Annual Report
2012

SALEEM
DENIM INDUSTRIES LTD.

بسم الله الرحمن الرحيم

In the Name of Allah the Merciful the Compassionate

ANNUAL REPORT
2012

SALEEM DENIM INDUSTRIES LIMITED

Registered Office:
33-KM Sheikhupura Road,
Faisalabad-Pakistan
Phone: 92-41-2689340
Fax: 92-41-2689320

Mills:
33-KM Sheikhupura Road,
Faisalabad-Pakistan
Phone: 92-41-2689340
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SALEEM DENIM INDUSTRIES LIMITED

SALEEM DENIM INDUSTRIES LIMITED

COMPANY INFORMATION

BOARD OF DIRECTOR

1. MR. TAHIR SALEEM CHAUDHRY — CHIEF EXCECUTIVE
2. MR. SHAHID SALEEM CHAUDHRY
3. MRS. SOBIA SALEEM
4. MR. ABDUL HAQ CHAUDHRY
5. MRS. NOSHEEN SHAHID
6. MR. ABDUL AZIZ CHAUDHRY
7. MR. GHULAM FARID

AUDIT COMMITTEE

1. MR. SHAHID SALEEM CHAUDHRY (CHAIRMAN)
2. MRS. SOBIA SALEEM
3. MR. GHULAM FARID

HUMAN RESOURCES & MANAGEMENT COMMITTEE

3. MR. ABDUL HAQ CHAUDHRY (CHAIRMAN)
4. MRS. NOSHEEN SHAHID
3. MR. GHULAM FARID

AUDITORS

M. ATHER & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

KHAN MUNIR AHMED KHAN

BANKERS

HABIB BANK LIMITED
ASKARI BANK LIMITED

REGISTERED OFFICE

33-K.M SHEIKHUPURA ROAD, FAISALABAD

MILLS

33-K.M SHEIKHUPURA ROAD, FAISALABAD

SALEEM DENIM INDUSTRIES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of Saleem Denim Industries Limited will be held at the Registered Office 33-K.M. Sheikhupura Road, Faisalabad on Wednesday, October 31, 2012 at 10.00 a.m. to transact the following business:

1. To confirm the minutes of the 25th Annual General Meeting held on October 31, 2011.
2. To receive, consider and adopt the Audited financial statements of the Company together with the Directors' and Auditors' reports for the year ended June 30, 2012.
3. To appoint auditors for year 2012-2013 and fix their remuneration.
4. To transact any other business, with the permission of the chair.

NOTES

1. The share transfer books of the company will remain closed from October 25, 2012 to October 31, 2012 (both days inclusive)
2. A member entitled to attended and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him / her. A proxy must be a member.
3. The instrument appointing a proxy must be received at the registered office not later than 48 hours before the time appointed for meeting.
4. Shareholders are requested to promptly notify the Company of any change in their address, if any.

On behalf of the Board

Place: Faisalabad
Dated: 9th October, 2012

Tahir Saleem Chaudhry
Chief Executive

SALEEM DENIM INDUSTRIES LIMITED

VISION AND MISSION STATEMENT

Saleem Denim Industries Limited is committed to make sustained efforts toward optimum utilization of its resources through good corporate governance for serving the interest of all its stakeholders.

STRATEGIC GOALS

- Efficient deployment of resources
- Minimization of losses
- Environmental protection

STATEMENT OF BUSINESS ETHICS

- Transparency in transactions
- Sound business policies
- Judicious use of company's resources
- Justice to all
- Integrity at all levels
- Compliance of law of the land

SALEEM DENIM INDUSTRIES LIMITED

DIRECTORS' REPORT TO THE SHARE HOLDERS

DEAR MEMBERS,

The directors are pleased to present the annual report for the year ended 30th June 2012 at this occasion of the 26th Annual General Meeting of the Company.

GENERAL

The project remained closed during the year. The company has paid off the entire bank liabilities. Since the company has already disposed off all the Plant and Machinery, being obsolete, and in present adverse economic scenario and company's inability to get financing for working capital and BMR, the resumption of operations seems rather difficult. However, the management is looking for viable alternatives.

FINANCIAL HIGH LIGHTS

	(Rupees In Million) 2012	(Rupees In Million) 2011
Sale	-	-
Cost of Sale	-	-
Gross (loss)	-	-
Other operating Income	-	-
	-	-
Administrative expenses	1.287	1.111
Other operating expenses	-	-
Financial cost	0.003	-
Loss before taxation	1.290	1.111
Provision for taxation	-	
Loss for the year after taxation	1.290	1.111
Loss per share Basic (Rupees)	(0.33)	(0.28)

DIVIDEND

In the present circumstances the declaration of dividend is irrelevant.

LOSS PER SHARE

Loss per share during the year under report works out to Rs. 0.33 (2011: 0.28) per share

SALEEM DENIM INDUSTRIES LIMITED

OUTSTANDING STATUTORY DUES

Statutory over dues as on 30th June 2012 are given in the concerned notes.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

The directors would like to confirm in relation to the financial statements and controls the following:

1. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the company as required by Companies Ordinance 1984 have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are on reasonable and prudent judgment.
4. International Accounting Standards IAS / IFRS, as applicable in Pakistan, have been followed in preparation financial statement and any departure there from has been adequately disclosed.
5. Since the project is closed, therefore, most of the requirements of the Code of Corporate Governance become irrelevant.
6. The system of internal control is sound in design and is being effectively implemented and monitored.
7. During the year under review five board meetings were held. The attendance of the directors was as under:

Mr. Tahir Saleem Chaudhry	5 NOS
Mr. Shahid Saleem Chaudhry	5 NOS
Mrs. Sobia Saleem	4 NOS
Mr. Abdul Haq Chaudhry	3 NOS
Mrs. Nosheen Shahid	5 NOS
Mr. Abdul Aziz Chaudhry	3 NOS
Mr. Ghulam Farid	4 NOS

8. We have formed an audit committee from amongst the members of the Board of directors. Following are its members:

   Mr. Shahid Saleem Chaudhary (Chairman)
   Mrs. Sobia Saleem
   Mr. Ghulam Farid

   The audit committee held meetings during the year. Attendance by each member was as follows:

Mr. Shahid Saleem Chaudhary	5 NOS
Mrs. Sobia Saleem	5 NOS
Mr. Ghulam Farid	3 NOS

AUDITORS' OBSERVATIONS

A. Financial Statements

a. The balance confirmation letters were sent to M/s Bankers Equity Limited as well as to M/s National Bank of Pakistan, but the BEL being itself in liquidation and in case of M/s NBP, no response has been received.

b. The confirmation letters were circulated but the response is still awaited and we hope to receive the same in due course.

c. Because of the closure of the operations and in the absence of the concerned staff the register could not be updated and the physical checking of the fixed assets could not be carried out.

d. Since for the time being the operations of the company are suspended because of shortage of working capital and obsolete nature of company's products, but we had been paying the long term dues of M/s BEL which has been cleared in total in April, 2009. Now we are considering implementing our plans for revival of the project, hence the basis of accounting could not be changed for the time being. Therefore, the financial statements are being prepared with going concern assumptions.

B. Code of Corporate Governance

(a). These directors don't have taxable income.

(b & c).Due to closure of mills and staff laid off, we could not fulfill all the functions prescribed in the listing regulations and best practices of corporate governance. However, with the start of operations, we will make endeavor to comply with all the legal requirements

GOING CONCERN

Having taken the substantial relief in debt servicing followed by final payment of bank's liabilities in April, 2009 the company will be able to get new financing for working capital and BMR. In this regard the company has also disposed of its obsolete plant and machinery so as to arrange funds for repayment of long term liabilities, which have since been cleared off. The banks and financial institutions are reluctant to provide finances to textile sector, we therefore are considering alternative viable options. However, the future of the company depends upon the success of the company's efforts to arrange adequate finances to fulfill the requirements of the project.

PAYMENT OF TAXES

The company has been regular in payment of taxes except in Income Tax cases where appeals are pending decisions or the demands which could not be cleared because of shortage of funds. We are trying to clear the dues sooner possible.

LABOR MANAGEMENT RELATIONS

During the year operation of the mills remained closed.

AUDITORS

M/s M. Ather & Co. Chartered Accountants retire at Annual General Meeting and being eligible offer themselves for re-appointment. The audit committee recommends the reappointment of M/s M. Ather & Co., Chartered Accountants, as auditors for the year 2012-2013.

CORPORATE GOVERNANCE

Compliance of corporate governance is annexed.

PATTERN OF SHAREHOLDING

Pattern of shareholding is annexed.

On behalf of the Board

Place: Faisalabad
Dated: October 09, 2012

Tahir Saleem Chaudhry
Chief Executive

SALEEM DENIM INDUSTRIES LIMITED

FINANCIAL PERFORMANCE AT A GLANCE

	(Rupees '000')						
Operating Results	2012	2011	2010	2009	2008	2007	2006
Sales	-	-	-	-	652	4,677	-
Gross (Loss)	-	-	-	-	(44)	(2,037)	-
Operating (Loss) / Profit	(1.290)	(1,111)	(1, 165)	(1,383)	(678)	(6,888)	187,607
(Loss) / Profit before tax	(1.290)	(1,111)	(1, 165)	(1,383)	(678)	(6,888)	187,607
Earning / (Loss) and dividend (Per share of Rs. 10 each)							
(Loss)/ Earning (Rupees)	(0.33)	(0.28)	(0. 30)	(0.35)	(0.19)	(1.77)	48.08
Percentage of (Loss) / profit							
Gross (Loss)	-	-	-	-	(6.79)	(43.55)	-
Operating (Loss)	-	-	-	-	(104.03)	(147.27)	-
(Loss) before tax	-	-	-	-	(104.03)	(147.27)	-
Assets employed			(Rupees	'000')			
Property, plant and equipment	24,859	25,464	26,126	26,852	32,398	33,521	90,153
Long term deposits	497	497	497	497	497	497	497
Current assets	411	414	414	414	417	1,148	7862
Current liabilities	(69,733)	(69,051)	(68,602)	(66,977)	(71,143)	(65,958)	(63,937)
Total	(43,966)	(42,676)	(41,565)	(39,214)	(37,831)	(30,792)	34,575
Financed by:							
Ordinary capital	39,018	39,018	39,018	39,018	39,018	39,018	39,018
Accumulated loss	(88,987)	(87,697)	(86,586)	(85,421)	(84,038)	(83,282)	(79,185)
Shareholders' equity	(49,969)	(48,679)	(47,568)	(46,403)	(45,020)	(44,264)	(40,167)
Surplus on revaluation	550	550	550	550	550	550	55,536
Long term and deferred liabilities	5,453	5,453	5,453	6,639	6,639	12,922	19.206
Total	(43,966)	(42,676)	(41,565)	(39,214)	(37,831)	(30,792)	34,575

SALEEM DENIM INDUSTRIES LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
Year ending June 30, 2012

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of LSE and KSE for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes one executive and six non executive directors and no director representing minority interests. The condition of clause 1(b) of the CCG in relation to independent director will be applicable after election of the next Board of Directors of the Company.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

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

4. Any casual vacancy occurring in the Board will be filled up by the directors at the earliest but not later than 30 days thereof. No casual vacancy occurred in the Board of Directors of the Company during the year ended June 30, 2012.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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

7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The board arranged no training programs for its directors during the year.

10. The Board has approved appointment of the Company Secretary and Head of Internal auditor including their remuneration and terms and conditions of employment.

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

12. The financial statements of the Company were duly endorsed by CEO before approval of the Board.

13. The Directors, CEO and Executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an audit committee. It comprises three members, majority of them are non- executive directors and the chairman of the committee is an Executive-director.

16. The meeting of the audit committee held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom one is non-executive director and the chairman of the committee is a director

18. The Board has set-up an effective internal audit function but because of closed operations the same remained inoperative.

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

20. The statutory auditors or the person associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The related party transactions are placed before the audit committee and approved by the Board of Directors to comply with the requirements of the listing regulations of the Karachi Stock Exchange (Guarantee) Ltd.

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

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

24. We confirm that all other material principles contained in the CCG have been complied with.

On behalf of the Board

Date: October 09, 2012
Place: Faisalabad

Tahir Saleem Chaudhary
Chief Executive

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ending June 30, 2012 prepared by the Board of Directors of SALEEM DENIM INDUSTRIES LIMITED ("The Company"). to comply with the Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

Further, Sub-Regulation (x) of Listing Regulations No 35 of Stock Exchanges requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review we report that:

a) Five of the directors do not have NTN.
b) The company is yet to appoint internal auditors and start internal audit function.
c) The financial statements have not been endorsed by CFO.

Except for the matter noted in the previous paragraph 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.

October 09, 2012
Faisalabad.

M. ATHER & CO.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SALEEM DENIM INDUSTRIES LIMITED ("The Company") as at June 30, 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that, except for the matters referred to in paragraph (a) to (c) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) the Nil balance of long term loan from M/S Bankers Equity Limited as referred to in Note 7 to the financial statements and short term borrowings from M/S National Bank of Pakistan remained unconfirmed in the absence of statement of accounts and balance confirmation certificates;

(b) trade creditors amounting to Rs. 12,986,975/- and advances from customers amounting to Rs. 20,052,674/- and due to associated undertaking amounting to Rs. 9,609,611/- as referred to in Note 8 to the financial statements remained unconfirmed in the absence of direct balance confirmations;

(c) we were neither provided with the Fixed Assets register/ any relevant supporting record, nor were facilitated by the Company to carry out physical verification of Office Equipment, Furniture & Fixture, Tools & Equipments and Vehicles having carrying values totaling Rs. 318,098/-. We, therefore, could not satisfy ourselves as to physical existence and condition of the same as of balance sheet date as referred to in Note 11 to the financial statements;

(d) the company has incurred a net loss of Rs. 1,290,571/- during the year ended June 30, 2012 and as of that date, accumulated loss comes to Rs. 88,987,597/- and company's current liabilities exceeded its current assets by Rs. 69,322,042/- and its total liabilities exceeded its total assets by Rs. 49,418,910/-. The operations of the company remained closed and the company has disposed off its entire plant and machinery. The said factors indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business;

(e) in our opinion, except as discussed in paragraph (c) above proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(f) in our opinion:

(i) except as discussed in paragraph (d), above the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(g) 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, except as discussed in paragraph (d) above and give the information required by the Companies Ordinance, 1984, in the manner so required and in view of paragraph (d) above do not give a true and fair view of the state of the company's affairs as at June 30, 2012 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

(h) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

October 09, 2012
Faisalabad

M. ATHER & CO.
Chartered Accountants

Engagement Partner
M. Imran Sarver-ACA

SALEEM DENIM
BALANCE SHEET

EQUITY AND LIABILITIES	NOTE	2012 RUPEES	2011 RUPEES
SHARE CAPITAL AND RESERVES			
Authorised			
5,000,000 (2011: 5,000,000) Ordinary shares of Rs.10/- each		50,000,000	50,000,000
Issued, subscribed and paid up			
3,901,800 (2011: 3,901,800) ordinary shares of Rs.10/- each fully paid in cash		39,018,000	39,018,000
Accumulated loss		(88,987,597)	(87,697,026)
		(49,969,597)	(48,679,026)
Surplus on revaluation of property, plant and equipment	6	550,687	550,687
NON CURRENT LIABILITIES			
Long term loans	7	5,452,968	5,452,968
CURRENT LIABILITIES			
Trade and other payables	8	69,733,478	69,051,142
Taxation	9	-	-
		69,733,478	69,051,142
CONTINGENCIES AND COMMITMENTS	10	-	-
		25,767,536	26,375,771

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

CHIEF EXECUTIVE

INDUSTRIES LIMITED
AS AT JUNE 30, 2012

ASSETS	NOTE	2012 RUPEES	2011 RUPEES
NON CURRENT ASSETS			
Property, plant & equipment	11	24,858,931	25,463,986
Security deposits		497,169	497,169
		25,356,100	25,961,155
CURRENT ASSETS			
Tax refund due from Government	12	406,842	406,842
Cash and bank balances	13	4,594	7,774
		411,436	414,616
		25,767,536	26,375,771

DIRECTOR

SALEEM DENIM INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	NOTE	2012 RUPEES	2011 RUPEES
Sales		-	-
Cost of sales		-	-
Gross profit / (Loss)		-	-
Administrative expenses	14	1,287,391	1,110,939
Finance cost	15	3,180	-
Loss for the year before taxation		(1,290,571)	(1,110,939)
Taxation		-	-
Loss for the year after taxation		(1,290,571)	(1,110,939)
Loss per share-Basic	16	(0.33)	(0.28)

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

CHIEF EXECUTIVE **DIRECTOR**

SALEEM DENIM INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	2012 RUPEES	2011 RUPEES
Loss for the year after taxation	(1,290,571)	(1,110,939)
Other comprehensive income	-	-
Total Comprehensive loss for the year	(1,290,571)	(1,110,939)

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

CHIEF EXECUTIVE **DIRECTOR**

SALEEM DENIM INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

		2012 Rupees	2011 Rupees
a)	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Loss for the year before taxation	(1,290,571)	(1,110,939)
	Depreciation	605,055	662,575
	Finance cost	3,180	
	Operating loss before working capital changes	(682,336)	(448,364)
	Changes in working capital		
	Change in current assets	-	-
	Increase in current liabilities		
	Trade and other payables	682,336	448,364
	Cash generated from operations	682,336	448,364
	Finance cost paid	(3,180)	-
	Net cash outflow from operating activities	(3,180)	-
b)	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Net cash flow from investing activities	-	-
c)	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Net cash flow from financing activities	-	-
	Net decrease in cash and bank balances (a + b+ c)	(3,180)	-
	Cash and bank balances at the beginning of the year	7,774	7,774
	Cash and bank balances at the end of the year	4,594	7,774

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

CHIEF EXECUTIVE **DIRECTOR**

SALEEM DENIM INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share capital	Accumulated Loss	Total	Surplus on revaluation of property plant and equipment
	---------------------------------Rupees---------------------------			
Balance as at July 01, 2010	39,018,000	(86,586,087)	(47,568,087)	550,687
Total comprehensive loss for the year	-	(1,110,939)	(1,110,939)	-
Balance as at June 30, 2011	39,018,000	(87,697,026)	(48,679,026)	550,687
Total comprehensive loss for the year	-	(1,290,571)	(1,290,571)	-
Balance as at June 30, 2012	**39,018,000**	**(88,987,597)**	**(49,969,597)**	**550,687**

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

CHIEF EXECUTIVE **DIRECTOR**

1 THE COMPANY AND ITS OPERATIONS

Saleem Denim Industries Limited (the Company) is a public company limited by shares incorporated in Pakistan under Companies Ordinance, 1984. The Company is listed on Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the company and mills are situated at 33-KM Sheikhupura road Faisalabad. The main business of the company is the manufacture of Grey and Denim Fabric. Due to accumulated losses the financial position of the company deteriorated and the operation of the plant remained suspended during the year.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of 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.

2.1 Standards, amendments to standards and interpretation becoming effective in current year.

The following amendments, to standards and interpretation have been effective and are mandatory for financial statements for the periods beginning on or after July 01, 2011 And therefore have been applied in preparing these financial statements.

IAS 1 "Presentation of Financial Statements" The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. The company has chosen to present such as analysis in te statements of changes in equity.

IFRS 7 (amendments) "Financial instruments " emphasizes the interaction between quantitative and qualitative disclosure about the nature and extent of risks associated wit financial instruments do not have any significant impact on the Company's financial statements.

IAS 24 Related party and introduces a partial exemption from the disclosure requirements for government related entities. The applicant of revised standard does not have any impact on the Company's financial statements.

IAS 32 "Financial Instruments: Presentation {Amendments}" Classifications of Right Issues. The amendments addresses the classification of certain right issues denominated in a foreign currency either as equity instruments or as financial liabilities. Under the amendments, rights options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative quit instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity instruments for a fixed amount in foreign currency were classified as derivatives. The application of amendments does not have material impact on the Company's financial statements

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" interpretation provides guidance on the accounting for the accounting for the extinguishment of a financial liability but the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and the carrying amount of the financial liability extinguished and the consideration paid will be recognized in profit or loss. The application of IFRIC 19 has no impact on the financial statements because the company has not entered into any transactions of this nature.

2.2 Standards, amendments to standards and interpretations becoming effective in current period but not relevant.

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company bringing on or after July 01, 2011 but are considered in these financial statements.

2.3 Standards, amendments to standards and interpretations becoming effective in future.

The following amendments to standards 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:

IAS 1 "Presentation of Financial Statements" The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single continuous statement or in two separate but consecutive statements. The amendments to IAS 1 require additional disclosures to be made in other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit and loss and (b) items that might be reclassified subsequently to profit and loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendment is effective for accounting periods of the company beginning on or after July 01, 2013. The application of the amendment will result in certain disclosures.

IFRS 7 "Financial Instruments Disclosure" The amendment to IFRS 7 increase the disclosure requirements for the transactions involving transfers of financial assets. These amendments are intent ended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where t transfer of financial assets are not evenly distributed through out the period. These amendments are effective for the accounting periods beginning on or after July 01,2012. These amendments donot have a material impact on the Company's financial statements.

IFRS 9 "Financial Instruments" IFRS 9 (as originally, issued in 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 is effective for the accounting periods beginning on or after July 01, 2013. IFRS contains number of transitional provisions. The standard requires all recognized financial assets that are with in the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within business model whose objective is to collect the contractual cash flows that are solely payments of principle and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. The application of the standard is not expected to have any material impact on the Company's financial statements.

IFRS 12 "Disclosure of interest in other entities" This is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates or unconsolidated structure entities. IFRS 12 establishes disclosure objectives and specifies minimum disclosures that entities must provide to meet those objectives. The objective of IFRS 12 is that entities should disclose information that helps users of financial statements evaluate the nature of and risks associated with its interests in other entities and the effect of those interests on their financial statements. The standard is effective for accounting period of the Company beginning on or after July 01, 2013. The application of the standard may result in additional disclosure.

IFRS 13 "Fair Value Measurement" establishes a single source of guidance for fair value measurement and disclosure about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. It applies to both financial instrument item and non financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The standard is effective for accounting periods of the Company beginning on or after July 01, 2013. The application of the standard is not expected to have any significant impact on the Company's financial statements.

IAS 12 "Income Taxes" The amendments to IAS 12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using flair value model in accordance with IAS 40 Investment Property are presumed to be recovered through sales for the purpose of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The amendments are effective for accounting periods of the Company beginning on or after July 01, 2012. The amendments are not expected to have any material impact on the Company's financial statements.

Standard amendments to standards and interpretations becoming effective in future periods but not relevant.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

3 COST CONVENTION

These financial statements have been prepared under the historical cost convention except that certain items of property, plant and equipment have been included at the revalued amounts.

4 GOING CONCERN ISSUE

Because of increase in yarn prices and decline in products demand the company incurred heavy losses hence the operations were closed. The company was suffering from heavy debt burden which was beyond the company's resources. The case was taken up with M/s Bankers Equity Limited under SBP circular 29 for waiver of the debt. The Bank very kindly extended substantial relief and the company has been in the process of clearing the settled amount and has cleared the final installment in the month of April 2009. The banks and financial institutions are reluctant to extend further financing facility in the present economic scenario particularly to textile sector. Owing to which the company has started considering the available viable alternatives. The validity of going concern basis is dependent on the availability of the additional finances to carry out the alternatives under consideration.

5 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

5.1 Staff retirement benefits

- The company operates a defined benefit unfunded gratuity scheme covering all its employees. Provision is made annually to cover the obligation under the scheme on the basis of actuarial valuation using the projected unit credit method.

Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the end of previous period exceeded 10 percent of the present value of the company's defined benefit obligation at that date. These gains and losses are amortized over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on straight-line basis over the average period until the benefits become vested.

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

During the year the Company adopted International Accounting Standard (IAS) 19 "Employee Benefits" which resulted in change in accounting policy in respect of the staff retirement benefits.

As per previous policy provision was made annually on the basis of last drawn salary and length of employee service to determine the obligation of staff retirement benefits.

In accordance with new accounting policy the provision to cover the obligation is made annually on the basis of actuarial valuation using the projected credit method.

However, this change in accounting policy has no financial impact on the financial statements of current as well as any prior year because of closed operations and no staff .

5.2 Trade and other payables

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

5.3 Taxation

Current

Provision for current taxation is the higher of the amount computed on taxable income at the current tax rate after taking into account tax credits / rebates, if any, and the minimum tax computed at the prescribed rate on sales as per the Income Tax Ordinance, 2001.

Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rate that have been enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

5.4 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

5.5 Financial Instruments

5.5.1 Financial assets

5.5.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) "Financial Instruments: Recognition and measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorized as follows:

a) Financial assets 'at fair value through profit or loss'

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets 'at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprises of trade debts, loans and advances, deposits, cash and bank balances and other receivables in the balance sheet.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity.

d) Available for sale

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets 'at fair value through profit or loss'.

5.5.1.2 Initial recognition and measurement

All financial assets are recognized at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

5.5.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial asset 'at fair value through profit or loss' & 'available for sale'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income.

b) 'Loans and receivables' & 'held to maturity'

'Loans and receivables' and 'held to maturity' financial assets are carried at amortized cost.

5.5.1.4 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a financial asset below its cost / amortized cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the profit and loss account.

5.5.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet when there is a legally enforceable right to set off the recognized amounts and there is a intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

5.5.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

5.5.3 Derecognition

Financial assets are derecognized at the time when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

5.6 Loans, advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

5.7 Derivative financial instruments and hedge accounting

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

Fair value hedge

Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

Cash flow hedge

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect profit or loss account.

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

5.8 Property, plant and equipment and depreciation

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except free hold Land, Building and Plant & Machinery which are shown at revalued amount. Capital work in progress is stated at cost.

Depreciation is charged applying reducing balance method to write off the cost. Rates of the depreciation are stated in Property, plant and equipment-Tangible Note. Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalized, where as no depreciation is provided on assets for the month in which the asset is disposed of.

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the agreement and fair value of the assets less accumulated depreciation. Depreciation is charged on written down value method except on assets subject to finance lease, which are depreciated over the useful life of the assets and the related lease period whichever is shorter.

Maintenance and normal repairs are charged to income as and when incurred while major renewals and improvements are capitalised. Gains and losses on disposal of fixed assets are taken to the profit and loss account.

5.9 Impairment of assets

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

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 assets in prior years. A reversal of an impairment loss is recognized as income immediately.

5.10 Investments

These are stated at cost.

5.11 Stores and spares

These are valued at moving average cost or NRV which ever is lower.

5.12 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value except stock of waste which is valued at net realizable value. Cost is arrived at as under-

Raw material	at weighted average cost
Work-in-process	at weighted average cost and
Finished goods	applicable manufacturing expenses

Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

5.13 Trade debts

Trade debts are carried at invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Provision is made against those having no activity during the current financial year and are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

5.14 Cash and cash equivalents

Cash in hand and at banks are carried at fair value. For the purpose of cash flow statement, Cash and cash equivalents consist of cash in hand, balances in bank and highly liquid short term investments.

5.15 Revenue recognition

Direct sales are recognized when goods are dispatched to customers and sales through agents are recognized on intimation from the agents.

5.16 Borrowing costs

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

5.17 Foreign currency translation

Foreign currency transactions are recorded at the exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into rupees using exchange rates applicable at the balance sheet date. All gains and losses on settlement and translation at year end are recognized in the income statement.

5.18 Critical accounting estimates and judgments

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

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

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

			2012 Rupees	2011 Rupees
6 Surplus on revaluation of property, plant and equipment				
Surplus on revaluation of property, plant and equipment			550,687	550,687

7 Long term loans

	Term Finance	Directors & Sponsors	2012 Rupees	2011 Rupees
Opening balance	-	5,452,968	5,452,968	5,452,968
Paid during the year	-	-	-	-
	-	5,452,968	5,452,968	5,452,968
Note	7.1	7.2		

7.1 However, the balance remained unconfirmed and unreconciled with M/S Bankers Equity Limited.

7.2 It is interest free. Terms of repayment have not been decided so far. However, it is confirmed by the Directors that repayment would not be demanded within next twelve months from the balance sheet date.

8 Trade and other payables

		2012 Rupees	2011 Rupees
Creditors	(Note 8.1)	14,630,661	14,313,369
Accrued expenses		1,695,682	1,330,638
Due to associated undertaking	(Note 8.2)	9,609,611	9,609,611
Advances from customers		20,052,674	20,052,674
Securities from contractors	(Note 8.3)	182,040	182,040
Income Tax payable		2,432,895	2,432,895
Other liabilities		21,129,915	21,129,915
		69,733,478	69,051,142

8.1 This includes Gratuity payable to employees amounting to Rs 1,186,394/-. The Management is of the opinion that the carrying amount of liability recognized at the balance sheet date approximates the amount required to settle the liability.

8.2 The maximum aggregate amount due to associated undertaking at the end of any month during the year was Rs. 9,609,611 (2011 Rs. 9,609,611).

8.3 These are interest free and repayable on completion of contracts.

9 Taxation

	2012 Rupees	2011 Rupees
Opening balance	-	-
Provided during the year	-	-
	-	-
Adjusted during the year	-	-
	-	-

The Income Tax assessment of the company has been finalized up to tax year 2011.

10 CONTINGENCIES AND COMMITMENTS

10.1 The final Cash finance liability amounting to Rs. 1,297,288/- towards M/s National Bank of Pakistan as determined by the honorable Banking Court II Faisalabad has been paid off by the company during the year 2007. As per decision of the court the company has to pay the cost of funds which is yet to be determined by the Bank.

10.2 Demand of Income Tax Rs. 8.906 (2011-8.906) million has not been acknowledged by the company because of pending appeals.

SALEEM DENIM INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

11 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost / Valuation			Depreciation				W. D. V.	Rate
	As on 01-07-2011	Additions/ (Deletions)	As on 30-06-2012	As on 01-07-2011	For the year	Adjustment	As on 30-06-2012	As on 30-06-2012	%
	Rupees								
Land - freehold	17,725,000	-	17,725,000	-	-		-	17,725,000	
Building on freehold land									
Factory	6,085,800	-	6,085,800	2,092,907	399,389	-	2,492,196	3,593,604	10
Non factory	4,164,265	-	4,164,265	772,445	169,591	-	942,036	3,222,229	5
Office equipment	1,279,809	-	1,279,809	1,081,396	19,841	-	1,101,237	178,572	10
Furniture and fixture	973,590	-	973,590	852,974	12,062	-	865,036	108,554	10
Tools and equipments	215,936	-	215,936	188,174	2,776	-	190,950	24,986	10
Vehicles	526,185	-	526,185	518,703	1,496	-	520,199	5,986	20
2012 Rupees	30,970,585	-	30,970,585	5,506,599	605,055	-	6,111,654	24,858,931	
2011 Rupees	30,970,585	-	30,970,585	4,844,024	662,575	-	5,506,599	25,463,986	

Depreciation allocated to:	2012 Rupees	2011 Rupees
Administrative expenses	605,055	662,575
	605,055	662,575

11.1 Freehold land, Building and Plant & Machinery of the company had been revalued on 30th June, 2007 by M/s Nizamy Associates independent valuers using market value determined by appraisal and local inquiries.

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

Particulars	Cost	Accumulated depreciation	W.D.V	Disposal	Adjustment	W.D.V
	Rupees					
Free hold land	1,997,177	-	1,997,177	-	-	1,997,177
Factory building	11,247,985	10,210,602	1,037,383	-	-	1,037,383
Non factory building	2,427,247	1,719,768	707,479	-	-	707,479
2012 RUPEES	15,672,409	11,930,370	3,742,039	-	-	3,742,039
2011 RUPEES	15,672,409	11,777,869	3,894,540	-	-	3,894,540

11.3 Element of this revaluation surplus included in the book value of these assets as on 30th June 2012 amounted to Rs. 550,687/- (2011- Rs. 550,687).

11.4 The Land of the Company has been attached by FBR against an amount of Rs. 1,050,685/- thereby prohibiting the transfer of or creation of charge on the said assets.

11.5 The Property, pant and equipment is encumbered for Rs. 74.29 million against credit facilities availed by the Company. However, the Company has paid off all the said liabilities in full in previous years.

SALEEM DENIM INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

		2012 Rupees	2011 Rupees
12 Tax refund due from Government			
Sales tax		26,772	26,772
Advance income tax		380,070	380,070
		406,842	406,842
13 Cash and bank balances			
Cash in hand		654	654
Cash at banks - in current account		3,940	7,120
		4,594	7,774
14 Administrative expenses			
Salaries, wages & other benefits		144,000	144,000
Printing and advertisement		59,300	76,995
Postage, telephone and telex		12,744	26,269
Fee and subscription		326,292	61,100
Auditors' remuneration	(Note 14.1)	140,000	140,000
Depreciation	(Note 11)	605,055	662,575
		1,287,391	1,110,939
14.1 Auditors' remuneration			
Audit fee		75,000	75,000
Tax services		10,000	10,000
Review charges		20,000	20,000
Other		35,000	35,000
		140,000	140,000
15 Finance cost			
Bank charges		3,180	-
		3,180	-

16 Loss per share-Basic

There is no dilutive effect on the basic Loss per share of the company which is based on:

		2012	2011
Loss after taxation		(1,290,571)	(1,110,939)
Weighted average number of ordinary shares		3,901,800	3,901,800
Loss per share-Basic	(Rupees)	(0.33)	(0.28)

17 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

17.1 FINANCIAL INSTRUMENTS BY CATEGORY

	2012	
	Loans and receivables	Total
ASSETS		
Long term deposits	497,169	497,169
Cash and bank balances	4,594	4,594
	501,763	501,763

	Financial liabilities at amortized cost	Total
LIABILITIES		
Long term Loans	5,452,968	5,452,968
Trade and other payables	47,247,909	47,247,909
	52,700,877	52,700,877

	2011	
	Loans and receivables	Total
ASSETS		
Long term deposits	497,169	497,169
Cash and bank balances	7,774	7,774
	504,943	504,943

	Financial liabilities at amortized cost	Total
LIABILITIES		
Long term Loans	5,452,968	5,452,968
Trade and other payables	46,565,573	46,565,573
	52,018,541	52,018,541

17.2 FINANCIAL RISK MANAGEMENT

16.2.1 Financial risk factors

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

a. Market risk

i. Interest rate risk

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

The company has no long term or short term interest bearing financial assets or financial liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

ii. Other price risk

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

At the year end the company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

At the year end the company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

iii. Currency risk

Currency risk is the risk that that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risks arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

However, the company is not exposed to currency risk because there are no transactions giving rise to currency risk.

b. Credit risk

Credit risk represents the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Since there is no selling activity therefore the company is not exposed to credit risk.

SALEEM DENIM INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

c. **Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities.

As the working capital of the company is on negative side, thus the company is exposed to liquidity risk.

Following are the contractual maturities of financial liabilities as on June 30, 2012

	2012			
	Carrying Amount	Contractual Cash flows	6 months or less	More than 2 Years
Non- derivative financial liabilities				
Long term Loans	5,452,968	5,452,968	-	5,452,968
Trade and other payables	69,733,478	69,733,478	69,733,478	-
	75,186,446	75,186,446	69,733,478	5,452,968

	2011			
	Carrying Amount	Contractual Cash flows	6 months or less	More than 2 Years
Non- derivative financial liabilities				
Long term Loans	5,452,968	5,452,968	-	5,452,968
Trade and other payables	69,051,142	69,051,142	69,051,142	
	74,504,110	74,504,110	69,051,142	5,452,968

17.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

18 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as going concern in order to provide adequate return for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. Consistent with others in the industry and the requirements of lenders the company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders or issue new shares. However, in view of closed operations and equity being negative the company is unable to meet the objectives of capital management as set above.

19 PLANT CAPACITY AND ACTUAL PRODUCTION

	2012	2011
Installed capacity (Looms)	Nil	Nil

Reason for no production

In the absence of plant and machinery no production is possible at all.

20 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 09, 2012 by the Board of Directors of the Company.

21 GENERAL

a) Figures of previous year has been re-arranged, wherever necessary, for better presentation.

b) Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE DIRECTOR

SALEEM DENIM INDUSTRIES LIMITED
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2012

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
1,269	1	100	105,851
185	101	500	41,868
79	501	1,000	63,699
103	1,001	5,000	230,867
25	5,001	10,000	154,928
13	10,001	15,000	165,577
1	15,001	25,000	19,100
3	25,001	30,000	84,916
3	30,001	35,000	95,111
1	45,001	50,000	50,000
1	55,001	60,000	57,300
2	65,001	70,000	133,000
1	75,001	80,000	75,400
2	195,001	200,000	397,200
1	225,001	230,000	227,700
1	325,000	330,000	328,200
1	330,001	335,000	330,882
1	1,340,001	1,345,000	1,340,201
1,692			3,901,800

Categories of Share Holders	No. of Shareholders	No. of Share Held	%-age
Individuals	1685	2,688,887	68.91
Insvestment Companies	1	197,200	5.06
Insurance Companies	1	34,431	0.88
Financial Institutions	2	659,082	16.89
Co-operative Societies	2	303,100	7.77
Modarba Company	1	19,100	0.49
Total	1692	3,901,800	100.00

SALEEM DENIM INDUSTRIES LIMITED
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2012

Categories of Shareholders	No. of Shareholders	No. of Share Held	%-age
Directors, CEO & Their Spouse and Minor Childern			
Mr. Tahir Saleem Chaudhry	1	57,300	1.47
Mr Shahid Saleem Chaudhry	1	67,000	1.72
Mrs. Sobia Saleem	1	12,500	0.32
Mr. Abdul Haq Chaudhry	1	12,000	0.31
Mrs Nosheen Shahid	1	1,000	0.02
Mr. Abdul Aziz Chaudhry	1	1,000	0.02
Mr Ghulam Farid	1	1,000	0.02
Mrs. Naseem Saleem Chaudhry	1	66,000	1.69
Mrs. Tahira Ayub	1	13,920	0.36
Banks			
National Bank of Pakistan	1	328,200	8.41
Bankers Equity Limited	1	330,882	8.48
Insurance Company			
State life Insurance Company	1	34,431	0.88
Modarbas			
KASB Modarba	1	19,100	0.49
Joint Stock Companies/ Co-operative Societies			
National Inds. Co-op. Finance	1	227,700	5.84
Pasban Co-op Finance	1	75,400	1.93
Investment Company			
Investment Companies of Pakistan	1	197,300	5.06
General Public	1676	2,457,167	62.98
Grand Total	**1692**	**3,901,800**	**100.00**

SALEEM DENIM INDUSTRIES

Folio Number________________

No. of Shares held____________

FORM OF PROXY

I/We ____ of

____ in the District of

________________________________ being a member of the SALEEM DENIM INDUSTRIES

LIMITED hereby appoint ____ of

____ as my proxy to vote for me and on

my behalf the 26th Annual General Meeting of the Company to be held on 31st October, 2012

and at any adjournment thereof.

(Member's Signature)

Affix One Rupee Revenue Stamp

Date____________________

Place ___________________

Note: Instruction of Proxy duly executed should be lodged at the Registered Office of the company not later than 48 hours before the time for holding the meeting.