51 ANNUAL REPORT 2011

BIBOJEE GROUP

JANANA DE MALUCHO TEXTILE MILLS LTD.

بسم الله الرحمن الرحيم

CONTENTS

COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK Chairman LT. GEN. (RETD.) ALI KULI KHAN KHATTAK Chief Executive MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA MRS. ZEB GOHAR AYUB MRS. SHAHNAZ SAJJAD AHMAD DR. SHAHEEN KULI KHAN
AUDIT COMMITTEE	MR. RAZA KULI KHAN KHATTAK Chairman MR. AHMAD KULI KHAN KHATTAK Member MR. MUSHTAQ AHMAD KHAN, FCA Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs
INTERNAL AUDITOR	MR. ABID RAZA
AUDITORS	M/S HAMEED CHAUDHRI & CO. Chartered Accountants
BANKERS	NATIONAL BANK OF PAKISTAN HABIB BANK LIMITED UNITED BANK LIMITED BANK ALFALAH LIMITED
LEGAL ADVISOR	M/S. HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE
TAX CONSULTANTS	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE
REGISTRARS & SHARES REGISTRATION OFFICE	MANAGEMENT & REGISTRATION SERVICES (PVT) LTD. BUSINESS EXECUTIVE CENTRE, F/17/3, BLOCK 8, CLIFTON, KARACHI TEL. 021-35375127-29 FAX. 021-35820325 EMAIL registrationservices@live.co.uk
REGISTERED OFFICE & MILLS	HABIBABAD, KOHAT (KPK) TEL. 0922 - 510063 - 512930 - 510494 FAX. 0922 - 510474 E-MAIL: janana@brain.net.pk janana_textile@hotmail.com WEB SITE: www.jdm.com.pk

VISION

"TO BE MARKET LEADERS IN YARN, BUILDING COMPANY IMAGE THROUGH INNOVATION AND COMPETITIVENESS, ENSURING SATISFACTION TO CUSTOMERS' AND STAKEHOLDERS AND TO FULFILL SOCIAL OBLIGATIONS."

MISSION STATEMENT

"LEAD PRODUCER OF QUALITY YARN WE SHALL BUILD ON OUR CORE COMPETENCIES AND ACHIEVE EXCELLENCE IN PERFORMANCE. WE AIM AT EXCEEDING EXPECTATIONS OF ALL STAKEHOLDERS. WE TARGET TO ACHIEVE TECHNOLOGICAL ADVANCEMENTS TO INCULCATE THE MOST EFFICIENT, ETHICAL AND TIME TESTED BUSINESS PRACTICES IN OUR MANAGEMENT.

WE SHALL STRIVE TO INNOVATE AND INTRODUCE ALTERNATE USES OF PRODUCT TO BROADEN OUR CUSTOMER BASE TO HELP STRENGTHEN THE PHYSICAL INFRASTRUCTURE OF THE COUNTRY."

OVER ALL CORPORATE STRATEGY

A. TO ACHIEVE GROWTH BY MONITORING OUR MARKET NICHE IN SUPER FINE COUNTS, AND AT THE SAME TIME DIVERSIFYING OUR PRODUCTS RANGE TO ENTER NEW PROFITABLE MARKETS.

B. TO CONSTANTLY IMPROVE PRODUCTIVITY, QUALITY AND SERVICES, WHICH WILL NOT ONLY SERVE THE MARKET CONSUMERS, BUT WILL ALSO RESULT IN ENHANCED PAYMENT OF SALES TAX, INCOME TAX AND OTHER GOVERNMENT LEVIES?

C. TO PROVIDE CLEAN AND POLLUTION FREE ENVIRONMENT TO OUR EMPLOYEES FOR IMPROVING THEIR PERFORMANCE & CREATING A CORPORATE CULTURE THAT FOSTERS INITIATIVE IN ITS WORK FORCE.

D. TO CONSTANTLY STRIVE FOR INCREASING INVESTOR'S SHARE VALUE BY ACHIEVING COMMENDABLE RESULTS EVEN IN VERY DIFFICULT AND HIGHLY COMPETITIVE INTERNATIONAL & LOCAL MARKETS.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 51st Annual General Meeting of the Shareholders of Janana De Malucho Textile Mills Limited will be held at the registered office of the Company at Habibabad, Kohat on Saturday the 29th October 2011 at 10:30 A.M. to transact the following business.

A. ORDINARY BUSINESS:

1. To confirm the minutes of Extra Ordinary General Meeting held on 26th March 2011.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2011 together with the directors' and auditors' reports thereon.
3. To appoint auditors for the year ending on 30th June 2012 and to fix their remuneration.
4. To consider any other business with the permission of the Chair.

By order of the Board

Kohat
Dated: 8th October 2011

AMIN-UR-RASHEED
Company Secretary
&
Sr. General Manager Corporate Affairs

NOTES:

BOOK CLOSURE:

1. The Share transfer books of the Company shall remain closed from 22nd October 2011 to 29th October 2011 (both days inclusive). The shares received in the Company's Registrar office i.e. Management & Registration Services (Pvt) Limited, Business Executive Centre, F-17/3, Block 8, Clifton, Karachi before close of business hours on 21st October 2011 will be considered in order for registration in the name of the transferees.

CHANGE IN ADDRESSES AND CONSOLIDATION OF FOLIOS:

2. Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio nos.

PARTICIPATION IN ANNUAL GENERAL MEETING:

3. Any member entitled to attend and vote at this meeting shall be entitled to appoint any other member as his/her proxy to attend and vote in respect of him/her and the proxy instrument shall be received by the Company not later than 48 hours before the meeting.

INSTRUCTIONS FOR CDC ACCOUNT HOLDERS:

4. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange commission of Pakistan;

a. For attending the meeting:

i. In case of account holder of CDC their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original National Identity Card (N.I.C.) or Original Passport at the time of attending the Meeting.

ii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with certified specimen signature of the nominee shall be produced at the time of the meeting.

b. For appointing proxies:

i. In case of individual account holder of CDC registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements along with attested copies of N.I.C. or the Passport of the beneficial owner and shall be furnished with proxy form.

ii. The proxy shall produce his/her original N.I.C. or original Passport at the time of the meeting.

iii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with proxy form to the company.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The directors of your company are pleased to present the 51st annual report along with audited financial statements for the year ended June 30, 2011.

GENERAL REVIEW:

During the year under report economic growth in the textile sector was not encouraging. The overall economic conditions of Pakistan has not improved as much as it was supposed to be in response to the improvement in the global economy, especially in the Asian region. The reason being that Pakistan has been exposed to many fronts, including economic and non economic fronts. These had worsening effect on the overall business environment of the country. Further to this the issues like energy crises, recent floods flash hitting the cotton cultivating areas of country, high prices of the cotton & other raw material, current political scenario, decreasing interest of foreign stakeholders due to enormous load shedding of electricity & gas coupled with the threat of terrorism and the war on terror, which has led to the shrinkage of economic activity in the country to the unprecedent level specially in KPK Province.

In addition to the above we want to add that the last quarter of the financial year under review is tainted by imposition of General Sales Tax (GST) by the Government of Pakistan which has brought zero rated sectors into the GST net. Due to this scenario local market stopped purchasing yarn which was already facing utilities curtailment which further deteriorated the financial position of the company.

The consequences of all of the above factors have negative monetary effect on the economy which had ultimatly effected the industry in KPK Province due to which the life, property and businesses have been affected, and it has also deteriorated the country's image.

OPERATING PERFORMANCE:

The major highlights of your company as compared to the preceding year are as follows:

Particulars	YEAR ENDED	
	30/06/2011	30/06/2010
	(Rupees in thousand)	
Sales	2,134,841	1,454,537
Cost of Sales	1,944,643	1,142,811
Gross Profit	190,198	311,726
Operating Profit	116,801	257,257
Profit before taxation	111,058	174,411
Profit after taxation	152,048	116,642
Earnings per share	Rs. 33.57	Rs. 30.54

PRODUCTION:

Production of yarn, for the year ended 30 June, 2011 (current period) increased by 637,855 lbs (12%) as compared to year ended 30 June, 2010 (previous period).

TURNOVER

Gross sales of yarn have increased by Rs.687.227 million (increase in quantity was 923,364 lbs). It would have been far better if the Government did not impose GST & restrictions on export of yarn through quota and regulatory duty @ 15% for almost half of the current financial year.

Average sale rate of yarn for 2011 was Rs.192.21 per lbs viz-a-viz Rs. 138.74 per lbs (2010), increase of 37% which was not compatible to the increase in the raw material cost.

RAW MATERIAL

During the year under review, the raw material consumption increased by Rs.25.165 million due to increase in production & the cost of raw material. Average rates of raw material increased from 58.42 per lbs of 2010 to Rs.111.83 per lbs during the current period. This unprecedented increase of Rs.53.44 per lbs (91%) was due to shortage of cotton, Indian suppliers backing out of their bargains and very high prices in the future hedging market in the 30 years history of textile, and it adversely affected the total consumption of raw material & the financial results of the company.

MANUFACTURING EXPENSES

During the year under report, manufacturing expenses of the Company have increased by Rs.124.771 million. Main reasons for this increase were as follows:

- Packing cost has increased by Rs.8.036 million due to increase in the quantity of yarn produced and increased prices of the packing material because of increased manufacturing expenses of the packing material suppliers.
- Manufacturing salaries, wages & benefits increased by Rs.51.112 million i.e. from Rs.143.318 million of 2010 to Rs.194.430 million for the year under report. This was mainly due to revision of minimum wage rate from Rs.6,000 to Rs.7,000, from 01 July, 2010
- Power and fuel costs of the company have increased by Rs.35.140 million mainly due to the following uncontrollable factors:
    i) Increase in average Gas rates per MMBTU from Rs.368.24 to Rs.382.60 (Increase of Rs.14.36 per MMBTU / 4%) resulted in an increase of Rs.3.332 million in bills amount. While increase in gas consumption by 33,951 MMBTUs works out to Rs.12.990 million due to reduced gas load shedding as compared to corresponding period of last year.

ii) Increase in electricity expense was Rs.17.937 million in the current period which was mainly due to increase in average electricity rates by Rs.1.82 per unit (35%, i.e. from Rs.5.19 per unit to Rs.7.01 per unit) as compared to previous period. However 61,500 units have been less used in comparison with last year resulting in a decrease of Rs.431 thousand in power costs.

Increases in the electricity & gas rates for the last five years are detailed as under:

Year ended	*Gas per MMBTU*	*Electricity per unit*
30-06-2007	*Rs. 238. 38*	*Rs. 3.87*
30-06-2008	*Rs. 251.55*	*Rs. 4.47*
30-06-2009	*Rs. 339.43*	*Rs. 5.45*
30-06-2010	*Rs. 382.37*	*Rs. 5.19*
30-06-2011	*Rs.368.24*	*Rs.7.01*

iii) Fuel consumption have decreased by Rs.3.877 million (81,745 liters less used) because diesel generators were not used regularly.

GROSS PROFIT:

Gross profit percentage for the year has decreased to 8.91% from 21.43% of previous year. Main reasons of decrease in GP rate were increase in raw materials cost, power and fuel rates, and increase in manufacturing expenses.

FINANCE COST:

Finance cost has decreased by Rs.89.332 million (from Rs.36.616 million of the previous year to Rs.125.938 million (decrease of 70.93%) for the year ended 30 June, 2011. This was due to receipt of subsidy by the Company in accordance with KPK package during the year amounting to Rs.85.097 million (Rs.28.697 million for Jan. 2010 to Jun. 2010, Rs.25.504 for Jul. 2010 to Dec. 2010 and Rs.30.895 million Jan. 2011 to Jun. 2011).

FINANCIAL RESTRUCTURING:

The National Bank of Pakistan has finally restructured the overdue long term loans of the Company keeping in view its location in strife torn area and have issued the letter to this effect bearing No. CIBG/ISD/512/2010 dated December 21, 2010 to complete the legalities of this restructured finance facility which has been accepted by the Company.

In line with the terms of finance facilities agreement, the company issued 478,444 ordinary shares of Rs. 10/- each in part settlement of outstanding facilities amounting to Rs. 4.784 million. Further term finance certificates valuing Rs. 76,470 million were also issue to National Bank of Pakistan during the year under review.

The remaining portion of overdue principal amounting to Rs. 91.968 million along with markup to be due thereon from time to time will be paid back by the company in 10 equal half yearly installments with a grace period of three years as long as the Khyber Pakhtunkhwa Relief Package issued by State

Bank of Pakistan through its circular / notification Ref. # SMEFD Circular No.11 dated 01 July, 2010 (the KPK Package) continues. In case the KPK Package expires / terminates before the repayment of the aforesaid amount, National Bank of Pakistan will allow the Company to repay the remaining overdue principal amount through the proceeds of issuance of unlisted non-voting cumulative convertible / redeemable preference shares of Rs.10 each. National Bank of Pakistan will have the option to redeem and convert these preference shares into ordinary shares at the rate of Rs.10 per share.

The remaining principal amount of Rs. 209.673 million will be paid back as per exiting repayment schedule commencing from July 2011. The company has fulfilled its financial commitments during the year under review and subsequently as well. (Details are available in Notes No. 13 to the accounts.)

REPLACEMENT TO MACHINERY:

We are happy to inform you that the company has installed energy saver inverter on its spinning frames valuing Rs. 3.558 million in order to save the electricity bill of the company so as to facilitate its future cash obligations.

FUTURE PROSPECTS:

The textile sector, being one of the major contributors in the overall exports of the country, is fully geared up to benefit from the opportunities available worldwide. It has also been witnessed that the world's largest textile producer, Peoples Republic of China is increasingly becoming uncompetitive due to increasing labor and energy costs. If the Government of Pakistan is able to negotiate better terms of trade with EU, US and China, we expect a strong growth in textile business activity here in Pakistan.

We can further guarantee the improvement, if following factors are addressed and resolved by the Government of Pakistan;

- Power & gas shortages and endless tariff hike
- An improvement in Political stability, public safety and security environment of the country and especially in the region of Khyber Pakthunkhwa
- Stability of Pak Rupee parity with the US Dollar to check its constant decline viz-a-viz US Dollar.

The devastating impact of the floods in Pakistan has destroyed the livelihoods of communities throughout the country. The severity of this crisis demands an immediate and substantial response from the world & our government and our economy needs more measures and incentives like recent measure taken by European Union (EU) by eliminating duties on our exports to the EU Countries.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE:

As required under the Code of Corporate Governance the Directors are pleased to confirm that:

1. The financial statements, prepared by the management of Janana De Malucho Textile Mills Ltd present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied for the year ended 30-06-2011 and accounting estimates are based on reasonable and prudent judgment.
3. Proper books of account of Janana De Malucho Textile Mills Limited have been maintained.

4. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no doubts upon Janana De Malucho Textile Mills Limited's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 30 June 2011, except for those disclosed in the financial statements.
9. The pattern of shareholding and additional information in this regard is included in this annual report.
10. No trades in the shares of Janana De Malucho Textile Mills Limited were carried-out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year ended 30th June 2010.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING:

The Company is compliant with the best practices of transfer pricing as contained in the listing regulations of The Karachi Stock Exchange (G) Limited. We have to report that all transactions with associate undertaking have been done at arm's length prices determined in accordance with comparable uncontrolled price method.

BOARD AUDIT COMMITTEE

The Board Audit Committee consisted of the following directors.

1.	Mr. Raza Kuli Khan Khattak	Chairman
2.	Mr. Ahmad Kuli Khan Khattak	Member
3.	Mr. Mushtaq Ahmad Khan, FCA	Member

Board Audit Committee was established, to assist the Board in discharging its responsibilities for corporate governance, financial reporting and Corporate Control. The Committee consists of three members including the Chairman of the Committee. Majority of the members of the Committee are non-executive directors.

The Board Audit Committee is responsible for reviewing quarterly reports of the Company's financial results, and its audited financial statements and other systems of management controls. The Committee reviews the procedures for ensuring their independence with respect to the services performed for the Company and to make recommendations to the Board of Directors regarding working of the Company.

BOARD MEETINGS AND ATTENDANCE OF EACH DIRECTOR:	**Number**
Total number of Board meetings held during the year under review	5

Attendance of each Director

Mr. Raza Kuli Khan Khattak	5
Lt. Gen. (Retd). Ali Kuli Khan Khattak	5
Mr. Ahmad Kuli Khan Khattak	4
Mr. Mushtaq Ahmad Khan, FCA	5
Mrs. Zeb Gohar Ayub	5
Mrs. Shahnaz Sajjad Ahmad	4
Dr. Shaheen Kuli Khan	3

- Leave of absence was granted to the directors who could not attend the board meetings due to their busy schedule and other appointments.
- The Board is pleased to report further that Janana De Malucho Textile Mills Limited is compliant with the provisions of best practices of Code of Corporate Governance as on 30th June 2010.

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY):

Key operating and financial data of last six years is enclosed.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding of the company as on 30th June 2010 is enclosed. This statement is prepared in accordance with the Code of Corporate Governance and the provisions of Companies Ordinance 1984 read with Companies (Amendment) Ordinance 2002.

TRANSMISSION OF QUARTERLY ACCOUNTS ON NEW WEBSITE:

The shareholders are informed that In pursuance of Circular No. 19 of 2004 and with the permission of Securities and Exchange Commission of Pakistan vide their Letter No.EMD/142/2002-1486 dated June 15, 2010, due to non professional behavior of our previous web provider namely M/s. Cosmosoft Business Solutions, Lahore, in future quarterly financial statements of the company will be transmitted to all the shareholders of the company through company's new website i.e. www.jdm.com.pk instead of www.bibojee.com. Financial statements of the company from 30th September 2007 to 31st March 2010 and onward shall be available on our new website. We have already given the notice regarding change of address of website in the Newspapers (The News, Karachi and Express, Karachi both dated July 4, 2010)

COMPLIANCE WITH THE REQUIREMENT OF INSERTION OF CNIC NUMBER IN TRANSFER DEED AND FORM A IN ACCORDANCE WITH THE PROVISIONS OF FIRST & THIRD SCHEDULE OF THE COMPANIES ORDINANCE, 1984

In pursuance of the Securities and Exchange Commission of Pakistan's Notice dated April 02, 2010 in respect of S.R.O.286/(1)/2005 dated March 31, 2005, the shareholders of the company are requested to send clear photocopy of their valid Computerized National Identity Card (both sides) at the earliest at the address of our share Registrar namely M/s. Management & Registration Services (Pvt) Limited, Business Executive Centre, F/17/3, Block 8, Clifton, Karachi. Fax No.021-35820325. This information is required for maintaining the Members' Register of the company.

CONTRIBUTION OF OUR COMPANY TOWARDS GOVERNMENT AND SOCIAL SECTOR:

We wish to give hereunder our Company's revenue contribution towards the Government, Semi Government sectors, banks and Social sector during the year ended 30th June 2010.

		(Rs. In Million)
I.	**GOVERNMENT SECTOR**	
	a. Sales Tax paid	10.776
	b. Income Tax paid	24.385
	c. Power & Fuel	190.656
	d. Financial Institution/ Banks	111.810
II.	**SOCIAL SECTOR**	
	Employees/Workers salaries, Wages and other benefits	232.853
		570.480

We are also providing employment to 1380 workers (1380 families-with an average of 8 family members in KPK Province) the employment cost of which shall now be about Rs.232.853 million(per annum).

DIVIDEND:

Keeping in view the commitments with National Bank of Pakistan for the restructured loans for which we have to make very heavy payments in the years 2011 and 2012 your Directors have decided not to pay any dividend keeping in view the present requirements of the financial resources to repay the restructured demand finance loans and mark up thereon.

APPOINTMENT OF AUDITORS:

The Company's auditors M/s Hameed Chaudhri & Co., Chartered Accountants, H. M. House, 7 – Bank Square, Lahore retire and offer themselves for reappointment. The Board of Directors of the Company as recommended by the Board Audit Committee has decided that the retiring auditor be re-appointed.

ACKNOWLEDGEMENT:

Your Directors wish to record their appreciations for the efforts made by the workers, staff and senior executives for achieving the results in the present difficult circumstances and continued support of the financial institutions specially the National Bank of Pakistan in KPK Province since 1962 to sustain the production activities of the company.

For & on behalf of Board of Directors

Raza Kuli Khan

RAZA KULI KHAN KHATTAK
CHAIRMAN

Dated: 02 October, 2011

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

PARTICULARS		**2011**	2010	2009	2008	2007	2006
Spindles installed	Nos.	**62304**	64704	70896	70896	70896	70896
Rotors installed	Nos.	**600**	600	600	400	400	400
PRODUCTION	Lbs. in million	**10.851**	10.213	10.296	10.922	12.106	12.110
Sales - Net	Rs. in million	**2,134.841**	1,454.537	1,071.738	1,130.611	1,075.183	969.420
Gross Profit	----- " -----	**190.198**	311.726	61.647	155.339	145.209	68.634
Operating Profit	----- " -----	**116.801**	257.257	20.901	110.141	107.781	40.410
Profit / (Loss) before Taxation	----- " -----	**111.058**	174.411	(149.174)	19.436	6.014	(44.382)
Provision for Taxation	----- " -----	**(40.990)**	57.769	(39.288)	14.188	4.326	(12.070)
Profit / (Loss) after Taxation	----- " -----	**152.048**	116.642	(109.886)	5.248	1.688	(32.312)
Earning / (Loss) per share	Rupees	**33.57**	30.54	(34.71)	1.66	0.53	(11.23)
Breakup Value per share	----- " -----	**91.50**	61.15	34.21	65.38	58.15	60.48
Total Assets	Rs. in million	**2,725.271**	2,444.962	1,977.223	2,128.685	2,061.819	1,649.162
Current Liabilities	----- " -----	**(771.642)**	(559.916)	(698.670)	(748.822)	(658.670)	(636.078)
	----- " -----	**1,953.629**	1,885.046	1,278.553	1,379.863	1,403.149	1,013.084
REPRESENTED BY:							
Share Capital	Rs. in million	**47.848**	43.064	31.655	31.655	31.655	28.777
Reserves and Un-appropriated Profit	----- " -----	**1,404.026**	1,248.711	800.075	869.432	857.964	517.096
Equity	----- " -----	**1,451.874**	1,291.775	831.730	901.087	889.619	545.873
Long Term Loans	----- " -----	**321.057**	361.228	326.339	318.865	360.900	356.658
Deferred Liabilities	----- " -----	**180.698**	232.043	120.484	159.911	152.630	110.553
	----- " -----	**1,953.629**	1,885.046	1,278.553	1,379.863	1,403.149	1,013.084

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. CUIN (Incorporation Number) 0 0 0 1 1 9 3

2. Name of the Company: JANANA DE MALUCHO TEXTILE MILLS LIMITED

3. Pattern of holding of the shares held by the shareholders as at 30 06 2011

4. No of shareholders	Shareholdings	Total shares held
492	shareholding from 1 to 100 shares	16,536
373	shareholding from 101 to 500 shares	83,799
116	shareholding from 501 to 1000 shares	83,959
130	shareholding from 1001 to 5000	273,753
15	shareholding from 5001 to 10000	104,186
10	shareholding from 10001 to 15000	124,311
6	shareholding from 15001 to 20000	107,157
2	shareholding from 20001 to 25000	43,170
2	shareholding from 25001 to 30000	56,059
1	shareholding from 30001 to 35000	31,000
2	shareholding from 35001 to 40000	76,633
1	shareholding from 40001 to 45000	41,133
1	shareholding from 55001 to 60000	60,000
1	shareholding from 130,001 to 135,000	134,062
1	shareholding from 145001 to 150000	147,762
1	shareholding from 170001 to 175000	170,830
1	shareholding from 280001 to 285000	281,050
1	shareholding from 340001 to 345000	341,000
1	shareholding from485001 to 490000	486,969
1	shareholding from 560001 to 565000	562,195
1	shareholding from 1555001 to 1560000	1,559,230
1159	Total	4,784,794

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	74,073	1.55
5.2. Associated Companies, undertakings and related parties.	2,462,425	51.46
5.3 NIT and ICP	171,600	3.59
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	492,305	10.29
5.5 Insurance Companies	38,422	0.80
5.6 Modarabas and Mutual Funds	NIL	NIL
5.7 Share holders holding 10%		
Bannu Woollen Mills Ltd	1,559,230	36.21
Bibojee Services (Pvt.) Ltd	562,195	13.05
National Bank of Pakistan	486,969	10.17
5.8 General Public		
a. Local	1,109,275	23.18
b. Foreign	NIL	NIL
5.9 Others (to be specified)		
Joint Stock Companies	18,146	0.38
Secretary to Govt. of N.W.F.P	134,062	2.80
Deputy Administrator Abandoned Properties	3,422	0.07
Trusts	281,063	5.88
Govt. of Pakistan	1	0.00

6. Signature of Secretary

7. Name of Signatory: **AMIN-UR-RASHEED**

8. Designation: Company Secretary & General Manager Corporate Affairs

9. NIC Number: 1 4 3 0 1 - 4 5 7 5 7 6 4 - 3

10. Date

Day		Month		Year			
3	0	0	6	2	0	1	1

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

CATEGORIES OF SHAREHOLDERS			SHARES HELD
1.	ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES:		
	M/S BANNU WOOLLEN MILLS LTD,		1,559,230
	M/S.BIBOJEE SERVICES (PVT) LTD.		562,195
	M/S BABRI COTTON MILLS LTD,		341,000
2.	N.I.T. & I.C.P:		
	M/S. NATIONAL INVESTMENT TRUST LTD		170,830
	M/S. INVESTMENT CORPORATION OF PAKISTAN		770
3.	DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:		
	MR.RAZA KULI KHAN KHATTAK,	Chairman	12,482
	LT.GEN. (RETD) ALI KULI KHAN KHATTAK	Chief Executive	11,114
	MR.AHMED KULI KHAN KHATTAK	Director	12,214
	MR.MUSHTAQ AHMED KHAN (FCA)	Director	13,241
	MRS.ZEB GOHAR AYUB	Director	12,808
	MRS.SHAHNAZ SAJJAD AHMED	Director	6,107
	DR. SHAHEEN KULI KHAN	Director	6,107
4.	EXECUTIVES		1,155
5.	JOINT STOCK COMPANIES		18,146
6.	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS		530,727
7.	SHAREHOLDERS HOLDING 10% OR MORE:		
	M/S BANNU WOOLLEN MILLS LTD,		1,559,230
	M/S.BIBOJEE SERVICES (PVT) LTD.		562,195
	M/S. NATIONAL BANK OF PAKISTAN		486,969
8.	GENERAL PUBLIC & OTHERS		1,526,668

STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE
[See clause (xlv)]

Name of Company JANANA DE MALUCHO TEXTILE MILLS LIMITED
Year Ended 30^{TH} JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes four independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors of the Company during the year ended 30^{th} June 2011.
5. The Company has prepared a Statement of Ethics and Business Practices, which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. 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 and other 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. The Directors are well conversant with the legal requirements and such are fully aware of their duties and responsibilities.
10. Their were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year ended 30^{th} June 2011.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises THREE members, of whom TWO are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function and the employees working therein are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Signature	
(Name in block letters)	Lt. Gen. (Retd.) Ali Kuli Khan Khattak (Chief Executive)
NIC Number	37405-0360603-3

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange, 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 the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub - Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried-out on terms equivalent to those that prevail in 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 the 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 30 June, 2011.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Hameed Chaudhri

LAHORE; October 03, 2011

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** as at 30 June, 2011 and the related profit and loss account, 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, 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 30 June, 2011 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Hameed Chaudhri

LAHORE; October 03, 2011

BALANCE SHEET AS AT 30 JUNE, 2011

	Note	2011	2010
		Rupees in thousand	
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital	7	200,000	200,000
Issued, subscribed and paid-up capital	8	47,848	43,064
Reserves	9	217,673	139,624
Unappropriated profit		172,310	80,649
		437,831	263,337
Term Finance Certificates	10	63,725	0
Frozen Mark-up on Demand Finances	11	0	75,790
Surplus on Revaluation of Property, Plant and Equipment	12	1,014,043	1,028,438
Non-current Liabilities			
Demand finances	13	257,332	285,438
Staff retirement benefits - gratuity	14	34,403	17,569
Deferred taxation	15	146,295	214,474
		438,030	517,481
Current Liabilities			
Current portion of long term liabilities	16	63,126	40,901
Short term finances	17	463,811	388,972
Trade and other payables	18	184,238	102,537
Accrued mark-up / interest	19	30,477	18,986
Taxation	20	28,772	7,285
Preference shares redemption account	21	1,218	1,235
		771,642	559,916
Contingencies and Commitments	22		
		2,725,271	2,444,962

	Note	2011	2010
		Rupees in thousand	
Assets			
Non-current Assets			
Property, plant and equipment	23	1,936,389	1,929,393
Investments in Associated Companies	24	85,196	52,228
Loans to employees	25	1,176	1,398
Security deposits		1,029	1,029
		2,023,790	1,984,048
Current Assets			
Stores, spares and loose tools	26	34,404	25,049
Stock-in-trade	27	508,371	364,761
Trade debts - unsecured considered good		49,957	12,082
Advances to employees		1,451	1,111
Advance payments	28	9,826	15,672
Trade deposits and prepayments	29	490	326
Mark-up subsidy receivable	30	30,895	0
Due from Associated Companies	31	0	9,439
Other receivables		1,201	0
Sales tax refundable		14,368	9,419
Income tax refundable, advance tax and tax deducted at source		29,325	17,205
Cash and bank balances	32	21,193	5,850
		701,481	460,914
		2,725,271	2,444,962

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

Ali Kuli Khan

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

Mushtaq Ahmed Khan

Mushtaq Ahmad Khan, FCA
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2011

	Note	2011	2010
		Rupees in thousand	
Sales	33	**2,134,841**	1,454,537
Cost of Sales	34	**1,944,643**	1,142,811
Gross Profit		**190,198**	311,726
Distribution Cost	35	**15,000**	7,560
Administrative Expenses	36	**52,643**	34,929
Other Operating Expenses	37	**9,418**	18,058
Other Operating Income	38	**(3,664)**	(6,078)
		73,397	54,469
Profit from Operations		**116,801**	257,257
Finance Cost	39	**36,615**	125,938
		80,186	131,319
Share of Profit of Associated Companies	24	**30,872**	21,498
Impairment Loss on Investments in Associated Companies reversed		**0**	21,594
		30,872	43,092
Profit before Taxation		**111,058**	174,411
Taxation			
- Current	20	**21,487**	7,285
- Prior years	20	**5,702**	481
- Deferred	15	**(68,179)**	50,003
		(40,990)	57,769
Profit after Taxation		**152,048**	116,642
Other Comprehensive Income		**0**	0
Total Comprehensive Income		**152,048**	116,642
		------- Rupees -------	
Earnings per Share	40	**33.57**	30.54

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

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

Mushtaq Ahmad Khan, FCA
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2011

	2011	2010
	Rupees in thousand	
Cash flow from operating activities		
Profit for the year - before taxation and share of profit and impairment loss on investments in Associated Companies	**80,186**	131,319
Adjustments for non-cash charges and other items:		
Depreciation	**59,950**	53,561
Loss on disposal of operating fixed assets - net	**108**	4,650
Staff retirement benefits - gratuity (net)	**16,834**	7,366
Unclaimed balances written back	**(379)**	0
Loss arisen upon extinguishment of demand finances against issuance of ordinary shares	**2,871**	0
Finance cost	**32,171**	125,132
Profit before working capital changes	**191,741**	322,028
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**(9,355)**	1,011
Stock-in-trade	**(143,610)**	(5,880)
Trade debts	**(37,875)**	14,541
Loans and advances to employees	**(118)**	112
Advance payments	**5,846**	(5,129)
Trade deposits and prepayments	**(164)**	1,050
Mark-up subsidy receivable	**54,202**	0
Due from Associated Companies	**9,439**	14,270
Other receivables	**(1,201)**	0
Sales tax refundable	**(4,949)**	(3,597)
Increase / (decrease) in trade and other payables	**82,080**	(19,771)
	(45,705)	(3,393)
Cash generated from operations	**146,036**	318,635
Taxes paid	**(17,822)**	(12,536)
Net cash generated from operating activities	**128,214**	306,099
Cash flow from investing activities		
Fixed capital expenditure	**(69,377)**	(57,192)
Sale proceeds of operating fixed assets	**2,323**	9,325
Dividend received from an Associated company	**1,171**	0
Security deposits	**0**	(25)
Net cash used in investing activities	**(65,883)**	(47,892)
Cash flow from financing activities		
Demand finances	**(16,713)**	(16,713)
Short term finances - net	**74,839**	(149,315)
Preference shares redeemed	**(17)**	(3)
Finance cost paid	**(105,097)**	(89,503)
Net cash used in financing activities	**(46,988)**	(255,534)
Net increase in cash and cash equivalents	**15,343**	2,673
Cash and cash equivalents - at beginning of the year	**5,850**	3,177
Cash and cash equivalents - at end of the year	**21,193**	5,850

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

Ali Kuli Khan

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

Mushtaq Ahmad Khan

Mushtaq Ahmad Khan, FCA
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2011

	Share capital	Reserves					(Accumulated loss) / unappropriated profit	Total
		Capital			Revenue	Sub-total		
		Capital redemption	Tax holiday	Share premium	General			
	Rupees in thousand							
Balance as at 30 June, 2009	31,655	6,694	350	0	121,171	128,215	(51,594)	108,276
Transactions with owners								
Nominal value of ordinary shares issued	11,409	0	0	0	0	0	0	11,409
Premium received on issue of ordinary shares	0	0	0	11,409	0	11,409	0	11,409
	11,409	0	0	11,409	0	11,409	0	22,818
Total comprehensive income for the year	0	0	0	0	0	0	116,642	116,642
Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation):								
- on account of incremental depreciation for the year	0	0	0	0	0	0	10,024	10,024
- upon disposal of plant & machinery	0	0	0	0	0	0	7,245	7,245
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	0	0	(1,668)	(1,668)
Balance as at 30 June, 2010	43,064	6,694	350	11,409	121,171	139,624	80,649	263,337
Transfer to general reserve	0	0	0	0	78,049	78,049	(78,049)	0
Transactions with owners								
Nominal value of ordinary shares issued upon extinguishment of long term liabilities	4,784	0	0	0	0	0	0	4,784
Total comprehensive income for the year	0	0	0	0	0	0	152,048	152,048
Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation):								
- on account of incremental depreciation for the year	0	0	0	0	0	0	13,128	13,128
- upon disposal of plant & machinery	0	0	0	0	0	0	1,267	1,267
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	0	0	3,267	3,267
Balance as at 30 June, 2011	**47,848**	**6,694**	**350**	**11,409**	**199,220**	**217,673**	**172,310**	**437,831**

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

Ali Kuli Khan

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

Mushtaq Ahmad Khan

Mushtaq Ahmad Khan, FCA
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2011

1. CORPORATE INFORMATION

Janana De Malucho Textile Mills Ltd. (the Company) was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. It is principally engaged in manufacture and sale of yarn. The Company's mills and its registered office are located at Habibabad, Kohat.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and 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 by the provisions of and directives issued under the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ from the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives have been followed.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded-off to the nearest thousand except stated otherwise.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Staff retirement benefits - gratuity

The present value of defined benefit obligation depends on a number of factors that are determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact the carrying amount of the obligation. The present value of the obligation and the underline assumptions are disclosed in note 14.

b) Taxation

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

c) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicator of impairment is identified.

d) Stores & spares and stock-in-trade

The Company reviews the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

e) Provision for impairment of trade debts

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

5.1 Amendments to published standards that are effective in current financial year and are relevant to the Company

The following amendments to published standards are mandatory for the financial year beginning 01 July, 2010:

(a) IAS 1 (Amendment), 'Presentation of Financial Statements' is effective from 01 July, 2010. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

(b) IAS 7 (Amendment), 'Statement of Cash Flows' is effective from 01 July, 2010. The amendment provides clarification that only expenditure that results in a recognised asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognised assets in the balance sheet. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

(c) IAS 17 (Amendment), 'Classification of leases of land and buildings'. The amendment deletes the specific guidance regarding classification of lease of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, lease of land should be classified as either finance or operating, using the general principles of IAS 17. There is no effect of this amendment on the Company's financial statements.

(d) IFRS 8 (Amendment), 'Operating Segments'. This amendment clarifies that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. Since the operations of the Company are considered as a single reportable segment, therefore the amendment will have no effect on the Company's financial statements.

(e) IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective for the periods beginning on or after 01 July, 2010). The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a lender of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Company, during the current financial year, has renegotiated the terms of financial liabilities and offered its shares to National Bank of Pakistan to extinguish its demand finance liabilities and mark-up accrued thereon as fully detailed in note 13 to the financial statements.

5.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are effective in current financial year but are not relevant to the Company

The other new standards, amendments to existing approved accounting standards and interpretations are mandatory for the periods beginning on or after 01 July, 2010 are considered not to be currently relevant as these do not have any significant effect on the Company's current financial reporting and operations; however, these may affect the accounting for future transactions and events.

5.3 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

The following new standards, amendments to existing approved accounting standards and interpretations are not effective for the periods beginning on or after 01 July, 2010 and have not been early adopted by the Company:

(a) IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for the periods beginning on or after 01 January, 2011). The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with a financial instrument. The amendment will only affect the disclosures in the Company's financial statements.

(b) IFRS 9, 'Financial Instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 01 July, 2013 but is available for early adoption.

(c) IAS 1 (Amendment), 'Presentation of Financial Statements' (effective for the periods beginning on or after 01 January, 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment will only affect the disclosures in the Company's financial statements.

(d) IAS 24 (Revised), 'Related Party Disclosures' (effective for the periods beginning on or after 01 January, 2011). The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the revised standard is applied, the Company will be required to disclose transactions with its associates. At this stage it is not possible to assess the impact, if any, of the revised standard on the related party disclosures in the Company's financial statements.

(e) IAS 34 (Amendment), 'Interim Financial Reporting' (effective for periods beginning on or after 01 January, 2011). This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The amendment will only affect the disclosures in the Company's condensed interim financial information.

There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

6.2 Staff retirement benefits (defined benefit plan)

The Company operates an un-funded gratuity scheme for all its eligible employees who have attained the minimum qualifying period of service.

Provision and current service costs are being accounted for on the basis of actuary's recommendations based on the actuarial valuation of the scheme. The most recent valuation of the scheme was carried-out as on 30 June, 2011.

6.3 Trade and other payables

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

6.4 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by the balance sheet date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all the taxable temporary differences.

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

6.5 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

6.6 Property, plant and equipment and depreciation

These, other than freehold land, buildings on freehold land, plant & machinery, generators and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land, plant & machinery and generators are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 23.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

6.7 Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognised in the Associated Companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of investments is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

6.8 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

6.9 Stock-in-trade

Basis of valuation are as follows:

Particulars	**Mode of valuation**
Raw materials:	
At warehouses	- At lower of annual average cost and net realisable value.
In transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.

- Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.
- Net realisable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.

6.10 Trade debts and other receivables

Trade debts are recognised initially at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

6.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

6.12 Provisions

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

6.13 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

6.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- sales are recorded on dispatch of goods.
- return on deposits is accounted for on 'accrual basis'.
- dividend income is accounted for when the right to receive such dividend is established.

6.15 Foreign currency translations

Transactions in foreign currencies are translated into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account.

6.16 Financial instruments

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

Financial instruments carried on the balance sheet includes security deposits, trade debts, mark-up subsidy receivable, other receivables, cash & bank balances, term finance certificates, bank borrowings, trade & other payables, and accrued mark-up / interest. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

6.17 Off-setting of financial assets and liabilities

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

6.18 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information, as required by the approved accounting standards, is presented in note 45 to these financial statements.

7. AUTHORISED SHARE CAPITAL

2011	2010		**2011**	2010
(Number of shares)			**Rupees in thousand**	
18,000,000	18,000,000	Ordinary shares of Rs.10 each	**180,000**	180,000
700,000	700,000	7.5% redeemable cumulative preference shares of Rs.10 each	**7,000**	7,000
1,300,000	1,300,000	10% redeemable cumulative preference shares of Rs.10 each	**13,000**	13,000
20,000,000	20,000,000		**200,000**	200,000

8. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2011	2010		2011	2010
(Number of shares)			**Rupees in thousand**	
1,640,900	1,640,900	Ordinary shares of Rs.10 each fully paid in cash	**16,409**	16,409
2,130,544	1,652,100	Ordinary shares of Rs.10 each issued to Financial Institutions by conversion of loans and debentures	**21,305**	16,521
6,832	6,832	Ordinary shares of Rs.10 each issued by conversion of preference shares	**68**	68
1,006,518	1,006,518	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**10,066**	10,066
4,784,794	4,306,350		**47,848**	43,064

8.1 Movement in share capital during the year

4,306,350	3,165,450	Balance at beginning of the year	**43,064**	31,655
478,444	0	Issued ordinary shares of Rs.10 each to a Bank by conversion of long term liabilities	**4,784**	0
0	1,140,900	Issued ordinary shares of Rs.10 each for consideration paid in cash	**0**	11,409
4,784,794	4,306,350	Balance at end of the year	**47,848**	43,064

8.2 Ordinary shares held by the Associated Companies at the year-end are as follows:

	Number of shares	
Bibojee Services (Pvt.) Ltd.	**562,195**	562,195
Bannu Woollen Mills Ltd.	**1,559,230**	1,559,230
Babri Cotton Mills Ltd.	**341,000**	341,000
	2,462,425	2,462,425

9. RESERVES

	Note	2011	2010
		Rupees in thousand	
Capital:			
- capital redemption reserve		**6,694**	6,694
- tax holiday reserve		**350**	350
- share premium reserve	**9.1**	**11,409**	11,409
		18,453	18,453
Revenue - general reserve		**199,220**	121,171
		217,673	139,624

9.1 This represents premium at the rate of Rs.10 per share received on 1,140,900 ordinary shares allotted during the preceding financial year ended 30 June, 2010.

10. TERM FINANCE CERTIFICATES - Secured

	Note	2011	2010
Balance as at 30 June,	**13.2 (h)**	**76,470**	0
Less: current portion grouped under current liabilities		**12,745**	0
		63,725	0

11. FROZEN MARK-UP ON DEMAND FINANCES

This represents mark-up accrued on demand finances availed by the Company during the period from December, 2008 to December, 2010. As per the finance facilities restructuring package finalised with National Bank of Pakistan, the Company has issued Term Finance Certificates against this liability as fully detailed in note 13.2(h).

12. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

12.1 The freehold land of the Company was first revalued on 30 September, 1998 by M/s. Hamid Mukhtar & Co. - Valuation Consultants and Surveyors, Lahore. The Company, during the financial year ended 30 September, 2004 and 30 June, 2007, had revalued its freehold land, buildings on freehold land, plant & machinery and generators to replace the carrying amounts of these assets with their market values / depreciated market values. These revaluations were carried-out by independent Valuers - M/s. Yunus Mirza & Co., Incorporated Architects, Engineers, Town Planners & Banks' Approved Surveyors, Karachi. The net appraisal surplus arisen on these revaluations aggregating Rs.375.511 million and Rs. 359.299 million respectively were credited to this account.

12.2 The Company, as at 31 March, 2010, had again revalued its freehold land, buildings on freehold land, plant & machinery and generators. The revaluation exercise was also carried-out by M/s. Yunus Mirza & Co. to replace the carrying amounts of these assets with their market value / depreciated market values. The appraisal surplus arisen on the latest revaluation aggregating Rs.438.284 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	2011	2010
	Rupees in thousand	
Opening balance	**1,170,279**	758,562
Add: surplus arisen on revaluation carried-out during the preceding year	**0**	438,284
Less: transferred to unappropriated profit:		
- on account of incremental depreciation for the year	**(20,197)**	(15,422)
- upon disposal of plant & machinery	**(1,950)**	(11,145)
	1,148,132	1,170,279
Less: deferred tax on:		
- opening balance of surplus	**141,841**	96,949
- surplus on revaluation carried-out during the preceding year	**0**	54,190
- incremental depreciation for the year	**(7,069)**	(5,398)
- realised on disposal of plant & machinery	**(683)**	(3,900)
	134,089	141,841
Closing balance	**1,014,043**	1,028,438

13. DEMAND FINANCES - Secured

	Note	2011	2010
		Rupees in thousand	
Demand Finance I (DF I)	**13.1 & 13.2**	**199,077**	201,930
Demand Finance III (DF III)	**13.1 & 13.2**	**6,940**	7,177
Demand Finance IV (DF IV)	**13.1 & 13.2**	**26,956**	27,500
Demand Finance V (DF V)	**13.1 & 13.2**	**68,668**	69,818
Rescheduled Demand Finance I (RDF I)	**13.5**	**3,201**	9,603
Rescheduled Demand Finance III (RDF III)	**13.5**	**0**	10,311
		304,842	326,339
Add: restructuring cost arisen upon extinguishment of demand finances against issuance of ordinary shares		**2,871**	0
		307,713	326,339
Less: current portion grouped under current liabilities		**50,381**	40,901
		257,332	285,438

13.1 These finances have been obtained from National Bank of Pakistan (NBP) against various demand finance facilities aggregating Rs.451 million.

13.2 **(a)** The Company and NBP have entered into a finance facilities agreement on 12 January, 2011 whereby the Company has been allowed to pay / settle the outstanding portions of DF I, DF III, DF IV and DF V through conversion of loans into ordinary shares, proceeds of issuance of preference shares and term finance certificates (TFCs).

(b) The Company is liable to repay the following amounts to NBP in respect of various finance facilities :

	Amount payable Rupees in thousand
DF I	**201,930**
DF III	**7,177**
DF IV	**27,500**
DF V	**69,818**
Overdue mark-up on finance facilities	**83,970**
	390,395

(c) The aggregate outstanding amount is Rs.390.395 million plus an amount of Rs.7.500 million being the up-front payment that the Company has already paid to NBP.

(d) **Demand Finance I**

(i) NBP has allowed the Company to convert the principal portion of DF I amounting Rs.2.853 million into 285,298 ordinary shares of Rs.10 each at the conversion rate of Rs.10 per share under section 87 of the Companies Ordinance, 1984. The Company has issued these shares during the current financial year.

(ii) NBP has allowed the Company to repay the remaining portion of overdue principal amount of Rs.69.267 million along with the mark-up to be due thereon from time to time under the Khyber Pakhtunkhwa Relief Package issued by State Bank of Pakistan through its circular / notification Ref. # SMEFD Circular No.11 dated 01 July, 2010 (the KPK Package) in 10 equal half-yearly instalments with a grace period of three years.

In case the KPK Package expires / terminates before the repayment of the aforesaid amount, NBP will allow the Company to repay the remaining overdue principal amount through the proceeds of issuance of unlisted non-voting cumulative convertible / redeemable preference shares of Rs.10 each. NBP will have the option to redeem and convert these preference shares into ordinary shares at the rate of Rs.10 per share.

(iii) NBP has allowed the Company to repay the portion of principal amount of Rs.129.810 million under the KPK Package as a demand finance facility (Demand Finance-VI) in 9 equal half-yearly instalments of Rs.14.424 million commencing from July 2011. In case the KPK Package expires / terminates before the repayment of the said amount, the Company shall repay remaining portion of Demand Finance-VI as a demand finance facility along with the mark-up to be due thereon from time to time.

(iv) The balance of DF I as at 30 June, 2011 has been arrived at as follows:

	Rupees in thousand
Balance of DF I as at 30 June, 2010	**201,930**
Less: liability extinguished against issuance of ordinary share capital during the year	**2,853**
	199,077

(e) Demand Finance III

(i) NBP has allowed the Company to convert the principal portion of DF III amounting Rs.237 thousand into 23,680 ordinary shares of Rs.10 each at the conversion rate of Rs.10 per share under section 87 of the Companies Ordinance, 1984. The Company has issued these shares during the current financial year.

(ii) NBP has allowed the Company to repay the remaining portion of overdue principal amount of Rs.5.743 million along with the mark-up to be due thereon from time to time under the KPK Package in 10 equal half-yearly instalments with a grace period of three years.

In case the KPK Package expires / terminates before the repayment of the aforesaid amount, NBP will allow the Company to repay the remaining overdue principal amount through the proceeds of issuance of unlisted non-voting cumulative convertible / redeemable preference shares of Rs.10 each. NBP will have the option to redeem and convert these preference shares into ordinary shares at the rate of Rs.10 per share.

(iii) The Company shall repay the remaining portion of principal amounting Rs.1.197 million under the KPK Package as a demand finance facility (Demand Finance-VII) in the month of July, 2011.

(iv) The balance of DF III as at 30 June, 2011 has been arrived at as follows:

Balance of DF III as at 30 June, 2010	**7,177**
Less: liability extinguished against issuance of ordinary share capital during the year	**237**
	6,940

(f) Demand Finance IV

(i) NBP has allowed the Company to convert the principal portion of DF IV amounting Rs.544 thousand into 54,400 ordinary shares of Rs.10 each at the conversion rate of Rs.10 per share under section 87 of the Companies Ordinance, 1984. The Company has issued these shares during the current financial year.

(ii) NBP has allowed the Company to repay the remaining portion of overdue principal amount of Rs.13.206 million along with the mark-up to be due thereon from time to time under the KPK Package in 10 equal half-yearly instalments with a grace period of three years.

In case the KPK Package expires / terminates before the repayment of the aforesaid amount, NBP will allow the Company to repay the remaining overdue principal amount through the proceeds of issuance of unlisted non-voting cumulative convertible / redeemable preference shares of Rs.10 each. NBP will have the option to redeem and convert these preference shares into ordinary shares at the rate of Rs.10 per share.

(iii) NBP has allowed the Company to repay the portion of principal amount of Rs.13.750 million under the KPK Package as a demand finance facility (Demand Finance-VIII) in 5 equal half-yearly instalments of Rs.2.750 million from July, 2011. In case the KPK Package expires / terminates before the repayment of the said amount, the Company shall repay remaining portion of Demand Finance-VIII as a demand finance facility along with the mark-up to be due thereon from time to time.

(iv) The balance of DF IV as at 30 June, 2011 has been arrived at as follows:

	Rupees in thousand
Balance of DF IV as at 30 June, 2010	**27,500**
Less: liability extinguished against issuance of ordinary share capital during the year	**544**
	26,956

(g) Demand Finance V

(i) NBP has allowed the Company to convert the principal portion of DF V amounting Rs.1.150 million into 115,066 ordinary shares of Rs.10 each at the conversion rate of Rs.10 per share under section 87 of the Companies Ordinance, 1984. The Company has issued these shares during the current financial year.

(ii) NBP has allowed the Company to repay the remaining portion of overdue principal amount of Rs.27.939 million along with the mark-up to be due thereon from time to time under the KPK Package in 10 equal half-yearly instalments with a grace period of three years.

In case the KPK Package expires / terminates before the repayment of the aforesaid amount, NBP will allow the Company to repay the remaining overdue principal amount through the proceeds of issuance of unlisted non-voting cumulative convertible / redeemable preference shares of Rs.10 each. NBP will have the option to redeem and convert these preference shares into ordinary shares at the rate of Rs.10 per share.

(iii) NBP has allowed the Company to repay the portion of principal amount of Rs.40.728 million, under the KPK Package as a demand finance facility (Demand Finance-IX) in 7 equal half-yearly instalments of Rs.5.818 million commencing from July, 2011. In case the KPK Package expires / terminates before the repayment of the said amount, The Company shall repay remaining portion of Demand Finance-IX as a demand finance facility along with the mark-up to be due thereon from time to time.

(iv) The balance of DF V as at 30 June, 2011 has been arrived at as follows:

	Rupees in thousand
Balance of DF V as at 30 June, 2010	**69,818**
Less: liability extinguished against issuance of ordinary share capital during the year	**1,150**
	68,668

(h) Mark-up portion of finance facilities

NBP has allowed the Company to repay the aggregate overdue (frozen) mark-up of Rs.76.470 million in respect of finance facilities through the proceeds of issuance of privately placed Term Finance Certificates (TFCs) with nil mark-up rate. NBP has subscribed these TFCs during the current financial year. Significant terms and conditions of this TFCs issue are as follows:

Total issue size	Rs.76.470 million
Instrument	Unrated, unlisted and secured TFCs issued as redeemable capital under section 120 of the Companies Ordinance, 1984.

Purpose of issuance of TFCs	To pay overdue mark-up of NBP (TFC Holder) against demand finance facilities availed by the Company during the period from December, 2008 to December, 2010.
Tenor	6 years from the issue date i.e. 12 January, 2011.
Security	First charge on entire fixed assets of the Company for Rs.1.099 billion.
Profit rate	Nil
Profit payment	None
Principal repayment	10% of the original TFCs amount will be redeemed each year. The redemption shall be linked to gross profit and cash flows of the Company. As per the indicative redemption schedule, the total principal amount of TFCs of Rs.76.470 million will be redeemed in 6 annual equal instalments of Rs.12.745 million.
Redemption reserve	No redemption reserve is being created for redemption of TFCs. In view of projected financial cash flows, the Company is expected to have adequate funds to meet its financial obligations.
Enhanced redemption of TFCs	If the Company generates excess cash flows due to any reason other than the increase due to gross profit margin, the Company would be allowed to make excess payments without any prepayment charges. In case the increased cash flows are due to increase in gross profit, the Company would repay its obligation first towards TFCs and then preference shares as follows: - No extra payment will be required if the gross profit margin remains between 8% to 11%. - With the increase in gross profit margin beyond 11%, additional cash flows would be utilised for enhanced redemption of TFCs beyond the minimum 10% allowed repayment each year.
Transfer of TFCs	The TFCs are transferable in the manner as provided in the Companies Ordinance, 1984.

(i) Mark-up rate

The Company and NBP have agreed that during the validity of KPK Package, the Company will pay mark-up on demand finance facilities at the KPK rate, which is 7.5% per annum. However, after the expiry / termination of KPK Package the Company will pay mark-up on demand finance facilities at the base rate (6-months KIBOR) plus 1.85% per annum. Mark-up shall be paid from 01 January, 2011 on quarterly basis starting from 31 March, 2011.

(j) Mechanism for alteration in the existing repayment schedule

If the Company generates excess cash flows due to any reason other than the operations i.e. sale of fixed assets, sale of investments and issuance of securities / equity injection etc., the Company would be allowed to make excess payments above the regular payments without any prepayment charges. The application of this clause would be as follows:

If gross profit as per annual audited financial statements of the Company remains between 8% and 11% of net sales	The repayment of principal amount of instalments will be as per existing repayment schedule.
If gross profit is above 11% of net sales as per annual audited financial statements of the Company	Following percentage of the principal portion of one instalment amount payable during a particular year will be added to the existing instalment amount:
If gross profit increases:	
- from 11% to 12% per annum	25% (say if principal portion is Rs.100, the Company will pay Rs.125)
- from 11% to 13% per annum	50% (say if principal portion is Rs.100, the Company will pay Rs.150)
- from 11% to 14% per annum	75% (say if principal portion is Rs.100, the Company will pay Rs.175)
- from 11% to 15% per annum and above	100% (say if principal portion is Rs.100, the Company will pay Rs.200)

Any enhanced payment will decrease the last instalment's principal.

13.3 Mark-up rate on demand finances

Under the Prime Minister's Fiscal Relief Package to rehabilitate the economic life in Khyber Pakhtunkhwa the effective mark-up rate on demand finances during the current financial year was 7.5% (2010: rates ranged from 14.28% to 14.61%) per annum.

13.4 Securities

The aggregate demand finance facilities are secured against first charge on fixed assets of the Company for Rs.1.099 billion.

13.5 Rescheduled Demand Finances

NBP, vide its letter Ref. # KT / MBR / FIN / 07 dated 12 January, 2007, had sanctioned for release of finance facilities under the State Bank of Pakistan's Scheme for export oriented projects. Accordingly, DF I balance amounting Rs.32.010 million and DF III balance amounting Rs.46.401 million were converted into RDF I and RDF III with effect from 01 January, 2007. The balance of RDF III has been fully repaid during the year whereas balance of RDF I is repayable in 2 equal quarterly instalments ending December, 2011. These rescheduled finances, during the year, carried mark-up at the rate of 7% (2010: 7%) per annum and are secured against the securities as detailed in note 13.4.

14. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

	2011	2010
- discount rate	**14%**	12%
- expected rate of growth per annum in future salaries	**13%**	11%
- average expected remaining working life time of employees	**9 years**	10 years
The amount recognised in the balance sheet is as follows:	**Rupees in thousand**	
Present value of defined benefit obligation	**64,433**	38,465
Unrecognised actuarial loss	**(30,030)**	(20,896)
Net liability at end of the year	**34,403**	17,569

	2011	2010
	Rupees in thousand	
Net liability at beginning of the year	**17,569**	10,203
Charge to profit and loss account	**24,981**	14,457
Payments made during the year	**(8,147)**	(7,091)
Net liability at end of the year	**34,403**	17,569
The movement in the present value of defined benefit obligation is as follows:		
Opening balance	**38,465**	31,099
Current service cost	**12,591**	8,946
Interest cost	**4,616**	3,732
Past service cost - vested benefits	**5,880**	0
Benefits paid	**(8,147)**	(7,091)
Actuarial loss	**11,028**	1,779
Closing balance	**64,433**	38,465
Expense recognised in profit and loss		
Current service cost	**12,591**	8,946
Interest cost	**4,616**	3,732
Past service cost	**5,880**	0
Actuarial loss recognised	**1,894**	1,779
Charge for the year	**24,981**	14,457

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2011	2010	2009	2008	2007
	------------------- **Rupees in thousand** -------------------				
Present value of defined benefit obligation	**64,433**	38,465	31,099	23,720	25,433
Experience adjustment on obligation	**11,028**	1,779	8,618	686	0

The Company's policy with regard to actuarial gains / losses is to follow the minimum recommended approach under IAS 19 (Employee Benefits).

15. DEFERRED TAXATION - Net

	2011	2010
This is composed of the following:	**Rupees in thousand**	
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	**180,563**	181,015
- surplus on revaluation of property, plant and equipment	**134,089**	141,841
	314,652	322,856
Deductible temporary differences arising in respect of:		
- staff retirement benefits - gratuity	**(12,041)**	(6,149)
- available tax losses	**(156,316)**	(102,233)
	(168,357)	(108,382)
	146,295	214,474

16. CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2011	2010
		Rupees in thousand	
Term finance certificates	**10**	**12,745**	0
Demand finances	**13**	**50,381**	40,901
		63,126	40,901

17. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.830 million (2010: Rs.770 million) and are secured against pledge of stock-in-trade and first charge on current and fixed assets of the Company. Under the Prime Minister's Fiscal Relief Package to rehabilitate the economic life in Khyber Pakhtunkhwa the effective mark-up rate during the current financial year was 7.5% (2010: rates ranged from 14.09% to 15.73%) per annum.

Facilities available for opening letters of credit and guarantee from NBP aggregate Rs.235 million (2010: Rs.225 million) out of which the amount remained unutilised at the year-end was Rs.150.564 million (2010: Rs.162.888 million). These facilities are secured against lien on import documents and first charge on current and fixed assets of the Company.

These facilities are available upto 31 December, 2011.

18. TRADE AND OTHER PAYABLES

	Note	2011	2010
Creditors		**18,172**	22,084
Bills payable against imported:			
- plant and machinery		**1,065**	1,150
- raw materials		**70,046**	0
Advance payments	**18.1**	**184**	184
Accrued expenses	**18.2**	**71,715**	55,661
Tax deducted at source		**580**	252
Due to Waqf-e-Kuli Khan	**18.3**	**6,345**	4,337
Security deposits repayable on demand - interest free		**112**	112
Workers' (profit) participation fund	**18.4**	**4,473**	8,930
Workers' welfare fund		**5,015**	3,315
Dividends	**18.5**	**6,394**	6,440
Others		**137**	72
		184,238	102,537

18.1 These advances have been received against sale of land.

18.2 These include Rs.4.010 million (2010: Rs.Nil) payable to The Universal Insurance Company Ltd. (an Associated Company) on account of insurance premium payable.

18.3 Waqf-e-Kuli Khan (a Charitable Institution) is administered by the following directors of the Company:

- Mr. Raza Kuli Khan Khattak
- Lt. General (Retd.) Ali Kuli Khan Khattak
- Mrs. Zeb Gohar Ayub Khan
- Mr. Mushtaq Ahmad Khan, FCA
- Mr. Ahmad Kuli Khan Khattak
- Dr. Shaheen Kuli Khan Khattak
- Mrs. Shahnaz Sajjad Ahmad

18.4 Workers' (profit) participation fund (the fund)

	Note	2011	2010
		Rupees in thousand	
Opening balance		**8,930**	1,476
Add: interest on funds utilised in the Company's business		**715**	211
		9,645	1,687
Less: paid to employees during the year		**9,645**	0
		0	1,687
Add: allocation for the year		**4,473**	7,243
Closing balance		**4,473**	8,930

18.5 Dividends

	Note	2011	2010
Unclaimed dividends		**5,108**	5,154
Dividends on preference shares	**(a)**	**1,286**	1,286
		6,394	6,440

(a) These represent dividends on 7.5% and 10% redeemable cumulative preference shares for the years from 30 September,1979 to 30 September, 1989, 30 September, 1992 to 30 September, 1994 and 30 September, 2000. As the management had decided to redeem the preference shares as stated in notes 21.1 and 21.2, dividends on these shares for the aforesaid years were appropriated during the financial year ended 30 September, 2000 and grouped under current liabilities.

19. ACCRUED MARK-UP / INTEREST

	2011	2010
Mark-up / interest accrued on:		
- demand finances	**10,284**	0
- short term finances	**20,096**	18,678
- advances from Associated Companies	**97**	308
	30,477	18,986

20. TAXATION - Net

	2011	2010
Opening balance	**7,285**	0
Add: provision made during the year		
- current	**21,487**	7,285
- prior year	**5,702**	481
	27,189	7,766
	34,474	7,766
Less: adjustments against completed assessments	**5,702**	481
	28,772	7,285

20.1 Income tax assessments of the Company have been completed upto the Tax Year 2010; the return for the said year has not been taken-up for audit till 30 June, 2011.

20.2 Provision for the current year represents minimum tax payable under section 113 and tax on dividends under section 5 of the Income Tax Ordinance, 2001 (the Ordinance). Due to location in the most affected area, the Company's income is exempt from tax for a period of three years under clause 126F of the second schedule to the Ordinance starting from the tax year 2010.

20.3 The Additional Commissioner Inland Revenue for the Tax Year 2004, vide his order dated 29 June, 2010, raised tax demands amounting Rs.7.123 million against which the Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)]. CIR(A), vide his order dated 15 July, 2011, has deleted the additions made by the Additional Commissioner and decided the said appeal in favour of the Company. However appeal effect order is awaited.

20.4 The Deputy Commissioner Inland Revenue (DCIR), for the Tax Years 2006 and 2007 vide various orders has raised demands aggregating Rs.331 thousand under section 161 and additional tax aggregating Rs.3,001 thousand under section 205 of the Ordinance. The Company has filed appeals with CIR(A) against the abovementioned orders, which are pending adjudication.

20.5 The DCIR has raised demand of Rs.3.488 million for worker welfare fund relating to Tax Year 2010 under section 4 of the Workers Welfare Fund Ordinance, 1971. The Company has filed an appeal with CIR(A), which is pending adjudication.

21. PREFERENCE SHARES REDEMPTION ACCOUNT	**Note**	**2011**	2010
		Rupees in thousand	
Amounts payable on:			
- 7.5% redeemable cumulative preference shares	**21.1**	**134**	141
- 10% redeemable cumulative preference shares	**21.2**	**1,084**	1,094
		1,218	1,235

21.1 This represents the balance of total issue of 250,000 shares, which became convertible at par into ordinary shares of the Company or redeemable in cash at the option of the shareholders of the said class of shares after 30 August, 1976. The Company had redeemed 118,828 shares during the year 1976, which were tendered for redemption in accordance with the terms of the issue.

3,060 shares were converted into ordinary shares of the Company after the year 1976 at the option exercised by the shareholders.

These shares totalling 128,112 could not be redeemed during the preceding years due to non-availability of adequate funds and incurrence of persistent losses. The Company's profitability and availability of funds in the recent past has allowed the management to redeem these shares fully as provided under section 85 of the Companies Ordinance, 1984. Out of the opening balance of 14,069 shares, the Company during the current year has redeemed 634 further shares.

21.2 This represents the balance of total issue of 426,250 shares, which were convertible at par into ordinary shares of the Company at the option of the shareholders of the said class of shares during the period from 01 October, 1977 to 01 October, 1981. As per terms of the issue, the unconverted shares were to be redeemed on 01 October, 1982. However, 3,772 shares were converted into ordinary shares of the Company after the year 1984 at the request of the shareholders although the time for conversion as fixed by the Controller of Capital Issues had expired on 01 October, 1981. These shares are due for redemption at par since 01 October, 1982.

As stated in the preceding note, the Company's profitability and availability of funds in the recent past has allowed the management to redeem these shares also. The Company, upto 30 June, 2010, has redeemed 313,066 shares whereas 1,037 (2010: 333) shares have been redeemed during the current year.

22. CONTINGENCIES AND COMMITMENTS

22.1 The Enquiry Officer of the Government of Pakistan had raised demands for war risk insurance premium (including surcharge and interest) amounting Rs.655 thousand against which the Company made provision to the tune of Rs.403 thousand. The Company has filed an appeal with the Secretary, Ministry of Commerce, which is pending for decision. The Company, however, had paid Rs.201 thousand towards this demand.

22.2 Pakistan Industrial Development Corporation (Pvt.) Limited (PIDC) had filed a case against the Company during the year 1975 for recovery of Rs.1.674 million payable to Bannu Sugar Mills Limited (an ex-associated company). The management had filed an affidavit with the Sindh High Court challenging the suit against the Company as the said amount was subject to adjustment against compensation payable to one of its Associated Company {Bibojee Services (Pvt.) Limited}.

A Government Committee, during the year 1985, had decided the compensation claims of Bibojee Services (Pvt.) Limited according to which no amount was payable to PIDC. Negotiations for withdrawal of the suit are still in process between Bibojee Services (Pvt.) Limited and PIDC.

22.3 Central Excise and Land Customs Department claimed additional duty on count variation amounting Rs.51 thousand. However, the Lahore High Court, on an appeal filed by the Company, ordered for reassessment of the case.

22.4 Counter guarantee given by the Company to a commercial bank outstanding as at 30 June, 2011 was for Rs.25 million (2010: Rs.25 million).

		2011	2010
22.5 Commitments for:	**Note**	**Rupees in thousand**	
irrevocable letters of credit			
- stores and spares		**6,559**	4,730
- raw materials		**27,346**	32,382
		33,905	37,112

22.6 Refer contents of notes 20.3, 20.4 and 20.5.

23. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - tangible	**23.1**	**1,877,956**	1,929,393
Capital work-in-progress			
Plant & machinery - cost and expenses		**58,433**	0
		1,936,389	1,929,393

23.1 Operating fixed assets - owned

	Freehold land	Roads, paths and culverts	Buildings on freehold land				Plant & machinery	Generators	Workshop equipment	Furniture and fixtures	Office & other equipment	Vehicles	Arms	Total
			Factory	Non-factory	Residential									
					Officers	Workers								
	------ Rupees in thousand ------													
As at 30 June, 2009														
Cost / revaluation	481,905	830	156,382	6,679	8,962	8,371	1,063,533	121,246	3,358	8,274	2,163	19,256	259	1,881,218
Accumulated depreciation	0	0	16,366	1,024	943	3,287	322,355	21,287	1,748	3,828	1,104	11,639	29	383,610
Book value	481,905	830	140,016	5,655	8,019	5,084	741,178	99,959	1,610	4,446	1,059	7,617	230	1,497,608
Year ended 30 June, 2010:														
Replacements	0	0	4,236	0	0	0	41,519	14,349	0	652	268	0	13	61,037
Revaluation adjustments:														
Cost	283,455	0	19,707	0	3,485	467	0	0	0	0	0	0	0	307,114
Depreciation	0	0	21,617	1,215	1,244	3,477	98,271	5,346	0	0	0	0	0	131,170
Disposals:														
Cost	0	0	0	0	0	0	(31,581)	0	0	0	0	0	0	(31,581)
Depreciation	0	0	0	0	0	0	17,606	0	0	0	0	0	0	17,606
Depreciation for the year	0	0	7,469	296	456	301	38,058	5,078	81	231	56	1,523	12	53,561
Book value	765,360	830	178,107	6,574	12,292	8,727	828,935	114,576	1,529	4,867	1,271	6,094	231	1,929,393
Year ended 30 June, 2011:														
Replacements	0	397	0	0	0	0	3,558	0	0	918	75	5,996	0	10,944
Disposals:														
Cost	0	0	0	0	0	0	(3,493)	0	0	0	0	(2,328)	0	(5,821)
Depreciation	0	0	0	0	0	0	1,536	0	0	0	0	1,854	0	3,390
Depreciation for the year	0	0	8,905	329	615	436	41,484	5,729	76	261	66	2,037	12	59,950
Book value	765,360	1,227	169,202	6,245	11,677	8,291	789,052	108,847	1,453	5,524	1,280	9,579	219	1,877,956
As at 30 June, 2010														
Cost / revaluation	765,360	830	180,325	6,679	12,447	8,838	1,073,471	135,595	3,358	8,926	2,431	19,256	272	2,217,788
Accumulated depreciation	0	0	2,218	105	155	111	244,536	21,019	1,829	4,059	1,160	13,162	41	288,395
Book value	765,360	830	178,107	6,574	12,292	8,727	828,935	114,576	1,529	4,867	1,271	6,094	231	1,929,393
As at 30 June, 2011														
Cost / revaluation	765,360	1,227	180,325	6,679	12,447	8,838	1,073,536	135,595	3,358	9,844	2,506	22,924	272	2,222,911
Accumulated depreciation	0	0	11,123	434	770	547	284,484	26,748	1,905	4,320	1,226	13,345	53	344,955
Book value	765,360	1,227	169,202	6,245	11,677	8,291	789,052	108,847	1,453	5,524	1,280	9,579	219	1,877,956
Depreciation rate (%)			5	5	5	5	5	5	5	5	5	20	5	

23.2 The management, during the financial year ended 30 June, 2007, in order to ascertain the useful life of operating fixed assets carried-out an internal exercise and assessed the remaining useful life of depreciable assets other than vehicles. Keeping in consideration the assessed useful life of these assets, the depreciation rates of depreciable assets were found excessive and consequently depreciation rates were reduced to 5% from 10%. The management, in this regard, had also obtained opinion from independent Valuers [M/s. Dimen Associates (Pvt.) Ltd., approved Valuers of Pakistan Banks Association]; the Valuers had confirmed the depreciation rates adopted by the management.

23.3 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

	2011	2010
	Rupees in thousand	
Freehold land	**340**	340
Buildings on freehold land:		
Factory	**44,669**	47,020
Non-factory	**1,129**	1,189
Residential:		
- Officers	**192**	202
- Workers	**3,516**	3,701
Plant & machinery	**568,918**	595,232
Generators	**91,778**	96,608

23.4 Depreciation was not provided for on operating fixed assets for the tax holiday period; the effect of which, on the basis of reducing balance method, has lowered accumulated depreciation by Rs.45 thousand approximately as at 30 June, 2011 (2010: Rs.87 thousand).

23.5 Depreciation for the year has been apportioned as under:

Cost of sales	**56,631**	50,987
Administrative expenses	**3,319**	2,574
	59,950	53,561

23.6 Disposal of operating fixed assets:

Particulars	Cost / revaluation	Accumulated depreciation	Book value	Sale proceeds	(Loss) / gain	Sold through negotiation to:
	----------- Rupees in thousand -----------					
Plant & Machinery						
06 Ring Spinning Frames	3,493	1,536	1,957	1,680	(277)	Meo Engineering Company, Khawaja Arcade, Lahore.
Vehicles						
Nissan Sunny	973	869	104	250	146	Muhammad Naveed Malik, Lahore
Nissan Sunny	1,355	985	370	393	23	Muhammad Iftikhar Ali, Employee
	2,328	1,854	474	643	169	
	5,821	**3,390**	**2,431**	**2,323**	**(108)**	

24. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

	2011	2010
	Rupees in thousand	
Babri Cotton Mills Ltd. (BCM)		
587,493 (2010: 510,864) ordinary shares of Rs.10 each including 76,629 (2010: Nil) bonus shares - **cost**	**10,973**	10,973
Equity held: 16.09% (2010: 17.64%)		
Post acquisition profit brought forward including effect of items directly credited in equity by BCM	**11,969**	(5,489)
Profit for the year - net of taxation	**19,717**	15,971
	42,659	21,455
Bannu Woollen Mills Ltd. (BWM)		
585,301 (2010: 585,301) ordinary shares of Rs.10 each including 285,146 (2010: 285,146) bonus shares **- cost**	**7,697**	7,697
Equity held: 7.70% (2010: 7.70%)		
Post acquisition profit brought forward including effect of items directly credited in equity by BWM	**24,856**	17,549
Dividend received during the year	**(1,171)**	0
Profit for the year - net of taxation	**11,155**	5,527
	42,537	30,773
	85,196	52,228

24.1 Market value of the Company's investment in BCM and BWM as at 30 June, 2011 was Rs.9.400 million (2010: Rs.6.687 million) and Rs.9.049 million (2010: Rs.4.471 million) respectively.

24.2 Summarised financial information of BCM, based on the audited financial statements for the year ended 30 June, 2011, is as follows:

- equity as at 30 June,	**265,191**	133,425
- total assets as at 30 June,	**1,502,375**	1,377,411
- total liabilities as at 30 June,	**797,621**	799,418
- revenue for the year ended 30 June,	**1,705,170**	1,195,591
- profit before taxation for the year ended 30 June,	**131,960**	154,897
- profit after taxation for the year ended 30 June,	**122,571**	102,343

24.3 Summarised financial information of BWM, based on the audited financial statements for the year ended 30 June, 2011, is as follows:

- equity as at 30 June,	**552,700**	414,754
- total assets as at 30 June,	**1,410,378**	914,562
- total liabilities as at 30 June,	**288,571**	260,940
- revenue for the year ended 30 June,	**569,195**	415,428
- profit before taxation for the year ended 30 June,	**143,757**	94,268
- profit after taxation for the year ended 30 June,	**144,937**	87,353

24.4 The Company, during the financial years 1972-73 and 1973-74, had declared dividend in specie by distributing its investment in the Share Capital of Babri Cotton Mills Limited. The Company wrote-back these unclaimed dividends in specie during the years 1989 and 1990 and incorporated these as investment. During the current and preceding years, no distribution by way of dividend in specie was made.

25. LOANS TO EMPLOYEES - Secured

	Note	2011	2010
		Rupees in thousand	
Loans to:			
- executives	**25.1**	**870**	940
- employees	**25.3**	**1,237**	1,240
		2,107	2,180
Less: current portion grouped under current assets		**931**	782
		1,176	1,398

25.1 Movement in the account of loans to executive is as follows:

	2011	2010
Opening balance	**940**	1,060
Loans advanced during the year	**50**	0
Less: deductions made during the year	**(120)**	(120)
Closing balance	**870**	940

(a) These interest free loans to two executives have been advanced for construction of house and certain other purposes. Out of the year-end receivable balance from the executives, the balance of Rs.120 thousand is receivable in 12 equal monthly instalments whereas the balance of Rs.750 thousand is adjustable against final settlement of an executive.

25.2 The maximum aggregate amount of loans due from executives at any month-end during the year was Rs.748 thousand (2010: Rs.1,372 thousand).

25.3 These interest free loans to employees have been advanced for various purposes and are recoverable in instalments which vary from case to case.

25.4 The fair value adjustments as required by IAS 39 (Financial Instruments: Recognition and Measurement) arising in respect of staff loans are not considered material and hence not recognised.

26. STORES, SPARES AND LOOSE TOOLS

	2011	2010
Stores		
- at mills	**17,148**	14,136
- in transit	**2,950**	1,159
Spares	**14,147**	9,635
Loose tools	**159**	119
	34,404	25,049

27. STOCK-IN-TRADE

	2011	2010
Raw materials:		
- at mills - including inventory valuing Rs.72.021 million valued at replacement cost	**310,988**	274,416
- in transit	**70,566**	0
	381,554	274,416
Work-in-process	**62,191**	44,165
Finished goods including inventory valuing Rs.7.370 million valued at fair value	**64,626**	46,180
	508,371	364,761

27.1 The entire closing inventory of raw materials and finished goods is pledged with National Bank of Pakistan as security for short term finance facilities (note 17).

28. ADVANCE PAYMENTS - Unsecured

Considered good

	2011	2010
	Rupees in thousand	
Raw material suppliers	**31**	6,160
Store suppliers	**7,447**	7,264
Others	**2,348**	2,248
	9,826	15,672

29. TRADE DEPOSITS AND PREPAYMENTS

Letters of credit	**52**	208
Prepayments	**438**	118
	490	326

30. MARK-UP SUBSIDY RECEIVABLE

The Federal Government as on 31 August, 2010 has included the entire Textile Sector of Khyber Pakhtunkhwa in the Prime Minister's Fiscal Relief Package to rehabilitate the economic life in FATA / PATA / Khyber Pakhtunkhwa. The Company, in terms of SMEFD Circular No.11 dated 01 July, 2010 read with SMEFD Circular Letter No.13 of 2010 dated 31 August, 2010, is eligible to avail mark-up rate differential on business loans comprising of demand finances and short term finances outstanding as at 31 December, 2009. The mark-up subsidy received / receivable during the year has been recognised by adjusting the relevant expenses (note 39).

31. DUE FROM ASSOCIATED COMPANIES

31.1 Due on account of normal trading transactions:

Rahman Cotton Mills Limited	**0**	18,806
Babri Cotton Mills Limited	**0**	6,283
The Universal Insurance Company Limited	**0**	273
	0	25,362

31.2 Due on account of fund transfers and other transactions:

Rahman Cotton Mills Limited:		
- mark-up	**0**	3,716
- fund transfers	**0**	(14,987)
	0	(11,271)
Babri Cotton Mills Limited:		
- mark-up	**0**	407
- fund transfers	**0**	(5,059)
	0	(4,652)
	0	9,439

32. CASH AND BANK BALANCES	Note	2011	2010
		Rupees in thousand	
Cash-in-hand		**117**	319
Cash at banks on:			
- current accounts	**32.1**	**20,932**	5,385
- PLS security deposit account	**32.2**	**133**	127
- PLS account	**32.2**	**11**	19
		21,076	5,531
		21,193	5,850

32.1 These include foreign currency balance of U.S. $189,881 (2010: U.S. $1,560), which has been converted into Pak Rupees at the exchange rate ruling on the balance sheet date i.e. 1 U.S. $ = Rs.85.85 (2010: 1 U.S.$ = Rs.85.40).

32.2 These carry profit at the rate of 5% (2010: 5%) per annum.

33. SALES - Net		2011	2010
Yarn		**2,066,246**	1,379,019
Waste		**79,371**	72,846
Raw materials purchased for resale		**0**	2,672
		2,145,617	1,454,537
Less: sales tax		**10,776**	0
		2,134,841	1,454,537

34. COST OF SALES	Note	2011	2010
Raw materials consumed	**34.1**	**1,454,512**	746,754
Packing materials consumed		**28,687**	20,651
Salaries, wages and benefits	**34.2**	**194,430**	143,318
Power and fuel		**190,656**	155,516
Stores consumed		**42,724**	22,123
Repair and maintenance		**5,167**	4,018
Depreciation		**56,631**	50,987
Insurance (2010: net of rate refund claims of Rs.3.565 million)		**7,718**	4,728
Others		**590**	492
		1,981,115	1,148,587
Adjustment of work-in-process			
Opening		**44,165**	55,809
Closing		**(62,191)**	(44,165)
		(18,026)	11,644
Cost of goods manufactured		**1,963,089**	1,160,231
Adjustment of finished goods			
Opening stock		**46,180**	26,468
Closing stock		**(64,626)**	(46,180)
		(18,446)	(19,712)
Cost of goods sold - own manufactured		**1,944,643**	1,140,519
Cost of goods sold - raw materials purchased for resale		**0**	2,292
		1,944,643	1,142,811

34.1 Raw materials consumed	Note	2011	2010
		Rupees in thousand	
Opening stock		**274,416**	276,604
Purchases		**1,561,405**	744,318
		1,835,821	1,020,922
Less: closing stock - including in transit valuing Rs.70.566 million (2010: Rs.Nil)		**381,554**	274,416
Raw materials issued		**1,454,267**	746,506
Cess on cotton consumed		**245**	248
		1,454,512	746,754

34.2 These include Rs.18,736 thousand (2010: Rs.12,647 thousand) in respect of staff retirement benefits - gratuity.

35. DISTRIBUTION COST

	Note	2011	2010
Salaries and benefits	35.1	**3,723**	1,948
Commission		**4,409**	2,785
Freight and handling		**6,538**	1,855
Gifts and samples		**72**	293
Others		**258**	679
		15,000	7,560

35.1 These include Rs.500 thousand (2010: Rs.143 thousand) in respect of staff retirement benefits - gratuity.

36. ADMINISTRATIVE EXPENSES

	Note	2011	2010
Salaries and benefits	36.1	**34,700**	19,284
Printing and stationery		**878**	633
Travelling and conveyance - staff		**969**	896
Travelling - directors		**755**	273
Communication		**1,168**	1,089
Rent, rates and taxes		**1,777**	2,331
Guest house expenses and entertainment		**625**	608
Insurance (2010: net of rate refund claims of Rs.0.444 million)		**729**	278
Vehicles' running and maintenance		**3,998**	3,002
Advertisement		**161**	154
Subscription		**570**	390
Repair and maintenance		**212**	551
Auditors' remuneration:			
- statutory audit		**500**	500
- half yearly review		**100**	65
- consultancy and certification charges		**160**	100
- out-of-pocket expenses		**25**	30
- short provision for the preceding year		**45**	0
		830	695
Legal and professional charges (other than Auditors')		**1,188**	1,474
Depreciation		**3,319**	2,574
Others		**764**	697
		52,643	34,929

36.1 These include Rs.5,746 thousand (2010: Rs.1,667 thousand) in respect of staff retirement benefits - gratuity.

36.2 No administrative services have been provided to Associated Companies during the current year. (2010: Rs.9.430 million were charged to Associated Companies on account of administrative services provided to them; this amount was adjusted against the above expenses).

37. OTHER OPERATING EXPENSES

	Note	2011	2010
		Rupees in thousand	
Donations (without directors' interest)		**30**	42
Donation to Waqf-e-Kuli Khan	**18.3**	**3,107**	3,371
Workers' (profit) participation fund	**18.4**	**4,473**	7,243
Workers' welfare fund		**1,700**	2,752
Loss on disposal of operating fixed assets - net	**23.6**	**108**	4,650
		9,418	18,058

38. OTHER OPERATING INCOME

		2011	2010
Income from financial assets			
Mark-up earned on Associated Companies' balances		**62**	3,380
Return on bank deposits		**7**	54
Exchange fluctuation gain - net		**78**	0
Income from non-financial assets			
Sale of scrap - net of sales tax amounting Rs.367 thousand (2010: Rs.401 thousand)		**3,006**	2,512
Quarters' rent		**132**	132
Unclaimed balances written back		**379**	0
		3,664	6,078

39. FINANCE COST - Net

	Note	2011	2010
Mark-up on demand finances		**43,363**	46,391
Less: mark-up subsidy		**29,090**	3,255
		14,273	43,136
Mark-up on short term finances		**73,555**	81,512
Less: mark-up subsidy		**56,007**	0
		17,548	81,512
Interest accrued on:			
- Associated Companies' balances		**350**	484
- workers' (profit) participation fund	**18.4**	**715**	211
Loss arisen upon extinguishment of demand finances against issuance of ordinary shares		**2,871**	0
Bank charges		**858**	595
		36,615	125,938

40. EARNINGS PER SHARE

	2011	2010
	Rupees in thousand	
There is no dilutive effect on earnings per share of the Company, which is based on:		
Profit after taxation attributable to ordinary shareholders	**152,048**	116,642
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	**4,529,187**	3,818,732
	------- Rupees -------	
Earnings per share - basic	**33.57**	30.54

41. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- credit risk; - liquidity risk; and - market risk.

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

41.1 Credit risk

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

Credit risk primarily arises from trade debts, mark-up subsidy receivable and balances with banks. Out of the total financial assets of Rs.104,275 thousand (2010: Rs.28,400 thousand), the financial assets which are subject to credit risk aggregated to Rs.104,158 thousand (2010: Rs.28,081 thousand).

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 10 days to reduce the credit risk.

Credit risk on bank balances and mark-up subsidy receivable is limited as the counter parties are banks with reasonably high credit ratings.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their 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 of credit risk.

The maximum exposure to credit risk as at 30 June, 2011 along with comparative is tabulated below:

Security deposits	**1,029**	1,029
Trade debts	**49,957**	12,082
Mark-up subsidy receivable	**30,895**	0
Due from Associated Companies	**0**	9,439
Other receivables	**1,201**	0
Bank balances	**21,076**	5,531
	104,158	28,081

All the trade debts at the balance sheet date represent domestic parties.

The ageing of trade debts at the year-end was as follows:	**2011**	2010
	Rupees in thousand	
Not past due	**49,380**	11,679
Past due more than one year	**577**	403
	49,957	12,082

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.48.161 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

41.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credit lines.

The following are the contractual maturities of the financial liabilities, including estimated mark-up payments:

Particulars	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**5 years and above**
	Rupees in thousand				
2011					
Term finance certificates	**76,470**	**76,470**	**12,745**	**63,725**	**0**
Demand finances	**304,842**	**487,012**	**101,932**	**333,855**	**51,225**
Short term finances	**463,811**	**499,223**	**499,223**	**0**	**0**
Trade and other payables	**173,986**	**173,986**	**173,986**	**0**	**0**
Accrued mark-up / interest	**30,477**	**30,477**	**30,477**	**0**	**0**
Preference shares redemption account	**1,218**	**1,218**	**1,218**	**0**	**0**
	1,050,804	**1,268,386**	**819,581**	**397,580**	**51,225**

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
	Rupees in thousand			
2010				
Demand finances	326,339	463,235	83,886	379,349
Short term finances	388,972	407,241	407,241	0
Trade and other payables	89,856	89,856	89,856	0
Accrued mark-up / interest	18,986	18,986	18,986	0
Preference shares redemption account	1,235	1,235	1,235	0
	825,388	980,553	601,204	379,349

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective at the respective year-ends. The rates of mark-up have been disclosed in the respective notes to these financial statements.

41.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(a) Currency risk

The Company is exposed to currency risk on import of raw materials, plant & machinery and stores & spares denominated in U.S. Dollar, Euro and Japanese Yen. The Company's exposure to foreign currency risk for U.S. Dollar, Euro and Japanese Yen is as follows:

	2011		
	Rupees	**U.S.$**	**Euros**
	------ in thousand ------		
Bills payable	**71,111**	**826**	**0**
Bank balances	**(16,311)**	**(190)**	**0**
Gross balance sheet exposure	**54,800**	**636**	**0**
Outstanding letters of credit	**33,905**	**345**	**34**
Net exposure	**88,705**	**981**	**34**

	2010			
	Rupees	U.S.$	Euros	Yens
	------------------ in thousand ------------------			
Bills payable	1,150	3	8	0
Bank balances	(133)	(2)	0	0
Gross balance sheet exposure	1,017	1	8	0
Outstanding letters of credit	37,112	406	15	861
Net exposure	38,129	407	23	861

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2011	2010	**2011**	2010
U.S. $ to Rupee	**85.58**	84.25	**86.05**	85.60
Euro to Rupee	**113.73**	117.24	**124.89**	104.58
Yen to Rupee	**-**	0.9207	**-**	0.9662

Sensitivity analysis

At the reporting date, if Rupee had strengthened by 10% against U.S. Dollar and Euro with all other variables held constant, profit after taxation for the year would have been higher by the amount shown below mainly as a result of net foreign exchange gain on translation of financial assets and liabilities.

	2011	2010
	Rupees in thousand	
Effect on profit for the year:		
U.S. $ to Rupee	**5,473**	9
Euro to Rupee	**0**	84

The weakening of Rupee against U.S. Dollar and Euro would have had an equal but opposite impact on the profit after taxation.

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

(b) Interest rate risk

At the reporting date, the mark-up and interest rate profile of the Company's significant financial assets and liabilities is as follows:

	2011	2010	**2011**	2010
	Effective rate		**Carrying amount**	
	%	**%**	**Rupees in thousand**	
Fixed rate instruments				
Financial assets				
Bank balances	**5**	5	**144**	146
Financial liabilities				
Demand finances (export finances)	**7**	7	**3,201**	19,914
Variable rate instruments				
Financial liabilities				
Demand finances	**7.5**	14.28 to 14.61	**301,641**	306,425
Short term finances	**7.5**	14.09 to 15.73	**463,811**	388,972

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in mark-up rates at the balance sheet date would have (decreased) / increased profit for the year by the amounts shown below. The analysis is performed on the same basis for the year 2010.

	Decrease	Increase
	Rupees in thousand	
As at 30 June, 2011		
Cash flow sensitivity - Variable rate financial liabilities	**(7,655)**	**7,655**
As at 30 June, 2010		
Cash flow sensitivity - Variable rate financial liabilities	(6,954)	6,954

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

41.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates. The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Director		Executives	
	2011	2010	**2011**	2010	**2011**	2010
	----------Rupees in thousand----------					
Managerial remuneration	**4,748**	2,496	**3,129**	3,000	**20,295**	7,424
Bonus / ex-gratia	**383**	0	**237**	250	**1,581**	0
Retirement benefits	**528**	0	**355**	0	**1,633**	645
Leave salary	**359**	210	**277**	454	**1,086**	657
Insurance	**0**	0	**0**	7	**15**	14
Medical	**104**	65	**82**	163	**560**	936
Utilities	**549**	480	**8**	448	**312**	249
	6,671	3,251	**4,088**	4,322	**25,482**	9,925
Less: charged to Associated Companies	**0**	0	**0**	3,241	**0**	1,123
	6,671	3,251	**4,088**	1,081	**25,482**	8,802
Number of persons	**1**	1	**1**	1	**7**	6

42.1 Meeting fees of Rs.400 thousand (2010: Rs.270 thousand) were also paid to five (2010: five) non-working directors during the year.

42.2 Chief executive, one (2010: one) working director and six (2010: six) of the executives are provided with free use of residential telephones and the Company maintained cars. Working director and executives are also provided with free housing facility.

43. TRANSACTIONS WITH ASSOCIATED COMPANIES AND RELATED PARTIES

43.1 The Company's shareholders, vide a special resolution, have authorised the chief executive to advance loans upto Rs.5.0 million to any of the Company's associates to meet the business transactions involving payment / reimbursement of branch office / other expenses incurred on the Company's behalf.

43.2 Maximum aggregate debit balance of the Associated Companies at any month-end during the year was Rs.5.043 million (2010: Rs.25.614 million).

43.3 Mark-up has been accrued at the rate of 7.5% (2010: at the rates ranged from 14.09% to 14.77%) per annum on the current account balances of the Associated Companies except for the balances of The Universal Insurance Company Limited, which have arisen on account of insurance premium payable.

43.4

Aggregate transactions during the year with the Associated Companies were as follows:	**2011**	2010
	Rupees in thousand	
Sale of goods and services	**0**	2,672
Purchase of goods and services	**13,468**	7,574
Purchase of vehicles	**4,366**	0
Insurance claim received	**21**	0
Insurance premium paid	**9,176**	9,581
Residential rent:		
- paid	**0**	5
- received	**132**	132
Mark-up:		
- earned	**61**	3,380
- expensed	**350**	484
Management charges:		
- paid	**0**	2,896
- received	**0**	9,430
Dividend received	**1,171**	0
	(Number of shares)	
Bonus shares received	**76,629**	0

Sale, purchase and other transactions with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method.

44. CAPITAL RISK MANAGEMENT

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

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

Consistent with others in the industry, the Company monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2011	2010
	Rupees in thousand	
Total borrowings	**845,123**	715,311
Less: cash and bank balances	**21,193**	5,850
Net debt	**823,930**	709,461
Total equity	**437,831**	263,337
Total capital	**1,261,761**	972,798
Gearing ratio	**65%**	73%

For the purpose of calculating the gearing ratio, the amount of total borrowings has been determined by including the effect of short term finances under mark-up arrangements.

45. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

45.1 Yarn sales represent 96.28% (2010: 94.81%) of the total sales of the Company.

45.2 All of the Company's sales relate to customers in Pakistan.

45.3 All non-current assets of the Company as at 30 June, 2011 are located in Pakistan.

45.4 The Company, during the year ended 30 June, 2011, has made sales to one customer amounting Rs.299.811 million representing 14.04% of sales.

46. CAPACITY AND PRODUCTION

	2011	2010
	---- Numbers ----	
Spindles installed	**62,304**	64,704
Rotors installed	**600**	600
Shifts worked	**1,094**	1,092
Spindles / rotors shifts worked	**65,184,617**	59,996,467
	----KGs.----	
Installed capacity at 20's count on the basis of shifts worked	**22,866,837**	21,176,532
Actual production of yarn of all counts	**4,921,837**	4,632,507
Actual production converted into 20's count	**21,636,130**	20,012,402

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles' speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 02 October, 2011 by the board of directors of the Company.

48. FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

Mushtaq Ahmad Khan, FCA
Director

JANANA DE MALUCHO TEXTILE MILLS LTD.

FORM OF PROXY

I/We ____ ____________
of ________________________ being in the district of ________________________ being a member of Janana De Malucho Textile Mills Limited and holder of __________________ ____________________________ Ordinary Shares as per the Share Register Folio No. ___ _______________ and/or CD C Participant I.D. No. ________________________ and Sub-Account No. ____________________ hereby appoint ___________________________ of _____________________ or failing him/her ______________________________ as my/our proxy to vote for me/us and on my/our behalf at the 51st Annual General Meeting of the Company to be held at Registered Office, Habibabad, Kohat on 29th October 2011 at 10:30 A.M and at any adjournment thereof.

Witnesses:

1. As witness my hand this _________day of _________ 2011.

Signed by the said member in the presence of ____________

2. As witness my hand this _________day of__________ 2011.

Signed by the said member in the presence of ____________

Please affix five rupees revenue stamp

Signatures of member

Please fill in the applicable columns:

For Physical shares	For CDC Account Holders		Shares Held
Folio No.	CDC Participant I.D. No.	Sub Account No.	

Note:

A member entitle to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy needs not to be a member of Company. If a member is unable to attend the meeting, he may complete and sign this form and send it the Company Secretary, Janana De Malucho Textile Mills Limited, Habibabad, Kohat so as to reach not less than 48 hours before the time appointed for holding the meeting.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met.

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC No. Shall be stated on the forms.
2. Attested copies of CNICs or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
3. The proxy shall produce his original CNIC or original passport at the time of the meeting.
4. In case of corporate entity, the Board of Directors resolution/power of attorney with attested specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.