



# Annual Report 2009

**NAZIR COTTON MILLS LTD**

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**36th Annual Report and Accounts  
For the year ended June 30,2009**

**In the Name of ALLAH the merciful, the compassionate**

**CONTENTS**

Company's Information .....	2
Vision Statement and Mission Statement .....	3
Statement of Ethics and Business Practices .....	4
Key Operating and Finance Data .....	6
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance .....	7
Notice of Annual General Meeting .....	8
Directors Report .....	9
Statement of Compliance with the Code of Corporate Governance .....	12
Auditors' Report .....	14
Balance Sheet .....	16
Profit and Loss Account .....	18
Cash Flow Statement .....	19
Statement of Changes in Equity .....	20
Notes to the Accounts .....	21
Pattern of Shareholding .....	38
Proxy Form	



## COMPANY'S INFORMATION

### Board of Director

Mian Shahzad Aslam                      Chief Executive Officer  
Mian Farrukh Naseem  
Mian Aamir Naseem  
Mr. Maqbool Hussain Bhutta  
Syed Arif Husain  
Mr. Khurram Abbas  
Mr. Nadeem Anjum

### Audit Committee:

Mian Aamir Naseem                      Chairman  
Mian Shahzad Aslam                      Member  
Mr. Khurram Abbas                      Member

### Chief Financial Officer:

Mr. Maqbool Hussain Bhutta

### Company Secretary:

Hassan-ud-Din Ansari

### Auditors:

SARWARS  
Chartered Accountants  
Off: # 3, 2nd Floor, Leeds Center,  
Main Boulevard Gulberg III, Lahore.

### Bankers:

National Bank Of Pakistan  
Habib Bank Ltd.  
Muslim Commercial Bank Ltd.  
Samba Bank Ltd.  
Soneri Bank Ltd.  
Askari Commercial Bank Ltd.

### Registered Office:

11-A-1, Block H, Gulberg II, Lahore.  
Ph: 042-35777047, Fax: 042-35777046

### Mill:

8-Km, Faisalabad Road, Aslamabad,  
Kharianwala, Sheikhupura.  
Ph: 056-3612397



## **VISION STATEMENT**

We aim at seeing our Mills to be a model manufacturing unit producing high quality yarn by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customer's satisfaction. We wish to play a leading role in the spinning sector by keeping a substantial presence in the export and local markets.

## **MISSION STATEMENT**

1. To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive quality environment.
2. To make strenuous efforts to enhance profitability of the mills ensuring a fair return to the investors, shareholders and employees of the Company.
3. To exercise maximum care for improvement of quality of our products by employing a team of high skilled technicians and professional managers.
4. To strive hard to develop new markets for the sale of our products in export and local markets.
5. To improve customer's satisfaction level by adhering strictly to quality requirements of our customers in local and export markets and by improving communications with customers for receiving prompt feed backs about quality of our products.
6. To attend to the prompt resolution of customer's complaints by taking timely corrective measures to re-dress the quality complaints.
7. To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.
8. To make comprehensive arrangement for the training of our workers/technicians.
9. To promote team work, sense of transparency and creativity in our professionals and technical people.



## STATEMENTS OF ETHICS AND BUSINESS PRACTICES

**NAZIR COTTON MILLS LIMITED** has laid down the following business ethics and principles, the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's business in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these ethics is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

### 1. Conflict of interest

All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

- a) In effecting the purchase for the company and selling its products, the Directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or service to the company or buying its products.
- b) The staff members should not engage in any outside business while serving the company.
- c) Staff member's are not permitted to conduct personal business in company's premises or use company's facilities for the same.
- d) If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

### 2. Confidentially

All staff members are required not to divulge any secrets / information of the company to any outside even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

### 3. Kickbacks

All staff members are strictly forbidden not to accept any favour, gifts or kickbacks from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

### 4. Proper Books of Accounts

All funds, receipt and disbursements should be properly recorded in the accounts books of the company. No false or fictitious entries should be made or misleading statement pertaining to the company or its operation should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

**5. Relationship with Government officials suppliers and agents etc.**

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult the management.

**6. Health and Safety**

Every staff members is required to take care of his health and safety and of those working with him. The management's responsibility for keeping its staff members insured government rules and regulations.

**7. Environment**

To preserve and protect the environment all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communicates, and strive contiguously to improve environmental awareness and protections.

**8. Alcohol, Drugs**

All types of gambling and betting at the company's work places strictly forbidden. Also taking of any alcohols or drugs inside the work place is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

**9. Coordination among staff members to maintain Discipline**

All staff members will work in close coordination with their co-workers, superiors and colleagues. Every member will cooperate with other members so that the company's work carried out effectively and efficiently. All case of non-cooperation among staff members should reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

**10. Workplace harassment**

All members of the staff will provide an environment that free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

**KEY OPERATING AND FINANCIAL DATA****OPERATING**

( Rupees in Thousands)

	2009	2008	2007	2006	2005	2004
Sale	-	166	57,346	195,721	156,963	177,581
Gross Profit / (Loss)	-	(156)	(16,703)	(11,323)	(11,365)	(13,824)
Operating Profit/(loss)	-	(7,108)	(19,059)	(20,099)	(17,830)	(22,633)
Profit/(Loss) before tax	(2,273)	(6,111)	(19,141)	12,547	(14,088)	(28,226)
Tax	229	0.831	287	979	0.785	(0,888)
Profit/(Loss) after tax	(2,502)	(6,112)	(19,428)	11,568	13,303	(29,115)
Total Assets	123,597	129,334	148,606	162,421	169,921	170,036
Current Liabilities	30,943	33,953	28,293	32,456	42,548	146,600
	92,654	95,381	120,313	129,965	127,373	23,436

**REPRESENTED BY**

Share Capital	(113,267)	(113,765)	(199,877)	(100,783)	(111,238)	(11,708)
Reserves	45,630	45,630	45,630	46,046	46,064	46,064
Equity	(67,637)	(68,135)	(74,247)	(54,737)	(65,174)	(71,021)
Long Term Loans & Leases	191,234	191,642	198,548	184,702	182,548	94,457
	(123,597)	(123,507)	(124,298)	(129,965)	117,374	23,436



## **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 NAZIR COTTON MILLS LIMITED as at June 30, 2009, to comply with the listing regulation No. 37 (Chapter XI) of the Karachi Stock Exchange (Guarantee Limited), where the company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, 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, 2009.

**SARWARS  
CHARTERED ACCOUNTANTS**

Date : October 10, 2009  
Place: LAHORE



**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 36<sup>th</sup> Annual General Meeting of the Shareholders of NAZIR COTTON MILLS LIMITED will be held at Company's Registered Office, 11-A-1, Block H, Gulberg II, Lahore on October 31, 2009 (Saturday) at 10:00 AM to transact the following business:

1. To confirm the minutes of the Annual General Meeting of the Company held on October 31, 2008.
2. To receive, consider and adopt the Audited Accounts of the Company for the Period ended June 30, 2009 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors and fix their remuneration for the year ended June 30, 2009
4. To consider any other business which may be placed before the meeting with the permission of the Chair.

By Order of the Board

Lahore:

Dated: October 10, 2009

**(MIAN SHAHZAD ASLAM)**

Chief Executive

Notes:

1. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective, must be received at 11-A-1, Block H, Gulberg II, Lahore the Registered Office of the Company not later than 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.
2. The Share Transfer Books of the Company will remain closed from October 24, 2009 to October 31, 2009 (both days inclusive).
3. Members are requested to immediately notify the change in their addresses, if any.



## DIRECTORS' REPORT TO THE MEMBERS

**Dear Shareholders,**

The Directors are pleased to present Annual Report along with Audited Financial Statements of the Company comprising Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year ended June 30, 2009 and welcome you to the 36<sup>th</sup> Annual General Meeting of the Company.

### Financial Results

The year under review was not good as the textile industry in Pakistan is still facing difficult period. The Financial Results of the Company for the year under review are as under: -

	<b>2009</b>	2008
	<b>Rupees</b>	Rupees
<b>Operating Profit/(Loss)</b>	(7,967,362)	(7,108,455)
Financial and Other Charges	(2,821)	(4,566)
Other Income	5,696,964	1,001,479
<b>(Loss)/Profit Before Taxation</b>	<b>(2,273,219)</b>	<b>(6,111,542)</b>
Taxation	(228,500)	(831)
<b>(Loss)/Profit After Taxation</b>	<b>(2,501,719)</b>	<b>(6,112,373)</b>
Accumulated Loss Brought Forward	(369,075,652)	(362,963,279)
<b>Loss Available for Appropriation</b>	<b>(371,577,371)</b>	<b>(369,075,652)</b>

The Financial Results for the year under review are identical with last year. The Operation of the mills remain closed during the year. The reason for closure of mill was due to extensive load shedding in the country, adverse textile condition and increase in the cost of production. The management extensively working on the reveal plan and it is expected to restart the operation soon.

### Earning Per Share

The profit per share for the period under review is Rs. (0.11) in comparison to per share of Rs. (0.27) in the preceding year.

### Dividend

No dividend has been declared by the Company during the year due to heavy losses.

### Future Prospects

The Management has made serious efforts to resume the operation of the company and is hope full if the economics factors become favorable, the company will be able to restart its operation process.

### Corporate and Financial Reporting Framework

- a). The financial statements prepared by the management of the Company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b). Proper books of account of the Company have been maintained.
- c). Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.

- d). International Accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e). The system of internal control is sound in design and has been effectively implemented and monitored.
- f). i) The auditors have qualified on Company's ability to continue as going concern. Due to continued textile crises, the company could not operate during the year. However, the management has made serious efforts and also drawn up business plan and is hopeful, if economic factors favour textile industry, it would be starting production operation. It may not be out of place to mention that the government has announced favorable textile policies and is seriously looking into the resolution of problems faced by textile industry.
- ii) As regard the verification of balances of bank loans of Rs. 70.210 millions, sundry creditors Rs. 4.861 millions, accrued mark-up Rs. 0.967 million, short term running finances Rs. 10.00 millions, long term investment of Rs. 5,000 deposits, prepayments and other receivables Rs. 14.271 millions, the management fully co-operate with the Auditors and request for confirmation certificates were duly circularized as required by the Auditors. However, no replay was received from the banks and other parties by the them. It may not be out of place to mention that the under line primary record as regard to the above were shown to the Auditors as alternates evidences. However the Auditors did not make any arrangement with the management to send reminders or asked to right to competent authorities in this respect. It proves the negligence of the Auditors.
- iii) As regard the non provision of current markup on bank loans, the management did not receive Management Letter form the Auditors and informed the Auditors that the management is willing to provide markup on loans after the receipt of draft Audit Report.
- vi) As regard the reversal of frozen markup of Rs. 26.32 million in June 2006, the management did not receive Management Letter form the Auditors and informed the Auditors that the management is willing to reinforce the above amount of frozen markup, after the receipt of draft Audit Report.
- v) As regarding reclassification of current portion of long term loans amounting to Rs. 60.532 million, the management did not receive Management Letter form the Auditors and inform the Auditors, after the receipt of draft Audit Report, that the management is willing to reclassify the above said current portion of long term loan as the auditors will suggest, But the Auditors did not give any chance to change the financial statements, but just qualify the report.
- iv) Reading to the non provision of deprecation of Rs. 3.83 million (2008: Rs. 3.759 million), the management did not receive Management Letter form the Auditors and informed the Auditors after the receipt of draft Audit Report, that the management is agree with the auditor and will be provide above said deprecation in current as well as in prior years to remove the qualification from the report. The auditors replied that if the qualification number two to six is removed as the managements is showing their willingness to accept the Auditor's point of view, then he have to issue unqualify report. But they have decided to issue qualify report because last year they have issued the qualify report, so they cannot issue unqualify report for current year. So, the auditor did not give the management any chance to change the financial reports.



- g). There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- h). Key Operating and Financial Data for the last six (6) year in summarized form is annexed.
- i). There are no overdue taxes and levies as on 30<sup>th</sup> June 2009,
- j). Pattern of Shareholding and Additional information is annexed.
- k). During the year Directors, Chief Executive, Chief Financial Officer, Company Secretary their Spouses and Minor children were not involved in the trading of the shares of the company.
- m). The roles of Chairman and Chief Executive are separate and have clearly defined.

### Board of Directors Meeting

During the year, four (4) meetings of the Board of Directors were held. Attendance by each Director at the Board Meeting is as under:-

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Mian Shahzad Aslam	4
Mian Farrukh Naseem	4
Mian Aamir Naseem	4
Maqbool Hussain Bhutta	4
Syed Arif Husain	4
Mr. Khurram Abbas	4

Director who could not attend Board Meetings due to illness or some other engagements were granted leave of absence in accordance with the law.

### Audit Committee

The Board of Directors in compliance of Code of Corporate Governance has established an Audit Committee and the following Directors are its members.

Mian Aamir Naseem	Chairman
Mian Shahzad Aslam	Member
Mr. Khurram Abbas	Member

### Auditors

The Board of Directors has recommended for appointment of M/S SARWARS Chartered Accountants (Retiring Auditors).

### ACKNOWLEDGEMENT:

The Directors wish to place on record their sincere appreciation for the Company's employees at all levels for their dedicated efforts and efficiency. They also wish to put on record their thanks for the co-operation and support extended by the shareholders, the Company's Bankers, Financial Institutions, Customers and Suppliers of the Company.

For and on behalf of the Board

Lahore

Dated: October 10, 2009

(MIAN SHAHZAD ASLAM)  
Chief Executive



## **STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of stock exchanges in Pakistan 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 the representation of non-executive director on its Board of Directors. At present the Board of Director includes six non-executive directors which is expected to be changed in next election of Director**
- 2. The director have confirmed that none of them is serving as a director in more than ten listed companies, including this company.**
- 3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange has been declared as a defaulter by that stock exchange.**
- 4. No casual vacancy occurred in the Board during the year.**
- 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 are under process of approval.**
- 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 Chariman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes were appropriately recorded and circulated.**
- 9. The Chief Executive recommends that members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.**
- 10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.**
- 11. The Director' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.**
- 12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.**



- 13. The director, CEO and executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.**
- 14. The Company has complied with all the corporate and financial reporting requirements of the Code.**
- 15. The Board has formed an audit committee. It comprise four members, of whom three are non-executive directors including the chairman of the committee.**
- 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. The terms of reference of the committee have been formed and advised to the committee for compliance.**
- 17. The Board has set up an effective internal audit function.**
- 18. The statutory auditors of the Company have confirmed that 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 the Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountant of Pakistan.**
- 19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.**
- 20. We confirm that all other material principles contained in the Code have substantially complied with.**

**Lahore**  
**Dated: October 10, 2009**

**(MIAN SHAHZAD ASLAM)**  
Chief Executive

**NAZIR COTTON MILLS LIMITED****AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of NAZIR COTTON MILLS 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 except for the matters stated in para 1 to 6, 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:-

1. As stated in note 1 to the financial statements, the company has incurred after tax loss of Rs. 2.502 millions for the year and its accumulated losses as at June 30, 2009 aggregated Rs. 371.577 millions. The total liabilities exceed its total assets by Rs. 98.580 millions and current liabilities of Rs. 30.943 millions exceed the current asset of Rs. 25.726 millions by Rs. 5.217 millions. Furthermore, the management has closed down the factory and till date of signing of audit report production activities remained suspended. The foregoing conditions and facts detailed below indicate material uncertainty which cast a significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of its business. Despite this fact, the company has prepared its accounts on going concern basis. Consequently the financial statements (and notes thereto) do not disclose the adjustments required to the amount of recorded assets, liabilities and their classification.
2. The balances of bank loans Rs. 70.210 millions (note # 5 & 9), sundry creditors Rs. 4.861 millions (note # 6), accrued mark-up Rs. 0.967 million (note # 7), short term running finances Rs. 10.00 millions (note # 8), long term investment of Rs. 5,000 (note # 13) deposits, prepayments and other receivables Rs. 14.271 millions (note # 18) remained unverified and unsubstantiated for want of confirmatory certificates.
3. The company has not made provided current markup on bank loans and has thus understated its liability and consequential losses to that extent. (Refer note # 5.5)
4. The Company has reversed frozen mark up in June 2006 amounting to Rs. 26.332 millions without any settlement agreement with the bank, which practice in our opinion is not in accordance with International Accounting Standards.
5. The current portion of Rs. 60.532 Millions of long term loans has not been reclassified as current liability (Refer Note 5A). Had the current portion been provided, long term loans would have been lower by Rs. 60.532 Million and current liabilities would have been higher by the same amount.



6. The company has not provided depreciation to the extent of Rs. 3.383 millions (2008: Rs. 3.759 Million) relating to plant and machinery, which remained closed during the year, which is not in accordance with International Accounting Standards. Had this depreciation been provided loss for the year would have been higher by the same amount [Refer note 12.3 & 12.4]. The accumulated effect of not providing depreciation on profit and loss account would have been Rs. 30.716 millions (2008: Rs. 27.332 millions).
- 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. except for the observations stated in para 1 to 6 above and the extent to which these may effect the annexed financial statements, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan except as stated in paragraphs 1 to 6 and give the information required by the Companies Ordinance, 1984, in the manner so required. Further, in our opinion, because of the significance of the matter reported in para 1 to 6 above, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof do not 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 and Ushr Ordinance, 1980 (XVIII of 1980).

Date: October 10, 2009  
Place: Lahore.

SARWARS  
Chartered Accountants



**BALANCE SHEET AS**

	<b>NOTE</b>	<b>2009 Rupees</b>	<b>2008 Rupees</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Capital:			
25,000,000 ordinary shares of Rs.10 each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid up capital	<b>3</b>	<b>230,000,000</b>	230,000,000
Reserves and deficit	<b>4</b>	<u>(328,579,771)</u> <b>(98,579,771)</b>	<u>(326,262,036)</u> (96,262,036)
<b><u>NON CURRENT LIABILITIES</u></b>			
Long term Loans	<b>5</b>	<b>191,234,080</b>	191,642,539
<b><u>CURRENT LIABILITIES</u></b>			
Trade and Other Payables	<b>6</b>	<b>8,732,276</b>	11,609,846
Accrued Mark up - On Secured Loans	<b>7</b>	<b>966,581</b>	966,531
Short term running finances	<b>8</b>	<b>10,000,000</b>	10,000,000
Current portion of long term Liabilities	<b>9</b>	<b>9,678,000</b>	9,813,000
Provision for taxation	<b>10</b>	<b>1,565,877</b>	1,564,377
		<b>30,942,734</b>	33,953,804
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>11</b>	-	-
		<u><b>123,597,043</b></u>	<u>129,334,357</u>

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



## AT JUNE 30, 2009

	NOTE	<u>2009</u> Rupees	<u>2008</u> Rupees
<b><u>ASSETS</u></b>			
<b><u>NON CURRENT ASSETS</u></b>			
Property, Plant and Equipment	12	96,799,144	99,951,200
Long Term Investments	13	771,600	587,616
Long Term Deposits	14	300,160	314,160
<b><u>CURRENT ASSETS</u></b>			
Stores and spares		3,125,702	4,016,337
Stocks in trade	15	1,116,987	1,116,987
Trade debts	16	3,247,868	4,791,866
Loans and Advances	17	2,432,538	2,815,340
Deposits, prepayments and other receivables	18	15,558,577	15,546,776
Cash and bank balances	19	244,467	194,075
		25,726,139	28,481,381
		<b>123,597,043</b>	<b>129,334,357</b>

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

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>NOTE</u>	<u>2009</u> Rupees	<u>2008</u> Rupees
Sales - net	20	-	166,250
Cost of sales		-	(156,096)
<b>Gross (Loss)/Profit</b>		-	10,154
Operating expenses:			
Administrative	21	(7,967,362)	(7,118,609)
Selling and distribution		-	-
		(7,967,362)	(7,118,609)
<b>Operating Loss</b>		(7,967,362)	(7,108,455)
Other income	22	5,696,964	1,001,479
		(2,270,398)	(6,106,976)
Financial and Other Charges	23	(2,821)	(4,566)
Workers' Profit Participation Fund		-	-
		(2,821)	(4,566)
<b>Loss before Taxation</b>		(2,273,219)	(6,111,542)
Taxation - Current	24	(228,500)	(831)
<b>Loss after Taxation</b>		(2,501,719)	(6,112,373)
<b>(Loss) / Earnings per Share - Basic</b>	25	(0.11)	(0.27)

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

**CHIEF EXECUTIVE****DIRECTOR**

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2009

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2009</b> <b>Rupees</b>	<b>2008</b> <b>Rupees</b>
Profit before taxation	(2,273,219)	(6,111,542)
Adjustment for:		
Depreciation	3,193,756	3,557,377
Other Income	-	-
Balances written Back	-	(271,131)
Financial charges	2,821	4,566
	<b>3,196,577</b>	<b>3,290,812</b>
Operating (Loss) before working capital changes	<b>923,358</b>	<b>(2,820,730)</b>
(Increase)/decrease in current assets:		
Stores and spares	890,635	1,247,625
Stock in trade	-	156,096
Trade debts	1,543,998	(1,701,722)
Loans and Advances	382,802	-
Deposits, prepayments and other receivables	2,199	48,475
	<b>2,819,634</b>	<b>(249,576)</b>
Increase/(decrease) in current liabilities:		
Trade and Other Payables	(2,877,570)	507,252
Cash generated from operations	<b>865,422</b>	<b>(2,563,054)</b>
Income tax paid	(227,000)	(2,384)
Financial charges paid	(2,821)	(4,566)
Net Cash Inflow/(Outflow) from Operating Activities	<b>635,601</b>	<b>(2,570,004)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital expenditures	<b>(41,700)</b>	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of sponsors' loan	1,625,000	2,776,000
Loan from related parties	(2,033,509)	-
Long term loan paid	(135,000)	-
Short term running finances	-	(270,000)
Net Cash Inflow/(Outflow) from Financing Activities	<b>(543,509)</b>	<b>2,506,000</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>50,392</b>	<b>(64,004)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>194,075</b>	<b>258,079</b>
<b>Cash and Cash Equivalents at the End of Year</b>	<b>244,467</b>	<b>194,075</b>

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

CHIEF EXECUTIVE

DIRECTOR



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2009**

	Share Capital	Share Deposit Money	Capital	Reserves		Accumulated Loss	Total
				Investment	Revaluation		
<b>Balance as at June 30, 2007</b>	230,000,000	-	434,000	(2,893,915)	45,630,000	(362,963,279)	(89,793,194)
(Deficit)/Surplus on revaluation of Investment	-	-	-	(356,469)	-	-	(356,469)
Profit for the year after taxation	-	-	-	-	-	(6,112,373)	(6,112,373)
<b>Balance as at June 30, 2008</b>	230,000,000	-	434,000	(3,250,384)	45,630,000	(369,075,652)	(96,262,036)
Surplus/ (Deficit) on revaluation of Investment	-	-	-	183,984	-	-	183,984
Profit for the year after taxation	-	-	-	-	-	(2,501,719)	(2,501,719)
<b>Balance as at June 30, 2009</b>	230,000,000	-	434,000	(3,066,400)	45,630,000	(371,577,371)	(98,579,771)

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

**CHIEF EXECUTIVE**

**DIRECTOR**

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED JUNE 30, 2009

#### THE COMPANY AND ITS OPERATIONS

The Company is a Public Limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and its shares are quoted on Karachi Stock Exchange of Pakistan. The Company is engaged in manufacture and sale of Yarn of all types. The registered office of the Company is situated at 3-Saint John Park Lahore Cantt. The manufacturing unit is located at 8-KM, Faisalabad Road, Aslamabad, Kharianwala, Sheikhpura.

#### Note 1

##### Going concern assumption

The Company has incurred after tax loss of Rs. 2.502 million and has accumulated loss of Rs.371.577 million. Its total liabilities exceed its total assets by Rs. 98.580 million, and current liabilities exceed its current assets by Rs. 5.217 millions as at June 30, 2009. These factors raise doubts about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, any adjustments relating the recoverability of recorded assets and settlement of recorded liabilities have not been incorporated in these accounts. The Board of Directors have unanimously approved to re-start the commercial operation of the company in the foreseeable future when the textile market conditions turns favorable.

During the year the operational activities remained suspended due to unfavourable business condition and electricity crises. The Board of Directors is under negotiation with lenders for financial support at favourable terms.

#### Note 2

##### SIGNIFICANT ACCOUNTING POLICIES

#### 2.1- 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 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 of and directives issued under the Companies Ordinance, 1984 shall prevail.

#### 2.2- Forth Coming Requirements

Following standards, amendments and interpretations of approved accounting standards are only effective for accounting period beginning from the dates specified below. These Standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increase in disclosures in certain cases:

- Revised IAS-1 Presentation of financial statements
- Revised IAS-23 Borrowing costs
- Amendments in IAS-32 Financial Instruments
- Amendments in IAS-39 & IFRIC-9 Embedded derivatives
- Amendments in IFRS-2 Shares-based Payment
- Revised IFRS-3 Business Combination
- Amendments in IFRS 7 Improving disclosures of Financial Instruments
- IFRS-8 Operating Segments
- IFRIC-15 Agreements for Construction of Real Estate
- IFRIC-16 Hedge of Net Investment in Foreign Operation
- IFRIC-17 Distributions of Non-Cash Assets to Owners
- IFRIC-18 Transfers of Assets from Customers



The International Accounting Standards Board (IASB) made certain amendments to existing standards as part of its first annual and second annual improvement projects. The effective dates for these amendments vary by standard and most will be applicable to the company's 2010 financial statements.

## 2.3- Functional and Presentation Currency

These financial statements are prepared in Pakistani Rupees which is the company's functional currency.

## 2.4- Accounting convention

These accounts have been prepared under the historical cost convention without any adjustment for the effect of inflation or reference to current values, except for investments which are stated at fair values, without accounting for changes effecting going concern.

## 2.5- Critical accounting estimates and judgements

Preparation of financial statements in conformity with approved accounting standards require the use of certain critical accounting estimates. It also requires the management to exercise its judgments in the process of applying company's policies. Estimates and judgments are continually evaluated and are based on historical experience, including future events expectations. The areas where assumptions and estimates are significant to the company's financial statements are exercised for calculation of provision for doubtful balances, provision for income taxes, useful life and residual values of property plant and equipment.

## 2.6- Staff retirement benefits

### Defined contribution plan

The Company operates a recognized provident fund scheme for all its permanent employees. Monthly contribution is made to the fund at the rate of 6.25% of basic salary of the employees. There are no employees falling under the gratuity scheme as at June 30, 2009 .

## 2.7- Provisions

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

## 2.8- 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 the future for goods and services received, whether or not billed to the Company.

## 2.9- Taxation

### Current:

The charge for current taxation for the year is based on taxable income at current rates of taxation taking into account tax rebates and credits available, if any.

### Deferred:

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**2.10- Foreign currency translation**

Transactions in currencies other than Pak rupee are recorded at the rates of exchange prevailing on the dates of transactions. At each balance sheet date monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet dates except where forward exchange contracts have been entered into wherein the rates contracted for are used. Gains/(losses) due to exchange fluctuations are included in net profit and loss for the period.

**2.11- Property , Plant and Equipment - Tangible**

These are stated at cost less accumulated depreciation and impairment loss, if any. Cost of Property, plant and Equipment consists of historical cost, applicable foreign currency exchange rate differences, borrowing cost pertaining to the erection period and directly attributable cost of bringing the assets to working condition.

Depreciation has been provided for on reducing balance method at the rates specified in the relevant note. Depreciation is charged on the basis of number of days the asset remain in use of the company.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains / (losses) on disposal of operating fixed assets are recognized in current year's income.

**2.12- Accounting for leases**

Assets subject to finance lease are stated at 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. Financial charges are allocated to the accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liabilities. Depreciation on these assets is charged in line with normal depreciation policy adopted for assets owned by the company.

**2.13- Investments**

All investments are initially recognized at cost, being fair value of the consideration given including acquisition charges associated with investments and are classified as either Held for Trading or Available for Sale. After initial recognition, investments Held for Trading or Available for Sale are measured at fair value.

Gains and losses on Investments Held for Trading are recognised in income. Gains and losses on Investments Available for Sale are recognised as separate component of equity until investments are sold, disposed off or determined to be impaired, at which time the accumulated gain/loss previously reported in equity is included in income.

**2.14- Stores and spares**

These are valued at moving average cost. Items in transit are valued at cost comprising invoice value and other incidental charges thereon.

**2.15- Stocks in trade**

Raw materials	- at annual average cost
Work in process	- at estimated average cost
Finished goods	- at average manufacturing cost or net realizable value which ever is lower
Wastes	- at net realizable value

Net realizable value signifies the prevailing market prices in the ordinary course of business less selling and distribution expenses incidental to sales.

Raw materials in transit are valued at cost comprising invoice value plus incidental charges paid thereon.



**2.16- Trade debts**

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts, if any, are written off as incurred.

**2.17- Financial instruments**

Financial instruments are recognized in the financial statements when the Company becomes a party to the contract and ceases to recognize when it loses control of contractual rights, in case of financial assets, and in case of financial liability when liability is extinguished. Any gain or loss on subsequent remeasurement / derecognition is charged to income.

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

**2.18- Borrowing costs**

Borrowing costs are charged to income as and when incurred except to the extent costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of asset.

**2.19- Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

**2.20- Revenue recognition**

Revenue is measured at the fair value of consideration received or receivables and represent the amounts received or receivable for goods and services providing in the normal course of business.

- Local sales are recognized on dispatch of goods to customers.
- Profit on bank deposits is recognized on a time proportion basis that takes into account the effective yield on the deposits.
- Dividend on equity Investments is recognized as income when the right to receive the Dividend is established.

**2.21- Cash And Cash Equivalent**

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and deposits in banks.

**2.22- Related Party Transactions**

All transactions between company and related party are accounted for at arm's length price in accordance with 'Comparable Uncontrolled Price Method'.



## Note 3

**ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

<u>2009</u>	<u>2008</u>	<u>NOTE</u>	<u>2009</u>	<u>2008</u>
No. of shares			Rupees	Rupees
20,312,530	20,312,530	Ordinary shares of Rs.10 each fully paid up in cash	203,125,300	203,125,300
370,000	370,000	Ordinary shares of Rs. 10 each issued as fully paid in consideration of property and assets of "Sargodha Textile Mills Limited" as per bifurcation scheme approved by the Honorable High Court in the year 1974	3,700,000	3,700,000
2,317,470	2,317,470	Ordinary shares of Rs.10 each issued as bonus shares	23,174,700	23,174,700
<u>23,000,000</u>	<u>23,000,000</u>		<u>230,000,000</u>	<u>230,000,000</u>

## Note 4

**RESERVES AND DEFICITS**

Capital reserve		434,000	434,000
Investment revaluation reserve		(3,066,400)	(3,250,384)
Revenue reserves:			
- General reserve		45,630,000	45,630,000
- Accumulated loss		(371,577,371)	(369,075,652)
		(325,947,371)	(323,445,652)
		<u>(328,579,771)</u>	<u>(326,262,036)</u>

## Note 5

**LONG TERM LOANS**

Loans from Banking Institutions - Secured	5 A	60,531,984	60,531,984
Deferred Sponsors Loan - Un secured	5 B	97,950,828	96,325,828
Loans from Related parties - Un secured	5 C	32,751,268	34,784,777
		<u>191,234,080</u>	<u>191,642,589</u>

## Note 5 A

**LOANS FROM BANKING INSTITUTIONS - SECURED**

## Bank loans:

- Habib Bank Limited	5.1	9,678,000	9,678,000
- Samba Bank Limited (Formerly Crescent Commercial Bank Ltd)	5.2	42,833,598	42,833,598
- Islamic Investment Bank Limited	5.3	17,698,386	17,698,386
- United Bank Limited	5.4	-	135,000
		<u>70,209,984</u>	<u>70,344,984</u>
Less: Current portion including overdue		(9,678,000)	(9,813,000)
		<u>60,531,984</u>	<u>60,531,984</u>

**5.1 Habib Bank Limited**

Demand finance		9,678,000	9,678,000
Less: Current portion including overdue		(9,678,000)	(9,678,000)
		<u>-</u>	<u>-</u>

State Bank of Pakistan committee for resolution of cases vide their meeting held on 29 December, 2004 has settled the outstanding liability of the Company which had resulted in reduction in the liability of the Company. The liability of HBL was settled at Rs. 10.754 million without any further mark up. Down payment of 10% of the settled liability, Rs.1.076 million, was paid by the company in May 2005. Balance amount of Rs.9.678 million is payable in 12 quarterly installments of Rs.0.806 million each, commencing from the date of settlement agreement which is under process. This have been stated at their fair value at balance sheet date. In case of default in payment of settlement installment the above arrangement would be cancelled and the Bank would be entitled to recover entire outstanding liability.

The loan is secured against equitable mortgage charge on all the entire present and future fixed assets, hypothecation charge on all the present and future current assets and personal guarantees of all the directors of the company.

The company has not been providing any mark-up on this loan. The company is of the view as the matter is subjudice before the courts, no markup is leviable/payable.

	<u>2009</u> Rupees	<u>2008</u> Rupees
<b>5.2 Samba Bank Limited</b> <b>(Formerly Crescent Commercial Bank Ltd)</b>		
Balance at the end of the year	<b>42,833,598</b>	42,833,598
	<b><u>42,833,598</u></b>	<b><u>42,833,598</u></b>

This loan was created by payment of mark-up, exchange risk fee, letter of credit and letter of guarantee commissions on machinery suppliers' credit obtained (on a guarantee established by Doha Bank Limited) from Toyota Tsusho (Hong Kong) Co. Limited.

State Bank of Pakistan committee for resolution of cases vide their meeting held on 29 December, 2004 had settled the outstanding liability of the Company which had resulted in reduction in the liability of the Company. The liability of Samba Bank Limited (Formerly Crescent Commercial Bank Ltd) was settled at Rs. 230.775 million without any further mark up. Out of the total liability of Samba bank Limited (Formerly Crescent Commercial Bank Limited), Nazir Cotton Mills Limited is treating 22.5% as its liability and balance liability i.e. 77.5% is appearing in the books of Silver Fiber Spinning Mills Limited, Whereas, bank is treating entire liability as those of Nazir Cotton Mills Limited (Refer note 12.b). As per settlement deed dated May 30, 2006, Honorable Lahore High Court has settled the liabilities of Samba Bank Limited (Formerly Crescent Commercial Bank Limited) in accordance with BPD Circular 29 dated December 29, 2004. Down payment of 10% of the settled liability of Rs. 5.192 million was paid by the company during the year ending June 30, 2006. Balance amount of Rs. 46.728 million is payable in 12-equal quarterly installments in three years from the date of signing of agreement.

In the earlier years, the company has paid an installment of Rs.3.894 million to the Bank. However, the company filed a suite before Honorable Sindh High Court. The Honourable Sindh High Court decided that the matter be remanded back to State Bank of Pakistan for decision afresh under BPD Circular 29. The Samba Bank Limited (Formerly Crescent Commercial Bank Limited) filed petition in the Honourable Supreme Court of Pakistan against judgment of Honourable Sindh High Court, which is pending for adjudication. In the event of default in two consecutive installments the deed of settlement shall stand withdrawn and the bank shall be entitled to recover entire outstanding liability. Samba Bank Limited (Formerly Crescent Commercial Bank Limited) has filed petition before the Honourable Supreme Court of Pakistan against the order of Honorable Sindh High Court (refer note 12.c.).

As the case is pending before the Honorable Supreme Court of Pakistan, the Board of Directors are of the firm opinion that there is no need to provide current portion.

The company has not been providing any mark-up on this loan. The company is of the view as the matter is subjudice before the courts, no markup is leviable/payable.

### 5.3 Islamic Investment Bank Limited

Principal payable	5.3.1	<b>17,698,386</b>	17,698,386
		<b><u>17,698,386</u></b>	<b><u>17,698,386</u></b>

- 5.3.1**
- The bank entered into a restructuring memorandum with the Company on December 31, 1998. The prime covenants of the restructuring agreement are as follows:
  - The loan shall be repayable in sixteen quarterly installments w.e.f. April 1, 1999.
  - Mark-up @ 20% per annum shall be charged.
  - Accrued mark-up will be frozen and kept in a separate account. The new mark-up on diminishing principal would also be kept in same account and repayment of this mark-up shall start from April 1, 2003 subject to the entire repayment of the loan account # 01.



This loan and mark-up account are secured by:

- Personal guarantee of directors except nominee director.
- Mortgage of fixed assets to the tune of Rs.20 million.
- Lien on shares of Sajjad Textile Mills Limited.

**5.3.1 (a)** The company has not provided mark up for the year amounting to Rs. 3.540 million (June 30, 2008: Rs. 3.540 million) accumulated up to June 30, 2009 is Rs. 16.814 million (June 30, 2008: Rs. 13.274 million), as in the opinion of the management mark up will not be charged as the company has filed a suit against the bank (Refer note # 11). Since, the case is pending before the Honorable court and in the opinion of the management no amount will be payable in the next twelve months, hence current portion has not been provided.

The liquidator of Islamic Investment Bank Limited has been appointed, the BOD is of the opinion that the bank is shareholder in the profits/(losses) of the company and no mark-up is payable.

## 5.4 United Bank Limited

Balance of Demand Finance account at the end of the Year  
Less: Current portion including overdue

	<u>2009</u> Rupees	<u>2008</u> Rupees
	-	135,000
	-	(135,000)
	<u>-</u>	<u>-</u>

The entire liability of United Bank Limited has been paid during the year.

**5.5-** The company has not provided for the mark-up on the outstanding principal loan for the current year, had the liability been accounted for the liability would have been increased by below mentioned amount with consecutive increase in losses.

Habib bank Limited  
Samba bank Limited  
Islamic Investment Bank Limited

-
-
<b>3,540,000</b>
<u><b>3,540,000</b></u>

Note 5 B

## DEFERRED SPONSORS' LOAN - UNSECURED

Balance at the end of the year	<b>5 B.1</b>	<u><b>97,950,828</b></u>	<u><b>96,325,828</b></u>
--------------------------------	--------------	--------------------------	--------------------------

**5 B.1** This represents unsecured and interest free loan obtained from sponsors of the Company to meet the Company's past B.M.R. plans and liquidity problem, with un-determined repayment period. The company is of the view that these shall be paid in undetermined installments, at ease of the company. This have been stated at their fair value as at balance sheet date.

Note 5 C

## LOAN FROM RELATED PARTIES UN-SECURED

Sargodha Textile Mills Limited  
Silver Fiber Spinning Mills Limited  
Shaheen Cotton Mills Limited

1,500,000	1,500,000
29,180,960	31,214,469
2,070,308	2,070,308
<u><b>32,751,268</b></u>	<u><b>34,784,777</b></u>

Balance at the end of the year

**5 C.1**

**5 C.1** This represents unsecured and interest free loan obtained from Group Companies, with un-determined repayment period. These loans have been stated at their fair value at balance sheet date. The company intends to repay the loans in undetermined installments on the commencement of commercial operations.



## Note 6

**TRADE AND OTHER PAYABLES**

Creditors	4,860,774	6,693,494
Advances from customers	762,531	537,105
Accrued liabilities	2,699,180	4,055,790
Income tax payable (deducted at source)	407,491	321,157
Workers' Profit Participation Fund	2,300	2,300
	<b>8,732,276</b>	<b>11,609,846</b>

## Note 7

**ACCRUED MARK UP - On Secured Loans**

- short term finances	966,581	966,581
	<b>966,581</b>	<b>966,581</b>

## Note 8

**SHORT TERM RUNNING FINANCES UTILIZED UNDER MARK UP ARRANGEMENTS - SECURED**

			Sanctioned limit Rs. million	Expiry date	2009 Rupees	2008 Rupees
National Bank of Pakistan						
Finance against packing credit	8.1		10.00	30-06-2006	10,000,000	10,000,000
					<b>10,000,000</b>	<b>10,000,000</b>

8.1- Short term running finance facilities are secured against pledge of stocks, hypothecation of stocks / work-in- process and stores, charge on book debts and other assets, demand promissory note and personal guarantee of all the directors except nominee directors and registered charge with Habib Bank Limited on the fixed assets of the Company. Mark up is paid @ 3 months Kibor + 2.5%. The bank has filed suit in Banking Court for recovery of Rs. 10.587 million. The management is contesting the suit. The company is of the view that the bank has moved the courts for recovery of specified amount hence no markup has not been provided for the current year.

## Note 9

**CURRENT PORTION OF LONG TERM LIABILITIES**

## Current portion:

- Long term loans	5.A	9,678,000	9,813,000
		<b>9,678,000</b>	<b>9,813,000</b>

## Note 10

**PROVISION FOR TAXATION**

Opening balance	1,564,377	1,563,546
Add: Provision for:		
- Current year	228,500	831
Less: Payments during the year	(227,000)	-
	<b>1,565,877</b>	<b>1,564,377</b>

10.1- During the year, no provision for current tax has been accounted for as turnover tax has been abolished.



## Note 11

**CONTINGENCIES AND COMMITMENTS**

- a. The banking court on 24-06-2009 passed an order for execution of the consent decree in suit no. 100 of 1999 titled Habib Bank Limited vs. Nazir Cotton Mills Limited. The appeal is filed against the said order, inter alia, on the grounds that the execution petition is time barred. There is substantial likelihood of judgment in the favour of the company.
- b. The Company in pursuance of the special resolution passed in the Extra Ordinary General Meeting held on August 26, 1995 entered into the following transactions in respect of Silver Fibre Spinning Mills Limited, previously an associated Company (previously fully owned subsidiary).
- |   |   |   |   |
|---|---|---|---|
| - | Acquired 3,600,000 ordinary shares of Rs.10/- each of Messrs. Silver Fibre Spinning Mills Limited.    | - | - |
| - | Transferred textile plant and machinery and equipment to Messrs. Silver Fibre Spinning Mills Limited. | - | - |

Whereas the Company has already recognised these transactions in the financial statements and have excluded the assets and corresponding liability transferred to Silver Fibre Spinning Mills Limited but the banks are continuously treating these liabilities as those of Messrs. Nazir Cotton Mills Limited.

- c. As per settlement deed dated May 30, 2006, Honorable High Court has settled the liabilities of Crescent Commercial Bank Limited in Accordance with BPD Circular 29 dated December 29, 2004. In the event of default in two consecutive installments the deed of settlement shall stand withdrawn and the bank shall be entitled to recover entire outstanding liability. The Company had filed suit against Crescent Commercial Bank Limited and SBP for settlement of dispute under BPD circular 29 before Honorable Sindh High Court. The Honorable Sindh High Court decided that the matter be remanded back to State Bank of Pakistan for decision afresh under BPD Circular 29. The Crescent Commercial Bank Limited filed petition in the Honorable Supreme Court of Pakistan against Judgment of Honorable Sind High Court, which is pending for adjudication.
- d. Upon a suit by Samba Bank Limited (Formerly Crescent Standard Investment Bank), the Lahore High Court has decreed against the Company for a sum of Rs. 1.948 million (2008: Rs. 1.948 million). However, the Company has furnished a bank guarantee of Saudi Pak Commercial Bank Limited for the decrial amount and the Court has suspended the execution of decree for the time being by granting an interim relief order.
- e. The Company defaulted in the payments due to Islamic Investment Bank Limited and the bank filed a suit before the Lahore High Court for the recovery of Rs. 30.725 million during 2000. The Company has also filed a suit for recovery of Rs. 111.90 million for sharing of losses by the bank. The suits are pending for adjudication.
- f. The Company is contingently liable for a sum of Rs. 17.447 less deposit of Rs. 12.418 million (2007: Rs. 12.418 million) made, against demand raised by WAPDA. The Company has challenged the detection bill before the Electric Inspector, Gujranwala region. The matter was not decided within 90 days as provided under section 26 (6) of the Electric Act, 1910, hence the case was transferred to Chairman Advisory Board / Advisory Committee, Punjab Lahore, where it is yet to be decided.
- g. Income tax assessment for the year 2001-2002 was framed resulting in excess demand of Rs. 1.141 million which has not been admitted by the Company and hence no provision has been made in the accounts.
- h. The company has not acknowledged letter of guarantee of Rs. 4.052 million of Samba Bank Limited (Formerly Crescent Commercial Bank Limited).
- i. The company has not acknowledged the liability of HBL loan amounting to Rs. 3.584 Millions as per decision/approval, which states that in case of default in payment of settlement installments, the bank would bw entitled to recover entire outstanding liability.

**Commitments**

There were no commitments outstanding as at the balance sheet date ( 2008: Nil ), as otherwise stated in relevant notes.

## Note 12

**PROPERTY, PLANT, & EQUIPMENT**

	NOTE	2009 Rupees	2008 Rupees
Owned Assets	12.1	95,337,960	98,322,389
Leased Assets	12.1	1,461,184	1,628,811
		<u>96,799,144</u>	<u>99,951,200</u>



**PROPERTY, PLANT, & EQUIPMENT  
FOR THE YEAR ENDED JUNE 30, 2009**

Note 12.1

DESCRIPTION	C O S T			RATE %	D E P R E C I A T I O N			B O O K V A L U E A S A T	
	Total as at 01.07.2008	Additions	Total as at 30.06.2009		Total as at (Disposal)/ transfer	For the year	Total as at 30.06.2009	30.06.2009	30.06.2009
	Rupees								
<b>Owned:</b>									
Land - freehold	7,337,167	-	7,337,167	-	-	-	-	-	7,337,167
Buildings on freehold land	49,687,161	-	49,687,161	-	483,815	45,332,826	483,815	45,332,826	4,354,335
Plant and machinery	369,388,523	-	369,388,523	-	2,395,364	286,663,209	2,395,364	286,663,209	82,725,314
Furniture and fixtures	915,829	-	915,829	-	11,360	813,593	11,360	813,593	102,236
Electric installation	8,985,257	-	8,985,257	-	73,932	8,566,311	73,932	8,566,311	418,946
Laboratory equipment	2,207,748	-	2,207,748	-	25,332	2,064,197	25,332	2,064,197	143,551
Office and other equipment	525,871	14,700	540,571	15	4,207	504,892	4,207	504,892	35,679
Air-conditioners	129,699	27,000	156,699	20	595	129,684	595	129,684	27,015
Fire fighting equipment	1,053,552	-	1,053,552	15	7,425	1,011,480	7,425	1,011,480	42,072
Fans	228,154	-	228,154	15	1,243	221,111	1,243	221,111	7,043
Tube well	966,025	-	966,025	15	6,773	927,642	6,773	927,642	38,383
Arms and ammunition	29,885	-	29,885	10	581	24,657	581	24,657	5,228
Computers	228,225	-	228,225	10	7,796	158,062	7,796	158,062	70,163
Vehicles	534,536	-	534,536	20	7,707	503,709	7,707	503,709	30,827
	442,217,632	41,700	442,259,332		-	346,921,372	3,026,129	346,921,372	95,337,960
<b>Assets Subject to Finance Lease:</b>									
Plant and machinery	6,568,680	-	6,568,680	10	-	5,361,942	134,082	5,361,942	1,206,738
Electric installation	1,138,167	-	1,138,167	15	-	1,057,497	14,236	1,057,497	80,670
Computers	993,828	-	993,828	10	-	820,052	19,309	820,052	173,776
	8,700,675	-	8,700,675		-	7,239,491	167,627	7,239,491	1,461,184
<b>RUPEES 30-06-2009</b>	450,918,307	41,700	450,960,007		-	354,160,863	3,193,756	354,160,863	96,799,144
<b>RUPEES 30-06-2008</b>	450,918,307	-	450,918,307		-	350,967,107	3,557,377	350,967,107	99,951,200

To be read with note # 12.



	NOTE	2009 Rupees	2008 Rupees
12.2-	The depreciation charged for the year has been allocated as under:-		
	Cost of sales	21	-
	Administrative	22	3,557,377
		<b>3,193,756</b>	<b>3,557,377</b>
12.3-	The Company has not provided depreciation to the extent of Rs. 473,986 (2008: Rs. 526,651) relating to plant and machinery of Unit No. II which remained closed during the year. Had this depreciation been provided, the Loss for the year would have been increased by this amount. The Accumulated depreciation not charged up FY-2009 is Rs. 8,960,511 (2008: Rs. 8,486,525).		
12.4-	The Company has not provided depreciation to the extent of Rs. 2,909,482 (2008: Rs.3,232,758) relating to plant and machinery of Unit No. III which remained closed during the year. Had this depreciation been provided, the Loss for the year would have been increased by this amount. The Accumulated depreciation not charged up FY-2009 is Rs. 21,755,313 (2008: Rs. 18,845,831).		
12.5-	Lease liability of plant and machinery has been fully repaid. However, the assets have not been transferred to owned assets, as the ownership has not been transferred in the name of the Company.		
12.6-	The company is maintaining proper fixed assets register.		

## Note 13

**LONG TERM INVESTMENTS - Available for sale**

## Quoted:

Sajjad Textile Mills Limited			
- 383,300 (2008: 383,300) ordinary shares of Rs.10 each	13.1	766,600	582,616
- Cost of investment Rs. 3,833,000 (2008: Rs.3,833,000)			
- Market value Rs. 2.00 per share (2008: Rs. 1.52 per share)			

## Unquoted:

- Sargodha Industrial Urban Development			
- Co-operative Society Limited			
- 50 (2006: 50) ordinary shares of Rs. 100 each	13.2	5,000	5,000
- Break-up value as per audited accounts for the year ended June 30, 1997 Rs. 100			
		<b>771,600</b>	<b>587,616</b>

- 13.1- The investment in shares of listed companies is measured at fair value as per IAS - 39 (Financial Instruments : Recognition and Measurement) and the resulting difference between cost and fair value has been shown as a separate component of equity.
- 13.2- The investment is measured at cost which has been considered as fair value in the absence of any other reliable means of measurement.

## Note 14

**LONG TERM DEPOSITS**

Deposits against utilities and Others	<b>300,160</b>	314,160
---------------------------------------	----------------	---------

## Note 15

**STOCK IN TRADE**

Raw materials	275,670	275,670
Work in process	841,317	841,317
Finished goods	-	-
	<b>1,116,987</b>	<b>1,116,987</b>

## Note 16

**TRADE DEBTS - UN-SECURED & CONSIDERED GOOD**

Local debtors	<b>3,247,868</b>	4,791,866
---------------	------------------	-----------

No provision has been made for bad or doubtful debts.





Note 17

**LOANS AND ADVANCES**

		<b>2009</b> Rupees	<b>2008</b> Rupees
Advances considered goods			
- Employees - considered good	17.1	544,355	738,400
- Suppliers and others - Considered good		1,888,183	2,076,940
		<b>2,432,538</b>	<b>2,815,340</b>

17.1- Amount due from executives is Rs. Nil ( 2008: Rs. Nil ). The loans are considered good and no provision is made for bad or doubtful recoveries.

Note 18

**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Deposits

- Deposits with WAPDA		12,418,302	12,418,302
- Margin against letter of guarantee		913,710	913,710
- Advance income tax		518,606	506,805
		<b>13,850,618</b>	<b>13,838,817</b>
Sales tax refundable		938,993	938,993
Due from associated undertakings - Considered good	18.1	768,966	768,966
		<b>1,707,959</b>	<b>1,707,959</b>
		<b>15,558,577</b>	<b>15,546,776</b>

18.1- The break up of amount due from associated undertakings is as under:

Shahzad Textile Mills Limited	674,040	674,040
Akhtar Cotton Mills Limited	94,926	94,926
	<b>768,966</b>	<b>768,966</b>

18.2- The maximum aggregate amount of due from associated undertakings at the end of any month during the year was Rs. 768,966 (2008: Rs. 768,966). There was no transactions with above associated undertakings in the current year.

Note 19

**CASH AND BANK BALANCES**

Cash in hand		51,636	3,041
Cash with banks in:			
- Current accounts		129,782	119,049
- Deposit accounts		63,049	71,985
		<b>192,831</b>	<b>191,034</b>
		<b>244,467</b>	<b>194,075</b>

Note 20

**SALES - NET**

Local:

- Yarn	-	166,250
- Waste	-	-
	<b>-</b>	<b>166,250</b>

20.1- The business operations of the company remained suspended, hence there are no sales or cost of sales.

20.2- The closing stocks as at June 30, 2008 have been carried forward during the year, without any adjustment to change in values. The company is of the view that there are no impairment losses.



## Note 21

**ADMINISTRATIVE EXPENSES**

		<u>2009</u> Rupees	<u>2008</u> Rupees
Chief Executive's remuneration		-	600,000
Staff salaries and benefits (Including outsourced security staff)		<b>1,809,357</b>	2,191,528
Traveling and conveyance		<b>27,964</b>	4,420
Printing and stationery		<b>74,011</b>	113,629
Postage, telephone and telex		<b>57,368</b>	29,895
Vehicle running and maintenance		<b>29,437</b>	-
Repairs and maintenance		<b>40,877</b>	-
Insurance		<b>54,518</b>	283,330
Entertainment		<b>8,215</b>	2,900
Rent, rates and taxes		<b>153,006</b>	-
Electricity, Water and Gas		<b>326,890</b>	-
Fees and subscription		<b>197,000</b>	143,890
Legal and professional		<b>1,777,844</b>	43,000
Auditors' remuneration	21.1-	<b>125,000</b>	125,000
Newspapers and periodicals		<b>4,699</b>	-
Advertisement		<b>23,800</b>	23,640
Miscellaneous expenses		<b>5,448</b>	-
Zakat		<b>58,172</b>	-
Depreciation	21.2-	<b>3,193,756</b>	3,557,377
		<b><u>7,967,362</u></b>	<b><u>7,118,609</u></b>

21.1- **Auditors' remuneration**

Statutory audit fee

<b>125,000</b>	125,000
<b><u>125,000</u></b>	<u>125,000</u>

## Note 22

**OTHER INCOME**INCOME FROM FINANCIAL ASSETS

Profit on bank deposits

60,024

-

INCOME FROM NON FINANCIAL ASSETS

Balances written back

453,460

271,131

Rental Income

2,635,000

-

Scrap Sales

2,536,480

730,348

Misc. Income (Refund of security deposit)

12,000

-

**5,696,964****1,001,479**

The company has rented out its godowns to sister concern at arms length transaction considering market value.

## Note 23

**FINANCIAL AND OTHER CHARGES**

Bank charges and commission

2,821

4,566

**2,821****4,566**

## Note 24

**TAXATION**

Current year taxation

228,500

831

Deffered Taxation

-

**228,500****831**



**24.1** Keeping in view the available tax losses and probability that future taxable profit will not be available against which unused tax losses can be utilized, deferred tax asset for the year has not been recognised and previous years deferred tax asset has been reversed in previous years.

**24.2** Tax provision for the current year is calculated on rental income

Note 25

## EARNINGS PER SHARE - BASIC

There is no diluted effect on the basic earning per share which is based on:

Loss after taxation

**2009**  
Rupees

**2008**  
Rupees

**(2,501,719)**

**(6,112,373)**

**Number of shares**

Number of shares

**23,000,000**

23,000,000

Weighted average number of ordinary shares

Earnings per share - basic

**(0.11)**

**(0.27)**

Note 26

## REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for the year for remuneration including certain benefits to a full time working chief executive of the Company is as follows:-

Managerial remuneration  
House rent  
Utilities

Number of persons

Chief Executive	
<b>2009</b> Rupees	<b>2008</b> Rupees
-	399,996
-	159,996
-	40,008
-	500,000
<b>0</b>	<b>1</b>

**26.1** No meeting fee has been paid to chief executive and any director during the year.

**26.2** The chief executive is also provided with the free use of company maintained cars.

**26.3** Executive are defined as employees with basic salary exceeding Rs. 500,000 per annum. No employee of the company qualifies as executive.



Note-27

### FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 27.1 Interest / mark up rate risk

The Company's exposure to interest rate risk and the effective rates on its financial assets and financial liabilities as of June 30,2009 are summarized as follows:

	2009						
	Interest / Mark-up bearing			Non Interest / Mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	Total
<b>Financial assets</b>							
Long Term Investments	-	-	-	-	771,600	771,600	771,600
Long term deposits	-	-	-	-	300,160	300,160	300,160
Trade debts	-	-	-	3,247,868	-	3,247,868	3,247,868
Deposits, prepayments and other receivables	-	-	-	15,558,577	-	15,558,577	15,558,577
Cash and bank balances	63,049	-	63,049	181,418	-	181,418	244,467
	63,049	-	63,049	18,987,863	1,071,760	20,059,623	20,122,672
<b>Financial liabilities</b>							
Long term loans	-	17,698,386	17,698,386	9,678,000	173,535,694	183,213,694	200,912,080
Short term finances	10,000,000	-	10,000,000	-	-	-	10,000,000
Trade and other Payables	-	-	-	7,559,954	-	7,559,954	7,559,954
Accrued Mark up	-	-	-	966,581	-	966,581	966,581
	10,000,000	17,698,386	27,698,386	18,204,535	173,535,694	191,740,229	219,438,615
	<b>Rupees</b>						
	2008						
	Interest / Mark-up bearing			Non Interest / Mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	Total
<b>Financial assets</b>							
Long Term Investments	-	-	-	-	587,616	587,616	587,616
Long term deposits	-	-	-	-	314,160	314,160	314,160
Trade debts	-	-	-	4,791,866	-	4,791,866	4,791,866
Deposits, prepayments and other receivables	-	-	-	14,100,978	-	14,100,978	14,100,978
Cash and bank balances	71,985	-	71,985	122,090	-	122,090	194,075
	71,985	-	71,985	19,014,934	901,776	19,916,710	19,988,695
<b>Financial liabilities</b>							
Long term loans	-	17,698,386	17,698,386	7,398,000	173,592,203	181,333,203	199,031,589
Short term finances	10,000,000	-	10,000,000	-	-	-	10,000,000
Trade and other Payables	-	-	-	10,749,284	-	10,749,284	10,749,284
Accrued Mark up	-	-	-	966,581	-	966,581	966,581
	10,000,000	17,698,386	27,698,386	19,113,865	173,592,203	193,049,068	220,747,454

#### FINANCIAL RISK MANAGEMENT OBJECTIVES

The objective of financial risk management is to minimize potential adverse effects on the financial performance of the company. The company finances its operation through equity, borrowings and management of working capital with a view to maintain reasonable mix between the various sources of finance to minimize risk.

Market risk is the risk that value of financial instrument will fluctuate as the result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors effecting all securities traded in the market. Taken as a whole, risk arising from the companies financial instrument is limited as there is no significant exposure to market risk in respect of such instrument.

#### 27.2- Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Company is exposed to interest rate risk in respect of short-term running finances under mark-up arrangements and cash in deposit account . Effective interest rates for the monetary financial assets and financial liabilities are mentioned in their respective notes to the accounts.

#### 27.3- Concentration of credit risk and credit exposures of the financial statements

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs.20,122,672 /- (2008: Rs. 19,988,695/-) the financial assets which are subject to credit risk amount to Rs.3,247,868 /- (2008: Rs. 4,791,866/-). The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the Company applies credit limits to its customers.

#### 27.4- Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to sale and purchase transaction with foreign undertakings. The Company is not exposed to any kind of foreign exchange risk.

#### 27.5- Fair value of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

#### 27.6- Effective rates of interest

Effective interest rates are disclosed in the relevant note to these financial statements.



**2009**  
Rupees

**2008**  
Rupees

Note 28

**TRANSACTIONS WITH RELATED PARTIES**

Transaction with related parties, other than remuneration and benefits to key management personnel under terms of their employment (note 28) are as under:

Key management personnel comprise of persons with ability and authority of planning, direction and control.

Loans received from sponsors

**1,625,000**

2,776,000

Loans received from/(paid to) related parties-Silver Fiber

**(2,033,509)**

-

Balances outstanding at year end of sponsors and related parties is given in note # 5B and 5C.

Note 29

**PLANT CAPACITY AND ACTUAL PRODUCTION**

No. of spindles installed

28,800

28,800

No. of spindles worked

-

-

Installed capacity at 20's count based on number of shifts worked.

Kgs.

-

-

Actual production of yarn on different counts.

Kgs.

-

-

Actual production of yarn converted into 20's count

Kgs.

-

-

Number of shifts worked

Unit No. I

-

-

Unit No. II

-

-

Unit No.III

-

-

There is no production in the current period as the mill was closed, as a result of financial constraints.

Note 30

**NUMBER OF EMPLOYEES**

Number of employees as at the year end

-

3

Note 31

**AUTHORISATION OF FINANCIAL STATEMENTS**

These accounts have been authorised for issue by the Board of Directors of the Company on October 10, 2009.

Note 32

**CORRESPONDING FIGURES**

Previous year figures have been re-arranged wherever necessary, for the purpose of comparison. There were no major changes in the comparatives during the year, affecting the financial results.

Note 33

**GENERAL**

Figures have been rounded off to the nearest rupee.

**CHIEF EXECUTIVE**

**DIRECTOR**



**FORM - 34**  
**PATTERN OF HOLDINGS OF SHARES**  
**HELD BY THE SHARE HOLDERS AS AT 30.06.2009**

No. of Share Holders	Share Holdings		Total Shares Held
	From	To	
1	0	0	8,345,342
2	1	100	200
361	101	500	179,338
4	501	1000	4,000
6	1001	5000	21,152
2	5001	10000	11,706
4	10001	15000	51,236
23	15001	20000	19,022
2	20001	25000	67,162
5	30001	35000	61,340
3	45001	50000	239,463
1	55001	60000	174,312
5	95001	100000	99,837
2	100001	125000	554,644
1	145001	150000	297,218
2	155001	160000	156,200
1	175001	180000	353,154
1	200001	205000	201,960
1	235001	240000	235,300
1	275001	280000	276,553
1	295001	300000	295,551
2	360001	365000	363,188
1	665001	670000	1,332,000
1	940001	945000	1,962,764
1	960001	965000	960,234
1	1055001	1060000	34,600
1	1605001	1610000	1,606,678
1	2040001	2045000	2,042,877
1	2195001	2200000	2,199,414
1	2255001	2260000	855,555
<b>420</b>			<b>23,000,000</b>

Categories of Shareholders	Numbers	Shares Held	Percentage
Individuals	572	17,128,306	74.47089%
Investment Companies	2	16,722	0.07269%
Insurance Companies	0		
Joint Stock Companies	12	89,800	0.39038%
Financial Institutions	1	855,555	3.71932%
Modaraba Companies	1	500	0.00217%
CDC	227	9,372,627	40.75055%
Other	1	363,188	1.57887%
<b>TOTAL</b>	<b>628</b>	<b>23,000,000</b>	<b>100.00000%</b>
<b>O T H E R S</b>			
Government Auth.	1	363,188	1.57887%
<b>Total</b>	<b>1</b>	<b>363,188</b>	<b>1.57887%</b>



**PATTERN OF SHAREHOLDING AS AT JUNE 30, 2008  
ADDITIONAL INFORMATION AS REQUIRED BY THE  
CODE OF CORPORATE GOVERNANCE**

<b>CATEGORIES OF SHAREHOLDERS</b>	<b>NUMBER OF SHAREHOLDERS</b>	<b>NUMBER OF SHARE HELD</b>
<b>Associated Companies, Undertakings &amp; Related Parties</b>	NIL	NIL
<b>NIT &amp; ICP</b>	NIL	NIL
<b>Director, Chief Executive Officer Their Spouse and Minor Children</b>		
Mian Shahzad Aslam		2,199,414
Mian Farrukh Naseem		1,606,678
Mian Aamir Naseem		2,042,877
Mr. Nadeem Anjum		500
Mr. Maqbool Hussain Bhutta		500
Mr. Khurram Abbas Khurram		500
Syed Arif Hussain		500
Mr. Sajjad Aslam		960,234
Mrs. Seema Sajjad		363,186
Mr. Muhammad Raza Aslam		59,033
Irfan Aslam		176,627
Akhtar Begum		295,551
Shaheen Nasir Shafi		148,609
Muhammad Asim Sajjad		460,63
Mrs. Sadaf Pervez		5,006
Mr. Pervez Aslam		276,553
Samina Asif		148,609
Salman Muhammad Aslam		57,579
Imran Aslam		176,627
Ayesha Aslam		23,031
<b>Executives</b>	NIL	NIL
<b>Public Sector Companies and Corporation</b>	12	89,800
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds</b>	1 2 1	855,555 16,722 500
<b>Individuals</b>	590	18,154,391
<b>CDC</b>	1	9,372,627
<b>Shareholders Holding Ten Percent or More Voting Interest</b>		
Crescent Investment Bank Limited		2,335,555

# NAZIR COTTON MILLS LTD.

## FORM OF PROXY

The Corporate Secretary,  
NAZIR COTTON MILLS LIMITED,  
11-A-1, Block H, Gulberg II, Lahore.

I/We \_\_\_\_\_

of \_\_\_\_\_ being a member(s) of

NAZIR COTTON MILLS LIMITED, and holder of \_\_\_\_\_ ordinary shares

as per share Registered Folio No. \_\_\_\_\_ Hereby appoint

Mr./Mrs./Miss \_\_\_\_\_

of \_\_\_\_\_

(being a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our behalf, at the 36<sup>th</sup> Annual General Meeting of the Company to be held at the Registered office, 11-A-1, Block H, Gulberg II, Lahore, on Saturday 30<sup>th</sup> October, 2009 at 10.00 a.m. and at every adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Signed by the said in the presence of \_\_\_\_\_

\_\_\_\_\_  
Signature

Witness

\_\_\_\_\_  
Signature

Affix  
Revenue Stamp

Note : (1) Proxies in order to be effective, must be received at the Company's Registered Office not less than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

(2) Signature must agree with the specimen signature registered with Company.

(3) No Person shall act as Proxy unless he/she is a member of the Company.



