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COMPANY INFORMATION

BOARD OF DIRECTORS:	
CHAIRMAN & CHIEF EXECUTIVE	: MIAN MUHAMMAD JEHANGIR
DIRECTORS	: MIAN KHURSHID AHMAD : MIAN WAHEED AHMAD : MIAN MUHAMMAD NAWAZ : MIAN WAQAR AHMAD : MIAN KHURRAM JEHANGIR : MRS. NARGIS JEHANGIR
NOMINEE DIRECTOR – NIT	: MR. MUHAMMAD ARSHAD
COMPANY SECRETARY	: MR. MUHAMMAD MASUD MUFTI
CHIEF FINANCIAL OFFICER	: MR. MUHAMMAD IRFAN
AUDITORS	: MANZOOR HUSSAIN MIR & COMPANY Chartered Accountants
AUDIT COMMITTEE	: MIAN WAHEED AHMAD CHAIRMAN : MRS. NARGIS JEHANGIR MEMBER : MIAN KHURRAM JEHANGIR MEMBER
BANKERS	: HABIB BANK LIMITED : NIB (Formerly PICIC) : INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN : NATIONAL BANK OF PAKISTAN : THE BANK OF PUNJAB
HEAD OFFICE & REGISTERED OFFICE	: 29-B/7, MODEL TOWN, LAHORE. PHONE: 35831804-5 (2 lines) FAX: 35830844 E-Mail: info@miantextile.com
MILLS	: 48.5 K.M. MULTAN ROAD, BHAI PHERU, TEHSIL CHUNIAN, DISTRICT KASUR. PHONE: (04943) 540384, 042-35834029
SHARES REGISTRAR	: HAMEED MAJEED ASSOCIATES (PVT) LTD. H.M HOUSE 7-BANK SQUARE, LAHORE. TEL: 37235081-82 FAX: 37358817

MISSION STATEMENT

To provide quality products to customers and explore new markets to promote / expand sale of the company through good governance and foster a sound and dynamic team, so as to achieve optimum price of products of the Company for sustainable and equitable growth and prosperity of the company.

VISION STATEMENT

To transform the Company into a modern and dynamic yarn & cloth manufacturing Company with highly professional and fully equipped to play meaningful role on sustainable basis in the economy of Pakistan.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate governance contained in the Regulation No.37 of Listing Regulation of Karachi Stock Exchange and Clause 49 (Chapter VIII) of the Listing Regulation of Lahore Stock Exchange 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. At present the Board includes six (6) 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 resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to any banking company, a DFI or an NBFI or, being a member of a stock exchange, has never been declared as defaulter by that stock exchange.

4. The board has developed a 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 is being maintained.

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

6. The meetings of the Board were presided over by the Chairman and the Board met at least once every quarter. Written notices of the Board meetings along-with the requirements of the Code and fully describes the salient matters required to be disclosed.

7. The Directors report for this year has been prepared in compliance with the requirements of the Code fully describes the salient matters required to be disclosed.

8. The CEO and CFO dully endorsed the financial statements of the Company before approval of the Board.

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

10. The Board has formed an audit committee comprising three members, of whom all are non-executive directors including the Chairman of the committee.

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

12. The Board has set-up an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is fully conversant with the policies and procedures of the company.

13. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company.

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

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

For and on Behalf of the Board

Lahore.
October 04, 2011

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

MANZOOR HUSSAIN MIR & CO.
CHARTERED ACCOUNTANTS

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **MIAN TEXTILE INDUSTRIES LIMITED** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited and Listing Regulation's of Chapter No. XIII of the Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We 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) of listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N -269 dated January 19, 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 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, subject to audit observations expressed in our audit report effecting the compliance with the Code of Corporate Governance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

(MANZOOR HUSSAIN MIR & CO.)
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Manzoor Hussain Mir

LAHORE.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th Annual General Meeting of the Shareholders of **Mian Textile Industries Limited** will be held on **Monday October 31, 2011 at 10:00 A.M** at the Registered Office of the Company at 29-B/7, Model Town, Lahore to transact the following business: -

1. To confirm the minutes of the last Annual General Meeting of the Shareholders of the Company.

2. To receive, consider and adopt the audited financial statements of the company together with the Director's and Auditor's reports thereon for the year ended June 30, 2011.

3. To appoint Auditors and fix their remuneration for the accounting period ending on June 30th, 2012.

4. To transact any other business with the permission of the Chairman.

By order of the Board

Lahore:
Dated: October 04, 2011

Muhammad Masud Mufti
Company Secretary

NOTES:

a). The share transfer books of the Company will remain closed from October 22, 2011 to October 31, 2011 (both days inclusive). Transfers received in order at the Registered Office of the Company up to the close of business on October 21, 2011 will be in time to affect the voting rights at the Annual General Meeting.

b). A member of the company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by attorney or in case of Corporation by a representative duly authorized. The instrument of proxy duly executed should be lodged at the registered office of the Company not later than 48 hours before the time of meeting.

c). Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her CNIC with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. Representatives of corporate members should bring the usual documents required for such purpose

d). The Shareholders are requested to notify the Company, the change in their address, if any, immediately to the Company's Registrar Hameed Majeed Associates (Pvt.) Ltd. – H. M. House 7, Bank Square, Lahore.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of Mian Textile Mills Limited, I am pleased to welcome you to the 25th Annual General Meeting of the Company and submit their report together with audited financial statements of the Company and Auditor's Report thereon for the year ended June 30, 2011.

We have managed to sustain another difficult year for the Textile Industry which was hit hard by the high cost of production, geo political issues, unprecedented suspension of electricity & gas and uneven prices of cotton (that raised from Rs. 6,000/- to more than Rs. 14,000/- per maund and then dropped back) during the year.

The banks have also been reluctant to release funds for the working capital requirement, so we could not buy cotton in time on reasonable price, which also resulted in loss of profit. The management is still trying hard to get the funds released by the banks. Due to non-availability of working capital limits and in order to run the operations of the mills, the company is mainly doing conversion of third parties raw material into finished goods.

Due to above mentioned reasons; our conversion parties could not supply cotton regularly/full quantity to us for conversion, consequently, our mill could not run on its full capacity which resulted in decline of production and sales, causing serious production and financial losses.

The Financial results of the Company are summarized below:

	2011 (Rs. in '000')	2010 (Rs. in '000')
Sales	151,053	268,913
Gross Profit/(Loss)	(1,859)	10,381
Operating Loss	(16,472)	(4,515)
Finance Cost	19,495	(31,844)
Loss Before Taxation	(36,002)	(36,071)
Provision for Taxation	(1,599)	(1,375)
Loss after Taxation	(37,601)	(37,446)
Comprehensive Loss for the year	(25,604)	(24,684)
E.P.S	(1.70)	(1.69)

Future outlook

The textile industry is still under worldwide recession yielding continued losses mainly due to reasons mentioned above. The situation has further aggravated very badly due to recent floods in the country, due to which approximately 20% of cotton bales have been destroyed. Your management is aware of the situation and striving hard to face the challenges. The company has reduced its short term finance liability by releasing its stocks pledged with both National Bank of Pakistan and Habib Bank Limited as discussed during recent meetings held with the Company's bankers for restructuring its loans and restoration of working capital facilities including release of pledged stocks. During the period, the company has successfully got its liabilities rescheduled with Faysal bank Ltd.

The economic growth of the country is being hampered by the consistent war against militancy & weak law and order situation in the country. A number of mills have already been closed; we are striving hard to keep the operations of the mills running in this tough time.

The directors of the company are of the view that if re-scheduling of loans is done as requested by the company to its bankers and due to continued support for the company's operations by the lenders and sponsoring directors by providing temporary funding will ensure the company's ability to continue as going concern.

As the cotton season has started and Cotton prices are stabilizing, we hope that the government will also think positively about the betterment of the industry and will eliminate the load shedding of Gas & Electricity, as the President of Pakistan has declared 2011 as “Textile Year”.

Dividend

In view of the losses sustained, the directors have not recommended any dividend for the period ended as at June 30, 2011.

Notes

We give hereunder our comments on the observations recorded by the company's auditors in their report.

- The reclassification of certain short-term borrowings from HBL and mark-up on short-term and long-term loans has made on the basis of positive indication given by the Bank and the Bank has verbally agreed for the conversion of these loans to Long Term Facilities. The company has reduced its short term finance liability by releasing its stocks pledged with the banks as discussed during recent meetings held with the Company's bankers for restructuring of its loans and restoration of working capital facilities including release of pledged stocks. The management is hopeful that this will be done soon according to the classification made by the Company.

- The Company applied to its various banks for rescheduling but they filed suit against Company, which are pending before the various Courts. The liability is not at all ascertainable at this stage. The liability, if any, arising on the judgment by the Courts would be provided at the material time. However, no installment is payable at this stage.
  The Company has also filed suits against its various banks for damages recovery.

- Due to political upheavals, the exchange rates are rapidly fluctuating and oil prices are declining in international market. We hope that the market value of PKR will improve and exchange rates will reduce as it has started to reduce in international market and no loss will arise at the time of settlement of liability.

- The directors of the company are of the view that if re-scheduling of loans is done as requested by the company to its bankers (as done by Faysal bank Ltd.) and due to continued support for the company's operations by the lenders and sponsoring directors by providing temporary funding will ensure the company's ability to continue as going concern and will help to revive its own production.

- Cotton claims of RS. 29.851 million (US$ 500,186) are lodged against foreign cotton suppliers and their agents for weight shortage, bad quality and late shipments as confirmed directly by the company's lawyer to the company's auditors is still pending adjudication.

CORPORATE AND FINANCIAL REPORTING FRAME WORK

The directors also confirm compliance with Corporate and Financial Reporting Framework of the SECP's Code of Corporate Governance for the following:

a) The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
b) Proper books of accounts have been maintained by the Company;
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from (if any) has been adequately disclosed;
e) The system of internal control is sound in design and has been effectively implemented and monitored;
f) There are no doubts upon the company's ability to continue as a going concern.
g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
h) Operating and financial data and key ratios of six years are annexed.
i) A statement showing pattern of shareholding is annexed.
j) During the year, no trading in the shares of the Company was carried out by the CFO, Company Secretary, their spouses and minor children.

BOARD MEETING

During the financial year under consideration, four meetings were held and the attendance by the respective directors was as follows:

S.No.	Name of Directors	No. of meetings attended
1	Mian Muhammad Jehangir	4
2	Mian Khurshid Ahmed	-
3	Mian Waheed Ahmed	4
4	Mian Muhammad Nawaz	-
5	Mian Waqar Ahmed	-
6	Mian Khurram Jehangir	4
7	Mrs. Nargis Jehangir	2
8	Mr. Muhammad Arshad (NIT)	2

Leave of absence was granted to Directors who could not attend some of the Board meetings.

AUDIT COMMITTEE

The Board constituted an Audit Committee comprising the following Directors:

1.	Mian Waheed Ahmed	Chairman
2.	Mrs. Nargis Jehangir	Member
3.	Mian Khurram Jehangir	Member

AUDITORS

The present auditors M/s Manzoor Hussain Mir & Co. Chartered Accountants will retire at the conclusion of the Annual General Meeting. The auditors of the Company shall be appointed in the forthcoming AGM for the next year 2011-2012 and fix their remuneration.

PATTERN OF SHAREHOLDINGS

A statement-showing pattern of shareholding as on June 30, 2011 is annexed.

ACKNOWLEDGEMENT

We like to place on record our gratitude to the valued clients, regulatory authorities, banks and financial institutions and also the shareholders for their continued support. We also appreciate the efforts and dedication shown by the staff for managing the company's affairs successfully during this tough time.

ON BEHALF OF THE BOARD

Lahore:
October 04, 2011

Mian Muhammad Jehangir
Chairman & Chief Executive

PERFORMANCE OF LAST SIX YEARS AT GLANCE (RUPEES IN '000')

	2011	2010	2009	2008	2007	2006
FINANCIAL DATA				(Restated)		
PROFIT & LOSS ACCOUNT						
Sales	151,053	268,913	261,679	534,086	741,069	918,656
Cost of sales	152,911	258,533	286,394	626,677	739,377	892,501
Gross profit / (loss)	(1,859)	10,381	(24,715)	(92,592)	1,692	26,155
Operating profit / (loss)	(16,472)	(4,315)	(39,451)	(113,972)	(33,786)	(9,704)
Profit / (loss) before taxation	(36,002)	(36,071)	(76,127)	(172,313)	(145,659)	(87,461)
Net profit / (loss) after taxation	(37,601)	(37,446)	(76,127)	(174,983)	(107,940)	(74,938)
Comprehensive loss for the year	(25,604)	(24,684)	(61,158)			
BALANCE SHEET						
Paid up capital	221,052	221,052	221,052	221,052	221,052	221,052
Fixed assets	653,651	688,533	723,526	765,745	626,870	700,449
Current assets	65,368	104,052	159,358	168,193	345,889	386,472
Current liabilities	89,312	238,244	309,311	300,807	509,277	502,010
KEY RATIOS						
Gross profit ratio	-1.23%	3.86%	-9.44%	-17.34%	0.23%	2.85%
Operating profit ratio	-10.90%	-1.60%	-15.08%	-21.34%	-4.56%	-1.06%
Net profit/(loss) ratio	-24.89%	-13.92%	-29.09%	-32.76%	-14.57%	-8.16%
Current ratio	1 : 0.73	1 : 0.44	1 : 0.52	1 : 0.56	1 : 0.68	1 : 0.77
Earning per share (Rupees)	(1.70)	(1.69)	(3.44)	(7.92)	(4.88)	(3.39)

PATTERN OF SHAREHOLDING (AS AT JUNE 30, 2011)

Number of Shareholders	Categories of Share having Nos. From	To	Total Shares Held
255	1 -	100	23,172
784	101 -	500	335,547
222	501 -	1000	205,627
270	1001 -	5000	730,312
60	5001 -	10000	460,452
17	10001 -	15000	205,409
14	15001 -	20000	247,693
5	20001 -	25000	116,200
6	25001 -	30000	168,390
4	30001 -	35000	128,412
1	35001 -	40000	36,000
7	40001 -	45000	303,663
28	45001 -	50000	1,373,100
4	50001 -	55000	211,200
4	55001 -	60000	230,100
2	60001 -	65000	126,300
1	65001 -	70000	65,600
1	70001 -	75000	70,071
3	75001 -	80000	235,200
7	85001 -	90000	626,000
1	90001 -	95000	93,000
7	95001 -	100000	695,200
11	100001 -	105000	1,239,300
3	105001 -	110000	323,898
2	110001 -	115000	222,200
3	115001 -	120000	115,539
14	120001 -	125000	370,800
2	135001 -	140000	1,937,000
3	140001 -	145000	287,000
1	145001 -	150000	449,700
1	150001 -	155000	154,000
1	160001 -	165000	162,000
1	165001 -	170000	168,000
3	175001 -	180000	178,000
1	195001 -	200000	600,000
3	200001 -	205000	202,868
1	205001 -	210000	417,300
1	215001 -	220000	215,734
1	305001 -	310000	308,800
1	325001 -	330000	325,900
1	330001 -	335000	334,500
1	420001 -	425000	420,900
1	510001 -	515000	510,235
1	735001 -	740000	736,078
1	1355001 -	1360000	1,355,400
1	2180001 -	2185000	2,185,000
1	2195001 -	2200000	2,198,400
1,763			**22,105,200**

FORM 34

Patten of Holding of Shares Held by the Share Holders as at 30/06/2011

Categories of Share Holders	Numbers	Shares Held	%
- Individuals	1721	14,176,005	64.66
- Investment Companies	3	52,200	0.24
- Insuracne Companies	1	420,900	1.90
- Financial Institution	5	189,390	4.45
- Joint Stock Companies	17	989,625	3.68
- Modaraba Companies	4	34,000	0.15
Mutual Funds	1	736,078	
- Directors, Chief Executive Officer	7	5,497,802	24.87
- Others	4	9,200	0.04
TOTAL:	**1,763**	**22,105,200**	**100.00**

CATEGORIES OF SHAREHOLDERS
AS ON JUNE 30, 2011

1	**ASSOCIATED COMPANY**	NIL	%
2	**NIT AND ICP**		
	a) National Bank Of Pakistan, Trustee Department	793,873	
	b) Investment Corporation of Pakistan	25,300	
		819,173	3.71
3	**DIRECTORS**		
	a) Mian Muhammad Jehangir	2,198,400	9.95
	b) Mian Khurshid Ahmad	215,734	0.98
	c) Mian Muhammad Nawaz	202,868	0.92
	d) Mian Waheed Ahmad	2,185,000	9.88
	e) Mian Waqar Ahamd	154,000	0.70
	f) Mian Khurram Jehangir	334,500	1.51
	g) Mrs. Nargis Jehangir	207,300	0.94
		5,497,802	
4	**DIRECTORS' SPOUSES & MINOR CHILDRENS**	1,691,800	7.65
5	**DIRECTORS RELATIVES**	7,369,498	33.34
6	**PUBLIC SECTOR COMPANIES AND CORPORATIONS**	420,900	1.90
7	**BANKS DEVELOPMENT FINANCIAL INSTITUTIONS NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS**	1,910,450	8.64
8	**GENERAL PUBLIC**	4,395,577	19.88
		22,105,200	100.00
9	**SHAREHOLDERS HOLDING 10% OR MORE**	**NIL**	
10	**TRADE DONE BY CEO AND DIRECTORS ETC.**	**NIL**	

MANZOOR HUSSAIN MIR & CO.
CHARTERED ACCOUNTANTS

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AL-NOOR BUILDING,
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LAHORE.

AUDITORS' REPORT TO THE MEMBERS

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

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

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

(A) Short term loans, overdues and current portion of long term liabilities of Rs. 390.745 million consisting of (i) Rs. 154.421 million from Habib Bank Limited (Note 8.6, 8.7 & 8.8), (ii) Rs. 190.889 million from NIB Bank (Note 8.9) and (iii) Rs. 45.435 million from Other borrowings are classified as long term liabilities instead of current liabilities. The result is that long term liabilities are overstated while the current liabilities are understated to extent stated above. Short term loans are classified as long term by the management of the Company for the reasons that banks have been moved for conversion of short term loans in to long term loans and the matter is yet under negotiation. Treatment accorded to short term loans is not appropriate as one of financer (IDBP) vide its communication No. BOL/SETT/159 has refused to accede to Company's request. Other financers have also not conveyed their willingness of converting short term loans into long terms.

(B) It is also observed that markup on bank loans and leases amounting to Rs. 53.401 million and prior period deferred markup Rs. 61.264 million on loans (not rescheduled) aggregating Rs.114.665 are presented in financial statements under the head deferred markup instead of showing it as current liabilities. Here again deferred liabilities are overstated and current liabilities are understated.

(C) Foreign currency loans disclosed at Note 8.6 and 8.7 are not translated in to Pak rupees at the exchange rate prevailing as on 30th June 2011 as required by IAS-21. Thus non-current liabilities are under stated by Rs. 48.582 million. Loss for the year as well as accumulated losses are reduced by Rs. 48.582 million.

(D) The company has not provided mark up on long term and short term loans and leases due to litigation with the parties for current period Rs. 60.280 Million and prior periods Rs. 27.858 Million aggregating to Rs. 88.138 Million by which the accumulated losses are understated. Current period loss is also understated by Rs. 60.280 Million.

Except for the effects on the financial statements of the matters stated above, we report that:

(E) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(F) 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;

(G) in our opinion, except for the effect of matters referred in paragraph (A) to (D) and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2011 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

(I) Attention is invited to the followings:

(i) A perusal of financial statement reveals that share holders equity shows an adverse balance of Rs. 362.631 million and current liabilities have exceeded current assets by Rs. 23.944 million. If un-provided expenses amounting Rs. 183.093 million are taken in to consideration the equity adverse balance will increase to Rs. 545.724 million. Similarly when this year short term loans classified as long term loans, are reclassified, the excess of current liabilities over the current assets would increase to Rs. 529.354 million. The situation indicates that Company is facing acute financial stringencies and it has failed to meet its obligations and make payments to banks regularly in terms of loan agreements. It is also noted that due to shortage of working capital, the Company has discontinued its own production of yarn and cloth and it has engaged in producing the yarn and cloth for other customers The Company is continuously sustaining losses and this year a loss of Rs. 36.002 million has been made. Thus there is material uncertainty on the Company's ability to continue as going concern. The reasons advanced by management for making accounts ongoing concern basis are stated at Note 3.

(ii) Claims receivables disclosed at Note 16.1 include an amount of Rs. 29.851 million receivable on account of cotton damages, bad quality and late shipments etc and are outstanding since 1999. The decision regarding recoverability of these claims is pending before Honorable Court of Civil Judge. However, no provision is made in financial statements.

(iii) Company's claims against banks indicated at Note 16.5, 16.6, 16.7 and 16.8 are not recognized in these financial statements in light of IAS-37 as the cases are pending in court of law and in view of the uncertain conditions the benefit cannot be ascertained accurately.

(iv) No terms and conditions regarding repayment of director's loan amounting Rs. 38.564 Million at Note 7 have been laid down in the form of agreement and in the absence of such agreement, the requirement of

AS-39 for amortization of loan cannot be fulfilled. NIB bank limited has not made compliance of our letters issued for confirming loan and interest balances.

The financial statements of the company for the year ended June 30, 2010 were audited by M/s 'Naveed Zafar Hussain Jaffery & Co., Chartered Accountants' whose report dated October 07, 2010 expressed qualified opinion for non compliance with IAS-1, IAS-21, classifying current portion and overdue portion of long term loans and short term loans under non-current liabilities and un-provided markup on loans and lease.

(MANZOOR HUSSAIN MIR & CO.)
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Manzoor Hussain Mir

LAHORE.

BALANCE SHEET

EQUITY AND LIABILITIES	Note	2011 Rupees	2010 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	5	**221,052,000**	221,052,000
Accumulated loss		**(583,683,333)**	(558,079,394)
		(362,631,333)	(337,027,394)
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT	6	**324,629,888**	336,627,293
NON-CURRENT LIABILITIES			
Director's bridge finance & loan	7	**38,563,713**	38,563,713
Long term financing	8	**449,368,372**	395,019,022
Liabilities against assets subject to finance lease	9	**33,446,521**	26,669,814
Deferred liabilities	10	**154,600,818**	102,254,986
CURRENT LIABILITIES			
Trade and other payables	11	**55,730,469**	89,488,550
Accrued mark-up	12	**898,710**	36,452,508
Short term borrowings	13	**9,435,273**	68,787,960
Current and overdue portion of non-current liabilities	14	**23,247,216**	43,514,758
Provision for taxation	15	**-**	-
		89,311,668	238,243,776
CONTINGENCIES AND COMMITMENTS	16	**-**	-
		727,289,647	800,351,210

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

Lahore:
October 04, 2011

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

AS AT JUNE 30, 2011

PROPERTIES AND ASSETS	Note	2011 Rupees	2010 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	17	**653,651,166**	688,533,093
LONG TERM DEPOSITS	18	**8,270,927**	7,765,697
CURRENT ASSETS			
Stores and spares	19	**12,001,993**	13,185,835
Stock in trade	20	**2,918,644**	27,060,671
Trade debts	21	**11,559,294**	19,873,929
Loans and advances	22	**1,028,083**	2,274,196
Trade deposits and short term prepayments	23	**34,820,726**	33,310,137
Tax refunds due from Government	24	**1,225,423**	6,935,298
Cash and bank balances	25	**1,813,391**	1,412,354
		65,367,554	104,052,420
		727,289,647	800,351,210

MIAN WAHEED AHMED
Director

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

	Note	2011 Rupees	2010 Rupees
Sales	26	**151,052,729**	268,913,418
Cost of sales	27	**152,911,393**	258,532,652
Gross profit / (loss)		**(1,858,664)**	10,380,766
Operating expenses			
Distribution cost	28	**2,673,502**	2,616,402
Administrative expenses	29	**11,939,605**	12,279,775
		14,613,107	14,896,177
Operating loss		**(16,471,771)**	(4,515,411)
Other operating charges	30	**35,836**	5,533
Other income	31	**-**	(294,549)
Finance cost	32	**19,494,681**	31,844,247
Loss before taxation		**(36,002,288)**	(36,070,642)
Provision for taxation	33	**1,599,056**	1,375,091
Loss for the year after taxation		**(37,601,344)**	(37,445,733)
Loss per share - basic & diluted	34	**(1.70)**	(1.69)

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

Lahore:
October 04, 2011

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

MIAN WAHEED AHMED
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	Rupees	Rupees
Loss for the year after taxation	**(37,601,344)**	(37,445,733)
Other comprehensive income	**-**	-
Incremental depreciation charged during the year	**11,997,405**	12,761,866
Total comprehensive income for the year	**(25,603,939)**	(24,683,867)

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

Lahore:
October 04, 2011

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

MIAN WAHEED AHMED
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(36,002,288)**	(36,070,642)
Adjustments for non-cash and other items:			
Depreciation		**35,446,235**	37,890,817
Gratuity		**1,176,916**	1,655,989
(Gain) on disposal of property, plant and equipment		**(347,658)**	(189,000)
Finance cost		**19,494,678**	31,844,247
		55,770,171	71,202,053
Operating profit before working capital changes		**19,767,883**	35,131,411
Adjustments for Working Capital Changes			
(Increase) / decrease in current assets:			
Stores and spares		**1,183,842**	3,126,786
Stock in trade		**24,142,027**	47,791,007
Trade debts		**8,314,635**	6,348,969
Loans and advances		**1,246,113**	(161,592)
Trade deposits, prepayments and other receivables		**(1,510,589)**	1,019,934
Tax refunds due from Government		**2,367,020**	(1,256,877)
(Decrease) / increase in current liabilities:			
Trade and other payables		**(33,758,081)**	(31,288,128)
Short term borrowings		**(59,352,687)**	(46,504,138)
Net working capital changes		**(57,367,720)**	(20,924,039)
Finance cost paid		**(1,647,680)**	(4,852,628)
Gratuity paid		**(2,231,880)**	(675,492)
Income tax paid		**1,743,799**	(1,988,538)
		(2,135,761)	(7,516,658)
Net cash generated from/ (used in) operating activities		**(39,735,598)**	6,690,714
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		**(691,650)**	(2,970,172)
Proceeds from disposal of property, plant and equipment		**475,000**	261,000
Long term deposits		**(505,230)**	(170,549)
Net cash (used in) / generated from investing activities		**(721,880)**	(2,879,721)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of:			
Long term financing		**50,645,371**	(568,149)
Liabilities against assets subject to finance lease		**(9,786,856)**	(2,293,740)
Net cash (used in)/ generated from financing activities		**40,858,515**	(2,861,889)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**401,037**	949,104
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1,412,354**	463,250
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	**1,813,391**	1,412,354

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

Lahore:
October 04, 2011

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

MIAN WAHEED AHMED
Director

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

Particulars	Share Capital	Accumulated Loss	Shareholders' Equity
	---------------Rupees---------------		
Balance as at June 30, 2009	**221,052,000**	**(533,395,527)**	**(312,343,527)**
Total comprehensive income for the year	-	(24,683,867)	**(24,683,867)**
Balance as at June 30, 2010	**221,052,000**	**(558,079,394)**	**(337,027,394)**
Total comprehensive income for the year	-	(25,603,939)	**(25,603,939)**
Balance as at June 30, 2011	**221,052,000**	**(583,683,333)**	**(362,631,333)**

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

Lahore:
October 04, 2011

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

MIAN WAHEED AHMED
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

Mian Textile Industries Limited, "the Company", was incorporated in Pakistan on December 01, 1986 as a Public Limited Company under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 29-B/7, Model Town, Lahore and its manufacturing facilities are located at 48.5 K.M. Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur. The Company is principally engaged in the business of manufacturing, sale and export of textile products. Due to the un economical condition the production of own yarn and cloth was closed down since 2010 and conversion services were extended to other parties.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared with in accordance and the requirements of the Companies Ordinance, 1984 (the Ordinance) and directives issued by the Securities and Exchange Commission of Pakistan, and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. In case the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differs with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives shall prevail.

2.1 Amendments to published standards and new interpretations effective in current year

The following standards and interpretations are effective for financial periods beginning on or after July 01, 2010 but are either not relevant or do not have any effect / material effect on the financial statements of the company.

IFRS - 2	Share based payments (Amendments)
IFRS - 3	Business combinations (Revised)
IFRS - 5	Non-current assets held for sale and discontinued operations (Amendments)
IFRS - 8	Operating segments
IAS - 1	Presentation of financial statements (Amendments)
IAS - 7	Statements of cash flows (Amendments)
IAS - 17	Leases (Amendments)
IAS - 36	Impairment of assets (Amendments)
IAS - 38	Intangible assets (Amendments)
IAS - 39	Financial Instruments: Recognition and measurement (Amendments)
IFRIC - 16	Hedges of net investment in a foreign operation

2.2 Standards issued but not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned against the respective standard or interpretation:

Standard or Interpretation		Effective Date Periods Beginning on or After
IFRS - 7	Disclosures on transfers of financial assets (Amendments)	July 1, 2012
IFRS - 9	Financial Instruments	July 1, 2013
IFRS - 13	Fair value measurement	January 1, 2013
IAS - 1	Presentation of financial statements (Amendments)	July 1, 2011
IAS - 12	Income taxes (Amended)	January 1, 2012
IAS - 24	Related Party Disclosures (Revised)	January 1, 2011
IFRIC - 14	IAS-19 The limit on a defined benefit asset, Minimum funding requirements and their interaction (Amended)	January 1, 2011
IFRIC - 19	Extinguishing financial liabilities with equity instruments	July 1, 2011

The company expects that the adoption of the above standards and interpretations will not have any material impact on its financial statements in the period of initial application.

3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS ON GOING CONCERN ASSUMPTION

These financial statements have been prepared under the historical cost convention, except certain property, plant and equipment shown at revalued amounts as stated in Note 17, using, except for cash flow statements, accrual basis of accounting.

These financial statements are prepared on the assumption that the Company will continue as a going concern for a foreseeable future. The Company has suffered a loss for the year of Rs. 36.002 million during the year ended June 30, 2011 (2010:Rs. 36.071 million) and accumulated losses of Rs. 583.683 million (2010: Rs. 558.079 million) The current liabilities of the Company exceeded over current assets by Rs. 23.944 million (2010: Rs. 134.191 million) as at the balance sheet date. Production of Yarn and Cloth has since been closed down and these goods are produced on behalf of third parties. These factors appear to have an impact on the Company's ability to continue as a going concern yet the management is of the view that the restructuring of Company's loans likely to be obtained and rescheduling of loans by Faysal Bank Limited and National Bank of Pakistan have done and management has made conversion agreements with customer in October 2010 and December 2010 for two year's. In view of the continued support and commitment from the sponsoring directors and lenders, the management would be able to revive its own production.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Changes in accounting policy

The Company has applied IAS 1 (Revised) from July 01, 2009 and has elected to opt two statement approach to present its comprehensive income for the year ended June 30, 2010 and comparative period.

4.2 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4.3 Significant estimates and judgments

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

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Useful life of depreciable assets
- Provisions for doubtful receivables
- Slow moving inventory
- Taxation

However, the management believes that the change in outcome of the estimates would not have a significant effect on the amount disclosed in the financial statements.

4.4 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle these obligations and a reliable estimate of the amounts can be made.

4.5 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all its employees according to the terms of their employment. Under this scheme, gratuity is paid to the retiring employees on the basis of their last drawn basic salary for each completed year of service.

4.6 Trade and other payables

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

4.7 Contingencies

The Company has disclosed significant contingent liabilities for the pending litigation and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

4.8 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax at the rate of 1% of the turnover under section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the balance sheet date arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable income. Deferred tax assets are generally recognized for all deductible temporary differences, unused tax losses and tax credits to the extent it is probable that taxable profit will be available in future against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

4.9 Property, plant and equipment

4.9.1 Operating fixed assets

Property, plant and equipment are stated at cost/revalued amounts less accumulated depreciation and identified impairment losses, if any, except freehold land which is stated at revalued amount. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets to working condition.

Depreciation is charged to income by applying reducing balance method without taking into account any residual value at the rates specified in Note 17. The remaining useful life of the depreciable assets and depreciation method are reviewed periodically to ensure that the depreciation method and periods of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Full month's depreciation is charged on additions to fixed assets during the month, whereas no depreciation is charged on the assets disposed off during the month. The Company reviews the value of the assets for possible impairment on annual basis. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Gains or losses on disposal of property, plant and equipment are included in current year's income.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, other than those kept as stand by, are retired.

4.9.2 **Leases**

Finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged on the basis similar to operating fixed assets applying reducing balance method at the rates specified in Note 17 to write off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of the lease periods.

Insurance and other maintenance costs are borne by the Company.

Finance cost and depreciation on leased assets are charged to current year's income.

Operating leases

Lease rentals payable under the operating leases are charged to profit and loss account on a straight line basis over the term of the relevant leases.

4.10 Impairment

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

4.11 Stores and spares

These are valued at lower of moving average cost and net realizable value except for items in transit that are valued at cost comprising the invoice value plus incidental charges paid thereon till the balance sheet date. Provision is made against obsolete and slow moving items.

4.12 Stock in trade

Basis of valuation are as follows:

Particulars	Mode of valuation
Raw materials	At lower of moving average cost and net realizable value.
Stocks in transit	At cost comprising the invoice value plus incidental charges paid thereon.
Work-in-process	At estimated average manufacturing cost.
Finished goods	At lower of average manufacturing cost and net realizable value.
Wastes	At net realizable value.

Cost in relation to work in process consists of prime cost and attributable production overheads.

Net realizable value signifies the selling price in the ordinary course of business less completion cost and cost necessary to be incurred to effect such sale.

4.13 Trade debts and other receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of outstanding amounts at year end. Bad debts are written off when identified.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

4.15 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on the accrual basis. 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 or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period in which these are incurred.

4.16 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the balance sheet date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to income.

4.17 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments and are remeasured at fair value. Any gain/loss on de-recognition and on remeasurement of such financial instruments other than investments available for sale, is charged to income for the period in which it arises.

4.18 Related party transactions

All transactions with related parties are measured at arm's length prices determined in accordance with the Comparable Un-controlled Price Method except in circumstances where it is not in the interest of the Company to do so.

4.19 Revenue recognition

(i) Local sales are recorded when goods are delivered to customers and invoices raised.

(ii) Export sales are booked on shipment basis on receipt of bill of lading.

(iii) Processing charges are recorded when goods are delivered to customers and invoices raised.

(iv) Gain on 'sale and lease-back' transactions that result in finance lease, is deferred and amortized over the lease term.

(v) Dividend income is recognized when the right to receive payment is established.

(vi) Profits on short term deposits is accounted for on time apportioned basis on the principal outstanding and at the rate applicable.

4.20 Off setting of financial assets and liabilities

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

	2011 Rupees	2010 Rupees
5 SHARE CAPITAL		
Authorized capital		
22,500,000 (2010: 22,500,000) ordinary shares of Rupees 10 each	**225,000,000**	225,000,000
Issued, subscribed and paid up share capital		
22,105,200 (2010: 22,105,200) ordinary shares of Rupees 10 each fully paid up in cash	**221,052,000**	221,052,000
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Opening balance	**336,627,293**	349,389,159
Surplus transferred to accumulated loss:		
- Incremental depreciation charged during the year	**(11,997,405)**	(12,761,866)
	324,629,888	336,627,293

6.1 As a result of revaluations of property, plant and equipment carried out in May 2008, April 2004 and September 1995, surplus of Rs. 762.469 million was raised that was credited to 'surplus on revaluation of property, plant and equipment' in terms of Section 235 of the Companies Ordinance, 1984.

7 DIRECTORS' BRIDGE FINANCE & LOAN

This represents interest-free and unsecured loans obtained from the directors of the Company. The repayment terms of the loan have yet not been finalized.

	Note	**2011 Rupees**	2010 Rupees
8 LONG TERM FINANCING			
Financing from banking companies:			
The Bank of Punjab	8.1	**38,827,229**	38,827,229
Faysal Bank Limited	8.2	**20,169,167**	19,000,000
National Bank of Pakistan	8.3	**45,000,000**	45,000,000
National Bank of Pakistan	8.4	**8,000,000**	8,000,000
Allied Bank Limited	8.5	**15,310,122**	15,831,713
Habib Bank Limited	8.6	**45,000,000**	45,000,000
Habib Bank Limited	8.7	**59,422,468**	59,422,468
Habib Bank Limited	8.8	**49,997,795**	-
NIB Bank Limited	8.9	**190,888,807**	190,888,807
		472,615,588	421,970,217
Less: current portion shown under current liabilities	14	**23,247,216**	26,951,195
		449,368,372	395,019,022

8.1 This represents Demand Finance obtained from The Bank of Punjab. It is repayable in 17 equal quarterly instalments commencing from July 2010 and carries mark-up at 3 Months KIBOR + 100 bps with no floor to be paid quarterly. It is secured against collaterals and equitable mortgage on industrial land in the name of directors of the Company, personal guarantees of the owners of the property and directors of the Company and ranking charge of Rs. 53.773 million over all the present and future current and fixed assets of the Company.

The Company has filed a suit against Bank for recovery of claims and damages of Rs. 140.253 million. This suit is presently pending adjudication before Lahore High Court Lahore. The legal advisors vide its letter dated 21-09-2011 have stated that there is no scope of any loss to the company. (refer to note 16.6)

Bank has also filed a suit against the company for recovery of Rs. 56.299 million as confirmed by the legal advisor named "Lawyers & Lawyers vide their letter dated 21-09-2011. This suit is also presently pending adjudication before Lahore High Court Lahore. As per legal advisor's there is no scope of any loss to the company. (refer to note 16.6)

The management is of the view that this loan will be restructured and therefore has not classified it under current liabilities as current and overdue portion amounting to Rs. 18.272 million, unprovided mark up is Rs. 5.465 million and unconfirmed deferred mark up is Rs. 5.321 million. (refer to Note 10.1.2)

8.2 This represents Forced Term Facility of Rs. 19 million. It is repayable in 42 equal monthly instalments commencing from December 2008 and carries mark up at 3 Months KIBOR to be paid monthly. The finance facility secured against registered mortgage on the Company's head office and personal guarantees of directors.

Now re-scheduled on February 11, 2011 and lease liability has also been converted into a mark up free loan with principle of Rs. 25,792,239. It is repayable in 42 equal monthly instalments commencing from March 2011. The finance facility secured against ownership of leased assets i.e. Beaming/Wrapping machine.

While restructuring loans and leases the Faysal bank limited vide its letter dated 11-02-11 agreed to waive off mark-up and penalties outstanding. A sum of Rs. 6.323 million has been shifted from current liabilities to deferred mark-up. It has not been recognized as income on ground as per agreement the company will be able to avail benefit of waiver only when the payment of settled amount is liquidated to which is yet not made.

8.3 This represents Demand Finance sanctioned by the National Bank of Pakistan. It is repayable in 16 equal quarterly instalments commencing from February 2011 and carries mark-up at 3 Months KIBOR + 3.5% p.a. with no floor / cap to be paid quarterly. It is secured against ranking charge of Rs. 45 million on fixed assets of the Company including 40% margin and personal guarantees of sponsoring directors.

8.4 This represents Demand Finance sanctioned by the National Bank of Pakistan. It is repayable in 4 equal quarterly instalments of Rs. 2 million each commencing from February 2015 and carries no mark-up. It is secured against ranking charge of Rs.13.333 million on fixed assets of the Company and personal guarantees of sponsoring directors.

8.5 This represents Demand Finance sanctioned by the bank vide its letter dated March 28, 2009 in pursuant to request of the Company for rescheduling of its lease finance facility. It is repayable in 36 monthly instalments commencing from April 2009 and it carries mark-up @ 10% to be paid monthly.

Bank has also deferred the accrued mark up from 20-09-2006 till 28-02-2009 amounting to Rs. 3.455 million, which shall be paid by the company immediately after expiry of extended period of lease i.e. December 2012. (refer to Note 10.1.5)

The management is of the view that this loan will be restructured and therefore has not classified it under current liabilities as current and overdue portion amounting to Rs. 12.325 million.

8.6 This represents certain utilized portion of finance against packing credit FAPC (Pledge) of Rs. 62.874 million (utilized) from Habib Bank Limited as of 15-10-2009 to meet the working capital requirements of the company that carries mark up at 3 Months KIBOR plus 2% subject to a floor rate of 12% per annum & (LIBOR plus 2.5% per annum with floor of 5.50% per annum in case of foreign finance). The company has proposed for the restructuring of the loan, however, this proposal is under process by the bank as at the balance sheet date (Refer to Note 13.1)

8.7 This represents short term facility (FAPC-Hypo) of Rs. 56.442 million (utilized) & Running finance of Rs. 2.98 million (utilized), obtained from the bank that carries mark up at 3 Months KIBOR plus 2% with floor of 12% per annum (LIBOR plus 2.5% per annum with floor 5.5% per annum in case of foreign finance). The loan is secured against ranking hypothecation and 1st pari passu/ranking charges on current and fixed assets of the company. The company has proposed for the restructuring of the loan and to convert short term finance facility into long term financing and that proposal is still under process by the bank as at balance sheet date. (refer to Note 13.1)

8.8 This represents certain utilized portion of finance against packing credit FAPC (Pledge) of Rs. 62.874 million (utilized), cash finance of Rs. 15.445 million (utilized), running finance of Rs. 5.000 million (utilized), and FAPC of Rs. 8.920 million (utilized) to meet the working capital requirements of the company obtained from the bank that carries mark up at 3 Months KIBOR plus 2% with floor of 12% per annum (LIBOR plus 2.5% per annum with floor 5.5% per annum in case of foreign finance). The loan is secured against ranking hypothecation and 1st pari passu/ranking charges on current and fixed assets of the company. The company has proposed for the restructuring of the loan and to convert short term finance facility into long term financing and that proposal is still under process by the bank as at balance sheet date. (refer to Note 13.1)

Bank as per its confirmation letter has confirmed short term loans balances extended to company at Rs. 202.837 million while balances reflected by books are Rs. 154.421 million. The foreign currency loans as at 30th June 2011 are converted by bank at exchange rates prevailing on balances date. Exchange variation loss of Rs. 48.582 is not incorporated in books.

The management is of the view that this loan will be restructured and therefore has not classified it under current liabilities as current and overdue portion amounting to Rs. 154.421 million, unprovided mark up is Rs. 17.883 and also have deferred the mark up payable to the bank Rs. 34.905 million.

8.9 The Company swapped its entire loan liability towards UBL (except Rs. 5.1 million) in pursuance of new loan agreement arrived at between the Company and NIB Bank Limited (formerly PICIC) in August 2004 for Rs. 210 million against which PICIC disbursed Rs. 195.976 million to the Company. This loan was repayable in 24 equal quarterly instalments of Rs.13.331 million each commencing from December 2006, after a grace period of one and a half year, and carries mark up at 3 Months KIBOR plus 4.75% per annum subject to floor of 10.5% per annum. Currently the Company is in litigation with the bank due to non-repayment of loan instalments (refer note 16.5).

The Company has filed a suit for recovery of damages against NIB Bank Limited of Rs. 567.627 million. The bank has also filed a suit against recovery for its dues amounting to Rs. 236.768 million. Letters dropped to bank for confirmation of loan balances and interest outstanding remain unconfirmed. The legal advisors vide its letter dated 21-09-2011 have stated that there is no scope of any loss to the company. (refer note 16.5).

The Company has also filed a writ petition against NIB Bank Limited seeking protection under Article 10 of the Constitution, this Writ petition is pending adjudication before the Lahore High Court Lahore. As per legal advisor's there is no scope of any loss to the company in the instant matter. (refer to Note 16.5)

The management is of the view that this loan will be restructured and therefore, had not classified it under current liabilities as current and overdue portion amounting to Rs. 190.889 million (2010:136.047 million) further more, the Company has not accrued the mark-up relating to the loan amounting to Rs. 35.963 million (2010:Rs. 12.196 million) the Company has also deferred the current year mark-up of Rs. 24.926 million.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

9.1 Movement in finance lease liability is as follows:

	Note	2011 Rupees	2010 Rupees
Opening balance		**43,233,377**	45,527,117
Payments made during the year		**(9,786,856)**	(2,293,740)
		33,446,521	43,233,377
Current portion shown under current liabilities	14	**-**	(16,563,563)
		33,446,521	26,669,814

9.2 The future minimum lease payments and their present value, to which the company is committed under lease agreements are as fallows:

	Due not later than one year	Due over one year and up to five years	Due over five years	2011	2010
	-----------------------------Rupees-----------------------------				
Minimum lease payments	18,715,639	23,012,633	-	**41,728,272**	49,180,819
Security deposits adjustable on expiry of lease term	1,650,000	3,416,667	-	**5,066,667**	6,878,571
Gross minimum lease payments	20,365,639	26,429,300	-	**46,794,939**	56,059,390
Financial charges allocated to future periods	(5,523,122)	(7,825,296)	-	**(13,348,418)**	(12,826,013)
Present value of minimum lease payments	14,842,517	18,604,004	-	**33,446,521**	43,233,377
Current portion shown under current liabilities				**-**	(16,563,563)
				33,446,521	26,669,814

9.2.1 The company has executed finance lease agreements with various leasing companies and financial institutions to acquire plant and machinery. The liabilities under these lease agreements are payable in monthly instalments by February 2017 and were originally subject to finance cost at the rates ranging from 8% to 14.75% (2010: 8% to 13.85%) (approximately) per annum which are used as discounting factors. Taxes, repairs, replacements and insurance costs are borne by the Company. The security deposits shall be adjusted against the residual value along with the last instalment as the management of the Company intends to exercise its option to purchase the assets upon completion of their respective lease terms.

9.2.2 These are secured against security deposits, titles of ownership of leased assets and personal guarantees of directors of the Company.

9.2.3 Grays Leasing Limited has filed a suit against the company for recover of Rs. 17.514 million. This suit is presently pending adjudication before Banking Court II at Lahore. As per legal advisor's confirmation the amount involved in the case is the same as above referred. (refer to Note 16.8)

9.2.4 Company has also filed a suit against the Grays Leasing Limited under section 9 of the FIO (Recovery of Finance) Ordinance and prayers for grant of damages amounting to Rs. 33.000 million. This suit is presently pending adjudication before Banking Court II at Lahore. The management is confident that matter would be decided in favour of the Company.

9.2.5 First National Bank Modarba has filed a suit against the company for recovery of Rs. 29.995 million while the Company sued the bank for Rs. 47.550 million. This case is also pending in Banking Court II at Lahore. The management is confident that matter would be decided in favour of the Company. (refer to Note 16.7)

9.2.6 In relation to Note 9.2.1 to 9.2.5 no adjustments are made in books for claims and counter claims.

10 DEFERRED LIABILITIES

	Note	2011 Rupees	2010 Rupees
Deferred mark-up	10.1	**149,451,624**	96,050,828
Staff retirement benefits - unfunded gratuity scheme	10.2	**5,149,194**	6,204,158
		154,600,818	102,254,986

10.1 Deferred mark up:	Note	2011 Rupees	2010 Rupees
Industrial Development Bank of Pakistan	10.1.1	**23,458,000**	23,458,000
The Bank of Punjab	10.1.2	**19,516,565**	14,195,638
Habib Bank Limited	10.1.3	**34,904,712**	28,226,380
National Bank of Pakistan	10.1.4	**31,056,527**	22,815,154
Allied Bank Limited	10.1.5	**3,454,925**	3,454,925
First National Bank Modarba	10.1.6	**4,912,391**	3,900,731
NIB Bank Limited (PICIC)	10.1.7	**24,925,710**	-
Faysal Bank Limited	10.1.8	**6,323,303**	-
Grays Leasing Limited	10.1.9	**899,491**	-
		149,451,624	96,050,828

10.1.1 This represents the mark up frozen by financial institution. Its repayment is deferred in 60 equal monthly instalments of Rs. 0.417 million each commencing from November 2010. The loan is secured against mortgage / hypothecation of fixed assets of the Company.

As per the bank confirmation received by us dated 20-08-2011 the bank has withdrawn restructuring package which was given to the company vide letter dated 14-06-2011 due to the default of the company in repayment of deferred mark-up. Bank has also passed the entries in its books to cancel the restructuring. As per the bank overdue and current portion of deferred mark up is Rs. 6.767 million which is not recognized in books.

10.1.2 This represents overdue mark up aggregated Rs 14.196 million relating to the period from October 2006 to June 2009 as a result of rescheduling vide letter dated 04-07-2009 from the Bank of Punjab. The overdue deferred mark up shall be paid after the last instalment of Demand Finance liability as on 01-07-2014. This year the Company has also deferred the markup of Rs 5.321 million. The unprovided mark up amount Rs 5.465 million. (refer to note 8.1)

10.1.3 The company has requested the bank to convert its short term borrowing into long term financing, however, this proposal is under process by the bank as at the balance sheet date therefore this year the Company has also deferred the markup of Rs 6.678 million. The unprovided mark up amount Rs 17.883 million. (refer to Note 8.8)

10.1.4 The company has requested the bank for rescheduling of loan liability, however, this proposal is under process by the bank as at the balance sheet date therefore this year the Company has also deferred the mark up of Rs 7.508 million. The unprovided mark up amount Rs 0.031 million. (refer to Note 8.3)

10.1.5 This represents unpaid mark up of Rs. 3.455 million for the period from September 2006 till March 2009 kept frozen by the bank and shall be paid immediately after expiry of extended period of lease i.e. December 2012. (refer to Note 8.5)

10.1.6 This include Rs 3.900 million unpaid mark up for the period from September 2006 till March 2009 kept frozen by the bank and shall be paid in 12 equal monthly instalment of 0.325 million from March 2016 to February 2017.

The management is of the view that this loan will be restructured and therefore this year the Company has deferred the markup of Rs 1.012 million. The unprovided mark up amount Rs 0.630 million. (refer to note 9.2.5)

10.1.7 The management is of the view that this loan will be restructured and therefore this year the Company has deferred the markup of Rs 24.926 million. The unprovoked mark up amount Rs 35.963 million. (refer to note 8.9)

10.1.8 The management is of the view that this loan has restructured and therefore this year the Company has also deferred the mark up of Rs 6.323 million. The unprovided mark up amount Rs 0.064 million. (refer to note 8.2)

10.1.9 The management is of the view that this loan will be restructured and therefore this year the Company has also deferred the mark up of Rs 0.899 million. The unprovided mark up amount Rs 0.245 million (refer to note 9.2.2 to 9.2.4)

10.2 Staff retirement benefits - unfunded gratuity scheme	Note	2011 Rupees	2010 Rupees
Reconciliation of payable to defined benefit plan:			
The amounts recognized in balance sheet are as follows:			
Present value of defined benefit obligation		**5,149,194**	6,204,158
		5,149,194	6,204,158
Movement in net liability recognized is as follows:			
Opening balance at July 01,		**6,204,158**	5,223,661
Service cost recognized during the year		**1,176,916**	1,655,989
Benefits paid during the year		**(2,231,880)**	(675,492)
Liabilities extinguished on settlements			
Closing balance as at June 30,		**5,149,194**	6,204,158

Last actuarial valuation was carried out as at June 30, 2009 under the ' Projected Unit Credit Method'. The significant assumptions used for actuarial valuation were as follows:

In current year provision is based on estimate basis.

	2011	2010
Discount rate	**13%**	13%
Expected rate of salary increase	**11%**	11%
Expense recognized in the income statement		
Current service cost	**1,176,916**	950,110
Interest cost	**-**	705,879
	1,176,916	1,655,989

11 TRADE AND OTHER PAYABLES

	Note	2011 Rupees	2010 Rupees
Creditors		**22,379,913**	43,733,372
Accrued expenses		**13,719,556**	20,029,571
Advances from customers		**13,986,250**	17,435,301
Income tax deducted at source		**3,387,077**	6,846,864
Unclaimed dividend		**415,333**	415,333
Others (School)	11.1	**1,842,340**	1,028,109
		55,730,469	89,488,550

11.1 A school naming Deen Public High School is being run by the Company and all its income and expenses are being charged to the school. This year a school bus was sold at gain on disposal of Rs. 0.383 million, which is charged against its payables.

12 ACCRUED MARK UP

	Note	2011 Rupees	2010 Rupees
Mark up accrued on:			
Long term financing	12.1	**-**	35,058,700
Liabilities against assets subject to finance lease	12.2	**898,710**	1,393,808
		898,710	36,452,508

12.1 Un provided mark-up for the year is Rs. 59.405 million. (refer to note 8)

12.2 Un provided mark-up for the year is Rs. 0.875 million. (refer to note 9)

13 SHORT TERM BORROWINGS

	Note	2011 Rupees	2010 Rupees
From banking companies - secured			
Habib bank limited	13.1		
- Cash finance		**-**	1,436,280
- Foreign currency / packing credit finance		**-**	59,553,032
- Running finance		**-**	5,000,000
National bank of Pakistan	13.2	**1,565,448**	2,798,648
		1,565,448	68,787,960
From related parties - unsecured			
Loan from family associates	13.3	**7,869,825**	-
		9,435,273	68,787,960

13.1 These facilities represent the utilized portion of limit of Rs. 245.45 million (2010: 245.90 million) sanctioned by the bank for meeting the working capital requirements of the Company. These facilities carry mark-up at 3 Months KIBOR plus 2% per annum with floor of 12% per annum (LIBOR plus 2.5% per annum with floor of 5.50% per annum in case of foreign finance) payable quarterly. These facilities are secured against pledge of raw materials and finished goods lien on L/C confirmed orders, ranking hypothecation and 1st.pari passu/ranking charges on current and fixed assets of the Company, exclusive EM charge on land and building and personal guarantees of the directors. These facilities have expired on September 30, 2009 and are under the process of renewal.

The company has proposed to convert available limit of Rs. 79.867 million of Running finance, cash financee into long term financing and shown the same amounts in long term financing. This proposal is still under process. (refer to note 8.6 to 8.8).

13.2 This represents Cash Finance facility of Rs.75 million (reduced from 150 million) sanctioned by the bank for meeting the working capital requirements of the Company. This facility carries mark-up at 3 Months KIBOR plus 2% per annum without floor/cap payable quarterly. It is secured against pledge of raw materials and personal guarantees of the sponsoring directors of the Company. This facility has expired on September 30, 2009 and is under the process of renewal.

13.3 This represents interest-free and unsecured loan obtained from family associates of the Company. The repayment terms of the loan have yet not been finalized.

14 CURRENT AND OVERDUE PORTION OF NON-CURRENT LIABILITIES

	Note	2011 Rupees	2010 Rupees
Long term financing	14.1	**23,247,216**	26,951,195
Liabilities against assets subject to finance lease	14.2	**-**	16,563,563
		23,247,216	43,514,758

14.1 Because of the litigations with various banks as stated in notes from 8.1 to 8.9 the company has not recognized fully the overdue and current portion of non current liabilities which otherwise if incorporated the current portion of non current liabilities would increase by Rs. 375.902 million (refer to Note 8)

14.2 Because of the litigations with various banks as stated in notes from 9.2.1 to 9.2.6 the company has not recognized fully the overdue and current portion of liabilities against assets subject to finance lease which otherwise if incorporated the current portion of liabilities against assets subject to finance lease would increase by Rs. 14.843 million (refer to Note 9)

	Note	2011 Rupees	2010 Rupees
15 PROVISION FOR TAXATION			
Provision made for the current year	33	**1,599,056**	1,375,091
Provision adjusted during the year		**(1,599,056)**	(1,375,091)
		-	-

16 CONTINGENCIES AND COMMITMENTS

16.1 Cotton claims of Rs.29.851 million (US $ 500,186) are lodged against foreign cotton suppliers and their agents in the Pakistan (Ralli Brothers) for weight shortage, bad quality supplied and late shipments. The suit is filed in the court of Civil Judge, Lahore and is still subjudice as confirmed by legal advisor of the company.

16.2 Claims filed by M/s Cargill and others for Rs. 7.873 million have been awarded in exparte arbitration proceedings. These claims have not been admitted by the Company. The management is hopeful that no loss is expected to arise. The application filed in the court of Civil Judge, Lahore is still pending adjudication as confirmed by the legal advisor of the company.

16.3 Writ petition filed against WAPDA on refusal of request for reduction of load was disposed off by the court with the direction to approach WAPDA authorities.

16.4 Electricity duty case is pending with Honourable High Court. No confirmation from legal advisor of the company is available.

16.5 The Company has also filed a suit for damages against NIB Bank Limited for recovery of Rs. 567.627 million. The bank has also filed a suit against recovery of its dues amounting to Rs. 236.768 million. Letters dropped to bank for confirmation of loan balances and interest outstanding remain unconfirmed. The legal advisor vide its letter dated 21-09-2011 has stated that there is no scope of any loss to the company.

The company has also filed a writ petition against NIB Bank Limited seeking protection under Article 10 of the Constitution, this Writ petition is pending adjudication before the Lahore High Court Lahore. As per legal advisor's there is no scope of any loss to the company in the instant matter. (refer note 8.9).

16.6 The Company has filed a suit for damages against Bank of Punjab for recovery of claims and damages of Rs. 140.253 million. This suit is presently pending adjudication before Lahore High Court Lahore. The legal advisors vide letter dated 21-09-2011 have stated that there is no scope of any loss to the company.

Bank of Punjab has also filed a suit against the company for recovery of Rs. 56.299 million as confirmed by the legal advisor named "Lawyers & Lawyers" vide their letter dated 21-09-2011. This suit is also presently pending adjudication before Lahore High Court Lahore. As per legal advisor's there is no scope of any loss to the company. (refer to note 8.1)

16.7 First National Bank Modarba has filed a suit against the company for recovery of Rs. 29.995 million while the Company has sued the bank for Rs. 47.550 million. This case is also pending in Banking Court II at Lahore.

16.8 Grays Leasing Limited has filed a suit against the company for recover of Rs. 17.514 million. This suit is presently pending adjudication before Banking Court II at Lahore.

The company has also filed a suit against the Grays Leasing Limited under section 9 of the FIO (Recovery of Finance) Ordinance and prayers for grant of damages amounting to Rs. 33.000 million. This suit is presently pending adjudication before Banking Court II at Lahore.

16.9 IDBP agreed to write off mark up of Rs. 16.522 million on liquidation of its entire restructured loan (refer to Note. 10.1.1) and the said mark up relating to prior years was not recognized as liability in the financial statements.

16.10 Bank guarantee amounting to Rs. 2.431 million (2010: 7.431 million) in favour of Sui Northern Gas Pipelines Limited.

16.11 Appeals of company on the issue of minimum tax u/s 113 relating to earlier years stand decided by Income Tax Appellate Tribunal vide its appellate order dated 16-02-2010. Assessment of tax year 2005 was revised by Additional Commissioner of Income Tax u/s 122(5A) vide order dated 30-06-2011 raising tax liability of Rs. 2.300 million which is not provided being prima facie, illegal and against judgment of superior courts.

16.12 Appeal relating to tax year 2006 against Order U/S 161/2005 dated 25-04-2011 is pending before CIR (A) Rs. 13.970 million. In view of amnesty claimed under SRO 647(1)2011 dated 25-06-2011. No demand is expected to arise and no provision raised.

16.13 Appeals filed by Department and Company before ITAT for tax year 2004 are yet pending. No loss is expected to arise.

	Note	2011 Rupees	2010 Rupees
17 PROPERTY, PLANT AND EQUIPMENT-note annexed		**653,651,166**	688,533,093

17.1 PROPERTY, PLANT AND EQUIPMENT

Particulars	COST / FAIR VALUE				Rate	DEPRECIATION				Written Down
	As at 01-07-2010	Additions during the year	Disposals / Transfers	As at 30-06-2011		Accumulated as at 01-07-2010	Charge for the year	Adjustments on disposals/ transfer	Accumulated as at 30-06-2011	Value as at June 30, 2011
	Rupees				%	Rupees				
Owned assets:										
Freehold land	100,000,000	-	-	100,000,000	-	-	-	-	-	100,000,000
Factory building on freehold land	215,915,367	-	-	215,915,367	3	13,781,678	6,064,011		19,845,689	196,069,678
Plant and Machinery	330,157,195	530,000	-	330,687,195	7.5	49,231,376	21,085,999	-	70,317,375	260,369,820
Generator	25,067,887	-	-	25,067,887	7.5	6,880,660	1,364,042		8,244,702	16,823,185
Office equipment	3,640,046	66,000	(100,000)	3,606,046	10	2,285,746	140,128	64,164	2,361,710	1,244,336
Furniture and fixtures	6,158,412	95,650	-	6,254,062	10	3,807,568	237,175		4,044,743	2,209,319
Vehicles	10,416,688	-	(550,000)	9,866,688	20	8,032,264	465,120	458,494	8,038,890	1,827,798
	691,355,595	691,650	(650,000)	691,397,245		84,019,292	29,356,475	522,658	112,853,109	578,544,136
Assets held under finance lease:										
Plant and Machinery	99,208,674	-	-	99,208,674	7.5	37,882,599	4,599,456	-	42,482,055	56,726,619
Gas generators	28,666,667	-	-	28,666,667	7.5	8,795,952	1,490,304	-	10,286,256	18,380,411
	127,875,341	-	-	127,875,341		46,678,551	6,089,760	-	52,768,311	75,107,030
2011	**819,230,936**	**691,650**	**(650,000)**	**819,272,586**		**130,697,843**	**35,446,235**	**522,658**	**165,621,420**	**653,651,166**

Particulars	COST / FAIR VALUE				Rate	DEPRECIATION				Written Down
	As at 01-07-2010	Additions during the year	Disposals / Transfers	As at 30-06-2011		Accumulated as at 01-07-2010	Charge for the year	Adjustments on disposals/ transfer	Accumulated as at 30-06-2010	Value as at June 30, 2010
	Rupees				%	Rupees				
Owned assets:										
Freehold land	100,000,000	-	-	100,000,000	-	-	-	-	-	100,000,000
Factory building on freehold land	215,915,367	-	-	215,915,367	3	7,530,121	6,251,557	-	13,781,678	202,133,689
Plant and Machinery	330,157,195	-	-	330,157,195	7.5	26,453,607	22,777,769	-	49,231,376	280,925,819
Generator	22,177,715	2,890,172	-	25,067,887	7.5	5,620,830	1,259,830	-	6,880,660	18,187,227
Office equipment	3,588,546	51,500	-	3,640,046	10	2,138,840	146,906	-	2,285,746	1,354,300
Furniture and fixtures	6,158,412	-	-	6,158,412	10	3,546,363	261,205	-	3,807,568	2,350,844
Vehicles	10,814,708	28,500	426,520	10,416,688	20	7,776,757	610,027	354,520	8,032,264	2,384,424
	688,811,943	2,970,172	426,520	691,355,595		53,066,518	31,307,294	354,520	84,019,292	607,336,303
Assets held under finance lease:										
Plant and Machinery	99,208,674	-	-	99,208,674	7.5	32,910,215	4,972,384	-	37,882,599	61,326,075
Gas generators	28,666,667	-	-	28,666,667	7.5	7,184,813	1,611,139	-	8,795,952	19,870,715
	127,875,341	-	-	127,875,341		40,095,028	6,583,523	-	46,678,551	81,196,790
2010	816,687,284	2,970,172	426,520	819,230,936		93,161,546	37,890,817	354,520	130,697,843	688,533,093

17.2 Depreciation for the year has been allocated as under:-

	Note	**2011** **Rupees**	2010 Rupees
Cost of goods sold	27	**34,603,812**	36,872,679
Administrative expanses	29	**842,423**	1,018,138
		35,446,235	37,890,817

17.3 Revaluations of land, buildings, plant and machinery was carried out in May 2008, April 2004 and September 1995 by an independent valuers. Had there been no revaluations, the cost, accumulated depreciation and book values of the revalued assets as on June 30, 2011 would have been as follows:

	Cost of assets as at June 30, 2011	Accumulated depreciation as at June 30, 2011	Book value as at June 30, 2011
	-------------Rupees---------------		
Land - freehold	10,165,625	-	10,165,625
Buildings on freehold land	101,821,568	45,641,294	56,180,274
Plant and machinery	533,494,496	371,130,032	162,364,464

17.4 **Detail of property, plant and equipment disposed off during the year:**

Particulars	Cost/ Revalued Amount	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (loss)	Mode of Disposal
	-------------Rupees-------------					
Vehicles:						
LRJ 1338	550,000	458,494	91,506	475,000	383,494	Negotiation
Office equipment-Antenna	100,000	64,164	35,836	-	(35,836)	Negotiation
2011	**650,000**	**522,658**	**127,342**	**475,000**	**347,658**	

		Note	2011 Rupees	2010 Rupees
18	**LONG TERM DEPOSITS**			
	Deposits against leased assets		**7,489,350**	6,984,120
	Deposits with Utility Companies		**658,317**	658,317
	Others		**123,260**	123,260
			8,270,927	7,765,697
19	**STORES AND SPARES**			
	Stores		**1,798,701**	2,176,925
	Spares		**10,203,292**	11,008,910
			12,001,993	13,185,835
20	**STOCK IN TRADE**			
	Raw materials		**1,820,845**	16,282,468
	Work in process		**215,708**	480,832
	Finished goods		**882,091**	10,297,371
			2,918,644	27,060,671
21	**TRADE DEBTS**			
	Local			
	Considered good - unsecured		**11,559,294**	19,873,929
	Considered doubtful		**1,895,581**	1,895,581
			13,454,875	21,769,510
	Less: Provision for doubtful debts		**(1,895,581)**	(1,895,581)
			11,559,294	19,873,929
22	**LOANS AND ADVANCES**			
	Advances to suppliers and contractors:			
	- Considered good		**427,256**	467,051
	- Considered doubtful		**504,871**	504,871
			932,127	971,922
	Less: Provision for doubtful advances		**(504,871)**	(504,871)
			427,256	467,051
	Advances to employees		**585,801**	1,792,119
			1,013,057	2,259,170
	Excise duty		**15,026**	15,026
			1,028,083	2,274,196

22.1 Amount due from chief executive officer, directors, executives of the Company and other related parties is Rs. Nil. (2010:Rs.Nil). Maximum aggregate balance due from Directors of the Company at the end of any month during the year was Rs. Nil (2010: Rs. Nil)

		Note	2011 Rupees	2010 Rupees
23	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposit (SNGPL)		**4,000,000**	-
	Guarantee margin		**656,506**	3,156,506
	Prepayments		**67,821**	57,232
	Claims receivables	23.1	**30,096,399**	30,096,399
			34,820,726	33,310,137
23.1	**Claims receivables**			
	Considered good		**30,096,399**	30,096,399
	Considered doubtful		**3,879,907**	3,879,907
			33,976,306	33,976,306
	Less: provision for doubtful claims		**(3,879,907)**	(3,879,907)
			30,096,399	30,096,399
24	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Income tax refundable	24.1	**379,364**	3,722,219
	Sales tax refundable		**846,059**	3,213,079
			1,225,423	6,935,298
24.1	**INCOME TAX REFUNDABLE**comprises of:			
	Balance as at Ist July,		**3,722,219**	3,108,772
	Add/(Less) : (Deducted)/Collected during the Year		**(1,743,799)**	1,988,538
			1,978,420	5,097,310
	Less : Adjusted against Provision for Taxation	15	**(1,599,056)**	(1,375,091)
			379,364	3,722,219

	Note	2011 Rupees	2010 Rupees
25 CASH AND BANK BALANCES			
Cash in hand		**8,597**	155,009
Cash with banks:			
In current accounts		**1,134,418**	379,528
In saving accounts	25.1	**670,376**	877,817
		1,804,794	1,257,345
		1,813,391	1,412,354

25.1 These accounts are subject to return @ 8% (2010: 8 %) per annum.

	Note	2011 Rupees	2010 Rupees
26 SALES			
Sales of Yarn and Cloth			
- Local		**13,813,058**	45,022,410
- Export		**-**	5,569,697
Conversion Charges from third parties		**137,689,006**	218,856,382
		151,502,064	269,448,489
Commission on sales		**(449,335)**	(484,152)
Export rebate		**-**	2,228
Currency fluctuation			(53,147)
		151,052,729	268,913,418

	Note	2011 Rupees	2010 Rupees
27 COST OF SALES			
Raw materials consumed for own conversion for sale	27.1	**5,892,606**	21,637,687
Salaries, wages and benefits	27.2	**48,527,191**	70,446,752
Chemicals and sizing		**4,450,279**	11,831,602
Stores and spares consumed		**603,380**	10,768,372
Fuel and power		**43,980,312**	75,856,472
Packing materials		**498,259**	6,576,813
Other manufacturing expenses		**4,675,151**	8,814,657
Depreciation	17.1	**34,603,811**	36,872,679
		137,338,383	221,167,347
		143,230,989	242,805,034
Work in process:			
Opening - Spinning		**-**	-
Weaving		**480,832**	510,688
		480,832	510,688
Closing - Spinning		**-**	-
Weaving		**(215,708)**	(480,832)
		(215,708)	(480,832)
		265,124	29,856
Cost of goods manufactured		**143,496,113**	242,834,890
Finished goods:			
Opening - Spinning		**6,583,895**	8,857,907
Weaving		**3,713,476**	17,137,226
		10,297,371	25,995,133
Closing - Spinning		**(406,666)**	(6,583,895)
Weaving		**(475,425)**	(3,713,476)
		(882,091)	(10,297,371)
		9,415,280	15,697,762
		152,911,393	258,532,652

		Note	2011 Rupees	2010 Rupees
27.1	**Raw materials consumed**			
	Opening stock		**16,282,468**	48,345,857
	Less: Material rejected and returned		**(12,170,513)**	(21,559,892)
	Add: Purchases		**5,719,051**	25,463,799
	Available for sale		**9,831,006**	52,249,764
	Less: Material sold		**(2,117,555)**	(14,329,609)
			7,713,451	37,920,155
	Closing stock		**(1,820,845)**	(16,282,468)
			5,892,606	21,637,687

27.2 These include Rupees 0.830 million (2010: Rupees 1.481 million) in respect of staff retirement benefits.

28 DISTRIBUTION COST

	Note	2011 Rupees	2010 Rupees
Staff salaries and benefits	28.1	**1,779,220**	1,675,551
Freight and forwarding		**-**	157,010
Travelling and conveyance		**54,448**	162,069
Printing and stationery		**61,453**	55,607
Insurance		**141,942**	43,164
Vehicles running and maintenance		**358,209**	335,741
Telecommunication		**186,794**	159,603
Entertainment		**53,660**	-
Postage and telegram		**15,481**	-
Miscellaneous		**22,295**	27,657
		2,673,502	2,616,402

28.1 These include Rupees 0.064 million (2010: Rupees 0.061 million) in respect of staff retirement benefits.

29 ADMINISTRATIVE EXPENSES

	Note	2011 Rupees	2010 Rupees
Staff salaries and benefits	29.1	**5,768,209**	4,872,688
Travelling and conveyance		**147,060**	38,699
Rent, rate and taxes		**557,970**	547,740
Repair and maintenance		**114,239**	65,004
Insurance		**145,550**	169,688
Utilities		**512,809**	694,690
Printing and stationery		**203,123**	185,089
Fee and subscription		**193,997**	269,184
Vehicles running and maintenance		**917,745**	833,090
Entertainment		**163,798**	152,521
Newspapers and journals		**13,535**	13,539
Postage and telegram		**29,272**	36,140
Telecommunication		**123,508**	156,134
Press advertisements		**42,260**	22,680
Legal and professional charges		**1,936,500**	2,985,000
Auditor's remuneration	29.2	**200,000**	200,000
Depreciation	17.2	**842,423**	1,018,138
staff welfare		**1,718**	-
Miscellaneous		**25,889**	19,751
		11,939,605	12,279,775

29.1 These include Rupees 0.282 million (2010: Rupees 0.196 million) in respect of staff retirement benefits.

		2011 Rupees	2010 Rupees
29.2	Auditors' remuneration:		
	- Statutory audit fee	**150,000**	150,000
	- Review, corporate advisory and certification fee	**50,000**	50,000
		200,000	200,000

30 OTHER OPERATING CHARGES

	2011 Rupees	2010 Rupees
Other Operating Charges	**35,836**	5,533
	35,836	5,533

31 OTHER INCOME

	2011 Rupees	2010 Rupees
Profit on deposits with banks	**-**	105,549
Profit on disposal of property, plant and equipment	**-**	189,000
	-	294,549

32 FINANCE COST

	2011 Rupees	2010 Rupees
Mark up on:		
Long term financing	**9,581,423**	15,582,990
Finance leases	**2,250,315**	3,563,426
	11,831,738	19,146,416
Mark up on short term borrowings	**7,411,793**	11,780,812
Bank charges	**251,150**	917,019
	19,494,681	31,844,247

33 PROVISION FOR TAXATION

		2011 Rupees	2010 Rupees
33.1	Current year	**1,599,056**	1,375,091

In view of loss for the year made by the Company and available tax losses of Rs 289.503 million, Current Taxation represents tax levied @ one percent as required under section 113 of the Income Tax Ordinance, 2001.

Income tax return for tax year 2010 was filed within prescribed time limit. Income tax assessments have been completed up to income year ended June 30, 2010 (tax year 2010) as deemed assessment. Losses available for carry forward to tax year 2011 are amounting to Rs. 289.503 million (2010: Rs. 308.651 million).

33.2 Deferred tax asset amounting Rs. 49.263 million (2010: Rs. 52.768 million) is not recognized in these financial statements as the Company is sustaining heavy losses and is assessed under the deeming section 113 of the Income Tax Ordinance. Major timing differences are not expected to reverse for a foreseeable future and there is no assurance that future taxable profits would be sufficient to realize the benefit of brought forward losses.

34 LOSS PER SHARE - basic & diluted

		2011 Rupees	2010 Rupees
Loss for the year	Rupees	**(37,601,344)**	(37,445,733)
Weighted average number of ordinary shares	Number	**22,105,200**	22,105,200
Loss per share	Rupees	**(1.70)**	(1.69)

34.1 There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE OFFICERS

Particulars	2011			2010		
	Chief Executive	**Directors**	**Executive**	Chief Executive	Directors	Executive
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	600,000	1,088,000	-	600,000	1,016,004	-
House rent allowance	240,000	435,200	-	240,000	406,404	-
Medical	60,000	108,800	-	60,000	101,592	-
	900,000	**1,632,000**	**-**	900,000	1,524,000	-

	2011	2010
	Rupees	Rupees

35.1 In addition to above, meeting fee of Rs. 4 thousand (2010:Rs. 2 thousand) was paid to one (2010: one) nominee director during the year.

35.2 The Chief Executive Officer and directors are provided with free use of the Company maintained vehicles. Executive is defined as employee with basic salary exceeding Rs. 500,000. No employee meets the criteria of executive.

36 RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise of related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	2011	2010
	Rupees	Rupees
Transactions with related parties undertaken during the year are as follows:		
- Lease rent paid	**(517,500)**	(517,500)
- Loan from director obtained/(repaid)	**7,869,825**	(10,393,691)

37 FINANCIAL INSTRUMENTS

37.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

The Company has devised policies for risk areas where it could be subjected to a financial loss or where it expects to make market gains. The Company takes exposure to expand its business, obtain sufficient funds to fulfil the demands, meet working capital requirements and to gain benefit of mark-up rate spread available in the money market. Due to the nature of business of the Company, it is inherent that the Company liabilities will remain sensitive to external factors beyond the control of management. Therefore, the management secures the financial liabilities of the Company through collateralization of its property, plant and equipment, stores and stock-in-trade. Such collateralization are disclosed in relevant notes to these financial statements.

The management provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk interest rate risk, credit risk and liquidity risk.

(a) Market Risk

Market risk is the risk where parties to the financial instruments are subjected to risk of changes in fair values of their financial assets and liabilities due to circumstances reasonably beyond their control. The carrying value of all the financial instruments reflected in these financial statements approximates to their fair values.

(i) **Currency Risk:**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is subjected to currency risk on export sales and purchases that are entered in a currency other than Pak Rupees that is a functional and presentation currency. The Company is exposed to currency risk arising from United States Dollars- USD only. Currently the Company's foreign exchange exposure is restricted to long term and short term borrowings. The Company's exposure to currency risk is as follows:

	2011	2010
	USD	USD
Long term financing	**1,951,164.43**	931,459.55
Short term borrowings	**-**	1,019,704.88

The following significant exchange rates were applied during the year:

Rupee per US Dollar		
Average rate	**86.05**	83.56
Reporting date rate	**85.84**	84.40

Sensitivity Analysis

If the functional currency, at reporting date, has weakened/ strengthened by 5% against the USD with all other variables held constant, the impact on loss after taxation for the year would have been Rs. 8.395 million (2010: 8.331 million) higher/lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments.

(ii) **Other Price Risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk since it has no portfolio of commodity suppliers. No equity instrument held by the Company which are traded on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Karachi Stock Exchange (KSE). Therefore, it has not any possible impact of increase / decrease in the KSE Index on the Company's profit after taxation for the year and on equity (fair value reserve).

	2011 Rupees	2010 Rupees

(iii) **Interest Rate Risk**

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

The Company has no significant Long Term interest bearing assets except for Saving and Deposit accounts, on which rate of return is minimal. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2011 Rupees	2010 Rupees
Fixed Rate Instruments		
Financial Liabilities		
Long term financing	**15,310,122**	15,831,713
Liabilities against assets subject to finance lease	**12,496,882**	20,683,738
Floating Rate Instruments		
Financial Liabilities		
Long term financing	**449,305,465**	398,138,504
Short term borrowings	**1,565,448**	68,787,960
Liabilities against assets subject to finance lease	**20,949,639**	22,549,639
Financial Assets	**670,376**	877,817

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 or loss. Therefore, a change in interest rate at the balance sheet date would not affect the profit and loss of the Company.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss that would be recognized at the reporting date. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

Long term deposits	**8,270,927**	7,765,697
Trade debts	**11,559,294**	19,873,929
Loans and advances	**585,801**	1,792,119
Trade deposits and	**34,752,905**	33,252,905
Bank Balances	**1,804,794**	1,257,345
	56,973,721	63,941,995

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 21.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

(C) Liquidity Risk

Liquidity Risk is a risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Since many years, The Company is facing liquidity problems. For this, purpose, the Company is continuously negotiating with its financial institutions in order to re-schedule its loans and also to defer payment of its outstanding loans and mark-up accrued thereon. Currently, the Company manages its liquidity risk by maintaining cash and the availability of funding through an adequate amount of committed credit facilities. At 30th June, 2011, the Company had Rs. 75 million (2010: Rs. 70 million) available borrowing limits from financial institutions and Rs. 1.813 million (2010: 1.412 million) cash and bank balances. In spite the fact that the Company is in a negative working capital position at the year end, management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undisclosed cash flows:

Current maturities of financial liabilities as at 30th June, 2011

	Carrying Amount	Contractual Values	Less than One Year	One to Five Years	More than Five Years
	---Rupees---				
Trade and other payables	55,730,469	55,730,469	55,730,469	-	-
Short term borrowings	9,435,273	75,000,000	75,000,000	-	-
Directors' bridge finance & loan	38,563,713	38,563,713	-	38,563,713	-
Long term financing	449,368,372	653,748,251	576,748,251	76,921,259	-
Assets subject to finance lease	33,446,521	56,059,390	56,059,390	-	-
Deferred Liabilities	154,600,818	50,158,486	16,424,119	33,734,367	-
	741,145,166	**929,260,309**	**779,962,229**	**149,219,339**	-

Current maturities of financial liabilities as at 30th June, 2010

	Carrying Amount	Contractual Values	Less than One Year	One to Five Years	More than Five Years
	---Rupees---				
Trade and other payables	89,488,550	89,488,550	89,488,550	-	-
Short term borrowings	68,787,960	102,805,756	102,805,756	-	-
Directors' bridge finance & loan	38,563,713	38,563,713	-	38,563,713	-
Long term financing	421,970,217	668,372,967	377,985,179	286,387,789	4,000,000
Assets subject to finance lease	43,233,377	56,059,390	27,148,827	22,496,167	6,414,396
Deferred Liabilities	65,983,108	65,983,108	35,994,025	29,989,083	-
	728,026,925	1,021,273,485	633,422,337	377,436,752	10,414,396

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

37.2 **FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The carrying value of all the Financial Assets & Liabilities reported in Financial Statements approximate their Fair Value. Fair value is determined on the basis of objective evidence at each reporting date.

37.3 **FINANCIAL INSTRUMENTS BY CATEGORIES**

	Loans and Advances	
Assets as at 30th June,	**2011**	2010
	Rupees	Rupees
Long term deposits	**8,270,927**	7,765,697
Trade debts	**11,559,294**	19,873,929
Loans and advances	**585,801**	1,792,119
Trade deposits and	**34,820,726**	33,252,905
Bank Balances	**1,813,391**	1,412,354
	57,050,139	64,097,004

	Financial Liabilities as at Amortized Cost	
Liabilities as at 30th June,		
Long term financing	**472,615,588**	421,970,217
Liabilities against assets subject to finance lease	**33,446,521**	43,233,377
Deferred liabilities	**154,600,818**	102,254,986
Trade and other payables	**55,730,469**	89,488,550
Accrued mark-up	**898,710**	36,452,508
Short term borrowings	**9,435,273**	68,787,960
	726,727,379	762,187,598

37.4 **CAPITAL RISK MANAGEMENT**

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets shareholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout, thus maintaining smooth capital management.

In line with others in the textile industry, the Company monitors its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings from the banks and financial institutions (including current and non-current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt. As on the reporting date , the gearing ratio of the Company was as under:

	2011 Rupees	2010 Rupees
Total borrowings	**482,050,861**	490,758,177
Cash and bank balances	**1,813,391**	1,412,354
Net Debt	**483,864,252**	492,170,531
Equity	**(362,631,333)**	(337,027,394)
Total Capital	**121,232,919**	155,143,137
Gearing Ratio	**399.12%**	256.81%

38 SEGMENT INFORMATION

The entire revenue and expenses of the Company are relating to conversion services extended to customer and there are no reportable segments of the Company.

39 PLANT CAPACITY AND PRODUCTION

	2011	2010
Spinning		
Number of spindles installed and worked	**18,456**	18,456
Rated capacity in thousands of kilograms converted into 20/1 count	**5,845**	5,845
Actual production in thousands of kilograms converted into 20/1 count:		
- Own Conversion	**-**	9
- Conversion-third parties	**2,021**	3,672
	2,021	3,681
Weaving		
Number of looms installed and worked	**71**	71
Rated capacity in thousands of sq. meters converted into 50 picks	**9,293**	9,293
Actual production in thousands of sq. meters converted into 50 picks:		
- Own Conversion	**115**	147
- Conversion-third parties	**1,919**	5,354
	2,034	5,501

39.1 Under-utilization of rated capacity was due to normal maintenance, doffing, change of spin plans and cloth quality, labour problems and power shutdowns.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue by the Board of Directors of the company in its meeting held on October 04, 2011.

41 CORRESPONDING FIGURES

- Figures have been rounded off to the nearest Rupee,
- Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. The following rearrangements have been made:.

FROM	Rupees	TO	Rupees	Reason
Other operating charges	200,000	Auditor's remuneration	200,000	Proper presentation and comparison
Raw material consumed:		Raw material consumed:		
-		Material rejected and returned	(21,559,892)	Proper presentation and comparison
-		Purchases	25,463,799	Proper presentation and comparison
Material sold	(10,425,702)	Material sold	(14,329,609)	Proper presentation and comparison
			(10,425,702)	
Sales:		Sales:		
Local sale	263,878,792	Local sale	45,022,410	Proper presentation and comparison
		Conversion charges from third parties	218,856,382	Proper presentation and comparison
			263,878,792	Proper presentation and comparison

Lahore:
October 04, 2011

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

MIAN WAHEED AHMED
Director

PROXY FORM
(25th ANNUAL GENERAL MEETING)

I/We ______________________________ son/daughter/wife of ______________________________ of ____________________ being member (s) of MIAN TEXTILE INDUSTRIES LTD, holder of ____________________ ordinary shares of the Company, under Folio No./Participant's ID/CDC sub account No. ______ hereby appoint ______________________ of ____________________ failing him/her ______________ of ______________________ who is/are member(s) of MIAN TEXTILE INDUSTRIES LTD. under Folio No./Participant's ID/CDC sub account No. ______ respectively, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on October 31, 2011 and/or any adjournment thereof.

As witness my/our hand this ____________________ day of October, 2011.

Signed in the presence of;

Witness ______________________

Name ______________________

Occupation ______________________

Address ______________________

____

____

Signature of Shareholder (s) on revenue stamp worth Rupees 5/-

The signature should agree with the specimen registered with the Company.

IMPORTANT:

1. This Proxy Form, duty completed and signed, must be received at the Registered Office of the Company, 29-B/7 Model Town, Lahore. Not less than 48 hours before the time of holding the meeting.
2. No person shall act as Proxy unless he/she is a member of the Company, except that a Corporation/Company may appoint a person who is not a member.
3. If a member appoints more than one Proxy and more than one instruments of Proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. In case of Proxy for an individual beneficial Owner of CDC, attested copies of beneficial Owner's NIC or passport, Account and Participant's I.D. Nos. must be deposited along with the Form of Proxy. In case proxy for corporate member, he/she should bring the usual documents required of such purpose.
5. Shareholders are requested to notify change in their address, if any.