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Accounts for the  
Year Ended  
June 30, 2009

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**GLOBE TEXTILE MILLS (OE) LIMITED**

## **GLOBE TEXTILE MILLS (OE) LTD.**

### **BOARD OF DIRECTORS**

**ARIF HAJI HABIB - Chief Executive**  
**GUL BANO HAJI HABIB**  
**FARZANA ARIF**  
**ARSHAD ARIF**  
**MISBAH ARIF**  
**HUMAIRA ARSHAD**  
**SAMAN ARIF**

### **AUDIT COMMITTEE**

**ARIF HAJI HABIB**  
**ARSAHD ARIF - CHAIRMAN**  
**MISBAH ARIF**

### **COMPANY SECRETARY**

**MUHAMMAD BASHIR**

### **BANKERS**

**ASKARI BANK LIMITED**  
**BANK AL-FALAH LIMITED**

### **AUDITORS**

**HYDER BHIMJI & COMPANY**  
**Chartered Accountants**

### **REGISTERED OFFICE**

**105, IBRAHIM TRADE TOWER,**  
**SHAHRAH-E-FAISAL**  
**KARACHI**

### **MILLS**

**A/6, S.I.T.E., KOTRI**

### **E-MAIL**

**[info@globeoe.com](mailto:info@globeoe.com)**

**GLOBE TEXTILE MILLS (OE) LTD.**

**MISSION STATEMENT OF  
GLOBE TEXTILE MILLS (OE) LIMITED**

**To be one of the top quality manufacturers of open- end cotton yarn of the country, ensuring customers satisfaction using State-of-the-Art Technology, with a view to improving share holders' value.**

**VISION**

**Being one of the top quality manufacturers of cotton yarn, Globe Textile Mills (OE) Limited has the responsibility to treat all stakeholders equitably, judiciously and transparently.**

**GLOBE TEXTILE MILLS (OE) LTD.**

**STATEMENT OF ETHICS**  
**AND**  
**BUSINESS PRACTICES**

**GTM (OE) LTD** resolves to always place the Company's interest first;

**GTM (OE) LTD** resolves to excel through resources management namely, human (professional & technical both), financial and other infrastructural facilities and to ensure reasonable return to all the stakeholders;

**GTM (OE) LTD** conducts business as a responsible and law abiding corporate member of society to achieve its legitimate commercial objectives and supports unconditionally the Compliance with the Best Practices of Corporate Governance for the betterment of the corporate cultures;

**GTM (OE) LTD** expects from its employees full integrity, total honesty, fair and impartial practices in all aspects of its business;

**GTM (OE) LTD** resolves to adopt fair and ethical marketing practices and to prepare itself to face the challenges of open markets under WTO by supplying its customers quality Yarn at competitive prices.

**GTM (OE) LTD** resolves not to compromise on principles.

**SIX YEARS PERFORMANCE OF THE COMPANY AT A GLANCE**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	(Rupees in Thousand)					
<b>STATISTICAL SUMMARY</b>						
Gross sales less sales tax	492,318	400,407	215,937	266,741	134,232	206,893
(Loss)/Profit before taxation	4,869	7,483	(23,864)	38,469	(20,828)	807
Taxation	2,443	(5)	(4,400)	214	671	-
(Loss)/Profit after taxation	2,427	7,488	(19,464)	(38,683)	(21,499)	807
Gross assets employed (Including capital work-in-progress)	419,520	472,917	546,606	387,094	328,772	313,916
Paid-up capital	44,402	44,402	46,622	46,622	46,622	46,622
Shareholders' equity	77,214	84,711	65,247	26,564	5,065	5,872
<b>EARNING AND PAY OUT</b>						
	Rs. per share of Rs. 10 each					
(Loss)/Earning per share after taxation	0.55	1.69	(4.17)	(8.30)	(4.61)	0.17
Break-up value	17.39	20.20	15.07	6.77	2.16	2.33
Bonus shares	-	-	5%	-	-	-
Cash dividend	-	-	-	-	-	-
<b>FINANCIAL RATIOS</b>						
Current assets: Current liabilities	1.15:1	1:1	0.81:1.0	0.74:1.0	0.91(1)	0.96(1)
Long-term debts : Equity	56:44	62:38	60: 40	82:18	69:31	91:9
<b>PRODUCTION</b>						
Cotton yarn (000 Kgs)	4,632	4,691	968	1,176	1,342	1,809

**GLOBE TEXTILE MILLS (OE) LTD.**

**Notice of Meeting**

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting of the Shareholders of Globe Textile Mills (OE) Limited will be held on Friday 30th October, 2009 at 3:30 p.m. at the Registered Office of the Company, at 105, Ibrahim Trade Tower, Shahrah-e- Karachi to transact the following business:

- 1 To confirm the minutes of the Twenty-Eighth Annual General Meeting held on 29th October, 2008.
  - 2 To receive, and adopt the Directors' Report and Audited Accounts for the period ended 30th June, 2009, together with the Auditors' Report thereon.
  - 3 To appoint auditors for the year ending June 30, 2010 and fix their remuneration.
- Special Business**
- 4 To consider enhancement in remuneration of Chief Executive and operating Director w.e.f October 01, 2009.
  - 5 To transact any other business with the permission of the Chair.

Karachi: 05 October, 2009

By order of the Board  
(MUHAMMAD BASHIR)  
Company Secretary

**NOTES:**

1. The Shares Transfer Book of the Company will remain closed from 23rd October 2009 to 30th October 2009 (both days inclusive)
2. A member of the Company entitled to attend and to vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote at the meeting on his/her behalf. Instruments appointing proxies, in order to be effective, must be received at the Registered Office of the Company, at 105, Ibrahim Trade Tower, Shahrah-e-Faisal, Karachi, duly stamped, signed and witnessed not less than 48 hours before the time of holding the meeting.
3. Shareholders are requested to communicate immediately to the company any change in

**Statement under section 160 of the companies ordinance' 1984**

The following statement under section 160 of the Company Ordinance' 1984 is made regarding the special Business to be conducted at the Twenty-Ninth Annual General Meeting of the Company to be held on 30th October, 2009.

**Item 4 of the agenda**

**Chief Executive and a Director Remuneration**

Approval is being sought for the payment of remuneration to the Chief Executive and Operating Director. For the purpose the following resolution will be moved at the meeting.

**Resolution**

Resolved that the Company be and hereby approves and authorizes the payment as remuneration to Mr.Arif Haji Habib - Chief Executive a sum of Rs.325,000/= per month from Rs.250,000/= and Mr. Arshad Arif-Director a sum of Rs.125,000/= per month from Rs.75,000/= w.e.f from October 01, 2009.

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **GLOBE TEXTILE MILLS (O.E.) LIMITED** as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 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 accounts 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, investment 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 & loss Account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source, under the Zakat & Ushr Ordinance, 1980

Karachi : October 05, 2009

**HYDER BHIMJI & CO.**  
**Chartered Accountants**

**GLOBE TEXTILE MILLS (O.E.) LTD****DIRECTORS REPORT**

Your Directors have pleasure in presenting the Twenty-Ninth Annual Report along with audited accounts for the year ended June 30, 2009

**FINANCIAL RESULTS**

During the period under review, the Company incurred an operating Profit of Rs 12,314 million as against operating loss of Rs 9.145 million during the period ended June 30, 2008.

The Company incurred a net Profit after taxation of Rs 0.807 million as against net loss of Rs 21.5 million during the period ended June 30, 2008.

The production of various counts of yarn during the year under review was 1.809 million kgs as against 1.342 million kgs during the period ended June 30, 2008.

**APPROPRIATION**

In view of net loss during the year under review, the Directors did not declare any dividend.

**FUTURE OUTLOOK**

During the first quarter of the current year the prices of cotton for open end unit ranged between Rs. 3200/= to Rs. 3400/= per maund. Therefore the management decided to go for polyester cotton blend as well as cotton. The price of polyester fibre has increased from Rs. 88/= per kg to Rs. 119/= per kg due to International Market Rates increase of MEPC & Other Material. The yarn prices have had a slight upward look but the demand has remained the same. We hope to have better results in the coming future.

**BREAK UP VALUE OF THE SHARES**

The breakup value of your shares as on 30th June 2009 was Rs 2.33 per share as Compared to Rs.2.16 per share on 30th June, 2008.

**EARNING PER SHARE**

The net profit per share after providing for taxation was Rs 0.17 for the period under review as against net loss per share of Rs 4.61 during the period ended 30.06.2008

**STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK**

The financial statements prepared by the Company fairly presents its state of affairs, the results of operations, cash flows and changes in equity.

Proper books of accounts have been maintained by the Company.



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

Applicable international accounting standards have been followed in preparation of financial statements and there had been no departure there from.

The system of internal control has been effectively implemented and is continuously reviewed and monitored.

The Company is a going concern and there are no doubts about its ability to continue.

There had been no material departure from the best practices of the corporate governance as detailed in the listing regulations.

The key operating and financial data for the last six years is summarized.

The Company maintains Provident Fund Accounts for its employees.

During the year under review five meetings of the Board of Directors were held. Attendance of each director was as follows :

Name of Directors	Meetings attended
Arif Haji Habib	9
Gul Bano Haji Habib	2
Farzana Arif	6
Arshad Arif	9
Misbah Arif	7
Humaira Arshad	7
Saman Arif	7

The pattern of share holding is annexed.

No trading in the shares of the Company were made by the Chief Executive, Directors, Chief Financial Officer and Company Secretary.

#### **AUDITORS**

The present auditors M/s. Hyder Bhimji and Company, Chartered Accountants, retired and offered themselves for re-appointment.

#### **ACKNOWLEDGEMENT**

We would like to thank all the financial institutions having business relationship with us, our customers for their continued support and co-operation. We would like to share our deepest appreciation of executives, managers, supervisors and other employees for their dedication, loyalty and hard work.

Karachi: 05 October, 2009

**On behalf of the Board**  
**Arif Haji Habib**  
**Chief Executive**

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

We have reviewed the Statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **GLOBE TEXTILE MILLS (OE) LIMITED** to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control 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.

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 period ended June 30, 2009

Karachi : October 05, 2009

**HYDER BHIMJI & CO.**  
Chartered Accountants

## **GLOBE TEXTILE MILLS (OE) LIMITED.**

### **Statement of Compliance with the best practices of Code of Corporate Governance for the period ended 30th June, 2009.**

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

The Company has applied the principles contained in the code in the following manner:-

- 1 The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board include at least four independent non-executive directors.
- 2 The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
- 3 All the directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the Directors is a member of a stock exchange.
- 4 The Company has prepared a "Statement of Ethics and Business Practice" which has been signed by all the Directors and employees of the Company.
- 5 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 date on which they were approved or amended has been maintained.
- 6 All the power of the Board have been duly exercised and significant issues as detailed in the code, wherever applicable, are placed for the information, consideration and decision of the Board of Directors and such decisions on material transaction or significant matters are minuted.
- 7 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 within in thirty days from the date of meetings.
- 8 The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.
- 9 The Board has approved appointment of CFO, Company Secretary and head of internal audit, including their remunerations, and terms and conditions of employment, as determined by the CEO.
- 10 The directors' report for this year has been prepared in compliance with requirements of the Code and fully described the salient matters required to be disclosed.

**GLOBE TEXTILE MILLS (OE) LIMITED.**

- 11 The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 12 The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
- 13 The Company has complied with all the corporate and financial reporting requirements of the Code.
- 14 The Board has formed an audit committee. It comprises three members, two of them are non executive directors.
- 15 The meetings of the audit committee were held once at least every quarter prior to approval of interim and financial results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 16 The Board has established an independent internal audit department which is functioning in line with the Company's policies and procedures.
- 17 The statutory auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm and all its partners are compliant with International Federation of Accountants (IFAC) Guideline on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- 18 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.
- 19 We confirm that all other material principles contained in the Code have been complied with.

Karachi : October 05, 2009

Arif Haji Habib  
Chief Executive

**GLOBE TEXTILE MILLS (OE) LIMITED.**

**PATTERN OF SHARE -HOLDING**

**FORM - 34**

**PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF  
GLOBE TEXTILE MILLS (OE) LIMITED  
AS AT JUNE 30, 2009**

No. of Shareholders	Shareholding				Total shares held
5	From	1	to	100	Shares 224
13	From	101	to	500	Shares 5,278
2	From	501	to	1000	Shares 1,928
59	From	1001	to	5000	Shares 175,793
35	From	5001	to	10000	Shares 224,148
1	From	10001	to	15000	Shares 11,653
1	From	15001	to	20000	Shares 16,782
1	From	20001	to	25000	Shares 23,619
5	From	35001	to	40000	Shares 191,947
18	From	40001	to	45000	Shares 755,258
15	From	45001	to	50000	Shares 690,917
2	From	65001	to	70000	Shares 135,868
1	From	135001	to	140000	Shares 135,791
1	From	215001	to	220000	Shares 215,400
1	From	240001	to	245000	Shares 242,353
1	From	380001	to	385000	Shares 380,697
2	From	430001	to	435000	Shares 861,596
1	From	590001	to	595000	Shares 592,856
<b>164</b>					<b>4,662,108</b>

Categories of Shareholders	Number	Shares held	Percentage
Individuals	164	4,662,108	100.00%
Investment companies	-	-	-
Insurance companies	-	-	-
Joint Stock companies	-	-	-
Financial institutions	-	-	-
Modaraba-companies	-	-	-
Others	-	-	-
	<b>164</b>	<b>4,662,108</b>	<b>100.00%</b>

**GLOBE TEXTILE MILLS (OE) LIMITED.**

**DETAILS OF PATTERN OF SHAREHOLDING AS AT JUNE 30, 2009 AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE.**

<b><u>NAME</u></b>	<b><u>SHARE HELD</u></b>
Associated Companies, undertaking and related parties	NIL
<b><u>DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN</u></b>	
Ms. Misbah Arif	Director 67,895
Mrs. Farzana Arif	Director 380,697
Mst. Gul Banoo Haji Habib	Director 1,000
Mrs. Humaira Arshad	Director 1,050
Mr. Arshad Arif	Director 135,791
Ms. Saman Arif	Director 67,973
Mr. Arif Haji Habib	Chief Executive 592,856
Public sector Companies and Corporation	NIL
Banker, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	NIL
Shareholders Holding 10% or more	592,856

**Globe Textile**  
**BALANCE SHEET AS AT**

<b>CAPITAL AND LIABILITIES</b>	<b>NOTE</b>	<b>June 30, 2009 RUPEES</b>	<b>June 30, 2008 RUPEES</b>
<b>CAPITAL AND RESERVES</b>			
Share Capital			
<b>Authorized</b>			
10,000,000 ordinary shares of Rs. 10/- each		100,000,000	100,000,000
<b>Issued, subscribed and paid-up:</b>			
1,000,000 ordinary shares of Rs. 10/- each fully paid up allotted for cash (2006 1,000,000)		10,000,000	10,000,000
3,662,108 ordinary shares of Rs. 10/- each fully paid up issued as bonus shares (2006 3,662,108)		36,621,080	36,621,080
<u>4,662,108 (2006 : 4662108)</u>		<u>46,621,080</u>	<u>46,621,080</u>
Revenue Reserves			-
Accumulated (Loss)		(40,749,142)	(41,556,409)
Shareholders' equity		5,871,938	5,064,671
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>3</b>	5,000,000	5,000,000
<b>NON-CURRENT LIABILITIES</b>			
<b>LONG TERM FINANCE - SECURED</b>	<b>4</b>	105,001,662	124,812,577
<b>DUE TO RELATED PARTIES</b>		59,527,500	46,527,500
<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED DEFERRED LIABILITY</b>	<b>5</b>		
		<u>164,529,162</u>	<u>171,340,077</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<b>7</b>	59,874,026	45,400,388
Accrued mark-up on long & short term borrowings		8,083,630	8,888,582
Short term loan from related parties			-
Short term borrowings - Secured	<b>8</b>	57,989,060	77,339,335
Current maturity of long term finance	<b>4</b>	12,568,321	15,738,540
		<u>138,515,037</u>	<u>147,366,845</u>
		<u>313,916,137</u>	<u>328,771,593</u>
<b>CONTINGENCIES &amp; COMMITMENTS</b>	<b>9</b>	-	-

The annexed notes 1 to 34 form an integral part of these financial statements.



**Mills (O.E.) Limited**  
**JUNE 30, 2009**

PROPERTY AND ASSETS	NOTE	June 30, 2009 <u>RUPEES</u>	June 30, 2008 <u>RUPEES</u>
<b>NON- CURRENT ASSETS</b>			
Property, Plant & Equipment	10	174,514,727	192,799,307
<b>LONG TERM DEPOSITS</b>	11	6,663,007	1,402,184
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	12	14,429,428	13,100,858
Stock-in-trade	13	15,267,178	13,363,655
Trade debts	14	36,740,363	20,670,401
Loans and advances	15	66,107,189	87,383,702
Cash and bank balances	16	194,245	51,486
		132,738,403	134,570,102
		<u>313,916,137</u>	<u>328,771,593</u>

ARIF HAJI HABIB      CHIEF EXECUTIVE

ARSHAD ARIF      DIRECTOR

**GLOBE TEXTILE MILLS (O.E.) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>NOTES</b>	<b>June 30, 2009 RUPEES</b>	<b>June 30, 2008 RUPEES</b>
<b>TURNOVER</b>	17	206,892,990	134,231,785
<b>COST OF SALES &amp; SERVICES</b>	18	183,193,756	133,648,333
<b>GROSS PROFIT</b>		<u>23,699,234</u>	<u>583,452</u>
<b>OPERATING EXPENSES</b>			
Selling & distribution cost	19	1,416,005	1,167,443
Administrative expenses	20	9,968,849	8,561,122
		<u>11,384,854</u>	<u>9,728,565</u>
<b>OPERATING PROFIT/(LOSS)</b>		12,314,380	(9,145,113)
Other Income	21	166,837	2,281,628
		<u>12,481,217</u>	<u>(6,863,485)</u>
<b>FINANCIAL AND OTHER CHARGES</b>			
Finance cost	22	11,673,950	13,964,788
		<u>11,673,950</u>	<u>13,964,788</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		807,267	(20,828,273)
Taxation	23		
- Current		-	671,159
- Deferred		-	-
		<u>-</u>	<u>671,159</u>
<b>NET PROFIT/(LOSS) AFTER TAXATION</b>		<u>807,267</u>	<u>(21,499,432)</u>
<b>EARNING / LOSS PER SHARE</b>	24	0.17	(4.61)

The annexed notes 1 to 34 form an integral part of these financial statements

ARIF HAJI HABIB  
ARSHAD ARIF

CHIEF EXECUTIVE  
DIRECTOR

**GLOBE TEXTILE MILLS (O.E.) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>NOTE</u>	<u>June 30, 2009 RUPEES</u>	<u>June 30, 2008 RUPEES</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	807,267	(20,828,273)
<b>Adjustment for :</b>		
Depreciation	18,626,418	20,772,929
Finance cost	11,673,950	13,964,788
Profit on sale of property, plant & Equipment	(166,837)	(471,428)
	<u>30,133,531</u>	<u>34,266,289</u>
	30,940,798	13,438,016
<b>Net Changes in:</b>		
Working capital	30 16,196,783	55,393,432
Long term deposits	(5,260,823)	36,087
	10,935,960	55,429,519
<b>Cash used in operation</b>		
Payments for :		
Interest paid	(12,478,902)	(17,997,771)
(Income tax paid)/refund	251,312	260,235
	(12,227,590)	(17,737,536)
Net cash (used in) from operating activities	<u>29,649,168</u>	<u>51,129,999</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(475,000)	(417,600)
Sales proceeds of property, plant & Equipment	300,000	1,049,924
Net cash used in investing activities	<u>(175,000)</u>	<u>632,324</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in long term finances	(22,981,134)	(3,560,000)
Increase from due to directors and undertakings		
Increase from related parties	13,000,000	46,527,500
Conversion of related parties to Long term loan		(54,286,530)
Repayment of lease finance		(466,370)
Net cash flows from financing activities	<u>(9,981,134)</u>	<u>(11,785,400)</u>
Net increase / (decrease) in :		
Cash and Cash equivalents	19,493,034	39,976,923
Cash and Cash equivalents at start	(77,287,849)	(117,264,772)
Cash and Cash equivalents at end	31 (57,794,815)	(77,287,849)

The annexed notes 1 to 34 form an integral part of these financial statements

ARIF HAJI HABIB	CHIEF EXECUTIVE
ARSHAD ARIF	DIRECTOR

**GLOBE TEXTILE MILLS (OE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2009**

	Issued, subscribed and paid-up capital	Revenue Reserve	Accumulated Loss	Total
-----Rupees-----				
Balance as at June 30, 2007	46,621,080	37,780,420	(57,837,397)	26,564,103
Net (Loss) after taxation for the year ended June 30, 2008			(21,499,432)	(21,499,432)
Transferred from revenue reserve		(37,780,420)	37,780,420	-
Balance as at June 30, 2008	46,621,080	-	(41,556,409)	5,064,671
Net (Loss) after taxation for the year ended June 30, 2009			807,267	807,267
Transferred from revenue reserve				
Balance as at June 30, 2009	46,621,080	-	(40,749,142)	5,871,938

ARIF HAJI HABIB      CHIEF EXECUTIVE

ARSHAD ARIF      DIRECTOR

Karachi : October 05, 2009

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED  
JUNE 30, 2009**

**1. STATUS AND NATURE OF BUSINESS**

The Company was incorporated on 29th December, 1980 as a Public Limited Company. Its shares are quoted in Karachi and Lahore Stock Exchange. The principal activity of the Company is manufacturing and selling of yarn. The registered office of the Company is situated at 105, Ibrahim, Trade Towers, Shahrah-e- Faisal, Karachi, while its manufacturing facilities are located at A/5, Kotri Industrial Area, Sindh.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.01 Statement of Compliance**

These financial statements have been prepared in accordance with the approved accounting and Financial Reporting standards, as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting and Financial Reporting Standards comprise of such International Standards as are notified, under the provisions of Companies Ordinance, 1984. Wherever the requirements of Companies Ordinance, 1984 or the directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirement of Companies Ordinance 1984 or the requirements of said directives take precedence.

The preparation of financial statements in conformity with the above requirements 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. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in respective notes to the financial statements.

**2.02 The new standards, Interpretations of and amendments therein**

The International Accounting Standards Board (IASB) announces new standards and interpretations and amendments in the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), from time to time. The amendments in the following IASs and IFRSs, in relation to subject mentioned belows, have already been published by the IASB, becoming mandatory applicable, from accountings periods beginning on or after the dates specified hereunder, which may or may not be relevant to Company's operations and may or may not have any significant impact besides enhanced disclosure.

IAS-1	Presentation of Financial Statements -Capital Disclosure	from January 1, 2007
IAS-23	Borrowing Costs	from January 1, 2009
IFRS-2	Share-based payment	from January 1, 2007
IFRS-3	Business combinations	from January 1, 2007
IFRS-5	Non-current Assets Held for Sale & Discontinued Operations	from January 1, 2007
IFRS-6	Exploration for & Evaluation of Mineral Resources	from January 1, 2007
IFRIC-	Interim Financial Reporting & Impairment	from Nov-1-2006
IFRIC-	Group & Treasury Share & Transitions	from March-1-2007
IFRIC-	Service Concession Arrangements	from January-1-2008
IFRIC-	Customer Loyalty Programs	from July-1-2008
IFRIC-	The Limited on a Defined Benefit Assets Minimum Funding from Requirement & their Interaction	from January-1-2008

**2.03 Accounting Convention**

These accounts have been prepared under the historical cost convention except as modified by revaluation of fixed assets and valuation of inventories at realizable value if lower than cost as stated in Note 2.11.

#### **2.04 Borrowing cost**

Interest, mark-up and other charges on long term liabilities are capitalized up to the date of commencement of respective qualifying fixed assets acquired out of the proceeds of such long term liabilities. All other interest, mark-up and other charges are charged to income.

#### **2.05 Retirement benefits (Defined Contribution plan)**

The Company operates an approved defined contributory Provident Fund Schemes for all the workers and staff members eligible to the benefit. Monthly contribution are made both by the Company and the employees for the fund at the rate of 9% of basic pay.

#### **2.06 Taxation**

Provision for current taxation is calculated in accordance with the provisions of the Income Tax Ordinance 2001.

The Company accounts for deferred taxation on all temporary timing differences using the liability method, at the balance sheet date between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Deferred tax assets are recognized only to the extent that it is probable that future profit will be available against which the asset can be utilized.

#### **2.07 Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation except leasehold land which is stated at revalued amount and capital work-in-progress which is stated at cost.

Depreciation is calculated on diminishing balance method at the rate specified in the fixed assets note whereby the cost of assets will be written off over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Gains or losses on disposal of fixed assets are included in income. Cost in relation to certain fixed assets, including capital work in progress, signifies historical cost and financial charges on borrowing for the projects until such projects are completed or become operational.

Full year's depreciation is charged on additions during the year except in the case of significant additions or expansion where the charge for depreciation is made with reference to the date of commencement of operation of such assets. No depreciation is charged on assets deleted or retired during the year.

Surplus arising on revaluation of land is taken to Surplus on Revaluation of Property Plant and Equipment.

#### **2.08 Capital work-in-progress**

Capital work-in-progress (CWIP) is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

#### **2.09 Assets subject to finance lease**

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets at the rate specified in the fixed assets note whereby the cost of asset will be written off over its estimated useful life.

**2.10 Stores, spare parts and loose tools**

These are valued moving average cost except items in transit which are stated at cost accumulated up to the date of balance sheet.

**2.11 Stock-in-Trade**

Basis of valuation is as under :

Raw material and trading stock - at lower of weighted average cost and net realizable value.  
Material in transit- at cost accumulated up to balance sheet date.

Work-in-process- at average manufacturing cost.

Finished goods - at lower of average manufacturing cost and net realizable value.

Waste Stock- at net realizable value.

Average cost in relation to work-in-process and finished goods signifies average manufacturing cost including a portion of related direct over heads. Net realizable value signifies the selling prices prevailing in the market less selling expenses incidental to sales.

**2.12 Trade Debts**

Debts considered irrecoverable are written off and provision is made for debts considered doubtful.

**2.13 Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

**2.14 Financial assets and liabilities**

All financial assets and 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 as the case may be.

**2.15 Revenue Recognition**

Sales are recorded on dispatch of goods to buyers.

**2.16 Transfer pricing**

Transaction with related parties for sale/purchase of goods, assets and services are priced on arm's length basis determined in accordance with comparable uncontrolled price method.

**2.17 Cash and cash equivalent**

Cash and cash equivalent are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalent comprises cash and cheques in hand, balance with bank on current account, short term running finances under mark up arrangement and are subject to insignificant risk.

**2.18 Dividend and appropriation**

The Dividend is recognized as liability in the period in which it is declared.

**2.19 Compensated Absences**

The Company offers leave encashment of its employess. Provison is made against all leave encashmment due on the date of balance sheet in accordance with IAS 19.

**2.20 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made.

**2.21 Offsetting of financial assets and liabilities.**

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is legally enforceable right to set off the recongnized amount and the Company intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.

**2.22 Impairment**

The carrying amounts of the Comppany's assets are reviewed periodically for any indication of impairment. If such indication exist, exists the assets recoverable amount is estimated in order to determine the extent of impairment loss which is taken to Profit and Loss account.



**GLOBE TEXTILE MILLS (OE) LIMITED.**

**June  
30, 2009  
RUPEES**                      **June  
30, 2008  
RUPEES**

**3 SURPLUS ON REVALUATION OF FIXED ASSETS**

Surplus of revaluation of land	5,000,000	5,000,000
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It represents excess of revaluated amount less cost of land which has been carried out by an independent valuer.

**4 LONG TERM FINANCE**

Pak Kuwait Investment Company Limited	49,039,939	66,551,117
Atlas Bank Limited	9,500,000	12,000,000
Faysal Bank Limited	21,980,044	23,000,000
Askari Bank Limited	37,050,000	39,000,000
	117,569,983	140,551,117
Current maturity of long term finance	12,568,321	15,738,540
	105,001,662	124,812,577

4.1 Pak Kuwait Investment Co. (Pvt.) Limited- Remaining Balance of Rs 49,039,939 though fully matured as per original terms has been requested for restructuring whereby the Company opts to repay the finance at Rs 2.000 million per month on staggered payment basis within 60 months as per revised repayment schedule at mark up of 10.1 % per annum.

4.2 Faysal bank Limited has disbursed long term finance on profit rate basis payable Monthly at @ Rs. 700,000/- including interest.

4.3 Atlas Bank Limited has disbursed long term Finance. The principal amount is payable at monthly Installment of Rs. 0.5 Million 24 months with no mark up

4.4 Askari Bank Ltd has disbursed long term finance at a mark-up of kibar plus 2% to be reset on first of each calendar quarter.

The above loans are secured by equitable mortgage of Company's fixed assets and personal guarantee of two directors of the Company.

**5 LIABILITIES AGAINST ASSETS SUBJECTS TO FINANCE LEASE- SECURED**

Net outstanding obligations	-	-
Current portion classified under current liabilities	-	-

The future minimum lease payments to which the Company is committed as at June 30, 2010 are as follows:

Year ending June 30,		
2,009	-	-
2,010	-	-
Less: Future finance cost	-	-
Adjustment of security deposit	-	-
	-	-

**GLOBE TEXTILE MILLS (OE) LIMITED.**

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
<b>6 DEFERRED LIABILITY</b>		
Deferred tax liability arising in respect of accelerated depreciation Lease obligation	32,485,253	34,619,746
Deferred tax asset arising in respect of Unabsorbed tax losses	<u>(69,853,470)</u>	<u>(88,145,084)</u>
	<u>(37,368,217)</u>	<u>(53,525,338)</u>
Tax @ 35% on above	<u>(13,078,876)</u>	<u>(18,733,868)</u>
Deferred tax liability reversed	-	-
	<u>-</u>	<u>-</u>

6.1 The management is of the opinion that in future the losses will be absorbed but at a very subdued pace.

<b>7 TRADE AND OTHER PAYABLES</b>		
Creditors	56,720,978	31,495,529
Accrued expenses	<u>11,086,678</u>	<u>7,804,859</u>
	<u>67,807,656</u>	<u>39,300,388</u>

<b>8 SHORT TERM BORROWINGS-SECURED</b>		
Short-term running finance	<u>57,989,080</u>	<u>77,339,335</u>

8.1 The facilities for short-term running finances available from various banks amounted to Rs.70.5 Million as at June 30, 2009 (2008: Rs. 93 million). The rate of mark-up range between Kibor + 1.5 % to 3 % to be reset on quarterly basis These arrangements are secured by hypothecation and pledge of the Company's Stock-in-trade, Store and spares and trade debts and personal guarantee of Directors.

The financing is renewable at expiry which is generally one year.

<b>9 CONTINGENCIES &amp; COMMITMENTS</b>	NIL	NIL
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**GLOBE TEXTILE MILLS (OE) LIMITED.**

**10 Property, plant & equipment**

Particulars	Cost			Accumulated depreciation at 30 June, 2009	Net Book Value	Depreciation for the period	Rate of Depreciation
	As at 01.07.2008	Additions/ (Deletion)	As at 30.06.2009				
<b>A. OWNED ASSETS</b>							
Lease hold Land - Cost	5,438,274	-	5,438,274	-	5,438,274	-	-
- Revaluation	5,000,000		5,000,000		5,000,000		
	10,438,274	-	10,438,274	-	10,438,274	-	
On Lease hold land							
Residential Quarters for labour	1,128,691	-	1,128,691	1,061,234	67,457	7,495	10%
Mills Building	39,579,983	-	39,579,983	19,830,911	19,749,072	2,194,341	10%
Power House Building	2,718,061	-	2,718,061	2,378,430	339,631	37,737	10%
Plant and Machinery	304,281,022	475,000	304,756,022	165,501,418	139,254,604	15,472,734	10%
Electric installation	3,187,564	-	3,187,564	2,975,227	212,337	23,593	10%
Furniture and Fixtures	2,181,147	-	2,181,147	855,306	1,325,841	147,316	10%
Motor Vehicles	12,755,543	-	11,931,543	9,330,045	2,601,498	650,374	20%
Office Equipments	1,444,953	(624,000)	1,444,953	918,940	526,013	92,828	15%
	377,715,238	-	377,366,238	202,851,511	174,514,727	18,626,418	
		(349,000)					
<b>B. OBTAINED UNDER FINANCE LEASE</b>							
Motor Vehicles	-	-	-	-	-	-	20%
June 30, 2009	377,715,238	-	377,366,238	202,851,511	174,514,727	18,626,418	
		(349,000)					
June 30, 2008	380,064,800	2,802,800	377,715,238	184,915,931	182,798,307	20,772,929	
		(2,767,162)					

June 30,  
2009  
RUPEES

June 30,  
2008  
RUPEES

10.1 Depreciation charge for the year has been allocated as under:

Cost of goods manufactured	18.1	17,735,900	19,439,463
Administrative expenses	20	890,518	1,333,466
		18,626,418	20,772,929

**GLOBE TEXTILE MILLS (OE) LIMITED.**

**10.1 DETAILS OF PROPERTY, PLANT & EQUIPMENT SOLD**

Particulars	Original cost	Accumulated Depreciation	Written down value	Sale proceeds	Profit/(Loss)	Purchaser
Suzuki Mehran AEF-501	275,000	162,360	112,640	200,000	87,360	Muhammad Asif, Karachi
Toyota Corolla Z-6264	549,000	528,477	20,523	100,000	79,477	Mohammad Ghailb, Karachi.
<b>TOTAL 2009</b>	<b>824,000</b>	<b>690,837</b>	<b>133,163</b>	<b>300,000</b>	<b>166,837</b>	
<b>TOTAL 2008</b>	<b>2,767,162</b>	<b>2,188,865</b>	<b>578,497</b>	<b>1,049,925</b>	<b>471,428</b>	

	<b>JUNE 30, 2009 RUPEES</b>	<b>JUNE 30, 2008 RUPEES</b>
<b>11 Long Term Deposits</b>		
Security Deposits	<u>6,663,007</u>	<u>1,402,184</u>
<b>12 STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores	5,038,049	4,200,380
Spare parts	8,498,823	7,880,928
Loose tools	<u>892,556</u>	<u>1,019,550</u>
	<u>14,429,428</u>	<u>13,100,858</u>
<b>13 STOCK IN TRADE</b>		
Raw materials	7,609,910	10,668,745
Work in process	2,890,565	2,017,051
Finished goods	<u>4,766,703</u>	<u>679,859</u>
	<u>15,267,178</u>	<u>13,363,655</u>
<b>14 TRADE DEBTS (Unsecured-considered good)</b>	<u>36,740,363</u>	<u>20,670,401</u>

**GLOBE TEXTILE MILLS (OE) LIMITED**

<b>15</b>	<b>LOANS, ADVANCES AND OTHER RECEIVABLES</b>	June 30, 2009 Rupees	June 30, 2008 Rupees
	Advances for supplies	63,849,418	85,631,923
	Income tax refundable	1,529,021	1,277,709
	Loans and advances to employees (interest free)	728,750	474,070
		<u>66,107,189</u>	<u>87,383,702</u>
<b>16</b>	<b>CASH AND BANK BALANCES</b>		
	Cash In hand	23,123	26,237
	With banks in current accounts	171,122	25,249
		<u>194,245</u>	<u>51,486</u>
<b>17</b>	<b>TURNOVER</b>		
	Local	204,856,452	130,526,310
	Waste	2,036,538	4,431,661
		<u>206,892,990</u>	<u>134,957,971</u>
	Less:		
	Commission and brokerage	-	(726,186)
		<u>206,892,990</u>	<u>134,231,785</u>
<b>18</b>	<b>COST OF SALES AND SERVICES</b>		
	Opening Stock of finished goods	679,859	3,267,500
	Cost of goods manufactured (18.1)	187,280,600	131,060,692
		<u>187,960,459</u>	<u>134,328,192</u>
	Closing Stock of finished goods	4,766,703	679,859
	Cost of goods sold	<u>183,193,756</u>	<u>133,648,333</u>
<b>18.1</b>	<b>COST OF GOODS MANUFACTURED</b>		
	Raw materials consumed	104,007,889	71,299,899
	Stores consumed	6,418,287	1,837,487
	Salaries, Wages and benefits (18.3)	20,777,232	14,897,937
	Rent, Rates and taxes	730,490	625,537
	Fuel and power	32,288,167	19,266,741
	Insurance	1,744,928	2,035,375
	Packing material & Charges	3,319,216	1,644,162
	Repair and Maintenance	319,597	347,687
	Depreciation	17,735,900	19,439,463
	Other Manufacturing expenses	812,408	408,362
		<u>188,154,114</u>	<u>131,802,650</u>
	<b>Work-in-process</b>		
	Opening	2,017,051	1,275,093
	Closing	(2,890,565)	(2,017,051)
		<u>(873,514)</u>	<u>(741,958)</u>
		<u>187,280,600</u>	<u>131,060,692</u>

**GLOBE TEXTILE MILLS (OE) LIMITED.**

		June 30, 2009 RUPEES	June 30, 2008 RUPEES
<b>18.2 RAW MATERIAL CONSUMED</b>			
Opening Stock		10,666,745	35,452,939
Purchases during the year		100,951,054	46,513,705
		<u>111,617,799</u>	<u>81,966,644</u>
Less: Closing stock		7,609,910	10,666,745
		<u>104,007,889</u>	<u>71,299,899</u>
<b>18.3</b>	It includes Rs. 884,228 (2008: Rs.851,434) in respect of contribution towards approved defined provident fund scheme.		
<b>19 SELLING &amp; DISTRIBUTION COST</b>			
Yarn transportation		1,077,084	1,015,211
Clearing & Forwarding & commission & brokerage		338,941	152,232
		<u>1,416,005</u>	<u>1,167,443</u>
<b>20 ADMINISTRATIVE EXPENSES</b>			
Salaries and Benefits	Note-20.1	5,165,767	5,009,316
Vehicle running expenses		1,409,257	694,443
Postage, telegram, telephone and telex		777,755	641,771
Conveyance and traveling		234,465	19,565
Subscription, fees and legal charges		226,932	32,150
Printing, Stationery and other expenses		1,114,155	652,975
Repairs and Maintenance			31,780
Depreciation	Note-10.1	890,518	1,333,466
Auditors' remuneration	Note-20.2	150,000	141,350
Donations	Note-20.3		4,306
		<u>9,968,849</u>	<u>8,561,122</u>
<b>20.1</b>	It includes Rs.181,314/- (2008: Rs.109,612) in respect of contribution towards approved defined provident fund scheme.		

**GLOBE TEXTILE MILLS (OE) LIMITED.**

	<b>June 30, 2009 RUPEES</b>	<b>June 30, 2008 RUPEES</b>
<b>20.2 AUDITORS' REMUNERATION</b>		
Audit fees	150,000	125,000
Out of pocket expenses	-	16,350
	<u>150,000</u>	<u>141,350</u>
<b>20.3</b> None of the Directors or their spouses have any interest in any donee fund.		
<b>21 OTHER INCOME</b>		
Scrap Sale		-
Profit on TDR		-
Processing income/ other income		1,810,200
Profit on sale of Property, Plant & Equipment	166,837	471,428
	<u>166,837</u>	<u>2,281,628</u>
<b>22 FINANCE COST</b>		
Mark-up on short term running finance	6,824,081	6,094,226
Mark-up on long term Finance	4,521,274	5,206,581
Local bills discounting charges	30,441	1,831,743
Financial charges on lease finance	-	6,565
Bank charges	298,154	825,673
	<u>11,673,950</u>	<u>13,964,788</u>
<b>23 RECONCILIATION BETWEEN ACCOUNTING PROFIT AND TAX EXPENSES</b>		
Accounting Profit / (Loss)	807,267	(20,828,273)
Tax at the applicable rate of 35% ( 2008- 35% )	282,543	(7,289,896)
Depreciation during the year	-	20,772,929
Adjusted out of un-absorbed B/F depreciation loss of prior year	(282,543)	671,159
Others	-	(13,483,033)
	<u>-</u>	<u>671,159</u>
<b>23.1</b> The Company has brought forward tax losses which have absorbed tax profit for the year, Hence the Company has no tax Liability for the current year.		
<b>24 EARNING PER SHARE (Basic &amp; Diluted)</b>		
Net (Loss)/ Profit after tax attributable to ordinary shareholders	807,267	(21,499,432)
Weighted average number of ordinary shares	4,662,108	4,662,108
	<u>0.17</u>	<u>(4.61)</u>

There is no dilutive effect on the basic earning per share of the Company.

**GLOBE TEXTILE MILLS (OE) LIMITED.**

	<b>June 30, 2009 RUPEES</b>	<b>June 30, 2008 RUPEES</b>
<b>20.2 AUDITORS' REMUNERATION</b>		
Audit fees	150,000	125,000
Out of pocket expenses	-	16,350
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<b>24 EARNING PER SHARE (Basic &amp; Diluted)</b>		
Net (Loss)/ Profit after tax attributable to ordinary shareholders	<u>807,267</u>	<u>(21,499,432)</u>
Weighted average number of ordinary shares	4,662,108	4,662,108
Earning / Loss per share (Basic & Diluted)	<u>0.17</u>	<u>(4.61)</u>

There is no dilutive effect on the basic earning per share of the Company.



**GLOBE TEXTILE MILLS (OE) LIMITED.**

**25 Financial Instruments and Related Disclosures 2009 (Rupees)**

	Non Interest /Mark-up Bearing			Interest/Mark-up Bearing			Total (a+b)
	Maturity up to one year	Maturity after one year	Sub-Total (a)	Maturity up to one year	Maturity after one year	Sub- Total (b)	
<b>FINANCIAL ASSETS</b>							
Loans & advances to staff/employees	728,750	-	728,750	-	-	-	728,750
Long Term deposits	-	6,663,007	6,663,007	-	-	-	6,663,007
Trade debts	36,740,363	-	36,740,363	-	-	-	36,740,363
Cash & bank balances	194,245	-	194,245	-	-	-	194,245
	<b>37,663,358</b>	<b>6,663,007</b>	<b>44,326,365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,326,365</b>

**25 Financial Instruments and Related Disclosures 2009 (Rupees in Thousand)**

	Non Interest /Mark-up Bearing			Interest/Mark-up Bearing			Total (a+b)
	Maturity up to one year	Maturity after one year	Sub-Total (a)	Maturity up to one year	Maturity after one year	Sub- Total (b)	
<b>FINANCIAL LIABILITIES</b>							
Long term loans	-	-	-	12,568	105,002	117,570	117,570
Short term finance	-	-	-	57,989	-	57,989	57,989
Due to related parties	-	-	-	-	59,527	59,527	59,527
Creditors, accrued & other liabilities	-	-	-	67,958	-	67,958	67,958
	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,515</b>	<b>164,529</b>	<b>303,044</b>	<b>303,044</b>

**25 Financial Instruments and Related Disclosures 2008 (Rupees in Thousand)**

<b>FINANCIAL ASSETS</b>							
Loans & advances to staff/employees	474	-	729	-	-	-	729
Long Term deposits	-	-	-	-	-	-	-
Trade debts	20,670	-	36,740	-	-	-	36,740
Cash & bank balances	51	-	194	-	-	-	194
	<b>21,195</b>	<b>-</b>	<b>37,663</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,663</b>

# GLOBE TEXTILE MILLS (OE) LIMITED

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## Financial Instruments and Related Disclosures 2008 (Rupees in Thousand)

	Non Interest /Mark-up Bearing			Interest/Mark-up Bearing			Total (a+b)
	Maturity up to one year	Maturity after one year	Sub-Total (a)	Maturity up to one year	Maturity after one year	Sub- Total (b)	
<b>FINANCIAL LIABILITIES</b>							
Long term loans	-	-	-	15.738	124.813	140.551	140.551
Short term finance	-	-	-	86.228	-	86.228	86.228
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-
Creditors, accrued & other liabilities	-	-	-	54.289	-	54.289	54.289
	-	-	-	156.255	124.813	281.068	281.068

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

### 26 Financial Instruments & Risk Management

The Company issues financial instruments mainly to finance its operations. In addition, trade debts and trade creditors arise directly from the Company's operations.

The company finances its operations primarily by a mixture of issued share capital, retained profits, lease financing, redeemable capital and short term running finance. The Company borrows funds in local currency at fixed rate of mark-up basis.

#### Fair value of Financial Assets & Liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximates to their fair value.

#### Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company believes that it is not exposed to major concentration of credit risk.

#### Foreign Exchange Risk Management

The Company is not exposed to any significant foreign syndicate.

### 27 TRANSACTIONS WITH RELATED PARTIES

	June 30, 2009	June 30, 2008
Purchase of goods	-	-
Sales of goods/services	-	-
	-	-

**GLOBE TEXTILE MILLS (OE) LIMITED.**

**28 PAYMENTS MADE TO DIRECTORS/EXECUTIVES OF THE COMPANY**

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Directors and Executives of the Company were as follows:-

	For the year ended June 30, 2009			For the year ended June 30, 2008		
	Rupees			Rupees		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
Meeting fees	19,000	-	-	2,000	-	-
Managerial remuneration	193,500	645,140	1,716,500	-	-	1,655,250
House rent allowance	87,152	290,340	772,650	-	-	744,860
Conveyance allowance	-	-	-	-	-	-
Utilities allowance	19,348	64,520	171,650	-	-	165,525
Other benefits	-	-	-	-	-	-
	<u>319,000</u>	<u>1,000,000</u>	<u>2,660,800</u>	<u>2,000</u>	<u>0</u>	<u>2,565,635</u>
No. of persons	Six	One	Eight	Six	One	Nine

In addition Chief executive and the Executives are provided free use of Company's maintained vehicles.

		June 30, 2009	June 30, 2008
<b>29. PLANT CAPACITY</b>			
(a) Rotors installed		2,800	2,800
(b) Rotors worked during the year		2,800	2,800
(c) Installed capacity after converted into 20 counts	Kgs.	1,905,091	1,905,091
(d) Actual production of yarn of different counts	Kgs.	1,808,838	1,342,338
(e) Production of yarn after converted into 20 counts	Kgs.	1,677,436	962,417
(f) Number of shifts worked per day		Three	Three
(g) Reason for shortfall			

**30. MOVEMENT IN WORKING CAPITAL**  
(Increase)/Decrease in current assets

	June 30, 2009	June 30, 2008
	RUPEES	RUPEES
Stores, spares and loose tools	(1,328,570)	4,651,183
Stock-in- trade	(1,903,523)	26,631,877
Trade debts	(16,069,962)	3,852,385
Loans and advances	21,025,200	1,336,879
	1,723,145	36,472,324
Increase / (Decrease) in current liabilities		
Creditors, accrued & other liabilities	14,473,638	18,921,108
<b>Net changes in working capital</b>	<u>16,196,783</u>	<u>55,393,432</u>

**GLOBE TEXTILE MILLS (OE) LIMITED.**

31	<b>CASH AND CASH EQUIVALENTS</b>	<b>June 30, 2009 RUPEES</b>	<b>June 30, 2008 RUPEES</b>
	Cash and bank balances	194,245	51,486
	Short term running finance	(57,989,060)	(77,339,335)
		<u>(57,794,815)</u>	<u>(77,287,849)</u>

**32 NO. OF EMPLOYEES**

Total number of employees as at the balance sheet date was 127 (2008 :102).

**33 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 05, 2009 by the Board of Directors of the Company.

**34 GENERAL**

(i) Figures have been rounded off to the nearest rupee.

(ii) Previous year figures have been rearranged wherever necessary.

ARIF HAJI HABIB CHIEF EXECUTIVE

ARSHAD ARIF DIRECTOR



# Globe Textile Mills (OE) Limited

## Form of Proxy

I \_\_\_\_\_  
of \_\_\_\_\_  
being a member of GLOBE TEXTILE MILLS (OE) LIMITED and the holder of \_\_\_\_\_ (No. of shares)  
Ordinary Shares as per Share Register Folio No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ Folio No. \_\_\_\_\_  
as my proxy to attend and vote for me and on my behalf at the TWENTY NINETH ANNUAL GENERAL  
MEETING of the Company to be held on October 30, 2009 or any adjournment thereof.

1) Witness \_\_\_\_\_

Name \_\_\_\_\_

Signed by me this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Address \_\_\_\_\_

NIC NO. \_\_\_\_\_

Signed \_\_\_\_\_

Affix Revenue  
Stamp Rs.5.00

Notes:

- 1 Signature should tally with the specimen signature registered with the Company
- 2 This form of proxy, duly completed, witnessed and signed across five rupees Revenues Stamp, must be deposited at the Company's Registered Office not later than 48 hours before the meeting.
- 3 A proxy must be a member of the Company.

# **BOOK POST**

UNDER POSTAL CERTIFICATE

Scam

If undelivered, please return to:  
**GLOBE TEXTILE MILLS (OE) LIMITED**  
105, Ibrahim Trade Tower, Shahrah-e-Faisal,  
Karachi