the year under review (2011: Rs.10.00 per share).

Future Outlook:

The country achieved bumper cotton target for the current year. According to indications the size of cotton crop will not lag behind the next year.

The demand for yarn which has remained strong towards the end of the year under review is expected to remain as firm in the next financial year which will benefit your Company. Other factors such as electricity, gas, ocean and surface freight are likely to exert pressure on our margins.

Your directors are determined to do everything so that the Company achieves satisfactory profitability.

Code of Corporate Governance (CCG):

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 Security & 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:

a) The 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.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) The system of internal control is sound in design and is being effectively implemented and reviewed by internal audit function.

e) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

f) The Company has a very sound balance sheet with excellent debt: equity ratio and therefore there is no doubt at all about the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.

h) We have an Audit Committee the members of which are from the Board of Directors.

i) We have prepared and circulated a Statement of Ethics and Business Strategy among directors and employees.

j) The Board of Directors has adopted a Mission Statement and a Statement of Overall Corporate Strategy.

k) As required by the Code of Corporate Governance, we have included the following information in this Report:

   i) Statement of pattern of shareholding has been given separately.

   ii) Statement of shares held by associated undertaking and related persons have been given separately.

   iii) Statement of the Board meetings held during the year and attendance by each director.

   iv) Key operating and financial statistics for the last six years has been given separately.

Auditors:

The present Auditors, M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending, June 30, 2013.

Acknowledgements:

Your directors record their appreciation of the efforts of the Company's officers, technicians, staff and workers and the support and cooperation extended by its customers, bankers, and the Government agencies during the year.

For and on behalf of the Board

Muhammad Sohail Tabba
Chief Executive/Director

Karachi: September 25, 2012

YEAR WISE STATISTICAL SUMMARY

Rupees (000)

	2005	2006	2007	2008	2009	2010	2011	2012
ASSETS EMPLOYED								
Fixed Assets	3,057,989	3,020,789	2,947,545	3,063,735	2,760,662	2,724,684	4,181,980	**4,882,569**
Long Term Loans, Deposits & Deferred Costs	4,429	9,728	8,326	10,960	7,971	13,007	12,153	**15,667**
Investment			15,238	83,335	66,667	66,667		
Current Assets	2,703,546	3,114,124	2,882,650	4,384,976	3,208,422	3,741,676	6,803,765	**5,380,582**
Total Assets Employed	5,765,963	6,144,642	5,853,759	7,543,006	6,043,722	6,546,034	10,997,898	**10,278,818**
FINANCED BY								
Shareholders' equity	2,127,333	2,361,750	2,536,189	2,314,285	1,974,019	2,802,210	4,794,402	**5,208,840**
Long Term Loans	750,000	375,000	50,581	102,666	897,974	630,161	62,347	**44,533**
Current portion of Long Term Loans	305,000	375,000	350,000	4,215	8,907	17,813	567,814	**17,814**
	1,055,000	750,000	400,581	106,881	906,881	647,974	630,161	**62,347**
Liability against purchase of Lease hold Land	1,750	875						
Obligation under Finance Lease								
Deferred Liabilities	192,895	191,365	208,493	207,588	215,658	285,860	312,472	**352,253**
Current Liabilities	2,693,985	3,215,652	3,058,496	4,918,468	2,956,070	2,827,803	5,828,677	**4,673,192**
Current portion of Loans & Lease	(305,000)	(375,000)	(350,000)	(4,215)	(8,907)	(17,813)	(567,814)	**(17,814)**
	2,388,985	2,840,652	2,708,496	4,914,253	2,947,163	2,809,990	5,260,863	**4,655,378**
Total Funds Invested	5,765,963	6,144,642	5,853,759	7,543,006	6,043,722	6,546,034	10,997.898	**10,278,818**
TURNOVER AND PROFIT								
Turnover	4,072,070	5,637,136	6,364,392	6,757,664	7,140,792	10,028,765	15,638,487	**13,522,792**
Gross Profit	541,805	799,889	749,861	745,563	756,875	1,584,698	2,810,034	**1,104,207**
Operating Profit	363,820	567,862	470,188	485,585	527,856	1,257,170	2,553,671	**1,035,774**
Profit/(loss) before taxation	279,429	363,022	320,389	(132,606)	(297,072)	874,687	2,169,597	**654,466**
Profit/(loss) after taxation	206,924	293,022	232,794	(164,740)	(338,597)	858,191	2,156,255	**648,813**
Cash Dividend	58,594	58,594	58,594	-	-	164,063	234,375	**175,781**
Profit/(loss) carried forward	789,822	1,024,250	1,198,450	975,116	636,519	1,464,710	3,456,902	**3,871,340**
Earning per share (Rupees)	8.83	12.50	9.93	(7.03)	(14.45)	35.34	92.00	**27.68**
Break up value per share (Rupees)	90.77	100.77	108.21	98.74	84.22	119.56	204.56	**222.24**

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Chapter XI listing regulations of Karachi and Islamabad for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Executive Directors	Mr. Muhammad Sohail Tabba Mrs. Marium Tabba Khan
Non-Executive Directors	Mr. Muhammad Yunus Tabba (Chairman) Mr. Muhammad Ali Tabba Mr. Javed Yunus Tabba Mr. Ilyas Ismail Mr. Tariq Iqbal Khan

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the board during the year ended June 30, 2012.

5. The company is in the process of preparing a "Code of Conduct" along with supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the board/shareholders. No remuneration was paid to the CEO during the year.

8. 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 at least 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 meetings were appropriately recorded and circulated.

9. The directors of the Company have given a declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the Listing regulations of stock exchanges. All directors of the company, except one, comply with the education and experience as per latest requirements of Code of Corporate Governance.

10. The board has approved appointment of Director Finance (DF), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. No new appointment has been made in the financial year.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and DF before approval of the board.

13. 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.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of three members. All of them are non-executive directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. At year end, the board is in the process of forming an HR and Remuneration Committee.

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with and Head of Internal Audit has been appointed as a secretary of Audit Committee.

MUHAMMAD SOHAIL TABBA
Chief Executive / Director

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Gadoon Textile Mills Limited (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited and 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 of Corporate Governance.

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, the Listing Regulations of the Karachi and Islamabad stock exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price 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 as applicable to the Company for the year ended June 30, 2012.

We draw attention to the following paragraphs of the Statement wherein certain non-compliances have been highlighted:

a) Paragraph 5 - the Company does not have 'Code of Conduct' and the Company is in the process of preparing the same with supporting policies and procedures;

b) Paragraph 17 - the Board has not yet formed Human Resource and Remuneration Committee and the formation of such committee is in process.

M. Yousuf Adil Saleem & Company
Chartered Accountants

Karachi
Date: September 25, 2012

AUDITORS' REPORT TO THE MEMBERS

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

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

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

a. in our opinion, proper books of 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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the profit, total 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.

M. Yousuf Adil Saleem & Company
Chartered Accountants

Engagement Partner
Asad Ali Shah

Karachi
Date: September 25, 2012

BALANCE SHEET
AS AT JUNE 30, 2012

	Note	2012	2011
		Rupees in '000	
ASSETS			
Non Current Assets			
Property, plant and equipment	4	**4,882,569**	4,181,980
Long-term advance	5	**-**	-
Long-term loans	6	**8,373**	4,867
Long-term deposits		**7,294**	7,286
		4,898,236	4,194,133
Current Assets			
Stores, spares and loose tools	7	**393,291**	281,167
Stock-in-trade	8	**3,297,286**	2,104,434
Trade debts	9	**902,934**	3,147,275
Loans and advances	10	**242,412**	134,348
Short-term investment	11	**25,429**	28,937
Trade deposits and short-term prepayments		**3,603**	5,345
Other receivables	12	**139,044**	217,787
Income tax refundable due from the government		**121,372**	53,348
Cash and bank balances	13	**255,211**	831,124
		5,380,582	6,803,765
Total Assets		**10,278,818**	10,997,898
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised			
50,000,000 ordinary shares of Rs.10/- each		**500,000**	500,000
Issued, subscribed and paid-up	14	**234,375**	234,375
Capital reserves			
Share premium		**103,125**	103,125
Revenue reserves			
General reserve		**1,000,000**	1,000,000
Unappropriated profit		**3,871,340**	3,456,902
		4,871,340	4,456,902
Total Equity		**5,208,840**	4,794,402
Non-Current Liabilities			
Long-term financing	15	**44,533**	62,347
Deferred liabilities	16	**352,253**	312,472
		396,786	374,819
Current Liabilities			
Trade and other payables	17	**1,094,098**	1,302,769
Accrued mark-up		**44,763**	116,214
Short-term borrowings	18	**3,516,517**	3,828,958
Current portion of long-term financing	15	**17,814**	567,814
Provision for taxation		**-**	12,922
		4,673,192	5,828,677
Total Equity and Liabilities		**10,278,818**	10,997,898
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 35 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012	2011
		Rupees in '000	
Sales - net	20	**13,522,792**	15,638,487
Cost of sales	21	**(12,418,585)**	(12,828,452)
Gross profit		**1,104,207**	2,810,035
Distribution cost	22	**(247,125)**	(293,014)
Administrative expenses	23	**(88,074)**	(66,985)
		(335,199)	(359,999)
		769,008	2,450,036
Finance cost	24	**(295,604)**	(147,806)
Other operating charges	25	**(85,704)**	(236,268)
		387,700	2,065,962
Other operating income	26	**266,766**	103,635
Profit before taxation		**654,466**	2,169,597
Taxation	27	**(5,653)**	(13,342)
Profit for the year		**648,813**	2,156,255
Earnings per share - basic and diluted (Rupees)	28	**27.68**	92.00

The annexed notes 1 to 35 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	Rupees in '000	
Profit for the year	**648,813**	2,156,255
Other comprehensive income	**-**	-
Total comprehensive income for the year	**648,813**	2,156,255

The annexed notes 1 to 35 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	Rupees in '000	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**654,466**	2,169,597
Adjustments for:		
Depreciation	**290,787**	275,534
Gain on disposal of operating fixed assets	**(2,979)**	(7,556)
Profit on deposits	**(36,863)**	(94,171)
Interest / mark-up expense	**494,619**	349,629
Unrealised loss on short-term investment	**3,508**	957
Provision for long-term advance	**-**	66,667
Provision for gratuity	**47,876**	53,752
Reversal of liability against a service provider	**(220,000)**	-
Provision for stores and spares	**-**	55,000
	576,948	699,812
Operating cash flows before working capital changes	**1,231,414**	2,869,409
(Increase) / Decrease in current assets		
Stores, spares and loose tools	**(112,124)**	(113,002)
Stock-in-trade	**(1,192,852)**	55,508
Trade debts	**2,244,341**	(2,148,723)
Loans and advances	**(5,869)**	(10,280)
Short-term loans	**-**	(19,000)
Trade deposits and short-term prepayments	**1,742**	(3,755)
Other receivables	**78,776**	(174,758)
	1,014,014	(2,414,010)
Increase in current liabilities		
Trade and other payables	**9,598**	160,871
Changes in working capital	**1,023,612**	(2,253,139)
Cash generated from operations	**2,255,026**	616,270
Interest / mark-up paid	**(566,070)**	(300,263)
Taxes paid	**(167,837)**	(27,959)
Gratuity paid	**(26,697)**	(28,283)
	(760,604)	(356,505)
Net cash from operating activities	**1,494,422**	259,765

		2012	2011
		Rupees in '000	
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,002,951)**	(1,739,474)
Short-term investment		**-**	(29,894)
Sale proceeds from disposal of property, plant and equipment		**14,554**	14,199
Profit on deposit accounts received		**36,830**	93,611
Recovered / (disbursed) long-term loans - net		**(5,861)**	2,523
Long-term deposits paid		**(8)**	(13)
Net cash used in investing activities		**(957,436)**	(1,659,048)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term financing		**(567,814)**	(17,813)
Dividend paid		**(232,644)**	(163,172)
Net cash used in financing activities		**(800,458)**	(180,985)
Net decrease in cash and cash equivalents (A+B+C)		**(263,472)**	(1,580,268)
Cash and cash equivalents at the beginning of the year		**(2,997,834)**	(1,417,566)
Cash and cash equivalents at the end of the year		**(3,261,306)**	(2,997,834)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	**255,211**	831,124
Short-term borrowings	18	**(3,516,517)**	(3,828,958)
		(3,261,306)	(2,997,834)

The annexed notes 1 to 35 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2012

	-------- Capital Reserves --------			-------- Revenue Reserves --------			
	Issued, subscribed and paid-up share capital	Share premium	Sub Total	General reserve	Unappropriated profit	Sub Total	Grand total
	---------- Rupees in '000 ----------						
Balance at June 30, 2010	234,375	103,125	103,125	1,000,000	1,464,710	2,464,710	2,802,210
Comprehensive income							
Profit for the year	-	-	-	-	2,156,255	2,156,255	2,156,255
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	2,156,255	2,156,255	2,156,255
Transactions with owners recorded directly in equity							
Final dividend for the year ended June 30, 2010 @ Rs. 7/- per share	-	-	-	-	(164,063)	(164,063)	(164,063)
Balance at June 30, 2011	234,375	103,125	103,125	1,000,000	3,456,902	4,456,902	4,794,402
Comprehensive income							
Profit for the year	-	-	-	-	648,813	648,813	648,813
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	648,813	648,813	648,813
Transactions with owners recorded directly in equity							
Final dividend for the year ended June 30, 2011 @ Rs. 10/- per share	-	-	-	-	(234,375)	(234,375)	(234,375)
Balance at June 30, 2012	**234,375**	**103,125**	**103,125**	**1,000,000**	**3,871,340**	**4,871,340**	**5,208,840**

The annexed notes 1 to 35 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

1. THE COMPANY AND ITS OPERATIONS

1.1 Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi and Islamabad stock exchanges. The registered office of the Company is located at Gadoon Amazai Industrial Estate, Gadoon, District Swabi, Khyber Pakhtunkhwa. Its manufacturing facilities are located at Gadoon and Nooriabad near Karachi. The principal activity of the Company is manufacturing and sale of yarn.

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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

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

- obligations under the defined benefit plan that are stated at present value; and
- short-term investment which is stated at fair value.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

a) determining the residual values and useful lives of the property, plant and equipment (note 3.1 and 4.1);
b) valuation of stock-in-trade (note 3.3);
c) provision for taxation including deferred tax (note 3.9);
d) accounting for staff retirement benefits (note 3.10); and
e) provisions (note 3.17)

2.5 New / revised standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards/Amendments/Interpretations	"Effective Date" (accounting periods beginning on or after)
Amendments to IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendments to IAS 12 - Income Taxes – Deferred Tax: Recovery of Underlying Assets	January 1, 2012
IFRIC 20 - Stripping Costs in the Production Phase of a SurfaceMine	January 1, 2013

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements, due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures, due to non-adoption of IFRS 10 and IFRS 11"

The potential impact of following standard not yet effective on the financial statements of the Company is as follows:

The amendments to IAS 19 'Employee Benefits' are effective for annual period beginning on or after January 1, 2013. The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plan obligation andplan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. Management anticipates that the amendments will be adopted in the Company's financial statements for annual period beginning on or after January 1, 2013, and the application of amendments may have impact on amounts reported in respect of defined benefit plans. However, management has not performed detailed analysis of the impact of the application of the amendments and hence has not quantified the extent of the impact.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property, plant and equipment

Property, plant and equipment except free-hold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Free-hold land and capital work-in-progress are stated at cost less impairment losses, if any.

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

Depreciation is charged, from the month when the asset is available for use and cease from the month of disposal, to income statement applying the reducing balance method except for leasehold land, which is depreciated using the straight-line method. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date. Rates for deprecation are stated in note 4.1 to the financial statements.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account as and when incurred.

3.2 Stores, spares and loose tools

These are stated at lower of cost and net realisable value. Cost is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the balance sheet date.

For items that are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made, if necessary, for any excess carrying value over estimated realisable value and charged to profit and loss account.

3.3 Stock-in-trade

Basis of valuation are as under: -

Raw material in hand (imported)	Lower of cost and net realisable value (NRV) - specific identified basis

Raw material in hand (local)	Lower of cost (weighted average) and NRV
Raw material in-transit	Cost accumulated to balance sheet date
Work-in-process	Lower of cost and NRV
Finished goods	Lower of cost and NRV
Waste	NRV

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

3.4 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortised cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.5 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.6 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Short-term borrowings availed by the Company which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

3.7 Investments

The investments of the Company, upon initial recognition, are classified as investment at fair value through profit or loss, held to maturity investment or available for sale investment, as appropriate. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. The Company currently holds investments at fair value through profit or loss.

When investments are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Investments at fair value through profit or loss

These include investments held for trading and investments designated upon initial recognition as at fair value through profit or loss. Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains or losses recognised directly in the profit and loss account. Transaction costs are charged to profit and loss account when incurred.

3.8 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account.

Current

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognized using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.10 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. Charge is made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to profit and loss account by using "Project Unit Credit Method". The most recent valuation was carried out as at June 30, 2012 and results thereon have been disclosed in note 16.1.

The amount recognised in the balance sheet represents the present value of defined benefit obligation adjusted for unrecognised actuarial gains and losses.

Net cumulative unrecognised actuarial gains and losses at the end of previous year which exceeds 10% of present value of defined benefit obligation are recognized as income or expense over the average expected remaining working lives of the employees.

3.11 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost using the effective interest method.

3.12 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak Rupees at the rates prevailing on the balance sheet date.

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

3.13 Revenue recognition

Domestic sales are recognized as revenue upon transfer of significant risks and rewards of ownership, which coincides with dispatch.

Export sales are recognized as revenue upon transfer of significant risks and rewards of ownership, which coincides with date of shipping bill.

Revenue on supply of electricity is recognized on the basis of output delivered to the Power Purchaser.

Interest income is recognized on a time-apportioned basis using the effective rate of return.

3.14 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.15 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.16 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 that asset.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except inventories and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

3.17 Provisions

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

3.18 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. As disclosed in note 1.1 to the financial statements, the Company has two manufacturing facilities at Gadoon and Nooriabad. Management has determined that the Company has a single reportable segment as Board of Directors views the Company’s operations as one reportable segment because of the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services and the methods used to distribute the products.

	Note	2012	2011
		Rupees in ‘000	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	**4,678,100**	2,569,241
Capital work-in-progress	4.2	**204,469**	1,612,739
		4,882,569	4,181,980

4.1 Operating fixed assets

(Rupees in '000)

Particulars	Cost at July 01, 2011	Additions / (Deletions)	Cost at July 01, 2012	Accumulated depreciation at July 01, 2011	Depreciation for the year	Accumulated depreciation at July 01, 2012	Written down value at June 30, 2012	Rate of depreciation
	2012							
Land:								
Leasehold	41,088	11,682	52,770	5,346	453	5,799	46,971	1%
Freehold	880	-	880	-	-	-	880	-
Buildings on lease hold land:								
Mills	392,397	363,512	755,909	279,673	15,622	295,295	460,614	10%
Other	91,694	1,398	93,092	38,634	2,659	41,293	51,799	5%
Road	7,129	22,216	29,345	4,555	443	4,998	24,347	10%
Power plant	74,158	-	74,158	45,417	2,874	48,291	25,867	10%
Office	7,161	-	7,161	2,933	423	3,356	3,805	10%
Buildings on free hold land:								
Family colony	66,121	59,613	125,734	40,086	3,100	43,186	82,548	10%
Workers' colony	105,405	-	105,405	73,273	3,213	76,486	28,919	10%
Plant and machinery	4,233,241	1,679,415	5,845,459	2,379,960	209,873	2,533,927	3,311,532	10%
		(67,197)			(55,906)			
Power plant	747,737	105,985	853,722	424,702	35,811	460,513	393,209	10%
Electric installation	141,364	127,419	268,783	82,276	7,130	89,406	179,377	10%
Tools and equipment	12,100	214	12,314	8,000	412	8,412	3,902	10%
Furniture and fittings	5,917	2,684	8,601	4,456	169	4,625	3,976	10%
Computer equipment	7,029	2,073	9,102	5,614	835	6,449	2,653	30%
Office equipment and installations	5,009	2,553	7,562	2,872	302	3,174	4,388	10%
Fork lifters and tractors	8,333	19,106	27,439	7,231	1,375	8,606	18,833	20%
Vehicles	57,227	11,321	67,035	30,788	5,969	35,528	31,507	20%
		(1,513)			(1,229)			
Fire fighting equipment	2,766	2,030	4,796	1,699	124	1,823	2,973	10%
June 30, 2012	6,006,756	2,411,221	8,349,267	3,437,515	290,787	3,671,167	4,678,100	
		(68,710)			(57,135)			

(Rupees in '000)

Particulars	Cost at July 01, 2010	Additions / (Deletions)	Cost at July 01, 2011	Accumulated depreciation at July 01, 2010	Depreciation for the year	Accumulated depreciation at July 01, 2011	Written down value at June 30, 2011	Rate of depreciation
	2011							
Land:								
Leasehold	41,088	-	41,088	4,931	415	5,346	35,742	1%
Freehold	880	-	880	-	-	-	880	-
Buildings on lease hold land:								
Mills	392,397	-	392,397	267,148	12,525	279,673	112,724	10%
Other	91,694	-	91,694	35,841	2,793	38,634	53,060	5%
Road	7,129	-	7,129	4,269	286	4,555	2,574	10%
Power plant	74,158	-	74,158	42,224	3,193	45,417	28,741	10%
Office	7,161	-	7,161	2,463	470	2,933	4,228	10%
Buildings on free hold land:								
Family colony	66,121	-	66,121	37,193	2,893	40,086	26,035	10%
Workers' colony	105,405	-	105,405	69,703	3,570	73,273	32,132	10%
Plant and machinery	4,127,079	135,638	4,233,241	2,205,311	199,774	2,379,960	1,853,281	10%
		(29,476)			(25,125)			
Power plant	747,737	-	747,737	388,809	35,893	424,702	323,035	10%
Electric installation	138,904	2,460	141,364	75,916	6,360	82,276	59,088	10%
Tools and equipment	11,958	142	12,100	7,547	453	8,000	4,100	10%
Furniture and fittings	5,917	-	5,917	4,294	162	4,456	1,461	10%
Computer equipment	6,393	636	7,029	5,194	420	5,614	1,415	30%
Office equipment and installations	4,363	646	5,009	2,693	179	2,872	2,137	10%
Fork lifters and tractors	8,333	-	8,333	6,955	276	7,231	1,102	20%
Vehicles	47,943	16,340	57,227	29,798	5,753	30,788	26,439	20%
		(7,056)			(4,763)			
Fire fighting equipment	2,766	-	2,766	1,580	119	1,699	1,067	10%
June 30, 2011	5,887,426	155,862	6,006,756	3,191,869	275,534	3,437,515	2,569,241	
		(36,532)			(29,888)			

	Note	2012	2011
		Rupees in '000	

4.1.1 Depreciation charged for the year has been allocated as under:

	Note	2012	2011
Cost of sales	21.1	**275,155**	256,032
Administrative expenses	23	**4,425**	3,195
Other operating charges	25.2	**11,207**	16,307
		290,787	275,534

4.1.2 Disposal of operating fixed assets

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	Purchaser
	(Rupees in '000)					
Vehicles	66	15	51	63	Insurance claim	Jubilee Insurance
	66	3	63	67	Insurance claim	Jubilee Insurance
	809	744	65	500	Negotiation	Khalid Pervaiz
	509	446	63	250	Negotiation	Irfan Razi
	63	21	42	46	Negotiation	Ayub Peshawar
	1,513	1,229	284	926		
Plant and machinery	6,191	5,331	860	778	Negotiation	A.J. Textile Mills
	5,535	4,255	1,280	900	Negotiation	Agha Traders
	20,808	17,991	2,817	1,789	Negotiation	Agha Traders
	7,599	5,250	2,349	511	Negotiation	Agha Traders
	2,173	1,629	544	600	Negotiation	Agha Traders
	4,225	3,663	562	750	Negotiation	Agha Traders
	2,173	1,629	544	600	Negotiation	Agha Traders
	2,816	2,458	358	500	Negotiation	Agha Traders
	10,451	9,133	1,318	4,800	Negotiation	Diamond Intl. Corp.
	5,226	4,567	659	2,400	Negotiation	Swabi Textile Mills
	67,197	55,906	11,291	13,628		
June 30, 2012	**68,710**	**57,135**	**11,575**	**14,554**		
June 30, 2011	36,532	29,889	6,643	14,199		

4.2 Capital work-in-progress

	Cost			
	2011	Additions	(Transfers)	2012
	<------------------------- (Rupees in '000) ------------------------->			
Civil works	40,369	11,230	-	**51,599**
Plant and machinery	40,348	383,998	(344,509)	**79,837**
Advances for vehicles	-	1,980	-	**1,980**
Karachi Project				
Plant and machinery	1,190,751	144,471	(1,335,222)	**-**
Civil works	266,692	140,052	(356,973)	**49,771**
Vehicles	1,438	19,018	(20,456)	**-**
Electric installation	25,977	91,923	(96,618)	**21,282**
Advance to suppliers	23,484	-	(23,484)	**-**
Others	23,680	145,996	(169,676)	**-**
Gain/loss on trial production	-	(88,437)	88,437	**-**
	1,612,739	850,231	(2,258,501)	**204,469**

	Note	2012	2011
		Rupees in '000	

5. LONG-TERM ADVANCE

- Considered doubtful

	Note	2012	2011
Investment in joint venture	5.1	**66,667**	66,667
Less: Provision against advance	5.2	**(66,667)**	(66,667)
		-	-

5.1 This represents first and second tranche of advance for a Joint Venture project amounting to Rs. 4,250 million. The principal activity of the Joint Venture Project is acquisition and development of certain land in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful. Accordingly, management has made full provision against such advance on prudent basis.

5.2 Movement of provision against advance

		2012	2011
Opening		**66,667**	-
Charge for the year		**-**	66,667
Closing		**66,667**	66,667

6. LONG-TERM LOANS

- Considered good

	Note	2012	2011
Loans to employees	6.1	**16,135**	10,274
Less: current portion of long-term loans	10	**(7,762)**	(5,407)
		8,373	4,867

6.1 Loans to employees

	Note	2012	2011
Executives	6.2	**5,336**	640
Other employees		**10,799**	9,634
	6.1.1	**16,135**	10,274

6.1.1 These are interest free loans recoverable in monthly installments over a period of three years.

6.2 Reconciliation of outstanding amount of loan to Executives:

		2012	2011
Opening balance		**640**	2,490
Disbursements		**7,001**	-
Repayments		**(2,305)**	(1,850)
		5,336	640

	Note	2012	2011
		Rupees in '000	

7. STORES, SPARES AND LOOSE TOOLS

	Note	2012	2011
Stores		**188,099**	165,027
Spares in			
- hand		**197,413**	156,341
- transit		**62,352**	14,258
		259,765	170,599
Loose tools		**427**	541
Less: Provision for slow moving stores and spares	7.1	**(55,000)**	(55,000)
		393,291	281,167

7.1 Movement of provision for slow moving spares

	2012	2011
Opening	**55,000**	-
Charge for the year	**-**	55,000
Closing	**55,000**	55,000

8. STOCK-IN-TRADE

	Note	2012	2011
Raw material in			
- hand	21.1.1	**2,821,892**	1,344,320
- transit		**71,147**	209,948
	8.1	**2,893,039**	1,554,268
Work-in-process	21.1	**118,533**	169,705
Finished goods			
Yarn		**232,189**	354,716
Waste at net realisable value		**53,525**	25,745
	21	**285,714**	380,461
		3,297,286	2,104,434

8.1 The cost of raw material has been adjusted to net realisable value by Rs. Nil (2011: Rs. 90 million).

9. TRADE DEBTS
- Considered good

	Note	2012	2011
Foreign		**430,026**	2,560,127
Local		**472,908**	587,148
	9.1 & 9.2	**902,934**	3,147,275

9.1 Trade receivables are non-interest bearing and are generally on 30 days term.

9.2 None of the debtors in trade debts balance are past due or impaired.

	Note	2012	2011
		Rupees in '000	

10. LOANS AND ADVANCES
- Unsecured - Considered good

	Note	2012	2011
Current portion of long-term loans	6	**7,762**	5,407
Advance to employees		**8,568**	19,188
Advance to suppliers and contractors		**54,240**	37,590
Letters of credit		**255**	416
Advance Income tax		**171,587**	71,747
		242,412	134,348

11. SHORT-TERM INVESTMENT

At fair value through profit and loss account - Held for trading:

		2012	2011
- Ordinary shares of listed company		**25,429**	28,937

12. OTHER RECEIVABLES

	Note	2012	2011
Considered good			
Sales tax		**116,418**	90,421
Federal excise duty		**19,694**	18,343
Claim receivable		**1,990**	2,179
Interest accrued		**594**	561
Mark-up relief receivable	24.1	**-**	105,945
Other		**348**	338
		139,044	217,787
Considered doubtful			
Claim receivable	19.1.2	**20,000**	20,000
Other	12.1	**5,600**	5,600
		25,600	25,600
Provision for doubtful other receivables		**(25,600)**	(25,600)
		-	-
		139,044	217,787

12.1 The Company received a demand cum show cause notice for the amount of Rs. 13.169 million from custom authorities deleting their Manufacturing Bond Entry for import of Polyester Staple Fiber (PSF). The Company has paid under protest Rs. 5.6 million against this demand and also made provision for the same amount. Since the goods were imported for re-export, the Federal Board of Revenue has rectified the anomaly through S.R.O. 688(I)/2010 dated July 27, 2010, management believes that no further provision is required and the amount so paid shall become refundable.

	Note	2012	2011
		Rupees in '000	

13. CASH AND BANK BALANCES

	Note	2012	2011
Cash in hand		**4,420**	751
Cash with banks in:			
- current accounts	13.1	**193,173**	218,164
- time deposits	13.2	**57,618**	612,209
		255,211	831,124

13.1 It includes foreign currency deposits amounting to US Dollars 443,043 equivalent to Rs. 41.65 million (2011: US Dollars 590,534 equivalent to Rs. 50.57 million) and Euro 74.61 equivalent to Rs. 0.009 million (2011: Euro 74.61 equivalent to Rs. 0.009 million).

13.2 It represents short term deposits with various banks at the rate ranging from 1.75% to 10.25% (2011: 1.75% to 11.5%).

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		2012	2011
Number of shares			Rupees in '000	
6,000,000	6,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	**60,000**	60,000
17,437,500	17,437,500	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	**174,375**	174,375
23,437,500	23,437,500		**234,375**	234,375

14.1 The Company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

15. LONG-TERM FINANCING

	2012	2011
	Rupees in '000	
- Banking Companies - Secured		
Opening balance	**630,161**	647,974
Obtained during the year	**-**	-
	630,161	647,974
Repaid during the year	**(567,814)**	(17,813)
	62,347	630,161
Current portion shown under current liabilities	**(17,814)**	(567,814)
Closing balance	**44,533**	62,347

15.1 This loan is secured against first pari passu hypothecation charge on plant and machinery of the Company amounting to Rs. 167 million and carries markup at SBP LTF-FOP rate plus 2%. Further details of loan are as follows:

Tranche 01	
Date of loan obtained	May 04, 2007
Amount obtained	Rs. 24,423,000
Date of last installment	November 14, 2015
Amount of installment	Rs. 2,035,250 payable semi annually
Tranche 02	
Date of loan obtained	May 31, 2007
Amount obtained	Rs. 26,158,000
Date of last installment	December 07, 2015
Amount of installment	Rs. 2,179,834 payable semi annually
Tranche 03	
Date of loan obtained	October 11, 2007
Amount obtained	Rs. 56,300,000
Date of last installment	October 12, 2015
Amount of installment	Rs. 4,691,667 payable semi annually

16. DEFERRED LIABILITIES

	Note	2012	2011
		Rupees in '000	
Staff gratuity	16.1	**146,895**	125,716
Deferred taxation	16.2	**205,358**	186,756
		352,253	312,472

16.1 Staff gratuity

The Projected Unit Credit actuarial cost method based on following significant assumptions was used for the valuation of scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2012	2011
Discount rate	**12.50%**	14.00%
Expected rate of salary increase	**12.50%**	14.00%

	2012	2011
	Rupees in '000	
The amount recognised in the balance sheet is as follows:		
Present value of defined benefit obligation	**122,797**	101,295
Unrecognised actuarial gain	**24,098**	24,421
	146,895	125,716

The amount recognised in profit and loss is as follows:

	2012	2011
Current service cost	**38,459**	44,875
Interest cost	**14,181**	10,894
Actuarial gains recognised	**(4,764)**	(2,017)
	47,876	53,752

	2012	2011
	Rupees in '000	
Movement in the net liability is as follows:		
Opening balance	**125,716**	100,246
Charge for the year	**47,876**	53,752
Benefits paid	**(26,697)**	(28,282)
Closing balance	**146,895**	125,716
Movement of unrecognized actuarial gains		
Opening balance of unrecognized actuarial gains	**24,421**	16,447
Actuarial gains during the year	**4,441**	9,991
Actuarial gains recognized	**(4,764)**	(2,017)
Closing unrecognized actuarial gains	**24,098**	24,421

	2012	2011	2010	2009	2008
	Rupees in '000				
Historical information					
As at June 30					
Present value of defined benefit obligation	**122,797**	101,295	83,800	66,927	57,866

16.2 Deferred tax liability

Deferred tax liability comprises taxable / (deductible) temporary differences in respect of following:

	2012	2011
	Rupees in '000	
Deferred credits / (debits) arising due to:		
- Accelerated tax depreciation on property, plant and equipment	**435,879**	226,609
- Provision for gratuity	**(25,634)**	(20,253)
- Provision for long-term advance	**(9,598)**	(10,740)
- Provision for stores and spares	**(11,634)**	(8,860)
- Provision for diminution in value of investments	**(779)**	-
- Tax credit for investment in plant and machinery	**(182,876)**	-
	205,358	186,756

16.2.1 The income tax department had not allowed the credit of unabsorbed tax depreciation worked out for the tax holiday period from 1990 to 2000 against the profits of post tax holiday period. The Company filed appeal before the Commissioner of Income Tax (Appeals). In 2012, the matter was decided in favour of the Company but appeal effect order has not been given by the tax department. Deferred tax asset of Rs. 300 million approximately, on this will be accounted for after receiving final appeal effect order.

	Note	2012	2011
		Rupees in '000	

17. TRADE AND OTHER PAYABLES

	Note	2012	2011
Creditors		**220,223**	137,257
Foreign bills payable		**127,399**	204,862
Advance from customers and employees		**10,681**	13,979
Accrued liabilities	17.1 & 17.2	**614,240**	740,326
Withholding income tax		**246**	134
Regulatory duty		**5,600**	5,600
Unclaimed dividend		**8,518**	6,787
Workers' Welfare Fund		**71,864**	76,596
Workers' Profit Participation Fund		**35,327**	117,228
		1,094,098	1,302,769

17.1 This includes Rs. Nil (2011: Rs. 220 million) payable to utility provider against services rendered. The Company had a disagreement on the rate of services provided and had filed a petition in the Court which has been withdrawn after the parties decided to settle the matter outside the Court. The management is confident that the amount would not be payable and hence, during the year, has reversed the liability amounting to Rs. 220 million.

17.2 This includes Rs. 20.798 million (2011: Rs. Nil) payable to an associated company.

18. SHORT-TERM BORROWINGS

- Secured

	Note	2012	2011
		Rupees in '000	
From banking companies			
Running finances under mark-up arrangements	18.1	**527,180**	1,299,672
Short term finance	18.2	**1,200,000**	1,375,000
Foreign currency loan against			
Import finance	18.1	**1,324,903**	1,154,286
Export finance	18.1	**464,434**	-
		1,789,337	1,154,286
		3,516,517	3,828,958

18.1 Facilities for running finance, import finance and export refinance are available from various banks upto Rs. 11.18 billion (2011: Rs. 4.57 billion). For running finance facility the rates of mark-up range between KIBOR + 0.15 % to KIBOR + 0.5 % per annum (2011: KIBOR + 0.5% to KIBOR + 1.75% per annum) and for import finance the rate of mark-up are based on LIBOR + bank's spread (which is decided at the time of disbursement). These are secured against hypothecation of stocks and receivables.

18.2 This represents short term finance facilities amounting to Rs. 2.5 billion (2011: Rs. 1.5 billion) from various banks having mark-up ranging between 1 month KIBOR + 0.2% to KIBOR + 0.36% per annum (2011: 3 month KIBOR + 0.5% per annum). These are secured against first pari passu hypothecation charge over stock and receivables.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 Outstanding guarantees given on behalf of the Company by banks in normal course of business amounting to Rs. 400.74 million (2011: Rs. 378.74 million).

19.1.2 During prior years, the Company was charged by Sui Northern Gas Pipeline Limited (SNGPL) with an amount of Rs. 168 million on account of under billing of gas. The Company lodged complaint with the Appellate Authority (the 'Authority') against SNGPL and on January 21, 2010, the Authority gave its decision and partly admitted the plea of the Company and allowed partial relief of Rs. 53.89 million. The Company has paid Rs. 113.63 million in prior years. Subsequent to the decision of the Authority, both the Company (to claim additional relief) and SNGPL (against the relief provided) have filed appeals with higher authorities against the decisions. Management is of the view that no further liability in this regard will arise as it is expected that the final outcome of this case will be in its favour.

19.1.3 The Company has been supplying electricity to Peshawar Electric Supply Company (PESCO) under an agreement that was initially entered into on December 5, 2007 for a period of three years and thereafter renewed for another year until December 4, 2011. During the year, the Company received a letter dated March 1, 2012 under Rule 4(2) of the National Electric Power Regulatory Authority (Fines) Rules, 2002 that the Company is operating a generation facility without obtaining a generation license from National Electric Power Regulatory Authority (NEPRA). The Company responded that the generation facility was established initially for own consumption, which did not require a license under NEPRA regime and the supply of electricity to PESCO was being made based on the understanding reached with Central Power Purchasing Agency. The Company also replied on the grounds that it has already applied for the license on November 23, 2011 which is pending before NEPRA, and by virtue of NEPRA Guidelines 2008, the Company is deemed to hold a generation license of NEPRA and is entitled to continue the sale of its idle and surplus power to willing buyers. The supply of electricity to PESCO is discontinued from March 2012, however, management is confident that the matter will be resolved amicably and the supply of electricity will resume.

	2012	2011
	Rupees in '000	
19.1.4 Others		
Export bills discounted with recourse	**1,672,710**	-
Indemnity bond in favour of Collector of Customs against import	**2,845**	2,845
Post dated cheques in favour of Collector of Customs against imports	**111,255**	85,694

19.2 Commitments

	2012	2011
Letters of credit opened by banks for:		
Plant and machinery	**232,720**	198,477
Raw materials	**43,487**	930,620
Stores and spares	**20,584**	28,186
Foreign currency forward contracts	**1,743,241**	2,674,048

	Note	2012	2011
		Rupees in '000	
20. SALES - Net			
Export			
Direct			
- Yarn		**6,167,205**	8,162,972
- Waste		**314,956**	459,080
		6,482,161	8,622,052
Commission on direct export sales		**(113,766)**	(184,323)
		6,368,395	8,437,729
Local			
- Yarn		**7,077,499**	7,017,584
- Waste		**151,690**	208,942
		7,229,189	7,226,526
Commission on local sales		**(27,267)**	(25,768)
Sales tax		**(47,525)**	-
		7,154,397	7,200,758
		13,522,792	15,638,487
21. COST OF SALES			
Opening stock - finished goods		**380,461**	221,944
Cost of goods manufactured	21.1	**12,323,838**	12,986,969
Less: Closing stock - finished goods	8	**(285,714)**	(380,461)
		12,418,585	12,828,452
21.1 Cost of good manufactured			
Raw material consumed	21.1.1	**9,324,893**	10,346,552
Salaries, wages and benefits	21.1.2	**750,239**	752,240
Stores, spares and accessories		**292,575**	238,719
Packing material consumed		**266,058**	240,476
Fuel and power		**1,325,501**	1,169,892
Repairs and maintenance		**11,495**	8,813
Insurance		**15,703**	12,464
Travelling, conveyance and entertainment		**8,342**	5,114
Doubling charges		**246**	1,657
Communication		**738**	731
Depreciation	4.1.1	**275,155**	256,032
Other manufacturing expenses		**1,721**	1,286
Provision for slow moving stores and spares		**-**	55,000
		12,272,666	13,088,976
Work-in-process			
Opening stock		**169,705**	67,698
Closing stock	8	**(118,533)**	(169,705)
		51,172	(102,007)
Cost of goods manufactured		**12,323,838**	12,986,969

	Note	2012	2011
		Rupees in '000	

21.1.1 Raw material consumed

	Note	2012	2011
Opening stock		**1,344,320**	1,632,797
Purchases - net		**10,802,465**	10,058,075
Less: Closing stock	8	**(2,821,892)**	(1,344,320)
		9,324,893	10,346,552

21.1.2 Salaries, wages and benefits include Rs. 44.276 million (2011: Rs. 50.206 million) in respect of staff retirement benefits.

22. DISTRIBUTION COST

		2012	2011
Freight, octroi and handling charges			
- Export		**168,267**	231,121
- Local		**21,526**	17,078
		189,793	248,199
Sales promotion expenses		**167**	-
Export development surcharge		**36,639**	23,034
Bank charges on export		**20,526**	21,781
		247,125	293,014

23. ADMINISTRATIVE EXPENSES

	Note	2012	2011
Staff salaries and benefits	23.1	**34,158**	27,692
Rent, rates and taxes		**526**	271
Communication		**2,450**	2,542
Printing and stationery		**948**	758
Repairs and maintenance		**1,240**	1,583
Legal and professional		**8,438**	5,996
Travelling and conveyance		**13,054**	7,037
Entertainment		**3,727**	3,017
Vehicles running and maintenance		**3,938**	3,242
Secretarial expenses		**539**	705
Fee and subscriptions		**5,543**	4,518
Electricity		**3,169**	1,887
Advertisement		**750**	143
Auditors' remuneration	23.2	**1,070**	1,070
Depreciation	4.1.1	**4,425**	3,195
Insurance		**1,745**	1,465
Books and periodicals		**31**	66
Others		**2,323**	1,798
		88,074	66,985

23.1 Salaries and benefits include Rs. 3.600 million (2011: Rs. 3.546 million) in respect of staff retirement benefits.

23.2 Auditors' remuneration

		2012	2011
Statutory audit fee		**1,000**	1,000
Half yearly review and other certifications		**70**	70
		1,070	1,070

	Note	2012	2011
		Rupees in '000	

24. FINANCE COST

Mark-up / interest on			
Long-term financing		**26,338**	78,309
Short-term borrowings		**451,526**	283,675
Worker's Profit Participation Fund		**16,755**	11,325
		494,619	373,309
Bank and other financial charges		**21,384**	4,356
		516,003	377,665
Less: mark-up relief	24.1	**(74,403)**	(206,179)
Less: borrowing cost capitalised	24.2	**(145,996)**	(23,680)
		295,604	147,806

24.1 This represents mark-up relief received / claimed from the banks, which has been provided by the Government of Pakistan from January 01, 2010 to December 31, 2011 to rehabilitate the economic life in Khyber Pakhtunkhwa.

24.2 Borrowing cost is capitalised at weighted average borrowing capitalization rate of 7.5% (2011: 0.78% LIBOR based).

25. OTHER OPERATING CHARGES

Donations	25.1	**900**	-
Exchange loss on foreign currency transactions- net		**45,263**	4,932
Loss on supply of electricity to PESCO	25.2	**706**	72
Unrealised loss on short-term investments		**3,508**	957
Worker's Profit Participation Fund		**35,327**	117,228
Worker's Welfare Fund	25.3	**-**	46,412
Provision against long-term advance		**-**	66,667
		85,704	236,268

25.1 No director or their spouse had any interest in the donees' fund.

25.2 Loss on supply of electricity to PESCO

Cost and expenses of electricity generation

Oil and lubricants		**863,502**	869,856
Freight on oil and lubricants		**-**	921
Depreciation	4.1.1	**11,207**	16,307
Stores consumed		**24,088**	16,321
Finance cost		**14,200**	27,035
Salaries and wages		**3,485**	5,914
Internal consumption of auxiliaries		**14,971**	19,014
Top end / overhauling expenses		**10,308**	13,663
Others		**3,625**	4,803
		945,386	973,834
Less: Recovery of cost from PESCO		**(944,680)**	(973,762)
		706	72

25.3 The Company has not recorded Workers' Welfare Fund (WWF) expense on account of decision of Lahore High Court dated June 3, 2011 declaring the amendments of Finance Act 2006 and 2008 as unconstitutional. Based on the said decision, the Company believes that the amount will not be payable.

	Note	2012	2011
		Rupees in '000	

26. OTHER OPERATING INCOME

	Note	2012	2011
Income from financial asset			
Profit on deposit accounts		**36,863**	94,171
Income from non-financial asset			
Scrap sales		**6,924**	1,908
Gain on disposal of operating fixed assets - net		**2,979**	7,556
Reversal of liability against the service provider	17.1	**220,000**	-
		266,766	103,635

27. TAXATION

	Note	2012	2011
- Current			
For the year	27.1	**-**	-
Prior year	27.2	**(12,949)**	12,200
		(12,949)	12,200
- Deferred		**18,602**	1,142
		5,653	13,342

27.1 The Finance Act 2010 had introduced clause 126F in Part I of Second Schedule of Income Tax Ordinance, 2001 (the Ordinance) exempting the tax on profits and gains derived by a tax payer (including turnover tax under section 113) located in the war on terror affected areas of Khyber Pakhtunkhwa. As a result, the income of the Company for tax year 2010 to 2012 is exempt.

27.2 The Company has reversed the excess provision made in respect of tax year 2007.

28. EARNINGS PER SHARE - Basic and diluted

There is no dilutive effect on the basic earnings per share of the Company which is based on :

		2012	2011
Profit for the year	Rupees in '000	**648,813**	2,156,255
Number of ordinary shares		**23,437,500**	23,437,500
Earnings per share	Rupees	**27.68**	92.00

29. REMUNERATION OF DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including benefits, to the director and executives of the Company were as follows: -

	2012		2011	
	Director	Executive	Director	Executive
	Rupees in '000			
Remuneration	**1,937**	**3,005**	1,937	1,962
House rent	**270**	**1,163**	270	766
Utilities	**193**	**300**	193	196
Bonus	**-**	**126**	-	-
Medical	**-**	**299**	-	78
Leave encashment	**-**	**225**	-	140
	2,400	**5,118**	2,400	3,142
Number of persons	**1**	**5**	1	3

29.1 The Chief Executive and executives are also provided with Company maintained car.

29.2 The Chief Executive is not drawing any remuneration.

29.3 Meeting fee of Rs. 0.048 million (2011: Rs. 0.042 million) has been paid to seven Directors.

30. PRODUCTION CAPACITY

	2012	2011
Spinning Mill		
Total number of spindles installed	**232,648**	189,784
Number of shifts worked per day	**3**	3
Number of days worked	**366**	365
Number of shifts worked	**1,098**	1,093
Average number of spindles shift worked	**228,695,832**	210,694,104
Installed capacity after conversion into 20's (Kgs)	**86,628,894**	79,810,261
Actual capacity after conversion into 20's (Kgs)	**57,120,784**	73,851,616
Actual production (Kgs)	**43,431,428**	41,206,862

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

31. RELATED PARTY TRANSACTIONS

Related parties comprises of associated companies, other associated undertakings, directors and key management personnel. Transactions between the Company and the related parties are carried out as per agreed terms. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 29, are as follows: -

Name of Related Parties	Nature of Transaction	2012	2011
		Rupees in '000	
Associated companies			
Lucky Cement Limited (Common Directorship)	Purchase of cement	**21,979**	19,569
Fazal Textile Mills Limited (Common Directorship)	Yarn sold	**222,748**	399,900
	Raw material sold	**-**	2,022
	Waste sales	**29,611**	5,177
	Machinery sold	**-**	3,600
	Purchase of machinery	**-**	1,000
Lucky Knits (Private) Limited (Common Directorship)	Yarn sold	**123,719**	439,058
	Generator sold	**-**	750
Yunus Textile Mills Limited (Common Directorship)	Yarn sold	**153,856**	632,388
Feroze 1888 Industries Limited Formerly Nakshbandi Industries Limited (Common Directorship)	Yarn sold	**60,784**	149,548
Lucky Textile Mills Limited (Common Directorship)	Grey cotton cloth purchased	**4,180**	2,063
	Yarn sold	**999,530**	569,166
Lucky Energy (Pvt) Limited (Common Directorship)	Purchase of Electricity	**89,482**	-
Yunus Energy Limited (Common Directorship)	Expenses Charged to	**6,695**	1,379

Advances amounting to Rs. Nil (2011: Rs. 700 million) were received from associated undertakings and Rs. Nil (2011: 700) have been returned during the year.

32. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

32.1 Financial instruments by category

	2012	2011
	Rupees in '000	
Financial assets		
Loans and receivables		
Long-term loans	**16,135**	10,274
Long-term deposits	**7,294**	7,286
Trade debts	**902,934**	3,147,275
Loans and advances	**8,568**	19,187
Trade deposits	**3,370**	5,120
Other receivables	**2,932**	3,078
Cash and bank balances	**255,211**	831,124
	1,196,444	4,023,344
Investment at fair value through profit or loss		
Short-term investment	**25,429**	28,937
	1,221,873	4,052,281
Financial liabilities		
At amortised cost		
Long-term financing	**62,347**	630,161
Trade and other payables	**970,380**	1,089,233
Accrued mark-up	**44,763**	116,214
Short-term borrowings	**3,516,517**	3,828,958
Staff gratuity	**146,895**	125,716
	4,740,902	5,790,282

32.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

32.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from the trade debts, loans and advances, and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2012	2011
	Rupees in '000	
Long-term loans	**16,135**	10,274
Long-term deposits	**7,294**	7,286
Trade debts	**902,934**	3,147,275
Advances	**8,568**	19,187
Trade deposits	**3,370**	5,120
Other receivables	**2,932**	3,078
Bank balances	**250,791**	830,372
	1,192,024	4,022,592

The trade debts are due from foreign and local customers for export and local sales respectively. Trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. As at the balance sheet date, there are no past due trade debt balances. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings.

32.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity 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 manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes short-term borrowings and discounting of foreign receivables. The following are the contractual maturities of financial liabilities, including interest payments excluding the impact of netting agreements:

June 30, 2012	Within 1 year	2 -5 years	More than 5 years	Total
	----- Rupees in '000 -----			
Financial liabilities				
Long-term financing	21,867	49,209	-	71,076
Trade and other payables	970,380	-	-	970,380
Accrued mark-up	44,763	-	-	44,763
Short-term borrowings	3,516,517	-	-	3,516,517
Staff gratuity	-	-	146,895	146,895
	4,553,527	49,209	146,895	4,749,631

June 30, 2011	Within 1 year	2 -5 years	More than 5 years	Total
	Rupees in '000			
Financial liabilities				
Long-term financing	611,036	71,076	-	682,112
Trade and other payables	1,089,233	-	-	1,089,233
Accrued mark-up	116,214	-	-	116,214
Short-term borrowings	3,828,958	-	-	3,828,958
Staff gratuity	-	-	125,716	125,716
	5,645,441	71,076	125,716	5,842,233

32.2.3 Market risk

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

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at June 30, 2012, fair value of equity securities exposed to price risk were as follow:

	2012	2011
	Rupees in '000	
Investment at fair value through profit or loss account - held for trading	**25,429**	28,937

In case of 10% increase / decrease in fair value of equity securities on June 30, 2012, income / (loss) for the year would be affected by Rs. 2.543 million (2011: Rs. 2.894 million) as a result of gain / loss.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short term borrowings from financial institutions. At the balance sheet date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	Carrying Amount	
	2012	2011
Fixed rate instruments	Rupees in '000	
Financial assets	**57,618**	612,209
	57,618	612,209
Variable rate instruments		
Financial liabilities		
- KIBOR based	**(1,727,180)**	(3,224,672)
- LIBOR based	**(1,789,337)**	(1,154,286)
- SBP LTF-FOP	**(62,347)**	(80,161)
	(3,578,864)	(4,459,119)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in KIBOR based financial liabilities, 100 basis points change in SBP LTF-FOP and 25 basis points change in LIBOR based financial liabilities at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 22.37 million (2011: Rs. 35.93 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in 2011.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. The Company does not enter into forward foreign exchange contracts for foreign purchases and payables, as it is not allowed by the State Bank of Pakistan. However, the Company enters into forward foreign exchange contracts to cover its exposure to foreign currency sales and receivables. As at June 30, 2012, the financial assets and liabilities exposed to currency risk are as follows:

	2012	2011	2012	2011
	--------- USD ---------		----- PKR IN '000 -----	
Trade debts	**4,602,929**	29,716,984	**430,026**	2,551,203
Foreign currency bank account	**443,043**	590,534	**41,646**	50,567
Import loan (LC's)	**(14,064,786)**	(13,181,910)	**(1,324,903)**	(1,134,303)
Export finance	**(4,932,920)**	-	**(464,434)**	-
Foreign bills payable	**(116,064)**	-	**(10,678)**	-
Accrued mark-up	**(433,030)**	-	**(40,791)**	-
	--------- JPY ---------		----- PKR IN '000 -----	
Foreign bills payable	**(98,341,000)**	(189,376,844)	**(116,721)**	(202,614)
	--------- Euro ---------		----- PKR IN '000 -----	
Trade debts	**-**	359,606	**-**	8,924
Foreign currency bank account	**75**	75	**9**	9
Foreign bills payable	**-**	(18,000)	**-**	(2,248)
Import loan (LC's)	**-**	(160,000)	**-**	(19,982)

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2012	2011	2012	2011
US Dollars to PKR	**89.26**	85.55	**94.20 / 94.00**	**86.05 / 85.85**
Yen to PKR	**1.1356**	1.0328	**1.1870 / 1.1810**	**1.0699 / 1.0675**
Euro to PKR	**119.53**	117.04	**118.50 / 118.25**	**124.89 / 124.60**

At June 30, 2012, if the Pakistani Rupee weakened / strengthen by 10% against the US Dollars, Japanese Yen and Euros with all variables held constant, pre-tax loss / profit for the year would have been lower / higher by Rs. 148.59 million (2011: Rs. 125.16 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in 2011.

33. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2012 short term investment was categorised in level 1.

There were no transfers between Level 1 and 2 in the year.

34. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

35. GENERAL

a) The board of directors proposed a final dividend for the year ended June 30, 2012 of Rs. 7.50 per share amounting to Rs.175.781 million at their meeting held on September 25, 2012 for approval of members at the Annual General Meeting. These financial statements do not reflect this dividend payable which will be accounted for in the period in which is approved.

b) These financial statements were authorized for issue on September 25, 2012 by the Board of Director of the Company.

Muhammad Yunus Tabba Chairman / Director	**Muhammad Sohail Tabba** Chief Executive

Pattern of Shareholding as at June 30, 2012

NUMBER OF SHAREHOLDERS	FROM	SHARE HOLDING	TO	TOTAL SHARES HELD
572	1	to	100	23,011
517	101	to	500	132,640
357	501	to	1000	281,947
219	1001	to	5000	518,832
43	5001	to	10000	329,220
16	10001	to	15000	192,714
7	15001	to	20000	123,486
9	20001	to	25000	209,474
2	25001	to	30000	54,660
2	30001	to	35000	63,874
1	35001	to	40000	35,500
1	40001	to	45000	45,000
1	65001	to	70000	70,000
1	110001	to	115000	113,074
1	115001	to	120000	117,187
1	120001	to	125000	120,201
3	140001	to	145000	421,875
1	190001	to	195000	191,500
3	220001	to	225000	663,290
1	240001	to	245000	244,367
1	270001	to	275000	273,750
1	295001	to	300000	296,875
1	315001	to	320000	316,500
4	405001	to	410000	1,628,454
2	445001	to	450000	897,088
1	465001	to	470000	465,387
1	535001	to	540000	537,670
2	965001	to	970000	1,934,298
1	1055001	to	1060000	1,056,600
1	1060001	to	1065000	1,063,932
1	1085001	to	1090000	1,089,143
1	1115001	to	1120000	1,117,897
1	1245001	to	1250000	1,247,606
1	1775001	to	1780000	1,779,948
1	578001	to	5785000	5,780,500
1778				**23,437,500**

CATAGORIES OF SHREHOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
Directors, Chief Executive Officer, and their spous and minor children	12	8,063,578	34.40
Associated Companies, undertakings and related parties	0	-	-
NIT and ICP	3	32,550	0.14
Public Sector Companies and Corporations	3	1,170,511	4.99
Banks Development Financial Institutions, Non Banking Fianancial Institutions	1	10,000	0.04
Insurance Company	1	25,000	0.11
Modarabas and Mutual Funds	2	15,590	0.07
General Public			
a. Local	1734	7,658,567	32.68
b. Foreign	1	562	0.00
Others	21	6,461,142	27.57
Total	**1778**	**23,437,500**	**100.00**

Pattern of Shareholding - Additionnal Information as at June 30, 2012

Shareholder's Category	Number of Sharehodlers	Number of Shares helds
Associated Companies, undertakings and related parties (name wise details):	None	None
NIT and ICP (name wise details:)		
National Investment Trust Limited (NIT)	2	31,750
Investment Corporation of Pakistan (ICP)	1	800
Directors, CEO and their spouse and minor children (name wise details):		
Mr. Muhammad Yunus Tabba (Chairman / Director)	2	2,229,884
Mr. Muhammad Sohail Tabba (Chief Executive/Director)	2	1,785,276
Mr. Muhammad Ali Tabba (Director)	2	2,153,075
Mr. Javed Yunus Tabba (Director)	2	968,500
Mrs. Marium Tabba Khan (Director)	2	629,468
Mr. Ilyas Ismail (Director)	1	296,875
Mr. Tariq Iqbal Khan (Director)	1	500
Executive	0	0
Public Sector Companies and Corporations	3	1,170,511
Banks, Development Finance Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds	4	50,590
Shareholders holding five percent or more voting interest (name wise details)		
Saif Holdings Limited	1	5,780,500
Mr. Muhammad Yunus Tabba	2	2,229,884
Mr. Muhammad Ali Tabba	2	2,153,075
Mr. Muhammad Sohail Tabba	2	1,785,276

Details of trading in the shares by the Directors, CEO, DF, Company Secretary and their spouses and minor children:

None of the Directors, CEO, DF, Company Secretary and their spouses and minor Children has traded in the shares of the Company during the year except the following who received specie dividends and gift:

Name of Director	Nature	Number of Shares
Mr. Muhammad Yunus Tabba	Specie Dividend	449,936
Mr. Muhammad Sohail Tabba	Specie Dividend	513,220
Mr. Muhammad Ali Tabba	Specie Dividend & Gift	1,490,298
Mr. Javed Yunus Tabba	Specie Dividend	647,699
Mrs. Marium Tabba Khan	Specie Dividend	296,230

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS:

During the year under review, four board meetings were held and attendance of each director is as under:

Sr. No.	Name of Director	Meeting Attended
1.	Mr. Muhammad Yunus Tabba	4
2.	Mr. Muhammad Sohail Tabba	3
3.	Mr. Muhammad Ali Tabba	3
4.	Mr. Javed Yunus Tabba	3
5.	Mrs. Marium Tabba Khan	4
6.	Mr. Ilyas Ismail	4
7.	Mr. Tariq Iqbal Khan	4

FORM OF PROXY

The Company Secretary,
GADOON TEXTILE MILLS LIMITED,
200 - 201,Gadoon Amazai Industrial Estate,
Distt, Swabi, Khyber Pakhtunkhwa.

I/We____

____________of ______________________ in the district of ______________________

be a Member/Members of GADOON TEXTILE MILLS LIMITED hereby appoint

____ of ______________________

being a Member of the company as my/our proxy to vote for me/us____________________

and on my/our behalf at the 25th Annual General Meeting of the Company to be held on the 31st day of October, 2012 and at any adjournment there of.

Signed this ______________ day of ____________ 2012.

Members Signature

Affix Revenue Stamp of Rs. 5/=

Folio No./CDC No. ______________________________

No. of shares held ______________________________

CNIC. # ______________________________

Gadoon Textile Mills Limited

AFFIX
CORRECT
POSTAGE

The Company Secretary,
GADOON TEXTILE MILLS LIMITED,
200 - 201,Gadoon Amazai Industrial Estate,
Distt, Swabi, Khyber Pakhtunkhwa.

Fold Here Fold Here

Fold Here Fold Here

GADOON TEXTILE MILLS LTD.
6-A, Muhammad Ali Housing Society,
Abdul Aziz Haji Hashim Tabba Street,
Karachi-75350
Phone : 34397701-08
Fax : (021) 34382436
Email : secretary@gadoontextile.com

QUICK PRINTERS