CONTENTS

NADEEM TEXTILE MILLS LIMITED

Vision Statement

To be a dynamic, profitable and growth oriented Company.

Mission Statement

The mission of the Company is to prudently utilize the human resources and plant and machinery in order to achieve high levels of sustainable growth by:

- offering high class products and services to all our customers.
- continuously upgrading the latest production facilities to achieve higher levels of operational efficiency.
- nurturing a work culture that generates creativity, enthusiasm, professionalism and teamwork.
- maintaining the highest standards of ethics, safety and environment.
- contributing towards the economic development of the country.

COMPANY INFORMATION

BOARD OF DIRECTORS	:	MR. ZAHID MAZHAR (Chief Executive / Chairman) MR. OMER BIN ZAHID MR. HASSAN BIN ZAHID MST. RAFIA SULTANA MST. NAILA ZAHID MISS. SARAH ZAHID MR. SARWAR SHAHAB
AUDITORS	:	M/S. RAHMAN SARFARAZ RAHIM IQBAL RAFIQ CHARTERED ACCOUNTANTS
LEGAL ADVISOR	:	MR. ABDUL GHANI KHAN (ADVOCATE)
AUDIT COMMITTEE	:	MRS. NAILA ZAHID (MEMBER / CHAIRPERSON) MR. OMER BIN ZAHID (MEMBER) MST. RAFIA SULTANA (MEMBER)
CHIEF FINANCIAL OFFICER	:	MR. OMER BIN ZAHID (M.B.A.)
BANKERS	:	ALLIED BANK LIMITED SONERI BANK LIMITED BANK AL-FALAH LIMITED CITI BANK ASKARI BANK LIMITED JS BANK LIMITED
REGISTERED OFFICE	:	201-202, COMMERCE CENTRE, HASRAT MOHANI ROAD, KARACHI - PAKISTAN. PHONE : (021) 32635807 - 32635809 FAX : (92-21) 32637896 - 32632712
SHARE REGISTRAR	:	M/S HAMEED MAJEED ASSOCIATES (PVT.) LTD. 5TH FLOOR, KARACHI CHAMBERS, HASRAT MOHANI ROAD, KARACHI. PHONE : 32424826-32412754 FAX : 32424835 E-MAIL : majeed@hmaconsultants.com
HEAD OFFICE	:	A 801-804, LAKSON SQUARE BUILDING # 3, SARWAR SHAHEED ROAD, KARACHI - PAKISTAN. PHONE : (021) 35220481-8 FAX : (92-21) 35220495-6
MILLS	:	A-265, S.I.T.E., NOORIABAD, DISTRICT DADU, SINDH.
URL	:	www.nadeem.com.pk

NADEEM TEXTILE MILLS LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of **Nadeem Textile Mills Ltd.** will be held on October 20, 2011 at 9:30 a.m. at Hotel Crown Inn Plot No. 171. off 21 AM, Frere Road, Saddar, Karachi, to transact the following business:

1. To confirm the Minutes of the 24th Annual General Meeting of the Company held on 31st December, 2010.
2. To receive, consider, and adopt the audited financial statements of the company for the year ended 30th June, 2011 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2012.
4. To transact any other ordinary business as may be placed before the meeting with the permission of the Chair.

Karachi:
Dated: September 26, 2011

By order of the Board
Company Secretary

NOTES:

1. The share transfer books of the company will remain closed from October 13, 2011 to October 20, 2011 (both days inclusive). Transfers received before the closure of share transfer book (i.e. 12-10-2011) at the office of share registrar M/s. Hameed Majeed Associates (Pvt.) Ltd. Karachi Chamber, Hasrat Mohani Road, Karachi by 12-10-2011 will be treated in time for the entitlement to attend the Annual General Meeting.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him. A proxy must be a member of the company.
3. The instrument appointing a proxy, in order to be valid must be received at the Head Office of the Company, at A 801-804, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi, not less than forty-eight (48) hours before the time fixed for the meeting.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her participant ID number and account/sub account number along-with Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting to prove his/her identity.
5. Members are requested to immediately inform of any change in their addresses to our Share Registrar, M/S Hameed Majeed Associates (Pvt.) Ltd., 5th floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

NADEEM TEXTILE MILLS LIMITED
DIRECTORS' REPORT TO THE SHARE HOLDERS

Dear Shareholders,

The Directors of your Company are pleased to present the 25th Annual Report of the Company together with audited accounts and Auditor's Report thereon for the year ended June 30, 2011. Figures for the previous year ended 30th June, 2010 are included for comparison.

SUMMARY OF FINANCIAL RESULTS
Following is the brief highlights of the financial results of the Company for the year ended June 30, 2011.

	2011		2010	
	Rupees in million	**% of Sales**	**Rupees in million**	**% of Sales**
Sales	3,668.88	100.00%	2,629.11	100.00%
Gross profit	230.17	6.27%	384.83	14.63%
Profit / (Loss) before tax	51.63	1.41%	210.99	8.02%
Profit / (Loss) after tax	29.03	0.79%	183.87	6.99%
EPS (in Rupees)	2.42		15.30	

BREAK-UP VALUE AND EARNING PER SHARE
The break-up value of the shares as on June 30, 2011 was Rs. 38.13 as compared to Rs. 37.72 as at June 30, 2010.

The earning per share for the year ended June 30, 2011 is Rs. 2.42 as per computation below:

	2011 RUPEES	**2010 RUPEES**
Profit / Loss after taxation	29,032,097	183,874,536
No. of ordinary shares	12,015,000	12,015,000
Earning per share	Rs. 2.42	Rs. 15.30

OVERVIEW
The prices of raw cotton as well as yarn rose to the highest level of country's history during the cotton season 2010-2011 however, the prices were highly volatile and collapsed towards the end of the season.

In this challenging situation, the Company recorded robust growth in turnover. The Company achieved a record turnover of Rs. 3,668 million during the year under review (2010: Rs. 2,629 million), showing a remarkable increase of 39.50%. The gross profit during the year is recorded at Rs. 230.17 million as compared to 384.83 million of the last year.

Finance costs have been increased by Rs. 13,991,685/- to Rs. 117,971,935/- (2010: Rs. 103,980,250/-). However, in terms of percentage to sales it decreased to 3.22% as compared to 3.95% of previous year.

As the value of stock in trade at average cost as of June 30, 2011 was higher than the subsequent prices of yarn sold and the replacement cost of the raw material purchased, the Company performed NRV test as per the Company's policy which is to measure inventory at lower of cost and NRV, consequently value of stocks was adjusted accordingly.

OPERATING PERFORMANCE
The Company achieved the production of 11.57 million Kgs. of spun yarn after conversion into 20/s count as compared to 10.89 million Kgs. of previous year. The management is continuously making efforts to improve the efficiency and productivity of plant through better utilization of resources.

FUTURE OUTLOOK
The textile industry of Pakistan strongly depends on the availability of raw cotton. This year, the original target was production of 15 million bales for 2011-2012. However, it is expected that the country will achieve the cotton production of only 13 million bales during 2011-12 crop season due to damage of 2 million bales in recent rains in Sindh and Punjab.

Due to loss of millions of cotton bales, the prices of raw cotton shot up to Rs. 7,500/= per maund in the beginning of the season, however, the prices are now stabilizing.

The Management of your Company would like to assure you that all efforts will be made to achieve good results in the coming year. However, higher prices of raw cotton, higher rates of markup, continuous increase in the rates of gas, fuel and electricity and rising inflation are likely to exert cost push pressure on the profitability of the Company.

EXPANSION AND MODERNIZATION

Balancing, Modernization and Replacement (BMR) of Plant and Machinery is essential for survival in the intense competitive markets. The Management of the Company has embarked upon a fresh BMR program to streamline the production facilities. Following expansion / modernization has been made in various departments:

Carding (6 sets crosrol cards)
Simplex (1 set Toyoda FL-16)
Compact Assembly for 6 sets of ring frames
Auto Cone (3 No. Savio Espero)

The BMR programme is to be continued aggressively in future. It is expected that after the implementation of BMR the Company will be able to increase its productivity with better quality at reduced cost.

DIVIDEND

The Board of Directors has not recommended any dividend due to requirement of funds on investment in BMR.

HUMAN RESOURCE

The Company ensures selection of the most suitable candidates. The Management of the Company is continuously upgrading its manpower through the induction of more qualified staff and continuously developing its human resource base to face the global challenges.

CODE OF CORPORATE GOVERNANCE

The Board of Directors hereby declares that for the period ended June 30, 2011:

- The financial statements, together with the notes thereon have been drawn up in conformity with the Companies Ordinance 1984. These Statements present fairly the Company's state of affairs, results of its operations, cash flow, comprehensive income and changes in equity.
- The Company entered in arm length transactions with other members of the group. These transactions are in compliance with the directives issued by the Security & Exchange Commission of Pakistan (SECP) in this regard.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of Internal Control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt 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.
- The key operating and financial data for the last six years in summarized form is annexed.
- Information about taxes and levies is given in the notes to the accounts.
- All the directors of the company are registered as tax-payer and none of the company's directors is in default of payment of any dues to a banking company, DFI, NBFI or Stock Exchanges.
- None of the directors of the company is serving on the Board of 10 or more listed companies.
- The company operates an unfunded gratuity covering all its employees who have completed their qualifying period. Provision is made annually to cover current obligation under the scheme. The company has adopted the revised IAS 19 and as a result thereof actuarial valuation has been carried out as at June 30, 2011.

BOARD MEETINGS
During the period under review, six meetings of the Board of Directors were held and following were in attendance:

Name of Directors	No. of Meetings Attended
1- Mr. Zahid Mazhar	6
2- Mr. Omer Bin Zahid	6
3- Mr. Hassan Bin Zahid	-
4- Mst. Rafia Sultana	-
5- Mst. Naila Zahid	6
6- Mrs. Anam Omer	5
7- Mr. Sarwar Shahab	6

(Leave of absence for two meetings was granted to Mst. Rafia Sultana)

ASSOCIATED COMPANIES
Following is the list of associated companies:

(a)-Shadman Cotton Mills Ltd.
(b)-Nadeem Power Generation (Pvt.) Ltd.
(c)-Nadeem International (Pvt.) Ltd.

AUDIT COMMITTEE
The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee.

AUDITORS
The Auditors of the Company M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment as Auditor for the next term.

As suggested by the Audit Committee, The Board recommends their appointment as Auditors of the Company for the year ending June 30, 2012.

PATTERN OF SHAREHOLDING
The pattern of share holding of the company as at June 30, 2011 is annexed.

ACKNOWLEDGMENT
The Directors of the Company would like to take the opportunity to thank the shareholders, valued clients and bankers for the co-operation extended by them during the course of business activities. The Directors are also pleased to record their appreciation for the continued diligence and devotion of the staff members and workers of the Company.

On behalf of Board of Directors

ZAHID MAZHAR
Chief Executive

Karachi:
Dated: September 26, 2011

NADEEM TEXTILE MILLS LIMITED

Key Operating & Financial Data

For the Period From July 2005 To June 2011

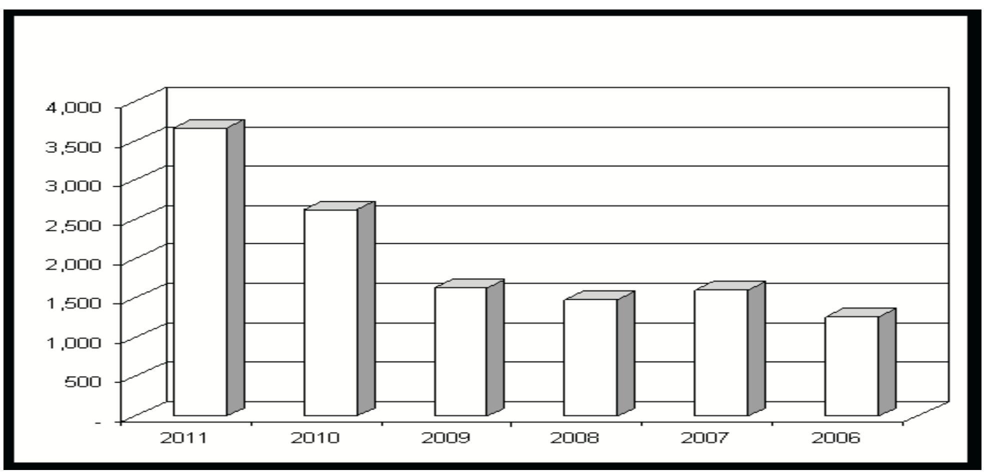
PERIOD	July-June 2010-2011	July-June 2009-2010	July-June 2008-2009	July-June 2007-2008	July-June 2006-2007	July-June 2005-2006
Net Sales Revenue	3,668,883,661	2,629,106,636	1,628,484,257	1,479,650,617	1,605,537,256	1,265,261,803
Cost Of Goods Sold	3,438,715,465	2,244,275,417	1,472,228,502	1,383,613,882	1,491,572,827	1,171,019,818
Gross Profit	230,168,196	384,831,219	156,255,755	96,036,735	113,964,429	94,241,985
Operating Profit	171,647,477	334,604,162	118,257,807	60,129,898	76,281,676	65,955,727
Profit/(Loss) Before Tax	51,632,184	210,993,880	11,035,634	(21,950,288)	1,592,393	6,984,414
Profit/(Loss) After Tax	29,032,097	183,874,536	8,080,715	(24,521,064)	(15,897,912)	4,912,707
Paid Up Capital	120,150,000	120,150,000	120,150,000	120,150,000	120,150,000	120,150,000
Current Assets	754,638,349	727,869,595	451,943,035	600,869,288	369,769,750	438,897,578
Current Liabilities	780,756,216	706,861,195	581,968,435	747,065,476	457,474,600	458,913,643

APPLICATION OF REVENUE
FOR THE YEAR ENDED JUNE 30, 2011

	RUPEES	PERCENTAGE
Cost of Sale	3,438,715,465	93.73%
Operating Expenses	58,520,719	1.60%
Other Epenses + Financial	120,015,293	3.27%
Taxation	22,600,087	0.61%
Profit After Tax	29,032,097	0.79%
TOTAL	3,668,883,661	100.00%

TURNOVER

Year	Sales in (M)
2011	3668
2010	2629
2009	1,628
2008	1,480
2007	1,605
2006	1,265



NADEEM TEXTILE MILLS LIMITED
STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE
YEAR ENDED JUNE 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation No. 37 of Listing Regulations of Karachi Stock Exchange (Guarantee) Ltd. 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 Code in the following manner:

1. The Board comprises seven directors, including the CEO. The Company encourages representation of independent non-executive directors on its Board including those representing minority interests. At present, the Board includes two non executive directors.

2. The Directors have confirmed that none of them is serving as a 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 NBFI or being a member of a stock exchange, has been declared as a defaulter by the stock exchange.

4. Casual vacancies occured in the Board on April 29, 2010 in term of section 188(1b) of Companies Ordinance 1984 that were filled by the Directors on October 08, 2010.

5. The Company has prepared a Statement of Ethics and Business Practices which has been signed by all the directors and senior employees of the Company.

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

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

8. The meetings of the Board were presided by the Chairman. The Board met atleast once in every quarter except for the first quarter. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged orientation course for its directors during the year apprising them of their duties and responsibilities.

10. No new appointment of CFO, Company Secretary except Head of Internal Audit has been made during the year.

11. The Directors' Report for this period 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 approval of the Board.

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

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

15. The Board has formed an Audit Committee. It comprises three members, two of which are non-executive Directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code.

    The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has setup an effective internal audit function manned by suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company. They are involved in the internal audit function on full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the 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 with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The company has complied with all the major corporate and financial reporting requirements to the code. All related parties transactions have been reviewed and approved by the Board and are carried out as per agreed terms.

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

Karachi:
Dated: September 26, 2011

ZAHID MAZHAR
Chief Executive

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Blcok-A, S.M.C.H.S.,
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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Nadeem Textile Mills Limited** ("the Company"), to comply with the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited, where the Company is listed.

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

As part of the 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 (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before 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, except as disclosed in paragraph 4 and 8, 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, 2011.**

Rahman Sarfaraz Rahim Iqbal Rafiq

Karachi:
Dated: September 26, 2011

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Blcok-A, S.M.C.H.S.,
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E-mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at Lahore - Islamabad

AUDITOR'S REPORT TO THE MEMBERS

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

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by 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 verification, 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 except for the changes as stated in note 2.2.4 with which we concur;

  (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 & 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, 2011**, and of the **Profit**, its cash flows and changes in equity for the year then ended; and

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

Rahman Sarfaraz Rahim Iqbal Rafiq

Dated:
Karachi: September 26, 2011

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Name of Engagement partner: **Muhammad Waseem**

NADEEM TEXTILE MILLS LIMITED
BALANCE SHEET AS AT JUNE 30, 2011

ASSETS NON-CURRENT ASSETS	Note	2011 RUPEES	2010 RUPEES
Property, plant and equipment	4	**515,341,482**	480,170,422
Long term deposits	5	**7,823,667**	5,030,947
CURRENT ASSETS			
Stores, spares and loose tools	6	**25,905,827**	20,685,743
Stock-in-trade	7	**395,270,835**	362,346,969
Trade debts	8	**256,104,219**	280,630,852
Investments-at fair value through profit and loss	9	**4,461,566**	14,446,619
Loans and advances	10	**49,491,840**	36,741,376
Trade deposits, prepayments and other recievables	11	**6,541,416**	6,836,325
Tax refunds due from Government	12	**12,656,848**	5,854,272
Cash and bank balances	13	**4,205,798**	327,439
		754,638,349	727,869,595
TOTAL ASSETS		**1,277,803,498**	1,213,070,964
EQUITY AND LIABILITIES **SHARE CAPITAL AND RESERVES**			
Share capital	14	**120,150,000**	120,150,000
Capital reserve		**15,575,000**	15,575,000
Unappropriated profit		**322,435,861**	317,433,764
		458,160,861	453,158,764
NON-CURRENT LIABILITIES			
Long-term financing	15	**7,500,000**	15,189,483
Deferred liabilities	16	**31,386,421**	37,861,521
CURRENT LIABILITIES			
Trade and other payables	17	**132,374,397**	138,156,988
Mark-up accrued on financing	18	**19,936,226**	20,956,191
Short-term borrowings	19	**583,982,305**	505,461,171
Current portion of long-term financing	15	**7,090,000**	15,164,221
Provision for taxation		**37,373,288**	27,122,624
		780,756,216	706,861,195
CONTINGENCIES AND COMMITMENTS	20	**-**	-
TOTAL EQUITY AND LIABILITIES		**1,277,803,498**	1,213,070,964

The annexed notes from 1 to 40 form an integral part of these financial statements.

Zahid Mazhar
Chief Executive

Omer Bin Zahid
Director

Karachi:
Dated: September 26, 2011

NADEEM TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 RUPEES	2010 RUPEES
Sales-net	21	**3,668,883,661**	2,629,106,636
Cost of sales	22	**(3,438,715,465)**	(2,244,275,417)
Gross profit		**230,168,196**	384,831,219
Administrative expenses	23	**(32,487,799)**	(31,240,502)
Distribution costs	24	**(26,032,920)**	(18,986,555)
		(58,520,719)	(50,227,057)
		171,647,477	334,604,162
Other operating income/ (loss)	25	**3,133,991**	904,646
Other charges	26	**(5,177,349)**	(20,534,678)
Finance cost	27	**(117,971,935)**	(103,980,250)
		(120,015,293)	(123,610,282)
Profit before taxation		**51,632,184**	210,993,880
Taxation	28	**(22,600,087)**	(27,119,344)
Profit after taxation		**29,032,097**	183,874,536
Earnings per share - basic and diluted	29	**2.42**	15.30

The annexed notes from 1 to 40 form an integral part of these financial statements.

Zahid Mazhar
Chief Executive

Omer Bin Zahid
Director

Karachi:
Dated: September 26, 2011

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	2011 RUPEES	2010 RUPEES
Profit after taxation	**29,032,097**	183,874,536
Other comprehensive income	**-**	-
Total comprehensive income for the year transferred to equity	**29,032,097**	183,874,536

The annexed notes from 1 to 40 form an integral part of these financial statements.

Zahid Mazhar
Chief Executive

Omer Bin Zahid
Director

Karachi:
Dated: September 26, 2011

NADEEM TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 RUPEES	2010 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash generated from operations	33	**208,777,532**	175,075,476
Taxes paid		**(35,154,972)**	(22,032,790)
Gratuity paid		**(4,320,982)**	(2,617,889)
Finance cost paid		**(117,602,849)**	(102,281,688)
Dividend paid		**(19,941,302)**	(450)
Workers welfere fund paid		**(4,298,743)**	(383,077)
Workers' profit participation fund paid		**(12,727,610)**	(679,376)
Net cash generated from operating activities		**14,731,074**	47,080,206
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(83,815,344)**	(88,213,823)
Proceeds from disposal of property, plant and equipment		**500,000**	807,500
Disposal / (acquisition) of investments - net		**12,497,919**	(6,524,886)
Long term deposits		**(2,792,720)**	-
Net cash (used in) / generated from investing activities		**(73,610,145)**	(93,931,209)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance acquired during the year		**-**	15,000,000
Repayment of long term finance		**(15,763,704)**	(24,524,575)
Net cash used in financing activities		**(15,763,704)**	(9,524,575)
Net (decrease) / increase in cash and cash equivalents		**(74,642,775)**	(56,375,578)
Cash and cash equivalents at beginning of the year		**(505,133,732)**	(448,758,154)
Cash and cash equivalents at end of the year		**(579,776,507)**	(505,133,732)
Cash and cash equivalents			
Cash and bank balances		**4,205,798**	327,439
Short term borrowings		**(583,982,305)**	(505,461,171)
		(579,776,507)	(505,133,732)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Zahid Mazhar
Chief Executive

Omer Bin Zahid
Director

Karachi:
Dated: September 26, 2011

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011

	ISSUED, SUBSCRIBED & PAID UP CAPITAL	CAPITAL RESERVE	UNAPPRO-PRIATED PROFIT	TOTAL
	RUPEES			
Balance as at June 30, 2009	120,150,000	15,575,000	133,559,228	269,284,228
Comprehensive income for the year	-	-	183,874,536	183,874,536
Balance as at June 30, 2010	120,150,000	15,575,000	317,433,764	453,158,764
Comprehensive income for the year	-	-	29,032,097	29,032,097
Final cash dividend for the year ended June 30, 2010 @ Rs. 2 per share	-	-	(24,030,000)	(24,030,000)
Balance as at June 30, 2011	120,150,000	15,575,000	322,435,861	458,160,861

The annexed notes from 1 to 40 form an integral part of these financial statements.

Zahid Mazhar
Chief Executive

Omer Bin Zahid
Director

Karachi:
Dated: September 26, 2011

NADEEM TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan as a public limited company on July 15, 1984 and is quoted on the Karachi Stock Exchange. The registered office of the Company is situated at 201-202, Commerce Centre, Hasrat Mohani Road, Karachi. The main business of the Company is manufacture and sale of yarn.

2 BASIS OF PREPARATION

2.1 Statement of compliance
These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board 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 Accounting convention

2.2.1 Basis of measurement
These financial statements have been prepared under the 'historical cost' convention, except for measurement of short term investments at fair value and certain staff retirement benefits which have been measured at present value on the basis of acturial valuation taking into account demographic variables.

2.2.2 Functional and Presentation Currency
These financial statements have been presented in Pakistan Rupee which is the Company's functional currency.

2.2.3 Significant Estimates
The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.
The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.2.4 Changes in accounting policies and disclosures
New and amended standards adopted by the Company:

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' Clarifies the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The IFRIC is applicable from July 1, 2010.

- IAS 24, 'Related party disclosures' (revised 2009) Amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amended standard is effective from January 1, 2011.Amendments to IAS 34, 'Interim financial reporting': Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around: The circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The effective date is January 1, 2011.

- Amendment to IAS 1, 'Presentation of financial statements': Clarifies that an entity will 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. The effective date is January 1, 2011.

- IFRS 7, 'Financial instruments' Emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The effective date is January 1, 2011.

New and amended standards, and interpretations mandatory for the first time for the current financial year but not currently relevant to the Company:

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

- Amendments to IFRS 3, 'Business combinations' (applicable to annual periods beginning on or after July 1, 2010): Clarify the transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS, requirements on measurement of noncontrolling interests and the provisions applicable to un-replaced and voluntarily replaced sharebased payment awards.

- IFRIC 13, 'Customer loyalty programmes': The meaning of 'fair value' is clarified in the context of measuring award credits under customer loyalty programmes. The effective date is January 1, 2011.

- Amendment to IFRS 1, 'First time adoption of International Financial Reporting Standards – Limited exemption from comparative IFRS 7 disclosures for first time adopters': Provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the amendments to IFRS 7. Also clarifies the transition provisions of the amendments to IFRS 7. The effective date is July 1, 2010.

- Amendment to IFRIC 14, 'IAS 19 – The limit on a defined benefit assets, minimum funding requirements and their interaction': Removes unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. Results in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. The effective date is from January 1, 2011 however, for the Company's gratuity scheme being unfunded, the amendment stands irrelevant.

- 'Classification of rights issues' (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after February 1, 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'.

New standards, amendments and interpretations issued but not effective for the current financial year and not early adopted

- IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets but is unlikely to materially affect the Company's accounting for its financial assets as held currently.

- IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in
- IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard is not applicable until January 1, 2013 but is available for early adoption. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before January 1, 2012.

- Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. Earlier application, in whole or in part, is permitted.

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. When the revised standard is applied, the Company will need to disclose any transactions between its subsidiaries and its associates. The Company is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective July 1, 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The interpretation is not expected to have any impact on the Company's financial statements.

- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards' (effective for annual periods beginning after January 1, 2011): Includes provisions for accounting policy changes in the year of adoption, revaluation basis as deemed cost and use of deemed cost for operations subject to rate regulation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant & equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost comprises acquisition and other directly attributable costs. Capital work in progress is stated at cost. Cost of certain property, plant and equipment comprises historical cost, exchange differences recognised in accordance with the fourth schedule of the Companies Ordinance 1984, cost of exchange rate fluctuations in respect of foreign currency loans obtained for the acquisition of plant and machinery up to the commencement of commercial production and the cost of borrowings accruing during construction period in respect of loans taken for specific projects.

Disposal of assets is recognised when significant risks and rewards incidental to the ownership have been transferred to the buyer. Gains and losses on disposal of items of property, plant and equipment are recognised in profit and loss account. The cost of replacing parts of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit and loss account as they are incurred.

Depreciation is charged to profit and loss account applying written down value method at the rates specified in the relevent notes, where the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the day in which asset is available for use and on disposals up to the day immediately preceding that of deletion.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

3.2 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except borrowing costs that are directly attributable to acquisition, construction or production of qualifying assets that are capitalized as a part of the cost of those assets.

3.3 Impairment of fixed assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. Reversal of impairment losses are recognised in the profit and loss account restricted to the original cost of the asset less any accumulated depreciation chargeable had the asset not been impaired.

3.4 Stores, spares and loose tools

Stores, spares and loose tools are valued at moving average cost except for items in transit, which are stated at cost incurred up to the balance sheet date. For items which are slow moving or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amounts of stores and spares on a regular basis and provision is made for obsolescence.

Net realizable value represents the estimated selling price less all estimated costs necessary to make the sale.

3.5 Stock in trade

Stock-in-trade is valued at lower of cost and net realizable value. Cost is determined using the weighted average method except for raw material in transit, which is stated at cost. Cost includes applicable purchase cost and manufacturing expenses. The cost of work-in-process includes material and proportionate conversion cost.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and the costs necessary to make the sale.

3.6 Financial instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss and trade and other receivables. Financial liabilities include trade and other payables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

3.7.1 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Where the time value of money has a substantial effect due to the time remaining in the due dates for settlement of liabilities, the liabilities are discounted to the present value using effective interest rate.

3.7.2 Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those whose maturities are greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's trade and other receivables comprise 'trade debts', 'loans and advances', ' trade deposits and short term prepayments' and 'other receivables'.

Trade and other receivables are recognised and carried at original invoice/cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisation of these receivables, appropriate amount of impairment is made.

3.7.3 Investments at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedging instruments. Assets in this category are classified as current assets.

3.7.4 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Investments at fair value through profit or loss are subsequently carried at fair value. Trade and other receivables are recognised and carried at original invoice/cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within income/ expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of operating income when the Company's right to receive payment is established.

3.7.5 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists the cumulative loss is recognised in the profit and loss account. Impairment testing of trade debts and other receivables is described in note 3.7.2.

3.7.6 Offsetting

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

3.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, demand deposits held with bank and highly liquid investments with maturity of less than three months from the date of acquisition. Running finance facilities availed by the Company which are repayable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

3.8 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions.All export bills are being presented to the Bank for discounting on State Bank of Pakistan rates the difference between exchange rate prevailing at the date of transaction and discount rate is recognised as discounting expense net of against export sale. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. Non-monetary items are translated into Pak rupees at exchange rates prevailing on the date of initial recognition or on the date when fair values are determined.

3.10 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

3.11 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the outflow can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.12 Employees' retirement benefits

The company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods, that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. The Gratuity scheme is unfunded and covers those permanent employees and management staff of the Company who have completed prescribed qualifying period of service. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation. Past service cost arising on amendments in the plan is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on the straight line basis over the average period until the amended benefits become vested.

Actuarial gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan. The following significant assumptions are used for valuation of this scheme.

Discount rate	14% per annum (2010: 12%)
Expected rate of increase in salary level	13% per annum (2010: 11%)
Expected mortality rate	As per EFU (61-66) mortality table
Expected withdrawal rate	Age dependant

3.13 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in profit and loss account except to the extent that it relates to item(s) recognized directly in equity, in which case it is also recognised in equity.

Current

Provision for current taxation is based on income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any, or minimum tax on turnover whichever is higher and tax paid as final tax. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet
date, between the tax basis of the assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax is adjusted in accordance with the requirement of Accounting Technical Release 27 of the Institute of Chartered Accountants of Pakistan.

3.14 Revenue recognition

- Local sales are recorded on dispatch of goods to the customers.
- Export sales are recorded on shipment of goods to the customers.
- Dividend income on equity investments is recognized when right to receive dividend is established.
- Profit on bank deposits is recognized on time proportion basis.

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Free hold land	Factory building	Office premises	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Capital work in progress	Total
	Rupees										
As at July 01, 2009											
Cost	2,028,820	1,142,763	61,621,356	66,256,020	717,760,954	2,745,994	954,169	2,379,976	16,793,521	6,960,360	878,643,933
Accumulated depreciation	-	-	(29,104,566)	(18,800,930)	(374,596,837)	(985,778)	(565,156)	(743,723)	(10,792,187)	-	(435,589,177)
Net book value	2,028,820	1,142,763	32,516,790	47,455,090	343,164,117	1,760,216	389,013	1,636,253	6,001,334	6,960,360	443,054,756
Year ended June 30, 2010											
Opening net book value	2,028,820	1,142,763	32,516,790	47,455,090	343,164,117	1,760,216	389,013	1,636,253	6,001,334	6,960,360	443,054,756
Additions during the year	-	-	100,000	384,210	74,342,602	335,774	357,149	94,845	4,502,000	8,684,196	88,800,776
Disposals / transfers											
Cost	-	-	-	-	-	-	-	-	(1,687,000)	(586,952)	(2,273,952)
Accumulated depreciation	-	-	-	-	-	-	-	-	1,420,901		1,420,901
Net book value	-	-	-	-	-	-	-	-	(266,099)	(586,952)	(853,051)
Depreciation for the year	-	-	(3,256,830)	(2,383,823)	(37,232,161)	(183,355)	(157,033)	(166,758)	(1,619,097)	(5,833,002)	(50,832,059)
Closing net book value	**2,028,820**	**1,142,763**	**29,359,960**	**45,455,477**	**380,274,558**	**1,912,635**	**589,129**	**1,564,340**	**8,618,138**	**9,224,602**	**480,170,422**
As at July 01, 2010											
Cost	2,028,820	1,142,763	61,721,356	66,640,230	792,103,556	3,081,768	1,311,318	2,474,821	19,608,521	15,057,604	965,170,757
Accumulated depreciation	-	-	(32,361,396)	(21,184,753)	(411,828,998)	(1,169,133)	(722,189)	(910,481)	(10,990,383)	(5,833,002)	(485,000,335)
Net book value	**2,028,820**	**1,142,763**	**29,359,960**	**45,455,477**	**380,274,558**	**1,912,635**	**589,129**	**1,564,340**	**8,618,138**	**9,224,602**	**480,170,422**
Year ended June 30, 2011											
Opening net book value	2,028,820	1,142,763	29,359,960	45,455,477	380,274,558	1,912,635	589,129	1,564,340	8,618,138	9,224,602	480,170,422
Additions during the year	-	-	-	18,004,848	71,391,202	365,880	158,795	238,131	2,443,590	7,631,890	100,234,336
Disposals / transfers											
Cost	-	-	-	-	-	-	-	-	(1,302,500)	(16,418,992)	(17,721,492)
Accumulated depreciation	-	-	-	-	-	-	-	-	1,052,961	-	1,052,961
Net book value	-	-	-	-	-	-	-	-	(249,539)	(16,418,992)	(16,668,531)
Depreciation / for the year	-	-	(2,935,996)	(2,401,332)	(40,610,079)	(197,166)	(208,402)	(165,611)	(1,876,159)	-	(48,394,745)
Closing net book value	**2,028,820**	**1,142,763**	**26,423,964**	**61,058,993**	**411,055,681**	**2,081,349**	**539,522**	**1,636,860**	**8,936,030**	**437,500**	**515,341,482**
As at June 30, 2011											
Cost	2,028,820	1,142,763	61,721,356	84,645,078	863,494,758	3,447,648	1,470,113	2,712,952	20,749,611	6,270,502	1,047,683,601
Accumulated depreciation	-	-	(35,297,392)	(23,586,085)	(452,439,077)	(1,366,299)	(930,591)	(1,076,092)	(11,813,581)	(5,833,002)	(532,342,119)
Net book value	**2,028,820**	**1,142,763**	**26,423,964**	**61,058,993**	**411,055,681**	**2,081,349**	**539,522**	**1,636,860**	**8,936,030**	**437,500**	**515,341,482**
Annual rates of depreciation	**0%**	**0%**	**10%**	**5%**	**10%**	**10%**	**30%**	**10%**	**20%**	**0%**	

	Note	2011 RUPEES	2010 RUPEES

4.1 Depreciation/ impairment is allocated as under

		2011	2010
Cost of sales		**43,546,075**	46,321,993
Administrative expenses		**4,848,670**	4,510,066
		48,394,745	50,832,059

4.2 PARTICULARS OF DISPOSALS OF OPERATING FIXED ASSETS

Particulars of asset	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain on Disposal	Mode of Disposal	Particulars of Purchaser
			Rupees				
Honda Civic (AFU-332)	1,302,500	1,052,961	249,539	500,000	250,461	Negotiation	Mr. Abdul Malik
TOTAL RUPEES 2011	1,302,500	1,052,961	249,539	500,000	250,461		
TOTAL RUPEES 2010	1,687,000	1,420,901	266,099	807,500	541,401		

4.3 Capital work in progress

		2011	2010
Civil works		**-**	8,787,102
Advances		**437,500**	437,500
		437,500	9,224,602

5 LONG TERM DEPOSITS

		2011	2010
Security Deposits			
- WAPDA		**715,160**	715,160
- Others		**339,550**	339,550
		1,054,710	1,054,710
Margin on bank guarantee to SSGC		**6,768,957**	3,976,237
		7,823,667	5,030,947

6 STORES, SPARES AND LOOSE TOOLS

		2011	2010
Stores		**10,483,417**	5,262,029
Spares	6.1	**15,164,408**	15,292,930
Loose tools		**258,002**	130,784
		25,905,827	20,685,743

6.1 This includes provision against slow moving stores and spares amounting to Rs. 2.518 million (2010: 2.518 million).

7 STOCK IN TRADE

		2011	2010
Raw material		**127,300,775**	244,292,064
Work-in-process		**24,432,772**	15,976,597
Finished goods		**230,789,067**	75,232,936
Waste		**117,275**	840,484
Stock in transit		**12,630,946**	26,004,888
		395,270,835	362,346,969

7.1 Stocks with carrying value of Rs. 321 million (2010: Rs. 258 million) have been pledged as security with certain banks against finance facilities.

	Note	2011 RUPEES	2010 RUPEES
8 TRADE DEBTS			
Considered good			
Export trade debts - secured		**15,514,824**	145,631,176
Local trade debts - unsecured	8.1	**240,589,395**	134,999,676
		256,104,219	280,630,852
Considered doubtful			
Local trade debts - unsecured		**10,445,850**	10,445,850
Less: Provision for impairment		**(10,445,850)**	(10,445,850)
		256,104,219	280,630,852

8.1 Trade debtors include amount of Rs.49 million (2010: 70 million) due from related party.

9 INVESTMENTS - at fair value through profit or loss

2011 Number of Shares	2010 Number of Shares	Name of Country	2011 RUPEES	2010 RUPEES
42,087	42,087	The Bank of Punjab	**245,788**	424,237
150,000	150,000	Fauji Cement Company Limited	**618,000**	682,500
70,000	70,000	Dera Ghazi Khan Cement Limited	**1,609,300**	1,653,400
5,581	5,581	Fatima Fertilizer Company Limited	**92,868**	69,930
-	81,250	Nishat Mills Limited	**-**	3,503,500
31,250	25,000	National Bank of Pakistan Limited	**1,575,625**	1,602,500
-	120,000	Lotte Pakistan PTA Limited	**-**	967,200
23,000	23,000	Azgard Nine Limited	**126,960**	256,680
10,000	10,000	Nagina Cotton Mills Limited	**150,000**	112,900
-	-	Pakistan Petrolum Limited	**-**	5,173,772
500	-	Prosperity Weaving Mills Limited	**7,025**	-
1,500	-	Ellcot Spinning Mills Limited	**36,000**	-
333,918	555,018		**4,461,566**	14,446,619

9.1 All the holdings are in ordinary shares of Rs. 10/- each.

	Note	2011 RUPEES	2010 RUPEES
10 LOAN AND ADVANCES			
Staff and workers	10.1	**1,082,093**	574,033
Advance against raw material		**-**	409,152
Advance to suppliers		**8,781,905**	9,344,172
Income tax refundable		**-**	3,845,893
Advance income tax		**39,627,842**	22,568,126
		49,491,840	36,741,376

10.1 This represents advances provided interest free to employees in accordance with the Company's policy. The advances are unsecured and are recoverable within one year in equal monthly installments.

	Note	2011 RUPEES	2010 RUPEES
11 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECIEVABLES			
Margin on letter of guarantee	11.1	**6,039,720**	6,039,720
Deposits		**415,500**	715,500
Prepayments		**86,196**	81,105
		6,541,416	6,836,325

11.1 This represents margin on bank guarantee provided in respect of suits details of which are disclosed in note 17.1.

	Note	2011 RUPEES	2010 RUPEES
12 TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax refundable		**10,224,395**	4,762,479
Special excise duty refundable		**2,432,453**	1,091,793
		12,656,848	5,854,272
13 CASH AND BANK BALANCES			
Cash in hand		**539,600**	56,900
Cash at bank			
- Current accounts		**3,666,045**	264,332
- Deposit accounts	13.1	**153**	6,207
		3,666,198	270,539
		4,205,798	327,439

13.1 These accounts earn markup at rates ranging from 5% to 7% (2010: 4% to 6%).

14 SHARE CAPITAL

AUTHORIZED SHARE CAPITAL

	2011 RUPEES	2010 RUPEES
12,500,000 (2009:12,500,000) ordinary shares of Rs.10/- each	**125,000,000**	125,000,000

ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2011 Number of Shares	2010 Number of Shares		2011 RUPEES	2010 RUPEES
5,515,000	5,515,000	Ordinary shares of Rs. 10/- each issued as fully paid in cash	**55,150,000**	55,150,000
6,500,000	6,500,000	Ordinary shares of Rs. 10/- each issued as fully paid as bonus shares	**65,000,000**	65,000,000
12,015,000	12,015,000		**120,150,000**	120,150,000

15 LONG TERM FINANCING

	2011 RUPEES	2010 RUPEES
Soneri Bank Limited - Term finance	**10,500,000**	13,800,000
Bank Alfalah Limited - Term finance	**-**	4,881,941
Bank Alfalah Limited - Term finance (EOP)	**4,090,000**	11,671,763
	14,590,000	30,353,704
Less: current portion shown under current liabilities	**(7,090,000)**	(15,164,221)
	7,500,000	15,189,483

15.1 The principal details of loan facilities availed by the Company are as follows:

FACILITY	PURPOSE	AMOUNT OF FACILITY	SECURITY	PRICING	REPAYMENT TERMS
Soneri Bank Limited Term Finance	Import of spinning machinery	15 million	First pari pasu charge over imported machinery	6 month average KIBOR+3% p.a.	Semi annual installments
Bank Alfalah Limited Term finance(EOP)	For retirement of import documents of machinery (Twisters and Doublers)	11.67 million	Lien on bills/ documents	ERF + 2 p.a.	Semi annual installments

		Note	2011 RUPEES	2010 RUPEES
16	**DEFERRED LIABILITIES**			
	Gratuity	16.1	**14,538,010**	11,421,385
	Deferred taxation-net	16.2	**16,848,411**	26,440,136
			31,386,421	37,861,521

16.1 Reconciliation of amounts recognised in the balance sheet is as follows:

	2011 RUPEES	2010 RUPEES
Present value of defined benefit obligation	**14,471,889**	11,209,100
Net actuarial gains not recognized	**66,121**	212,285
	14,538,010	11,421,385

Movement in the net liability recognized in the balance sheet

	2011 RUPEES	2010 RUPEES
Opening net liability	**11,421,385**	8,630,258
Expense for the year	**7,437,607**	5,409,016
	18,858,992	14,039,274
Benefits paid	**(4,320,982)**	(2,617,889)
Closing net liability	**14,538,010**	11,421,385

Expense recognized in the profit and loss account

	2011 RUPEES	2010 RUPEES
Current service cost	**6,092,515**	4,398,859
Interest cost	**1,345,092**	1,010,157
Net actuarial loss/(gain) recognized in the year	**-**	-
	7,437,607	5,409,016

Comparison for five years

	2011	2010	2009	2008	2007
			Rupees		
Present value of defined benefit obligation	**14,471,889**	11,209,100	8,417,973	6,691,946	6,901,600
Experience adjustment: Increase/(decrease) in Plan liabilities	**-**	-	(42,999)	886,930	1,388,154

16.2 Deferred tax liability - net

Deferred tax liability on taxable temporary difference:		
perty, plant and equipment - accelerated depreciation**1**	**,881,731** 28	,936,719
ferred tax asset on deductible temporary differences:		P
ovision for doubtful debts**2**	**0,348** 1,	192,603
ovision for gratuity**8**	**2,962** 1,	303,980
used tax losses**1**	**880,010** -	
	,033,320 2,	496,583
	6,848,411 26	,440,136

6
.2.1 Deferred tax assets and liabilities are recognised to the extent of the percentage of local sales to total turnover of the Company which includes export sales which is taxable under final tax regime except the asset arising on unused tax losses which solely pertain to local sales portion.

		Note	2011 RUPEES	2010 RUPEES
17	**TRADE AND OTHER PAYABLES**			
	Creditors		**39,980,918**	38,627,509
	Accrued expenses	17.1	**82,901,002**	83,748,596
	Workers' profit participation fund	17.2	**2,840,477**	11,338,559
	Workers' welfare fund		**2,336,872**	4,298,743
	Income tax payable		**225,784**	142,935
	Unclaimed dividend		**4,089,344**	646
			132,374,397	138,156,988

17.1 This includes Rs. 11.452 million (2010: 11.452 million) and Rs. 5.774 million (2010: 5.774 million) provided against the demands of Hyderabad Electric Supply Company Limited and Excise and Taxation departments respectively. The same are disputed and pending for judgments in there respective courts. The Company made provision against the same as a matter of prudence. The Company has also provided bank garantees against the respective claims amounting to Rs. 10.29 million (2010: 10.29 million) and Rs. 7.5 million (2010: 7.5 million) [refer note 20].

		Note	2011 RUPEES	2010 RUPEES
17.2	**Workers' profits participation fund**			
	Opening balance		**11,338,559**	600,985
	Interest expense	27	**1,389,051**	78,391
			12,727,610	679,376
	Less: Payment during the year		**12,727,610**	679,376
	Add: Allocation for the year		**2,840,477**	11,338,559
			2,840,477	11,338,559

17.2.1 The company retains workers' profit participation fund for its business operations till the date of allocation to the workers. Interest is paid at the prescribed rate under the Workers' Profit Participation Fund Act on funds utilized by the Company till the date of allocation to the workers.

		Note	2011 RUPEES	2010 RUPEES
18	**MARK-UP ACCRUED ON FINANCING**			
	Long-term financing		**506,982**	887,993
	Short-term borrowings		**19,429,244**	20,068,198
			19,936,226	20,956,191
19	**SHORT TERM BORROWINGS**			
	Running / cash finances:			
	Askari Bank Limited	19.1	**34,546,961**	101,473,046
	Bank Al-Falah Limited	19.2	**23,437,323**	43,420,071
	Allied Bank Limited	19.3	**189,138,787**	110,260,825
	Soneri Bank Limited	19.4	**102,661,702**	44,877,246
	Citi Bank N.A.	19.5	**80,000,000**	80,000,000
			429,784,773	380,031,188
	Foreign currency finances:			
	Soneri Bank Limited		**154,197,532**	125,429,983
			583,982,305	505,461,171

19.1 These represent short term working capital finance facilities and financing facility against foreign bills which are secured by pari passu charge by way of hypothecation of stock of stores and spares, cotton yarn, finished goods, export bills under collection and trade debts of the Company. The rate of mark-up for running finance ranges from KIBOR + 1.5% to KIBIOR + 3.25% per annum (2010: 3 months KIBOR + 1.5% to 3 months KIBIOR +2.75%), KIBOR ranged from 1 month, 3 months and 6 months. The applicable rate of mark-up on foreign currency finance has been LIBOR + 3% per annum (2010: LIBOR + 3% to LIBOR + 4.5 %).

		Note	2011 RUPEES	2010 RUPEES
20	**CONTINGENCIES AND COMMITMENTS**			
	No contingency is reportable as of June 30, 2011 (June 30, 2010 Nil)			
20.1	**Commitments**			
	Against letters of credit		**5,795,335**	533,018
	Bank guarantee to Excise & Taxation department		**7,500,000**	7,500,000
	Bank guarantee to HESCO		**10,290,000**	10,290,000
	Revolving Letter of credit to SSGC		**18,697,667**	15,904,947
21	**SALES - NET**			
	Local sales		**594,402,952**	522,807,985
	Exports - direct		**2,371,931,552**	1,774,537,436
	Exports - indirect		**643,964,145**	55,756,910
			3,015,895,697	1,830,294,346
			3,610,298,649	2,353,102,331
	Add:			
	Waste sales		**45,205,810**	21,518,405
	Raw material sales		**73,655,477**	326,988,786
	Income from processing of yarn		**15,394,700**	2,717,000
			134,255,987	351,224,191
	Less:			
	Ocean freight		**(15,785,595)**	(24,579,232)
	Commission on export sales		**(50,178,680)**	(40,110,602)
	Commission on local sales		**(1,187,089)**	(4,903,466)
	Export development charges		**(6,129,747)**	(4,046,441)
	Premium on discounting of the export bills		**(2,389,864)**	(1,580,145)
			(75,670,975)	(75,219,886)
			3,668,883,661	2,629,106,636
22	**COST OF SALES**			
	Raw material consumed	22.1 & 22.1.1	**3,025,615,434**	1,291,628,589
	Stores and spares consumed		**32,934,644**	38,950,948
	Packing material consumed		**46,359,479**	39,912,533
	Salaries, wages and other benefits	22.2	**135,053,692**	106,689,330
	Repair and maintenance		**10,375,691**	11,420,178
	Insurance		**7,312,026**	4,913,789
	Fuel and power		**159,850,151**	138,890,846
	Other manufacturing expenses		**16,431,386**	17,074,499
	Depreciation / impairment	4.1	**43,546,075**	46,321,993
			3,477,478,578	1,695,802,705
	Work in process:			
	Opening		**15,976,597**	16,207,290
	Closing		**(24,432,772)**	(15,976,597)
			(8,456,175)	230,693
	Cost of goods manufactured		**3,469,022,403**	1,696,033,398
	Cost of raw material sold		**83,795,605**	249,202,843
	Finished goods and waste:			
	Opening		**102,078,308**	78,456,092
	Yarn purchased for export		**27,356,440**	322,661,392
	Closing	22.1.1	**(243,537,291)**	(102,078,308)
			(114,102,543)	299,039,176
			3,438,715,465	2,244,275,417
22.1	**Raw material consumed**			
	Opening stock		**244,292,064**	192,360,746
	Add: Purchases		**2,992,419,750**	1,592,762,750
			3,236,711,814	1,785,123,496
	Raw Material sold		**(83,795,605)**	(249,202,843)
	Closing stock		**(127,300,775)**	(244,292,064)
			3,025,615,434	1,291,628,589

22.1.1 This includes effect of write down of finished and raw material stock to net realizable value by Rs. 57.6 million and Rs. 36.4 million respectively.

22.2 This includes staff retirement benefits amounting to Rs. 5.02 million (2010: 3.688 million).

	Note	2011 Rupees	2010 Rupees
23 ADMINISTRATIVE EXPENSES			
Directors' remuneration		**696,000**	696,000
Salaries and other benefits	23.1	**11,242,700**	10,322,709
Travelling conveyance		**1,282,650**	907,232
Legal and professional		**3,007,442**	944,070
Fees and subscription		**384,336**	330,700
Rent, rates and taxes		**901,476**	674,988
Electricity, gas and water		**1,092,741**	737,908
Repair and maintenance		**908,632**	374,039
Communication expenses		**907,892**	838,294
Printing and stationery		**663,559**	536,398
Motor vehicle expenses		**2,807,142**	3,759,908
Advertisement expenses		**103,680**	57,005
Entertainment expenses		**1,586,838**	852,900
Impairment of trade debtors	8	**-**	4,208,850
Charity and donation	23.2	**400,000**	40,210
Audit fee	23.3	**640,000**	640,000
Miscellaneous expenses		**1,014,041**	809,224
Depreciation	4.1	**4,848,670**	4,510,066
		32,487,799	31,240,502

23.1 This includes staff retirement benefits amounting to Rs.2.417million (2010: Rs. 1.440 million).

23.2 None of directors or their spouse have any interest in the donees' funds.

23.3 Auditors Remuneration

	2011 Rupees	2010 Rupees
Audit fee	**500,000**	500,000
Half yearly review	**140,000**	140,000
	640,000	640,000

24 DISTRIBUTION COST

	2011 Rupees	2010 Rupees
Freight and octroi charges	**3,509,220**	2,670,277
Others	**22,523,700**	16,316,278
	26,032,920	18,986,555

25 OTHER OPERATING INCOME/ (LOSS)

	2011 Rupees	2010 Rupees
Profit on savings deposit account	**11,289**	7,759
Profit on sale of property, plant and equipment	**250,461**	541,401
Dividend Income	**359,375**	297,900
Capital gain on sale of investments	**2,853,447**	3,190,627
Loss on remeasurement of investment	**(340,581)**	(3,133,041)
	3,133,991	904,646

26 OTHER CHARGES

	Note	2011 Rupees	2010 Rupees
Electricity charges for prior year		**-**	3,672,424
Infrastructure charges		**-**	1,224,952
Workers' profit participation fund	17.2	**2,840,477**	11,338,559
Workers' welfare fund		**2,336,872**	4,298,743
		5,177,349	20,534,678

	Note	2011 RUPEES	2010 RUPEES

27 FINANCE COST

	Note	2011 RUPEES	2010 RUPEES
Mark-up on:			
Short term borrowings		**99,221,614**	86,561,974
Long term financing		**2,502,300**	4,558,475
Inland letter of credit and FAFB		**7,622,672**	3,494,880
		109,346,586	94,615,329
Interest on workers' profit participation fund	17.2	**1,389,051**	78,391
Exchange (gain) / loss		**1,433,561**	6,401,647
Bank charges and guarantee commission		**5,802,737**	2,884,883
		117,971,935	103,980,250

28 TAXATION

	Note	2011 RUPEES	2010 RUPEES
Current year		**37,373,288**	27,122,624
Prior year		**(5,181,476)**	(95,274)
Deferred tax	16.2	**(9,591,725)**	91,994
		22,600,087	27,119,344

28.1 The assessment has been finalized upto and including accounting year June 30, 2010 (Tax year 2010).

28.2 For the provision for taxation for current year being based on one percent of export reciepts and the local turnover, reconciliation of acocunting profit and taxable profit has not been presented.

29 EARNINGS PER SHARE - BASIC & DILUTED

	2011	2010
Profit after taxation - Rupees	**29,032,097**	183,874,537
Weighted average number of ordinary shares	**12,015,000**	12,015,000
Earning per share	**2.42**	15.30

There is no dilutive effect on the basic earnings per share of the Company, since there were no convertible instruments in issue as at June 30, 2011 and June 30, 2010 which could have any effect on the earnings per share if the option to convert was excercised.

30. FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS BY CATEGORY

	2011	2010
FINANCIAL ASSETS:		
Loans and receivables		
Long term deposits	**7,823,667**	5,030,947
Trade debts	**256,104,219**	280,630,852
Short term deposits, prepayments and other recievables	**6,541,416**	6,836,325
Cash and bank balances	**4,205,798**	327,439
	274,675,100	292,825,563
At fair value through profit and loss investment in equity securities	**4,461,566**	14,446,619
	279,136,666	307,272,182
FINANCIAL LIABILITIES:		
Financial liabilities at amortized cost		
Long term financings	**14,590,000**	30,353,704
Trade & other payables	**132,374,397**	138,156,988
Markup accrued	**19,936,226**	20,956,191
Short term borrowings	**583,982,305**	505,461,171
	750,882,928	694,928,054

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest/mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

31.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Due to the Company's long standing business relationship with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. To manage exposure to credit risk, Company applies credit limits and deals with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions. The carrying amounts of financial assets against which the Company does not hold any collateral represent the maximum credit exposure, these are listed as under:

	2011 RUPEES	2010 RUPEES
Long term deposits	**7,823,667**	5,030,947
Trade debts	**256,104,219**	280,630,852
Short term deposits, prepayments and other recievables	**6,541,416**	6,836,325
Bank balances	**4,205,798**	327,439
	274,675,100	292,825,563

Impairment losses:
The aging of trade debts at the reporting date was:

	2011		2010	
	Gross Value	Impairment	Gross Value	Impairment
	Rupees			
Not past due	**223,014,652**	-	**235,141,198**	-
Past due 1-60 days	**18,458,965**	-	**20,972,093**	-
Past due 61 days to 1 year	**12,243,119**	-	**3,861,556**	-
More than 1 year	**12,833,333**	10,445,850	**31,101,855**	10,445,850
TOTAL	**266,550,069**	10,445,850	**291,076,702**	10,445,850

The Company believes that no impairment loss is necessary in respect of trade debts past due except for which has already been provided. Trade debts are essentially due from credit worthy parities. The Company is actively pursuing for recovery of debts and the Company does not expect these parties to fail to meet their obligations.

The maximum exposure to credit risk at the balance sheet date segregated by geographic region is as follows:

	2011 RUPEES	2010 RUPEES
Domestic	**251,035,245**	145,445,526
China	**10,171,512**	75,431,491
Bangladesh	**-**	46,447,068
Turkey	**-**	18,760,393
Taiwan	**5,343,312**	-
Others	**-**	4,992,224
	266,550,069	291,076,702

The credit quality of Company's bank balances as at the balance sheet date can be assessed with reference to external credit ratings as follows:

Long term			
	A	**208,177**	3,660
	AA	**371,286**	6,776
	A1+	**323,459**	120,837
	AA+	**26,655**	22,926
	AA-	**2,736,621**	116,340
		3,666,198	270,539
Short term			
	A1+	**3,401,074**	155,156
	AA-	**49,964**	106,640
	A1	**215,160**	8,743
		3,666,198	270,539

31.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facility. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Company's treasury functions aim at maintaining flexibility in funding by keeping committed credit line available.

The following table details repayments of financial liabilities including estimated interest payments based on their contractual maturities:

	Carrying value	Contractual cash flows		
		Total	Upto one year	More than one year
	Rupees			
Long term financing	**14,590,000**	34,582,204	**17,268,686**	17,313,518
Trade and other payables	**132,374,397**	132,374,397	**132,374,397**	-
Short term borrowings	**583,982,305**	583,982,305	**583,982,305**	-
June 30, 2011	**730,946,702**	750,938,906	**733,625,388**	17,313,518
Long term financing	**41,422,470**	43,056,275	**33,294,692**	9,761,583
Trade and other payables	**76,005,228**	76,005,228	**76,005,228**	-
Short term borrowings	**465,902,207**	465,902,207	**465,902,207**	-
June 30, 2010	**583,329,905**	584,963,710	**575,202,127**	9,761,583

Contractual cash flows include tentative interest payments to be made up to the maturity of relevant facilities. The future interest related cash flows depend on the interest rates applicable at that time and the extent of utilization of running finance facilities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Company are the current bid prices.

The carrying value less impairment provision of trade and other receivables and the carrying values of payables are estimated to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The classification of financial instruments carried at fair value by reference to the source of inputs used to derive the fair value as given below uses the following three-level hierarchy:

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

	Level 1	Level 2	Level 3	Total
	Rupees			
June 30, 2011 Financial assets held for trading Quoted equity securities	**4,461,566**	**-**	**-**	**4,461,566**
June 30, 2010 Financial assets held for trading Quoted equity securities	14,446,619	-	-	14,446,619

31.3 Market risk

Market risk means the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Company's market risk comprises of two types of risk: foreign exchange or currency risk and interest/ markup rate risk. The market risks associated with the Company's business activities are discussed as under:

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions denominated in foreign currencies. The foreign currency risk of the Company arising due to exports is minimal as the export bills are immediately realized via sale to bank. Currently the Company's main risk exposure is on its foreign currency borrowing.

Exposure to foreign currency risk

As at balance sheet date, the Company is exposed to foreign currency risk on the following account balances:

		2011	2010
Trade debtors	$	**181,490**	1,731,250
Short term foreign currency finances	$	**(1,791,952)**	(1,465,303)
Net Exposure - Asset/ (Liability)	$	**(1,610,462)**	265,947
	Rs.	**(137,758,919)**	20,201,193

Sensitivity analysis

The following is an analysis of the financial assets/ liabilities as at June 30, 2011 and 2010 that are subject to foreign currency risk and shows the estimated changes in the value of financial assets (and the resulting change in profit and loss account and equity) assuming changes in the underlying exchange rates applied immediately and uniformly across all currencies. The changes in value do not necessarily reflect the best or worst case scenarios and actual results may differ. The analysis assumes that all other variables, in particular interest rate, remain constant.

The following significant Rupee exchange rates applied during the year:

	Average rate		June 30 mid spot rate	
	2011	**2010**	**2011**	**2010**
US Dollar	**85.54**	85.6	**85.95**	84.06

Change in Rupee parity against foreign currencies would have the following effect on profit and loss account and equity due the foreign currency balances outstanding as at balance sheet date:

	Weakening of the PKR by				Strengthening of the PKR by		
	-20%	**-10%**	**-5%**	**0%**	**5%**	**10%**	**20%**
	Rupees						
June-2011	**(27,551,784)**	**(13,775,892)**	**(6,887,946)**	**-**	**6,887,946**	**13,775,892**	**27,551,784**
June-2010	(4,040,239)	(2,020,119)	(1,010,060)	-	1,010,060	2,020,119	4,040,239

b) Interest rate risk management

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offerred Rate (KIBOR) and London Inter Bank Offerred Rate (LIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2011	2010	2011	2010
	Effective interest rate (%)		Carrying amount (Rs.)	
Financial liabilities				
Long term financing	**7% - 15.4%**	7%-17.3%	**14,590,000**	39,878,279
Short term borrowings				
-KIBOR based	**14.35% - 16.21%**	15.7% - 18.2%	**429,784,773**	380,031,188
-LIBOR based	**3.04% - 3.55%**	3.6% - 4.3%	**154,197,532**	125,429,983

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

A change of 100 basis points in interest rates would have decreased profit by Rs. 6.974 million (2010: Rs. 4.770 million).

31.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake transactions on adverse terms.

Fair values of all financial assets and financial liabilities are estimated to approximate their respective carrying amounts.

3 CAPITAL RISK MANAGEMENT

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

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

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders.

For calculation of gearing ratio disclosed hereunder, "total borrowings" are taken as the sum of 'long term financing' and 'short term borrowings' while "total capital" is comprised of 'shareholders' equity' and 'total borrowings';

	2011 RUPEES	2010 RUPEES
Total borrowings	**598,572,305**	535,814,875
Cash and bank balances	**(4,205,798)**	(327,439)
	594,366,507	535,487,436
Total equity	**458,160,861**	453,158,764
Total capital	**1,052,527,368**	988,646,200
Gearing ratio (%)	**56.87**	54.20

	Note	2011 RUPEES	2010 RUPEES
33 CASH GENERATED FROM OPERATIONS			
Profit before taxation		**51,632,184**	210,993,880
Adjustments for non cash charges and other items			
Depreciation / impairment		**48,394,745**	50,832,059
Provision for gratuity		**7,437,607**	5,409,016
Impairment of trade debts		**-**	4,208,850
Capital gain on sale of investments		**(2,853,447)**	(3,190,627)
Loss on remeasurement of investments		**340,581**	3,133,041
Profit on sale of property, plant and equipment		**(250,461)**	(541,401)
Workers' profit participation fund		**2,840,477**	11,338,559
Workers' welfare fund		**2,336,872**	4,298,743
Finance cost		**117,971,935**	105,560,395
		176,218,309	181,048,635
Operating profit before working capital changes		**227,850,493**	392,042,515
(Increase)/decrease in current assets			
Stores, spares and loose tools		**(5,220,084)**	2,423,552
Stock in trade		**(32,923,866)**	(75,322,841)
Trade debts		**24,526,633**	(178,939,115)
Loans and advances		**463,359**	(6,142,874)
Trade deposits, prepayments and other receivables		**294,909**	(4,351,048)
Tax refunds due from Government		**(6,802,576)**	(2,005,433)
		(19,661,625)	(264,337,759)
Increase/ (decrease) in current liabilities			
Trade and other payables		**588,664**	47,370,720
		208,777,532	175,075,476

34 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

	2011 RUPEES	2010 RUPEES
Managerial remuneration	**464,000**	464,000
Other allowances	**232,000**	232,000
	696,000	696,000
No. of persons	**2**	2

34.1 The Chief Executive and two directors are provided with cars maintained by the Company and telephone at their residence.

34.2 The Chief Executive has waived his remuneration. The directors have waived their meeting fees.

35 TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decisions.

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the Company and key management personnel, staff provident fund, and financial institution having nominee on the Board of Directors. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Transactions with other related parties are entered into at rates negotiated with them. The remuneration of Chief Executive, Directors and Executives is disclosed in note 34 to the financial statements.

Details of transactions and outstanding balances with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Note	2011 RUPEES	2010 RUPEES
Shadman Cotton Mills Limited - Associate			
Sale of raw material		**73,655,477**	326,988,785
Purchase of yarn		**25,545,000**	258,100,850
Reprocessing income		**-**	1,990,500
Reprocessing charges		**5,898,667**	3,555,939
Purchase of raw material		**-**	34,081,704
Sale of yarn		**-**	37,266,000
Due from party as at balance sheet date		**49,185,152**	70,006,425
Nadeem International (Pvt) Limited - Associate			
Sale of yarn		**-**	78,141,500
Purchase of yarn		**-**	5,625,000
Reprocessing income		**15,394,700**	726,500

36 ACCOUNTING ESTIMATES AND JUDGMENTS

36.1 Provision for taxation

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

36.2 Useful life and residual values of property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

36.3 Employee retirement benefits

The Company uses acturial valuation to deterimine the present value of its retirement benefit obligations. The acturial valuation is carried out by independent valuer based on assumptions mentioned in note 3.12.

37 PLANT CAPACITY AND ACTUAL PRODUCTION

	2011	2010
Total number of spindles installed	**37,464**	32,304
Additional spindles under trial production	**-**	5,160
Average numbers of spindle worked	**36,526**	32,304
Number of shifts worked per day	**3**	3
Installed capacity after conversion into 20/s count (kgs.)	**12,792,960**	11,030,960
Installed capacity of additional spindles under trial production	**-**	1,762,000
Actual production after conversion into 20/s count (kgs.)	**11,570,930**	10,890,375

38 RECLASSIFICATION

Previous year figures have been rearranged or/ and reclassified, where necesery, for the purpose of comparison and better presentation.

39 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized the financial statements for issue in their meeting held on September 26, 2011.

40 GENERAL

Figures in these financial statements have been rounded off to the nearest rupee.

Zahid Mazhar
Chief Executive

Omer Bin Zahid
Director

Karachi:
Dated: September 26, 2011

NADEEM TEXTILE MILLS LIMITED

Pattern of Shareholding as at June 30, 2011

Number of Shareholders	Shareholding	Total Shares Held
16	Shareholding from 1 to 100	427
13	Shareholding from 101 to 500	6,500
1	Shareholding from 501 to 1,000	600
2	Shareholding from 1,001 to 5,000	4,000
2	Shareholding from 5,001 to 10,000	12,300
1	Shareholding from 10,001 to 15,000	11,622
2	Shareholding from 35,001 to 40,000	74,590
1	Shareholding from 45,001 to 50,000	50,000
2	Shareholding from 50,001 to 55,000	107,269
1	Shareholding from 100,001 to 105,000	104,729
1	Shareholding from 115,001 to 120,000	119,500
1	Shareholding from 195,001 to 200,000	198,050
3	Shareholding from 260,001 to 265,000	794,115
1	Shareholding from 655,001 to 660,000	658,300
2	Shareholding from 690,001 to 695,000	1,387,626
1	Shareholding from 695,001 to 700,000	698,900
1	Shareholding from 700,001 to 705,000	701,600
1	Shareholding from 715,001 to 720,000	717,732
1	Shareholding from 805,001 to 810,000	807,290
1	Shareholding from 855,001 to 860,000	856,878
1	Shareholding from 1,010,001 to 1,015,000	1,013,681
1	Shareholding from 1,625,001 to 1,630,000	1,629,500
1	Shareholding from 2,055,001 to 2,060,000	2,059,791
57		**12,015,000**

Particulars	No. of Shares Held	Percentage
Directors, their spouse and minor children		
Mr. Zahid Mazhar	1,629,500	13.56
Mr. Omer Bin Zahid	705,400	5.87
Mst. Rafia Sultana	1,013,681	8.44
Mst. Naila Zahid	11,622	0.10
Mr. Hassan Bin Zahid	707,400	5.89
Mst. Anum Omer	2,000	0.02
Mr. Sarwar Shahab	600	-
	4,070,203	33.88
Associated Companies, Undertakings and Related Parties	-	-
NIT & ICP	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	-	-
General Public - Local	7,944,797	66.12
	12,015,000	100.00

Shareholders holding 10 % or more voting interest

Mr. Shahid Mazhar	2,867,081	23.86
Mr. Zahid Mazhar	1,629,500	13.56