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**COMPANY INFORMATION****BOARD OF DIRECTORS**

Javed Saifullah Khan - **Chairman**  
Osman Saifullah Khan - **Chief Executive**  
Kulsum Saifullah Khan  
Omar Saifullah Khan  
Jehangir Saifullah Khan  
Ch. Maqbool Ahmad  
Zafar Qureshi

**AUDIT COMMITTEE**

Ch. Maqbool Ahmad - **Chairman**  
Jehangir Saifullah Khan - **Member**  
Zafar Qureshi - **Member**

**CHIEF OPERATING OFFICER /  
CHIEF FINANCIAL OFFICER**

Zaheen-ud-Din Qureshi

**COMPANY SECRETARY**

Mumtaz H. Chaudhry

**AUDITORS**

Hameed Chaudhri & Co.,  
Chartered Accountants

**LEGAL ADVISORS**

Dr. Pervez Hassan  
Hassan & Hassan, Advocates  
Abdul Latif Yousafzai, Advocate

**BANKERS**

National Bank of Pakistan  
United Bank Limited  
Albaraka Islamic Bank  
The Bank of Punjab  
First National Bank Modaraba

**HEAD OFFICE**

Kulsum Plaza, 4<sup>th</sup> Floor,  
2020 – Blue Area, Islamabad  
Phone : (051) 2823924, 2829415  
Fax : (051) 2822564, 2278537  
Email : ktm@saifgroup.com

**REGISTERED OFFICE**

APTMA House, Tehkal Payan,  
Jamrud Road, Peshawar  
Phone : (091) 5843870, 5702941  
Fax : (091) 5840273  
Email : Peshawar@saifgroup.com

**MILLS**

Saifabad, Kohat  
Phone : (0922) 518615, 518712  
Fax : (0922) 512295  
Email : ktmkht@saifgroup.com

**WEB SITE**

[www.kohattextile.com](http://www.kohattextile.com)

## VISION AND MISSION STATEMENT

### VISION

- V To attain market leadership through unmatched quality, a diverse and unique product mix, empowered employees, world class systems, and the highest ethical and professional standards.

### MISSION

- V Give our shareholders a competitive return on their investment through market leadership, sustainable business growth and sound financial management.
- V Earn and sustain the trust of our stakeholders through efficient resource management.
- V Provide the highest quality products and services consistent with customer needs and continue to earn the respect, confidence and goodwill of our customers and suppliers.
- V Foster a culture of trust and openness in order to make professional life at the Kohat Textile Mills Limited a stimulating and challenging experience for all our people.
- V Strive for the continuous development of Pakistan while adding value to the textile sector.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 41<sup>st</sup> Annual General Meeting of the members of **KOHAT TEXTILE MILLS LIMITED** will Insha ALLAH be held at registered office of the Company, APTMA House, Jamrud Road, Peshawar on Tuesday, October 30, 2007 at 12:00 p.m. to transact the following business:-

1. To confirm the minutes of the 40<sup>th</sup> Annual General Meeting held on October 30, 2006.
2. To receive, consider and adopt Annual Audited Financial Statements for the year ended on 30 June, 2007 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending 30 June, 2008 and fix their remuneration. The retiring auditors M/s. Hameed Chaudhri & Co., Chartered Accountants, being eligible offered themselves for reappointment.
4. To transact any other business with the permission of the Chair.

By order of the Board

Place : Peshawar,  
Dated : 08 October, 2007

**MUMTAZ H. CHAUDHRY**  
Company Secretary

### NOTES:

1. Share Transfer Books of the Company will remain closed from 24 October, 2007 to 30 October 2007 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The instrument appointing the proxy, duly completed, must be received at the company's Registered Office not later than 48 hours before the time of holding of the meeting.
3. CDC Individual Account holders and Sub-account holders are required to bring with them their original computerized National Identity Card (CNIC)/original passport along with participant's ID number and their account number in order to facilitate identification.
4. In case of Corporate entity, resolution of the Board of director/Power of attorney with specimen signature of nominees shall be produced (unless provided earlier) at the time of meeting.
5. Members are requested to promptly notify any change in their address.
6. The Memorandum and Articles of Association of the Company as on date and also indicating the proposed amendment has been kept at the registered office of the Company and can be inspected during business hours on all working days upto October 30, 2007.

## DIRECTORS' REPORT TO THE MEMBERS

On behalf of Board of Directors, it gives me pleasure to present the 41<sup>st</sup> Annual Audited Financial Statements for the year ended 30<sup>th</sup> June 2007.

### OPERATING RESULTS

The major highlights of your company as compared to the corresponding period of the preceding financial year are as follows:

#### Turnover

The Company achieved a 12% increase in turnover by adopting a well thought out product diversification strategy.

#### Profitability

Despite a 12% increase in sales in the year under review, your Company suffered a net loss. The main reasons were the sustained and prolonged depression in the domestic market, a spiraling in the cost of inputs caused by the elevated prices of petroleum products, a mandatory increase in minimum wage and the rising cost of borrowing.

As a direct consequence of all these factors, the Operating Profit Margin declined to 4.57% from 7.44% in the previous financial year; thereby resulting in an after tax loss of Rs. 22.864 million during the current year compared to a loss of Rs. 1.550 million during the previous corresponding period.

### LOSS PER SHARE

The loss per share of the Company remained at Rs. 1.10 as compared to Rs. 0.10 for 2006.

### APPROPRIATIONS

In view of the net loss suffered by the Company your Directors have decided not to pay any dividend this year.

### CONTRIBUTION TO THE NATIONAL ECONOMY

Besides payment to the financial institutions against long and short-term debt, the Company contributed Rs. 39.512 million (2006: Rs. 41.217 million) to the National Exchequer during the year under review in sales tax, surcharges and various other levies.

### FUTURE OUTLOOK

Pakistan's textile sector is heading towards a downturn, primarily due to prevailing impediments in the national economy. The sharp rises in the cost of domestic borrowing, accompanied by similar unilateral

escalations in the cost of energy are creating an extremely challenging environment for all manufacturers. The seemingly infinite rise in financial charges and mark up rates is a critical factor that will inclemently affect the profitability of the entire textile sector. Moreover, government mandated the minimum wage has also been significantly increased.

Given this operating environment, the challenge that lies before your Company's management is indeed a Herculean one. The mission before us is to minimize the adverse impacts of the depressed market and economic conditions, through our dedication and efficiency. In the absence of any positive government economic policy developments our operating results are unlikely to improve beyond their current level.

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

We are pleased to report that your company has taken the necessary steps to comply with the provisions of the Code of Corporate Governance, as incorporated in the listing rules of the Stock Exchanges.

- a) The financial statements, for the year ended on 30<sup>th</sup> June 2007 prepared by the management of the Company, present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.
- b) The Company has maintained proper books of account.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements. The accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no uncertainties upon the Company's ability to continue as a going concern.
- g) There has been no departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- h) The Board of Directors has formed an Audit Committee. It comprises of three members of the Board.
- i) The Company has prepared and circulated a Statement of Ethics and Business Strategy among directors and key employees.
- j) The Board of Directors has adopted a Mission Statement and a Statement of Overall Corporate Strategy.

k) Key operating and financial data of the company for the last six years is reproduced below:

Year ended	30 June,			30 September,		
	2007	2006	2005 9 months	2004	2003	2002
Operating assets (RS 000)	644,961	676,148	618,061	450,662	252,926	201,463
Net worth (Rs 000)	306,829	329,693	281,243	206,275	126,080	108,193
Production (Kgs 000)	6,232	6,105	4,138	3,410	2,639	2,346
Turnover (Rs 000)	1,317,002	1,180,286	786,446	629,323	490,528	489,220
Gross profit (Rs 000)	101,870	128,311	26,088	45,372	33,040	51,062
Operating profit (Rs 000)	60,219	87,827	51	11,287	3,271	24,584
Net Profit/(loss) after taxation (Rs 000)	(22,864)	(1,550)	(24,306)	(4,483)	(836)	3,778
Earnings/(Loss)/per share (Rs)	(1.10)	(0.10)	(2.76)	(0.51)	(0.10)	0.43

l) During the year 05 meetings of the Board of Directors were held. Attendance by each director is as follows:

<b>Name of Director</b>	<b>No of meetings attended</b>
Javed Saifullah Khan	04
Osman Saifullah Khan	04
Kulsum Saifullah Khan	03
Omar Saifullah Khan	04
Jehangir Saifullah Khan	05
Ch. Maqbool Ahmad	05
Zafar Qureshi	05

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

- m) The Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses and minor children have made no transactions in the company's shares during the year under review other than those disclosed in the pattern of shareholdings.
- n) There are no outstanding statutory payments due on account of taxes, duties, levies & charges except of a normal and routine matter.
- o) The company operates an un-funded gratuity scheme for its eligible employees. Provision is made annually to cover obligations under the scheme in accordance with actuarial recommendations.

**PATTERN OF SHAREHOLDING**

The pattern of shareholding of the Company under section 236(2) (d) of the Companies Ordinance, 1984 and additional information as required by the Code of Corporate Governance is annexed.

**AUDITORS**

The present auditors M/s Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible to offer themselves for re-appointment. As suggested by the Audit Committee, the Board recommends their appointment as auditors of the Company to hold office from the conclusion of the Annual General Meeting to be held on 30 October, 2007 until the conclusion of the next Annual General Meeting.

**ACKNOWLEDGEMENT**

The Directors wish to record their appreciation of the steadfast support of our valued customers and bankers. We also highlight and acknowledge the hard work put in by all the members of our corporate family. The increase in sales and turnover in the current operating climate is a testament to the contribution made by them during the current financial year. We are confident that the Executives, Officers and Staff will continue to show the same dedication and performance for the smooth operation and success of your Company in the future.

**For and on behalf of the Board**

Place: Islamabad  
Dated: 08 October, 2007

**JAVED SAIFULLAH KHAN**  
Chairman/Director



**PATTERN OF SHAREHOLDING**  
**AS AT 30TH JUNE, 2007**

Incorporation Number of the Company

C 43 of 1966 - 1967

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
458	1	100	42,099
151	101	500	47,242
58	501	1,000	52,540
68	1,001	5,000	186,435
9	5,001	10,000	69,385
5	10,001	15,000	64,867
2	15,001	20,000	38,000
3	25,001	30,000	80,431
2	30,001	35,000	61,950
2	35,001	40,000	78,300
1	40,001	45,000	40,350
1	45,001	50,000	49,000
1	60,001	65,000	62,500
1	85,001	90,000	87,200
3	95,001	100,000	295,500
1	100,001	110,000	107,887
1	110,001	120,000	116,704
1	190,001	195,000	192,700
1	2,905,001	2,910,000	2,906,900
1	6,340,001	6,345,000	6,340,010
1	9,875,001	9,880,000	9,880,000
<b>771</b>	<b>Total</b>		<b>20,800,000</b>

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, their spouse & minor Children	7	332,324	1.60
Associated Companies, Undertaking & related parties	12	16,296,201	78.35
NIT and ICP	5	80,050	0.40
Banks Development Financial Institutions			
Non-Banking Financial Institutions	5	3,108,000	14.95
Insurance Companies	2	1,350	0.01
Joint Stock Companies	14	210,950	1.01
Modarabas & Mutual Funds		Nil	Nil
Shareholders holding 10% - As mentioned under the head Associated Companies, Banks, Development Financial Institutions & Non Banking Financial Institutions.		Nil	Nil
Executives		Nil	Nil
General Public			
a. Local	724	768,049	3.67
b. Foreign		Nil	Nil
Others	2	3,076	0.01
<b>Total</b>	<b>771</b>	<b>20,800,000</b>	<b>100.00</b>

## DETAIL OF CATEGORY OF SHAREHOLDERS AS AT 30 JUNE, 2007

Sr. No.	Name of Shareholders	Shares Held	Percentage
<b>Directors, Chief Executive and their spouse and minor children</b>			
1	Javed Saifullah Khan	107,887	0.52
2	Osman Saifullah Khan	62,500	0.30
3	Jehangir Saifullah Khan	116,704	0.56
4	Kulsum Saifullah Khan	11,867	0.06
5	Zafar Qureshi	5,835	0.03
6	Omar Saifullah Khan	26,931	0.13
7	Gulshan Saifullah Khan	600	0
<b>Total</b>		<b>332,324</b>	<b>1.60</b>
<b>Associated Companies, Undertakings &amp; Related Parties</b>			
1	Saif Holdings Limited (Formaly Saif Telecom Ltd.)	9,880,000	47.50
2	GlobeComm (Pvt) Limited	6,340,010	30.48
3	Humayun Saifullah Khan	10,000	0.05
4	Anwar Saifullah Khan	1,526	0.01
5	Salim Saifullah Khan	715	0
6	Iqbal Saifullah Khan	4,450	0.02
7	Samina Saifullah Khan	15,000	0.07
8	Shirin Saifullah Khan	500	0.01
9	Shehernaz Saifullah Khan	14,000	0.07
10	Yasmin Saifullah Khan	5,000	0.02
11	Shireen Saifullah Khan	5,000	0.02
12	Zeb Saifullah Khan	20,000	0.10
<b>Total</b>		<b>16,296,201</b>	<b>78.35</b>
<b>NIT and ICP</b>			
1	National Bank of Pakistan (Trustee wing)	79,050	0.38
2	Investment Corporation of Pakistan	4,600	0.02
3	IDBP (ICP Unit)	400	0
<b>Total</b>		<b>84,050</b>	<b>0.40</b>
<b>Banks, Development Financial Institutions &amp; Non-Banking Financial Institutions</b>			
1	United Bank Limited	100,000	0.48
2	Habib Bank Limited	99,100	0.48
3	Muslim Commercial Bank Limited	2,000	0.01
4	National Bank of Pakistan	2,906,900	13.98
<b>Total</b>		<b>3,108,000</b>	<b>14.95</b>

Sr. No.	Name of Shareholders	Shares Held	Percentage
<b>Insurance Companies</b>			
1	United Insurance Company of Pakistan	1,150	0.01
2	Eastern Federal Union Insurance Company	200	0
	<b>Total</b>	<b>1,350</b>	<b>0.01</b>
<b>Joint Stock Companies</b>			
1	Assadullah Limited	500	0.01
2	M/s. Muhammad Amin Limited	100	0
3	Molasses Export Company Limited	200	0
4	Fateh Textile Mills Limited	50	0
5	Murree Bravery Company Limited	50	0
6	Ambreen Silk Mills Limited	400	0
7	Naseer Shaheed Limited	300	0
8	United Executors & Trustee Company Limited	2,200	0.01
9	Azeem Services Limited	100	0
10	NH Securities (Pvt) Limited	4,000	0.02
11	Pak Ismilia Cooperative	350	0
12	Javed Omar Vohra & Co. Limited	192,700	0.93
13	Azee Securities (Pvt) Limited	1,000	0
14	RS Holdings (Pvt) Limited	9,000	0.04
	<b>Total</b>	<b>210,950</b>	<b>1.01</b>
<b>General Public - Local</b>		<b>Total</b>	<b>764,049</b>
<b>Others</b>			<b>3.67</b>
1	Abondent Properties	3,075	0.01
2	Securities & Exchange Commission of Pakistan	1	0
	<b>Total</b>	<b>3,076</b>	<b>0.01</b>

## STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This Statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of Karachi and Islamabad 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; at present the Board includes two independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed Companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or, being a member of a Stock Exchange, has been declared as a defaulter by the Stock Exchange.
4. No casual vacancy occurred in the Board during the current year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and key employees of the Company.
6. The Board has adopted a vision/mission statement, overall corporate strategy and significant policies of the Company.
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 have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purposes and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Directors are well conversant with the listing regulations and legal requirements and as such are well aware of their duties and responsibilities.
10. There were no new appointments of CFO, Company Secretary and head of Internal Audit during the year.
11. The Directors' Report has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the Chairman and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. There exists an audit committee comprising of 3 members, of whom two 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 quarterly, interim and final results of the Company as required by the Code.
17. The Board has set up an effective internal audit function, managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code ethics as adopted by the ICAP.
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 principals contained in the Code have been complied with.
21. We confirm that none of the Directors, CEO and Executives or their spouses sold, buy or took any position whether directly or indirectly in the shares of the Company during the year ended 30 June, 2007 except reported in the pattern of shareholding.

**For and on behalf of the Board**

Place : Islamabad  
Dated : 08 October, 2007

**JAVED SAIFULLAH KHAN**  
Chairman/Director

## 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 **KOHAT TEXTILE MILLS LIMITED** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulations of the Islamabad 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.

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 status of 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 30 June, 2007.

Place : Lahore  
Date : 08 October, 2007

**HAMEED CHAUDHRI & CO.,**  
Chartered Accountants

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KOHAT TEXTILE MILLS LIMITED** as at 30 June, 2007 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 purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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, except for the contents of note 20.1 and the extent to which this may affect the annexed financial statements, respectively give a true and fair view of the state of the Company's affairs as at 30 June, 2007 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).

Place : Lahore  
Date : 08 October, 2007

**HAMEED CHAUDHRI & CO.,**  
Chartered Accountants

**BALANCE SHEET**

	Note	2007 (Rupees in thousand)	2006
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
Authorised capital 22,000,000 ordinary shares of Rs.10 each		<u>220,000</u>	<u>220,000</u>
<b>Issued, subscribed and paid-up</b>	7	<b>208,000</b>	208,000
<b>ACCUMULATED LOSS</b>		<u>(54,554)</u>	<u>(34,783)</u>
		<b>153,446</b>	173,217
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
	8	<b>153,383</b>	156,476
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	9	<b>250,000</b>	182,000
Long term deposits	10	<b>1,454</b>	1,147
Liabilities against assets subject to finance lease	11	<b>61,769</b>	91,125
Staff retirement benefits - gratuity	12	<b>14,659</b>	15,340
		<b>327,882</b>	289,612
<b>CURRENT LIABILITIES</b>			
Current portion of:			
- long term finances	9	<b>0</b>	52,000
- liabilities against assets subject to finance lease	11	<b>29,421</b>	28,529
Short term finances	13	<b>426,308</b>	395,141
Trade and other payables	14	<b>89,903</b>	60,369
Accrued interest / mark-up	15	<b>17,529</b>	23,535
Taxation	16	<b>6,575</b>	5,956
		<b>569,736</b>	565,530
<b>CONTINGENCIES AND COMMITMENTS</b>			
	17	<u><b>1,204,447</b></u>	<u><b>1,184,835</b></u>

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

**Javed Saifullah Khan**

Chairman/Director

These financial statements are not signed by the Chief Executive as he is out of country. This information is disclosed as required under Section 24 (2) of the Companies Ordinance, 1984.



**AS AT 30 JUNE, 2007**

	Note	2007	2006
		(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment			
Operating assets	18	644,961	676,148
Capital work-in-progress		0	5,382
Stores held for capital expenditure		449	4,604
		<b>645,410</b>	<b>686,134</b>
Deposits		1,137	1,137
Loans to employees	19	1,906	1,841
Deferred taxation	20	34,000	16,026
		<b>682,453</b>	<b>705,138</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	21	24,302	22,489
Stock-in-trade	22	338,671	306,950
Trade debtors	23	139,426	131,915
Loans and advances	24	681	376
Advance payments		793	870
Deposits and prepayments	25	1,179	603
Sales tax refundable		10,130	8,998
Other receivables	26	316	908
Advance income tax and tax deducted at source		6,381	6,146
Bank balances		115	442
		<b>521,994</b>	<b>479,697</b>
		<b>1,204,447</b>	<b>1,184,835</b>

**Zafar Qureshi**  
Director

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE, 2007**

	Note	2007 (Rupees in thousand)	2006
<b>SALES - Net</b>	27	<b>1,317,002</b>	1,180,286
<b>COST OF SALES</b>	28	<b>1,215,132</b>	1,051,975
<b>GROSS PROFIT</b>		<b>101,870</b>	128,311
<b>ADMINISTRATIVE EXPENSES</b>	29	<b>32,466</b>	32,706
<b>DISTRIBUTION COST</b>	30	<b>8,724</b>	6,995
<b>OTHER OPERATING CHARGES</b>	31	<b>1,508</b>	1,727
		<b>42,698</b>	41,428
		<b>59,172</b>	86,883
<b>OTHER OPERATING INCOME</b>	32	<b>1,047</b>	944
<b>OPERATING PROFIT</b>		<b>60,219</b>	87,827
<b>FINANCE COST</b>	33	<b>94,791</b>	83,357
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<b>(34,572)</b>	4,470
<b>TAXATION</b>			
- Current	16	<b>6,575</b>	5,890
- Prior years'	16	<b>(309)</b>	7,081
- Deferred	20	<b>(17,974)</b>	(6,951)
		<b>(11,708)</b>	6,020
<b>LOSS AFTER TAXATION</b>		<b>(22,864)</b>	(1,550)
		<b>Rupees</b>	
<b>LOSS PER SHARE</b>	34	<b>(1.10)</b>	(0.10)

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

- Appropriations have been reflected in the statement of changes in equity.

**Javed Saifullah Khan**  
Chairman/Director

**Zafar Qureshi**  
Director

These financial statements are not signed by the Chief Executive as he is out of country. This information is disclosed as required under Section 24 (2) of the Companies Ordinance, 1984.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2007

	2007	2006
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / profit for the year - before taxation	(34,572)	4,470
Adjustments for:		
Depreciation and amortisation	56,856	56,579
Staff retirement benefits - gratuity (net)	(681)	(180)
Unclaimed balances written back	(297)	(476)
Gain on disposal of vehicles	(461)	(1)
Finance cost	94,791	83,357
<b>CASH FLOW FROM OPERATING ACTIVITIES -before working capital changes</b>	<b>115,636</b>	<b>143,749</b>
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,813)	5,851
Stock-in-trade	(31,721)	20,939
Trade debtors	(7,511)	(55,201)
Loans and advances	(161)	15
Advance payments	77	5,141
Deposits and prepayments	(576)	(51)
Sales tax refundable	(1,132)	(6,404)
Other receivables	592	4,915
Increase in trade and other payables	29,831	29,982
	<b>(12,414)</b>	<b>5,187</b>
<b>CASH INFLOW FROM OPERATING ACTIVITIES - Before taxation</b>	<b>103,222</b>	<b>148,936</b>
Taxes paid	(5,882)	(6,705)
<b>CASH INFLOW FROM OPERATING ACTIVITIES - After taxation</b>	<b>97,340</b>	<b>142,231</b>
Loans to employees - net	(209)	(328)
Deposits	0	(819)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>97,131</b>	<b>141,084</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(16,561)	(87,749)
Sale proceeds of operating assets	890	2
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(15,671)</b>	<b>(87,747)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of right shares	0	120,000
Deposit for shares	0	(70,000)
Long term finances - net	16,000	(26,000)
Long term deposits	307	586
Lease finances - net	(28,464)	(2,598)
Short term finances - net	31,167	7,066
Finance cost paid	(100,797)	(84,761)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>	<b>(81,787)</b>	<b>(55,707)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(327)</b>	<b>(2,370)</b>
<b>CASH AND CASH EQUIVALENTS - At the beginning of the year</b>	<b>442</b>	<b>2,812</b>
<b>CASH AND CASH EQUIVALENTS - At the end of the year</b>	<b>115</b>	<b>442</b>

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

**Javed Saifullah Khan**  
Chairman/Director

**Zafar Qureshi**  
Director

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2007

	Share capital	Accumulated loss	Total
————— Rupees in thousand —————			
Balance as at 30 June, 2005	88,000	(36,611)	51,389
Loss after taxation for the year ended 30 June, 2006	0	(1,550)	(1,550)
Nominal Value of shares issued	120,000	0	120,000
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year- net of deferred taxation	0	3,378	3,378
Balance as at 30 June, 2006	<u>208,000</u>	<u>(34,783)</u>	<u>173,217</u>
Loss after taxation for the year ended 30 June, 2007	0	(22,864)	(22,864)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year- net of deferred taxation	0	3,093	3,093
<b>Balance as at 30 June, 2007</b>	<b><u>208,000</u></b>	<b><u>(54,554)</u></b>	<b><u>153,446</u></b>

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

**Javed Saifullah Khan**  
Chairman/Director

**Zafar Qureshi**  
Director

These financial statements are not signed by the Chief Executive as he is out of country. This information is disclosed as required under Section 24 (2) of the Companies Ordinance, 1984.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2007**

### **1. LEGAL STATUS AND OPERATIONS**

The Company was incorporated in Pakistan during the year 1967 as a Public Company and its shares are quoted on Karachi and Islamabad Stock Exchanges. It is principally engaged in manufacture and sale of yarn. The Company's Mills are located in Saifabad, Kohat and Registered Office at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

### **2. STATEMENT OF COMPLIANCE**

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

### **3. BASIS OF MEASUREMENT**

#### **3.1 Accounting convention**

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

#### **3.2 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees, which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

### **4. USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, 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. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) staff retirement benefits;
- b) taxation; and
- c) useful life of depreciable assets and provision for impairment there against.

## 5. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 01 July, 2007 and 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 certain increased disclosures in certain cases:

- IAS 1 - Presentation of Financial Statements - Amendments relating to Capital Disclosures;
- IAS 41 - Agriculture;
- IFRS 2 - Share-based Payment;
- IFRS 3 - Business Combinations;
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 6 - Exploration for and Evaluation of Mineral Resources;
- IFRIC 8 - Scope of IFRS 2 Share-based Payment;
- IFRIC 9 - Reassessment of Embedded Derivatives;
- IFRIC 10 - Interim Financial Reporting and Impairment;
- IFRIC 11 - Group and Treasury Share Transactions;
- IFRIC 12 - Service Concession Arrangements;
- IFRIC 13 - Customer Loyalty Programmes; and
- IFRIC 14 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction.

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**6.1** The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied.

### **6.2 Equity instruments**

These are recorded at their face value.

### **6.3 Taxation**

#### **(a) Current:**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax at the rate of 0.5% of turnover, whichever is higher.

#### **(b) Deferred:**

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets

are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax liability is based on the expected tax rates applicable at the time of reversal.

#### **6.4 Provisions**

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

#### **6.5 Trade and other payables**

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

#### **6.6 Foreign currency translations**

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates.

The Company, during the financial period ended 30 June, 2005, in pursuance of the substituted Fourth Schedule to the Companies Ordinance, 1984 had changed its accounting policy with respect to capitalisation of exchange differences. Upto 30 September, 2004, exchange differences on loans / borrowings utilised for acquisition of fixed assets were capitalised and all other exchange differences were charged to income. The Company, effective from 01 October, 2004, is charging all exchange differences to profit and loss account.

#### **6.7 Staff retirement benefits**

The Company operates an un-funded gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on 30 June, 2006 on the basis of the projected unit credit method by an independent Actuary.

#### **6.8 Dividend distribution**

Dividend distribution to shareholders is recognised as liability in the financial statements in the period in which the dividend is approved.

## 6.9 Borrowing costs

Borrowing costs incurred on finances obtained for acquisition of fixed assets are capitalised upto the date of commissioning of the respective assets. All other borrowing costs are taken to profit and loss account.

## 6.10 Property, plant and equipment and depreciation

These are stated at cost less accumulated depreciation and any identified impairment loss except for freehold land and capital work-in-progress, which are stated at cost. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Freehold land, buildings on freehold land and plant & machinery were revalued during the years 1984, 1995, 2004 and 2005. The Company has adopted the cost model for its fixed assets. Consequently, the revalued figures of such assets as at 01 July, 2005 have been treated as deemed cost. The surplus on revaluation on these assets shall be held on the balance sheet till realisation in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

Depreciation is taken to profit and loss account applying reducing balance method so as to write off the depreciable amount of an asset over its remaining useful life at the rates stated in note 18. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to operating assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

Normal repairs and replacements are taken to profit and loss account as and when incurred. Major renewals and replacements are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

## 6.11 Intangible assets and amortisation thereon

These are stated at cost less accumulated amortisation except assets-in-progress, which are stated at cost. Amortisation is charged to income applying straight-line method to amortise the cost of intangible assets over their estimated useful life. Rate of amortisation is stated in note 18.

Gain / loss on retirement / disposal of intangible assets is taken to profit and loss account.



### 6.12 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 assets. The related obligation of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged at the rates stated in note 18 applying reducing balance method to write-off the cost of asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Financial charges and depreciation on leased assets are charged to income currently.

### 6.13 Stores, spares and loose tools

These are valued at moving average cost. Items-in-transit are valued at cost accumulated to the balance sheet date.

### 6.14 Stock-in-trade

Basis of valuation are as follows:

<b>Particulars</b>	<b>Mode of valuation</b>
Raw materials:	
At mills	- At lower of moving average cost and market value.
In transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At manufacturing cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At contracted rates.

Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.

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

### 6.15 Trade debtors

Trade debtors are carried at original invoice amount less an estimate for doubtful debtors based on review of outstanding amounts at the year-end. Bad debts are written-off when identified.

**6.16 Cash and cash equivalents**

These comprise of bank balances.

**6.17 Revenue recognition**

- Local sales through agents are recorded on intimation from agents whereas direct sales are recorded when goods are despatched to customers. Export sales are booked on shipment of goods.
- Return on bank deposits is accounted for on 'accrual basis'.

**6.18 Financial assets and liabilities**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**6.19 Off setting of financial instruments**

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**6.20 Related party transactions**

Sales, purchases and other transactions with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses relating to combined offices shared with the Associates, which are on the actual basis.

**6.21 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 loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account.

<b>7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>	<b>2007</b>	<b>2006</b>
	(Rupees in thousand)	
14,525,400 ordinary shares of Rs. 10 each fully paid in cash	<b>145,254</b>	145,254
6,274,600 ordinary shares of Rs.10 each issued as fully paid-up by conversion of loans and debentures	<b>62,746</b>	62,746
<u>20,800,000</u>	<u><b>208,000</b></u>	<u>208,000</u>

	Note	2007 (No. of shares)	2006
<b>7.1</b>	16,220,010 (2006: 16,220,010) ordinary shares are held by the following Associates at the year-end:		
	- Saif Holdings Ltd. (formerly Saif Telecom Ltd.)	<b>9,880,000</b>	9,880,000
	- GlobeComm (Pvt.) Ltd.	<b>6,340,010</b>	6,340,010
		<b>16,220,010</b>	16,220,010

## 8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus over book values resulted from the revaluations of freehold land, buildings on freehold land and plant & machinery during the years 1984, 1995, 2004 and 2005 adjusted only by surplus realised on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation. The year-end balance has been arrived at as follows:

	(Rupees in thousand)	
Opening balance	<b>156,476</b>	159,854
Less: transferred to accumulated loss on account of incremental depreciation for the year - net of deferred taxation	<b>3,093</b>	3,378
Closing balance	<b>153,383</b>	156,476

## 9. LONG TERM FINANCES - Secured

National Bank of Pakistan (NBP)			
Demand Finance - I	<b>9.1</b>	<b>0</b>	126,000
Demand Finance - II	<b>9.1</b>	<b>0</b>	108,000
		<b>0</b>	234,000
The Bank of Punjab (BoP)			
Term Finance	<b>9.2</b>	<b>250,000</b>	0
		<b>250,000</b>	234,000
Less: current portion grouped under current liabilities		<b>0</b>	52,000
		<b>250,000</b>	182,000

**9.1** These demand finances were obtained against a finance facility of Rs.260 million and were secured against first pari passu charge on fixed assets of the Company for Rs.370 million. These finance facilities, during the year, carried mark-up at the rates ranging from 11.23% to 12.62% per annum. As per the original repayment terms, Demand Finance - I was repayable in 10 half-yearly instalments of Rs.14 million each commenced from January, 2006 whereas Demand Finance - II was repayable in 10 half-yearly instalments of Rs.12 million each commenced from April, 2006.

The Company, during May, 2007, has entered into a term finance agreement with BoP whereby BoP on 29 May, 2007 has paid Rs.250 million directly to NBP to fully settle the Company's demand finance liabilities of Rs.194 million and short term cash finance liability of Rs.56 million outstanding as on that date.

- 9.2** BoP has disbursed this term finance facility of Rs. 250 million to fully settle the Company's demand and short term finance liabilities as detailed in note 9.1. This finance facility is secured against registered ranking charge for Rs. 333.334 million over fixed assets of the Company; the charge will be upgraded to first pari passu charge subsequently. This finance facility carries mark-up at the rate of 3-months KIBOR plus 325 basis points with floor of 11% per annum payable quarterly; the effective rate of mark-up charged by BoP on this finance facility during the year was 13.02% per annum. The principal balance of this finance facility is repayable in 20 equal quarterly instalments of Rs.12.500 million commencing August, 2009.

#### 10. LONG TERM DEPOSITS - Secured

These interest free deposits have been received in accordance with the Company's Car Incentive Scheme and against these deposits vehicles have been provided to the employees. These are adjustable after specified periods by transfer of title of vehicles to the respective employees.

#### 11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	Upto one year	From one to five years	2007	Up to one year	From one to five year	2006
----- (Rupees in thousand) -----						
Minimum lease payments	38,803	74,415	<b>113,218</b>	41,136	112,452	153,588
Less: financial charges:						
- allocated to future periods	9,051	7,646	<b>16,697</b>	12,102	16,327	28,429
- accrued during the year	331	0	<b>331</b>	444	0	444
	9,382	7,646	<b>17,028</b>	12,546	16,327	28,873
	29,421	66,769	<b>96,190</b>	28,590	96,125	124,715
Less: security deposits adjustable on expiry of lease terms	0	5,000	<b>5,000</b>	61	5,000	5,061
Present value of minimum lease payments	29,421	61,769	<b>91,190</b>	28,529	91,125	119,654
Less: current portion grouped under current liabilities:			<b>29,421</b>			28,529
			<b>61,769</b>			91,125

**11.1** The Company has entered into lease agreements with First National Bank Modaraba and AlBaraka Islamic Bank to acquire plant & machinery. The liabilities under the lease agreements are payable in monthly instalments by May, 2011. These facilities, during the year, carried finance charges at the rates ranging from 10.71% to 13.10% per annum. The Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. These lease finance facilities are secured against charge over leased assets, ranking charge over all present and future movable fixed assets of the Company including plant & machinery and equipment and demand promissory note.

## 12. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

	<b>2007</b>	2006
- discount rate	<b>9%</b>	9%
- expected rate of growth per annum in future salaries	<b>8%</b>	8%
- average expected remaining working life time of employees	<b>09 years</b>	09 years

	<b>2007</b>	2006
<b>The amount recognised in the balance sheet is as follows:</b>	<b>(Rupees in thousand)</b>	
Present value of defined benefit obligation	<b>14,606</b>	16,933
Unrecognised actuarial gain / (loss)	<b>53</b>	(1,540)
Unrecognised transitional provisions	<b>0</b>	(53)
Net liability as at 30 June,	<b>14,659</b>	15,340
Net liability as at 01 July,	<b>15,340</b>	15,520
Charge to profit and loss account	<b>3,911</b>	4,475
Payments during the year	<b>(4,592)</b>	(4,655)
Net liability as at 30 June,	<b>14,659</b>	15,340

### **The movement in the present value of defined benefit obligation is as follows:**

Present value of defined benefit obligation	<b>16,933</b>	14,012
Current service cost	<b>2,334</b>	3,302
Interest cost	<b>1,524</b>	1,120
Benefits paid	<b>(4,592)</b>	(4,655)
Actuarial (gain) / loss	<b>(1,593)</b>	3,154
Present value of defined benefit obligation	<b>14,606</b>	16,933

Comparison of present value of defined benefit obligation and the surplus or deficit of gratuity fund for five years is as follows:

	2007	2006	2005	2004	2003
Present value of defined benefit obligation	14,606	16,933	14,012	14,209	16,136
Experience adjustment on obligation	-11%	19%	0%	-10%	0%

- The Company's policy with regard to actuarial gains / losses is to follow the minimum recommended approach under IAS 19 (Employee Benefits).

### 13. SHORT TERM FINANCES - Secured

Short term cash, trust receipt, running and murabaha finance facilities available from National Bank of Pakistan, United Bank Limited, The Bank of Punjab, First National Bank Modaraba and AlBaraka Islamic Bank aggregate Rs.775 million (2006: Rs.725 million). These facilities, during the year, carried mark-up at the rates ranging from 6.72% to 13.34% per annum payable on quarterly basis. Facilities available for opening letters of credit / guarantee from the aforementioned banks aggregate Rs. 348 million (2006: Rs.301 million) of which the amount aggregating Rs. 220.516 million (2006: Rs.205.376 million) remained unutilised at the balance sheet date. The aggregate facilities are secured against pledge of stock-in-trade, charge on current assets of the Company and lien on documents of title to imported goods. These facilities are expiring on various dates by 30 June, 2008.

14. TRADE AND OTHER PAYABLES	Note	2007 (Rupees in thousand)	2006
Due to a related party (Saif Holdings Ltd.)		1,711	0
Creditors		6,618	6,568
Bills payable against:			
- imported plant & machinery	14.1	0	394
- raw materials	14.1	67,483	40,230
Accrued expenses		13,937	12,788
Unclaimed dividends		154	154
Workers' (profit) participation fund - allocation for the year		0	235
		<b>89,903</b>	<b>60,369</b>

14.1 These are secured against the securities as detailed in note 13.

	2007	2006
	(Rupees in thousand)	
<b>15. ACCRUED MARK-UP AND INTEREST</b>		
Mark-up accrued on:		
- long term finances	2,943	11,287
- short term finances	14,147	11,804
Interest accrued on lease finances	439	444
	<b>17,529</b>	<b>23,535</b>
<b>16. TAXATION - Net</b>		
Opening balance	5,956	66
Add: provision made during the year:		
- current	6,575	5,890
- prior years'	16.3 (309)	7,081
	<b>6,266</b>	12,971
	<b>12,222</b>	13,037
Less: adjustments against completed assessments	5,647	7,081
	<b>6,575</b>	5,956

**16.1** Income tax assessments of the Company have been completed upto the Tax Year 2006; the return for the said year has not been taken-up for audit till 30 June, 2007.

**16.2** In view of available tax losses, the current tax provision represents the minimum tax on turnover for the year due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance).

**16.3** The corresponding figure of Rs.7.081 million represents minimum tax payable under section 113 of the Ordinance for the financial year ended 30 September, 2004 and financial period ended 30 June, 2005.

**16.4** No numeric tax rate reconciliation is given as the Company is liable for minimum tax.

## **17. CONTINGENCIES AND COMMITMENTS**

**17.1** The Company has filed a claim for Rs.268 thousand with the Customs and Central Excise Department in respect of rebate of excise duty already paid for manufacturing of man-made yarn.

**17.2 (a)** National Bank of Pakistan, on behalf of the Company, has issued an inland bank guarantee of Rs.8 million (2006: Rs.8 million) in favour of Sui Northern Gas Pipelines Ltd. (SNGPL). The guarantee is secured against pari passu charge on the Company's fixed assets for Rs. 8 million.

**(b)** AlBaraka Islamic Bank, on behalf of the Company, has also issued a bank guarantee of Rs.3 million (2006: Rs.3 million) in favour of SNGPL. The guarantee is secured against second charge for Rs.5 million on the Company's current assets.

**17.3** Commitments, other than for capital expenditure, against irrevocable letters of credit outstanding at the year-end were for Rs.48.739 million (2006: Rs.54.914 million).

## 18. OPERATING ASSETS

PARTICULARS	COST/REVALUATION				DEPRECIATION/AMORTISATION					NET BOOK VALUE AS AT 30 JUNE, 2007
	As at 30 June, 2006	Additions / transfers	Disposals / transfers	As at 30 June, 2007	Rate %	To 30 June, 2006	For the year	On disposals / transfers	To 30 June, 2007	
	----- Rupees in thousand -----				----- Rupees in thousand -----					
<b>TANGIBLE</b>										
<b>Owned:</b>										
Freehold land	115,900	0	0	115,900		0	0	0	0	115,900
Buildings on freehold land										
- Factory	88,807	3,933	0	92,740	10	28,630	6,250	0	34,880	57,860
- Non-factory	25,790	0	0	25,790	5	5,372	1,021	0	6,393	19,397
Residential:										
- Officers	21,195	0	0	21,195	5	2,162	952	0	3,114	18,081
- Workers	7,668	0	0	7,668	10	2,795	487	0	3,282	4,386
	143,460	3,933	0	147,393		38,959	8,710	0	47,669	99,724
Plant and machinery	484,181	17,437	0	501,618	10	220,718	27,334	0	248,052	253,566
Diesel generators & fuel reservoir	28,408	0	0	28,408	10	19,592	882	0	20,474	7,934
Gas fired power plant	6,462	0	0	6,462	10	248	621	0	869	5,593
Electric installations	23,942	51	0	23,993	10	13,441	1,053	0	14,494	9,499
Equipment & appliances	31,343	3,497	0	34,840	10	16,018	1,753	0	17,771	17,069
Fire extinguishing equipment	1,460	0	0	1,460	10	717	74	0	791	669
Furniture & fixtures	5,803	162	0	5,965	10	1,592	431	0	2,023	3,942
Vehicles	15,049	1,018 657	1,444	15,280	20	9,102	1,324	1,015 336	9,747	5,533
Live-stock	1	0	0	1		0	0	0	0	1
	856,009	26,098 657	1,444	881,320		320,387	42,182	1,015 336	361,890	519,430
<b>Leased:</b>										
Plant and machinery	122,507	0	0	122,507	10	17,984	10,452	0	28,436	94,071
Gas fired power plant	37,814	0	0	37,814	10	3,151	3,466	0	6,617	31,197
Vehicle	657	0	0	657	20	300	36	0	0	0
	160,978	0	0	160,321		21,435	13,954	0	35,053	125,268
			(657)					(336)		
<b>INTANGIBLE</b>										
Computer software	3,601	0	0	3,601	20	2,618	720	0	3,338	263
<b>30 June, 2007:</b>	<b>1,020,588</b>	<b>26,098</b> <b>657</b>	<b>1,444</b> <b>(657)</b>	<b>1,045,242</b>		<b>344,440</b>	<b>56,856</b>	<b>1,015</b> <b>0</b>	<b>400,281</b>	<b>644,961</b>
30 June, 2006	905,932	114,667	11	1,020,588		287,871	56,579	10	344,440	676,148



**18.1 Disposal of Vehicles**

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds / insurance claim	Gain	Sold through negotiations to / insurance claim received from:
----- (Rupees in thousand) -----						
Suzuki Baleno	534	425	109	450	341	Insurance claim received from The Universal Insurance Company Ltd.
Suzuki Bolan	253	237	16	136	120	Mr. Gul Rehman, Islamabad.
Suzuki Cultus	657	353	304	304	0	Saif Holdings Ltd. - a related party.
	<b>1,444</b>	<b>1,015</b>	<b>429</b>	<b>890</b>	<b>461</b>	

**18.2** Additions to plant & machinery and buildings during the preceding year included borrowing cost amounting Rs.2,066 thousand and Rs.23 thousand respectively.

**18.3** Depreciation and amortisation for the year have been apportioned as under:

	Note	2007 (Rupees in thousand)	2006
Depreciation:			
cost of sales		<b>52,085</b>	51,582
administrative expenses		<b>4,051</b>	4,277
		<b>56,136</b>	55,859
Amortisation - administrative expenses		<b>720</b>	720
		<b>56,856</b>	56,579

**19. LOANS TO EMPLOYEES - Secured**

Loan to an executive:			
Opening balance	19.1	<b>1,000</b>	1,000
Add: disbursed during the year		<b>300</b>	0
Less: recovered during the year		<b>(63)</b>	0
		<b>1,237</b>	1,000
Loans to employees	19.2	<b>902</b>	930
		<b>2,139</b>	1,930
Less: current portion grouped under current assets		<b>233</b>	89
		<b>1,906</b>	1,841

**19.1** This interest-free loan of Rs. one million was advanced to an executive during the financial period ended 30 June, 2005 for construction of house and is secured against his gratuity benefits. It is recoverable in lump sum at the time of retirement by way of adjustment against the gratuity benefits of the executive.

**19.2** These interest-free loans have been advanced for various purposes and are secured against employees' gratuity benefits. These loans, except for eight loans (2006: six loans), are recoverable in lump sum at the time of retirement by way of adjustment against gratuity benefits of the respective employees.

**19.3** The fair value adjustment in accordance with the requirements of IAS 39 arising in respect of staff loans is not considered material and hence not recognised.

## 20. DEFERRED TAXATION - Net

	Note	2007 (Rupees in thousand)	2006
The deferred tax asset comprises of temporary differences arising due to:			
Debit balances arising in respect of:			
- Unused tax losses		115,275	100,551
- Minimum tax recoverable against normal tax charge in future years		19,545	12,971
	<b>20.1</b>	<b>134,820</b>	113,522
Credit balances arising in respect of :			
- Accelerated tax depreciation allowances		(88,893)	(90,535)
- Lease finances		(11,927)	(6,961)
		<b>(100,820)</b>	(97,496)
		<b>34,000</b>	16,026

**20.1** Deferred tax asset has been recognised based on the projections prepared by the management indicating reasonable probability that taxable profits will be available in the foreseeable future against which the unused tax losses will be utilised. The Auditors have relied upon management's representation for the basis and assumptions applied in the preparation of these projections.

## 21. STORES, SPARES AND LOOSE TOOLS

Stores including in transit valuing Rs.587 thousand (2006: Rs.1,892 thousand)	12,689	12,735
Spares	10,061	8,307
Loose tools	1,552	1,447
	<b>24,302</b>	22,489

**22. STOCK-IN-TRADE**

	2007 (Rupees in thousand)	2006
Raw materials:		
- at mills	145,482	185,769
- in transit	98,690	61,573
	<u>244,172</u>	<u>247,342</u>
Work-in-process	28,038	27,499
Finished goods	66,461	32,109
	<u>338,671</u>	<u>306,950</u>

**22.1** The entire closing stock-in-trade inventory is pledged with commercial banks as security for short term finance facilities (note 13).

**23. TRADE DEBTORS**

Unsecured - considered good		
- local	133,847	125,465
Secured		
- export bills	5,579	6,450
	<u>139,426</u>	<u>131,915</u>

**24. LOANS AND ADVANCES**

Current portion of loans to employees	233	89
Advances - considered good		
- an executive	72	0
- employees	376	287
	448	287
	<u>681</u>	<u>376</u>

**25. DEPOSITS AND PREPAYMENTS**

Security deposits	345	5
Prepayments	834	598
	<u>1,179</u>	<u>603</u>

**26. OTHER RECEIVABLES**

Quality claims	139	573
Letters of credit	177	183
Others	0	152
	<u>316</u>	<u>908</u>

	Note	2007	2006
		(Rupees in thousand)	
<b>27. SALES - Net</b>			
Own manufactured goods:			
Local			
- yarn		1,052,562	1,024,922
- waste		22,474	19,682
		1,075,036	1,044,604
Export - yarn		17,290	6,450
		1,092,326	1,051,054
Trading activities:			
- yarn		101,897	100,107
- raw materials		122,779	29,125
		224,676	129,232
		1,317,002	1,180,286
<b>28. COST OF SALES</b>			
Raw materials consumed	28.1	877,513	730,633
Packing materials consumed		22,057	18,710
Salaries, wages and benefits	28.2	84,415	71,782
Power and fuel		95,132	90,735
Repair and maintenance		18,841	19,550
Depreciation		52,085	51,582
Insurance		1,980	1,873
Textile cess		44	44
Doubling charges		0	166
		1,152,067	985,075
Adjustment of work-in-process			
Opening		27,499	29,000
Closing		(28,038)	(27,499)
		(539)	1,501
Cost of goods manufactured		1,151,528	986,576
Cost of yarn purchased		97,956	97,508
Adjustment of finished goods			
Opening stock		32,109	0
Closing stock		(66,461)	(32,109)
		(34,352)	(32,109)
		1,215,132	1,051,975

28.1 Raw materials consumed	Note	2007 (Rupees in thousand)	2006
Opening stock		247,342	298,889
Add:			
Purchases (for manufacturing)		750,701	648,239
Cost of raw materials sold		122,369	28,502
Insurance		1,133	2,321
		<u>874,203</u>	<u>679,062</u>
		1,121,545	977,951
Less: closing stock		<u>244,172</u>	<u>247,342</u>
		877,373	730,609
Add: cotton cess		140	24
		<u>877,513</u>	<u>730,633</u>

**28.2** These include Rs.2,588 thousand (2006: Rs.2,962 thousand) in respect of staff retirement benefits - gratuity.

## 29. ADMINISTRATIVE EXPENSES

Directors' remuneration and fees		2,718	2,717
Salaries and benefits	29.1	10,954	10,575
Travelling and conveyance:			
- directors		127	91
- others		930	967
Rent, rates and taxes		2,655	2,439
Entertainment and guest house expenses		699	878
Communication		1,546	1,907
Printing and stationery		1,277	897
Utilities		743	783
Insurance		1,539	2,232
Vehicles' running		2,468	2,154
Repair and maintenance		765	590
Advertisement		38	100
Subscription		166	166
Newspapers & periodicals		30	26
Depreciation		4,051	4,277
Amortisation of intangible assets		720	720
Auditors' remuneration:			
- statutory audit		150	125
- half yearly review		55	55
- certification charges		0	25
- consultancy and tax services		135	180
		<u>340</u>	<u>385</u>
Legal and professional (other than Auditors')		462	537
Others		238	265
		<u>32,466</u>	<u>32,706</u>

**29.1** These include Rs.772 thousand (2006: Rs.884 thousand) in respect of staff retirement benefits - gratuity.

**29.2** The Company, during the year, shared administrative expenses aggregating Rs.1.768 million (2006: Rs.1.290 million) with its Associates on account of proportionate expenses of the combined offices at Karachi and Lahore. These expenses have been booked in the respective heads of account.

<b>30. DISTRIBUTION COST</b>	<b>Note</b>	<b>2007 (Rupees in thousand)</b>	<b>2006</b>
Freight and forwarding		<b>2,202</b>	647
Travelling and conveyance		<b>58</b>	61
Salaries and benefits	<b>30.1</b>	<b>2,825</b>	2,589
Commission		<b>2,741</b>	2,777
Export expenses		<b>413</b>	0
Rent, rates and utilities		<b>111</b>	99
Communication		<b>177</b>	167
Insurance		<b>197</b>	168
Advertisement		<b>0</b>	3
Others		<b>0</b>	484
		<b><u>8,724</u></b>	<b><u>6,995</u></b>

**30.1** These include Rs.551 thousand (2006: Rs.630 thousand) in respect of staff retirement benefits - gratuity

### **31. OTHER OPERATING CHARGES**

Donations	<b>31.1</b>	<b>180</b>	639
Right shares subscription expenses		<b>0</b>	25
Exchange fluctuation loss - net		<b>1,328</b>	828
Workers' (profit) participation fund		<b>0</b>	235
		<b><u>1,508</u></b>	<b><u>1,727</u></b>

**31.1** Expense for the year represents amount donated to (2006 expense included an amount of Rs.195 thousand donated to) Saifullah Foundation for Sustainable Development (a social welfare society) administered by the following directors of the Company:

- Mr. Javed Saifullah Khan
- Mr. Osman Saifullah Khan
- Begum Kulsum Saifullah Khan
- Mr. Jehangir Saifullah Khan

<b>32. OTHER OPERATING INCOME</b>	<b>2007</b>	<b>2006</b>
	<b>(Rupees in thousand)</b>	
Sale of scrap [net of sales tax - Rs.21 thousand (2006:Rs.39 thousand)]	<b>289</b>	261
Gain on disposal of vehicles	<b>461</b>	1
Gain on sale of stores	<b>0</b>	120
Unclaimed balances written-back	<b>297</b>	476
Profit on bank deposits	<b>0</b>	12
Miscellaneous	<b>0</b>	74
	<u><b>1,047</b></u>	<u>944</u>
<b>33. FINANCE COST</b>		
Mark-up on:		
- long term finances	<b>26,702</b>	27,676
- short term finances	<b>53,241</b>	42,793
Lease finance charges	<b>12,793</b>	12,132
Interest on workers' (profit) participation fund	<b>31</b>	0
Bank charges and others	<b>2,024</b>	756
	<u><b>94,791</b></u>	<u>83,357</u>
<b>34. LOSS PER SHARE</b>		
Loss after taxation attributable to ordinary shareholders	<u><b>(22,864)</b></u>	<u>(1,550)</u>
		<b>No. of shares</b>
Weighted average number of shares outstanding during the year	<u><b>20,800,000</b></u>	<u>16,254,795</u>
		<b>Rupees</b>
Loss per share	<u><b>(1.10)</b></u>	<u>(0.10)</u>
	<b>(Rupees in thousand)</b>	
<b>35. TRANSACTIONS WITH ASSOCIATES</b>		
Sales:		
- goods and services	<b>558,167</b>	483,151
- fixed assets	<b>304</b>	0
Purchase of goods and services	<b>414,775</b>	315,811

**36. REMUNERATION OF DIRECTORS AND EXECUTIVES**

Particulars	Directors		Executives	
	2007	2006	2007	2006
	( R u p e e s i n t h o u s a n d )			
Managerial remuneration	<b>2,700</b>	2,700	<b>5,845</b>	3,788
Retirement benefits	<b>0</b>	0	<b>493</b>	457
Medical expenses reimbursed	<b>15</b>	11	<b>191</b>	81
	<b>2,715</b>	2,711	<b>6,529</b>	4,326
Number of persons	<b>1</b>	1	<b>4</b>	4

**36.1** Meeting fee of Rs.3 thousand (2006: Rs.6 thousand) was also paid to 2 (2006: two) non-executive directors during the year.

**37. CAPACITY AND PRODUCTION**

		<b>2007</b>	2006
		<b>(Figures in thousand)</b>	
No. of spindles installed		<b>44</b>	44
No. of spindles shifts worked		<b>47,990</b>	47,827
Rated capacity at 20's count	Kgs	<b>17,771</b>	17,730
Actual production 1,094 Shifts (2006:1,094 Shifts)	Kgs	<b>6,232</b>	6,105
Actual production converted into 20's count	Kgs	<b>16,912</b>	16,638

It is difficult to describe precisely the production capacity in textile spinning industry since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.



## 38. FINANCIAL ASSETS AND LIABILITIES

Particulars	Interest / mark-up bearing				Non-interest / mark-up bearing				Total		Credit risk	
	Maturity upto one year	Maturity after one year	Sub-total 2007	Sub-total 2006	Maturity upto one year	Maturity after one year	Sub-total 2007	Sub-total 2006	2007	2006	2007	2006
----- Rupees in thousand -----												
<b>Financial assets:</b>												
<b>On balance sheet</b>												
Deposits	0	0	0	0	0	1,137	1,137	1,137	1,137	1,137	1,137	1,137
Loans to employees	0	0	0	0	233	1,906	2,139	1,930	2,139	1,930	0	0
Trade debtors	0	0	0	0	139,426	0	139,426	131,915	139,426	131,915	139,426	131,915
Deposits and other receivables	0	0	0	0	345	0	345	157	345	157	345	157
Bank balances	0	0	0	0	115	0	115	442	115	442	115	442
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140,119</b>	<b>3,043</b>	<b>143,162</b>	<b>135,581</b>	<b>143,162</b>	<b>135,581</b>	<b>141,023</b>	<b>133,651</b>
<b>Financial liabilities:</b>												
<b>On balance sheet</b>												
Long term finances	0	250,000	250,000	234,000	0	0	0	0	250,000	234,000		
Long term deposits	0	0	0	0	0	1,454	1,454	1,147	1,454	1,147		
Liabilities against assets subject to finance lease	29,421	61,769	91,190	119,654	0	0	0	0	91,190	119,654		
Short term finances	426,308	0	426,308	395,141	0	0	0	0	426,308	395,141		
Trade and other payables	0	0	0	0	89,903	0	89,903	59,740	89,903	59,740		
Accrued mark-up and interest	0	0	0	0	17,529	0	17,529	23,535	17,529	23,535		
	<b>455,729</b>	<b>311,769</b>	<b>767,498</b>	<b>748,795</b>	<b>107,432</b>	<b>1,454</b>	<b>108,886</b>	<b>84,422</b>	<b>876,384</b>	<b>833,217</b>		
<b>Off balance sheet</b>												
Letters of credit	0	0	0	0	48,739	0	48,739	54,914	48,739	54,914		
Guarantees	0	0	0	0	11,000	0	11,000	11,000	11,000	11,000		
	0	0	0	0	59,739	0	59,739	65,914	59,739	65,914		
<b>Total</b>	<b>455,729</b>	<b>311,769</b>	<b>767,498</b>	<b>748,795</b>	<b>167,171</b>	<b>1,454</b>	<b>168,625</b>	<b>150,336</b>	<b>936,123</b>	<b>899,131</b>		
On balance sheet gap	(455,729)	(311,769)	(767,498)	(748,795)	32,687	1,589	34,276	51,159	(733,222)	(697,636)		
Off balance sheet gap	0	0	0	0	(59,739)	0	(59,739)	(65,914)	(59,739)	(65,914)		

- The effective interest / mark-up rates of financial liabilities are mentioned in respective notes to the financial statements.

### 38.1 Foreign exchange risk

Foreign currency risk arises where receivables and payables exist due to transactions with foreign undertakings. Payables exposed to foreign currency risks are monitored by the management and, if necessary, are covered through forward foreign exchange contracts. However, no foreign forward exchange contracts were outstanding at the year-end.

### 38.2 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. All of the Company's financial assets, except for loans to employees amounting Rs.2,139 thousand (2006: Rs.1,930 thousand), are subject to credit risk.

### 38.3 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values. Further, staff loans have been valued at their original cost less repayments.

### 38.4 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for the new requirements.

### 38.5 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Company usually borrows funds at fixed and market based rates and as such the risk is minimised.

## 39. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 08 October, 2007 by the board of directors of the Company.

## 40. FIGURES

- Figures in the financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangements and reclassifications have been made in the financial statements.

**Javed Saifullah Khan**  
Chairman/Director

**Zafar Qureshi**  
Director

These financial statements are not signed by the Chief Executive as he is out of country. This information is disclosed as required under Section 24 (2) of the Companies Ordinance, 1984.

**PROXY FORM**

I/we \_\_\_\_\_

of \_\_\_\_\_

a Member(s) of **KOHAT TEXTILE MILLS LIMITED** and holder of \_\_\_\_\_

Ordinary Shares, do hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

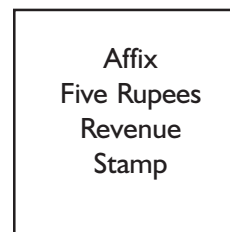
a member of **KOHAT TEXTILE MILLS LIMITED**, vide Registered Folio No. \_\_\_\_\_ and/or

CDC participant I.D. No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_

as my/our proxy to act on my/our behalf at the 41st Annual General Meeting of the Company to be held on 30th October, 2007.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2007

**Signature**



(Signature should agree with the Specimen Signature registered with the Company).

**NOTES:**

1. No proxy shall be valid unless it is duly stamped with a revenue stamp worth Five Rupees.
2. In the case of Bank or Company, the proxy form must be executed under its Common seal and signed by its authorised person.
3. If this proxy form is signed under a power of attorney or other authority then a notarially certified copy of that power of attorney/authority must be deposited alongwith this proxy form.
4. This form of proxy duly completed must be deposited at the Registered office of Company at least 48 hours before the meeting.
5. Individual CDC Account holders shall produce his/her original National Identity Card or Passport, account and participant's ID # to prove his/her identity. A corporate member from CDC must submit the board of directors' resolution or power of attorney and the specimen signature of the nominee, attending meeting.