

VISION

*A Leader Company maintaining
an excellent Level of ethical and
Professional standards*



MISSION STATEMENT

*To become a top quality
Manufacturer of textile products
In the International
&
Local markets*

CORPORATE INFORMATION

Board of Directors	Mr. Muhammad Shaheen Mr. Muhammad Salim Mr. Muhammad Sharif Mr. Muhammad Shakeel Mr. Khurram Salim Mr. Bilal Sharif Mr. Muhammad Amin Mr. Adil Shakeel	Chief Executive / Director Director Director Director Director Director Director Director
Company Secretary	Syed Asshraf Ali ACA, AAIM(Aus)	
Chief Financial Officer	Mr. Anwar Hussain FCA	
Audit Committee	Mr. Muhammad Amin Mr. Bilal Sharif Mr. Adil Shakeel	Chairman Member Member
Auditors	M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants Suite # 4, Block-B, 90-Canal Park, Gulberg II, Lahore.	
Legal Advisor	Mr. Shahid Pervaiz Jami	
Bankers	MCB Bank Limited Hong Kong and Shanghai Banking Corporation Limited Bank Al Habib Limited Bank of Punjab	
Share Registrar	Hameed Majeed Associates (Private) Limited 5th Floor Karachi Chamber Hasrat Mohani Road Karachi.	
Registered Office	Umer Chamber, 10/2, Bilmoria Street, Off I. I. Chundrigar Road, Karachi. Tel: (021) 2635916-17 Fax: (021) 2637826 Email: khioff@umergroup.com Website: www.umergroup.com	
Liason / Correspondence Office	9 th Floor, City Towers, 6-K, Main Boulevard, Gulberg II, Lahore Tel: (042) 111 130 130 Fax: (042) 5770015 Email: lhroff@umergroup.com Website: www.umergroup.com	
Mills At:	Spinning and Weaving units are situated at Feroz Watwan, Sheikhupura, Punjab. Tel: (0496) 731724	

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 20th Annual General Meeting of the members of **Blessed Textiles Limited** will be held on Wednesday 24th October 2007 at 2:30 PM., at the registered office of the company i.e. Umer Chambers, 10/2, Bilmoria Street, Off: I. I. Chundrigar Road, Karachi, to transact the following business:

- 1 To confirm the minutes of the Extra Ordinary General Meeting held on 29th December 2006.
- 2 To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2007 together with the Auditors' and Directors' Report thereon.
- 3 To approve the cash dividend @ 10 % (i.e. PKR 1 per share) for the year ended 30th June, 2007, as recommended by the Board of Directors.
- 4 To appoint the auditors for the next term i.e. year 2007-2008 and fix their remuneration. The retiring auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, being eligible, offer themselves for reappointment.
- 5 To transact any other business with the permission of the chairman.

(by the order of the Board)

Syed Asshraf Ali
ACA, AAIM (Aus)
Company Secretary

KARACHI:
Dated: 27th September, 2007

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 17th October 2007 to 24th October, 2007 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer Chambers 10/2 Bilmoria Street, Off: I. I. Chundrigar Road, Karachi by 16th October 2007 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2007.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/ her. No person other than a member shall act as proxy.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.
5. Members are requested to immediately inform of any change in their addresses to our share Registrar, Hameed Majeed Associates (Private) Limited.

DIRECTORS' REPORT TO THE SHARE HOLDERS

The directors' of your company have a pleasure to present before you annual report of the company with annual audited financial statements for the year ended 30th June 2007.

Overview

By the grace of Al-Mighty Allah your company remained among dominant in the Pakistan Textile Industries during the financial year ended 30th June 2007 and maintained the position among the market leaders both in domestic and international markets.

Textile Industry

Pakistan could now be confronted with a severe textile crisis after exports fell 7.80 per cent in USD terms. Yarn exports continue surging, but sales of apparel, bed linen and cotton fabrics are declining, in sharp contrast with the boom experienced in the first sixteen months without quotas. Rising energy and financial costs is the main causes of current difficulties.

After surging in the second year of the post-quota era, Pakistani textile and clothing exports are now surprisingly falling. This is extremely worrying for the Pakistani economy that heavily relies on its textile industry.

The growth in the textile exports of Pakistan is gradually declining. Textile exports in Pakistan grew from 8.92 billion USD in 2004-05 to 10.11 billion USD in 2005-06, reflecting a growth rate of 18%. As against this, in the current year, export growth has been only 5%. This growing rate is to be an issue of concern for the Pakistani government.

In order to bring the Pakistan textile industry out of its current crisis, it is necessary that certain strict measures be taken to meet the challenges that the industry is facing.

Operating Results

Financial results of the company are summarized as under;

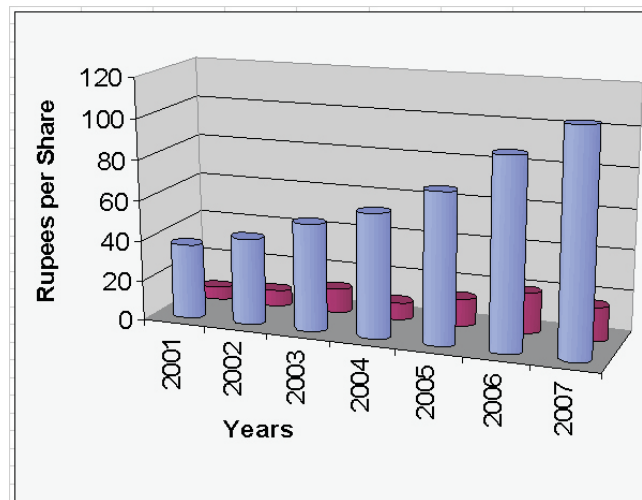
	2007 RUPEES	2006 RUPEES
Profit before taxation	125,130,525	170,517,107
Taxation	(18,801,307)	(40,698,304)
Profit after taxation	<u>106,329,218</u>	<u>129,818,803</u>
Un-appropriated profit brought forward	7,790,725	62,795,922
Profit available for appropriation	<u>114,119,943</u>	<u>192,614,725</u>
Appropriations:		
Dividend paid	(4,824,000)	(4,824,000)
Transferred to General Reserve	<u>(100,000,000)</u>	<u>(180,000,000)</u>
Un-appropriated profit carried forward	<u>9,295,943</u>	<u>7,790,725</u>
Basic and diluted earning per share	<u>16.53</u>	<u>20.18</u>

Dividend

The board of directors is pleased to recommend a final cash dividend of 10% i.e PKR 1 per share (June 2006: 7.5% i.e. PKR 0.75 per share) for the approval of shareholders at the forthcoming annual general meeting.

Breakup Value and Earning per Share

The breakup value of your share as on 30th June 2007 is PKR 109.39 (30th June 2006: PKR 93.61). The Earning per Share (EPS) of your company for the year ended 30th June 2007 is PKR 16.53 (30th June 2006: PKR 20.18).



Statement on Corporate and Financial Reporting Framework

The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in your Company as required by the Code. As a part of the compliance of the Code, we confirm the following:

These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

Proper books of account of the company have been maintained.

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

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

The system of internal control is sound in design and has been effectively implemented and monitored.

There are no significant doubts upon the company's ability to continue as a going concern.

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

We have prepared and circulated a Statement of Ethics and business strategy among directors and employees.

The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.

As required by the Code of Corporate Governance, we have included the following information in this report:

- Statement of pattern of shareholding has been given separately.
- Statement of shares held by associated undertakings and related persons.
- Statement of the Board meetings held during the year and attendance by each director has been given separately.
- Key operating and financial statistics for last six years.

Information about taxes and levies is given in the notes to the financial statements.

New Board of Directors

Election of Directors was held on 29th December 2006 and all eight retiring directors, were elected unopposed whose term of office will expire on 29th December 2009.

Audit Committee

The audit committee of the company is working as required by the code of corporate governance. The audit committee has established internal audit system to monitor and review the adequacy and implementation of internal control at each level. The meetings of audit committee were held in compliance of the requirements of Code of Corporate Governance. Interim and annual financial statements were reviewed by the audit committee before the approval of board of directors.

Financial statements

The financial statements of the company have been duly audited and approved without qualification by the auditors of the company, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and their report is attached with the financial statements.

No material changes in contingencies and commitments, affecting the financial position of your company, have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

Related Party transaction and Transfer Pricing

It is the policy of the company to ensure that all transactions entered with related parties must be at arms length. The company has adopted comparable uncontrolled price method for pricing of transaction with related parties.

Pattern of Shareholding

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

No trade in the shares of the company was carried out by CEO, CFO and Company Secretary and their spouses and minor children except those that have been duly reported as per the law.

Auditors

The present auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants shall retire on the conclusion of the 20th annual general meeting. Being eligible, they offer themselves for re-appointment as auditor of the company to hold office from the conclusion of 20th annual general meeting until the conclusion of 21st annual general meeting. The audit committee has recommended the appointment of aforesaid M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as external auditor for the year ended 30th June 2008. The external auditors, M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

Safety, Health and Environment

We maintain our commitment to higher standard of Safety, Health and Environment. All our employees undergo continuous training on all aspects of safety especially with regards to the safe production, delivery, storage and handling of the materials. In addition we have initiated a rotation exercise at the mill whereby our aim is to ensure that all supervisors are also safety managers and are fully cognizant of all aspects of safety training. Due these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

Expansion Plan

In view of the current economic scenario where the cost of financing and production is rapidly increasing and due to non supportive behavior of government for textile industry, no further expansion is under consideration in near future.

However, normal BMR will continue as and when required.

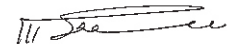
Risks, Challenges and Future Outlook

The cotton situation for 2007-2008 seems not good. The high price of cotton is expected during the coming year 2007-2008, which would affect badly the cost of manufacturing of yarn for all counts. Government has set the cotton target for the year 2007-2008 as 14.1 million bales. Due to supportive weather and the growth of BT cotton in some areas, it is expected that the production will be close to this target. But on the other hand the consumption is estimated as around 16.0 million bales. Pakistan is facing 2.0 million shortfall of cotton even if the target is achieved. International cotton market is also at high tune. The New York future has touched to 70 US cent per pound. Due to lower estimated production in USA this year and negative trend of ending world stock, it is expected the New York will remain high. We are fully cognizant of the possible shortage of cotton with high prices and are prepared to do everything possible to mitigate the adverse impact of such an event. But in the absence of government support toward textile industry particularly spinning sector, we are not sure to have good results in the coming year.

Acknowledgement

Your directors' record with appreciation, the efforts of the company's executives, managers, technicians and workers who have worked vigorously to meet the targets set before them. Your directors also extended their appreciation to the company's bankers, valued customers, suppliers, shareholders and government authorities for the cooperation extended by them during this period.

By the Order of the Board



Mohammad Shaheen
Chief Executive / Director

KARACHI:
Karachi: September 27 2007

YEAR WISE OPERATING DATA

SPINNING UNIT	June 30			September 30		
	2007	2006	2005	2004	2003	2002
Spindles Installed	44,496	44,496	23,376	23,040	23,040	23,040
Spindles Worked	44,496	44,496	23,376	23,040	23,040	23,040
No. Of Shifts worked per day.	3	3	3	3	3	3
Installed Capacity after conversion into 20/s Count. (Kgs.)	19,081,000	13,457,000	5,899,000	7,152,000	7,152,000	7,152,000
Actual Production after conversion into 20/s Count (Kgs.)	18,049,000	14,380,000	5,930,000	7,240,000	7,690,000	7,690,000
WEAVING UNIT						
Air Jet Looms Installed	131	131	131	111	111	-
Air Jet Looms Worked	131	131	131	111	111	-
Installed Capacity after conversion into 50 picks - sq. Meter	17,483,076	17,483,076	13,469,017	14,693,440	14,693,440	-
Actual Production after conversion into 50 picks - sq. Meter	28,556,778	29,552,819	17,530,200	22,719,848	17,813,143	-

YEAR WISE FINANCIAL DATA	June 30			September 30		
	2007	2006	2005	2004	2003	2002
	Rupees In Thousands					
Fixed Assets	1,640,014	1,658,154	1,079,064	837,140	805,463	235,530
Investments Long term Loans & Deposits	7,132	19,866	16,939	16,104	8,966	7,376
Current Assets	917,700	762,605	669,453	484,771	421,684	140,499
Share Holders Equity	703,616	602,110	477,115	394,415	341,962	275,543
Long Term Liabilities	541,038	871,921	613,295	514,805	554,901	13,697
Deferred Liabilities	22,270	20,889	14,605	12,232	14,308	12,353
Current Liabilities	1,197,923	945,704	660,440	416,562	324,942	81,812
Turnover (Net)	2,676,741	2,927,425	1,511,120	2,028,798	1,343,645	682,758
Gross Profit	395,663	416,810	202,890	161,483	182,391	130,462
Operating Profit	305,099	321,983	152,544	111,482	134,584	77,178
Financial Charges	179,969	151,466	48,601	31,811	41,602	17,134
Profit Before Taxation	125,130	170,517	103,942	76,877	91,815	57,042
Profit After Taxation	106,329	129,818	87,524	54,452	76,068	50,341
Cash Dividend	4,824	4,824	4,824	-	9,648	12,864
Transfer To Reserves	100,000	180,000	50,000	88,800	-	37,500
Profit C/F	9,296	7,791	62,795	30,095	66,443	23

**NUMBER OF MEETINGS OF BOARD OF DIRECTORS ATTENDED BY
CHIEF EXECUTIVE, DIRECTORS, CHIEF FINANCIAL OFFICER AND COMPANY
SECRETARY:**

Directors	2006			2007			
	07 th Oct	30 th Oct.	18 th Nov	6 th Jan	26 th Feb	27 th Apr	
Mr. Mohammad Salim	✓	✓	✓	✓	✓	✓	6/6
Mr. Mohammad Sharif	✓	✓	✓	✓	✓	✓	6/6
Mr. Mohammad Shaheen	✓	✓	✓	✓	✓	✓	6/6
Mr. Mohammad Shakeel	✓	✓	✓	✓	✓	✓	6/6
Mr. Khurram Salim	✗	✓	✓	✓	✓	✓	5/6
Mr. Bilal Sharif	✗	✓	✓	✓	✓	✓	5/6
Mr. Mohammad Amin	✗	✓	✓	✓	✓	✓	5/6
Mr. Adil Shakeel	✗	✓	✓	✓	✓	✓	5/6
CHIEF FINANCIAL OFFICER:							
Mr. Anwar Hussain	✓	✓	✓	✓	✓	✓	6/6
COMPANY SECRETARY:							
Mr. .Asif Mahmood	✓	✓	✓	✓	✓	✓	6/6
	6/10	10/10	10/10	10/10	10/10	10/10	56/60

By the Order of the Board



Mohammad Shaheen
Chief Executive / Director

KARACHI:
Karachi: September 27 2007

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE PERIOD 30th JUNE, 2007

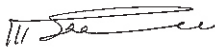
This statement is being presented to comply with the code of corporate governance contained in listing regulation No. 37 of the Karachi Stock Exchange, Chapter XIII of the listing regulation of the Lahore Stock Exchange and Chapter XI of the listing regulation of the Islamabad Stock Exchange for purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The company applies the principles contained in the Code in the following manner.

1. The company encourages representation of independent non executive directors and directors representing minority interest on its Board of Directors. The Board of directors of the Company has always supported implementation of the highest standards of Corporate Governance at all times.
2. The directors have confirmed that none of the directors of the company are serving as a director in more than ten listed companies, including this company.
3. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors, non workmen employees and has been communicated formally to workmen employees of the Company.
4. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
5. There was no casual vacancy in the board of director occurred during the year.
6. The meeting of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
7. All the directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFIs. No director in the board is a member of any Stock exchange in Pakistan.
8. The Board arranged one orientation course for its directors during the year apprised them of their duties and responsibilities and briefed them regarding amendment in the Companies Ordinance 1984 and other corporate laws, including the changes made in income tax ordinance 2001 through Finance Act.
9. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.
10. The director's report has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.
11. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
12. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors.

13. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors have been taken by the Board.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. All material information as described in clause (Xiii) of the Code of Corporate Governance is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in time.
16. 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.
17. The Board has set up effective internal audit function with suitable qualified and experienced personnel, which are involved in the internal audit function on full time basis.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they are not aware of any instances where shares of the company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are compliant with International Federation of accountants (IFAC) guidelines on Code of ethics as adopted by Institute of Chartered Accountants of Pakistan (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 principles contained in the code have been complied with.

KARACHI:
Dated : September 27 2007


Mohammad Shaheen
Chief Executive / Director



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

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90-Canal Park,
Gulberg II,
Lahore.
Phones : 92-42-5756440
 : 92-42-5757022
Fax: : 92-42-5757335
E-mail : wisemen@magic.net.pk

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 practice contained in the Code of Corporate Governance prepared by the Board of Directors of **BLESSED TEXTILES LIMITED** to comply with the Listing Regulation No 37, Chapter No. XIII and Section No. 36 of the Karachi, Lahore and Islamabad Stock Exchange respectively 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 extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provision 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 document prepared by the Company to comply with the Code.

As part of our audit of financial statement 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 to Board's statement on internal control covers all control and effectiveness of such internal controls.

Based on our review nothing has come to our attention which causes us to believe that the Statements of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practice contained in the Code of corporate Governance, as applicable to the Company for the year ended June 30, 2007.

Lahore: September 27 2007

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
(Formerly: RAHMAN SARFARAZ & CO.)
Chartered Accountants



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

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Gulberg II,
Lahore.
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 : 92-42-5757022
Fax: : 92-42-5757335
E-mail : wisemen@magic.net.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BLESSED TEXTILES LIMITED** as at June 30, 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 period 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 statement based on our audit.

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies ordinance 1984;
- (b) in our opinion:
 - (i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied.
 - (ii) The expenditure incurred during the year was for the purpose of the company's business: and
 - (iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.
- (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 standard as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company;'s affairs as at June 30, 2007 and of the profit, its cash flows and changes in equity for the year then ended;
- (d) in our opinion zakat deductible at source under zakat and ushr ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the central Zakak Fund established under section 7 of the ordinance.

Lahore: September 27 2007

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
(Formerly: RAHMAN SARFARAZ & CO.)
Chartered Accountants

BALANCE SHEET

	NOTE	2007 Rupees	2006 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	4	64,320,000	64,320,000
General reserve	5	630,000,000	530,000,000
Unappropriated profit		9,295,943	7,790,725
		703,615,943	602,110,725
Loan from associates - Unsecured	6	100,000,000	-
Non-current liabilities			
Long term finances - Secured	7	512,903,140	855,389,611
Liabilities against assets subject to finance lease	8	21,000,000	16,531,736
Employees retirement benefits	9	22,270,325	16,812,890
Long term payables	10	7,135,136	4,077,092
		563,308,601	892,811,329
Current liabilities			
Trade and other payables	11	132,000,363	109,859,816
Mark up accrued on borrowings	12	11,615,561	13,008,063
Short term borrowings - Secured	13	718,054,063	540,762,843
Current portion of non-current liabilities	14	336,252,515	241,375,362
		1,197,922,502	905,006,084
Contingencies and commitments	15	-	-
		<u>2,564,847,046</u>	<u>2,399,928,138</u>




Mohammad Shaheen
Chief Executive / Director

AS AT JUNE 30, 2007

	NOTE	2007 Rupees	2006 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	16	1,639,762,429	1,658,154,233
Capital work in progress	17	251,380	-
Long term advances	18	3,645,627	3,783,619
Long term deposits	19	3,486,925	16,083,418
		1,647,146,361	1,678,021,270
Current assets			
Stores, spares and loose tools	20	24,513,274	23,036,869
Stock in trade	21	532,383,106	466,592,913
Trade receivables	22	244,751,576	139,753,415
Advances, deposits, prepayments and other receivables	23	53,979,102	68,386,921
Advance taxation	24	21,240,633	5,666,193
Cash and bank balances	25	40,832,994	18,470,557
		917,700,685	721,906,868
		<u>2,564,847,046</u>	<u>2,399,928,138</u>

The annexed notes 1 to 42 form an integral part of these financial statements.


 Mohammad Salim
 Director

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

	NOTE	June 30, 2007 Rupees	June 30, 2006 Rupees
Sales - Net	26	2,676,741,739	2,927,425,775
Cost of sales	27	2,281,078,511	2,510,615,756
Gross Profit		395,663,228	416,810,019
Other operating income	28	596,283	408,439
		396,259,511	417,218,458
Distribution cost	29	50,351,479	51,661,990
Administrative expenses	30	33,763,929	34,459,748
Other operating expenses	31	7,044,755	9,113,397
Finance cost	32	179,968,823	151,466,216
		271,128,986	246,701,351
Profit before tax		125,130,525	170,517,107
Provision for taxation	33	18,801,307	40,698,304
Profit after tax		106,329,218	129,818,803
Earning per share - basic and diluted	34	16.53	20.18

The annexed notes 1 to 42 form an integral part of these financial statements.



Mohammad Shaheen
Chief Executive / Director





Mohammad Salim
Director

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

	NOTE	June 30, 2007 Rupees	June 30, 2006 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	35	349,593,223	346,661,469
Finance cost paid		(181,361,325)	(148,842,585)
Taxes paid		(34,375,747)	(37,320,424)
Employee retirement benefits paid		(3,472,544)	(2,890,005)
Refund of sales tax		4,972,990	4,939,112
Dividend paid		(4,809,708)	(4,807,909)
Net cash flow from operating activities		130,546,889	157,739,658
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(156,261,331)	(726,452,123)
Proceeds from disposal of property, plant and equipment		1,192,228	1,354,000
Decrease / (increase) in long term advances		137,992	(383,456)
Decrease / (increase) in long term deposits		12,596,493	(2,544,000)
Net cash used in investing activities		(142,334,618)	(728,025,579)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(28,583,155)	(26,837,657)
Repayment of long term finances		(287,792,208)	(116,363,636)
Proceeds from sale and lease back transaction		31,500,000	-
Net increase in short term borrowings		177,291,220	181,082,745
Loan obtained from associates		100,000,000	-
Long term finances obtained		41,734,309	500,000,000
Net cash flow from financing activities		34,150,166	537,881,452
Net increase in cash and cash equivalents		22,362,437	(32,404,469)
Cash and cash equivalents at the beginning of the year		14,070,557	49,175,026
Deposits placed under lien during the year		(5,225,900)	(2,700,000)
Cash and cash equivalents at the end of the year	36	31,207,094	14,070,557

The annexed notes 1 to 42 form an integral part of these financial statements.

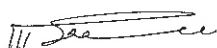

Mohammad Shaheen
 Chief Executive / Director


Mohammad Salim
 Director

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

	SHARE CAPITAL	GENERAL RESERVE	UN-APPROPRIATED PROFIT	TOTAL
	← RUPEES →			
As at 30 June 2005	64,320,000	350,000,000	62,795,922	477,115,922
Net profit for the year ended 30 June 2006	-	-	129,818,803	129,818,803
Transferred to general reserve		180,000,000	(180,000,000)	
Final dividend @ Rs. 0.75 per ordinary share for the nine months period ended 30 June 2005	-	-	(4,824,000)	(4,824,000)
As at 30 June 2006	64,320,000	530,000,000	7,790,725	602,110,725
Net profit for the year ended 30 June 2007	-	-	106,329,218	106,329,218
Final dividend @ Rs. 0.75 per ordinary share for the year ended 30 June 2006	-	-	(4,824,000)	(4,824,000)
Transferred to general reserve	-	100,000,000	(100,000,000)	-
As at 30 June 2007	64,320,000	630,000,000	9,295,943	703,615,943

The annexed notes 1 to 42 form an integral part of these financial statements.



Mohammad Shaheen
Chief Executive / Director



Mohammad Salim
Director

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

1 REPORTING ENTITY

Blessed Textiles Limited ("the Company") was incorporated in Pakistan on 29 September 1987 as a Public Limited Company under the Companies Ordinance, 1984. The registered office of the Company is situated at Umer Chambers, 10/2, Bilmoria Street, Off. I.I. Chundrigar Road, Karachi. The Company is currently listed on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is manufacturing and sale of yarn and woven fabric. The Mill is located at Feroze Watwan, District Sheikhpura in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These accounts have been prepared under the historical cost convention except for certain financial assets at fair value and employees retirement benefits at present value. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

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

2.3.2 Recoverable amount of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.3.3 Employees retirement benefits

The present value of defined benefit obligation is based on actuarial valuation done internally by the management of the Company. The valuation requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and discount rate used to derive present value of defined benefit obligation.

2.3.4 Taxation

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

2.3.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4 Functional currency

These financial statements are prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses with the exception of freehold land and capital work in progress, which are carried at cost less identified impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the item.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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

Depreciation

Depreciation is recognized in profit or loss by applying reducing balance method over the useful life of each item of property, plant and equipment using the rates specified in note 16 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Depreciation method, useful lives and residual values are reviewed at each reporting date.

De-recognition

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

3.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the project. These costs are transferred to property, plant and equipment as and when assets are available for use.

3.3 Stores, spares and loose tools

These are generally held for internal use and are valued at lower of cost and net realisable value. Cost is determined on the basis of moving weighted average except for items in transit, which are valued at invoice price plus related expenses incurred up to the reporting date. For items which are slow moving, a provision is made for excess of carrying amount over estimated net realizable value.

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

3.4 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Raw materials	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Packing Material	Weighted average cost
Waste	Net realizable value
Raw material in transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

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

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

3.5 Non-derivative financial instruments

Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in the profit or loss.

Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

Off-setting

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

3.6 Derivative financial instruments

The Company uses derivatives such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

3.7 Borrowings

These are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit or loss over the period of the borrowings on an effective interest basis.

3.8 Leased assets

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated over their useful lives by applying the reducing balance method using the rates specified in note 16 to the financial statements.

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

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

3.9 Employee benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and discount rate used to derive present value of defined benefit obligation. The assumptions are determined internally by the management of the Company.

The amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Actuarial gains and losses are recognised in profit or loss for the period in which these arise.

Details of scheme are referred to in the note 9 to the financial statements.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

3.10 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost.

3.11 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment loss, if any.

3.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Revenue from sale of goods is recognized when risk and rewards incidental to the ownership of goods are transferred, i.e. on dispatch of goods to customers.

Export rebate is recognized when received.

3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale,

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

are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

3.14 Income tax

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

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 0.5% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred tax is accounted for using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax assets is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.15 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.16 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and in current accounts with various banks after deducting balances under lien, if any. Cash and cash equivalents are carried at cost.

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

5 GENERAL RESERVE

General reserve is primarily being maintained to have adequate resources for future requirements and business operations.

6 LOAN FROM ASSOCIATES - UNSECURED

This loan has been obtained from sponsors of the Company and their relatives, and is interest free. There is no fixed tenor or schedule for repayment of this loan. The repayment is at the option of the Company. The lenders have no intention to demand repayment within twelve months from the reporting date.

7 LONG TERM FINANCES - SECURED

June 30, 2007
Rupees

June 30, 2006
Rupees

From banking companies

Long term finances utilized under mark up arrangements	7.1	512,903,140	773,571,428
Long term finances utilized under morabaha arrangements	7.2	-	81,818,183
		<u>512,903,140</u>	<u>855,389,611</u>

7.1 Long term finances utilized under mark up arrangements:

		30 JUNE 2007			30 JUNE 2006
		LTF-EOP	Non LTF-EOP	Total	Total
		RUPEES			
Term Loan	7.1.1	-	120,000,000	120,000,000	200,000,000
Term Loan	7.1.2	128,571,428	-	128,571,428	150,000,000
Term Loan	7.1.3	-	450,000,000	450,000,000	600,000,000
Term Loan	7.1.4	41,734,309	-	41,734,309	-
Term Loan	7.1.5	81,818,183	-	81,818,183	-
		252,123,920	570,000,000	822,123,920	950,000,000
Current portion shown under current liabilities	14	(79,220,780)	(230,000,000)	(309,220,780)	(176,428,572)
		<u>172,903,140</u>	<u>340,000,000</u>	<u>512,903,140</u>	<u>773,571,428</u>

Security and Repayment

Markup Rate
on LTF-EOP

Markup up rate
on Non-LTF-EOP

7.1.1	The loan was obtained to finance capital expansion and is secured by first equitable mortgage charge over present and future fixed assets of the Company for Rs.652.871 million. The loan is repayable in 10 equal half yearly installments commencing from 26 June 2004.	-	Mark up is payable at six months T-bill plus 2.25% (2006: six months T-bill plus 2.25%) per annum.
7.1.2	The loan was obtained to finance capital expansion and is secured by first pari passu charge over present and future fixed assets of the Company for Rs. 176.471 million. On 21 November 2006, the entire loan was converted to SBP Long Term Finance for Export Oriented Project (LTF-EOP) scheme. The loan is repayable in 14 equal quarterly installments commencing from 15 January 2007. The security arrangements in respect of the loan remains unchanged.	7%.	Three months KIBOR plus 1 % (2006: three month KIBOR plus 1%) per annum.
7.1.3	The loan was obtained by the Company to finance capital expansion and is secured by first pari passu charge over present and future fixed assets of the Company for Rs. 706 million. The loan is repayable in 16 equal quarterly installments commencing from 18 September 2006.	-	Three months KIBOR plus 1% (2006: three months KIBOR plus 1 %) per annum.

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

Security and Repayment	Markup Rate on LTF-EOP	Markup up rate on Non-LTF-EOP
7.1.4 The loan was obtained by the Company under SBP Long Term Finance for Export Oriented Project (LTF-EOP) scheme and is secured by hypothecation charge over the Company's plant, machinery and equipment. The loan is repayable in twelve equal half yearly installments commencing from 19 October 2008.	7%.	-
7.1.5 This loan represents amount transferred from morabaha finance. The security arrangements and repayment schedule remains unchanged. For details, refer note 7.2.	6%	-
7.1.6 The Company has entered into an interest rate swap agreement with a bank for a notional amount of Rs. 600 million (2006:Rs. 600 million), maturing upto 18 June 2010. The outstanding balance of these arrangements is Rs. 450 million (2006: Rs. 600 million) as at the reporting date. Under the swap arrangement, the Company would receive mark up at floating rate of three months KIBOR plus 1% per annum and pay mark-up at fixed rate of 11.6 % per annum as per the respective arrangements, which will be settled quarterly. As at the reporting date, the interest rate swap has a negative fair value of Rs.322,313 (2006: Rs.440,937).		

7 Long term finances utilized under morabaha arrangements:	June 30, 2007 Rupees	June 30, 2006 Rupees
Morabaha finance	7.2.1 -	118,181,819
Current portion shown under current liabilities	14 -	(36,363,636)
	<u>-</u>	<u>81,818,183</u>

7.2.1 Movement in long term finances utilised under morabaha arrangements

As at beginning of the year	118,181,819	154,545,455
Obtained during the year	-	-
Repaid during the year	(18,181,819)	(36,363,636)
Transferred to LTF-EOP during the year	(100,000,000)	-
As at end of the year	<u>-</u>	<u>118,181,819</u>

7.2.2 Terms of repayments and securities

The facility was secured by registered pari passu charge on present and future fixed assets of the weaving unit of the Company for Rs. 300 million and was repayable in twenty two equal quarterly installments commencing from 11 May 2004. On 11 December 2006, the outstanding balance Rs. 100 million was converted into a new loan under SBP Long Term Finance for Export Oriented Project (LTF-EOP) scheme. Profit on the original loan was payable at six months T-Bill plus 2.15 % with a floor of 3.5% (2006: six months T-Bill plus 2.15 % with a floor of 3.5%) per annum. The security arrangements and repayment schedule remains unchanged.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	June 30, 2007 Rupees	June 30, 2006 Rupees
Present value of minimum lease payments	48,031,735	45,114,890
Current portion shown under current liabilities	14 (27,031,735)	(28,583,154)
	<u>21,000,000</u>	<u>16,531,736</u>

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

This represents plant and machinery acquired under leasing arrangements. Interest rate used as the discounting factor ranges from 7% to 12.43 % (2006: 7% to 11.34 %) per annum. Taxes, repairs, replacements and insurance costs are to be borne by the Company. Under the terms of agreement, the Company has an option to acquire the assets at the end of the respective lease terms and intends to exercise the option.

The amount of future payments under the lease and the period in which these payments will become due are as follows:

	June 30, 2007 Rupees	June 30, 2006 Rupees
Not later than one year	30,458,256	31,276,092
Later than one year but not later than five years	23,515,924	16,919,026
Total future minimum lease payments	53,974,180	48,195,118
Finance charge allocated to future periods	(5,942,445)	(3,080,228)
Present value of future minimum lease payments	48,031,735	45,114,890
Not later than one year	(27,031,735)	(28,583,154)
Later than one year but not later than five years	21,000,000	16,531,736

9 EMPLOYEE RETIREMENT BENEFITS

The amounts recognized in the balance sheet are as follows

Present value of defined benefit obligation	9.1	22,270,325	16,812,890
Unrecognized actuarial gains or losses		-	-
		22,270,325	16,812,890

9.1 Movement in present value of defined benefit obligation

As at beginning of the year		16,812,890	13,052,615
Charged to profit or loss for the year	9.2	8,929,979	6,650,280
Benefits paid during the year		(3,472,544)	(2,890,005)
As at end of the year		22,270,325	16,812,890

9.2 Salaries, wages and other benefits include the following in respect of retirement and other benefits:

Current service cost		5,718,870	3,857,000
Interest cost for the year		1,374,722	1,134,749
Actuarial losses recognised during the year		1,836,387	1,658,531
		8,929,979	6,650,280

Actuarial valuation has been carried out internally by the management of the Company at the reporting date. Significant actuarial assumptions used for the valuation are as follows:

	June 30, 2007	June 30, 2006
Discount rate	9%	9%
Expected rates of salary increase	9%	9%

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

10 LONG TERM PAYABLES

This represents infrastructure cess levied by Excise and Taxation Officer (ETO) Government of Sindh on imports of the Company. The Company has filed suit with the Honourable Sindh High Court (SHC) against this. On the instructions of SHC, the merchandise was released against bank guarantees furnished in favour of the ETO. The Company has recognised this as a long term payable since the payment is subject to the decision by SHC in favour of ETO, which is still pending.

11 TRADE AND OTHER PAYABLES		June 30, 2007	June 30, 2006
		Rupees	Rupees
Trade creditors		69,374,751	56,209,289
Accrued liabilities		47,038,700	35,344,105
Advances from customers		1,280,131	973,468
Workers' profit participation fund	11.1	12,423,818	14,779,568
Workers' Welfare Fund		59,492	-
Unclaimed dividend		1,408,932	1,394,640
Other payables		414,539	1,158,746
		<u>132,000,363</u>	<u>109,859,816</u>

11.1 Workers' Profit Participation Fund (WPPF)

As at the beginning of the year		14,779,568	7,285,420
Interest on funds utilized in the Company's business	11.2	1,168,457	737,443
Charged to profit or loss for the year	31	6,647,315	9,013,397
Paid to the fund during the year		(10,171,522)	(2,256,692)
		<u>12,423,818</u>	<u>14,779,568</u>

11.2 Interest on WPPF is provided at 11.5 % (2006: 11.5%) per annum.

12 MARK UP / PROFIT ACCRUED ON BORROWINGS

Long term finances utilised under mark up arrangements - Secured		5,651,699	5,614,150
Long term finances utilised under morabaha arrangements - Secured		-	1,723,965
Liabilities against assets subject to finance lease		660,421	87,782
Short term borrowings - Secured		5,159,934	5,325,728
Derivative financial instruments	7.1.6	143,507	256,438
		<u>11,615,561</u>	<u>13,008,063</u>

13 SHORT TERM BORROWINGS - SECURED

These represent short term finances utilized under mark up arrangements:

From banking companies

	Sanctioned limit				
	Rs. in million				
	30 June 2007	30 June 2006			
Running finance	1,450	1,032	13.1	718,054,063	540,762,843
				<u>718,054,063</u>	<u>540,762,843</u>

**NOTES TO THE FINANCIAL STATEMENTS
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13.1 These facilities have been obtained from various commercial banks for working capital requirements and are secured by way of promissory notes, first pari passu charge over the Company's present and future stock and receivable. These facilities carry mark up at rates ranging from 9.12 % to 11.38 % (2006: 7.39% to 10.08 %) per annum. These rates are based on floating KIBOR. These facilities are expiring on different dates and are renewable on expiry.

13.2 The aggregate unavailed short term borrowing facilities amounts to Rs. 732 million (2006: Rs.491 million).

14 CURRENT PORTION OF LONG TERM LIABILITIES	June 30, 2007 Rupees	June 30, 2006 Rupees
Long term finances utilised under mark up arrangements	7 309,220,780	176,428,572
Long term finances utilised under morabaha arrangements	7 -	36,363,636
Liabilities against assets subject to finance lease	8 27,031,735	28,583,154
	<u>336,252,515</u>	<u>241,375,362</u>

15 CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has issued indemnity bonds and post dated cheques collectively amounting to Rs. 24,740,307 (2006: Rs. 910,984) in favour of Collector of Customs and Sales Tax department in lieu of levies under various statutory notifications and these are likely to be released after the fulfillment of the terms of related notifications.

Guarantees issued by banks on behalf of the Company as at 30 June 2007 amounted to Rs.56 million (2006: Rs. 29 million)

	June 30, 2007 Rupees	June 30, 2006 Rupees
Bill Discounted	<u>14,921,000</u>	<u>-</u>
Commitments		
Irrevocable letters of credit for:		
- import of machinery	56,243,225	53,617,168
- import of stores, spare and loose tools	7,386,600	2,259,238
- import of raw material	-	132,919,121
	<u>63,629,825</u>	<u>188,795,527</u>
Fixed capital expenditure	<u>-</u>	<u>20,300,000</u>

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

16 PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COST					Rate	DEPRECIATION				Net book value as at 30 June
	As at 01 July	Additions	Disposals	Transfers	As at 30 June		As at 01 July	Adjustment	For the year	As at 30 June	
R U P E E S											
Freehold land	21,199,917	-	-	-	21,199,917	-	-	-	-	21,199,917	
Buildings on freehold land											
Factory	339,620,464	-	-	2,471,222	342,091,686	10%	86,041,877	-	25,483,778	111,525,655	
Non-factory	48,913,465	-	-	1,045,846	49,959,311	5%	9,169,280	-	2,030,836	11,200,116	
Plant and machinery	1,669,280,311	-	(547,280)	143,568,556	1,780,801,587	10%	441,925,504	(103,060)	130,647,630	572,470,074	
				(31,500,000)							
Equipment and other assets	7,249,698	-	-	5,265,182	12,514,880	35%	3,497,747	-	2,466,145	5,963,892	
Electric installations	26,816,448	-	-	-	26,816,448	10%	4,473,241	-	2,234,321	6,707,562	
Office equipment - factory	1,127,809	-	-	-	1,127,809	10%	650,668	-	47,714	698,382	
Office equipment - office	4,418,664	-	-	166,840	4,585,504	10%	2,691,896	-	185,190	2,877,086	
Furniture and fixtures - office	199,098	-	-	-	199,098	10%	86,845	-	11,225	98,070	
Furniture and fixtures - factory	5,005,509	-	-	561,440	5,566,949	10%	1,971,901	-	338,602	2,310,503	
Vehicles	19,441,884	2,930,865	(1,268,103)	-	21,104,646	20%	10,367,575	(1,116,378)	2,073,030	11,324,227	
	2,143,273,267	2,930,865	(1,815,383)	153,079,086	2,265,967,835		560,876,534	(1,219,438)	165,518,471	725,175,567	
				(31,500,000)						1,540,792,268	
Assets subject to finance lease											
Plant and machinery	91,000,000	31,500,000	-	-	122,500,000		15,242,500	-	8,287,339	23,529,839	
	2,234,273,267	34,430,865	(1,815,383)	153,079,086	2,388,467,835		576,119,034	(1,219,438)	173,805,810	748,705,406	
				(31,500,000)						1,639,762,429	
2007											
2006	1,315,454,786	4,876,783	(4,409,654)	918,351,352	2,234,273,267		433,165,797	(3,464,096)	146,417,333	576,119,034	
										1,658,154,233	

16.1 Transfers to owned assets represent transfers from capital work in progress on the related assets becoming available for use. (note 17)

16.2 Transfers to assets subject to finance lease represent assets sold and leased back.

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

		Year ended June 30, 2007 Rupees	Year ended June 30, 2006 Rupees
Cost of sales	27	171,303,936	143,767,316
Administrative expenses	30	2,501,874	2,650,017
		<u>173,805,810</u>	<u>146,417,333</u>

16.4 Disposal of property, plant and equipment

Description	Cost	Accumulated Depreciation	Proceeds from		Gain on disposal of property, plant and equipment	Mode of disposal	Particular of buyer
			Book valued disposal of property, plant and equipment	Gain on disposal of property, plant and equipment			
Machinery							
R U P E E S							
Yarn optica	547,280	103,060	444,220	618,160	173,940	Negotiation	Capio Automazio IND SRL Italy.
Vehicle							
Suzuki LXL-3312	302,313	250,220	52,093	162,536	110,443	Negotiation	Mubeen Akhtar - 321 G, Mode Town, Lahore
Suzuki LOZ-6419	486,000	445,340	40,660	160,000	119,340	Negotiation	Anjum Iqbal - House 23, Street 2, Raj Gang, Lahore
Motorcycle KAR-4206	58,000	42,653	15,347	16,155	808	Negotiation	Baber John - Faiz House 1406, Block Q Nazimabad, Karachi
Suzuki LOX-7715	371,790	342,382	29,408	220,000	190,592	Negotiation	M.Amir - 2 A Sanda Road, Lahore
Motorcycle KAV-947	50,000	35,783	14,217	15,377	1,160	Negotiation	Mohsin Khan - D 9/34 Federal Capital Area, Karachi
30 June 2007	1,815,383	1,219,438	595,945	1,192,228	596,283		
30 June 2006	4,409,654	3,464,093	945,561	1,354,000	408,439		

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

17 CAPITAL WORK IN PROGRESS	As at 01 July	Additions	Transferred to owned assets Rupees	As at 30 June
Civil Work - Building	-	3,573,041	(3,517,068)	55,973
Plant and machinery	-	143,763,963	(143,568,556)	195,407
Equipment and other assets	-	5,265,182	(5,265,182)	-
Office equipment	-	166,840	(166,840)	-
Furniture and fixtures	-	561,440	(561,440)	-
2007	-	153,330,466	(153,079,086)	251,380
2006	-	-	-	-

18 LONG TERM ADVANCES - SECURED		June 30, 2007 Rupees	June 30, 2006 Rupees
Due from employees	18.1	5,308,357	5,758,624
Current portion shown under current assets	23	(1,662,730)	(1,975,005)
		<u>3,645,627</u>	<u>3,783,619</u>

18.1 These are interest free loans advanced to employees against future salaries and retirement benefits as per terms of employment and are repayable over a period of two to five years.

19 LONG TERM DEPOSITS

With financial institutions		-	3,488,493
With leasing companies	19.1	-	9,100,000
Others	19.2	<u>3,486,925</u>	<u>3,494,925</u>
		<u>3,486,925</u>	<u>16,083,418</u>

19.1 This represents security deposits with leasing companies in respect of liabilities against assets subject to finance lease.

19.2 This represents security deposits with various utility companies.

20 STORES, SPARES AND LOOSE TOOLS

Stores, spares and loose tools	<u>24,513,274</u>	<u>23,036,869</u>
	<u>24,513,274</u>	<u>23,036,869</u>

20.1 It is impracticable to distinguish stores, spares and loose tools, each from the other.

20.2 Stores, spares and loose tools are generally held for internal use only.

20.3 No item of stores, spares and loose tools is pledged as security as at the reporting date.

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

		June 30, 2007 Rupees	June 30, 2006 Rupees
21 STOCK IN TRADE			
Raw material at factory		337,121,919	216,540,230
Raw material in transit		-	67,624,982
Work in process		38,031,538	33,613,740
Finished goods		152,223,923	146,490,333
Packing material		4,976,606	2,264,466
Waste		29,120	59,162
		<u>532,383,106</u>	<u>466,592,913</u>
21.1	No item of stock in trade is carried at net realizable value as at the reporting date.		
21.2	No item of stock in trade is pledged as security as at the reporting date.		
22 TRADE RECEIVABLES			
Considered good			
Local - Unsecured, considered good		228,590,955	129,674,949
Foreign - Secured, considered good	22.1	16,160,621	10,078,466
		<u>244,751,576</u>	139,753,415
Considered doubtful		3,563,560	3,563,560
		<u>248,315,136</u>	143,316,975
Provision for doubtful debts		(3,563,560)	(3,563,560)
		<u>244,751,576</u>	<u>139,753,415</u>
22.1	These are secured against letters of credit.		
23 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers - Unsecured, considered good		14,461,108	7,368,444
Advances to employees - Secured, considered good	18	1,662,730	1,975,005
Letters of credit		8,257,846	39,451,213
Prepayments		963,795	1,253,741
Deposit with financial institutions		12,588,493	-
Refundable trade deposits		2,936,941	380,780
Sales tax refundable	23.1	12,826,306	17,799,296
Others receivables- Unsecured, considered good		281,883	158,442
		<u>53,979,102</u>	<u>68,386,921</u>
23.1	This represents excess of input tax on purchases over sales tax payable.		
24 ADVANCE TAXATION			
Advance income tax		39,188,630	45,791,617
Income tax refundable		804,345	572,880
Provision for taxation		(18,752,342)	(40,698,304)
		<u>21,240,633</u>	<u>5,666,193</u>

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

25 CASH AND BANK BALANCES	June 30, 2007 Rupees	June 30, 2006 Rupees
Cash in hand	-	-
Cash at banks in current accounts		
Local currency	40,614,761	18,211,461
Foreign currency - US\$ 3,618 (2006: US\$ 4,312)	218,233	259,096
	40,832,994	18,470,557
	40,832,994	18,470,557

25.1 These include balances amounting to Rs. 9,625,900 (2006: Rs. 4,400,000) under lien with banks against guarantees and letters of credit issued by them.

26 SALES - NET	Year ended June 30, 2007			Year ended June 30, 2006
	LOCAL	EXPORT	TOTAL	
	RUPEES			
Yarn	582,010,086	712,919,464	1,294,929,550	986,150,159
Fabric	841,730,237	533,582,484	1,375,312,721	1,940,431,050
Processing	32,232,171	-	32,232,171	857,088
Waste	1,260,598	-	1,260,598	20,569,325
	1,457,233,092	1,246,501,948	2,703,735,040	2,948,007,622
Commission and brokerage	(8,364,094)	(19,318,305)	(27,682,399)	(24,284,910)
Export rebate	-	689,098	689,098	3,703,063
	1,448,868,998	1,227,872,741	2,676,741,739	2,927,425,775

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

27 COST OF SALES		June 30, 2007 Rupees	June 30, 2006 Rupees
Raw material consumed	27.1	1,635,612,410	1,475,033,344
Packing material consumed		33,841,212	23,458,658
Stores, spares and loose tools consumed		54,338,315	47,656,776
Salaries, wages and benefits	27.2	126,201,840	98,680,879
Processing charges		10,297,192	12,533,725
Fee and subscription		86,305	81,060
Fuel, power and water charges		187,786,035	176,917,129
Electricity duty		1,515,531	1,161,234
Insurance		7,334,661	6,093,333
Vehicle running and maintenance		2,589,950	2,022,835
Rent, rates and taxes		208,136	109,166
Repair and maintenance		2,313,399	2,524,005
Communication		512,280	481,357
Traveling, conveyance and entertainment		497,361	491,699
Depreciation	16.3	171,303,936	143,767,316
Others		2,217,869	1,649,130
		<u>2,236,656,432</u>	<u>1,992,661,646</u>
Work in process			
Opening stock		33,613,740	21,782,100
Transferred from trial run production		-	3,418,460
Closing stock		(38,031,538)	(33,613,740)
		<u>(4,417,798)</u>	<u>(8,413,180)</u>
Cost of goods manufactured		<u>2,232,238,634</u>	<u>1,984,248,466</u>
Finished goods			
Opening stock		146,490,333	66,970,598
Transferred from trial run production		-	6,285,516
Finished goods purchased		54,543,425	599,237,960
Closing stock		(152,223,923)	(146,490,333)
		<u>48,809,835</u>	<u>526,003,741</u>
Waste			
Opening stock		59,162	422,711
Closing stock		(29,120)	(59,162)
		<u>30,042</u>	<u>363,549</u>
Cost of sales		<u><u>2,281,078,511</u></u>	<u><u>2,510,615,756</u></u>
27.1 Raw material consumed			
Opening stock		216,540,230	192,366,399
Transferred from trial run production		-	32,647,779
Purchases		<u>1,815,696,540</u>	<u>1,489,470,298</u>
		<u>2,032,236,770</u>	<u>1,714,484,476</u>
Sales of raw material		(59,502,441)	(22,910,902)
Closing stock		<u>(337,121,919)</u>	<u>(216,540,230)</u>
		<u><u>1,635,612,410</u></u>	<u><u>1,475,033,344</u></u>

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

27.2 These include charge in respect of employees retirement benefits amounting to Rs. 7,872,939
(2006: Rs. 4,714,855)

28 OTHER OPERATING INCOME

		June 30, 2007 Rupees	June 30, 2006 Rupees
Income from non-financial assets			
Gain on disposal of property plant and equipment		596,283	408,439
		<u>596,283</u>	<u>408,439</u>
29 DISTRIBUTION COST			
Export			
Ocean freight and forwarding		28,692,942	30,208,922
Export development surcharge		3,105,062	4,389,619
Export sales promotion expense		8,968,753	9,036,928
Others		1,518,710	1,196,274
		<u>42,285,467</u>	<u>44,831,743</u>
Local			
Inland transportation		6,658,752	4,004,020
Salaries, wages and benefits	29.1	424,604	518,889
Others		982,656	2,307,338
		<u>8,066,012</u>	<u>6,830,247</u>
		<u>50,351,479</u>	<u>51,661,990</u>

29.1 These include charge in respect of employees retirement benefits amounting to Rs. 23,335
(2006: Rs.50,020)

30 ADMINISTRATIVE EXPENSES

Directors' remuneration		2,880,000	2,880,000
Salaries, wages and benefits	30.1	17,585,909	16,930,472
Traveling, conveyance and entertainment		1,653,202	1,916,638
Printing and stationery		663,734	690,580
Communication		2,079,753	2,666,206
Vehicles running and maintenance		1,504,948	1,661,541
Legal and professional		167,628	18,000
Auditors' remuneration	30.2	250,000	190,000
Fee and subscription		475,024	435,964
Repair and maintenance		688,195	484,566
Depreciation	16.3	2,501,874	2,650,017
Rent, rates and utilities		2,254,421	2,281,217
Others		1,059,241	1,654,547
		<u>33,763,929</u>	<u>34,459,748</u>

30.1 These include charge in respect of employees retirement benefits amounting to Rs. 1,033,705
(2006: Rs. 1,885,425)

30.2 Auditors' remuneration

Annual statutory audit		145,000	100,000
Half yearly review		50,000	50,000
Review report on code of corporate governance		45,000	35,000
Out of pocket expenses		10,000	5,000
		<u>250,000</u>	<u>190,000</u>

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

31 OTHER OPERATING EXPENSES		June 30, 2007	June 30, 2006
		Rupees	Rupees
Workers' profit participation fund	10.1	6,647,315	9,013,397
Donations	31.1	397,440	100,000
		<u>7,044,755</u>	<u>9,113,397</u>

31.1 None of the directors or their spouses had any interest in respect of donations made by the Company.

32 FINANCE COST

Mark-up / profit on:

- long term finances	100,733,010	87,314,396
- short term borrowings	63,796,780	46,328,037
- liabilities against assets subject to finance lease	3,355,529	4,230,748
- workers' profit participation fund	1,168,457	737,443
	169,053,776	138,610,624

Bank charges and commission	7,302,472	5,684,360
Loss on derivative financial instruments	3,612,575	7,171,232
	<u>179,968,823</u>	<u>151,466,216</u>

33 TAXATION

Current for the year	18,792,824	40,687,777
for prior years	8,483	10,527
	18,801,307	40,698,304
Deferred	-	-
	<u>18,801,307</u>	<u>40,698,304</u>

33.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001.

33.2 Provision for current tax for the year includes Rs. 59,492 (2006: Rs. nil) in respect of Workers' Welfare Fund (WWF). Provision for WWF has been made as required under section 4 (1) of the Workers' Welfare Fund Ordinance 1971 as amended on 01 July 2006 and has been provided at the rate of 2 % of total income as is assessable under the Income Tax Ordinance 2001.

33.3 Assessments for the tax year 2006 and transitional tax year 2005 are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filed by the Company.

33.4 During past years the Company was taxed under the Final Tax Regime. This year, the Company has provided for the current tax based on normal provisions of the Income Tax Ordinance 2001. However, the Company has not provided for deferred tax since the Company's management expects that in consonance with the past trends, future tax liabilities would continue to be finalised under the Final Tax Regime. Therefore any timing differences arising during the year are not expected to reverse in future periods.

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

33.5 Relationship between tax expense and accounting profit

	<i>Percentage of profit before tax</i>
Average tax rate	14.59
Tax effects amounts that are:	
adjustment of prior years	(0.01)
income chargeable to tax at different rates	1.49
deferred tax not accounted for	19.14
inadmissible expenses	(0.21)
	<u>20.41</u>
Applicable tax rate	<u>35.00</u>

Relationship between tax expense and accounting profit for the year ended 30 June 2006 has not been presented as the Company was taxed under the Final Tax Regime in respect of the said year.

34 EARNING PER SHARE - BASIC AND DILUTED	June 30, 2007 Rupees	June 30, 2006 Rupees
Profit attributable to ordinary shareholders of the Company	<u>106,329,218</u>	<u>129,818,803</u>
Weighted average number of ordinary shares outstanding during the year.	6,432,000	6,432,000
Earning per share	<u>16.53</u>	<u>20.18</u>

There was no dilutive effect on basic earnings per share of the Company.

35 CASH GENERATED FROM OPERATIONS

Profit before tax	125,130,525	170,517,107
Adjustments for non-cash items		
Finance cost	179,968,823	151,466,216
Gain on sale of property, plant and equipment	(596,283)	(408,439)
Depreciation	173,805,810	146,417,333
Provision for employees retirement benefits	8,929,979	6,650,280
	<u>362,108,329</u>	<u>304,125,390</u>
Operating profit/(loss) before changes in working capital	<u>487,238,854</u>	<u>474,642,497</u>
Changes in working capital		
Increase in stores, spares and loose tools	(1,476,405)	(5,149,388)
Increase in stock in trade	(65,790,193)	(183,696,091)
(Increase) / decrease in trade receivables	(104,998,161)	101,490,156
(Increase) / decrease in advances, prepayments and other receivables	9,420,537	(45,402,206)
Increase in trade and other payables	22,140,547	2,252,370
Increase in long term payables	3,058,044	2,524,131
	<u>349,593,223</u>	<u>346,661,469</u>
Cash generated from operations		

36 CASH AND CASH EQUIVALENTS

Cash and bank balances	25	40,832,994	18,470,557
Balances under lien	25	(9,625,900)	(4,400,000)
		<u>31,207,094</u>	<u>14,070,557</u>

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

38.4 Concentration of credit risk and credit risk exposure

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. Out of total financial assets of Rs. 367,936,857 (2006: Rs. 252,144,123), financial assets which are subject to credit risk amount to Rs. 228,590,955 (2006: Rs. 129,674,949). The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. The Company manages credit risk by limiting significant exposure to individual customers, and obtaining advances against sales.

38.5 Liquidity risk exposure

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer.

38.6 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability be settled between knowledgeable willing parties, in an arm's length transaction. As at 30 June 2007, the fair values of all financial instruments are considered to approximate their fair values.

39 RELATED PARTY TRANSACTIONS

Related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, key management personnel including chief executive, directors and executives and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties.

Details of related party balances and transactions are as follows:	June 30, 2007 Rupees	June 30, 2006 Rupees
Transactions with Associates		
Services received	7,715,964	7,301,900
Electricity purchased	5,263,458	54,428,912
Dividend paid	891,870	891,870
Purchase of yarn, fabric and stores	202,348,763	772,722,311
Sale of yarn and fabrics	14,100,379	265,801,093
Purchase of cotton	56,396,299	145,735,129
Sale of cotton	293,925,307	-
Purchase of property, plant and equipment	16,500,000	16,403,500
Sale of property, plant and equipment	-	875,000
Loan received	100,000,000	-
Balances with Associates		
Loan from associates	100,000,000	-

39.1 Compensation of key management personnel (including chief executive, directors and executives)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director. The Company's key management personnel comprise the Chief Executive and Directors. Total compensation for key management personnel was as follows:

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

	Chief Executive	Director	Executive
Short-term employee benefits			
	Rupees		
Remuneration	662,000	1,324,000	-
Housing	298,000	596,000	-
	960,000	1,920,000	-
Post employment benefits			
Retirement benefits	-	-	-
30 June 2007	960,000	1,920,000	-
30 June 2006	960,000	1,920,000	-
No. of persons			
30 June 2007	1	2	-
30 June 2006	1	2	-

Additionally, the Chief Executive and all Directors are provided with free use of Company maintained cars.

39.2 Shares in the Company held by associates

Faisal Spinning Mills Limited, an associated undertaking, holds 1,189,160 ordinary shares of Rs. 10 each (2006: 1,189,160 ordinary shares of Rs. 10 each) in the Company.

40 PLANT CAPACITY AND ACTUAL PRODUCTION

	June 30, 2007	June 30, 2006
Number of spindles installed	44,496	44,496
Number of spindles worked	44,496	44,496
Number of looms installed	131	131
Number of looms worked	131	131
Number of shifts per day	3	3
Installed capacity after conversion into 20 / s counts (Thousand Kgs.)	19,081	13,457
Actual production of yarn after conversion into 20 / s counts (Thousand Kgs.)	18,049	14,380
Installed capacity after conversion into 50 picks fabrics (Mtr)	17,483,076	17,483,076
Actual production after conversion into 50 picks fabrics (Mtr)	28,556,778	29,552,819

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

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

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 27th September 2007 by the Board of Directors of the Company.

42 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures have been reclassified and rearranged, where necessary for the purpose of comparison. Significant reclassifications and rearrangements are as follows:


Advance income tax of Rs. 39,188,630 (2006: 45,791,617) previously included in advances has been reclassified and grouped with income tax refundable under current tax assets as required by IFRSs. Further, provision for taxation of Rs. 18,752,342 (2006: 40,698,304) previously shown on the face of balance sheet has been offset against advance income tax to comply with the requirements of IFRSs.

Bank guarantee margin of Rs. 9,625,900 (2006: 4,400,000) previously group under other receivables have included bank balances as "balance under lien" to present a fairer view of the nature of balance.

Bank overdraft of Rs. 12,607,269 (2006: Rs. 2,059,957) that comprises unissued cheques were previously shown as bank overdraft under short term borrowings. This year these have been included in the creditors. This has been done to present a fairer view of the nature of the balance.

Loans and advances (after reclassification of advance income tax) of Rs. 24,381,684 (2006: 48,828,351), Trade deposits and short term prepayments of Rs. 3,900,736 (2006: 1,634,521), other receivables (after reclassification of bank guarantee margin) of Rs. 13,108,189 (2006: 17,924,049) have been re-grouped under "Advances, deposits, prepayments and other receivables" for the purposes of aggregating similar items.

Infrastructure fee payable of Rs. 7,135,136 (2006: Rs. 4,077,092) previously grouped under deferred liabilities has been reclassified and shown separately on the face of balance sheet. This has been done to present a fairer view of the nature of the balance.



Mohammad Shaheen
Chief Executive / Director



Mohammad Salim
Director

PATTERN OF SHAREHOLDING AS AT 30-06-2007

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM TO	TOTAL SHARES HELD
158	1 - 100	15,600
191	101 - 500	77,800
32	501 - 1000	30,100
64	1001 - 5000	153,000
6	5001 - 10000	37,800
2	10001 - 15000	25,100
1	15001 - 20000	15,100
2	20001 - 25000	48,100
2	25001 - 30000	59,500
1	30001 - 35000	33,500
1	35001 - 40000	35,500
3	40001 - 45000	127,600
1	45001 - 50000	50,000
1	50001 - 55000	51,700
1	60001 - 65000	63,900
2	65001 - 70000	134,500
3	90001 - 95000	276,200
1	100001 - 105000	103,000
1	110001 - 115000	112,000
1	125001 - 130000	126,100
1	130001 - 135000	135,000
1	135001 - 140000	138,200
1	160001 - 165000	163,200
1	260001 - 265000	262,000
2	265001 - 270000	537,600
1	280001 - 285000	282,400
1	330001 - 335000	330,400
1	390001 - 395000	393,900
2	440001 - 445000	888,040
1	535001 - 540000	536,000
1	1185001 - 1190000	1,189,160
487		6,432,000

**CATEGORYWISE SUMMARY OF SHAREHOLDERS
AS AT 30-06-2007**

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARE HELD	PERCENTAGE %
1. Individual	476	4,383,740	68.16
2. Investment Companies	-	-	-
3. Insurance Companies	1	393,900	6.12
4. Joint Stock Companies	9	1,542,360	23.98
5. Financial Institutions	1	112,000	1.74
6. Modaraba Companies	-	-	-
7. Foreign Investors	-	-	-
8. Co-Operative Society	-	-	-
9. Charitable Institutions	-	-	-
10. Others	-	-	-
TOTAL	487	6,432,000	100.00

The above two statements include 164 shareholders holding 1,173,600 shares through the Central Depository Company of Pakistan Limited (CDC)

**PATTERN OF SHAREHOLDING
AS AT 30-06-2007**

S. No.	Shareholders Category	PERCENTAGE	NO. OF SHARES
1	Associated companies undertaking and related parties		
	Faisal Spinning Mills Limited	-	1,189,160
2	NIT / ICP		-
	National bank of Pakistan		112,000
3	CEO, Directors and their spouse and minor children		
	Mr. Muhammad Shaheen		69,000
	Mr. Muhammad Salim		50,000
	Mr. Muhammad Sharif		45,000
	Mr. Muhammad Shakeel		30,000
	Mr. Khurram Salim		63,900
	Mr. Bilal Sharif		90,500
	Mr. Muhammad Amin		282,400
	Mr. Adil Shakeel		444,300
	Mrs. Yasmeen Begum		42,000
	Mrs. Anjum Begum		269,500
	Mrs. Seema Begum		40,600
	Mrs. Nazli Begum		65,500
	Mrs. Amna Khurram		163,200
	Mrs. Samia Bilal		536,000
	Mrs. Fatima Amin		330,400
	Master Abdullah Bilal		25,000
	Master Umer Khurram		2,500
	Master Hamza Shakeel		2,000
	Master Noor Shakeel		2,000
4	Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds		
	State Life Insurance Corporation of Pakistan		393,900
5	Details of Trading in the Shares by the Directors, CEO, CFO, Company Secretary and their spouse and minor children		-
6	Shareholders Holding Ten Percent or more Voting Interest		
	Faisal Spinning Mills Limited	18.49%	1,189,160

PROXY FORM

I/We _____
of _____
being a member of BLESSED TEXTILES LIMITED and holder of _____
ordinary shares as per Share Register Folio No. _____ and/or CDC Participant
ID No. _____ and Sub Account No. _____ hereby appoint
Mr./Mrs./Miss _____ of _____ or failing
him/her _____ of _____ as my / our
proxy to act on my/our behalf at the 20th Annual General Meeting of the Company to be held on

Wednesday October 24, 2007 at 2:30 a.m at Umer Chambers, 10/2, Bilmoria Street Off.
I.I. Chundrigar Road, Karachi. and/or at any adjournment thereof.

Signature _____

Name _____

Address _____

CNIC/Passport # _____

Affix Rs. 5/- Revenue Stamp

(Signature should agree with the
specimen signature registered
with the Company)

Signed this _____ day of _____ 2007

If a member is unable to attend the meeting, they may complete and sign this form and sent it to
the
Company Secretary, BLESSED TEXTILES LIMITED, Umer Chambers, 10/2, Bilmoria Street, Off
I.I. Chundrigar Road, Karachi so as to reach not less than 48 hours before the time scheduled for
the
meeting.

- (i) The Proxy form shall be witnessed by a person whose name, address and NIC/Passport number should be stated on the form.
- (ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the proxy form should also be submitted.