



Samin Textiles Limited



the perfect blend of  
**Technology** &  
**Expertise**



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# Vision and Mission



## Vision Statement

To develop into an institution delivering extra value through superior product quality and professionally principal management.

To stay abreast of technological advancements and human resource development to meet the changing and challenging requirements of our customers.

## Mission Statement

To provide an uninterrupted supply of quality products through a continuous process of sourcing, developing, implementing and improving the best leading-edge technology, work force and innovative ideas.

# Brief History of the Company

Samin Textiles Limited is a weaving unit with an average annual production capacity of 23.00 million running meters of the best quality greige cloth based on three shifts a day and 360 working days per annum.

At its inception Samin was primarily involved with the manufacture of narrow width commodity textiles that were easy to produce and easy to sell in the export market.

The narrow width business has seen a significant change in the product mix as well as the targeted customers. From simple twills and drills, Samin has shifted to the manufacture of specialized and niche items such as abrasive fabric for industrial use, mechanical stretch items for specialized work wear and corduroy and dyed-yarn fabric for the high end fashion market.

With these changes in product range, so has the customer base shifted from the Far-East to Europe and whenever else in the world our top quality fabric is required.

Furthermore, in 2003 Samin expanded its production capacities to include wider width fabric. This comprises Samin's Home textile division which concentrates on all sorts of fabric for the Home Textiles market including specialized dobby and dyed yarn items.

In the twenty one year period of its existence, Samin has established itself as an internationally renowned greige fabric specialist giving priority to quality and un-paralleled service.

Samin has set up its own gas fired generators and installed WAPDA connection for backup. and is now self sufficient in power generation having constant supply of un-interrupted electricity.

## **The Board of Directors of the Company comprises of the leading businessmen / professionals of Pakistan. They are:**

<b>Mr. Sarmad Amin</b>	Chairman
<b>Mr. Jehanzeb Amin</b>	Chief Executive
<b>Mr. Safder Hussain Tariq</b>	Director
<b>Mr. Tariq Ali</b>	Director
<b>Mr. Tariq Jillani</b>	Director
<b>Mr. Asad Ahmad Jan</b>	Director
<b>Mr. Jamil Masud</b>	Director



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<b>Mr. Tariq Jillani</b>	Director
<b>Mr. Asad Ahmad Jan</b>	Director
<b>Mr. Jamil Masud</b>	Director



# Notice of Annual General Meeting

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of Samin Textiles Limited (the "Company") will be held on Tuesday, October 30, 2012 at 3:00 pm at the registered office of the Company, 50-C Main Gulberg, Lahore to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of last AGM held on October 15, 2011.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2012 together with the Directors' and Auditors' Reports there on.
3. To appoint auditors of the Company for the year ending June 30, 2013 and fix their remuneration. The retiring auditors M/S Anjum Asim Shahid Rahman, Chartered Accountants, being eligible offer themselves for re-appointment.
4. To transact any other business with the permission of the chairman.

By order of the Board



Safder Hussain Tariq  
Company Secretary

Lahore: October 08, 2012

## Notes:

- i. The share transfer books of the Company will remain closed from October 22nd, 2012 to October 30th, 2012 (both days inclusive).
- ii. Shareholders are requested to promptly notify any change in their addresses to the Company's Share Registrar, M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.
- iii. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her.
- iv. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
- v. Members who have deposited their shares into Central Depository Company of Pakistan limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.



## A. For Attending the Meeting

- a) In case of Individuals, the account holder and /or sub-account holder, their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC, or, original passport at the time of attending the Meeting.
- b) In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

## B. For Appointing Proxies

- a) In case of Individuals, the account holder and /or sub-account holder, their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with proxy form.
- d) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e) In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

# Directors' Report to the Members

On behalf of the Board of Directors the undersigned takes pleasure to present before you the twenty third Annual Report for the financial year ended June 30, 2012 along with Auditors' Report there on.

## **OPERATING FINANCIAL RESULTS**

During the financial year under review, Company's sales stood at Rs. 2.434 billion as compared to Rs. 3.096 billion of the corresponding last year.

The said decrease is in both areas i.e. volumetric and also in price. Volumetric decrease is due to short availability of power from LESCO and SNGPL. Due to this factor, the plant managed to achieve only 76.8% of its rated capacity whereas the commercial/production breakeven stands at 85%.

Moreover the average selling price of the fabric slashed down this year by approximately 16% as compared to last year. At the same time cost of production did not reduce in the same proportion. As a result company posted a net loss after tax of Rs. 122.687 M as compared to a net profit after tax of Rs. 45.822 M during the corresponding period of last year.

During the year under review the whole textile sector remained volatile as it experienced the extreme high cotton prices at \$ 2.2 per pound during 2011 which fell down to extreme low at \$ 0.60 per pound during the year. The said extreme swing did not let the textile weaving business to sail smoothly. The company became a victim of this extreme volatility coupled with power crisis resulting in production and financial losses.

The aforementioned factors gave a big blow to the company's business and it suffered the loss of Rs. 122.69 M. However, with the present we see fabric price rising gradually due to increase in cotton price.

Jehanzeb Amin  
*Chief Executive*



# Directors' Report to the Members

## SUMMARY OF RESULTS

	For the year ended June 30, 2012	For the year Ended June 30, 2011
Sales	3,096,483,739	3,096,483,739
Gross Profit	291,286,099	291,286,099
Operating Profit	184,874,831	184,874,831
Finance Cost	139,709,503	139,709,503
Profit Before Tax	61,763,140	61,763,140
Profit After Tax	45,822,132	45,822,132
Net Profit Margin	1.48%	1.48%
IDE	5.77%	5.77%
ROA	1.92%	1.92%

## CHART OF SIGNIFICANT RATIOS AND COMPARISON WITH PREVIOUS YEARS

	Rupees in million					
	2012	2011	2010	2009	2008	2007
Sales	2,434.66	3,096.48	1,810.68	1,585.78	1,687.14	1,687.50
Profit / (Loss) afer tax	(122.69)	45.822	(29.468)	(76.210)	(20.08)	4.39
Reserves	704.40	527.45	470.35	662.317	854.772	61.487
Gross Profit Ratio	3.58%	9.40%	4.50%	7.04%	2.84%	8.97%
Net Profit / (Loss) Ratio	(5.04%)	1.48%	(1.63%)	(4.81%)	(1.19%)	0.26%
Break-up Value / Share	36.35	37.72	62.01	64.55	78.94	19.59%
Current Ratio	1.69	1.43	1.38	1.68	1.85	0.68
Debt/Equity Ratio	11:89	1:99	2:98	6:94	6:94	24:76
Dividend pay Out%	Nil	Nil	Nil	Nil	5%	Nil
Earning /(Loss) per Share	(4.59)	2.28	(2.21)	(5.70)	(1.50)	0.33
Fixed Assets	994.49	789.657	837.842	631.361	678.626	733.698
Long Term Liabilities	121.486	10.898	19.566	59.590	77.513	120.78

## EXPANSION / FUTURE PLAN

The proposed expansion plan comprises of the following machinery:-

Sr.	Description of Machinery	No. of Machinery
1	Picanol Air Jet Looms Omni Plus from Belgium	25 Looms
2	Knotting Machine from Groz Beckert, Spain	One
3	Over head traveling cleaner form Hong Kong Shanghai Company Limited, European Country	One
4	Air Compressor from M/s Cameron, USA	One

The machinery mentioned at serial 01 to 03 has reached at site and is in production. However, machinery mentioned at serial # 04 has been delayed by the supplier and is expected to reach by November.

The desired fruitful results of the said expansion will start coming from November 2012.

## INVESTMENTS

Company has the following investments as on June 30, 2012:-

(i) <b>Security General Insurance Company Ltd.</b> (10,214,914 shares @ Rs. 120.327 each)	Rs. 1,229,129,804
(ii) <b>Onetel Pakistan Private Ltd.</b> (100,000 shares @ Rs. 10 each) (Share Deposit Money)	Rs. 1,000,000 Rs. 1,150,000
<b>Total</b>	<b>Rs. 2,150,000</b>

The management is confident that the said investments will bring the company a good dividend yield and capital gain.

# Directors' Report to the Members

## CORPORATE GOVERNANCE

The Board of Directors of Samin Textiles Limited and its management are fully conversant with its responsibilities as formulated in Code of Corporate Governance as incorporated in the listing regulations of stock exchanges issued by the SECP. The prescribed practices are effectively under implementation in the company and there has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

The statements as required by the Code of Corporate Governance are given below:

### 1. Presentation of Financial Statements

The financial statements, prepared by the management of the company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

### 2. Books of Account

The company has maintained proper books of account.

### 3. Accounting Policies

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

### 4. International Financial Reporting Standards (IFRSs)

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

### 5. Accounting Year

The accounting year of the company is from July 01 to June 30.

### 6. Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and the following are its members:

Mr. Jamil Masud	Chairman
Mr. Tariq Jillani	Member
Mr. Salman Chaudhry	Member
Miss Saila Siddique	Secretary

### 7. Safety and Environment

The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

### 8. Going Concern

There is no significant doubt upon the company's ability to continue as a going concern.

### 9. Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored. The review will continue in future for the improvement in controls

### 10. Trading Company's Shares

Board of Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children have made no transaction of company's shares during the year except that mentioned in "Pattern of Shareholding".

### 11. Outstanding Statutory Dues

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

### 12. Contingencies and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report.

### 13. Dividend/bonus Shares

Due to the circumstances already discussed the Board of Directors does not recommend any dividend/bonus shares for the year ended 30 June 2012.

### 14. Quality Control

To ensure implementation of the Management System, Internal Quality Audits, Surveillance audits and Management review meetings are being conducted regularly.

### 15. Communication

Communication with the shareholders is given high priority. Annual, Half Yearly and Quarterly Accounts are distributed to them within the time specified in the Companies Ordinance, 1984. Every opportunity is given to the individual shareholders to attend and freely ask questions about the company's operations at the Annual General Meeting.

### 16. Board Meetings

During the year under review, five meeting of Board of Directors were held and the attendance of Directors was as under:-

Mr. Sarmad Amin	05 Nos.
Mr. Jehanzeb Amin	05 Nos.
Mr. Safder Hussain Tariq	05 Nos.
Mr. Jamil Masud	04 Nos.
Mr. Tariq Ali	05 Nos.
Mr. Tariq Jillani	03 Nos.
Mr. Salman Chaudhry	01 Nos.

However, leave of absence was granted to the directors who could not attend the Board Meetings due to their preoccupations.

### 17. Auditors

Anjum Asim Shahid Rahman, Chartered Accountants completed its tenure of appointment with the Company and being eligible has offered its services for another term.

### 18. Staff Retirement Benefits

The Company is operating a provident fund scheme for its employees.

### 19. Pattern of Shareholding and Information under Clause XIX (i) and (j) of the Code of Corporate Governance

The information under this head as on June 30, 2012 is annexed.

## ACKNOWLEDGEMENT

The Board is pleased and appreciates the continued support of the financial institutions; valued customers; and dedication and hardworking of all the employees of the company.

For and on behalf of the Board



Jehanzeb Amin  
Chief Executive

Lahore: September 29, 2012

# Human Capital



Employee development is one of the pivotal areas for organizational development.

The organizational competence levels, new training programs encompassing Performance Management, Leadership and Competency Development are introduced.

SAMIN is setting process benchmarks across all areas and utilizing it as a management system to execute its strategic objective. Employees will drive improvements in other areas; speed, innovation, perfection and in becoming world class professionals. It helps ensure that SAMIN sustains its promise of delivering high quality products and services to its customers - on time, every time.

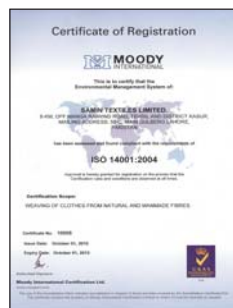
The learning does not stop here. The Company has a range of additional training programs, both core management and technical, which are used on a regular basis to develop skills and knowledge. In addition, specific one-off programs may be developed on a need basis. Alternatively, individuals may attend externally run programs and there may be cases where learning by planned job experience is the best answer. Employees contributions to assessing their own training needs are welcomed as the suggestions for suitable programs.

## CERTIFICATIONS AND ACHIEVEMENTS

Kaizen is a Japanese word meaning gradual and orderly continuous improvement. The Kaizen business strategy involves everyone in an organization working together to make improvements “without large capital investments”.

SAMIN is implementing Kaizen by the lower/middle management and the workers, with the encouragement and direction from the top. The top management is cultivating a Kaizen working climate and culture in the organization.

All processes, from preparation to quality assurance to packaging, are undertaken employing state-of-the-art technology and equipment. Therefore, we take pride in the fact that SAMIN is the only textile unit in Pakistan that has the following international certifications of quality and prestige:



# Statement of Compliance

with the Code of Corporate Governance for the year ended June 30, 2012



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

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

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

Category	Names
Independent	----
Executive Directors	Mr. Jehanzed Amin, Mr. Safdar Hussain Tariq, Mr. Tariq Ali, and Mr. Salman Chaudhry
Non-Executive Directors	Mr. Sarmad Amin, Mr. Tariq Jilani, and Mr. Jamil Masud

The condition of clause 1(b) and (d) of the CCG in relation to independent director will be applicable after election of next Board of Directors of the Company in October 2013.

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

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 NBFII.
4. Casual vacancies occurring on the board on November 15, 2011 and February 28, 2012 were filled up by the directors within 30 days.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified on clause (xi) of CCG, two of Directors of the Company are exempted from the requirement of directors' training program and rest of the Directors to be trained within specified time.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and 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 CCG.
15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors including the chairman of the Committee. The condition of clause 1(b) of the CCG in relation to independent director will be applicable on election of next Board of Directors of the Company
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.
18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors.



**Jehanzeb Amin**  
Chief Executive

Lahore: September 29, 2012



# Grant Thornton

An instinct for growth™

**Anjum Asim Shahid Rahman**

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2012 prepared by the Board of Directors of **Samin Textiles Limited** (the Company) to comply with the Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

Further, Sub-Regulation (x) (previously sub-regulation (xiii a) ) of Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval the related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

**CHARTERED ACCOUNTANTS**

Audit Engagement Partner: Imran Afzal

Lahore

Dated: September 29, 2012

**Chartered Accountants**

Member of Grant Thornton International Ltd

Offices in Karachi & Islamabad



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## Auditors' Report to the Members

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

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

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

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

CHARTERED ACCOUNTANTS

Audit Engagement Partner: Imran Afzal

Lahore

Dated: September 29, 2012

**Chartered Accountants**

Member of Grant Thornton International Ltd

Offices in Karachi & Islamabad

# Balance Sheet

as at June 30, 2012

	Note	2012 Rupees	2011 Rupees
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Share capital	4	267,280,000	267,280,000
Reserves	5	704,404,561	527,451,412
Total share capital and reserves		971,684,561	794,731,412
Surplus on revaluation of property, plant and equipment	6	296,078,008	213,482,180
		<b>1,267,762,569</b>	<b>1,008,213,592</b>
<b>Liabilities</b>			
<b>Non current</b>			
Subordinated loan- unsecured	7	10,411,566	10,411,566
Long-term financing	8	119,485,577	3,436,163
Liabilities against assets subject to finance lease	9	2,000,873	7,461,439
Deferred tax and other liabilities	10	369,789,092	248,898,965
Non-current liabilities		501,687,108	270,208,133
<b>Current</b>			
Trade and other payables	11	328,421,749	350,184,392
Interest / markup accrued on borrowings	12	36,498,421	47,073,533
Short term borrowings	13	730,570,633	694,198,185
Current portion of long term borrowings	14	12,675,251	20,293,165
Current liabilities		1,108,166,054	1,111,749,275
Contingencies and commitments	15		
<b>Total liabilities</b>		<b>1,609,853,162</b>	<b>1,381,957,408</b>
<b>Total equity and liabilities</b>		<b>2,877,615,731</b>	<b>2,390,171,000</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore  
September 29, 2012



**JEHANZEB AMIN**  
Chief Executive

# Balance Sheet

as at June 30, 2012

	Note	2012 Rupees	2011 Rupees
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment	16	994,490,361	789,268,845
Intangible assets	17	3,607,556	388,889
Long term investment	18	2,150,000	2,150,000
Long term deposits	19	9,631,739	9,631,739
<b>Non-current assets</b>		<b>1,009,879,656</b>	<b>801,439,473</b>
<b>Current</b>			
Stores, spare parts and loose tools	20	67,358,447	53,612,243
Stock in trade	21	337,065,282	356,977,304
Trade debts	22	132,444,051	241,417,670
Loans and advances	23	28,604,897	13,385,252
Trade deposits, prepayments and balances with statutory authorities	24	68,340,076	65,784,747
Investments	25	1,229,129,804	836,600,968
Cash and bank balances	26	4,793,518	20,953,343
<b>Current assets</b>		<b>1,867,736,075</b>	<b>1,588,731,527</b>
<b>Total assets</b>		<b>2,877,615,731</b>	<b>2,390,171,000</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
**SAFDAR HUSSAIN TARIQ**  
 Director

# Profit and loss account

for the year ended June 30, 2012

	<i>Note</i>	<b>2012</b> <i>Rupees</i>	<b>2011</b> <i>Rupees</i>
Sales - net	27	2,434,655,671	3,096,483,739
Cost of sales	28	<b>(2,347,473,044)</b>	(2,805,197,640)
<b>Gross profit</b>		<b>87,182,627</b>	291,286,099
Other operating income	29	41,561,999	27,110,111
Distribution cost	30	<b>(42,616,219)</b>	(60,586,945)
Administrative expenses	31	<b>(61,416,447)</b>	(45,824,323)
Other operating expenses	32	<b>(248,422)</b>	(11,012,299)
<b>Operating profit</b>		<b>24,463,538</b>	200,972,643
Finance cost	33	<b>(122,710,440)</b>	(139,209,503)
<b>Profit (loss) before taxation</b>		<b>(98,246,902)</b>	61,763,140
Provision for taxation	34	<b>(24,440,210)</b>	(15,941,008)
<b>Profit (loss) after taxation</b>		<b>(122,687,112)</b>	45,822,132
<b>Earnings (loss) per share - basic and diluted</b>	36	<b>(4.59)</b>	2.28

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore  
September 29, 2012

  
**JEHANZEB AMIN**  
Chief Executive

  
**SAFDAR HUSSAIN TARIQ**  
Director

# Statement of comprehensive Income

for the year ended June 30, 2012

	2012	2011
	Rupees	Rupees
<b>Profit (loss) for the year</b>	<b>(122,687,112)</b>	45,822,132
<b>Other comprehensive income:</b>		
Gain on revaluation of property, plant and equipment -net of tax	92,746,072	-
Gain on remeasurement of available-for-sale investment to fair value-net of tax	289,490,017	-
Total other comprehensive income for the year	382,236,089	-
<b>Total comprehensive income for the year</b>	<b>259,548,977</b>	45,822,132

*The annexed notes 1 to 43 form an integral part of these financial statements.*

Lahore  
September 29, 2012

  
**JEHANZEB AMIN**  
Chief Executive

  
**SAFDAR HUSSAIN TARIQ**  
Director

# Cash flow statement

## for the year ended June 30, 2012

	<i>Note</i>	<b>2012</b>	<b>2011</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>Cash flows from operating activities</b>			
Cash generated from operations	38	155,027,898	197,807,313
Finance cost paid		(133,285,552)	(133,187,085)
Staff gratuity paid		(12,600)	(117,400)
Payment of Workers' Profit Participation Fund		(20,342,214)	(15,375,723)
Taxes paid		(26,188,320)	(33,283,289)
<b>Net cash from (used in) operating activities</b>		<b>(24,800,788)</b>	<b>15,843,816</b>
<b>Cash flows from investing activities</b>			
Long term deposits		-	3,596,174
Proceeds from disposal of property, plant and equipment		970,000	1,753,405
Purchase of property, plant and equipment		(161,226,449)	(23,763,719)
Expenditure on intangible assets		(1,230,000)	(3,360,000)
Dividend received		30,644,742	25,537,285
<b>Net cash from (used in) investing activities</b>		<b>(130,841,707)</b>	<b>3,763,145</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		36,372,448	45,175,282
Long term financing		111,485,577	(70,658,301)
Payment of liabilities against assets subject to finance lease		(8,514,643)	(658,615)
Subscription received against right shares		-	10,979,491
<b>Net cash from (used in) financing activities</b>		<b>139,343,382</b>	<b>(15,162,143)</b>
Net change in cash and cash equivalents		(16,299,113)	4,444,818
Cash and cash equivalents at beginning of the year		20,953,343	16,490,911
Exchange differences on cash and cash equivalents		139,288	17,614
<b>Cash and cash equivalents at end of the year</b>	26	<b>4,793,518</b>	<b>20,953,343</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore  
September 29, 2012

  
JEHANZEB AMIN  
Chief Executive

  
SAFDAR HUSSAIN TARIQ  
Director

# Statement of Changes in Equity

## for the year ended June 30, 2012

	Issued, subscribed and paid-up capital	Reserves			Surplus on revaluation of property, plant and equipment	Total equity
		Surplus on revaluation of investment to fair value	Accumulated loss	Sub total		
<i>Rupees</i>						
<b>Balance at 1 July 2010</b>	133,640,000	541,308,436	(70,957,205)	470,351,231	224,760,229	828,751,460
Shares issued during the year	133,640,000	-	-	-	-	133,640,000
Transactions with owners	133,640,000	-	-	-	-	133,640,000
Profit for the year	-	-	45,822,132	45,822,132	-	45,822,132
Other comprehensive income for the year	-	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment-net of tax	-	-	11,278,049	11,278,049	(11,278,049)	-
Total comprehensive income for the year	-	-	57,100,181	57,100,181	(11,278,049)	45,822,132
<b>Balance at June 30, 2011</b>	267,280,000	541,308,436	(13,857,024)	527,451,412	213,482,180	1,008,213,592
<b>Balance at 1 July 2011</b>	267,280,000	541,308,436	(13,857,024)	527,451,412	213,482,180	1,008,213,592
Transactions with owners	-	-	-	-	-	-
Loss for the year	-	-	(122,687,112)	(122,687,112)	-	(122,687,112)
Other comprehensive income for the year	-	289,490,017	-	289,490,017	92,746,072	382,236,089
Transfer from surplus on revaluation of property, plant and equipment-net of tax	-	-	10,150,244	10,150,244	(10,150,244)	-
Total comprehensive income for the year	-	289,490,017	(112,536,868)	176,953,149	82,595,828	259,548,977
<b>Balance as at June 30, 2012</b>	267,280,000	830,798,453	(126,393,892)	704,404,561	296,078,008	1,267,762,569

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore  
September 29, 2012

  
JEHANZEB AMIN  
Chief Executive

  
SAFDAR HUSSAIN TARIQ  
Director

# Notes to the financial statements for the year June 30, 2012

## 1 STATUS AND ACTIVITIES

Samin Textiles Limited ("the Company") was incorporated in Pakistan on November 27, 1989 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 50-C, Main Gulberg, Lahore and the plant is located at 8 Kilometer, Manga Raiwand Road, Kasur. The Company is currently listed on Karachi and Lahore Stock Exchanges in Pakistan. The principal business of the Company is manufacturing and sale of cloth.

## 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 of and directives issued under the Companies Ordinance, 1984 shall prevail.

### 2.2 Standards, amendments or interpretations that became effective during the year

During the year, certain amendments to existing standards and interpretations that were issued in prior periods became effective; however, these amendments are either not relevant or did not have any material effect on the financial statements of the Company.

### 2.3 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following new interpretation and amendments to standards and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These amendments and interpretation are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* (effective for annual periods beginning on or after 1 January 2013): *International Accounting Standards Board* (IASB) issued amendments to IFRS 1 in March 2012 and May 2012. March 2012 amendments have added an exception to retrospective application of IFRS 9 *Financial Instruments* and IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. Amendments issued in May 2012 have been made regarding repeated application of IFRS 1 and borrowing costs.

- Amendments to IFRS 7 *Financial Instruments: Disclosures* (effective for annual periods beginning on or after 1 January 2013): the amendments are related to enhancing disclosures about offsetting of financial assets and financial liabilities to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognized financial liabilities, on the entity's financial position.

- Amendments to IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2015): the amendments provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9.

- Amendments to IAS 1 *Presentation of Financial Statements* (effective for annual periods beginning on or after 1 January 2013): the amendments provide clarification of the requirements for comparative information.

- Amendments to IAS 12 *Income Taxes* (effective for annual periods beginning on or after 1 January 2012): the amendments provide a practical solution to the problem regarding whether the entity expects to recover carrying amount of an asset through use or through sale when the asset is measured using the fair value model in IAS 40 *Investment Property* by introducing a presumption that recovery of the carrying amount will normally be through sale. As a result of the amendments, SIC 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* would no longer apply to investment properties carried at fair value.

- Amendments to IAS 16 *Property, Plant and Equipment* (effective for annual periods beginning on or after 1 January 2013): the amendments clarify the accounting for spare parts, stand-by equipment and servicing equipment. As a result of the amendments, the definition of 'property, plant and equipment' in IAS 16 will now be considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 *Inventories*.

- Amendments to IAS 32 *Financial Instruments: Presentation*: *International Accounting Standards Board* (IASB) issued amendments to IAS 32 in December 2011 and May 2012. December 2011 amendments (effective for annual periods beginning on or after 1 January 2014) added application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities. May 2012 amendments (effective for annual periods beginning on or after 1 January 2013) clarify that IAS 12 *Income Taxes* applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

# Notes to the financial statements for the year June 30, 2012

- Amendments to IAS 34 *Interim Financial Reporting* (effective for annual periods beginning on or after 1 January 2013): the amendments aligned the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 *Operating Segments*. As a result of these amendments IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment.

- During the year, *International Financial Reporting Interpretations Committee* issued IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (effective for annual periods beginning on or after 1 January 2013).

## 2.4 Accounting convention

These accounts have been prepared under the historical cost convention, except for revaluation of free hold land, building on freehold land and investment at fair value.

## 2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are discussed below.

-assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment;

-assumptions and estimates used in determining the useful lives and residual values of intangibles assets;

-assumptions and estimates used in writing down items of stock in trade to their net realisable value;

-assumptions and estimates used in calculating the provision for impairment for trade debts;

-assumptions and estimates used in the recognition of income taxes; and

-assumptions and estimates used in disclosure and assessment of provision for contingencies.

## 2.6 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Employee benefits

#### Defined contribution plan

The Company operates unapproved funded contributory provident fund for all its employees who have completed minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary.

### 3.2 Taxation

#### Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemption available, if any, and tax paid on presumptive basis.

#### Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" issued by the Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized. Deferred tax liabilities are recognised for all major taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

# Notes to the financial statements for the year June 30, 2012

## **3.3 Property, plant and equipment**

Property, plant and equipment except freehold land and building on freehold land are stated at cost less accumulated depreciation and impairment in value. Freehold land and building on freehold land are stated at revalued amount. Capital work in progress and stores held for capital expenditure are stated at cost less impairment loss, if any. Cost also includes borrowing cost as referred in the relevant accounting policy.

Depreciation is charged to income applying the reducing balance method over the estimated useful life at the rates specified in property, plant and equipment note 16.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

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

Gain or loss on disposal of property, plant and equipment is taken to profit or loss.

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

Any surplus arising on revaluation of property, plant and equipment is credited to the "Surplus on revaluation of property, plant and equipment" account. Revaluation is carried out sufficiently to ensure that the carrying amounts of assets does not differ materially from the fair value. The surplus on revaluation on these assets can only be utilized in the manner specified in section 235 of the Companies Ordinance, 1984 and Notification No. S.R.O.45(I)/2003 dated 13th January, 2003.

## **3.4 Accounting for finance leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognized as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. Lease payments are appropriated between finance costs and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Assets so acquired are amortized over their expected useful life at the rates specified in property, plant and equipment note 16.

## **3.5 Foreign currencies**

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into wherein the rates contracted for are used.

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

## **3.6 Financial instruments**

### **3.6.1 Financial assets**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets are described below. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

For the purpose of subsequent measurement financial assets of the Company are classified into the following categories upon initial recognition.

#### **a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. These are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables with less than twelve months maturities are classified as current assets. The

# Notes to the financial statements

## for the year June 30, 2012

Company's cash and cash equivalents, trade debts, advances, deposits and other receivables fall into this category of financial instruments. Loans and receivables are subject to review for impairment at each reporting date to identify whether there is objective evidence that the financial asset is impaired.

### **b) Available-for-sale financial assets**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the categories of loans and receivables, financial assets at fair value through profit or loss, and financial assets held to maturity. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the end of reporting period. Available-for-sale financial assets are classified as short term investments in the balance sheet.

After initial recognition, available-for-sale investments are measured at fair value in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". Gains or losses on available-for-sale investments are recognized through other comprehensive income until the investment is sold or de-recognized, at which time the cumulative gain or loss previously reported is included in profit or loss.

Dividends on available-for-sale equity instruments are recognized in the profit or loss when the Company's right to receive payments is established.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence, that a financial asset or group of financial assets is impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit and loss account.

### **3.6.2 Financial liabilities**

The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the profit or loss over the period of borrowings on an effective mark up basis.

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

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

### **3.7 Investment in associate - equity method**

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting.

These investments are initially recognized at cost, thereafter the carrying amount is increased or decreased to recognize the Company's share of profit or loss of associates. Share of post acquisition profit or loss of associates is accounted for in the Company's profit or loss. Distribution received from investee, reduces the carrying amount of investment. The Company's share of changes in the associate's equity which have not been recognized in the associates' profit or loss, are recognized directly in the equity of the Company.

### **3.8 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **3.9 Non-current assets held for sale**

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through a continuing use.

# Notes to the financial statements for the year June 30, 2012

## 3.10 Stores, spare parts and loose tools

These are valued at moving average cost except goods in transit, which are valued at cost comprising invoice value plus other charges incurred thereon.

## 3.11 Stock in trade

These are valued at the lower of cost and net realizable value applying the following basis:

Raw material	Weighted Average
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Packing material	Weighted Average
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon up to the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods consists of direct material and labor and a proportion of manufacturing overheads based on normal capacity.

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

## 3.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

- Export sales are accounted for on shipment basis and exchange differences, if any on account of export proceeds are adjusted in the period of realization.
- Local sales are recorded on dispatch of goods to customers.
- Rebate income is recognized on accrual basis.
- Dividend income is recognized when the Company's right to receive payment is established.
- Interest income is recognized on time proportion basis.

## 3.13 Provisions

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

## 3.14 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

## 3.15 Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset or group of assets is estimated and impairment loss is recognized in the profit or loss.

## 3.16 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the assets can be measured reliably. Cost of the intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each balance sheet date and adjusted if the impact of amortization is significant.

# Notes to the financial statements for the year June 30, 2012

	2012	2011
	<i>Rupees</i>	<i>Rupees</i>
<b>4 SHARE CAPITAL</b>		
<b>4.1 Authorized share capital</b>		
30,000,000 ordinary shares of Rs. 10 each	<b>300,000,000</b>	300,000,000
<b>4.2 Issued, subscribed and paid-up capital</b>		
26,728,000 (2011: 26,728,000) ordinary shares of Rs. 10 each fully paid in cash	<b>267,280,000</b>	267,280,000
	<b>267,280,000</b>	267,280,000
	<i>No. of shares</i>	<i>No. of shares</i>
<b>4.3 Reconciliation of issued, subscribed and paid up capital</b>		
Opening balance at 1 July	<b>26,728,000</b>	13,364,000
Right shares issued during the year	-	13,364,000
	<b>26,728,000</b>	26,728,000

	2012	2011
	<i>Rupees</i>	<i>Rupees</i>
<b>5 RESERVES</b>		
Surplus on remeasurement of investment	<b>733,977,541</b>	733,977,541
Less: Deferred tax on remeasurement of investment	<b>(192,669,105)</b>	(192,669,105)
Opening balance of surplus on remeasurement of investment- net of tax	<b>541,308,436</b>	541,308,436
Increase in surplus during the year:		
Gain on remeasurement of available-for-sale investment to fair value	<b>392,528,836</b>	-
Less: Deferred tax on remeasurement of investment	<b>(103,038,819)</b>	-
	<b>289,490,017</b>	-
Closing balance of surplus on remeasurement of investment- net of tax	<b>830,798,453</b>	541,308,436
Accumulated loss	<b>(126,393,892)</b>	(13,857,024)
	<b>704,404,561</b>	527,451,412

## 6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The surplus on revaluation of property, plant and equipment represents surplus over book value resulting from revaluation of freehold land and building on freehold land. Three revaluations have been carried out till June 30, 2012. Two were carried out by an independent valuer M/s Unit - 3 Consultants and third was carried out by an independent valuer M/s Asif Associates (Private) Limited.

First revaluation had been carried out only of freehold land as on March 15, 2006 on the basis of market value.

Second revaluation was carried out of freehold land and building on freehold land as on June 30, 2010 on the basis of market value.

Third revaluation was carried out of freehold land and building on freehold land as on June 30, 2012 on the basis of market value.

It can only be utilized in the manner specified in section 235 of the Companies Ordinance, 1984 and Notification No. S.R.O.45(I)/2003 dated January 13, 2003.

	2012	2011
	<i>Rupees</i>	<i>Rupees</i>
<b>6.1</b> The revaluation resulted in the following:		
Opening balance - net of deferred tax	<b>213,482,180</b>	224,760,229
Increase in carrying value of freehold land - gross	<b>49,420,000</b>	-
Increase in carrying value of building on freehold land - gross	<b>66,655,496</b>	-
	<b>329,557,676</b>	224,760,229
Less: Deferred tax on revaluation surplus- building on freehold land	<b>(23,329,424)</b>	-
Less: Transfer from surplus on revaluation of property, plant and equipment-net of tax	<b>(10,150,244)</b>	(11,278,049)
	<b>296,078,008</b>	213,482,180

# Notes to the financial statements for the year June 30, 2012

	Note	2012 Rupees	2011 Rupees
<b>7 SUBORDINATED LOAN - UNSECURED</b>			
Opening balance at July 01		10,411,566	133,072,075
Converted into share capital during the year		-	(122,660,509)
		<b>10,411,566</b>	<b>10,411,566</b>

This interest bearing loan from director of the Company is subordinated to the main lenders. The loan was designated as an interest bearing loan with effect from 1st July 2010 and carries interest @ 15% per annum.

<b>8 LONG-TERM FINANCES-SECURED</b>			
From banking company	8.1	5,436,163	13,436,163
From other financial institution	8.2	119,485,577	-
		<b>124,921,740</b>	<b>13,436,163</b>
Less: Payable within next twelve months	14	(5,436,163)	(10,000,000)
		<b>119,485,577</b>	<b>3,436,163</b>

Salient terms and conditions are as follows:

Description	Interest	Security	Payment terms	2012 Rupees	2011 Rupees
<b>8.1 National Bank of Pakistan</b>					
Demand Finance II	Three month average KIBOR ask rate plus 2.5% per annum reset at the beginning of each calender quarter.	First charge over fixed assets of the Company for Rs. 340 million. 2nd joint Pari Passu charge of Rs. 100 million over fixed assets of the Company and personal guarantee of Mr. Sarmad Amin (sponsoring director of the Company).	10 quarterly installments of Rs. 2 million with a grace period of 6 months.	5,436,163	13,436,163
<b>8.2 Pak Oman Investment Company Limited and Pak Libya Holding Company (Private) Limited</b>					
Syndicated Term Financing Facility	Six month KIBOR plus 3.00% per annum.	First exclusive charge on imported 25 sets of Air Jet looms and Air Compressor with all standard accessories and essential parts. Pari passu charge on the Company's fixed assets covering the 25% margin over the facility and personal guarantees of Mr. Sarmad Amin and Mr. Jehanzeb Amin.	16 quarterly installments, commencing from the 5th quarter after disbursement of first tranche.	119,485,577	-
				<b>124,921,740</b>	<b>13,436,163</b>

## 9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents plant and machinery and vehicles obtained under finance lease from various leasing companies. The financing rates used as discounting factor range from 11.96 % to 15.24 % (2011: 7% to 18.62% ) per annum.

Taxes, repairs, replacements and insurance costs are born by the Company. The Company intends to exercise its option to purchase the above assets upon completion of lease period.

	Note	2012 Rupees	2011 Rupees
Present value of minimum lease payments		9,239,961	17,754,604
Less: current portion shown under current liabilities	14	(7,239,088)	(10,293,165)
		<b>2,000,873</b>	<b>7,461,439</b>

# Notes to the financial statements

## for the year June 30, 2012

The reconciliation between gross minimum lease payments, future financial charges and present value of minimum lease payments is as under:

	Upto one year	From one to five years	Total 2012	Upto one year	From one to five years	Total 2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Minimum lease payments	7,927,435	2,294,035	10,221,470	11,779,103	8,511,805	20,290,908
Future financial charges	(688,347)	(293,162)	(981,509)	(1,485,938)	(1,050,366)	(2,536,304)
Present value of minimum lease payments	7,239,088	2,000,873	9,239,961	10,293,165	7,461,439	17,754,604
Less: Current portion shown under current liabilities			(7,239,088)			(10,293,165)
			2,000,873			7,461,439

	Note	2012	2011
		Rupees	Rupees
<b>10 DEFERRED TAX AND OTHER LIABILITIES</b>			
Deferred tax	10.1	368,226,992	247,324,265
Staff gratuity	10.2	1,562,100	1,574,700
		369,789,092	248,898,965

**10.1** This represents deferred tax liability arising on surplus on revaluation of property and equipment and remeasurement of available for sale investments to fair value. Deferred tax asset of Rs. 95.40 million arising on account of temporary differences mainly for property, plant and equipment and finance lease liabilities has not been accounted for due to uncertainty regarding its recoverability in the foreseeable future.

**10.2** The Company had operated an unfunded gratuity scheme up to the year ended September 30, 1999 covering all its employees who had completed prescribed qualifying period of service. The unfunded gratuity scheme has been substituted by the provident fund scheme operated by the Company for all employees as defined in note 3.1. This balance of gratuity payable represents the entitlement of current employees as at September 30, 1999, as reduced by the payments made to employees who have left the Company.

	Note	2012	2011
		Rupees	Rupees
<b>11 TRADE AND OTHER PAYABLES</b>			
Creditors			
- for goods		135,841,312	144,441,298
- for supplies		46,266,199	47,342,815
- for services		51,547,430	49,633,128
		233,654,941	241,417,241
Accrued liabilities		59,019,131	58,836,896
Advances from customers		22,648,357	17,927,707
Security deposits		1,113,630	1,313,630
Withholding tax payable		4,099,099	2,858,182
Payable to Workers' Profit Participation Fund	11.1	-	20,133,792
Payable to Workers' Welfare Fund	11.3	1,891,540	1,891,540
Provident fund payable		706,767	517,120
Unclaimed dividend		5,288,284	5,288,284
		328,421,749	350,184,392
<b>11.1 Payable to Workers' Profit Participation Fund</b>			
Balance at the beginning of the year		20,133,792	30,547,238
Interest on funds utilized in Company's business	11.2	208,422	3,072,093
Paid during the year		(20,342,214)	(15,375,723)
Provision for the year		-	1,890,184
		-	20,133,792

# Notes to the financial statements

## for the year June 30, 2012

**11.2** Mark up on payable to Workers' Profit Participation Fund has been provided @ 16.45 % (2011: 15%) per annum.

**11.3** Workers' Welfare Fund Ordinance, 1971 has been amended through Finance Acts 2006 and 2008. These amendments were held unconstitutional and struck down by the Honorable Lahore High Court, Lahore (HLHC) on August 05, 2011. The decision of the HLHC has been challenged in the august Supreme Court of Pakistan, which is still pending decision. Owing to the above, the management of the Company has not made provision for Workers' Welfare Fund in these financial statements.

	<i>Note</i>	<b>2012</b>	<b>2011</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>12 INTEREST / MARKUP ACCRUED ON BORROWINGS</b>			
Markup accrued on:			
Long term financing		<b>1,571,215</b>	827,013
Liabilities against assets subject to finance lease		<b>3,217,396</b>	2,506,995
Short term borrowings		<b>25,717,158</b>	25,777,912
Subordinated loan		<b>5,992,652</b>	17,961,613
		<b>36,498,421</b>	47,073,533

### **13 SHORT TERM BORROWINGS**

From banking companies :			
Pre-shipment - own sources	13.2	<b>389,990,746</b>	389,971,717
Post-shipment - own sources		<b>4,424,000</b>	46,388,000
Cash finance	13.3	<b>336,155,887</b>	257,838,468
		<b>730,570,633</b>	694,198,185

**13.1** The securities registered with SECP against short term borrowing from one financial institution is utilized for various facilities sanctioned by the said financial institution.

**13.2** These are secured against first joint pari passu charge on current assets, second joint pari passu charge on fixed assets of the Company, lien on export bills and personal guarantee of the sponsoring director of the Company and carrying markup at rates ranging from one to six months KIBOR plus 2.5% to 4% per annum (2011: three to six months KIBOR plus 2.25% to 3% per annum). The facilities expire on various dates from November 30, 2012 to April 30, 2013.

**13.3** The facility is secured against fixed charge over the current assets of the Company valuing 295 million and second joint pari passu charge over fixed assets of the Company for Rs. 160 million and personal guarantee of the sponsoring director and carrying markup at rate of six month KIBOR average ask rate plus 3% per annum (2011: six month KIBOR average ask rate plus 2.5% per annum).

	<i>Note</i>	<b>2012</b>	<b>2011</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>14 CURRENT PORTION OF LONG-TERM BORROWINGS</b>			
Long term financing	8	<b>5,436,163</b>	10,000,000
Liabilities against assets subject to finance lease	9	<b>7,239,088</b>	10,293,165
		<b>12,675,251</b>	20,293,165

### **15 CONTINGENCIES AND COMMITMENTS**

#### **15.1 Contingencies**

- i) The Company through APTMA has obtained a stay order against levy of central excise duty on advances by financial institutions. The case was decided in the High Court in favour of the Company. However, the case is pending for decision in the Honorable Supreme Court of Pakistan and in view of the Company's expectation of a favorable result, the amount deducted in this respect amounting to Rs. 4,367,366 (2011: Rs.4,367,366) has been treated as excise duty receivable.
- ii) A suit for declaration with consequential relief and damages has been filed against the Company to challenge the purchase of land at Rousa Kasur. The same is pending adjudication before Civil Judge, Kasur.

# Notes to the financial statements for the year June 30, 2012

- iii) A petition has been filed by the Company challenging calculation and demand of electricity duty. The matter of revised calculations made by the Electricity Inspector of Lahore region is still pending adjudication before the Honorable Lahore High Court, Lahore.
- iv) Petitions have been filed by two ex-employees of the Company for reinstatement in service. There is no likelihood of any financial liability thereunder. The matters are pending adjudication before the Honorable Labour Court, Lahore.
- v) During the year ended 30 June, 2011, an order u/s 161/205 of the Income Tax Ordinance, 2001 was received from Deputy Commissioner Inland Revenue, RTO I, Lahore for recovery of tax arrears amounting to Rs. 70.868 million for the tax year 2004. The Company was contesting the above order in appeal before the Honorable Appellate Tribunal Inland Revenue, Lahore. The said Tribunal has remanded back the order u/s 161/205 to the assessing officer.

During the year the Company has filed a writ petition no. 16743/2012 before the Honorable Lahore High Court, Lahore wherein the Company has sought declaration vis-a-vis the amendment in section 174(3) of the Income Tax Ordinance, 2001 incorporated vide Finance Act, 2010 whereby period to maintain record was extended from 5 years to 6 years which is prospective and cannot be applied retrospectively to open past and closed matters. Decision of the petition is still pending.

- vi) Guarantees of Rs. 35.655 million (2011: Rs. 23.3 million ) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited, Customs, Excise and other Government authorities.
- vii) A petition is pending in the Honorable Lahore High Court, Lahore for waiver of security amounting Rs. 5,355,000 (2011: Rs. 5,355,000) demanded by WAPDA.

Management is hopeful of favorable decisions of all pending cases above and accordingly there is no likelihood of any financial liability.

## 15.2 Commitments

- i) Commitments against foreign bills purchased by bank Rs. 19.127 million (2011: Rs. 194.11 million).
- ii) Commitment against irrevocable letters of credit for import of stores and spares Rs. Nil (2011: Rs. 0.485 million ) at the year end.

	Note	2012	2011
		Rupees	Rupees
Operating fixed assets	16.1 & 16.2	855,312,418	786,308,845
Capital work in progress	16.6	139,177,943	2,960,000
		<b>994,490,361</b>	<b>789,268,845</b>

## 16.1 Property, plant and equipment - 2012

	Cost					Rate %	Depreciation					Net book value
	As at July 01, 2011	Additions/ (deletions)	Transfers / (adjustments)	Revaluation adjustments	As at June 30, 2012		As at July 01, 2011	For the year / (adjustments)	Transfers / (adjustments)	Revaluation adjustments	As at June 30, 2012	
	Rupees						Rupees					Rupees
<b>Owned Assets</b>												
Freehold land	127,080,000	-	-	49,420,000	176,500,000	-	-	-	-	-	-	176,500,000
Buildings on freehold land	224,372,168	2,258,594	-	66,655,496	250,577,572	10	22,427,082	20,281,604	-	(42,708,686)	-	250,577,572
				(42,708,686)								
Plant and machinery	888,838,974	15,150,134	-	-	903,989,108	10	537,176,153	36,171,805	-	-	573,347,958	330,641,150
Furniture and fittings	6,182,155	-	-	-	6,182,155	10	3,710,671	247,152	-	-	3,957,823	2,224,332
Office equipment	24,736,625	1,595,528	-	-	26,332,153	10	11,841,208	1,356,495	-	-	13,197,703	13,134,450
Vehicles	24,557,141	3,044,250	-	-	26,144,263	20	16,425,172	1,676,467	-	-	16,882,941	9,261,322
		(1,457,128)						(1,218,698)				
Electric installation	25,595,204	-	-	-	25,595,204	10	10,621,535	1,497,372	-	-	12,118,907	13,476,297
Tube well	786,423	-	-	-	786,423	10	605,238	18,120	-	-	623,358	163,065
Arms and ammunition	5,500	-	-	-	5,500	10	4,628	84	-	-	4,712	788
	1,322,154,190	22,048,506	-	116,075,496	1,416,112,378		602,811,687	61,249,099	-	(42,708,686)	620,133,402	795,978,976
		(1,457,128)		(42,708,686)				(1,218,698)				
<b>Leased</b>												
Plant and machinery	99,821,877	-	-	-	99,821,877	10	46,611,787	5,321,004	-	-	51,932,791	47,889,086
Vehicles	12,551,252	-	-	-	12,551,252	20	3,188,496	1,872,552	-	-	5,061,048	7,490,204
Electric Installation	5,050,000	-	-	-	5,050,000	10	656,504	439,344	-	-	1,095,848	3,954,152
	117,423,129	-	-	-	117,423,129		50,456,787	7,632,900	-	-	58,089,687	59,333,442
<b>June 30, 2012</b>	<b>1,439,577,319</b>	<b>22,048,506</b>	<b>-</b>	<b>116,075,496</b>	<b>1,533,535,507</b>		<b>653,268,474</b>	<b>68,881,999</b>	<b>-</b>	<b>(42,708,686)</b>	<b>678,223,089</b>	<b>855,312,418</b>
		(1,457,128)		(42,708,686)				(1,218,698)				

# Notes to the financial statements for the year June 30, 2012

## 16.2 Property, plant and equipment - 2011

	Cost				Rate %	Depreciation				Net book value	
	As at July 01, 2010	Additions/ (deletions)	Transfers / (adjustments)	Revaluation adjustments		As at June 30, 2011	As at July 01, 2010	For the year / (adjustments)	Transfers / (adjustments)		Revaluation adjustments
	Rupees					Rupees					Rupees
<b>Owned Assets</b>											
Freehold land	127,080,000	-	-	-	127,080,000	-	-	-	-	-	127,080,000
Buildings on freehold land	224,169,522	202,646	-	-	224,372,168	10	22,427,082	-	-	22,427,082	201,945,086
Plant and machinery	868,952,683	19,886,291	-	-	888,838,974	10	498,946,713	38,229,440	-	537,176,153	351,662,821
Furniture and fittings	6,174,055	8,100	-	-	6,182,155	10	3,436,838	273,833	-	3,710,671	2,471,484
Office equipment	23,278,265	1,458,360	-	-	24,736,625	10	10,508,669	1,332,539	-	11,841,208	12,895,417
Vehicles	27,172,226	2,356,965	-	-	24,557,141	20	15,959,598	2,176,770	-	16,425,172	8,131,969
		(4,972,050)					(1,711,196)				
Electric installation	25,405,504	189,700	-	-	25,595,204	10	8,959,544	1,661,991	-	10,621,535	14,973,669
Tube well	786,423	-	-	-	786,423	10	585,102	20,136	-	605,238	181,185
Arms and ammunition	5,500	-	-	-	5,500	10	4,532	96	-	4,628	872
	1,303,024,178	24,102,062	-	-	1,322,154,190		538,400,996	66,121,887	-	602,811,687	719,342,503
		(4,972,050)					(1,711,196)				
<b>Leased</b>											
Plant and machinery	99,821,877	-	-	-	99,821,877	10	40,699,555	5,912,232	-	46,611,787	53,210,090
Vehicles	8,290,000	4,261,252	-	-	12,551,252	20	1,384,668	1,803,828	-	3,188,496	9,362,756
Electric Installation	5,050,000	-	-	-	5,050,000	10	168,332	488,172	-	656,504	4,393,496
	113,161,877	4,261,252	-	-	117,423,129		42,252,555	8,204,232	-	50,456,787	66,966,342
<b>June 30, 2011</b>	<b>1,416,186,055</b>	<b>28,363,314</b>	<b>-</b>	<b>-</b>	<b>1,439,577,319</b>		<b>580,653,551</b>	<b>74,326,119</b>	<b>-</b>	<b>653,268,474</b>	<b>786,308,845</b>
		(4,972,050)					(1,711,196)				

	Note	2012	2011
		Rupees	Rupees
<b>16.3</b>	Depreciation for the year has been allocated as under:		
Cost of sales	28	65,601,885	70,542,977
Administrative expenses	31	3,280,114	3,783,142
		<b>68,881,999</b>	<b>74,326,119</b>

**16.4** Had there been no revaluation, the cost, accumulated depreciation, and book value of the revalued property, plant and equipment as on June 30, 2012 would have been as follows:

	Cost as at June 30, 2012	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012
	Rupees	Rupees	Rupees
Freehold land	15,100,263	-	15,100,263
Building on freehold land	133,803,947	(90,423,715)	43,380,232
	<b>148,904,210</b>	<b>(90,423,715)</b>	<b>58,480,495</b>

## 16.5 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Net book value	Proceeds from disposal/insurance claim	Gain on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer / insurance company
	Rupees	Rupees	Rupees	Rupees	Rupees		
<b>Vehicles</b>							
Honda Civic LZG 70	1,368,163	1,197,293	170,870	890,000	719,130	Negotiation	Mr. Atif Samuel
Honda CG 125 LEQ-10A-8400	88,965	21,405	67,560	80,000	12,440	Insurance claim	Security General Insurance Company Limited
<b>June 30, 2012 Rupees</b>	<b>1,457,128</b>	<b>1,218,698</b>	<b>238,430</b>	<b>970,000</b>	<b>731,570</b>		

## 16.6 Capital work in progress

	As at July 01, 2011	Additions	As at Transfers	As at June 30, 2012
	Rupees	Rupees	Rupees	Rupees
Building	-	900,524	-	900,524
Plant and machinery	-	138,277,419	-	138,277,419
	-	<b>139,177,943</b>	-	<b>139,177,943</b>

# Notes to the financial statements for the year June 30, 2012

## 17 INTANGIBLE ASSETS

Note	Cost			Useful life	Amortization			Net book value
	As at July 01, 2011	Transfers	As at June 30, 2012		As at July 01, 2011	Amortization for the year	As at June 30, 2012	
	Rupees				Rupees			
	400,000	-	400,000	3 years	11,111	133,333	144,444	255,556
SAP-computer software 17.1	-	4,190,000	4,190,000	5 years	-	838,000	838,000	3,352,000
<b>Total June 30, 2012</b>	<b>400,000</b>	<b>4,190,000</b>	<b>4,590,000</b>		<b>11,111</b>	<b>971,333</b>	<b>982,444</b>	<b>3,607,556</b>
<b>Total June 30, 2011</b>	-	400,000	400,000	3 years	-	11,111	11,111	388,889

17.1 SAP-computer software was under implementation last year and amount of Rs. 2,960,000 was incurred upto June 30, 2011. Amount of Rs. 1,230,000 has been incurred during the year. Total amount of Rs. 4.19 Million has been transferred to intangible assets after implementation.

17.2 Amortization for the year has been allocated to administrative expenses.

Note	2012	2011
	Rupees	Rupees

## 18 LONG TERM INVESTMENT

Investment in equity accounted associate

Onetel Pakistan (Private) Limited	18.1	2,150,000	2,150,000
		<b>2,150,000</b>	<b>2,150,000</b>

18.1 This represents the Company's investment in the associated company, Onetel Pakistan (Private) Limited. The Company has common directorship with the associate and holds 24% (2011: 24%) equity in the associate while Rs. 1,150,000 (2011: Rs. 1,150,000) is held as share deposit money. The associated company has not yet started operations, therefore share of post acquisition reserves of the associate does not exist. The breakup value per share based on the audited accounts works out to Rs. 10 per share at 30 June 2012 (2011: un-audited Rs. 10 per share).

Note	2012	2011
	Rupees	Rupees

## 19 LONG TERM DEPOSITS

Long term deposits	19.1	9,631,739	9,631,739
		<b>9,631,739</b>	<b>9,631,739</b>

19.1 Long term deposits include security deposits against the finance leases and electricity connection.

## 20 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools		67,358,447	53,612,243
		<b>67,358,447</b>	<b>53,612,243</b>

## 21 STOCK IN TRADE

Raw material		76,404,121	31,169,162
Work in process		8,514,215	16,286,729
Finished goods	21.1	252,146,946	309,521,413
		<b>337,065,282</b>	<b>356,977,304</b>

21.1 This includes goods in transit amounting to Rs. 3,137,400 (2011: Rs. Nil).

# Notes to the financial statements

## for the year June 30, 2012

	<i>Note</i>	<b>2012</b>	<b>2011</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>22 TRADE DEBTS</b>			
Considered good			
Export - secured against export documents		<b>14,855,869</b>	196,690,289
Local - unsecured		<b>117,588,182</b>	44,727,381
		<b>132,444,051</b>	241,417,670
Considered doubtful			
Local - unsecured		<b>15,213,426</b>	4,043,111
Less: Provision for doubtful debts		<b>(15,213,426)</b>	(4,043,111)
		-	-
		<b>132,444,051</b>	241,417,670
<b>22.1 Provision for doubtful debts</b>			
Opening balance		<b>4,043,111</b>	4,043,111
Provision for the year		<b>11,170,315</b>	-
Closing balance		<b>15,213,426</b>	4,043,111
<b>23 LOANS AND ADVANCES - CONSIDERED GOOD</b>			
Advances to:			
- Staff - secured		<b>1,762,101</b>	812,658
- Suppliers for goods and for services - unsecured		<b>25,462,946</b>	12,083,328
Letters of credit		<b>1,379,850</b>	489,266
		<b>28,604,897</b>	13,385,252
<b>24 TRADE DEPOSITS, PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITIES</b>			
Security deposits		<b>3,061,563</b>	2,911,563
Prepayments		<b>143,216</b>	228,841
Advance income tax		<b>25,767,752</b>	29,485,158
Sales tax refundable		<b>32,649,634</b>	26,762,832
Export rebate receivable		<b>2,238,038</b>	1,916,480
Excise duty receivable		<b>4,479,873</b>	4,479,873
		<b>68,340,076</b>	65,784,747
<b>25 INVESTMENTS (AVAILABLE-FOR-SALE)</b>			
Security General Insurance Company Limited			
10,214,914 fully paid ordinary shares	25.1	<b>1,229,129,804</b>	836,600,968
		<b>1,229,129,804</b>	836,600,968
<b>25.1 This is made-up as under:</b>			
Transferred from investment in associates		<b>91,085,164</b>	91,085,164
Transferred from non-current assets classified as held for sale in 2008		<b>11,538,263</b>	11,538,263
Add: Adjustment arising from measurement to fair value		<b>1,126,506,377</b>	733,977,541
		<b>1,229,129,804</b>	836,600,968
<b>25.2 As the management intends to sell this investment, this has been classified under current assets.</b>			
<b>25.3 Fair value of available for sale unquoted investment of Rs. 122.33 per share (2011: Rs. 81.90 per share) is determined by using appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement).</b>			
<b>25.4 The investee is associate of the Company due to common directorship. The Company holds 15% (2011: 15%) of the investee company's total equity. The Company does not have significant influence over the investee.</b>			

# Notes to the financial statements

## for the year June 30, 2012

	Note	2012 Rupees	2011 Rupees
<b>26 CASH AND BANK BALANCES</b>			
Cash with banks on:			
- current accounts		2,281,624	17,765,947
- deposit accounts	26.1	45,172	1,078,776
- foreign currency accounts	26.1	1,717,618	1,564,730
		<b>4,044,414</b>	20,409,453
Cash in hand		749,104	543,890
		<b>4,793,518</b>	20,953,343

26.1 The effective rate of return in respect of deposit and foreign currency accounts ranges from 3% to 5% (2011: 3% to 5%).

	Note	2012 Rupees	2011 Rupees
<b>27 SALES - NET</b>			
<b>Export</b>			
Cloth		1,062,110,952	2,153,079,130
Rebate		329,514	628,847
		<b>1,062,440,466</b>	2,153,707,977
<b>Local</b>			
Cloth		1,383,308,784	959,783,792
Waste		8,018,142	6,742,616
		<b>1,391,326,926</b>	966,526,408
		<b>2,453,767,392</b>	3,120,234,385
Commission		(19,111,721)	(23,750,646)
		<b>2,434,655,671</b>	3,096,483,739

### 28 COST OF SALES

Raw material consumed	28.1	1,777,919,367	2,365,336,911
Power and fuel		162,374,422	146,191,796
Stores, spare parts and loose tools consumed		151,493,468	145,196,489
Salaries, wages and other benefits	28.2	106,035,717	93,737,697
Processing charges		939,873	3,054,502
Repairs and maintenance		6,975,876	4,200,788
Communication		470,198	341,534
Insurance		998,297	1,736,633
Depreciation	16.3	65,601,885	70,542,977
Traveling and conveyance		3,269,711	1,307,042
Other expenses		6,247,249	9,777,523
		<b>2,282,326,063</b>	2,841,423,892
<b>Adjustment of work in process</b>			
Opening work in process		16,286,729	9,163,006
Closing work in process		(8,514,215)	(16,286,729)
		<b>7,772,514</b>	(7,123,723)
		<b>2,290,098,577</b>	2,834,300,169
<b>Adjustment of finished goods</b>			
Opening stock		309,521,413	277,152,844
Fabric purchases		-	3,266,040
Closing stock		(252,146,946)	(309,521,413)
		<b>57,374,467</b>	(29,102,529)
		<b>2,347,473,044</b>	2,805,197,640

# Notes to the financial statements

## for the year June 30, 2012

	<i>Note</i>	<b>2012</b>	<b>2011</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>28.1 Raw material consumed</b>			
Opening stock		31,169,162	44,682,284
Purchases		1,823,154,326	2,351,823,789
		<b>1,854,323,488</b>	<b>2,396,506,073</b>
Closing stock		(76,404,121)	(31,169,162)
		<b>1,777,919,367</b>	<b>2,365,336,911</b>
<b>28.2</b> This includes employees benefits amounting to Rs. 2,021,109 (2011: Rs. 1,180,300).			
<b>29 OTHER OPERATING INCOME</b>			
<b>Income from financial assets</b>			
Profit on deposit and foreign currency accounts		299,595	725,727
Dividend income		30,644,742	25,537,285
<b>Income from assets other than financial assets</b>			
Gain on disposal of property, plant and equipment	16.5	731,570	782,146
Foreign currency translation differences		9,873,332	-
Other income		12,760	64,953
		<b>41,561,999</b>	<b>27,110,111</b>
<b>30 DISTRIBUTION COST</b>			
Salaries and other benefits	30.1	10,801,224	10,363,347
Outward freight		19,024,701	37,697,817
Cloth export expenses		1,090,670	606,031
Traveling and conveyance		9,336,047	8,987,010
Communication		399,120	798,248
Vehicle running and maintenance		1,405,167	1,313,031
Other selling expenses		559,290	821,461
		<b>42,616,219</b>	<b>60,586,945</b>
<b>30.1</b> This includes employees benefits amounting to Rs. 501,034 ( 2011: Rs. 811,521).			
<b>31 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	31.1	23,007,059	22,233,411
Rent, rates and taxes		2,243,328	900,000
Repairs and maintenance		1,286,284	1,139,787
Insurance		4,347,597	3,619,733
Printing and stationery		1,253,485	1,073,021
Communication		1,038,617	647,037
Electricity, gas and water		1,401,648	1,305,267
Traveling and conveyance		3,184,335	2,371,090
Entertainment		297,810	344,436
Fee and subscription		2,084,175	4,147,600
Legal and professional		1,828,005	383,695
Vehicle running and maintenance		326,065	339,319
Provision for doubtful debts	22.1	11,170,315	-
Auditors' remuneration	31.2	1,557,000	1,271,900
Depreciation	16.3	3,280,114	3,783,142
Amortization	17.2	971,333	11,111
Miscellaneous		2,139,277	2,253,774
		<b>61,416,447</b>	<b>45,824,323</b>

# Notes to the financial statements

## for the year June 30, 2012

**31.1** This includes employees benefits amounting to Rs. 913,000 ( 2011: Rs. 417,312).

**31.2** Auditors' remuneration includes services for audit of annual financial statements, limited review of condensed interim financial statements for the six-month period, review report on Statement of Compliance with the Best Practices of Code of Corporate Governance, other certifications and taxation services.

	<i>Note</i>	<b>2012</b>	<b>2011</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>32 OTHER OPERATING EXPENSES</b>			
Interest on Workers' Profit Participation Fund	11.1	<b>208,422</b>	3,072,093
Foreign currency translation differences		-	4,664,550
Donations	32.1	<b>40,000</b>	125,000
Provision for Workers' Profit Participation Fund		-	1,890,184
Provision for Workers' Welfare Fund		-	1,260,472
		<b>248,422</b>	11,012,299

**32.1** No director or his/her spouse had any interest in the donee.

### **33 FINANCE COST**

Mark up on:

- Long term financing	<b>1,167,051</b>	4,796,807
- Liabilities against assets subject to finance lease	<b>2,315,652</b>	5,188,873
- Short term borrowings	<b>110,262,203</b>	106,428,595
Bank charges and others	<b>7,403,799</b>	13,289,049
Interest on sponsor's loan	<b>1,561,735</b>	9,506,179
	<b>122,710,440</b>	139,209,503

### **34 PROVISION FOR TAXATION**

**For the year**

Current	<b>29,590,885</b>	33,283,289
Prior period	<b>314,841</b>	-
Deferred	<b>(5,465,516)</b>	(17,342,281)
	<b>24,440,210</b>	15,941,008

**34.1** The Company is under the ambit of final tax up to the extent of export sales under section 169 of Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Income tax provision for income which is not subject to final tax under section 169 of Income Tax Ordinance, 2001 has been calculated in accordance with section 113 of the Income Tax Ordinance, 2001 as the Company has assessed tax losses. No provision for deferred tax has been charged except as explained in note 10. The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income falls under (a) turnover tax provided under section 113 and (b) tax on dividend income under section 5 of the Income Tax Ordinance, 2001.

### **35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	<i>Rupees</i>					
Remuneration	<b>1,920,000</b>	1,920,000	<b>4,694,317</b>	4,904,712	<b>8,004,928</b>	8,177,626
Utilities	<b>217,800</b>	217,800	<b>469,432</b>	516,271	<b>800,493</b>	817,763
House rent	<b>1,162,200</b>	862,200	<b>1,877,727</b>	2,056,085	<b>3,201,971</b>	3,271,050
<b>Total</b>	<b>3,300,000</b>	3,000,000	<b>7,041,476</b>	7,477,068	<b>12,007,392</b>	12,266,439
<b>Number of person (s)</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>17</b>	<b>12</b>

**35.1** In addition, chief executive, directors and executives are provided with free use of company owned and maintained cars.

# Notes to the financial statements for the year June 30, 2012

**35.2** Provident fund contribution are made by the Company @ 8.33% (2011: 8.33%) on the basic salary of directors and executive.

**35.3** Chief executive is provided with mobile phone, private security guard at residence and medical facilities.

## 36 EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED

Earnings (loss) per share is calculated by dividing profit (loss) after tax for the period by weighted average number of shares outstanding during the period as follows:

	2012	2011
Profit (loss) after tax (Rupees)	(122,687,112)	45,822,132
Weighted average number of ordinary shares	26,728,000	20,100,920
Earnings (loss) per share - basic and diluted (Rupees)	(4.59)	2.28

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

## 37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's exposure to interest rate risk on its financial assets and liabilities at the balance sheet date based on contractual repricing or maturity dates, whichever is earlier are summarized as follows:

### 37.1 Financial assets and liabilities

	Interest / mark-up bearing			Non interest / mark-up bearing			Grand total 2012
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
<i>Rupees</i>							
<b>Financial assets</b>							
Trade debts	-	-	-	147,657,477	-	147,657,477	147,657,477
Investments	-	-	-	1,229,129,804	-	1,229,129,804	1,229,129,804
Short term security deposits	-	-	-	3,061,563	-	3,061,563	3,061,563
Cash and bank balances	1,762,790	-	1,762,790	3,030,728	-	3,030,728	4,793,518
Long term security deposits	-	-	-	-	5,355,000	5,355,000	5,355,000
	<b>1,762,790</b>	<b>-</b>	<b>1,762,790</b>	<b>1,382,879,572</b>	<b>5,355,000</b>	<b>1,388,234,572</b>	<b>1,389,997,362</b>
<b>Financial liabilities</b>							
Subordinated loan	-	10,411,565	10,411,565	-	-	-	10,411,565
Long term financing	5,436,163	119,485,577	124,921,740	-	-	-	124,921,740
Liabilities against assets subject to finance lease	7,239,088	2,000,873	9,239,961	-	-	-	9,239,961
Trade and other payables	-	-	-	297,962,356	-	297,962,356	297,962,356
Accrued markup	-	-	-	36,498,421	-	36,498,421	36,498,421
Short term borrowings	730,570,633	-	730,570,633	-	-	-	730,570,633
	<b>743,245,884</b>	<b>131,898,015</b>	<b>875,143,899</b>	<b>334,460,777</b>	<b>-</b>	<b>334,460,777</b>	<b>1,209,604,676</b>
<b>On balance sheet gap 2012</b>	<b>(741,483,094)</b>	<b>(131,898,015)</b>	<b>(873,381,109)</b>	<b>1,048,418,795</b>	<b>5,355,000</b>	<b>1,053,773,795</b>	<b>180,392,686</b>
<b>Off balance sheet items</b>							
Commitment against bills purchased	-	-	-	19,127,000	-	19,127,000	19,127,000
<b>Off balance sheet gap 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,127,000</b>	<b>-</b>	<b>19,127,000</b>	<b>19,127,000</b>

# Notes to the financial statements for the year June 30, 2012

## 37.2 Financial assets and liabilities

	Interest / mark-up bearing			Non interest / mark-up bearing			Grand total 2011
	Maturity upto one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
<i>Rupees</i>							
<b>Financial assets</b>							
Trade debts	-	-	-	245,460,781	-	245,460,781	245,460,781
Investments	-	-	-	836,600,968	-	836,600,968	836,600,968
Short term security deposits	-	-	-	2,911,563	-	2,911,563	2,911,563
Cash and bank balances	2,643,506	-	2,643,506	18,309,837	-	18,309,837	20,953,343
Long term security deposits	-	-	-	-	5,355,000	5,355,000	5,355,000
	<b>2,643,506</b>	-	<b>2,643,506</b>	<b>1,103,283,149</b>	<b>5,355,000</b>	<b>1,108,638,149</b>	<b>1,111,281,655</b>
<b>Financial liabilities</b>							
Subordinated loan	-	10,411,566	10,411,566	-	-	-	10,411,566
Long term financing	10,000,000	3,436,163	13,436,163	-	-	-	13,436,163
Liabilities against assets subject to finance lease	10,293,165	7,461,439	17,754,604	-	-	-	17,754,604
Trade and other payables	-	-	-	305,542,421	-	305,542,421	305,542,421
Accrued markup	-	-	-	47,073,533	-	47,073,533	47,073,533
Short term borrowings	694,198,185	-	694,198,185	-	-	-	694,198,185
	<b>714,491,350</b>	<b>21,309,168</b>	<b>735,800,518</b>	<b>352,615,954</b>	-	<b>352,615,954</b>	<b>1,088,416,472</b>
<b>On balance sheet gap 2011</b>	<b>(711,847,844)</b>	<b>(21,309,168)</b>	<b>(733,157,012)</b>	<b>750,667,195</b>	<b>5,355,000</b>	<b>756,022,195</b>	<b>22,865,183</b>
<b>Off balance sheet items</b>							
Commitment against bills purchased	-	-	-	194,110,000	-	194,110,000	194,110,000
Letters of credit for import of stores, spare parts and loose tools	-	-	-	485,883	-	485,883	485,883
<b>Off balance sheet gap 2011</b>	-	-	-	<b>194,595,883</b>	-	<b>194,595,883</b>	<b>194,595,883</b>

### Effective interest rates

#### Financial liabilities

Long term financing	14.41% to 16.03% (2011: 14.87% to 16.12%)
Liabilities against leased assets	11.96% to 15.24% (2011: 7% to 18.62%)
Short term borrowings	14.25% to 18.78% (2011: 14.83% to 18.62%)
Subordinated loan	15% (2011: 15%)

#### Financial assets

Cash with banks on deposit accounts	3% to 5% per annum (2011: 3% to 5% per annum)
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The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors have overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

### Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institution, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets of Rs. 1,389.997 million (2011: Rs. 1,111.282 million), the financial assets that are subject to credit risk amounted to Rs. 160.118 million (2011: Rs. 274.137 million).

For trade receivables, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the management. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

# Notes to the financial statements

## for the year June 30, 2012

Concentration of the credit risk arises when the number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration risk.

The carrying amount of the financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2012	2011
	<i>Rupees</i>	<i>Rupees</i>
Trade debts	147,657,477	245,460,781
Short term security deposits	3,061,563	2,911,563
Long term security deposits	5,355,000	5,355,000
Bank balances	4,044,414	20,409,453
	<b>160,118,454</b>	<b>274,136,797</b>

The breakup of amount due from customers as stated in note 22 is presented below.

Due from foreign customers	14,855,869	196,690,289
Due from local customers	132,801,608	48,770,492
	<b>147,657,477</b>	<b>245,460,781</b>

Provision for doubtful debts amounting to Rs. 11.17 million (2011: Nil) has been made during the year for local customers.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as the Company has obtained short term borrowings from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments. In addition, investment in Security General Insurance Company Limited amounting to Rs. 1,229.130 million is also available to generate cash flows. Therefore, the management envisages that sufficient financial resources will be available for the continuing operations of the Company.

### Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to market risk on account of foreign currency balances, interest bearing borrowings, investments and foreign currency receivables and payables.

### Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2012	2011
	<i>Rupees</i>	<i>Rupees</i>
Foreign debtors	14,855,869	196,690,289
Foreign currency bank account	1,717,618	1,564,730
Gross balance sheet exposure	16,573,487	198,255,019
Letters of credit	1,379,850	489,266
<b>Net exposure</b>	<b>17,953,337</b>	<b>198,744,285</b>

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2012	2011	2012	2011
USD to PKR	88.56	85.52	93.80	85.63

# Notes to the financial statements

## for the year June 30, 2012

### Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit (loss) for the year would have been higher (lower) by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

	2012	2011
	Rupees	Rupees
<b>Effect on profit or loss</b>		
USD	987,333	466,455

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax profit (loss) for the year.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit (loss) for the year and assets / liabilities of the Company.

### Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2012	2011	2012	2011
			Rupees	Rupees
	Effective rate in percentage		Carrying amount	
<b>Financial liabilities</b>				
<b>Variable rate instruments</b>				
Long term loans and lease	11.96 to 16.03	7 to 18.62	144,573,266	41,602,333
Short term borrowings	14.25 to 18.78	14.83 to 18.62	730,570,633	694,198,185

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased (increased) profit (loss) for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit and loss 100 bp	
	Increase	Decrease
	Rupees	Rupees
<b>As at 30 June 2012</b>		
Cash flow sensitivity-Variable rate financial liabilities	8,751,439	(8,751,439)
<b>As at 30 June 2011</b>		
Cash flow sensitivity-Variable rate financial liabilities	7,358,005	(7,358,005)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit (loss) for the year and assets / liabilities of the Company.

### Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

# Notes to the financial statements

## for the year June 30, 2012

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

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. Debt is calculated as total borrowings ("long term loan" and "short term borrowings" as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital and reserves" and "net debt".

The salient information relating to capital risk management of the Company as of June 30, 2012 and 2011 were as follows:

	<i>Note</i>	2012 <i>Rupees</i>	2011 <i>Rupees</i>
Total borrowings		875,143,899	735,800,518
Less: Cash and cash equivalents		(4,793,518)	(20,953,343)
Net debt		870,350,381	714,847,175
Total equity		971,684,561	794,731,412
Total capital		1,842,034,942	1,509,578,587
Gearing ratio		47.25	47.35

### 38 CASH GENERATED FROM OPERATIONS

Profit (loss) before taxation		(98,246,902)	61,763,140
		(98,246,902)	61,763,140
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation on property, plant and equipment	16.3	68,881,999	74,326,119
Amortization	31	971,333	11,111
Gain on disposal of property, plant and equipment	29	(731,570)	(782,146)
Interest on Workers' Profit Participation Fund	11.1	208,422	3,072,093
Dividend income	29	(30,644,742)	(25,537,285)
Finance cost	33	122,710,440	139,209,503
Provision for doubtful debts	31	11,170,315	-
Provision for Workers' Profit Participation Fund	32	-	1,890,184
Provision for Workers' Welfare Fund	32	-	1,260,472
Working capital changes	38.1	80,708,603	(57,405,878)
		253,274,800	136,044,173
		155,027,898	197,807,313

#### 38.1 Working capital changes

<b>(Increase) decrease in current assets</b>			
Stores, spare parts and loose tools		(13,746,204)	(9,226,215)
Stock in trade		19,912,022	(25,979,170)
Trade debts		97,664,016	(131,997,237)
Loans and advances		(15,219,645)	1,334,268
Trade deposits, prepayments and balances with statutory authorities		(6,272,735)	14,224,781
		82,337,454	(151,643,573)
<b>Increase (decrease) in current liabilities</b>			
Trade and other payables		(1,628,851)	94,237,695
		80,708,603	(57,405,878)

### 39 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated company, companies where directors also held directorship, directors and key management personnel. Transactions with associated undertakings and other related parties other than remuneration and benefits to key

# Notes to the financial statements for the year June 30, 2012

management personnel under the terms of their employment as disclosed in Note 35 are as follows:

	2012	2011
	<i>Rupees</i>	<i>Rupees</i>
<b>Onetel Pakistan (Private) Limited</b>		
Investment	2,150,000	2,150,000
<b>Security General Insurance Company Limited</b>		
Investment	1,229,129,804	836,600,967
Dividend income	30,644,742	25,537,285
<b>Mrs. Mehwish Amin</b>		
Office rent	900,000	900,000

**39.1** Transactions with related parties are carried out at arm's length price determined in accordance with comparable uncontrolled price method.

	2012	2011
<b>40 CAPACITY INSTALLED AND ACTUAL PRODUCTION</b>		
Number of looms installed	189	189
Number of looms worked	189	189
Shifts per day	3	3
No. of days actually worked	360	360
Rated capacity (running meters) per annum	24,193,067	24,193,067
Actual commercial production (running meters)	18,593,318	19,167,084

It is difficult to determine precisely the production / rated capacity in the textile industry since it fluctuates widely depending on various factors such as speed, width and construction of the cloth, etc. The reasons for decrease in actual commercial production include factors like manufacturing different qualities, speed, width and construction of the cloth, etc.

	2012	2011
<b>41 NUMBER OF EMPLOYEES</b>		
Number of employees at year end	569	620

#### **42 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 29, 2012.

#### **43 General**

- Figures have been rounded off to the nearest rupee.

Lahore  
September 29, 2012

  
**JEHANZEB AMIN**  
Chief Executive

  
**SAFDAR HUSSAIN TARIQ**  
Director

# Pattern of shareholding

the Companies Ordinance, 1984 (Section 236(1) & 464)

Incorporation Number	0020624
Name of the Company	SAMIN TEXTILES LIMITED
Pattern of holding of the shares held by the shareholders as at	June 30, 2012

No. of Shareholders	Shareholding		Total shares held
	From	To	
71	1	100	2,244
206	101	500	99,412
69	501	1,000	66,300
122	1,001	5,000	365,432
38	5,001	10,000	322,617
13	10,001	15,000	161,824
11	15,001	20,000	194,664
9	20,001	25,000	209,480
9	25,001	30,000	251,146
3	30,001	35,000	95,265
3	35,001	40,000	117,840
1	40,001	45,000	41,000
4	45,001	50,000	196,829
2	50,001	55,000	104,095
1	55,001	60,000	60,000
1	65,001	70,000	66,847
1	85,001	90,000	90,000
1	95,001	100,000	96,347
1	100,001	105,000	101,011
1	105,001	110,000	105,025
1	115,001	120,000	119,238
1	120,001	125,000	124,999
1	135,001	140,000	139,945
1	160,001	165,000	164,500
1	165,001	170,000	165,436
1	180,001	185,000	181,000
1	265,001	270,000	267,500
1	375,001	380,000	376,160
2	455,001	460,000	917,095
2	495,001	500,000	1,000,000
1	850,001	855,000	854,000
1	895,001	900,000	898,300
1	1,095,001	1,100,000	1,095,067
1	1,600,001	1,605,000	1,604,838
1	3,545,001	3,550,000	3,548,933
1	12,520,001	12,525,000	12,523,611
<b>585</b>			<b>26,728,000</b>

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	18,530,504	69.3299
Associated Companies, undertakings and related parties.	0	0.0000
NIT and ICP	143,549	0.5371
Banks Development Financial Institutions, Non Banking Financial Institutions.	2,146,869	8.0323
Insurance Companies	854,000	3.1952
Modarabas and Mutual Funds	0	0.0000
Share holders holding 10%	16,572,544	62.0044
General Public		
a. Local	4,679,721	17.5087
b. Foreign	0	0.0000
Others		
Joint Stock Companies	373,357	1.3969

Signature of Company Secretary	
Name of Signatory	SAFDER HUSSAIN TARIQ
Designation	Company Secretary
NIC Number	
Date	30      06      2012

# Categories of shareholders

as required under Code of Corporate Governance as at June 30, 2012

Sr.	Name	No. of shares held	Percentage
	<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>	-	-
	<b>MUTUAL FUNDS</b>	-	-
	<b>DIRECTORS AND THEIR SPOUSE AND MINOR CHILDREN</b>		
1	MR. SARMAD AMIN	16,572,544	62.0044%
2	MR. SAFDER HUSSAIN TARIQ	500	0.0019%
3	MR. JEHANZEB AMIN (CDC)	181,000	0.6772%
4	MR. TARIQ JILLANI	500	0.0019%
5	MR. JAMIL MASUD	500	0.0019%
6	MR. TARIQ ALI	500	0.0019%
7	MR. SALMAN MAHMOOD CHAUDHRY	500	0.0019%
8	MRS. MEHVASH AMIN W/O SARMAD AMIN	1,774,460	6.6390%
	<b>EXECUTIVES</b>	-	-
	<b>PUBLIC SECTOR COMPANIES &amp; CORPORATIONS</b>	-	-
	<b>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE</b>	3,000,869	11.2274%
	<b>COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS</b>	-	-
	<b>SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL</b>		
1	MR. SARMAD AMIN	16,572,544	62.0044%
2	MRS. MEHVASH AMIN W/O SARMAD AMIN	1,774,460	6.6390%
3	NATIONAL BANK OF PAKISTAN.(CDC)	1,618,160	6.0542%
	<b>TRADING BY DIRECTORS, EXECUTIVE, THEIR SPOUSES AND MINOR CHILDREN</b>	-	-





From of Proxy  
Samin Textiles Limited

I/We \_\_\_\_\_  
of \_\_\_\_\_ being member(s) of SAMIN TEXTILES LIMITED registered  
at Folio No. \_\_\_\_\_ holder of \_\_\_\_\_  
ordinary shares hereby appoint Mr./Mrs./Miss \_\_\_\_\_

who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on  
my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company at the Registered Office of the Company, 50-C,  
Main Gulberg, Lahore on Tuesday, October 30, 2012 at 3:00 p.m or at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of 2012  
signed by the said \_\_\_\_\_ in the presence of

**1. Witness:**

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

Affix Revenue  
Stamps of Rs. 5/-

Signature of Member

**2. Witness:**

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

Shareholder's Folio No. \_\_\_\_\_  
CDC Participant I.D/Sub A/c # \_\_\_\_\_  
CNIC No. \_\_\_\_\_

**NOTES:**

1. Proxies, in order to be effective, must be received at the Company's Registered Office 50-C, Main Gulberg, Lahore. not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. Signature must agree with the specimen signature registered with the Company.
3. An individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her NIC/Passport to prove his/her identity, and in case of proxy must enclosed an attested copy of his/her NIC/Passport. Representative of corporate members should bring the original usual documents required of such purpose.
4. No person shall act as proxy unless he is member of the Company.



AFFIX  
CORRECT  
POSTAGE

Company Secretary  
**Samín Textiles Limited**  
50-C, Main Gulberg,  
Lahore, Pakistan.

# Company Information

## Board of Directors

Mr. Sarmad Amin	Chairman
Mr. Jehanzeb Amin	Chief Executive
Mr. Safder Hussain Tariq	
Mr. Tariq Ali	
Mr. Tariq Jillani	
Mr. Asad Ahmad Jan	
Mr. Jamil Masud	

## Chief Financial Officer

Mr. Safder Hussain Tariq

## Company Secretary

Mr. Safder Hussain Tariq

## Chief Internal Auditor

Mr. Muhammad Zubair

## Auditors

Anjum Asim Shahid Rahman  
Chartered Accountants

## Legal Advisor

Imtiaz Siddiqui & Associates

## Audit Committee

Mr. Jamil Masud	Chairman
Mr. Tariq Jillani	Member
Mr. Asad Ahmad Jan	Member
Miss Saila Siddique	Secretary

## Human Resource & Remuneration Committee

Mr.	Chairman
Mr.	Member
Mr.	Member

## Bankers

National Bank of Pakistan  
Askari Bank Limited  
Bank Alfalah Limited  
Summit Bank Limited  
NIB Bank Limited  
Allied Bank Limited  
Pak-Kuwait Investment Co. Limited  
Orix Leasing Pakistan Limited

## Share Registrars

Corplink (Pvt) Limited  
Wings Arcade,  
1-K, Commercial Model Town,  
Lahore, Pakistan.  
Tel: 92 - 42 - 35839182  
Fax: 92 - 42 - 35869037

## Registered/Head Office

50-C, Main Gulberg,  
Lahore, Pakistan.  
Tel: 92 - 42 - 35753761  
Fax: 92 - 42 - 35753688

## Mills

8<sup>th</sup> Kilometer,  
Manga - Raiwaind Road,  
District Kasur, Pakistan.  
Tel: 92 - 334 - 4285016  
92 - 42 - 35392593 - 5  
Fax: 92 - 42 - 35392592



Samin Textiles Limited

50 - C, Main Gulberg Lahore - Pakistan.  
Tel: 92 - 42 - 35753761  
Fax: 92 - 42 - 35753688