



Contents

2	Company Information
3	Notice of Annual General Meeting
5	Mission Statment / Statement of Ethics
6	Directors' Report
8	Key Operating and Fianancial Data from 2007 to 2012
9	Directors Statement of Compliance with the Code of Corporate Governance
11	Review Report to the Members on Statment Compli ance of the Code of Corporate Governance
12	Auditors' Report
13	Balance Sheet
14	Profit and Loss Account
15	Statement of Comprehensive Income
16	Cash Flow Statement
17	Statement of Changes in Equity
18	Notes to the Accounts
41	Pattern of Shareholding
43	Form of Proxy



Company Information

Chairman & Chief Executive
Mr. Azher Elahi

Directors
Mr. Asad Elahi
Mr. Ather J. Elahi
Mr. Mansoor Elahi
Mrs. Naureen Asad
Mrs. Shafqat Azher
Mrs. Mehnaz Ather Elahi
Mr. Fahad Elahi

Audit Committee
Mr. Asad Elahi (Chairman)
Mr. Ather J. Elahi (Member)
Sheikh Rasheed Ahmed (Member)
Mr. Saeed Ahmed Zaidi (Secretary)

Chief Financial Officer &
Company Secretary
Mr. Ishfaq Saeed

Auditors:
Mushtaq & Co.
Chartered Accountants

Bankers:
Soneri Bank Ltd.
Standard Chartered Bank Ltd.

Share Registrars:
Corplink (Pvt) Ltd.
Wings Arcade, 1-K, Commercial
Model Town, Lahore.
Ph: 042-3583 9182, 3588 7262
Fax: 042 -3586 9037

Registered Office/Mills
11-KM, Manga-Raiwind Road,
Tehsil & District Kasur.
Tel: (042) 3539 2794-5
Fax: (042) 35391566
E-mail: gtml@nexlinx.net.pk



Notice of 21st Annual General Meeting

The 21st Annual General Meeting of the members of Glamour Textile Mills Limited will be held at 11.00 a.m. on Wednesday, October 31, 2012 at the Registered Office of the Company located at 11 Kilometers, Manga Raiwind Road, District Lahore., to transact the following business:-

Ordinary Business

1. To receive and confirm minutes of the Extra Ordinary General Meeting held on March 19, 2012.
2. To receive, consider and approve the audited accounts of the Company for the year ended June 30, 2012 together with Directors' & Auditors' Reports thereon.
3. To approve payment of cash dividend @ 10% i.e. Rs.1.00 per share of Rs.10./- each for the year ended June 30, 2012 as recommended by the Board of Directors (The directors of the company have foregone their right to receive this dividend, to the extent of their shareholding)
4. To Appoint Auditors for the year 2012-2013 and fix their remuneration. The retiring auditors, Messer Mushtaq & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

Special Business

5. To approve the remuneration of the working Directors of the Company
6. Any other matter with the permission of the Chair.

By order of the Board

Lahore,
October 06, 2012

Ishfaq Saeed
Company Secretary

Notes :

1. The Register of Members of the Company will remain closed from October 24th, 2012 to October 31st 2012 (both days inclusive). Transfer received in order at the office of Registrar of the company M/s Corplink (Pvt) Limited, Wing Arcade, 1-K Commercial, Model Town, Lahore by the close of business on October 23, 2012 will be considered in time for entitlement of cash dividend, if approved.
2. In view of SECP directives to withhold Dividend Warrants of those members or their authorized persons, who have not yet provided an attested copy of their CNIC, are once again requested to provide attested copies of their CNICs directly to our Shares Registrar M/s Corplink (Pvt) Limited, Wing Arcade, 1-K Commercial, Model Town, Lahore. The corporate entities are requested to provide their National Tax Number (NTN).
3. A member entitled to attend and vote may appoint another person as his/her proxy to attend and vote on his/her behalf. Proxies must be received at the Company's Registered Office, duly stamped, signed and witnessed not later than 48 hours before the time of meeting.
4. Shareholders are requested to promptly notify of the any change in their address to the Company's Shares Registrar M/s Corplink (Pvt) Limited, Wing Arcade, 1-K Commercial, Model Town, Lahore.
5. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their Computerized National Identity Card (CNIC) along with CDC Account Number for verification.
6. In case of corporate entity, the Board of Directors, Resolution/Power of Attorney with specimen signature of the nominee shall be submitted with form of proxy to the Company and the same shall be produced in original at the time of the meeting to authenticate the identity.
7. For attending the meeting and appointing proxies, CDC account holders will further have to follow the guidelines as laid in Circular 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.



Notice of 21st Annual General Meeting

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE 1984

Item No.5: Approval of remuneration of Directors of Company

The Board of Directors in their meeting held on October 1, 2012 have recommended payment of the following remuneration to working Directors of the Company, for remaining term of the office of directors commencing from October 1, 2012, subject to an increment not exceeding 20% per annum:

	Remuneration per month Rs.
Mr. Azher Elahi	200,000
Mr. Asad Elahi	200,000
Mr. Ather J. Elahi	200,000

In addition, they will be provided with free use of company maintained vehicles and other benefits as per policy of the company, which in aggregate is estimated to be approximately 40% of their remuneration as stated above. It is pertinent to note that these directors were working without any remuneration since October 2004 when they have joined office of directors of this company.

The interest of the above Directors in the aforesaid business is to the extent of their remuneration and perquisites as shown above.



Directors' Report

MISSION

The mission statement of Glamour Textile Mills Limited is:

“Quality with consistency through excellence in application of requisite techniques and optimized utilization of available resources for the maximization of profits.”

STATEMENT OF ETHICS

We believe in a completely harmonized code of ethics for the Directors, Executives and Staff, in all fairness in business practices through perseverance in honesty, dedication and diligence.

Our endeavor is to groom all the personnel towards excellence with underlying philosophy for the betterment of all, whether employed or dealing with the Company.



Directors' Report

On behalf of the board of directors, I take pleasure to present Annual Report along with the Audited Accounts of the company pertaining to the financial year ending on June 30, 2012.

Financial highlights

The financial results are summarized hereunder:

	2012 Rupees	2011 Rupees
Sales	2,050,234,553	2,072,440,887
Gross profit	159,622,394	156,492,920
Operating profit	105,391,702	107,030,346
Financial expenses	(56,326,286)	(74,185,131)
Provision for taxation	(20,507,331)	(21,575,461)
Profit/(loss) after taxation	28,558,085	11,269,754
Earning per share	2.14	0.97

By the Grace of God Almighty, your company performed well during the year 2012. Although sales revenue reduced by 1.07% to Rs.2.050 million from Rs.2.072 million last year, but gross profit recorded at Rs.159.622 million against Rs.156.493 million last year thus showing increase of 2.00%. We earned net profit after taxation of Rs.28.558 million against Rs.11.270 million which is net increase of 153.40%.

The cotton consumption rate charged showing decrease by 22.78%. at Rs.5,881 per maund in current year as compared to Rs. 7,616 per maund in last year.

The year 2013 will be a challenging year for Pakistan due to continued economic volatility. We have confronted with high production cost and uncertain demand in yarn market. Therefore our success depend on stability in prices of cotton by harvesting good cotton crop with some solution of severe energy crisis and availability of working capital finances at lower mark up rates to remain competitive in international market.

Compliance with the Code of Corporate Governance

The Board of Directors has taken necessary steps to comply with the provisions of code of corporate governance as incorporated in the listing regulations of stock exchanges. Statement of the compliance with the code of corporate governance is annexed.

Statement on Corporate & Financial Reporting Framework

The Company complies with the Code in the following manner.

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and change in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure if any there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a statement of ethics and business strategy among directors and employees.
- The board of directors has adopted a mission statement and a statement of overall corporate strategy.
- During the year under review four meetings of the Board of Directors were held and attendance positions is hereunder:

Sr.	Name of Director	Number of Meetings attended
1.	Mr. Azher Elahi	4
2.	Mr. Asad Elahi	4
3.	Mr. Ather J. Elahi	4
4.	Mr. Mansoor Elahi	4
5.	Mrs. Naureen Asad	4
6.	Mrs. Shafqat Azher	4
7.	Mrs. Mehnaz Ather Elahi	4
8.	Mr. Fahad Elahi	4



- k. During the financial year the trading in shares of the Company by its Directors, CEO, CFO, Company Secretary, and their spouses and minor children is as follows:

S.No.	Name	RIGHT	SALE	PURCHASE
1	Mr. Asad Elahi	5,000,000	35,000	50,000
2	Mr. Azher Elahi	5,000,000	-	50,000
3	Mr. Ather Javed Elahi	3,000,000	-	2,050,000
4	Mr. Mansoor Elahi	2,000,000	2,000,000	50,000
5	Mr. Fahad Elahi	-	-	35,000

Audit Committee

The Board of Directors in compliance of the code of corporate governance has established Audit Committee. The names of its members are given in the Company profile.

The terms of reference of the Audit Committee is based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the Board of Directors from time to time to improve the system and procedures.

With in the framework of terms of reference determined by the Board of Directors, the Audit Committee, among other things, will appointment of external auditors and review of periodic accounts.

Auditors

The present auditors Messrs Mushtaq & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

Pattern of shareholding

The pattern of shareholding as required by Section 236 of the Companies Ordinance 1984 and under Code of Corporate Governance is enclosed.

Key operating and financial data

Key operating and financial data for the preceding six years is annexed.

Considering accumulated losses, no dividend is recommended for the year ended June 30, 2010.

Dividend

You Directors have recommended payment of cash dividend @ Rs.1.00 per share (10%).

	Rupees
Profit available for appropriations	28,558,085
Proposed cash dividend @ 10%	
(The Directors of the Company have forgone their right to receive this dividend, to the extent of their shareholding of 26,363,500 ordinary shares)	276,500
Un-appropriated profit carried to accumulated loss	28,281,585

Statutory payments

There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2012 except for those disclosed in the financial statements.

Corporate restructuring and business expansion

Company has issued 15.00 million ordinary shares by converting long term loans from directors as other than right shares which has reduced debt leverage of the company and created greater financial muscles for long term liquidity. During the year under review, the Company invested Rs.21.281 million in BMR/ expansion. The company has planned to make additional BMR of Rs.60.00 million in financial year 2013, and this investment is to be financed through own sources.

Acknowledgement

The Directors of the Company wish to thanks its bankers for their continued support and wish to place on record their appreciation towards the employees for their dedicated services and hard work without which all this would have not been possible

For & on behalf of the Board

Lahore,
October 01, 2012

AZHER ELAHI,
Chief Executive



Key Operating and Financial Data From 2007 to 2012 (Six Years)

	YEARS ENDED JUNE 30,					
	2012	2011	2010	2009	2008	2007
Sales						
Local (net of sales tax)	1,508,946,946	1,483,855,906	665,490,945	382,003,474	401,236,430	278,432,179
Export	541,287,607	588,584,981	67,641,729	384,594,310	312,381,676	131,677,718
Net Sale	2,050,234,553	2,072,440,887	733,132,674	766,597,784	713,618,106	410,109,897
Profitability						
Gross Profit/(Loss)	159,622,394	156,492,920	43,474,377	16,592,852	32,266,029	27,649,670
Profit/(Loss) before tax	49,065,416	32,845,215	(17,603,115)	-45,184,768	(24,605,420)	120,627,228
Provision for income tax	20,507,331	21,575,461	3,665,663	5,718,795	4,713,090	2,117,166
Profit/(Loss) after tax	28,558,085	11,269,754	(21,268,778)	-50,903,563	(29,318,510)	118,510,062
Financial Position						
Tangible fixed assets-net	591,042,020	630,398,026	568,031,688	531,012,541	474,707,782	457,741,186
Long term loans and deposits	5,416,699	2,734,699	2,734,699	2,734,699	47,703,982	27,176,575
Total Assets	596,458,719	633,132,725	570,766,387	533,747,240	522,411,764	484,917,761
Current assets	352,302,286	430,194,819	313,341,170	187,540,299	187,540,299	234,954,300
Current liabilities	275,200,884	420,492,860	391,353,322	183,023,735	183,023,735	240,331,618
Net working capital	77,101,402	9,701,959	(78,012,152)	4,516,564	4,516,564	(5,377,318)
Capital employed	673,560,121	642,834,684	492,754,235	442,773,510	526,928,328	479,540,443
Less long term loan & deferred liabilities	139,308,958	287,141,606	282,758,420	266,946,945	300,198,200	223,491,805
Share holders Equity	534,251,163	355,693,078	209,995,815	175,826,565	226,730,128	256,048,638
Represented By:						
Share capital	266,400,000	116,400,000	116,400,000	116,400,000	116,400,000	116,400,000
Reserves & un-appropriated Profit/(Loss)	267,851,163	239,293,078	93,595,815	59,426,565	110,330,128	139,648,638
	534,251,163	355,693,078	209,995,815	175,826,565	226,730,128	256,048,638
Ratios:						
Gross Profit/(Loss) to sales (%age)	7.79	7.55	5.93	2.16	4.52	6.74
Net Profit/(Loss) from ordinary activities to sales (%age)	1.39	0.54	(2.90)	(6.64)	(4.11)	28.90
Debt:equity ratio	21:79	45:55	57:43	60:40	57:43	47:53
Current ratio	1.28:1	1.02:1	0.80:1	1.02:1	1.02:1	0.98:1
Breakup value per share of Rs. 10 each	20.05	30.56	18.04	15.11	19.47	22.00
Earnings Per Share Rs.	2.14	0.97	(1.83)	(4.37)	(2.52)	10.18
Quantitative Data						
Yarn :						
Production (converted into 20's)	6,640,015 kgs	7,013,385 kgs	6,595,154 kgs	6,682,722 kgs	6,281,801 kgs	4,211,338 kgs
Spindles installed	19,344	19,344	19,344	19,344	19,344	17,280



Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi, Lahore & Islamabad stock exchanges for the purpose of establishing a framework of good governance.

The Company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors. Therefore, the Board of Directors has always supported implementation of highest standards of corporate governance.
2. The directors have confirmed that none of them is serving as director in more than ten listed companies, including this Company.
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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by the stock exchange.
4. No casual vacancies arose in Board during the year June 30, 2012.
5. The Company has prepared a 'Statement of Ethics and Business practices' which has been signed by all the directors and employees of the company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and condition of employment of CEO and other non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over the Chairman & Chief Executive and in his absence, by a director elected for this purpose. 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. No specific orientation course was held during the year. However management continues to apprise and familiarize with changes in law to discharge their duties and responsibilities.
10. During the year under review there was no change of CFO, Company Secretary and Head of Internal Auditor. They execute their responsibilities pursuant to the approved appointment by the Board including their remuneration and condition of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before the 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. Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises four members including two non-executive directors including chairman of the committee.
16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 the code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been substantially complied with.

By order of the Board,
For Glamour Textile Mills Ltd.,

AZHER ELAHI,
Chairman & Chief Executive

Lahore: October 1, 2012



MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email Address: mushtaq_vohra@hotmail.com

Member of



Illinois, USA

Review Report to the Members on the Statement of Compliance with Best Practices of the Code of Corporate Governance

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Glamour Textile Mills Limited to comply with the Listing Regulation of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited where the company is listed.

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

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

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.

KARACHI:
Dated: October 01, 2012.

MUSHTAQ & COMPANY
Chartered Accountants

Engagement Partner:
Shahabuddin A. Siddiqui
F.C.A



MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email Address: mushtaq_vohra@hotmail.com

Member of



Illinois, USA

Auditors' Report to the Members

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

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

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

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

KARACHI:
Dated: October 01, 2012.

MUSHTAQ & COMPANY
Chartered Accountants

Engagement Partner:
Shahabuddin A. Siddiqui
F.C.A



Balance Sheet

As at June 30, 2012

	Notes	2012 Rupees	2011 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	5	591,042,020	630,398,026
Long term deposits	6	5,416,699	2,734,699
		596,458,719	633,132,725
Current Assets			
Stores, spare parts and loose tools	7	25,240,166	21,227,207
Stock in trade	8	159,454,387	271,088,456
Trade debts	9	131,153,156	97,979,278
Loans and advances	10	13,676,969	11,225,813
Trade deposits and short term prepayments	11	432,549	354,662
Tax refunds due from Government	12	13,148,985	17,023,044
Cash and bank balances	13	9,196,074	11,296,359
		352,302,286	430,194,819
Total Assets		948,761,005	1,063,327,544
EQUITY AND LIABILITIES			
Share Capital and Reserve			
Authorized capital 27,000,000 (June 30, 2011 : 15,000,000) ordinary shares of Rs. 10 each		270,000,000	150,000,000
Issued, subscribed and paid up capital	14	266,400,000	116,400,000
Accumulated loss		(25,274,680)	(67,223,849)
Total Equity		241,125,320	49,176,151
Surplus on revaluation of property, plant and equipment	15	293,125,843	306,516,927
LIABILITIES			
Non - Current Liabilities			
Long term financing	16	129,802,100	279,802,100
Deferred Liabilities			
Staff retirement benefits - gratuity	17	9,506,858	7,339,506
Current Liabilities			
Trade and other payables	18	44,779,248	49,176,806
Accrued interest / mark up	19	7,296,490	18,825,255
Current portion of long term financing		20,000,000	20,000,000
Short term borrowings	20	203,125,146	332,490,799
		275,200,884	420,492,860
Contingencies and Commitments	21		
Total Equity and Liabilities		948,761,005	1,063,327,544

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

AZHER ELAHI
CHIEF EXECUTIVE

ATHER J. ELAHI
DIRECTOR



Profit and Loss Account

FOR THE YEAR ENDED JUNE 30, 2012

	Notes	2012 Rupees	2011 Rupees
Sales - net	22	2,050,234,553	2,072,440,887
Cost of sales	23	(1,890,612,159)	(1,915,947,967)
Gross profit		159,622,394	156,492,920
Other operating income	24	1,080,931	803,027
Distribution cost	25	(39,914,251)	(36,127,094)
Administrative expenses	26	(11,983,397)	(11,833,608)
Other operating expenses	27	(3,413,975)	(2,304,899)
Finance cost	28	(56,326,286)	(74,185,131)
Profit before taxation		49,065,416	32,845,215
Taxation	29	(20,507,331)	(21,575,461)
Profit for the year		28,558,085	11,269,754
Earnings per share - basic and diluted	30	2.14	0.97

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

AZHER ELAHI
CHIEF EXECUTIVE

ATHER J. ELAHI
DIRECTOR



Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rupees	2011 Rupees
Profit for the year	28,558,085	11,269,754
Other comprehensive income / (loss)	-	-
Total comprehensive income for the year	<u>28,558,085</u>	<u>11,269,754</u>

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

AZHER ELAHI
CHIEF EXECUTIVE

ATHER J. ELAHI
DIRECTOR



Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2012

	Notes	2012 Rupees	2011 Rupees
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		49,065,416	32,845,215
Adjustments for :			
Depreciation		45,688,614	43,560,208
Staff retirement benefits - gratuity		5,069,715	4,461,600
Profit on disposal of fixed assets		-	(137,941)
Finance cost		56,326,286	74,185,131
Provision for workers profit participation fund		2,623,970	1,728,696
Provision for workers profit participation fund		109,708,585	123,797,694
Profit before working capital changes		158,774,001	156,642,909
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(4,012,959)	(3,439,260)
Stock in trade		111,634,069	(142,814,418)
Trade debts		(33,173,878)	(9,382,644)
Loans and advances		(2,451,156)	(772,652)
Trade deposits and short term prepayments		(77,887)	32,479
Other receivables		-	335,000
Tax refunds due from Government		4,146,132	(5,326,469)
Increase current liabilities		76,064,321	(161,367,964)
Trade and other payables		(7,021,528)	14,721,737
Cash generated from operations		227,816,794	9,996,682
Finance cost paid		(67,855,051)	(64,730,859)
Staff retirement benefits - gratuity paid		(2,902,363)	(2,548,561)
Taxes paid		(20,779,404)	(22,310,010)
Net cash (used in) / from operating activities		(91,536,818)	(89,589,430)
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	500,000
Property, plant and equipment - acquired		(6,332,608)	(103,194,519)
Long term loans and advances		-	778,767
Long term deposits		(2,682,000)	-
Net cash used in investing activities		(9,014,608)	(101,915,752)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings- net		(129,365,653)	184,683,466
Net cash from / (used in) financing activities		(129,365,653)	184,683,466
Net increase in cash and cash equivalents	(A+ B+ C)	(2,100,285)	3,174,966
Cash and cash equivalents at the beginning of the year		11,296,359	8,121,393
Cash and cash equivalents at the end of the year		9,196,074	11,296,359
Cash and cash equivalents			
Cash and bank balances	13	9,196,074	11,296,359
		9,196,074	11,296,359

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

AZHER ELAHI
CHIEF EXECUTIVE

ATHER J. ELAHI
DIRECTOR



Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2012

	Share Capital	Accumulated Loss	Total
Balance as at July 01, 2010	116,400,000	(93,426,253)	22,973,747
Total comprehensive income for the year	-	11,269,754	11,269,754
Transfer from surplus on revaluation of property, plant and equipment	-	14,932,650	14,932,650
Balance as at June 30, 2011	116,400,000	(67,223,849)	49,176,151
Balance as at July 01, 2011	116,400,000	(67,223,849)	49,176,151
15,000,000 ordinary shares of Rs. 10 each issued for consideration paid in cash	150,000,000	-	150,000,000
Total comprehensive income for the year	-	28,558,085	28,558,085
Transfer from surplus on revaluation of property, plant and equipment	-	13,391,084	13,391,084
Balance as at June 30, 2012	266,400,000	(25,274,680)	241,125,320

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

AZHER ELAHI
CHIEF EXECUTIVE

ATHER J. ELAHI
DIRECTOR



Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The company is limited by shares, incorporated in Pakistan on September 14, 1991 and is quoted on stock exchanges at Karachi, Islamabad and Lahore. The registered office of the company is situated at 11 K.M., Manga Raiwind Road, District Kasur in the province of Punjab, Pakistan.
- 1.2 The principal business of the company is manufacture and sale of yarn. The manufacturing unit is also located at Manga Raiwind Road in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded off to the nearest rupee.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

Following are the amendments that are applicable for accounting periods beginning on or after July 1, 2011:

- * IFRS 7 (Amendments), 'Financial Instruments', emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment has only resulted in additional disclosures with respect to financial Instruments.
- * IAS 1, 'Presentation of financial statements' (Amendments), now requires an entity to present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Since the company currently does not have any items of other comprehensive income, the amendments do not affect the Company's financial statements.
- * IAS 24 (Revised), 'Related Party Disclosures', issued in November 2009. It supersedes IAS 24, 'Related Party Disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.
- * IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions.



2.3.2 Standards, interpretations and amendments to existing standards that are applicable to the company but are not yet effective

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

- * IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, 'Financial Instruments' Recognition and measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the company does not have any such liabilities.
- * IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2013, build on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. the standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- * IFRS 11, 'Joint Arrangements', applicable from January 01, 2013, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. proportional consolidation of joint ventures is no longer allowed. the company will apply this standard from April 01, 2013.
- * IFRS12, 'Disclosures of interests in other entities', this standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. the standard is not applicable until April 01, 2013 but is available for early adoption.
- * IAS 1, 'Financial statement presentation' (Amendment). The main change resulting from this amendment is the requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI.
- * IAS 12, 'Income Taxes' (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment Property'. This amendment therefore introduces an exception to



the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes ? recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

- * IAS 19, 'Employee Benefits' (Amendment). The amendment will eliminate the corridor approach and calculate finance costs on a net funding basis. The amendments are not applicable until January 01, 2013 but is available for early adoption.
- * Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. the amendments clarify the meaning of 'currently has a legally enforceable right of set-off; and that some gross settlement systems may be considered equivalent to net settlement.
- * Offsetting of financial assets and financial liabilities (Amendments to IFRS 7) - (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
- * Annual Improvements 2009-2011 (effective for annual periods beginning on or after 1 January 2013. The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements.

IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand by equipment and servicing equipment.

IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to accounting for income taxes relating to distribution to holders of an equity instrument and transaction costs of an equity transaction.

IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments
- * There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment at revalued amounts, revaluation of certain financial instruments at fair value and recognition of certain staff retirement benefits at present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher



degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

3.1 Provision for taxation

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

3.2 Staff retirement benefits - gratuity

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

3.3 Financial instruments

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

3.4 Property, plant and equipment

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

3.5 Stocks in trade and Stores, spares and loose tools

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment.

3.6 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

3.6.1 Provision for doubtful debts

3.6.2 Disclosure of contingencies

3.6.3 Computation of deferred taxation

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.



Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognized in profit or loss, in which case the surplus is credited to profit or loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item. On subsequent sale or retirement of revalued item of property, plant and equipment the attributable surplus remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in relevant note.

Depreciation on additions is charged from the month in which the asset become available for uses while no depreciation is charged in the month of disposal.

Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is included in the income statement in the year the assets is derecognized.

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.



Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.2.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.4 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.5 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.6 Stock in trade

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

4.6.1 Raw material

In hand	Weighted average cost
In transit	Cost comprising invoice value plus other charges incurred thereon

4.6.2 Finished goods and work in process	Raw material cost plus appropriate manufacturing overheads
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4.6.3 Waste	Net realizable value
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Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales.

4.7 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.8 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current and saving accounts.



4.9 Staff retirement benefits

Defined benefit plan

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2012 using the Projected Unit Credit Method.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10 percent of present value of defined benefit obligation or 10 percent of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

4.10 Taxation

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

4.10.1 Current

Provision 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 credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

4.10.2 Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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

4.11 Trade and other payables

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



4.12 Provisions

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

4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.14 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.15 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.16 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and liabilities

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

4.18 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use.



If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.19 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free.

4.20 Government grants

Government grants for meeting revenue expenses are set off from respective expenses in the year in which they become receivable.

4.21 Research and development cost

Research and development cost is charged to profit and loss account in the year in which it is incurred.

4.22 Dividend

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

	Note	2012 Rupees	2011 Rupees
5	PROPERTY, PLANT AND EQUIPMENT		
Operating assets - owned	5.1	590,731,623	614,977,496
Capital work in progress - at cost	5.5	310,397	15,420,530
		<u>591,042,020</u>	<u>630,398,026</u>



5.1 Operating assets - own

	Freehold land	Building on freehold land	Plant and machinery	Furniture, fixture and equipments	Vehicles	Total
Cost / revaluation						
Balance as at July 1, 2010	135,625,000	156,851,249	1,083,722,627	12,041,749	7,436,048	1,395,676,673
Additions during the year	-	-	85,280,604	409,340	2,084,044	87,773,988
Disposals	-	-	-	-	(1,159,000)	(1,159,000)
Balance as at June 30, 2011	135,625,000	156,851,249	1,169,003,231	12,451,089	8,361,092	1,482,291,661
Balance as at July 1, 2011	135,625,000	156,851,249	1,169,003,231	12,451,089	8,361,092	1,482,291,661
Additions during the year	-	-	21,280,721	91,700	70,320	21,442,741
Disposals	-	-	-	-	-	-
Balance as at June 30, 2012	135,625,000	156,851,249	1,190,283,952	12,542,789	8,431,412	1,503,734,402
Depreciation						
Balance as at July 1, 2010	-	63,824,364	750,685,428	7,775,963	2,265,143	824,550,898
Charge for the year	-	4,651,345	37,142,486	459,776	1,306,601	43,560,208
Disposal	-	-	-	-	(796,941)	(796,941)
Balance as at June 30, 2011	-	68,475,709	787,827,914	8,235,739	2,774,803	867,314,165
Balance as at July 1, 2011	-	68,475,709	787,827,914	8,235,739	2,774,803	867,314,165
Charge for the year	-	4,418,777	39,728,036	423,372	1,118,429	45,688,614
Disposal	-	-	-	-	-	-
Balance as at June 30, 2012	-	72,894,486	827,555,950	8,659,111	3,893,232	913,002,779
Written down value as at June 30, 2011	135,625,000	88,375,540	381,175,317	4,215,350	5,586,289	614,977,496
Written down value as at June 30, 2012	135,625,000	83,956,763	362,728,002	3,883,678	4,538,180	590,731,623
Rate of depreciation	-	5%	10%	10%	20%	

	Note	2012 Rupees	2011 Rupees
5.2 The depreciation for the year has been allocated as under:			
Cost of sales	23.1	42,542,243	40,116,781
Administrative expenses	26	3,146,371	3,443,427
		45,688,614	43,560,208

5.3 Had there been no revaluation, the original cost and accumulated depreciation of revalued assets would have been as follows as on June 30, 2012.

	Cost	Accumulated Depreciation	Written down Value
	Rupees		
Land	15,791,001	-	15,791,001
Building	92,480,693	53,349,226	39,131,467
Plant and machinery	741,300,759	478,843,891	262,456,868
	849,572,453	532,193,117	317,379,336

The company had its freehold land, building on freehold land, plant and machinery revalued at June 30, 2010. Revaluation of the assets were carried out by the independent valuers "M/s Harvester Services (Pvt) Limited" registered surveyors and valuation consultants. Freehold land was revalued at market value and building on freehold land, plant and machinery are valued at depreciated market value.



	Note	2012 Rupees	2011 Rupees
5.5	Capital work in progress		
	Plant and machinery	310,397	15,420,530
		<u>310,397</u>	<u>15,420,530</u>
6	LONG TERM DEPOSITS		
	Security deposits - utilities	5,416,699	2,734,699
		<u>5,416,699</u>	<u>2,734,699</u>
7	STORES, SPARE PARTS AND LOOSE TOOLS		
	Stores	3,462,351	2,713,979
	Spare parts	21,607,281	18,366,970
	Loose tools	170,534	146,258
		<u>25,240,166</u>	<u>21,227,207</u>
8	STOCK IN TRADE		
	Raw material	8.1 140,077,698	146,703,993
	Work in process	7,861,316	12,217,465
	Finished goods	9,783,238	110,656,373
	Waste	1,732,135	1,510,625
		<u>159,454,387</u>	<u>271,088,456</u>
8.1	Raw material of Rs. 43.032 million (June 30, 2011 : Rs. 137.100 million) are pledged as security for short term borrowing (cash finance).		
9	TRADE DEBTS		
	Export - secured		
	Considered good	4,798,560	5,297,158
	Local - unsecured		
	Considered good	126,354,596	92,682,120
	Considered doubtful	695,410	1,176,341
		<u>131,848,566</u>	<u>99,155,619</u>
	Less:		
	Provision for doubtful debts	10.1 (695,410)	(1,176,341)
		<u>131,153,156</u>	<u>97,979,278</u>
9.1	Provision for doubtful debts		
	Balance as at 1 July	1,176,341	4,597,797
	Charged / (reversed) during the year	(480,931)	(665,086)
	Written off during the year	-	(2,756,370)
		<u>695,410</u>	<u>1,176,341</u>



		Note	2012 Rupees	2011 Rupees
10	LOANS AND ADVANCES			
	Considered good Advances to Suppliers		7,556,852	3,078,934
	Staff against purchases		3,673,082	2,030,036
	Workers against wages	10.1	2,434,261	1,200,714
	Against letter of credit		12,774	4,916,129
			<u>13,676,969</u>	<u>11,225,813</u>
10.1	These are paid to workers whose wages are not taxable under Income Tax Ordinance, 2001. Any interest under section 13 of the Income Tax Ordinance 2001 will not result in taxable income.			
11	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Security deposits		34,000	229,000
	Prepayments		398,549	125,662
			<u>432,549</u>	<u>354,662</u>
12	TAX REFUNDS DUE FROM GOVERNMENT			
	Considered good Sales tax receivable		9,933,639	14,079,771
	Advance income tax		3,215,346	2,651,925
			<u>13,148,985</u>	<u>17,023,044</u>
13	CASH AND BANK BALANCES			
	Cash in hand		641,577	273,487
	Cash at banks - current accounts		8,554,497	11,022,872
			<u>9,196,074</u>	<u>11,296,359</u>
14	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
2012		2011	2012	2011
Number of Shares			Rupees	Rupees
		Ordinary shares of Rs. 10 each allotted for consideration		
26,640,000	11,640,000	paid in cash	266,400,000	116,400,000
<u>26,640,000</u>	<u>11,640,000</u>		<u>266,400,000</u>	<u>116,400,000</u>
14.1	The shareholders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.			



14.2	15,000,000 (June 30, 2011: Nil) ordinary shares of Rs. 10 each fully paid in cash were issued during the year. New shares are issued to directors without making right issue by getting approval from Securities and Exchange Commission of Pakistan (SECP) as required by the proviso of sub section (1) of Section 86 of the Companies Ordinance, 1984.		
		Note	
			2012 Rupees
			2011 Rupees
15	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	Opening balance		306,516,927
	Transfer to unappropriated profit in respect of : Incremental depreciation charged on revalued assets		13,391,084
	Closing balance		293,125,843
16	LONG TERM FINANCING		
	Unsecured - from related parties		
	Directors		64,802,100
	Associated undertaking		85,000,000
	Current portion		149,802,100 (20,000,000)
			129,802,100
16.1	These are unsecured, interest free loans and not repayable within next twelve months except Rs.20.00 million shown as current portion.		
16.2	Out of total loan, Rs. 59,079,000 (June 30, 2011 : Rs. 192,800,000) are subordinated to loan from banking companies. During the year bank has issued "No Objection Certificate" (NOC) in respect of conversion of subordinated loan from directors amounted to Rs. 150,000,000 into equity via issuance of ordinary shares to directors. Consequently, New shares are issued without making right issue by getting approval from Securities and Exchange Commission of Pakistan (SECP) as required by the proviso of sub section (1) of Section 86 of the Companies Ordinance, 1984.		
		Note	
			2012 Rupees
			2011 Rupees
17	STAFF RETIREMENT BENEFITS - GRATUITY		
17.1	Movement in net liability recognized in the balance sheet		
	Opening net liability		7,339,506
	Expenses for the year	17.2	5,069,715
	Benefits paid during the year		12,409,221 (2,902,363)
	Closing net liability		9,506,858
17.2	Expenses recognized in the profit and loss account		
	Current service cost		3,571,124
	Interest cost		1,143,999
	Actuarial loss / (gain) recognized		354,592
			5,069,715



		2012 Rupees	2011 Rupees
17.3	Movement in the present value of defined benefit obligation		
	Present value of defined benefit obligation	10,907,410	8,489,885
	Interest cost for the year	1,143,999	943,615
	Current service cost for the year	3,571,124	3,223,691
	Benefits paid during the year	(2,902,363)	(2,548,561)
	Actuarial loss	794,945	798,780
		13,515,115	10,907,410
17.4	Historical information		
		2012	2011
	Present value of defined benefit obligation	13,515,115	10,907,410
	Experience adjustments in plan liabilities	794,945	798,780
		3,841,809	(3,961,333)
		1,591,251	
17.5	Reconciliation of present value of defined benefit obligation to liabilities recognized in balance sheet.		
		2012 Rupees	2011 Rupees
	Present value of defined benefit obligation	13,515,115	10,907,410
	Actuarial loss to be recognized in later periods	(4,008,257)	(3,567,904)
		9,506,858	7,339,506
17.6	General description		
	The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.		
17.7	Principal actuarial assumptions		
	Following are a few important actuarial assumptions used in the valuation.		
		2012	2011
	Discount rate	13%	14%
	Expected rate of salary increase in future	10%	10%
17.8	Expected gratuity expense for the year ending June 30, 2012 works out to Rs. 5,634,333.		
		2012 Rupees	2011 Rupees
18	TRADE AND OTHER PAYABLES		
	Creditors	19,978,850	28,550,900
	Accrued liabilities	19,550,135	15,699,797
	Advance from customers	2,046,607	2,707,053
	Workers profit participation fund	2,746,897	2,003,236
	Withholding tax payable	456,759	215,820
		44,779,248	49,176,806



	Note	2012 Rupees	2011 Rupees
18.1	Workers profit participation fund		
	Balance as at 01 July	2,003,236	5,807,805
	Interest on funds utilized in the company's business	18.1.1 122,927	274,540
	Allocation for the year	2,126,163 2,623,970	6,082,345 1,728,696
	Payments made during the year	4,750,133 (2,003,236)	7,811,041 (5,807,805)
		2,746,897	2,003,236
	18.1.1 Interest on Workers' profit participation fund has been provided at the rate of 14.50 % (June 30, 2011 : 16.09%)		
19	ACCRUED INTEREST / MARK UP		
	Accrued interest / mark up on :		
	Short term borrowings	7,296,490	18,825,255
		7,296,490	18,825,255
20	SHORT TERM BORROWINGS		
	Secured - from banking companies	20.1	
	Cash finance	38,729,000	123,390,000
	Running finance	107,707,146	209,100,799
	Unsecured - from related parties		
	Directors	20.2 56,689,000	-
		203,125,146	332,490,799
20.1	These finances are available from banking companies under mark up arrangements against aggregate sanctioned limit of Rs.665 million (June 30, 2011 : 780 million). These facilities are secured against registered hypothecation charge over stocks, book debts and current assets, pledge of stock of raw cotton and cotton yarn through bank's approved mucadum with 10% margin on cotton and 20% margin on cotton yarn, accepted documents against inland LC's and DP/DA, export bills, parry passu charge over all present and future current assets of the company, ranking charge on current assets of the company, parri passu charge over all present and future fixed assets of the company including land building and machinery located at 11 KM, manga raiwind road, lien over DSC's and personal guarantees of the directors. These carries markup ranging from 13.95 to 15.80 (June 30, 2010 : 13.79 to 15.64) percent per annum payable quarterly. These facilities will expire on various dates by October 31, 2012.		
20.2	These are unsecured, interest free loans extended by the Directors for short term working capital needs of the company.		
21	CONTINGENCIES AND COMMITMENTS	2012 Rupees	2011 Rupees
	Contingencies		
	Bills discounted with recourse	145,227,705	179,432,507
	Bank guarantee issued in the ordinary course of business	14,363,510	13,732,510
	Commitments		
	Letter of credit for capital expenditures	36,609,155	-
	Letter of credit for stores and spares parts	1,575,169	-



	Note	2012 Rupees	2011 Rupees
22 SALES - NET			
Yarn			
Local		1,440,315,353	1,443,081,921
Export	22.1	541,287,607	588,584,981
Cotton			
Local		-	4,675,939
Waste		68,623,642	36,064,336
Export rebate		7,951	33,710
		<u>2,050,234,553</u>	<u>2,072,440,887</u>
22.1	It includes exchange gain amounting to Rs. 1,059,025 (June 30, 2011 : Rs. 1,657,727).		
23 COST OF SALES			
Cost of goods manufactured	23.1	1,789,960,534	2,000,332,324
Finished goods			
Opening		112,166,998	27,782,641
Closing		(11,515,373)	(112,166,998)
		<u>100,651,625</u>	<u>(84,384,357)</u>
		<u>1,890,612,159</u>	<u>1,915,947,967</u>
23.1 Cost of goods manufactured			
Raw materials consumed	23.2	1,429,684,415	1,683,507,272
Cost of raw material sold		-	4,588,802
Fuel and power		144,796,585	131,689,561
Stores and spares consumed		39,823,575	30,189,244
Salaries, wages and other benefits		86,665,992	80,251,268
Staff retirement benefits - gratuity		4,685,517	3,878,423
Packing material consumed		26,746,244	21,396,341
Depreciation	5.2	42,542,243	40,116,781
Other expenses		10,659,814	10,984,518
		<u>1,785,604,385</u>	<u>2,006,602,210</u>
Work in process			
Opening		12,217,465	5,947,579
Closing		(7,861,316)	(12,217,465)
		<u>4,356,149</u>	<u>(6,269,886)</u>
		<u>1,789,960,534</u>	<u>2,000,332,324</u>
23.2 Raw material consumed			
Opening stock		146,703,993	94,543,818
Purchases - net		1,423,058,120	1,735,667,447
		<u>1,569,762,113</u>	<u>1,830,211,265</u>
Less: Closing stock		140,077,698	146,703,993
		<u>1,429,684,415</u>	<u>1,683,507,272</u>



	Note	2012 Rupees	2011 Rupees
24			
OTHER OPERATING INCOME			
From financial assets			
Reversal of provision of doubtful debts		480,931	665,086
Bad debts recovered		600,000	-
From other than financial assets			
Profit on sale of property plant and equipment		-	137,941
		<u>1,080,931</u>	<u>803,027</u>
25			
DISTRIBUTION COST			
Commission on local sales		8,257,245	8,764,379
Commission on export sales		14,215,283	13,454,407
Local freight		1,359,576	1,372,210
Inland freight on export sales		5,154,940	3,578,000
Ocean freight		4,966,058	3,845,627
Export development surcharge		1,259,351	1,432,138
Clearing and forwarding		1,372,166	1,010,770
Bank charges		1,479,733	1,268,031
Other export expenses		1,849,899	1,401,532
		<u>39,914,251</u>	<u>36,127,094</u>
26			
ADMINISTRATIVE EXPENSES			
Salaries and other benefits		3,859,484	3,953,280
Staff retirement benefits - gratuity		384,198	583,177
Fees, subscription and taxes		1,729,005	1,031,461
Legal and professional		70,240	140,170
Repairs and maintenance		96,420	292,400
Traveling and conveyance		90,007	39,612
Vehicle running expenses		739,653	836,511
Entertainment		106,713	73,500
Insurance		275,365	285,653
Auditors' remuneration	26.1	649,000	645,000
Advertisement		142,500	23,715
Postage, telephones and telegrams		536,095	355,038
Printing and stationary		158,346	130,664
Depreciation	5.2	3,146,371	3,443,427
		<u>11,983,397</u>	<u>11,833,608</u>
26.1			
Auditors' remuneration			
Statutory audit fee		550,000	550,000
Review of code of corporate governance		25,000	25,000
Half yearly and other reviews		44,000	40,000
Certification		30,000	30,000
		<u>649,000</u>	<u>645,000</u>



	Note	2012 Rupees	2011 Rupees
27	OTHER OPERATING EXPENSES		
	Loss of cotton destroyed by fire	-	576,203
	Workers welfare fund	790,005	-
	Workers profit participation fund	2,623,970	1,728,696
		<u>3,413,975</u>	<u>2,304,899</u>
28	FINANCE COST		
	Markup on short term borrowings		
	Banking companies	49,006,717	66,329,377
	Directors	28.1 6,450,713	5,436,180
	Markup on worker profit participation fund	122,927	274,540
	Bank charges and commission	745,929	2,145,034
		<u>56,326,286</u>	<u>74,185,131</u>
28.1	It represents markup charge on loan from directors of Rs. 103.000 million (June 30, 2010: Rs.113.656 million)(arranged from Habib Bank Limited under HBL easy loan facility) to finance the procurement of cotton and this loan is utilized by company for a period less than six months. These carries markup ranging from 13.16 to 14.79 (June 30, 2011: 14.24 to 14.71) percent per annum payable quarterly.		
		2012 Rupees	2011 Rupees
29	TAXATION		
	Current year	<u>20,507,331</u>	<u>21,575,461</u>
		<u>20,507,331</u>	<u>21,575,461</u>
29.1	Current tax		
	The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the provisions of Income Tax Ordinance, 2001. Income tax return of the company has been filed up to tax year 2011. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the total income of the company is liable to tax under section 169 of Income Tax ordinance, 2001.		
29.2	Deferred tax		
	During the year deferred tax assets amounting to Rs. 4,298,381 (2011: Rs.9,730,115) arised which has not been recognized as it is not probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized.		
30	EARNINGS PER SHARE - basic and dilutive	2012	2011
	Profit for the year	Rupees 28,558,085	11,269,754
	Weighted average number of ordinary shares	Numbers 13,324,932	11,640,000
	Earnings per share - basic	Rupees <u>2.14</u>	<u>0.97</u>



30.1 There is no dilutive effect on basic earning per share.

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The chief executive and directors have waived off their remunerations and meeting fees for the year. One director is entitled for maintenance of two cars. The maintenance expenses for the year is Rs. 737,157 (June 30, 2011: 476,101). No employee fall under the definition of executives as defined under the Companies Ordinance, 1984.

32 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

32.1 Credit risk

32.2 Liquidity risk

32.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

32.1 Credit risk

32.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 148.234 million (June 30, 2011 : Rs. 113.440 million), financial assets which are subject to credit risk aggregate to Rs. 139.038 million (June 30, 2011 : Rs. 102.144 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2012 Rupees	2011 Rupees
Long term deposits	5,416,699	2,734,699
Trade debts	131,153,156	97,979,278
Loans and advances	2,434,261	1,200,714
Trade deposits and short term prepayments	34,000	229,000
Cash and bank balances	9,196,074	11,296,359
	<u>148,234,190</u>	<u>113,440,050</u>

32.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

Domestic	126,354,596	92,682,120
Export	4,798,560	5,297,158
	<u>131,153,156</u>	<u>97,979,278</u>

The export debtors of the company are situated in China.



32.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

	2012 Rupees	2011 Rupees
Yarn	131,153,156	97,979,278
	<u>131,153,156</u>	<u>97,979,278</u>

32.1.4 The aging of trade debtors at the balance sheet is as follows.

Gross debtors		
Not past due	108,435,896	89,224,903
Past due 1-30 days	7,161,278	8,699,965
Past due 31-1 year	15,555,982	1,119,576
Past due more than 1 year	695,410	111,175
Provision for doubtful debts	(695,410)	(1,176,341)
	<u>131,153,156</u>	<u>97,979,278</u>

Based on the past experience, sales volume, consideration of financial position, past track records and recoveries and economic conditions, the company have made provision of doubtful balance outstanding more than one year.

32.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations 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 damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

		2012					
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
		Rupees					
Non - derivative Financial liabilities							
Long term financing		129,802,100	129,802,100	-	-	-	129,802,100
Trade and other payables		42,275,882	42,275,882	42,275,882	-	-	-
Accrued mark up / interest		7,296,490	7,296,490	7,296,490	-	-	-
Short term borrowings		203,125,146	217,831,407	217,831,407	-	-	-
		<u>382,499,618</u>	<u>397,205,879</u>	<u>267,403,779</u>	<u>-</u>	<u>-</u>	<u>129,802,100</u>
		2011					
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
		Rupees					
Non - derivative Financial liabilities							
Long term financing		279,802,100	279,802,100	-	-	-	279,802,100
Trade and other payables		46,253,933	46,253,933	46,253,933	-	-	-
Accrued mark up / interest		18,825,255	18,825,255	18,825,255	-	-	-
Short term borrowings		332,490,799	356,563,133	356,563,133	-	-	-
		<u>677,372,087</u>	<u>701,444,421</u>	<u>421,642,321</u>	<u>-</u>	<u>-</u>	<u>279,802,100</u>



32.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

32.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

32.3.1 Currency risk

Exposure to currency risk

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

	US Dollar	Rupees
Trade debts 2012	52,000	4,798,560
Trade debts 2011	63,001	5,297,158

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2012	2011	2012	2011
US Dollar to Rupee	88.14	84.94	92.28	84.08

Sensitivity analysis

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

	2012 Rupees	2011 Rupees
US Dollar	(239,928)	(264,858)

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



32.3.2 Interest rate risk

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

	2012 Rupees	2011 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	146,436,146	147,807,333

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

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2012	1,700,927	(1,700,927)	-	-
Cash flow sensitivity - variable rate instruments 2011	663,294	(663,294)	-	-



32.4 Fair value of financial assets and liabilities

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

	2012 Rupees	2011 Rupees
32.5 Off balance sheet items		
Contingencies		
Bills discounted with recourse	145,227,705	179,432,507
Bank guarantee issued in the ordinary course of business	14,363,510	13,732,510
Commitments		
Letter of credit for capital expenditures	36,609,155	-
Letter of credit for stores and spares parts	1,575,169	-

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

33 CAPITAL RISK MANAGEMENT

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

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

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

		2012	2011
Borrowings	Rupees	352,927,246	612,292,899
Total equity	Rupees	241,125,320	49,176,151
Total capital employed	Rupees	594,052,566	661,469,050
Gearing ratio	Percentage	59.41	92.57



34 PLANT CAPACITY AND PRODUCTION

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

	2012	2011
Total number of spindles installed	19,344	19,344
Total number of spindles worked	18,278	18,268
Number of shifts per day	3	3
Rated capacity converted at 20/1 count (Kgs.)	7,426,343	7,426,343
Actual production converted at 20/1 count (Kgs.)	6,640,015	7,013,385

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

34.2 The difference between installed capacity and actual production is in normal course of business.

35 TRANSACTIONS WITH RELATED PARTIES

The company has related party relationship with its associated undertakings, its directors and executives officers. Transactions with related parties essentially entail sale and purchase of goods and / or services from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel. There are no transactions with key management personnel other than under the terms of employment.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements. Long term financing from related parties, short term borrowings from related parties and remuneration of chief executive, directors and executives are disclosed in the relevant notes to the financial statements.

		2012 Rupees	2011 Rupees
Details of transactions with related parties are as follows:			
Nature of relationship	Nature of transaction / balances		
Directors	Short term loans from directors utilized for less than six months with interest	103,000,000	113,656,000
	Short term loans from directors utilized for less than six months- Interest free	172,689,000	-
	Mark up cost of short term loans from directors	6,450,713	5,436,180
	Long term financing from directors - unsecured interest free	64,802,100	214,802,100
	Ordinary shares issued against long term loan from directors	150,000,000	-
Associated undertaking	Long term financing from associate undertaking- unsecured interest free	65,000,000	65,000,000
	Current portion of long term financing - unsecured interest free	20,000,000	20,000,000



36 CORRESPONDING FIGURES

Figures have been rearranged / reclassified whenever necessary for the purpose of comparison. However, no major reclassification / rearrangement was made in these financial statements.

37 NON CASH ITEMS

During the year company has issued share capital of Rs.150,000,000 to directors without making right issue against outstanding balance of long term financing from directors.

38 EVENTS AFTER THE BALANCE SHEET DATE

There are no subsequent events occurring after balance sheet date.

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 1, 2012 by the board of directors of the company.



The Companies Ordinance, 1984
(Section 236(1) and 464)

Pattern of Shareholding as at June 30, 2012

01. Incorporation Number L-03969
02. Name of Company GLAMOUR TEXTILE MILLS LTD.
03. Pattern of Shareholding as at 30-06-2012
04.

NUMBER OF SHAREHOLDERS	FROM	SHAREHOLDING	TO	TOTAL SHARES HELD
11	1	-	100	127
234	101	-	500	114,313
8	501	-	1,000	7,270
10	1,001	-	5,000	30,300
2	5,001	-	10,000	16,490
2	10,001	-	15,000	28,000
1	25,001	-	30,000	30,000
1	30,001	-	35,000	35,000
1	45,001	-	50,000	50,000
1	60,001	-	65,000	63,500
3	395,001	-	400,000	1,200,000
1	1,825,001	-	1,830,000	1,828,500
1	2,050,001	-	2,055,000	2,050,300
2	7,050,001	-	7,055,000	14,100,400
1	7,085,001	-	7,090,000	7,085,800
279				26,640,000

5. Categories of shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children	26,363,500	98.906
5.2 Associated Companies, undertakings and related parties	0	0.000
5.3 NIT and ICP	0	0.000
5.4 Banks Development Financial Institutions, Non banking Financial Institutions	0	0.000
5.5 Insurance Companies	0	0.000
5.6 Modarabas and Mutal Funds	0	0.000
5.7 Share holders holding 10%	23,078,200	86.629
5.8 General Public		
a. Local	261,500	0.981
b. Foreign	0	0.000
5.9 Others (to be specified)		
Joint Stock Companies	15,000	0.056
6. Signature of Company Secretary	<input type="text"/>	
7. Name of Signature	Ishfaq Saeed	
8. Designation	Company Secretary	
9. NIC Number	<input type="text"/>	
10. Date	30 06 2012	



*Categories of Shareholders
as required under C.C.G.
as on June 30, 2012*

S. No.	Name	Shares Held	%
1.	Directors, CEO, Their Spouses & Minor Children (name wise detail)		
1.	Mr. Asad Elahi	7,968,580	29.912
2.	Mr. Azher Elahi	8,059,550	30.253
3.	Mr. Ather Jawed Elahi	7,050,070	26.464
4.	Mr. Mansoor Elahi	2,050,300	7.696
5.	Mrs. Naureen Asad	400,000	1.501
6.	Mrs. Shafqat Azher	400,000	1.501
7.	Mrs. Mehnaz Ather Elahi	400,000	1.501
8.	Mr. Fahad Elahi	35,000	0.131
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		-	-
Shareholders holding 5% or more of voting interest in the listed company (name wise detail)			
1.	Mr. Asad Elahi	7,968,580	29.912
2.	Mr. Azher Elahi	8,059,550	30.253
3.	Mr. Ather Jawed Elahi	7,050,070	26.464
4.	Mr. Mansoor Elahi	2,050,300	7.696

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	Name	Right	Sale	Purchase
1	Mr. Asad Elahi	5,000,000	35,000	50,000
2	Mr. Azhar Elahi	5,000,000	-	50,000
3	Mr Ather Jawed Elahi	3,000,000	-	2,050,000
4	Mr Mansoor Elahi	2,000,000	2,000,000	50,000
5	Mr Fahad Elahi		-	35,000



PROXY FORM

The Corporate Secretary
GLAMOUR TEXTILE MILLS LTD.
11. kms Manga Raiwind Road
District Kasur

I/We _____
of _____ being a member(s) of GLAMOUR TEXTILE MILLS LTD.
and holder of _____ Ordinary Share as per Share
Register Folio No. _____ and CDC Participant I.D. No. _____ and Sub Account No. _____
hereby appoint Mr./Mrs./Miss _____
or failing him Mr./Mrs./Miss _____
of _____
as my/our proxy to attend and vote for me/us and on my/our behalf at the
Annual General Meeting of the company to be held at its Registered Office 11. kms Manga Raiwind Road District
Kasur. on Wednesday the October 31, 2012 at 11 a.m. and at every adjournment thereof.

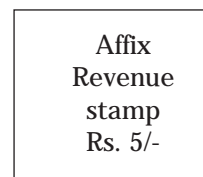
Signed this _____ day of October 2012

1. Witness:

Signature _____

Name _____

Address _____



2. Witness:

Signature _____

Name _____

Address _____

Signature _____

(Signature appended above should agree with the specimen signature registered with the Company).

NOTES:

1. Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting. No person shall act as proxy unless he himself is a member of the Company except that a corporation may appoint a person who is not a member.
2. CDC shareholders and their proxies are requested to attach an attested photocopy of their National Identity Card or Passport with the proxy form before submission to the Company