



COMPANY INFORMATION

Board of Directors

Mr.Mohammed Yousuf	Chairman
Hafiz Mohammed Irfan Nawab	Director
Mr.Ibrahim Younus	Director
Mr.Ismail Younus	Director
Mr.Mohammed Faizanullah	Director
Mr.Baber A. Dadabhoy	Director
Mr.Mohammed Younus Nawab	Chief Executive

Audit Committee

Mr.Mohammed Yousuf	- Chairman
Mr.Baber A. Dadabhoy	- Member
Mr.Mohammed Irfan Nawab	- Member and Secretary

C.F.O./Company Secretary

Mr.Abdul Hussain Antaria

Registered Office

SF Unit No.96, S.I.T.E.,
P.O.Box No.10651,
Karachi - 75700
Phone : 32561728 - 29
Fax : 32570833
E-mail : sanasales@cyber.net.pk

Mills

B-186, Hub Industrial Trading Estate,
Hub Chowki, District Lasbela,
Balochistan.
Phone : 0853-363443 - 44
Fax : 0853-363422

Auditors

Muniff Ziauddin Junaidy & Co.
Chartered Accountants
F/17/3, Business Executive Centre
Block 8, Clifton,
Karachi.
Phone : 35375127 - 28
Fax : 35820325

Legal Advisors

Zaki & Co.,
Advocates
21-A, Wahab Arcade,
M.A.Jinnah Road,
Karachi.
Phone : 32628998/32628999

Bankers

Habib Metropolitan Bank Limited
Islamic Banking Branch,
Zaibunissa Street, Saddar,
Karachi.
Phone : 35650711 (3 lines)
Fax : 35650650

Share Registrars

Central Depository Co. of Pakistan Ltd.
Share Registrar Department
CDC House, 99-B, Block B, S.M.C.H.S.,
Karachi.
Phone : 111-111-500
Fax : 34326027



DIRECTORS' REPORT

The Directors take pleasure in submitting their Report together with the Audited Accounts of the Company for the year ended 30th June, 2012.

Financial Results

The Financial Results of the Company for the year ended 30th June, 2012 are summarized below:-

		Rupees
Profit for the period before taxation		76,284,810
Add: Provision for taxation - current	24,898,471	
- prior year	(3,381,334)	
- deferred (current)	(1,026,144)	
	-----	20,490,993
Profit after taxation		----- 55,793,817 -----
Earning per share (basic and diluted) after taxation		8.12 =====

Alhamd-o-Lillah, the Al-mighty has been very kind in constantly showering HIS unlimited bounties on your Company for which we do not have appropriate words to thank HIM, may Allah continue to cherish HIS blessings on your Company, Ameen.

The consolidated profit after taxation for the current year has decreased from Rs.68.86 M to 55.79 M a decrease of Rs.13.07 M (18.98%). In order to facilitate our Shareholders following comparisons of operating and financial data are annexed.

(a) Comparison with last year	Annex-A
(b) Comparison with previous quarter	Annex-B
(c) Quarter-wise comparison of Balance Sheets	Annex-C
(d) Quarter-wise comparison of Profit & Loss accounts	Annex-D
(e) Statistical summary of key operating and financial data of last 6 years	Annex-E

The salient features for the year under review, of 'Textile Segment', are as under:

(1) Sales, in Rupee terms, has registered an increase of Rs.48.49 M (5.69%), due to increase in selling price of Yarn, whereas in quantitative terms it has fractionally decreased. The Gross Profit amount and G.P.Rate have decreased by 7.97 M (6.28%) and 1.58% respectively, due to increase in raw-material prices, salaries and wages and fuel and power (Gas). The net profit, before taxation, of Rs.90.53 M, has also consequently decreased to Rs.67.30 M (25.66%).

(2) The production of Yarn, in quantitative terms has increased from 2,601,114 Kilos to 2,787,416 Kilos i.e., by 186,302 Kilos (7.16%), due to increase in number of Spindles.

(3) The average cost of raw-materials consumed has enhanced by Rs.7.48 Per Kilo (3.37%) due to global increase in prices of raw-materials.

(4) The cost of manufacturing over heads has also enhanced from Rs.63.94 per Kilo to Rs.75.91 per Kilo (18.72%), mainly due to increase in expenses, significant increases on this account are attributed to the following heads:

(a) Salaries and wages by Rs.4.91 per Kilo or 21.00% due to mandatory increase in salary rates of the workers.

(b) Fuel and Power by Rs.6.07 Per Kilo or 24.84% mainly due to increase in Gas prices.

(c) Repair and maintenance (including stores and spares) by Rs.0.64 per Kilo (7.83%), due to inflation.

(d) Other manufacturing overhead by Rs.0.48 Per Kilo due to increase in expenses.

(5) The Selling and Distribution expenses have increased by Rs.0.06 per Kilo.

(6) The General and Administration expenses have increased by Rs.0.36 Per Kilo.

(7) The financial charges have increased by Rs.5.14 M due to increased borrowings necessiated by enhanced working capital requirement due to increase in cost of raw-materials. The average borrowing during the current year were Rs.163.72 M as compared to Rs.136.25 M during the previous year.

(8) The other charges have increased by Rs.2.22 M, mainly due to provision of prior years interest, amounting to Rs.4.17 M on Workers' Profit Participation Fund, as explained in Note.16.3.1 of the Balance Sheet for the year ended 30/6/2012.

(9) The net profit of last year, before tax (Textile Segment), of Rs.90.53 M has decreased to Rs.67.30 M (25.66%).

(10) The consolidated amount of net profit of last year, after tax of Rs.68.86 M, has decreased to Rs.55.79 M (18.98%).

(11) The period of trade debts (receivable) has decreased from 52 days to 50 days, though the trade debts have increased by Rs.10.30 M due to increase in sales.

(12) The inventory of raw-materials has decreased from 60 days to 43 days.

(13) The inventory of finished goods has increased from 31 days to 59 days.

Future Prospects

The Management does not foresee any major change in the future profitability of the Company and hopes that, Insha Allah, the present level of the profitability would be maintained during the current year.

Board of Directors

The present Board of Directors who were elected on 3rd December, 2010, will continue to hold the office upto 3rd December, 2013.

Auditors

The present Auditors M/s. Muniff Ziauddin Junaidy & Co, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

Pattern of Holding of Shares

The Pattern of Holding of Shares as prescribed by the SECP Circular dated 28/3/2002 to the Stock Exchange has been included in the Annual Report.

Dividend and Notice of Book Closure

Your Directors have decided to recommend payment of a Final Cash Dividend @ Rs.6.50 per Share (65%). The distribution this year comes to 80% of the current year's after tax earnings.

The Final Dividend will be paid to the shareholders, whose names appear in the Register of Members on 9/10/2012. The share transfer book of the Company will remain closed from 10/10/2012 to 17/10/2012 (both days inclusive). Transfers received in order at the office of the Registrar, Central Depository Company of Pakistan Limited at the close of business on 9/10/2012 will be treated in time for the purpose of payment of Dividend to the Transferees.

Corporate and Financial Reporting Framework

As required vide Circular No.2(10)SE/SMD/202 dated 28th March, 2002, issued to all Stock Exchanges of Pakistan and listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges, the Board of Directors of Sana Industries Limited confirm that the Company applies the principles contained in the Code in the following manner.

- (1) The financial statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- (2) The Company has maintained proper books of account.
- (3) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on have been adequately disclosed.
- (4) The system of internal control is of sound design and has been effectively implemented and monitored.
- (5) There are no significant doubts upon the Company's ability to continue as a going concern.
- (6) There has been no material departure from the best practices of corporate governance, as detailed in the Stock Exchange's Listing Regulations.
- (7) The Company operates an approved gratuity fund, being administered by a gratuity fund trust, covering all its employees who have completed their qualifying period. The Project Unit Credit Actuarial Cost Method (PUC) was used for calculating the accounting entries, which method is mandated under the latest version of IAS-19. The most recent actuarial valuation of the scheme was carried out as at 30th June, 2011. Following are the significant assumption used for the valuation of scheme:

	30-Jun-2011	30-Jun-2010
Valuation discount rate	12.50% p.a	14% p.a
Salary increase	12.50% p.a	14% p.a
Expected return on Plan Assets	12.50% p.a	14% p.a

A statement as to the value of assets / investments of gratuity fund, based on its audited accounts is as under:-

(a) Investment in Shares of listed companies	Rs.17,916,921/=
(b) Investment in Mutual Funds	Rs. 1,736,982/=
(b) Due from company	Rs. 1,255,511/=
(c) Bank balances	Rs. 5,588,379/=

Total of assets / investments as on 30/6/2012	Rs. 26,497,793/=
	=====

(8) Elections of Directors was held in the Extra-ordinary General Meeting held on 3/12/2010, in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years, commencing from 3/12/2010. A total of 9 Meetings of the Board of Directors were held during the financial year ended 30th June, 2012. Number of Meeting attended by each Directors are stated their against:

Name of Directors	Number of Meeting Attended
-----	-----
(1) Mr. Mohammed Yousuf	9
(2) Mr. Mohammed Younus Nawab	9
(3) Mr. Mohammed Irfan Nawab	9
(4) Mr. Ibrahim Younus	9
(5) Mr. Ismail Younus	9
(6) Mr. Mohammed Faizanullah	9
(7) Mr. Babar Dadabhoy	9

(9) No trades in the shares of the Company were carried out by its Directors, CEO, Company's Secretary and their spouses and minor children during the current financial year:

Personnel

I would like to place on record my sincere appreciation for the devotion and loyalty of the staff and workers without whose efforts this success could not have been achieved. I look forward to the same devotion and cooperation in the years to come.

On behalf of the Board

(Mohammed Younus Nawab)
Chief Executive.

Karachi: 15th September, 2012.



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Sana Industries Limited ("the Company")** 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 purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the Profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



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 (the statement) contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2012, prepared by the Board of Directors of **Sana Industries Limited (the Company)** to comply with Listing Regulation No. 35 of Karachi, Islamabad and Lahore Stock Exchanges (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.

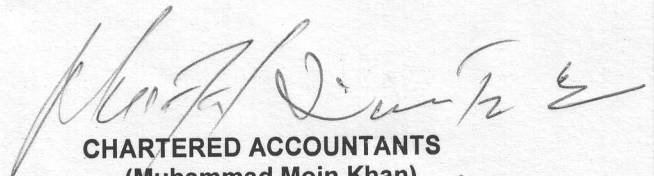
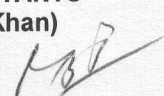
As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks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

Further, Listing Regulations of the Stock Exchanges where the Company is listed, require 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, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

KARACHI:

17 5 SEP 2012


CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)


SANA INDUSTRIES LIMITED
Annexure to Directors' Report
(Rupees in millions)



Comparison with last year

Annexure A

Covering period FROM TO	01-Jul-2011 30-Jun-2012	01-Jul-2010 30-Jun-2011	VARIATION	
			Amount	Percentage
Turnover - net	1,012.71	965.67	47.04	4.87%
Cost of Sales	879.58	819.88	59.70	7.28%
Gross Profit	133.13	145.79	(12.66)	-8.68%
G.P.Rate to Sales	13.15%	15.10%		-1.95%
Administrative, Selling, Financial & Other expenses	58.52	50.83	7.69	15.13%
Other income	1.67	10.68	(9.01)	-
Net profit before taxation	76.28	105.64	(29.36)	
N.P.Rate to Sales	7.53%	10.94%		
Provision for Taxation	20.49	36.79	(16.30)	
Profit after Taxation	55.79	68.85	(13.06)	
Earning per share (before tax) - restated	11.10	15.37	(4.27)	
Earning per share (after tax) - restated	8.12	10.02	(1.90)	

Comparison with previous quarter

Annexure B

Covering period FROM TO	01-Apr-2012 30-Jun-2012	01-Jan-2012 31-Mar-2012	VARIATION	
			Amount	Percentage
Sales - net	295.26	209.75	85.51	40.77%
Cost of Sales	268.99	184.95	84.04	45.44%
Gross Profit	26.27	24.80	1.47	5.93%
G.P.Rate to Sales	8.90%	11.82%		-2.92%
Administrative, Selling, Financial & Other expenses	17.10	12.74	4.36	34.22%
Other income	0.18	0.11	0.07	
Net profit before taxation	9.35	12.17	(2.82)	
N.P.Rate to Sales	3.17%	5.80%		
Provision for Taxation	2.28	4.54	(2.26)	
Profit after Taxation	7.07	7.63	(0.56)	
Earning per share (before tax) - restated	1.36	1.77	(0.41)	
Earning per share (after tax) - restated	1.03	1.11	(0.08)	

COMPARISON OF BALANCE SHEET OF FOUR QUARTERS

	1ST QUARTER 30-Sep-2011 Rupees	2ND QUARTER 31-Dec-2011 Rupees	3RD QUARTER 31-Mar-2012 Rupees	4TH QUARTER 30-Jun-2012 Rupees
ASSETS				
NON CURRENT ASSETS				
Tangible fixed assets	185,173,450	193,657,896	195,880,928	196,384,084
Long-term deposits	848,200	848,200	848,200	848,200
	-----	-----	-----	-----
	186,021,650	194,506,096	196,729,128	197,232,284
CURRENT ASSETS				
Stock-in-trade	155,321,786	214,509,558	214,395,712	192,270,286
Trade debts- unsecured, considered good	162,545,449	126,809,637	137,193,924	172,368,869
Advances	2,802,996	2,008,235	2,665,107	2,211,706
Deposits and pre-payments	3,473,725	3,111,184	2,182,617	891,744
Other receivables	558,589	418,395	830,015	214,004
Taxation - net	-	-	-	-
Cash and bank balances	12,260,059	19,807,993	7,373,243	10,973,268
	-----	-----	-----	-----
	336,962,604	366,665,002	364,640,618	378,929,877
TOTAL ASSETS				
	-----	-----	-----	-----
	522,984,254	561,171,098	561,369,746	576,162,161
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share Capital	55,000,000	68,750,000	68,750,000	68,750,000
Reserves	233,994,679	195,193,763	202,825,348	209,899,789
	-----	-----	-----	-----
Shareholder's equity	288,994,679	263,943,763	271,575,348	278,649,789
NON CURRENT LIABILITIES				
Diminishing Mushareqa	8,997,054	7,409,337	5,821,620	4,233,903
Deferred taxation	16,469,044	16,533,220	17,471,723	17,464,708
	-----	-----	-----	-----
	25,466,098	23,942,557	23,293,343	21,698,611
CURRENT LIABILITIES				
Trade and other payables	30,988,101	38,589,866	39,943,965	33,332,602
Accrued profit	5,707,080	4,929,988	6,579,164	5,657,108
Borrowings from Directors and related parties	2,000,000	35,470,000	28,000,000	27,420,000
Current portion of diminishing mushreqa arrangements	6,350,868	6,350,868	6,350,868	6,350,868
Morabaha Arrangements	129,816,622	175,716,404	177,135,802	196,033,321
Taxation - net	33,660,806	12,227,652	8,491,256	7,019,862
	-----	-----	-----	-----
	208,523,477	273,284,778	266,501,055	275,813,761
CONTINGENCIES AND COMMITMENTS				
	-	-	-	-
TOTAL EQUITY AND LIABILITIES				
	-----	-----	-----	-----
	522,984,254	561,171,098	561,369,746	576,162,161
Debt Equity Ratio				
	8 : 92	8 : 92	8 : 92	7 : 93
Current Ratio				
	1.62	1.34	1.38	1 : 39

COMPARISON OF PROFIT & LOSS ACCOUNT OF FOUR QUARTERS.

	1ST QUARTER 30-Sep-2011 Rupees	2ND QUARTER 31-Dec-2011 Rupees	3RD QUARTER 31-Mar-2012 Rupees	4TH QUARTER 30-Jun-2012 Rupees	Y.T.D. 31-Mar-2012 Rupees
Net turnover	286,084,950	221,620,935	209,745,187	295,265,929	1,012,717,001
Cost of sales	(233,339,856)	(192,300,855)	(184,950,034)	(268,991,490)	(879,582,235)
Gross profit	52,745,094	29,320,080	24,795,153	26,274,439	133,134,766
G.P.Rate	18.44%	13.23%	11.82%	8.90%	13.15%
Selling and distribution expenses	(1,058,520)	(779,222)	(705,097)	(1,121,339)	(3,664,178)
General and administration expenses	(5,639,095)	(4,504,205)	(4,119,655)	(3,511,443)	(17,774,398)
Other operating expenses	(2,848,189)	(1,314,386)	(875,947)	(5,065,822)	(10,104,344)
Other operating income / (loss)	366,123	1,010,984	108,893	185,336	1,671,336
Operating profit	43,565,413	23,733,251	19,203,347	16,761,171	103,263,182
Finance cost	(6,272,808)	(6,271,855)	(7,032,701)	(7,401,008)	(26,978,372)
Profit for the period before taxation	37,292,605	17,461,396	12,170,646	9,360,163	76,284,810
Provision for taxation					
- current	(14,425,704)	(4,621,997)	(3,600,558)	(2,250,212)	(24,898,471)
- prior year	-	3,423,860	-	(42,526)	3,381,334
- deferred (current)	2,021,808	(64,176)	(938,503)	7,015	1,026,144
	(12,403,896)	(1,262,313)	(4,539,061)	(2,285,723)	(20,490,993)
Profit after taxation	24,888,709	16,199,083	7,631,585	7,074,440	55,793,817
Earning per share before taxation	5.42	2.54	1.77	1.36	11.10
Earning per share after taxation - restated	3.62	2.36	1.11	1.03	8.12

SANA INDUSTRIES LIMITED

Statistical summary of key operating & financial data for last six years

Annexure E

(Rupees in Millions)

YEAR END	Jun-2012	Jun-2011	Jun-2010	Jun-2009	Jun-2008	Jun-2007
OPERATING RESULTS						
Turnover	1,012.72	965.67	713.12	506.14	434.59	410.91
Gross profit	133.14	145.79	99.18	68.97	37.65	21.43
Operating expenses	21.45	21.11	17.27	12.72	12.67	12.63
Operating profit	111.69	124.68	81.91	56.25	24.98	8.80
Financial charges	26.98	21.84	18.02	14.21	16.49	14.21
Other expenses - net	10.10	7.88	5.40	2.62	0.38	(0.05)
Profit before tax	76.28	105.64	58.49	36.10	7.24	(5.13)
Taxation	20.49	36.79	21.62	12.65	5.07	0.26
Profit after tax	55.79	68.85	36.87	23.45	2.17	(5.39)
FINANCIAL POSITION						
Paid-up Capital	68.75	55.00	55.00	55.00	55.00	55.00
Retained earnings	209.90	209.11	173.25	155.62	137.68	135.51
Total equity	278.65	264.11	228.25	210.62	192.68	190.51
Long term loans/morabaha/mushareka	4.23	10.58	-	2.37	-	19.37
Deferred taxation	17.46	18.49	16.55	17.75	5.11	2.23
Current liabilities	273.56	222.48	158.21	145.49	161.84	142.92
Total assets	576.56	515.66	403.01	376.23	359.63	355.32
Fixed assets (Gross)	632.85	585.16	551.31	532.09	521.22	502.80
Accumulated depreciation	436.94	407.49	386.20	360.89	349.28	327.07
Fixed assets (Net)	195.91	177.67	165.11	171.20	171.94	175.73
Long term deposits	0.85	0.70	1.10	0.70	0.70	0.47
Current assets	379.33	336.13	236.61	204.04	186.80	179.12
RATIOS						
Fixed Assets Turnover	5.17	5.44	4.32	2.96	2.53	2.34
Inventory turnover (times)	5.06	2.79	4.12	5.39	5.37	6.15
Inventory turnover (days)	72	131	89	68	68	59
Sales growth %	4.87%	35.41%	40.89%	16.46%	5.76%	-14.62%
Gross profit margin %	13.15%	15.10%	13.91%	13.63%	8.66%	5.22%
Total charges as % to sales	5.78%	5.26%	5.71%	5.84%	6.80%	6.52%
Net profit before tax % to sales	7.53%	10.94%	8.20%	7.13%	1.67%	-1.25%
Tax rate (Effective) %	35.00%	35.00%	35.00%	0.00%	0.50%	0.50%
Net profit after tax (% to sales)	5.51%	7.13%	5.17%	4.63%	0.50%	-1.31%
Return on Capital % (after tax)	81.15%	125.18%	67.04%	42.64%	3.95%	-9.80%
Return on Equity % (after tax)	20.02%	26.07%	16.15%	11.13%	1.13%	-2.83%
Earning per share pre-tax	11.10	19.21	10.63	6.56	1.32	(0.93)
Earning per share after tax	8.12	12.52	6.70	4.26	0.39	(0.98)
Break-up value per share	40.53	48.02	41.50	38.29	35.03	34.64
Debt Equity Ratio	7 : 93	10 : 90	7 : 93	9 : 91	3 : 97	10 : 90
Current Ratio	1.39	1.51	1.50	1.40	1.15	1.25
Quick Ratio	0.68	0.81	0.68	0.83	0.67	0.77
DISTRIBUTION						
Dividend per share Rs.	6.50	7.50	6.00	3.50	1.00	Nil
Stock Dividend	Nil	25%	Nil	Nil	Nil	Nil
Dividend payout	80%	80%	90%	82%	256%	0%

SANA INDUSTRIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2012



	June 30, 2012	June 30, 2011
<i>Note</i>	----- (Rupees) -----	
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	7 196,384,084	178,824,030
Long-term deposits	848,200	704,025
	197,232,284	179,528,055
CURRENT ASSETS		
Stock-in-trade	8 192,270,286	155,187,738
Trade debts - unsecured and considered good	172,368,869	162,064,620
Loans and advances	9 2,211,706	2,664,137
Trade deposits and short-term prepayments	10 891,744	668,863
Other receivables	11 214,004	3,468,279
Cash and bank balances	12 10,973,269	12,080,960
	378,929,878	336,134,597
TOTAL ASSETS	576,162,162	515,662,652
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
10,000,000 Ordinary shares of Rs. 10/- each	100,000,000	100,000,000
Issued, subscribed and paid-up capital		
6,875,000 (June 30, 2011: 5,500,000) Ordinary shares of Rs. 10/- each	13 68,750,000	55,000,000
General Reserves	132,500,000	132,500,000
Unappropriated profit	77,399,788	76,605,971
Shareholder's equity	278,649,788	264,105,971
NON CURRENT LIABILITIES		
Long-term musharaka	14 4,233,903	10,584,771
Deferred taxation	15 17,464,708	18,490,852
	21,698,611	29,075,623
CURRENT LIABILITIES		
Trade and other payables	16 33,332,604	26,893,279
Finance cost payable	5,657,108	6,271,506
Borrowing from Directors and family member	27,420,000	12,160,000
Current portion of long-term musharaka	14 6,350,868	5,821,629
Short term morabaha	17 196,033,321	149,281,488
Taxation-net	18 7,019,862	22,053,156
	275,813,763	222,481,058
TOTAL EQUITY AND LIABILITIES	576,162,162	515,662,652
CONTINGENCIES AND COMMITMENTS		
	19	

The annexed notes from 1 to 39 form an integral part of these financial statements.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012



	June 30, 2012	June 30, 2011
<i>Note</i>	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	76,284,810	105,646,647
Adjustments for:		
Depreciation	33,673,307	29,801,805
Gain on sale of fixed assets	(1,139,447)	(10,266,794)
Profit on bank accounts	(490,514)	(417,148)
Finance costs	26,978,372	21,840,918
Cash generated by operating activities before working capital changes	135,306,528	146,605,428
Increase in current assets	<i>29.1</i> (43,902,972)	(97,438,712)
Increase in current liabilities	<i>29.2</i> 6,135,499	4,774,941
Cash generated from operations	97,539,054	53,941,657
Finance costs paid	(27,592,770)	(20,169,786)
Income taxes paid	(36,550,429)	(20,624,707)
Long-term deposit	(144,175)	392,900
Net cash inflow from operating activities	33,251,680	13,540,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(53,269,259)	(44,116,275)
Profit received on bank accounts	490,514	417,148
Proceeds from sale of property, plant and equipment	3,175,345	11,059,862
Net cash used in investing activities	(49,603,400)	(32,639,265)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts under short-term morabaha	46,751,832	27,928,770
Receipts / (Repayments) under long-term musharaka	(5,821,629)	14,040,939
Borrowings from directors and family member	15,260,000	12,160,000
Dividend paid	(40,946,175)	(32,943,379)
Net cash inflow from financing activities	15,244,029	21,186,330
Net (decrease) / increase in cash and cash equivalents	(1,107,691)	2,087,129
Cash and cash equivalents at beginning of the year	12,080,960	9,993,831
Cash and cash equivalents at the end of the year	<i>12</i> 10,973,269	12,080,960

The annexed notes from 1 to 39 form an integral part of these financial statements.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Shareholders of the Company will, Insha-Allah be held on Wednesday, the 17th of October, 2012 at 11.30 A.M at the Company's Office, situated at SF-96, S.I.T.E., Karachi to transact the following business:-

ORDINARY BUSINESS

- (1) To read and confirm the minutes of 26th Annual General Meeting of the Company held on 15th October, 2011.
- (2) To receive and adopt the Audited accounts of the Company for the year ended 30th June, 2012, together with the Auditors' Report and Directors' Report thereon.
- (3) To consider and approve Cash dividend of 65% for the year ended 30th June, 2012 as recommended by the Directors.
- (4) To appoint Auditors of the Company and fix their remuneration for the year ended 30th June, 2013 The present Auditors M/s. Muniff Ziauddin Junaidy & Co., Chartered Accounts retire and being eligible, offer themselves for re-appointment.
- (5) To transact any other business with the permission of the Chair.

By Order of the Board

Karachi: 15th September, 2012

(Abdul Hussain Antaria)
CFO & Company Secretary

NOTES:

1. The share transfer books of the company shall remain closed from 10-Oct-2012 to 17-Oct-2012 (both days inclusive) and no transfer will be accepted for registration during this period.
2. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A proxy need not be member of the Company.
3. Duly completed forms of proxy must be deposited with the Company Secretary at the Office of the Company, situated at SF-96, S.I.T.E., Karachi (Phone No.32561728) not later than 48 hours before the time of meeting.
4. Shareholders (Non CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block B, SMCHS, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat with their Participants. This will assist in prompt receipt of Dividend.
5. Members who have not yet submitted photocopy of their Computerized National Identity Card to the Company are requested to send the same at the earliest.
6. CDC account holders will further have to follow the guidelines as laid down in Circular 1 dated 28th January, 2000, issued by the Securities and Exchange Commission of Pakistan.

SANA INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012



	June 30, 2012	June 30, 2011
Note	----- (Rupees) -----	
Turnover	20 1,012,717,001	965,674,838
Cost of sales and services	21 (879,582,235)	(819,883,478)
Gross profit	133,134,766	145,791,360
Distribution costs	22 (3,664,178)	(5,640,995)
Administrative expenses	23 (17,774,398)	(15,466,684)
	(21,438,576)	(21,107,679)
Other operating income	24 1,671,336	10,683,942
Operating profit	113,367,526	135,367,623
Finance costs	25 (26,978,372)	(21,840,918)
Other charges	26 (10,104,344)	(7,880,058)
	(37,082,716)	(29,720,976)
Profit before taxation	76,284,810	105,646,647
Taxation	27 (20,490,993)	(36,788,567)
Profit after taxation	55,793,817	68,858,080
		Restated
Earning per share - Basic and diluted	28 8.12	10.02

The annexed notes from 1 to 39 form an integral part of these financial statements.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012



Issued, subscribed and paid-up capital	REVENUE RESERVES			Total	
	General reserves	Un-appropriated profit	Sub - total		
----- <i>(Rupees)</i> -----					
Balance as at July 01, 2010	55,000,000	132,500,000	40,747,891	173,247,891	228,247,891
Transactions with owners :					
Final dividend for the year ended June 30, 2010 @ Rs. 3.5 per share	-	-	(33,000,000)	(33,000,000)	(33,000,000)
Total transactions with owners	-	-	(33,000,000)	(33,000,000)	(33,000,000)
Comprehensive income for the year :					
Profit after taxation for the year ended June 30, 2011	-	-	68,858,080	68,858,080	68,858,080
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	68,858,080	68,858,080	68,858,080
Balance as at June 30, 2011	55,000,000	132,500,000	76,605,971	209,105,971	264,105,971
Transactions with owners :					
Final dividend for the year ended June 30, 2011 @ Rs. 6 per share	-	-	(41,250,000)	(41,250,000)	(41,250,000)
Bonus Share for the year ended June 30, 2011 @ 25%	13,750,000	-	(13,750,000)	-	-
Total transactions with owners	13,750,000	-	(55,000,000)	(41,250,000)	(41,250,000)
Comprehensive income for the year :					
Profit after taxation for the year ended June 30, 2012	-	-	55,793,817	55,793,817	55,793,817
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	55,793,817	55,793,817	55,793,817
Balance as at June 30, 2012	68,750,000	132,500,000	77,399,788	223,649,788	278,649,788

The annexed notes from 1 to 39 form an integral part of these financial statements.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012.

This statement is being presented to comply with Code of Corporate Governance (the Code) contained in the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges. The purpose of the Code is to establish a framework of good governance, whereby a listed company is managed in compliance with best practices of corporate governance.

Sana Industries Limited (the Company) has applied the principles contained in the Code in the following manner:

- (1) The Company encourages representation of independent non-executive directors on its Board of Directors (the Board). At present, the Board comprises of seven directors which includes four non-executive directors.
- (2) The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the 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 NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- (4) Casual vacancy occurring in the Board during the year was duly filled in within the prescribed period.
- (5) The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
- (6) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- (7) All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.
- (8) The meetings of the Board were presided over by the Chairman. 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 Company has maintained proper records in respect of related party transactions. All the related party transactions and the related pricing methods have been reviewed and approved by the Board.
- (10) The Board has been provided with detailed in-house briefings and information package to apprise them of their duties and responsibilities.
- (11) No new appointment of CFO/Company Secretary has been made during the year.
- (12) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

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

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

(15) The Board has formed an audit committee which comprises of two non-executive directors and one executive 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 as required by the Code.

(17) The Board has outsourced the internal audit function to Mr. Muhammad Farooque Dandia & Co (Chartered Accountants) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

(18) 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 Accounts of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with international Federation of Accountants (IFAC) Guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

(19) The statutory auditors of the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC Guidelines in this regard.

(20) We confirm that all other material principles contained in the Code have been complied with except that the position of the Company Secretary and CFO is held by the same person. The said decision has been taken by the Board keeping in view the size of the Company.

On behalf of the Board

(Mohammed Younus Nawab)
Chief Executive.

Karachi: 15th September, 2012.

SANA INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012



	June 30, 2012	June 30, 2011
	<i>----- (Rupees) -----</i>	
Net profit for the year	55,793,817	68,858,080
Other comprehensive income	-	-
Total comprehensive income for the year	<u>55,793,817</u>	<u>68,858,080</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012



1 NATURE OF BUSINESS

Sana Industries Limited (the Company) was incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the following activities.

- i) manufacturing and sale of man-made blended yarn;
- ii) providing services in respect of cold storage through "compartmentalized cold store project"; and
- iii) local trading and export of processed poultry bi-products.

The registered office of the Company is located at SF-96, S.I.T.E., Karachi, Pakistan.

2 STATEMENT OF COMPLIANCE

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

3 BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under historical cost convention.

3.2 These financial statements are presented in Pak rupees which is the Company's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Standards and interpretations that become but relevant to the company or donot have material effect

The following standards and interpretations are effective for financial periods beginning on or after July 1, 2011 but are either not relevant or do not have any effect / material effect on the financial statements of the Company:

IFRS 7 Financial Instruments Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs

IFRS 7 Financial Instruments Disclosures - Amendments enhancing disclosures about transfers of financial assets

IAS 1 Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs

IAS 12 Income taxes - Deferred tax : Recovery of underlying assets

IAS 24 Related Party Disclosures - Revised definition of related parties

IAS 34 Interim Financial Reporting - Amendments resulting from May 2010 Annual Improvements to IFRSs

IFRIC 13 Customer Loyalty Programmes - Amendments resulting from May 2010 Annual Improvements to IFRSs

IFRIC 14 & IAS (Amendments) The limit on a defined benefit assests, monimum funding requirements and their interaction

4.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any, except for leasehold land, SF/96 premises (tenancy rights) and capital work in progress, which are stated at cost.

Depreciation is charged to profit and loss account using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates given in note 7.1. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month the asset is in use. Assets' residual values and useful lives are reviewed, and adjusted, if appropriate annually.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount is the greater of net selling price and value in use.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

The carrying value of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

4.3 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of fixed assets are capitalized in the relevant fixed asset for the period upto the date of commercial production, or commencement of its intended use. All other borrowing costs are charged to profit and loss account as and when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.4 Stock-in-trade

These are stated at the lower of net realizable value (NRV) and cost determined as follows:

- | | |
|--------------------------------------|---|
| - Raw and packing material | - on a weighted average basis; |
| - Stock-in-transit | - at invoice price plus other charges paid thereon; |
| - Work-in-process and finished goods | - at weighted average cost of raw material and applicable labour and manufacturing overheads; |
| - Waste stock | - at net realizable value. |

Net realisable value is determined by considering selling price of stock in the ordinary course of business less costs of completion and cost necessary to be incurred in order to make the sale.

4.5 Stores and spares

The cost of stores and spares are charged to revenue as and when acquired. The cost of stores and spares inventory left unused is not considered material.

4.6 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

4.7 Cash and cash equivalents

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

4.8 Long and short-term borrowings

These are recorded at the proceeds received. Installments due within one year are shown as a current liability and mark-up on borrowings is charged as an expense on an accrual basis.

4.9 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 in future for goods and services.

4.10 Provisions

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

4.11 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights under the instruments are realised, expired or surrendered. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to profit and loss account.

4.12 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income and expenditure is also netted off and recorded on a net basis in profit and loss account.

4.13 Employee benefits

Defined benefit scheme

The Company operates a recognised, funded defined benefit gratuity scheme for all its permanent employees which is administered by the Trustees. Contributions are made to the fund on the basis of actuarial valuation carried out each year using Projected Unit Credit Method. Under this method, the cost of providing gratuity is charged to the profit and loss account so as to spread the cost over the service lives of the employees in accordance with the advice of qualified actuaries. Actuarial gains / losses in excess of corridor limit as of the last balance sheet date are recognised over the remaining service lives of employees.

Compensated absences

The Company provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

4.14 Taxation

Current

Provision for current taxation is the higher of the amount computed on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and minimum tax computed at the prescribed rate on sales.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realizable.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

4.15 Revenue recognition

Revenue from sale of goods is recognised upon passage of title to the customer which generally coincides with physical delivery and acceptance of the goods.

Revenue from services in respect of cold storage is recognised on accrual basis.

Profit on bank accounts is recognised on accrual basis.

4.16 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

4.17 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments; Textile (Manufacturing and sale of man-made blended yarn), Cold storage (Providing services in respect of cold storage through "compartmentalized cold store project) and Poultry bi-products (Local trading and export of processed poultry bi-products).

4.18 Related party transactions

All transactions with related parties are carried on an arm's length basis.

4.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves is recognised in the Company's financial statements in the period in which these are approved.

5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE 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, interpretation and amendments	Effective date (accounting periods beginning on or after)
IFRS 7	Financial Instruments Disclosures - Amendments related to the offsetting of assets and liabilities	January 1, 2013
IFRS 7	Financial Instruments Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	January 1, 2015
IFRS 9	Financial Instruments - Classification and Measurement	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
IAS 1	Presentation of Financial Statements - Amendment to revise the way other comprehensive income is presented	July 1, 2012
IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information)	January 1, 2013
IAS 16	Property Plant and Equipment - Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment)	January 1, 2013
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	January 1, 2013
IAS 28	Investments in Associates - Reissued as IAS 28 Investment in associates and Joint Ventures (as amended in 2011)	January 1, 2013
IAS 32	Financial Instruments Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)	January 1, 2013
IAS 32	Financial Instruments Presentation - Amendments relating to the offsetting of assets and liabilities	January 1, 2014
IFRIC 20	Stripping Cost in the Production Phase of a Surface Mine	January 1, 2013

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 except for the following,

IAS 19 - Employee Benefits (Revised) requires actuarial gains and losses to be recognised in the other comprehensive income as they occur. Further amounts recorded in profit and loss account are limited to current and past service costs, gains and losses on settlement and interest income (expense). Furthermore all other changes in the net defined benefit asset (liability) are recognised in the other comprehensive income with no subsequent recycling to profit and loss account.

6 ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimate and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates is revised and in any future periods affected.

In the process of applying the company's accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

Property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 16.2.5 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might effect unrecognized gains and losses in those years. The actuarial valuation involves making assumptions about discount rate, future salary increases and mortality rates.

Taxation

In making the estimates for income taxes payable by the Company, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past. 'Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Stock-in-trade

The Company reviews the Net Realizable Value (NRV) of stock-in-trade to assess any diminution in respective carrying value.



7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

Note

7.1

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
	195,907,836	177,668,592
	476,248	1,155,438
	<u>196,384,084</u>	<u>178,824,030</u>

7.1 Operating fixed assets

2012	PARTICULARS	COST				ACCUMULATED DEPRECIATION				BOOK VALUE AS AT JUNE 30, 2012
		AS AT JULY 01, 2011	ADDITIONS (DELETIONS)	AS AT JUNE 30, 2012	RATE % per annum	AS AT JULY 01, 2011	ADJUSTMENTS ON DISPOSAL	DEPRECIATION FOR THE YEAR	AS AT JUNE 30, 2012	
	Leasehold land	12,095,494	-	12,095,494	-	-	-	-	-	12,095,494
	SF/96 Premises (Tenancy Rights)	5,000,000	-	5,000,000	-	-	-	-	-	5,000,000
	Building on leasehold land	66,066,872	16,380,967	82,447,839	10	41,167,232	-	4,869,737	46,036,969	36,410,870
	Electrification - Factory Building	11,336,853	61,375	11,398,228	10	6,322,858		887,735	7,210,593	4,187,635
	Office Premises SF/96	8,406,627	2,246,746	10,653,373	10	2,522,498		791,252	3,313,750	7,339,623
	Plant and machinery	454,680,287	28,273,567 (3,976,498)	478,977,356	10	344,925,066	(2,824,293)	22,415,987	364,516,760	114,460,596
	Handling equipments	5,567,169	2,491,072	8,058,241	10 & 20	1,984,005		786,829	2,770,834	5,287,407
	Furniture, fixtures and office equipments	4,324,076	336,145 (26,500)	4,633,721	10	2,909,733	(15,017)	289,365	3,184,081	1,449,640
	Trailer 'NISSAN'	2,800,000	-	2,800,000	25	1,108,333		700,000	1,808,333	991,667
	Vehicles	13,312,781	4,031,191 (2,236,726)	15,107,246	20	5,349,463	(1,373,866)	2,730,308	6,705,905	8,401,341
	Computers & software	1,376,438	127,386 (18,700)	1,485,124	20	1,096,771	(9,350)	116,020	1,203,441	281,683
	Plastic Crates	193,425		193,425	50	105,471		86,074	191,545	1,880
	JUNE 30, 2012 - Rupees	585,160,022	53,948,449 (6,258,424)	632,850,047		407,491,430	(4,222,526)	33,673,307	436,942,211	195,907,836



2011	PARTICULARS	COST				ACCUMULATED DEPRECIATION				BOOK VALUE AS AT JUNE 30, 2011
		AS AT JULY 01, 2010	ADDITIONS (DELETIONS)	AS AT JUNE 30, 2011	RATE % per annum	AS AT JULY 01, DISPOSAL	ADJUSTMENTS ON DISPOSAL	DEPRECIATION FOR THE YEAR	AS AT JUNE 30, 2011	
	Leasehold land	12,095,494	-	12,095,494	-	-	-	-	-	12,095,494
	SF/96 Premises (Tenancy Rights)	5,000,000	-	5,000,000	-	-	-	-	-	5,000,000
	Building on leasehold land	67,852,468	1,138,011 (2,923,607)	66,066,872	10	39,925,886	(2,923,607)	4,164,953	41,167,232	24,899,640
	Electrification - Factory Building	11,249,476	87,377	11,336,853	10	5,448,464	-	874,394	6,322,858	5,013,995
	Office Premises SF/96	2,978,813	5,427,814	8,406,627	10	2,179,385	-	343,113	2,522,498	5,884,129
	Plant and machinery	422,528,020	32,857,456 (705,189)	454,680,287	10	326,259,936	(705,185)	19,370,315	344,925,066	109,755,221
	Handling equipments	5,412,751	154,418	5,567,169	10 & 20	1,333,484	-	650,521	1,984,005	3,583,164
	Furniture, fixtures and office equipments	4,044,190	311,886 (32,000)	4,324,076	10	2,571,162	(3,466)	342,037	2,909,733	1,414,343
	Refrigerated Vans	3,365,138	-	-	33.33	2,617,067	(3,365,135)	748,068	-	-
	Trailer 'NISSAN'		(3,365,138)							
	Vehicles	2,800,000	-	2,800,000	25	408,333	-	700,000	1,108,333	1,691,667
	Computers & software	12,475,548	3,112,375 (2,275,142)	13,312,781	20	4,450,802	(1,510,615)	2,409,276	5,349,463	7,963,318
	Plastic Crates	1,358,438	18,000	1,376,438	20	992,481	-	104,290	1,096,771	279,667
		148,425	45,000	193,425	50	10,633	-	94,838	105,471	87,954
	JUNE 30, 2011 - Rupees	551,308,761	43,152,337 (9,301,076)	585,160,022		386,197,633	(8,508,008)	29,801,805	407,491,430	177,668,592

7.2 The depreciation charge for the year has been allocated as follows

	Note	June 30, 2012 ----- (Rupees) -----	June 30, 2011
Manufacturing and services expenses	21	28,522,016	27,253,957
Fuel and power	21.1	3,688,398	1,514,219
Distribution costs	22	26,315	24,482
Administration expenses	23	1,436,578	1,009,147
		33,673,307	29,801,805



7.3 Details of fixed assets disposed off during the year are given below:

DESCRIPTION	DATE OF ACQUISITION	ORIGINAL COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN/ (LOSS)	MODE OF DISPOSAL	PARTICULARS OF BUYERS
Plant & Machinery								
----- (Rupees) -----								
3 Marzoli Ring Twisting Frame	Various	1,527,498	1,253,794	273,704	344,828	71,124	Negotiation	M/s.Sualeheen Brothers 15/16, Bahadur Shah Market, M.A.Jinnah Road, Karachi.
Refrigerator Unit Blast Freezer	08-Mar-2010	850,000	127,500	722,500	750,000	27,500	Negotiation	Rehman Traders, C-35, Shamsi Society, Malir, Karachi
Marzoli Cards C-40	30-Sep-2002	1,599,000	1,442,999	156,001	215,517	59,516	Negotiation	Bombay Enterprises Darul Ehsan Town, Faisalabad
Vehicle								
Suzuki Baleno AHW-168	10-Jul-2007	520,785	416,628	104,157	450,000	345,843	Negotiation	Mr.Mohammed Saifullah Flat No.103, Plot A-86, Block-J North Nazimabad, Karachi.
Toyota Harrier BD-0028 Model 2002	20-Jan-2009	1,675,531	921,542	753,989	1,400,000	646,011	Negotiation	Car Spot, 142-S, Sir Syed Road, PECHS-II, Karachi.
Motor Cycle STAR KDF-2451	24-Jul-2007	40,410	35,696	4,714	15,000	10,286	Negotiation	Imran Kausar House # 4/C-39, Shah Faisal Colony,Karachi
Furniture, Fixture & Office Equipments								
Mobile phone Nokia 9300	04-Jan-2006	26,500	15,017	11,483	-	(11,483)	Theft	Theft
Mobile Phone Blackberry 8900	05-May-2009	18,700	9,350	9,350	-	(9,350)	Theft	Theft
		<u>6,258,424</u>	<u>4,222,526</u>	<u>2,035,898</u>	<u>3,175,345</u>	<u>1,139,447</u>		



	June 30, 2012	June 30, 2011
Note	----- (Rupees) -----	
8 STOCK-IN-TRADE		
Raw and packing materials	8.1 64,515,192	85,979,851
Work-in-process	11,267,426	10,750,163
Finished goods	115,442,748	47,547,154
Waste stock	1,044,920	407,490
Poultry bi products	-	10,503,080
	192,270,286	155,187,738
8.1 In hand	59,114,552	85,979,851
In transit	5,400,640	-
	64,515,192	85,979,851
9 LOANS AND ADVANCES		
Loans to employees - secured	9.1 1,153,931	1,557,798
Unsecured advances to:		
- Contractors	331,894	17,292
- against imports and local purchases	725,881	1,089,047
	1,057,775	1,106,339
	2,211,706	2,664,137
9.1 These represents interest free loans to employees for personal use in accordance with the Company's policy and are secured against balance of gratuity fund. These are recoverable in equal monthly installments.		
10 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits	495,368	200,000
Prepayments	396,376	468,863
	891,744	668,863
11 OTHER RECEIVABLES		
Sales tax refundable	-	238,216
Others	214,004	3,230,063
	214,004	3,468,279
12 CASH AND BANK BALANCES		
Cash at bank - in current accounts	6,075,796	3,006,246
- in PLS accounts	12.1 4,183,073	8,926,206
	10,258,869	11,932,452
Cash in hand	714,400	148,508
	10,973,269	12,080,960

12.1 These carry profit at the average rate of 6.11% per annum (2011: 5.78% per annum).

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2012	2011		2012	2011
No. of shares			----- (Rupees) -----	
4,000,000	4,000,000	Ordinary shares of Rs.10/- fully paid in cash	40,000,000	40,000,000
		Ordinary shares of Rs.10/- issued as fully		
2,875,000	1,500,000	paid bonus shares	28,750,000	15,000,000
6,875,000	5,500,000		68,750,000	55,000,000



June 30, **June 30,**
2012 **2011**
Note ----- **(Rupees)** -----

14 LONG-TERM MUSHARAKA - secured

Diminishing musharaka	10,584,771	16,406,400
Less: Current portion	(6,350,868)	(5,821,629)
	<u>4,233,903</u>	<u>10,584,771</u>

Represents Diminishing Musharaka obtained from a commercial bank for the import of one gas generator, this carries rate of profit based on 6 months Kibor + 2.25%, to be revised semi-annually, floor 14% and ceiling 25%. The principal amount of Musharaka and profit thereon is to be paid in 31 instalments commencing from 20-Aug-2011 and ending on 20-Feb-2014. The facility is secured against first exclusive charge over the gas generator and personal guarantees of two Directors of the Company.

15 DEFERRED TAXATION

Deferred tax comprises taxable temporary differences relating to tax depreciation allowance

	<u>17,464,708</u>	<u>18,490,852</u>
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16 TRADE AND OTHER PAYABLES

Creditors	4,057,637	1,682,497
Accrued expenses	15,545,244	13,208,639
Provision for compensated absences	<i>16.1</i> 893,719	801,742
Payable to gratuity fund	<i>16.2</i> 1,255,511	571,043
Workers' profits participation fund	<i>16.3</i> 8,487,678	5,676,335
Workers' welfare fund	1,616,666	2,203,723
Sales tax payable	362,377	2,054,018
Unclaimed dividend	894,160	590,334
Others	219,612	104,948
	<u>33,332,604</u>	<u>26,893,279</u>

16.1 Provision for compensated absences

Opening balance	801,742	445,139
Charge for the year	707,406	614,648
Payments made during the year	(615,429)	(258,045)
Closing balance	<u>893,719</u>	<u>801,742</u>

16.2 Payable to gratuity fund

Opening balance	571,043	1,730,307
Charge for the year	<i>16.2.2</i> 1,255,511	571,043
Payments made during the year	(571,043)	(1,730,307)
Closing balance	<u>1,255,511</u>	<u>571,043</u>

16.2.1 Reconciliation of defined benefit plan

Present Value of Defined Benefit Obligation	<i>16.2.3</i> 23,589,094	20,099,420
Fair Value of plan assets	<i>16.2.4</i> (25,242,282)	(24,403,651)
Net Actuarial Gain / (Losses) not recognised	2,908,699	4,875,274
	<u>1,255,511</u>	<u>571,043</u>

16.2.2 Charge for defined benefit plan

Current Service cost	2,391,984	1,643,887
Interest cost	2,739,072	2,426,716
Expected return on plan assets	(3,266,817)	(2,928,729)
Actuarial (Gain) / Losses recognised	(608,727)	(570,831)
	<u>1,255,511</u>	<u>571,043</u>



June 30, **June 30,**
2012 **2011**
----- *(Rupees)* -----

The charge for the year has been allocated as follows:

Cost of sales and services

Manufacturing and service expenses	622,065	406,982
Fuel and power	43,540	14,754
	665,605	421,736
Distribution costs	81,822	39,643
Administrative expenses	508,084	109,664
	1,255,511	571,043

16.2.3 Movement in the present value of defined benefit

Opening balance	20,099,420	14,567,952
Current Service cost	2,391,984	1,643,887
Interest cost	2,739,072	2,426,716
Benefits paid	(1,069,241)	(809,287)
Actuarial loss / (gain)	(572,141)	2,270,152
Closing balance	23,589,094	20,099,420

16.2.4 Movement in the fair value of plan assets

Opening balance	24,403,651	17,435,332
Expected return on plan assets	3,266,817	2,928,729
Amount paid by Company to the fund	571,043	8,321,020
Amount received by the Company from the fund	-	(7,400,000)
Payment to outgoing employees on behalf of the fund	-	809,287
Benefits paid	(1,069,241)	(809,287)
Actuarial (loss) / gain	(1,929,988)	3,118,570
Closing balance	25,242,282	24,403,651

16.2.5 Principal actuarial assumptions

Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at June 30, 2012. The significant assumptions used for actuarial valuation were as follows:

Expected rate of increase in salary level	12.50%	14%
Valuation discount rate	12.50%	14%
Rate of return on plan assets	12.50%	14%

16.2.6 Comparison for five years

	2012	2011	2010	2009	2008
As at June 30,					
Present value of defined benefit obligations	23,589,094	20,099,420	14,567,952	12,912,328	10,475,331
Fair value of plan assets	25,242,282	24,403,651	17,435,332	11,500,599	11,784,874
(Surplus) / Deficit	(1,653,188)	(4,304,231)	(2,867,380)	1,411,729	(1,309,543)
Experience adjustment on plan liabilities	(527,141)	2,270,152	(877,733)	75,589	(286,582)
Experience adjustment on plan assets	(1,929,988)	3,118,570	(3,704,159)	2,893,855	2,179,601

16.2.7 Major categories / composition of plan assets

Equity securities and units of mutual funds	19,653,903	20,284,199
Bank balances	5,588,379	4,119,452
	25,242,282	24,403,651

16.2.8 Actual return on plan assets

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during the year was Rs. 1,336,829 (2011: Rs. 4,797,144)

	June 30, 2012	June 30, 2011
<i>Note</i>	<i>----- (Rupees) -----</i>	
16.3 Workers' profit participation fund		
Balance at beginning of the year	5,676,335	3,145,726
Payments made during the year	(5,676,335)	(3,145,726)
	-	-
Allocation for the year	4,319,458	5,676,335
Finance charge on WPPF	4,168,220	-
Balance at end of the year	8,487,678	5,676,335
16.3.1 Leave to appeal filed with the Appellate Jurisdiction of the Supreme Court of Pakistan has since been dismissed, hence the financial charges payable by the company have now been accounted for.		
17 SHORT-TERM MORABAHA - secured		
Commercial Bank	17.1 196,033,321	149,281,488
17.1 Short-term Morabaha had been obtained from a commercial bank for the regular purchases of raw material. The bank has approved a facility of Rs.210 million. The effective rate of profit on Murabaha facility ranges between 13.83% to 14.04% (based on 6 months KIBOR + 2.00% per annum). The arrangement is secured against equitable mortgage of factory land, building and plant & machinery (except new gas generator), located at H.I.T.E., Hub, Balochistan, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the company.		
18 TAXATION - NET		
Advance Income tax	17,878,609	12,792,283
Provision for taxation	(24,898,471)	(34,845,439)
	(7,019,862)	(22,053,156)
19 CONTINGENCIES AND COMMITMENTS		
19.1 Contingencies		
Claims pending adjudication	16.3.1 -	3,070,097
19.2 Commitments		
Irrevocable letter of credits	58,715,270	29,722,925
Capital expenditure	50,000,000	30,000,000
Letter of gurantee issued by a commercial bank	9,647,460	9,647,460
20 TURNOVER		
Textile		
Manufacturing	895,828,623	850,611,115
Trading	62,200	5,858,759
Waste stock	5,510,900	8,214,017
	901,401,723	864,683,891
Poultry bi-products - local	3,744,878	-
- export	-	12,846,373
	3,744,878	12,846,373
Cold storage	107,570,400	88,144,574
	1,012,717,001	965,674,838

	June 30, 2012	June 30, 2011
Note	----- (Rupees) -----	
21 COST OF SALES AND SERVICES		
Raw and packing material consumed		
Opening stock	85,979,851	48,060,200
Purchases	613,047,092	624,458,456
Less: Raw material destroyed by fire	-	(3,352,511)
Closing stock	(59,114,552)	(85,979,851)
	639,912,391	583,186,294
Manufacturing and services expenses		
Fuel and power	21.1 112,404,118	85,825,186
Salaries, wages and benefits	98,960,438	77,441,354
Repairs and maintenance	14,153,683	9,641,852
Stores and spares consumed	14,612,684	14,989,928
Insurance	2,821,402	2,966,310
Rent, rates and taxes	379,356	723,577
Depreciation	7.2 28,522,016	27,253,957
Security	2,772,894	2,477,852
Supply chain charges	8,436,703	-
Transportation	4,622,569	5,515,012
Storage	-	779,411
Others	10,531,189	8,627,327
	298,217,051	236,241,766
	938,129,442	819,428,060
Work-in-process		
Opening	10,750,163	6,682,680
Closing	(11,267,426)	(10,750,163)
	937,612,179	(4,067,483)
Finished goods, waste stock and poultry bi products		
Opening	58,457,724	64,071,470
Purchases	-	21,244,080
Less: Finished Goods destroyed by fire and snatched	-	(22,334,925)
Closing	(116,487,668)	(58,457,724)
	879,582,235	4,522,901
	879,582,235	819,883,478
21.1 FUEL AND POWER		
Generation cost:		
Salaries, wages and benefits	1,337,455	1,028,278
Fuel expenses	83,829,286	55,676,050
Electricity	16,056,741	21,600,421
Stores and spares consumed	795,202	179,224
Oil and lubricants	4,988,133	4,068,219
Repairs and maintenance	1,437,385	1,585,626
Depreciation	7.2 3,688,398	1,514,219
Insurance	211,684	154,624
Others	59,834	18,525
	112,404,118	85,825,186
22 DISTRIBUTION COSTS		
Salaries, wages and benefits	2,239,622	1,965,960
Packing and forwarding expenses	1,010,240	838,928
Communication	313,874	328,149
Sales promotion expenses	12,466	2,000
Marketing expenses	48,543	723,439
Depreciation	26,315	24,482
Export expenses	13,118	1,758,037
	3,664,178	5,640,995

	June 30, 2012	June 30, 2011
Note	----- (Rupees) -----	
23 ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits	10,508,156	8,608,901
Printing and stationery	195,994	187,851
Legal and professional charges	967,069	923,505
Auditors' remuneration	305,000	305,000
Fees and subscription	650,517	459,030
Travelling and conveyance	491,234	385,704
Repairs and maintenance	1,183,192	1,020,700
Rent rates and taxes	202,300	178,400
Depreciation	1,436,578	1,009,147
Security expenses	145,367	138,497
Electricity and gas	898,960	888,892
Insurance	340,318	250,148
Theft	50,000	698,766
Miscellaneous	399,713	412,143
	17,774,398	15,466,684
23.1 Auditors' remuneration		
Audit fee	305,000	305,000
Out of pocket expenses	-	-
	305,000	305,000
24 OTHER OPERATING INCOME		
Gain on disposal of fixed assets	1,139,447	10,266,794
Prior sales tax refund	41,375	-
Profit on PLS account	490,514	417,148
	1,671,336	10,683,942
25 FINANCE COSTS		
Profit on morabaha	24,603,713	21,190,599
Profit on diminishing musharaka	2,123,494	439,999
Murabaha documentation charges	38,791	-
Guarantee commission	93,873	89,695
Local L/C Charges	24,999	-
Bank charges	93,502	120,625
	26,978,372	21,840,918
26 OTHER CHARGES		
Workers' profit participation fund	4,319,458	5,676,335
Finance charge on WPPF (Prior years)	4,168,220	-
Workers welfare fund	1,616,666	2,203,723
	10,104,344	7,880,058
27 TAXATION		
Current	24,898,471	34,845,439
Prior	(3,381,334)	-
Deferred	(1,026,144)	1,943,128
	20,490,993	36,788,567

June 30, **June 30,**
2012 **2011**
----- (Rupees) -----

27.1 Reconciliation of accounting profit and tax expense

Accounting profit	76,284,810	105,646,647
Tax rate	35%	35%
Tax on accounting profit at applicable rate	26,699,683	36,976,326
Flood surcharge levied	-	1,455,186
Tax effect of income assessed under Final Tax Regime	-	128,849
Prior year adjustment	(3,381,334)	
Effect of tax rebate	(2,827,356)	
Tax effect of expenses / income that are allowable / not allowable in determining taxable income	-	(1,771,794)
	20,490,993	36,788,567

28 EARNING PER SHARE - BASIC AND DILUTED

There is no dilutive effect on basic earnings per share of the Company which is based on:

Profit after taxation	55,793,817	68,858,080
		<i>Restated</i>
		Number of shares
Weighted average number of shares	6,875,000	6,875,000
		----- (Rupees) -----
Basic and diluted earnings per share	8.12	10.02

29 WORKING CAPITAL CHANGES

29.1 (Increase) / Decrease in current assets

Stock-in-trade	(37,082,548)	(26,227,415)
Trade debts	(10,304,249)	(72,784,634)
Loans and advances	452,431	2,617,081
Trade deposits and short term pre-payments	(222,881)	775,992
Other receivables	3,254,275	(1,819,736)
	(43,902,972)	(97,438,712)

29.2 Increase / (Decrease) in current liabilities

Trade and other payables	6,135,499	4,774,941
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30 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Directors		Executives	
	2012	2011	2012	2011	2012	2011
	----- (Rupees) -----					
Remuneration	1,920,000	1,600,800	5,520,000	3,600,000	2,557,151	2,334,305
House rent	743,904	639,120	2,171,856	1,440,000	723,600	663,840
Retirement benefits	168,567	27,889	422,090	62,752	408,247	364,652
Utilities	216,096	160,080	588,144	360,000	182,400	166,560
	3,048,567	2,427,889	8,702,090	5,462,752	3,871,398	3,529,357

Number of persons **1** 1 **4** 2 **3** 3

30.1 In addition, the directors are also provided with the free use of Company maintained cars and mobile telephone

30.2 No fee paid to Director for attending Board Meetings during the year. (2011: NIL).

31 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, retirement fund and directors. Detail of transactions/balances with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
Purchases	-	676,000
Contribution to the gratuity fund	571,043	1,730,307
Borrowing from directors and family member	90,349,759	71,000,000
Repayment of borrowing to directors and family member	75,089,759	58,840,000
Loan from Sanaula Wollen Mills (Private) Limited (Associated Company)	-	2,000,000
Loan repaid to Sanaula Wollen Mills (Private) Limited (Associated Company)	-	2,000,000
Loan from Brothers Combine (Private) Limited (Associated Company)	-	6,500,000
Loan repaid to Brothers Combine (Private) Limited (Associated Company)	-	6,500,000

32 CAPACITY AND PRODUCTION

Number of spindles installed	24,888	22,008
Number of rotors	800	800
Average number of spindles operated during the period	23,930	21,869
Installed production capacity 30/s count - (KGs)	5,226,414	4,426,565
Actual production (KGs)	2,787,416	2,601,114
Number of shifts per day	3	3

33 FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

Loans and receivables at amortized cost

Long-term deposits	848,200	704,025
Trade debts	172,368,869	162,064,620
Loans and advances	2,211,706	2,664,137
Trade deposits	891,744	668,863
Other receivables	214,004	3,468,279
Cash and bank balances	10,973,269	12,080,960
	187,507,792	181,650,884

FINANCIAL LIABILITIES

Financial liabilities at amortized cost

Long-term musharaka	4,233,903	10,584,771
Trade and other payables	33,332,604	26,893,279
Finance cost payable	5,657,108	6,271,506
Borrowing from Directors and family member	27,420,000	12,160,000
Current portion of long-term musharaka	6,350,868	5,821,629
Short term morabaha	196,033,321	149,281,488
	273,027,804	211,012,673

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to certain financial risk. Such financial risk emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the company's financial performance. Risk measures and managed by company are explained below:

34.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings from financial institution with floating interest rates. Management of the Company estimates that increase of 100 base point in the market interest rate, with all other factors remaining constant, would increase/decrease the Company's after tax profit by Rs. 1,343,018. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transaction in foreign currency. As at June 30, 2012, the company is not exposed to risk in respect of financial assets or financial liabilities.

34.2 Credit risk

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

Credit risk arises from cash and cash equivalent, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets of Rs. 187,507,792 (2011: 181,650,884), the financial assets are subject to credit risk amounted to Rs. 186,793,392 (2011: 181,502,376).

The maximum exposure to credit risk as at June 30, 2012, along with comparatives is tabulated below:

	June 30, 2012	June 30, 2011
	<i>----- (Rupees) -----</i>	
Financial Assets		
Long-term deposits	848,200	704,025
Trade debts	172,368,869	162,064,620
Loans and advances	2,211,706	2,664,137
Trade deposits	891,744	668,863
Other receivables	214,004	3,468,279
Bank balances	10,258,869	11,932,452
	<u>186,793,392</u>	<u>181,502,376</u>
Bank balances		
Ratings		
A1+	10,258,869	11,932,452
	<u>10,258,869</u>	<u>11,932,452</u>

Due to Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company

34.3 Liquidity risk

Liquidity risk is a risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management believe that it is not expose to any significant level of liquidity risk.

The management forecasts the liquidity of the Company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

2012	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- <i>(Rupees)</i> -----				
Musharaka	1,058,478	5,292,390	4,233,903	-	10,584,771
Trade and other payables	33,332,604	-	-	-	33,332,604
Accrued profit	2,128,976	3,528,132	-	-	5,657,108
Borrowing from Directors and family member	27,420,000	-	-	-	27,420,000
Morahaba	34,908,870	161,124,451	-	-	196,033,321
Total	98,848,928	169,944,973	4,233,903	-	273,027,804
	----- <i>(Rupees)</i> -----				
2011	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- <i>(Rupees)</i> -----				
Musharaka	1,058,478	4,763,151	10,584,771	-	16,406,400
Trade and other payables	26,893,279	-	-	-	26,893,279
Accrued profit	1,999,437	4,272,069	-	-	6,271,506
Borrowing from Directors and family member	12,160,000	-	-	-	12,160,000
Morahaba	58,289,067	90,992,421	-	-	149,281,488
Total	100,400,261	100,027,641	10,584,771	-	211,012,673

34.4 Fair value of financial instruments

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

As at June 30, 2012 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying value.

34.5 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide return for shareholder and benefits for other stakeholder and to maintain an optimal capital structure.

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

The company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirement and expectations of shareholder. Debt is calculated at total borrowing ('long term loan' and 'current maturity of the long term loan' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

As at June 30, 2012 and 2011, the company has surplus cash reserves to meet its requirement and there was no debt position.

35 SEGMENTAL INFORMATION

For management purposes, the Company has identified three operating segments:

- 1 Textile - manufacturing and sale of man-made blended yarn;
- 2 Cold storage - providing services in respect of cold storage through "compartmentalized cold store project";
- 3 Poultry bi-products - local trading and export of processed poultry bi-products.

The operating business are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

	Textile	Cold Storage	Poultry bi-products	Total
------(Rupees)-----				
Turnover	901,401,723	107,570,400	3,744,878	1,012,717,001
Cost of sales and services	(782,449,715)	(86,142,009)	(10,990,512)	(879,582,236)
Gross profit	118,952,008	21,428,391	(7,245,634)	133,134,765
Distribution costs	(3,576,202)	(74,858)	(13,118)	(3,664,178)
Administrative expenses	(15,820,681)	(1,887,989)	(65,728)	(17,774,398)
Other operating income	661,332	1,010,004	-	1,671,336
Operating profit	100,216,457	20,475,548	(7,324,480)	113,367,525
Finance costs	(26,978,372)	-	-	(26,978,372)
Other charges	(8,561,965)	(1,542,379)	-	(10,104,344)
Profit before taxation	64,676,120	18,933,169	(7,324,480)	76,284,809
Taxation	(15,850,845)	(4,640,148)	-	(20,490,993)
Profit after taxation	48,825,275	14,293,021	(7,324,480)	55,793,816
OTHER INFORMATION				
Segment assets	453,240,354	109,804,272	1,523,053	564,567,679
Unallocated assets				11,594,483
Total assets				576,162,162
Segment liabilities	229,596,042	3,538,135	-	233,134,177
Unallocated liabilities				64,378,197
Total liabilities				297,512,374
Capital expenditure	38,618,643	14,413,606	916,200	53,948,449
Depreciation	18,092,343	15,093,532	487,432	33,673,307

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation. Major reclassifications are as under:

Particulars	Previous Classification	Revised Classification	Rupees
Leave encashment	Accrued expenses	Provision for compensated absence	111,879

37 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on **September 15, 2012** have proposed a cash dividend of Rs.6.50 per share for the year ended June 30, 2012 amounting to Rs.44,687,500 for approval of the members at the Annual General Meeting to be held on October 17, 2012.

38 GENERAL

Amounts have been rounded off to the nearest Rupee.

39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **September 15, 2012** by the Board of Directors of the Company.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer

**PATTERN OF HOLDING OF THE SHARES
HELD BY THE SHAREHOLDERS
as at 30 June 2012**



No. of Shareholders	Shareholdings		Total Shares Held
	FROM	TO	
106	1	to 100	3,023
168	101	to 500	37,307
65	501	to 1,000	47,927
111	1,001	to 5,000	274,889
34	5,001	to 10,000	238,140
11	10,001	to 15,000	135,826
8	15,001	to 20,000	131,069
2	20,001	to 25,000	50,000
2	25,001	to 30,000	55,515
1	30,001	to 35,000	32,213
1	35,001	to 40,000	38,000
1	40,001	to 45,000	44,912
1	55,001	to 60,000	58,125
4	60,001	to 65,000	247,263
2	70,001	to 75,000	146,250
2	90,001	to 95,000	187,122
1	100,001	to 105,000	103,283
1	165,001	to 170,000	167,580
1	170,001	to 175,000	173,596
1	230,001	to 235,000	231,152
1	300,001	to 305,000	304,456
2	335,001	to 340,000	673,678
1	1,720,001	to 1,725,000	1,724,467
1	1,765,001	to 1,770,000	1,769,207
528			6,875,000

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES	
		HELD	PERCENTAGE
Financial Institutions	3	41,373	0.60%
Individuals	518	6,098,685	88.71%
Insurance Companies	1	28,015	0.41%
Joint Stock Companies	3	32,312	0.47%
Modaraba Companies	1	937	0.01%
Mutual Funds	1	338,401	4.92%
Others	1	335,277	4.88%
TOTALS	528	6,875,000	100.00%

The above two statements include 431 Shareholders, holding 6,788,773 shares through the Central Depository Company of Pakistan Limited (CDC).

	<u>Number</u>	<u>Total shares</u>	<u>%age</u>
<u>Associated Companies, Undertakings and related parties (Name-wise).</u>	None	None	None
<u>N.I.T. and I.C.P.</u>			
(1) National Bank of Pakistan, Trustee Department (NIT)	1	338,401	4.92%
<u>Directors, CEO and their Spouse and Minor Children (Name-wise).</u>			
(1) Mr.Mohammed Yousuf Chairman / Director	1	103,283	1.50%
(2) Mr.Mohammed Younus Nawab Chief Executive	1	1,769,207	25.73%
(3) Mr.Mohammed Irfan Nawab Director	1	1,724,467	25.08%
(4) Mr.Ibrahim Younus Director	1	17,702	0.26%
(5) Mr.Ismail Younus Director	1	6,093	0.09%
(6) Mr.Mohammed Faizanullah Director	1	6,250	0.09%
(7) Mrs.Sabiha Younus Spouse (W/o Mohammed Younus Nawab)	1	304,456	4.43%
(10) Mrs.Afshan Irfan Spouse (W/o Mohammed Irfan Nawab)	1	71,250	1.04%
<u>Executives</u>	None	None	None
<u>Public Sector Companies and Corporations</u>	4	69,388	1.01%
<u>Banks, DFIs, NBFIs, Insurance Companies</u>	0	-	0.00%
<u>Modarabas and Mutual Funds</u>	1	937	0.01%
<u>General Public (Local)</u>	509	2,095,806	30.49%
<u>General Public (Foreign)</u>	1	171	0.00%
<u>Others</u>	4	367,589	5.35%
	-----	-----	-----
	528	6,875,000	100.00%
	=====	=====	=====
		-	
<u>Shareholders holding 10% or more voting interest in the Listed Companies</u>			
(1) Mr.Mohammed Younus Nawab	1	1,769,207	25.73%
(2) Mr.Mohammed Irfan Nawab	1	1,724,467	25.08%

FORM OF PROXY



M/s.Sana Industries Limited,
SF Unit No.96, S.I.T.E.,
P.O.Box No.10651,
Karachi-75700

I/We _____

of _____ holding CNIC No. _____ being a member of

SANA INDUSTRIES LIMITED, and holder of _____ Ordinary Shares as per the Share Register Folio No. _____

and/or CDC Participant I.D.No. _____ and Account / Sub Account No. _____

hereby appoint _____ of _____

or failing him/her _____ of _____

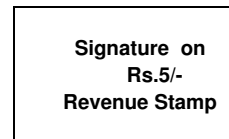
as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting scheduled to be held on 17th October, 2012 or at any adjournment thereof.

Signed this _____ day of _____ 2011.

Signature of Proxy _____

Folio No. of Shareholder _____

No. of Shares held _____



Signature of Shareholder

WITNESSES

(1) Signature _____

(2) Signature _____

Name _____

Name _____

CNIC No. _____

CNIC No. _____

Address _____

Address _____

NOTES:

- * A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
- * If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, Sana Industries Limited, SF-96, S.I.T.E., Karachi, so as to reach not less than 48 hours before the time appointed for holding the meeting.
- * The Proxy form shall be witnessed by two persons whose names, addresses and NIC / Passport numbers shall be stated on the form.
- * Attested copies of NIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- * The proxy shall produce his original NIC or original passport at the time of the meeting.
- * In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.