

# **ANNUAL REPORT**

**FOR THE YEAR ENDED**

**JUNE 30, 2012**

*Taha*

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**SPINNING MILLS LIMITED**

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**TAHA SPINNING MILLS LIMITED**  
**COMPANY INFORMATION**

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<b>Board of Directors</b>	Mr. Ashfaq Ahmed    Chief Executive Mr. Saqib Ashfaq    Executive Director Mr. Amir Ashfaq    Executive Director Mr. Niaz Mohammad Independent
	Mr. M. Farooq        Non Executive Mr. Ikhlaq Husain    Non Executive Mr. Saleem Abbas     Non Executive
<b>Audit Committee</b>	Mr. Niaz Mohammad Chairman Mr. Ikhlaq Husain Mr. M. Farooq
Human Resource & Remuneration Committee	Mr. Amir Ashfaq        Chairman Mr. Ikhlaq Hussain Mr. Saleem Abbas
<b>Chief Financial Officer</b>	Mr. Irfan Ahmed
<b>Company Secretary</b>	Mr. Muhammad Sarfraz
<b>Auditors</b>	A. R. Khan & Co Chartered Accountants 33-A, 6th Floor, Arkey Square Ext. Shahrah-e-Liaqat, Karachi
<b>Bankers</b>	NIB Bank Limited Askari Bank Limited National Bank of Pakistan
<b>Legal Advisor</b>	Farooq Rashid & Co Advocates and Corporate Consultants 403 Commerce Centre Hasrat Mohani Road Karachi-74200
<b>Share Registrar and Transfer Office</b>	Najeeb Consultants (Pvt)Ltd 405-Commerce Centre, Hasrat Mohani Road, Karachi
<b>Registered Office</b>	406-Commerce Centre, Hasrat Mohani Road, Karachi Karachi 74200
<b>Mills</b>	Warburton Road, Tehsil Nankana Sahib Distt. Sheikhpura, Punjab

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**TAHA SPINNING MILLS LIMITED**

**VISION STATEMENT**

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The company is committed to remain abreast with the modern textile machinery in slow and steady steps. The primary vision is geared towards the company Re-establishing itself in the market, both local and export, as a quality yarn suppliers.

**MISSION STATEMENT**

The company has taken on a mission to improve quality, profitability and meet its financial commitments, improve the remuneration of its employees and give a fair return to its shareholders while complying with the best practices of Corporate Governance.

## TAHA SPINNING MILLS LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of the shareholders of Taha Spinning Mills Limited, will be held on Tuesday, 30th October, 2012 at 4.00 p.m at its registered office at 406-Commerce Centre, Hasrat Mohani Road, Karachi to consider the following business:

1. To confirm the minutes of the Annual General Meeting held on 29th October.2011
2. To receive, consider and adopt the report of Directors, Auditors and the Audited Accounts of the company for the year ended June 30, 2012.
3. To appoint the Auditors for the year ending 30.6.2013 and fix their remuneration. The retiring auditors M/s. A.R. Khan & Co., Chartered Accountants not offer themselves for re-appointment.
4. To consider any other business with the permission of the Chair.

By order of the Board

Company Secretary

Karachi: October 8,2012

#### Notes:

1. The share transfer books of the company will remain closed from 24th October, 2012 to 30th October 2012 (both days inclusive)
2. A member entitled to attend and vote at this meeting may appoint to a member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the company at the registered office not less than 48 hours before the meeting.
3. Any individual, beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her original NIC or Passport, Account No. and participant's I.D number, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her NIC or Passport.
4. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of nominee/proxy shall be required.
5. Shareholders are requested to notify any change in their address immediately.

TAHA SPINNING MILLS LIMITED  
DIRECTORS' REPORT TO THE SHARE HOLDERS

The directors of your company are pleased to place their report together with the auditors report and audited financial statements of the company for the year ended June 30, 2012 before the 22nd Annual General Meeting.

AN OVERVIEW

Textile industry is a big capital incentive sector needs big investment to grow. Due to energy crises, bad governance and poor law and order situation in the country, investment in this sector has dried up and growth of the industry is at halt. Industry faced these crises throughout the year. Increase in inflation rate and mark up rate also increased cost of manufacturing in the country.

Due to heavy losses, company was facing a liquidity crunch. Bankers of the company did not renew the credit lines and filed recovery suit. The management was forced to suspend its yarn manufacturing in July, 2008.

OPERATING RESULTS

The Company incurred a loss for the year ended June 30, 2012 due to closure of mills. The results have been as follows:

	30 June 2012 Rupees	30 June 2011 Rupees
Sales – Net	-	3,617,740
Net Loss/ (Profit) before tax	(17,010,676)	(39,603,479)
Loss per share.	(4.20)	(9.79)

FINANCE COST

Finance cost represents mark-up on borrowing from banking companies and financial institutions. The mark up rates have increased substantially in the banking sector as a whole. Our finance costs have also increased accordingly.

TAXATION

Income tax returns are all upto date. Returns for the year are deemed to be accepted as filed.

DIVIDEND

Due to adverse financial condition of the company, board is not recommending any dividend.

OUTSTANDING STATUTORY PAYMENTS:

There are no overdue statutory payments except payments to its bankers.

CURRENT AND FUTURE OUTLOOK

The major issues faced by the industry is availability of gas, high interest rates and impact of wages increase, which is the main cause of increase of manufacturing cost. These issues needs the attention of the government for revival of the industry

Due to above extraordinary events, management was unable to run the mills and suspended its manufacturing operation. Due to pending issues in the courts, sale of machinery, land and building is

stuck up. Management is trying its best to resolve these issues amicably. After mitigating the court issues, management will be able to evolve a revival plan for the company to put it on track

#### RELATED PARTIES

The board of directors approved the policy for transaction/contract between company and its related parties on an arms length basis and relevant rates are to be determined as per the comparable un-controlled price method.

#### ENVIRONMENT, HEALTH, SAFETY AND SOCIAL ACTIONS

Management provides and maintains, reasonably practicable, systems and working conditions which are safe and without risk to the health of all employees and public.

#### CHANGES IN THE BOARD OF DIRECTORS

There is no change in the board of directors during the year.

#### MEETING OF BOARD OF DIRECTORS

Six board meetings were held during the year and each director attended the following number of meetings.

<u>Directors</u>	<u>No. of meetings</u>
Mr. Ashfaq Ahmed	6
Mr. Saqib Ashfaq	4
Mr. Amir Ashfaq	3
Mr. Niaz Muhammad	5
Mr. Ikhlaq Husain	4
Mr. Mohammad Farooq	2
Mr. Saleem Abbas	6

Leave of absence was granted to the directors who could not attend some of the meetings. During the period under review there was no trading of the company's share by the Chief Executive, Directors, Chief Financial Officer and Company Secretary, their spouses and minor children.

#### PATTERN OF SHARE HOLDING IS ANNEXED TO THIS REPORT.

There was no trading during the year in the company's share by its Directors, CEO, CFO, Company Secretary, Executives and their spouse and minor children.

#### AUDITORS

The present auditors of the company M/s. A. R. Khan & Co., Chartered Accountants retire and not offer themselves for reappointment under the terms of the Code of Corporate Governance. The Audit Committee recommended the board to appoint new auditors for the year ending June 30, 2013.

#### CORPORATE GOVERNANCE

We are pleased to inform you that the company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the regulations of Stock Exchanges.

#### STATEMENT OF DIRECTORS RESPONSIBILITIES UNDER THE CODE OF CORPORATE GOVERNANCE.

The Board of Directors state that:

- a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- b. Proper books of account of the company have been maintained.
- 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 Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. Due to adverse factors, there are 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.
- h. Key operating and financial data of last six years in a summarized form is annexed.
- i. The board of directors has adopted a mission statement and a statement of overall corporate strategy.

#### AUDIT COMMITTEE

The Board, in compliance to the Code of Corporate Governance, has formed an Audit Committee. Four meetings of the committee were held during the period. The names of its members are given in the company profile. The meetings were attended by all the members.

#### HUMAN RESOURCE AND REMUNERATION COMMITTEE

Human Resource Committee was formed but no meeting was held during the year under review.

#### STATEMENT OF ETHICS AND BEST BUSINESS PRACTICES

The Board has prepared the statement of ethics and best business practices which has been circulated to all the directors and employees for their acknowledgement, understanding and acceptance.

#### RELATIONSHIP WITH SHARE HOLDERS

The company reports formally to the shareholders three times a year all its financial results alongwith directors review on the operations and future outlook of the company. All the interim and final reports are sent to The Karachi Stock Exchange and at the registered addresses of the shareholders.

In addition to above, company sends its annual report and formal notification for holding Annual General Meeting at least 21 days in advance to facilitate the shareholders to participate in the meeting.

#### ACKNOWLEDGEMENTS



The Board acknowledges the hard work and efforts of the staff and workers and hopes that this will continue in the forthcoming years. The Board also acknowledges ongoing support from its bankers.

For and on behalf of the Board

  
Chief Executive

Karachi: October 08, 2012

## TAHA SPINNING MILLS LIMITED

### STATEMENT OF ETHICS AND BUSINESS PRACTICES

As approved by the Board of Directors, the management of Taha Spinning Mills Limited is hereby advised to follow the under mentioned principles for excellent performance in the attempt to achieve the objectives of the company.

#### AS DIRECTOR

- a. Commit to all the necessary and appropriate resources.
- b. Foster a conducive environment through responsive policies.
- c. Maintain organizational effectiveness for the achievement of targets.
- d. Encourage and support compliance of legal and industrial requirements.
- e. Protect the interest of the company and employees.

#### AS EXECUTIVE AND MANAGER

- f. Protect the interest of the company and management.
- g. Ensure increase in productivity and profitability of the company.
- h. Provide the direction and leadership to the organization.
- i. Ensure total customer satisfaction through quality product and services.
- j. Promote a culture of excellence, devotion and continual improvement.
- k. Cultivate work ethics and harmony among colleagues and associates.
- l. Encourage initiatives and self-realization of responsibilities in juniors.
- m. Ensure as equitable way of working and reward system.

#### AS EMPLOYEE AND STAFF

- n. Devotion to your job.
- o. Abide by company's policies and regulations.
- p. Promote and protect the interest of the company.
- q. Exercise prudence and honesty in using company's resources.
- r. Observe cost effective practices in daily activities
- s. Avoid making any personal gain at the cost of the company.

#### BRIBERY

- t. The payment of bribes, kickbacks in cash or kind to obtain business or otherwise for the company is strictly prohibited.

#### FINANCIAL INTEGRITY

- u. Compliance with accepted accounting rules and procedure is required at all times.
- v. All information supplied to all concerns must be complete and not misleading.
- w. The company will not knowingly assist fraudulent activities. If you have any reason to believe that fraudulent activities are taking place within the company or outside where we do business, you must inform the management immediately.

# TAHA SPINNING MILLS LIMITED

## KEY OPERATING & FINANCIAL RESULTS SIX YEARS AT A GLANCE

OPERATING DATA	2012	2011	2010	2009	2008	2007
	-----RUPEES-----					
Sales	-	3,617,740	11,222,000	2,954,096	231,255,179	411,363,383
Cost of goods sold	-	12,783,620	14,424,828	13,394,805	230,204,275	385,202,717
Gross profit	-	(9,165,880)	(3,202,828)	(10,440,709)	734,209	26,160,666
Operating (loss)/ profit	(2,367,497)	(15,789,187)	(5,962,971)	(12,171,513)	(4,251,019)	16,238,666
(Loss) before taxation	(17,010,676)	(39,603,479)	(14,733,305)	(31,116,324)	(31,723,630)	(16,881,445)
(Loss) after taxation	(17,010,676)	(39,639,656)	(14,931,808)	(27,980,321)	(32,534,387)	(20,815,124)
<b>FINANCIAL DATA</b>						
Paid up capital	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000
Equity balance	(48,557,700)	(31,547,024)	8,092,632	23,143,162	54,516,363	82,986,711
Fixed assets	115,335,495	115,335,495	182,025,893	183,458,119	186,618,864	206,052,557
Current assets	24,154,089	44,773,579	70,272,980	85,260,042	255,347,110	201,665,716
Current liabilities	109,537,480	95,334,232	144,352,878	144,271,499	252,381,388	200,385,039
<b>KEY RATIOS</b>						
Gross margin (%)	-	(253.36)	(28.54)	(353.43)	0.32	0.06
Operating margin (%)	-	(436.44)	(53.14)	(412.02)	(1.84)	0.04
Net profit (%)	-	(1,095.70)	(133.06)	(947.17)	(14.07)	(0.05)
Return on capital (times)	35.03	125.65	(184.51)	(120.90)	(0.60)	0.30
Current ratio (%)	4.53	2.13	2.05	1.69	1.01	1.01
Earnings per share (Rs.)	(4.20)	(9.79)	(3.69)	(6.91)	(8.03)	6.12
Cash dividend (%)	-	-	-	-	-	-
<b>STATISTICS</b>						
Number of spindles	15,216	15,216	15,216	15,216	15,216	15,216
Production into 20/s count (in 'million' Kgs)	-	-	-	0.02	1.91	4.84

Statement of Compliance with the Code of  
Corporate Governance  
[See clause (XI)]

Name of Company: TAHA SPINNING MILLS LIMITED

Year Ending: 30th June, 2012

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

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

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

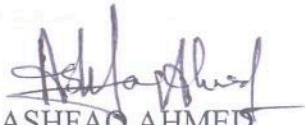
Category	Names
Independent Directors	Mr.Niaz Mohammad
Executive Directors	Mr.Ashfaq Ahmed Mr.Saqib Ashfaq Mr.Amir Ashfaq
Non-Executive Directors	Mr.Muhammad Farooq Mr.Ikhlaq Husain Mr.Saleem Abbas

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged an orientation programs for its directors during the year. The company has on its board one director who is exempt from training as per exemption criteria of CCG. The board is initiating training programme for its directors.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an

Executive director.

18. The board has set up an effective internal audit function.
19. The statutory auditors of the company have confirmed that at the time of their appointment they had a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other applicable material principles contained in the CCG have been complied with.

  
ASHFAQ AHMED  
Chief Executive

Karachi: October 8, 2012



## REVIEW REPORT TO THE MEMBERS

### *On the Statement of Compliance with Best Practices of the Code of Corporate Governance*

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Taha Spinning Mills Limited** to comply with the Listing Regulation No. 35 (previously Regulation No. 37) of the Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of 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 system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of 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 under taken at arm's length price

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

Karachi: October 08, 2012

  
  
**A.R. KHAN & COMPANY**  
CHARTERED ACCOUNTANTS  
Engagement Partner:  
Maqsood Raza, FCA.



### AUDITORS' REPORT TO THE MEMBERS

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

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

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

- (a) The company had ceased its production since July, 2008. The company had incurred a loss for the year ended June 30, 2012 of Rs. 17.01 million (June 30, 2011: 39.64 million) and as of that date, reported accumulated loss of Rs. 89.06 million (June 30, 2011: Rs. 72.05 million) against the issued, subscribed and paid up capital of Rs. 40.50 million (June 30, 2011: Rs. 40.50 million) turning shareholders' equity to a negative balance of Rs. 48.56 million (June 30, 2011: Rs. 31.55 million). The current liabilities exceed the current assets by Rs. 85.38 million (June 30, 2011: Rs.50.56 million). Furthermore due to court restrictions, and pending sale of existing land, building and machinery, the company has not been able to apply for any finance facility for revival of the business of the company. These events indicate a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and therefore the company may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements have been prepared on going concern basis by the management, but, in our opinion, management's assumption on going concern is inappropriate.
- (b) Except for the effects of the matters stated in paragraph (a), in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (c) In our opinion;
  - (i) Except for the matters referred in paragraph (a) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - (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.
- (d) In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in paragraph (a), 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 do not conform with approved accounting standards as applicable in Pakistan.
- (e) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi:  
Dated: **October 08,2012**

**A.R KHAN & COMPANY**  
Chartered Accountants  
Engagement Partner: *chi*  
  
Maqsood Raza, FCA.



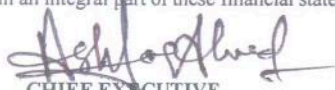
# Taha Spinning Mills Limited

## Balance Sheet

As At June 30, 2012

EQUITY AND LIABILITIES	NOTE	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 6,100,000 (2011 : 6,100,000) ordinary shares of Rupees. 10 each.		61,000,000	61,000,000
Issued, subscribed and paid up share capital	5	40,500,000	40,500,000
Unappropriated (loss)		(89,057,700)	(72,047,024)
		(48,557,700)	(31,547,024)
Surplus on revaluation of P.P.E	6	27,534,601	27,534,601
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	7	14,057,272	29,996,696
Long term financing from directors	8	35,770,958	35,770,958
Liabilities against assets subject to finance lease	9	-	-
Deferred liabilities	10	6,671,276	8,543,913
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,143,472	1,143,472
Accrued markup / interest	12	28,765,581	28,765,581
Short term borrowings	13	13,162,139	14,162,139
Current portion of non current liabilities	14	66,466,288	51,226,864
Provision for taxation		-	36,177
		109,537,480	95,334,233
CONTINGENCIES AND COMMITMENTS	15		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>145,013,887</b>	<b>165,633,377</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	115,335,495	115,335,495
Long term deposits	17	5,524,303	5,524,303
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	18	535,222	15,176,485
Trade debts - considered good	19	16,331,362	19,324,398
Other financial assets	20	408,162	408,162
Loans and advances	21	3,183,323	6,016,599
Other receivables	22	1,950,745	1,959,400
Cash and bank balances	23	1,745,275	1,888,535
		24,154,089	44,773,579
<b>TOTAL ASSETS</b>		<b>145,013,887</b>	<b>165,633,377</b>

The annexed notes form an integral part of these financial statements

  
CHIEF EXECUTIVE

  
DIRECTOR

Karachi: 8th October, 2012



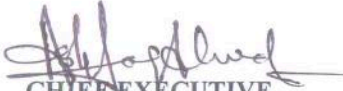
# Taha Spinning Mills Limited

## Profit & Loss Account

For The Year Ended June 30, 2012

	NOTE	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
Sales - Net	24	-	3,617,740
Cost of sales	25	-	(12,783,620)
<b>Gross (loss)</b>		-	(9,165,880)
Administrative expenses	26	(2,367,497)	(6,623,307)
Other operating expenses	27	(14,641,263)	(21,507,575)
Other operating income		-	235,315
Finance cost	28	(1,916)	(2,542,032)
		(17,010,676)	(30,437,599)
<b>(Loss) before taxation</b>		(17,010,676)	(39,603,479)
Taxation	29	-	(36,177)
<b>(Loss) for the year</b>		(17,010,676)	(39,639,656)
<b>(Loss) per share (Basic and diluted)</b>	30	(4.20)	(9.79)

The annexed notes form an integral part of these financial statements

  
 CHIEF EXECUTIVE

  
 DIRECTOR

Karachi: 8th October, 2012



# Taha Spinning Mills Limited

## Statement of Comprehensive Income

For The Year Ended June 30, 2012

	NOTE	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
(Loss) for the year after taxation		(17,010,676)	(39,639,656)
Other comprehensive income for the year		-	-
Total comprehensive (loss) for the year		<u>(17,010,676)</u>	<u>(39,639,656)</u>

The annexed notes form an integral part of these financial statements

  
CHIEF EXECUTIVE

  
DIRECTOR

Karachi: 8th October, 2012



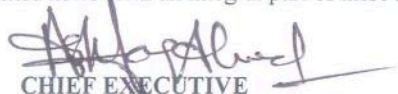
# Taha Spinning Mills Limited

## Cash Flow Statement

For The Year Ended June 30, 2012

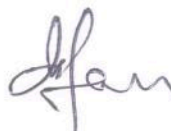
	NOTE	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) before taxation		(17,010,676)	(39,603,479)
<b>Adjustments for:</b>			
Finance cost	28	1,916	2,542,032
		1,916	2,542,032
(Loss) before working capital changes		(17,008,760)	(37,061,447)
<b>(Increase)/Decrease in current assets</b>			
Stores, spares & loose tools		14,641,263	-
Stock-in-trade		-	12,783,620
Trade debts		2,993,036	11,151,572
Loans and advances		2,833,276	187,778
Other receivable		8,655	923,774
		20,476,230	25,046,744
<b>Increase/(Decrease) in current liabilities</b>			
Trade and other payables		-	(3,072,760)
Cash used in operations		3,467,470	(15,087,463)
Finance cost paid		(1,916)	(12,724,025)
Gratuity paid	10.1	(1,872,637)	-
Taxes paid/adjustment		(36,177)	(56,110)
		(1,910,730)	(12,780,135)
<b>Net cash used in operating activities</b>	<b>(A)</b>	1,556,740	(27,867,598)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure and cash used in investing activities-net		-	66,690,398
<b>Net cash generated from investing activities</b>	<b>(B)</b>	-	66,690,398
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings		(1,000,000)	(35,743,960)
Long term financing		(700,000)	(3,531,498)
Liabilities against assets subject to finance lease		-	-
<b>Net cash generated from financing activities</b>	<b>(C)</b>	(1,700,000)	(39,275,458)
Net decrease in cash and cash equivalents	<b>(A+B+C)</b>	(143,260)	(452,657)
Cash and cash equivalents at the start of the year		1,888,535	2,341,192
<b>Cash and cash equivalents at the end of the year</b>		1,745,275	1,888,535

The annexed notes form an integral part of these financial statements

  
CHIEF EXECUTIVE

  
DIRECTOR

Karachi: 8th October, 2012



# Taha Spinning Mills Limited

## Notes to the Financial Statements

For The Year Ended June 30, 2012

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Taha Spinning Mills Limited (the "Company") was incorporated in Pakistan as a Private Limited Company under The Companies Ordinance, 1984 in 1991 and subsequently converted to a Public Limited company on 16-06-1991. Shares of the company were listed on the Karachi Stock Exchange in Pakistan on 01-02-1994. The principal business of the company is to manufacture and sale of yarn. Mill is located at Sheikhpura in the Province of Punjab.
- 1.2 The Company has suspended its production of yarn operation since July, 2008. The Company has incurred a net loss of Rs. (17.01) million (June 30, 2011 : net loss of Rs.(39.64) million) during the year and the accumulated loss stands at Rs.(89.06) million (June 30 2011 : Rs.(72.05) million). The current liabilities exceeds its current assets by Rs.85.38 million (2011 Rs.50.56 million). Banks/Financial institutions did not renewed banking facilities of the company. The management had contracted to sell land, building and machinery. The deal could not be finalized due to non performance of contract by the buyer. Exact amount available for future business plan can only be ascertained after the deal is completed and amount available is determined. The High Court of Sindh has ordered to pay off creditors out of sale proceeds of assets. Future business plan will be determined by the management after finalization of court cases and completion of sale of assets.

### SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of The Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under The Companies Ordinance, 1984, provisions of and directives issued under The Companies Ordinance, 1984. Wherever the requirements of The Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of The Companies Ordinance, 1984 or the requirements of the said directives prevail.

#### 2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

##### 2.2.1 Amendments to published standards effective in current year

- IFRS 7, (Amendments), 'Financial instruments: disclosures', emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The application of this amendment has no material impact on the Company's financial statements.
- IAS 1, (Amendments), 'Presentation of financial statements', clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Accordingly, the Company has presented analysis of other comprehensive income for each component of equity in the statement of changes in equity.
- IAS 24, (Revised), 'Related party disclosures', issued in November 2009 supersedes IAS 24, 'Related Party Disclosures', issued in 2003. The revised standards clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the Government and other government-related entities. The application of this standard has impacted the related party disclosures in the Company's financial statements.
- IAS 27, (Amendments), 'Consolidated and separate financial statements', clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28 'Investments in associated' and IAS 31, 'Interests in joint ventures', apply prospectively for annual periods beginning on or after July 01, 2009, or earlier when IAS 27 is applied earlier. The application of this amendment has no material impact on the Company's financial statements.

- IAS 32, 'Financial instruments presentation-classification of right issues', issued in October 2009 addresses the accounting for right issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such right issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The application of the amendment has no material impact on the Company's financial statements.
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The application of this interpretation has no material impact on the Company's financial statements.
- IFRIC 14 (Amendment), "Prepayments of a minimum funding requirement". The amendments corrects an unintended consequence of IFRIC 14, 'IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendment, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IRFIC 14 was issued, and the amendments correct this. The application of this amendment has no material impact on the Company's financial statements.

#### 2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

- IFRS 7 (Amendments), 'Financial instruments disclosure'. These are applicable on accounting periods beginning on or after July 01, 2011. These amendments arise from the IASB's review of off-balance sheet activities. The amendments shall promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. Earlier application is permitted. The Company shall apply these amendments from January 01, 2012 and does not expect to have a material impact on its financial statements.
- IFRS 9, 'Financial instruments; addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39, 'Financial instruments'. Recognition and measurement'. IRFS 9 has two measurement categories; amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivative. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.
- IFRS 12 -'Disclosures of interest in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The Company shall apply this standard from January 01, 2012 and does not expect to have a material impact on its financial statements.

- IFRS 13 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.
- IAS 1 (Amendments), 'Presentation of financial statements'. This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from these amendment is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit and loss (reclassification adjustments). The amendment does not address which items are presented in OCI. The Company shall apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.
- IAS 19 (Amendments), 'Employees benefits' is applicable on accounting periods beginning on or after January 01, 2013. The amendment shall eliminated the corridor approach and calculated finance costs on a net funding basis. The Company shall apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.
- IAS 27 (Revised 2011), 'Separate financial statements' includes the provisions on separate financial statements that are left after the control of IAS 27 have been included in the new IFRS 10. The revised standard is applicable for accounting periods beginning on or after January 01, 2013. The Company shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.

### 3 BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

□ **Provision for taxation**

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

□ **Staff retirement benefits - gratuity**

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

□ **Financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.



▫ **Property, plant and equipment**

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

**4 SIGNIFICANT ACCOUNTING POLICIES**

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

**4.1 Property, plant and equipment - owned**

**Recognition**

Property, plant and equipment except for freehold land are stated at cost / revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognised in profit or loss, in which case the surplus is credited to profit or loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item. On subsequent sale or retirement of revalued item of property, plant and equipment the attributable surplus remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

**Depreciation**

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life. During the year the company renewed the useful life and residual value and revised the rate of depreciation as mention in note No 16

Depreciation on additions is charged from the month in which the asset become available for uses while no depreciation is charged in the month of disposal.

**Derecognition**

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is included in the income statement in the year the assets is derecognized.

## 4.2 Accounting for leases and assets subject to finance lease

### 4.2.1 Finance lease

#### Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

#### Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

#### Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

#### Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

### 4.2.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

## 4.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for intended use.

## 4.4 Long term deposits

These are stated at cost which represents the fair value of consideration given.

## 4.5 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

## 4.6 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

#### 4.6.1 Raw material

In hand	Weighted average cost
In transit	Cost comprising invoice value plus other charges incurred thereon

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#### 4.6.2 Finished goods and work in process

Raw material cost plus appropriate manufacturing cost

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#### 4.6.3 Waste

Net realizable value

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

#### 4.7 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

#### 4.8 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current & saving accounts and short term borrowings.

#### 4.9 Staff retirement benefits

##### Defined benefit plan

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2009 using the Projected Unit Credit Method.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10 percent of present value of defined benefit obligation or 10 percent of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

#### 4.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

##### 4.10.1 Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

#### 4.10.2 Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

#### 4.11 Trade and other payables

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

#### 4.12 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

#### 4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

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

#### 4.14 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

#### 4.15 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

#### **4.16 Financial instruments**

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

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### **4.17 Offsetting of financial assets and liabilities**

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

#### **4.18 Impairment**

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

#### **4.19 Related party transactions**

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free.

#### **4.20 Government grants**

Government grants for meeting revenue expenses are set off from respective expenses in the year in which they become receivable.

#### **4.21 Research and development cost**

Research and development cost is charged to profit and loss account in the year in which it is incurred.

#### **4.22 Dividend**

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

JUNE 30, 2012	JUNE 30, 2011	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
Number of shares			
4,050,000	4,050,000	40,500,000	40,500,000
Ordinary shares of Rs. 10 each fully paid in cash			
<u>4,050,000</u>	<u>4,050,000</u>	<u>40,500,000</u>	<u>40,500,000</u>

5.1 The shareholders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

5.2 There is no movement in share capital during the year.

6 SURPLUS ON REVALUATION OF FIXED ASSETS

Opening surplus on revaluation of fixed assets	27,534,601	27,534,601
Incremental depreciation transferred to un-appropriated (loss)	-	-
Closing surplus on revaluation of fixed assets	<u>27,534,601</u>	<u>27,534,601</u>

6.1 This represents surplus over book values resulting from the revaluation of fixed assets carried out on 19 September, 2002 adjusted by surplus realized on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

7 LONG TERM FINANCING

Secured-from banking companies and other financial institutions

Opening balance:-			
Term Finance	7.1	34,062,274	34,062,274
Term Finance:	7.2	14,056,080	
Add During the year		-	14,056,080
		<u>48,118,354</u>	<u>48,118,354</u>
Current portion of long term financing			
Current portion for the year		(15,939,424)	(12,850,658)
Over due		(18,121,658)	(5,271,000)
The amount has been included in current maturity	14	(34,061,082)	(18,121,658)
		<u>14,057,272</u>	<u>29,996,696</u>

7.1 The loan is secured against second charge on all fixed assets of the company and personal guarantees of directors and the mark-up rate is average one month kibar (2011 one month kibar ) The loans are repayable in 36 monthly instalments by July 01, 2014 . First instalment repayment to commence from August 01, 2011

7.2 The loan is secured against fourth charge on all fixed assets of the company and personal guarantees of sponsoring directors and the mark-up rate is average three month kibar (2011 average three month kibore ) The loans are repayable in 8 quarterly instalments by August 01, 2012 . First instalment repayment to commence from August 01, 2010

	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
8 LONG TERM FINANCING FROM SPONSORS, DIRECTORS AND OTHERS	35,770,958	35,770,958

This is unsecured, interest free and not repayable within next twelve months.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

**Lease rentals payable**

Minimum lease payments due not later than one year  
Minimum lease payments due later than one year but not later than five years

-	-
7,639,343	7,639,343
7,639,343	7,639,343

**Finance charge**

Finance charge due not later than one year  
Finance charge due later than one year but not later than five years

-	-
984,232	984,232
984,232	984,232
6,655,111	6,655,111

**Less: Current Portion**

Transfer to current maturity

14

6,655,111	6,655,111
-	-
6,655,111	6,655,111
-	-

These represent finance leases which have been obtained under the lease arrangement for vehicles and plant & machinery. Lease rental include financial charges and rate of finance charges range from 6.5 % to 15.96% (2011: 6.5% to 15.96%) per annum which has been used as discounting factor and is payable on monthly basis. Taxes, repairs, replacement and insurance are born by lessee. In case of termination of agreement lessee would have to pay entire rent for unexpired period.

The company has an option to purchase the assets upon completion of lease period.

Finance lease liabilities are secured against personal guarantee of directors, demand promissory notes and security deposits.

10 DEFERRED LIABILITIES

Staff retirement benefits-gratuity	10.1	-	1,872,637
Deferred taxation	10.2	6,671,276	6,671,276
		<u>6,671,276</u>	<u>8,543,913</u>

10.1 **Movement in the net liability recognized in the balance sheet**

Balance sheet liability (Opening)	1,872,637	1,872,637
Amount recognized during the year	-	-
Benefits paid during the year	(1,872,637)	-
Balance sheet liability (Closing)	<u>-</u>	<u>1,872,637</u>

Due to closure of mill provision for gratuity required through projected unit credit method has not been provided.

		JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
10.2	<b>Deferred taxation</b>		
	Taxable temporary differences-		
	Accelerated tax depreciation allowances	45,636,430	45,636,430
	Deductible temporary differences-		
	Finance lease arrangements	(2,329,289)	(2,329,289)
	Un-absorbed tax depreciation	(36,635,865)	(36,635,865)
		<u>6,671,276</u>	<u>6,671,276</u>
11	<b>TRADE AND OTHER PAYABLES</b>		
	Accrued Liabilities	1,125,187	1,125,187
	Unclaimed dividend	18,285	18,285
		<u>1,143,472</u>	<u>1,143,472</u>
12	<b>ACCRUED MARK UP/ INTEREST</b>		
	Accrued Mark-up on :		
	Long term financing	15,962,404	15,962,404
	Short term borrowings	8,236,235	8,236,235
	Finance lease	4,566,942	4,566,942
		<u>28,765,581</u>	<u>28,765,581</u>
13	<b>SHORT TERM BORROWINGS - Secured</b>		
	Secured from Banking companies and other financial institutions		
	- Running finance	13.1 <u>13,162,139</u>	<u>14,162,139</u>
13.1	The finance facility has expired and has not been renewed by the bank. The facility is secured by pari passu hypothecation charge, pledge of stocks, lien on export bills under collection and by way of personal guarantees of sponsoring directors of the company. No markup has charged after the expiry of the facility.		
14	<b>CURRENT PORTION OF NON CURRENT LIABILITIES</b>		
	Opening balance		
	Long term financing	44,676,658	80,315,714
	Liabilities against assets subject to finance lease	6,550,206	6,550,206
		<u>51,226,864</u>	<u>86,865,920</u>
	Add: During the year	15,939,424	18,121,658
		67,166,288	104,987,578
	Less: Paid during the year	(700,000)	(53,760,714)
		<u>66,466,288</u>	<u>51,226,864</u>
15	<b>CONTINGENCIES AND COMMITMENTS</b>		
	<b>CONTINGENCIES</b>		
	Guarantee to Sui Northern Gas Pipelines Limited	<u>5,000,000</u>	<u>5,000,000</u>
	<b>COMMITMENTS</b>		
	There is no capital commitments as on Balance sheet date		



16 PROPERTY, PLANT AND EQUIPMENT

16.1 The following is a statement of operating assets:

Particulars	COST / REVALUATION			D E P R E C I A T I O N				W.D.V. JUNE 30, 2012	Annual Rate %
	As at July 01 2011	Additions/ (Deletions)	Surplus/ (Deficit) Adjst.	As on June 30 2012	As at July 01 2011	For the Year Depreciation	Adjustment		
R u p e e s									
<b>OWN ASSETS</b>									
Land - free hold	7,566,000	-	-	7,566,000	-	-	-	7,566,000	-
Building - free hold	81,695,326	-	-	81,695,326	31,426,078	0	-	31,426,078	50,269,248
Plant and machinery	60,041,301	-	-	60,041,301	37,308,791	0	-	37,308,791	22,732,510
Furniture and fixtures	106,190	-	-	106,190	88,567	0	-	88,567	17,623
Factory equipments	1,254,370	-	-	1,254,370	31,728	0	-	31,728	1,222,642
Office equipments	187,408	-	-	187,408	2,472	0	-	2,472	184,936
Vehicles	231,557	-	-	231,557	2,097	0	-	2,097	229,460
	151,082,152	-	-	151,082,152	68,859,733	0	-	68,859,733	82,222,419
<b>LEASED ASSETS</b>									
Generator	19,777,668	-	-	19,777,668	6,845,897	0	-	6,845,897	12,931,771
Plant and machinery	20,701,900	-	-	20,701,900	5,290,761	0	-	5,290,761	15,411,139
Compressor	1,825,202	-	-	1,825,202	681,570	0	-	681,570	1,143,632
Vehicles	5,808,408	-	-	5,808,408	2,181,874	0	-	2,181,874	3,626,534
	48,113,178	-	-	48,113,178	15,000,102	0	-	15,000,102	33,113,076
					0			0	
June 30, 2012	199,195,330	-	-	199,195,330	83,859,835	0	-	83,859,835	115,335,495
June 30, 2011	339,355,697	(140,160,367)	-	199,195,330	157,329,805	-	-	83,859,835	115,335,495

NOTE

	JUNE 30, 2012	JUNE 30, 2011
	Rupees	Rupees

16.2 The depreciation charge for the year has been allocated as follows:

Cost of sales  
Administrative expenses

25.1  
26

	-	-
	-	-
	-	-

16.3 Had there been no revaluation the original cost and accumulated depreciation of revalued assets would have been as follows as on June 30, 2012.

	Cost Rupees	Accumulated Depreciation Rupees	Written down Value Rupees
Land	3,246,097	-	3,246,097
Building	41,799,534	27,848,032	13,951,502
Plant and machinery	129,031,677	90,120,275	38,911,402
	174,077,308	117,968,307	56,109,001

Revaluation of freehold land, building and plant & machinery at 19 September, 2002 produced a revaluation surplus of which was credited to surplus on revaluation of fixed assets account to comply with the requirement of Section 235 of Companies Ordinance, 1984. Revaluation was carried out by the independent valuers M/s Asif Associates (Pvt) Limited, an approved independent valuer. Revaluation is worked on depreciated replacement values.

16.4 Property, plant & equipment has not been classified as held for sales, as the criteria of para 7 and para 8 of IFRS 5 were not met.

17 LONG TERM DEPOSITS

	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
Security deposits - Utilities	3,625,576	3,625,576
Advance against lease	1,852,477	1,852,477
CDC deposit	46,250	46,250
	<u>5,524,303</u>	<u>5,524,303</u>

18 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	206,290	10,206,290
Spares parts	304,010	4,684,725
Loose tools	24,922	285,470
	<u>535,222</u>	<u>15,176,485</u>

19 TRADE DEBTS- Considered good

Local - unsecured	16,331,362	19,324,398
	<u>16,331,362</u>	<u>19,324,398</u>

20 OTHER FINANCIAL ASSETS

<b>Held for maturity</b>		
Short term deposits held under lien by bank	408,162	408,162
	<u>408,162</u>	<u>408,162</u>

The deposits remain under lien of NDFC (Now National Bank of Pakistan) and would be refunded as the entire amount stands repaid.

21 LOANS AND ADVANCES

<b>Considered good</b>		
Advances to suppliers	-	2,797,329
Lease key money	3,037,811	3,037,811
Advance income tax	145,512	181,459
	<u>3,183,323</u>	<u>6,016,599</u>

22 OTHER RECEIVABLES

<b>Considered good</b>		
Sales tax receivable	1,950,745	1,959,400
	<u>1,950,745</u>	<u>1,959,400</u>

23 CASH AND BANK BALANCES

Cash in hand	1,226,573	227,482
Cash at banks		
Current accounts	518,702	1,661,053
	<u>1,745,275</u>	<u>1,888,535</u>

	NOTE	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
<b>24 SALES-Net</b>			
Yarn -local		-	3,617,740
<b>25 COST OF SALES</b>			
Cost of goods manufactured	25.1	-	2,358,020
Finished goods			
Opening stock		-	10,425,600
Closing stock		-	-
		-	10,425,600
		-	12,783,620
<b>25.1 Cost of goods manufactured</b>			
Raw materials consumed	25.1.1	-	-
Diesel for generator		-	-
Salaries, wages and other benefits		-	-
Depreciation	16.2	-	-
Other expenses		-	-
		-	-
Adjustment of work in process			
Opening stock		-	2,358,020
Closing stock		-	-
		-	2,358,020
		-	2,358,020
<b>25.1.1 Raw materials consumed</b>			
Opening stock		-	-
Add: Purchases during the year		-	-
		-	-
<b>26 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits		1,848,000	2,564,020
Auditors' remuneration	26.1	150,000	150,000
Legal and professional		106,000	211,267
Vehicle and misc. expenses		20,000	76,278
Printing and stationery		24,704	44,311
Fees and subscriptions		195,358	157,102
WAPDA Utility claim		-	2,634,738
Other expenses		23,435	785,591
		2,367,497	6,623,307
<b>26.1 Auditors' remuneration</b>			
Statutory audit fee		140,000	140,000
Half yearly review fee		10,000	10,000
		150,000	150,000

	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
<b>27 OTHER OPERATING EXPENSES</b>		
Loss on sales of plant and machinery	-	21,507,575
Write off Stores, spares & loose tools	14,641,263	-
	<u>14,641,263</u>	<u>21,507,575</u>
<b>28 FINANCE COST</b>		
Long term financing	-	2,527,237
Bank charges and commission	1,916	14,795
	<u>1,916</u>	<u>2,542,032</u>
<b>29 TAXATION</b>		
Current year tax	-	36,177
	<u>-</u>	<u>36,177</u>

The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the provisions of Income Tax Ordinance, 2001.

<b>30 (LOSS) PER SHARE (BASIC AND DILUTED)</b>	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
(Loss) for the year	Rs. (17,010,676)	(39,639,656)
Weighted average number of ordinary shares	Numbers 4,050,000	4,050,000
(Loss) per share - basic	Rs. <u>(4.20)</u>	<u>(9.79)</u>

30.1 There is no dilutive effect on basic (loss) per share.

### 31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The chief executive and directors have waived off their remunerations and meeting fees for the year. One director is entitled for maintenance of two cars. No employee of the company fall under the definition of executive as defined in the Companies Ordinance, 1984.

	JUNE 30, 2012.			JUNE 30, 2011.		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Meeting fees	-	54,000	-	-	44,550	-
Remunerations	-	-	393,400	-	-	358,000
	-	54,000	393,400	-	44,550	358,000
Number of persons	-	6	2	-	6	2

31.1 Chief executive of the company has waived his remuneration and meeting fees.

31.2 Directors of the company have waived their remuneration.

### 32 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

- 32.1 Credit risk
- 32.2 Liquidity risk
- 32.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

#### 32.1 Credit risk

##### 32.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 32.083 million (June 30, 2011 : Rs. 32.981 million), financial assets which are subject to credit risk aggregate to Rs. 31.092 million (June 30, 2011 : Rs. 31.092 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
Long term deposit	5,524,303	5,524,303
Trade debts	16,331,362	19,324,398
Other financial assets	408,162	408,162
Loans and advances	3,037,811	5,835,140
Cash and bank balances	1,745,275	1,888,535
	<u>27,046,913</u>	<u>32,980,538</u>

32.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
Domestic	16,331,362	19,324,398
	<u>16,331,362</u>	<u>19,324,398</u>

32.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
Yarn	13,065,090	15,459,518
Waste	3,266,272	3,864,880
	<u>16,331,362</u>	<u>19,324,398</u>

32.1.4 The aging of trade debtors at the balance sheet is as follows.

	Gross debtors	
	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
Past due more than 1 year	16,331,362	19,324,398
	<u>16,331,362</u>	<u>19,324,398</u>

### 32.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2012					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees					
<b>Non - derivative Financial liabilities</b>						
Long term financing	73,973,354	76,611,301	28,275,848	28,275,848	20,059,605	-
Long term financing from directors	35,770,958	35,770,958	-	-	-	35,770,958
Liability against assets subject to finance lease	6,550,206	7,639,343	3,819,672	3,819,672	-	-
Trade and other payables	1,143,472	1,143,472	1,143,472	-	-	-
Accrued mark up / interest	28,765,581	28,765,581	28,765,581	-	-	-
Short term borrowings	13,162,139	15,316,781	7,658,391	7,658,391	-	-
	<u>159,365,710</u>	<u>165,247,436</u>	<u>69,662,963</u>	<u>39,753,910</u>	<u>20,059,605</u>	<u>35,770,958</u>

	2011					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees					
<b>Non - derivative Financial liabilities</b>						
Long term financing	74,673,354	92,550,725	28,275,848	28,275,848	35,999,029	-
Long term financing from directors	35,770,958	35,770,958	-	-	-	35,770,958
Liability against assets subject to finance lease	6,550,206	7,639,343	3,819,672	3,819,672	-	-
Trade and other payables	1,143,471	1,143,471	1,143,471	-	-	-
Accrued mark up / interest	28,765,581	28,765,581	28,765,581	-	-	-
Short term borrowings	14,162,139	16,480,481	8,240,241	8,240,241	-	-
	<u>161,065,709</u>	<u>182,350,559</u>	<u>70,244,812</u>	<u>40,335,760</u>	<u>35,999,029</u>	<u>35,770,958</u>

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

### 32.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

### 32.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	6,550,206	6,550,206
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	87,135,493	88,835,493

#### Fair value sensitivity analysis for fixed rate instruments

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

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2012.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2012	871,355	(871,355)	-	-
Cash flow sensitivity - variable rate instruments 2011	888,355	(888,355)	-	-

### 32.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
<b>32.5 Off balance sheet items</b>		
<b>Contingencies</b>		
Guarantee to Sui Northern Gas Pipelines Limited	5,000,000	5,000,000
<b>Commitments</b>		

There is no capital commitments as on Balance sheet date

32.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

### 33 CAPITAL RISK MANAGEMENT

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

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

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term loan from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
Borrowings	Rupees	129,456,657	131,156,657
Total equity	Rupees	(48,557,700)	(31,547,024)
Total capital employed	Rupees	80,898,957	99,609,633
Gearing ratio	Percentage	160.02	131.67

### 34 PLANT CAPACITY AND PRODUCTION

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed and twist. It would also vary according to the pattern of production adopted in a particular year.

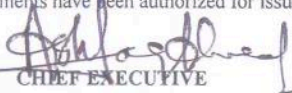
	JUNE 30, 2012 Rupees	JUNE 30, 2011 Rupees
Total number of spindles installed	15,216	15,216
Total number of spindles worked	-	-
Number of shifts per day	3	3
Rated capacity converted at 20/1 count (Kgs.)	3,459,535	3,459,535
Actual production converted at 20/1 count (Kgs.)	-	-

### 35 CORRESPONDING FIGURES

Figures have been rearranged / reclassified whenever necessary for the purpose of comparison. However, no major reclassification / rearrangement was made in these financial statements.

### 36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 8, 2012 by the board of directors of the company.

  
CHIEF EXECUTIVE

  
DIRECTOR

Kachi: 8th October, 2012

