

## 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*

## BLESSED TEXTILES LIMITED

### CORPORATE INFORMATION

Board of Directors	Mr. Mohammad Shaheen Mr. Mohammad Salim Mr. Mohammad Sharif Mr. Khurram Salim Mr. Bilal Sharif Mr. Mohammad Amin Mr. Adil Shakeel Mr. Faisal Shakeel	Chief Executive / Director Director Director Director Director Director Director Director
Company Secretary	Syed Asshraf Ali FCA	
Chief Financial Officer	Mr. Anwar Hussain FCA	
Audit Committee	Mr. Khurram Salim 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 HSBC Middle East Bank Limited Bank Al Habib Limited Meazan Bank Limited United Bank Limited Dubai Islamic Bank	
Share Registrar	Hameed Majeed Associates (Private) Limited 5th Floor Karachi Chamber Hasrat Mohani Road Karachi.	
Registered Office	Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi-74900, Pakistan Tel : 021 - 5115177 - 80 Fax : 021 - 5063002 - 03 Email : <a href="mailto:khioff@umergroup.com">khioff@umergroup.com</a> Website : <a href="http://www.umergroup.com">www.umergroup.com</a>	
Liason / Correspondence Office	9 <sup>th</sup> Floor, City Towers, 6-K, Main Boulevard, Gulberg II, Lahore Tel: (042) 111 130 130 Fax: (042) 5770015 Email: <a href="mailto:lhroff@umergroup.com">lhroff@umergroup.com</a> Website: <a href="http://www.umergroup.com">www.umergroup.com</a>	
Mills At:	Spinning and Weaving units are situated at Feroz Watwan, Sheikhpura, Punjab. Tel: (0496) 731724	

## BLESSED TEXTILES LIMITED

### NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 22<sup>nd</sup> Annual General Meeting of the members of **Blessed Textiles Limited** will be held on Friday 23<sup>rd</sup> October 2009 at 4:30 PM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on 24<sup>th</sup> October 2008.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30<sup>th</sup> June, 2009 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividend @ 7.5 % for the year ended 30<sup>th</sup> June, 2009, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2009-2010 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**  
FCA  
Company Secretary

**KARACHI:**  
**Dated: 25<sup>th</sup> September, 2009**

**NOTES:**

1. The Shares Transfer Books of the Company will remain closed from 21<sup>st</sup> October 2009 to 31<sup>st</sup> October, 2009 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 20<sup>th</sup> October 2009 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30<sup>th</sup> June, 2009.
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 the **Blessed Textiles Limited** have the pleasure in submitting their report together with audited financial statements of the company for the year ended 30<sup>th</sup> June 2009.

### Overview

By the grace of Al-Mighty Allah your company performed well during the financial year ended 30<sup>th</sup> June 2009 and maintained the position among the market leaders both in domestic and international markets.

The financial year ended 30<sup>th</sup> June, 2009 was a great milestone for the company. Your company has made a land mark achievement by making a record sale of PKR 3.254 billion during the year ended June 30, 2009 against the last year sales of PKR 2.961 billion and registered a growth rate of 9.87%.

### Textile Industry Current Scenario

Textile industry currently faces massive challenges and facing uncertain environment. The increase in input cost of salaries and wages, markup rates, un-guaranteed energy supplies and lack of R&D has had a negative impact on the industry's competitiveness in internationally.

Un-guaranteed supply of power by **WAPDA** and complete shutdown of supply of gas in the Punjab in months of November, December, January and February is one of the massive problem that severely affects the textile industry.

The growth in the textile exports of Pakistan is gradually declining because of high production cost and non supportive attitude of government and resultantly the major share of export business of Pakistan is now being diverted toward Indian, Bangladeshi and Chinese textile industries.

Textile products like knitwear, fabric and readymade garments account for over half of the Pakistani exports. Tough competition in international markets and falling industrial output at home have hampered the exports this year. Exports of textile products decreased to 7.58% during current fiscal year as compared to last year.

The government certainly needs to play its part to help the industry in order to survive these difficult times. The government has so far approved a mark-up subsidy of 3% to the spinning sector for a period of two years. The period began from July 1, 2007 and ends on June 30, 2009. PKR 1.7 billion has been earmarked against the 3% subsidy, by depositing the same with the State Bank of Pakistan. Besides, the similar relief has also been extended for 2009-10 as well.

State Bank of Pakistan should also play its role by reducing KIBOR to single digit in order to avoid a severe decline in exports. A five-year comprehensive textile policy has been announced in which government has decided to set the textile export target at \$25 billion for the next five years. This is indeed a very optimistic goal which can be met only if all the stakeholders play and take their responsibilities seriously.

### Operating Results

Financial results of the company are summarized as under;

	<b>2009</b>	<b>2008</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Sales	3,254,301,064	2,961,744,117
Gross profit	466,695,652	365,722,595
Profit before taxation	100,102,954	115,680,347
Taxation	(29,509,393)	(51,052,743)
Profit after taxation	70,593,561	64,627,604
Un-appropriated profit brought forward	7,491,547	9,295,943
Profit available for appropriation	78,085,108	73,923,547
Appropriations:		
Dividend paid	(4,824,000)	(6,432,000)
Transferred to General Reserve	(60,000,000)	(60,000,000)
Un-appropriated profit carried forward	13,261,108	7,491,547
Basic and diluted earning per share	10.98	10.05



During the year under review, the cost of production of your company increased because of increase in cost of raw material, fuel and power, salaries and wages and other consumables due to cost push inflation. Production of raw cotton was 11.3 million bales against target for 14 million bales which resulted in increase in cotton prices in local market and cost of imported cotton was 11.9% higher than last year without corresponding increase in selling rates of yarn.

Gross profit for the year under review is amounting to PKR 466.695 million as compared to PKR 365.722 million in prior year which is increased by 27.60%. Whereas profit before taxation for the year under review is amounting to PKR 100.102 million as compared to PKR 115.680 million in prior year.

### **Dividend**

The board of directors is pleased to recommend a final cash dividend of 7.5% i.e PKR 0.75 per share (June 2008: 7.50% i.e. PKR 0.75 per share) for the approval of shareholders at the forthcoming annual general meeting.

### **Balance Sheet**

Balance sheet footing has decreased to PKR 2,454.991 million this year. Long term borrowing at the year end reduced to PKR 495.841 million (2008: PKR 531.156 million). Gearing ratio was 1.53 at 30<sup>th</sup> June 2009 as compared to 1.45 at 30<sup>th</sup> June 2008. The liquidity position of the company is satisfactory with a current ratio of 0.91 at 30<sup>th</sup> June 2009. The total of shareholders' fund stood at PKR 827.581 million (2008: PKR 761.811 million).

### **Cash Flow Management**

Board of directors places great importance at an effective cash flow management so as to ensure smooth running of the business and for this purpose cash inflows and outflows are projected on regular basis. Working capital requirements have been planned to be financed through internal cash generation and short term financing from external sources.

Cash generated from operations amounted to PKR 850.121 million during the year as compared to PKR 227.841 million. Borrowing rates which were 10% to 11% in the corresponding period of last year increased and ranged between 13% to 17% during the current year, resultantly financing cost increased by 36.7%.

### **Breakup Value and Earning per Share**

The breakup value of your share as on 30<sup>th</sup> June 2009 is PKR 128.66 (30<sup>th</sup> June 2008: PKR 118.44). The Earning per Share (EPS) of your company for the year ended 30<sup>th</sup> June 2009 is PKR 10.98 (30<sup>th</sup> June 2008: PKR 10.05).

### **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.

### **Changes in the Board of Directors**

The board would like to place on record its appreciation on the valuable contribution made by the outgoing director Mr. Mohammad Shakeel towards progress of the company. The causal vacancy so occurred during the year was filled within 14 days of such vacancy. The Board also welcomes Mr. Faisal Shakeel who joined the board as a director in place of the outgoing director. Mr. Mohammad Shakeel.

### **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**

As required under listing regulations of stock exchanges the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30<sup>th</sup> June 2009 and clean review report on Statement of Code of Corporate Governance. These reports are 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 22<sup>nd</sup> annual general meeting. Being eligible, they offer themselves for re-appointment as auditor of the company to hold office from the conclusion of 22<sup>nd</sup> annual general meeting until the conclusion of 23<sup>rd</sup> 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 30<sup>th</sup> June 2010. 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 to these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

### **Expansion Plan**

During the year 2 gas generator was installed in order to fulfill the requirement of electricity.

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 2009-2010 seems good. The area of cultivation has been increased and more BT cotton has been sown. It is estimated that the overall production can reach 12 million bales during 2009-2010. The high price of cotton is expected during the coming year 2009-2010, which would affect badly the cost of manufacturing of yarn. Domestic cotton consumption is expected to be around 14.0 to 15.0 million bales and Pakistan will have to import balance quantity. International cotton market is also at high tune. Due to lower estimated production in USA this year and negative trend of ending world stock, it is expected the international market will remain high.

The prospects of a cut in the discount rate by the State Bank of Pakistan is expected in the upcoming Monetary Policy, introduction of a new leverage product in the capital market and improved corporate earnings would help spawn another positive run in the equity market.

Business conditions for textile industry are again not looking very favorable in coming year. Inflation and social disruptions arising from law and order situations are major concerns for business activities in country. Rising inflation and high markup rates may have severe adverse impact on the growth of the economy.

The management is aware of the challenges and will do everything possible to mitigate the adverse impact of such events. 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.

**For and on behalf of the Board**

**Mohammad Shaheen**  
**Chief Executive / Director**  
**Karachi: 25<sup>th</sup> September, 2009**

## BLESSED TEXTILES LIMITED

### YEAR WISE OPERATING DATA

SPINNING UNIT	June 30					Sep 30
	2009	2008	2007	2006	2005	2004
Spindles Installed	47,616	47,616	44,496	44,496	23,376	23,040
Spindles Worked	47,616	47,616	44,496	44,496	23,376	23,040
No. Of Shifts worked per day.	3	3	3	3	3	3
Installed Capacity after conversion into 20/s Count. (Kgs.)	20,413,000	20,413,000	19,081,000	13,457,000	5,899,000	7,152,000
Actual Production after conversion into 20/s Count (Kgs.)	18,689,000	18,229,000	18,049,000	14,380,000	5,930,000	7,240,000
<b>WEAVING UNIT</b>						
Air Jet Looms Installed	131	131	131	131	131	111
Air Jet Looms Worked	131	131	131	131	131	111
Installed Capacity after conversion into 50 picks - sq. Meter	17,483,076	17,483,076	17,483,076	17,483,076	13,469,017	14,693,440
Actual Production after conversion into 50 picks - sq. Meter	23,892,163	23,892,170	28,556,778	29,552,819	17,530,200	22,719,848

### YEAR WISE FINANCIAL DATA

	June 30					Sep 30
	2009	2008	2007	2006	2005	2004
	Rupees In Thousands					
Fixed Assets	1,565,526	1,624,082	1,640,014	1,658,154	1,079,064	837,140
Investments Long term Loans & Deposits	11,314	7,688	7,132	19,866	16,939	16,104
Current Assets	880,145	1,163,347	917,700	762,605	669,453	484,771
Share Holders Equity	827,581	761,811	703,616	602,110	477,115	394,415
Long Term Liabilities	495,842	531,156	541,038	871,921	613,295	514,805
Deferred Liabilities	81,956	68,644	22,270	20,889	14,605	12,232
Current Liabilities	962,321	1,353,786	1,197,923	945,704	660,440	416,562
Turnover (Net)	3,254,301	2,961,744	2,676,741	2,927,425	1,511,120	2,028,798
Gross Profit	466,696	365,722	395,663	416,810	202,890	161,483
Operating Profit	357,270	275,028	305,099	321,983	152,544	111,482
Financial Charges	257,167	159,347	179,969	151,466	48,601	31,811
Profit Before Taxation	100,103	115,680	125,130	170,517	103,942	76,877
Profit After Taxation	70,593	64,627	106,329	129,818	87,524	54,452
Cash Dividend Paid	4,824	6,432	4,824	4,824	4,824	-
Transfer To Reserves	60,000	60,000	100,000	180,000	50,000	88,800
Profit C/F	13,261	7,491	9,296	7,791	62,795	30,095

**BLESSED TEXTILES LIMITED**

**Board of Directors Meetings**  
**During the year five board meetings were held and**  
**the attendance by each director is as follows.**

Directors	2008			2009		TOTAL
	20 <sup>th</sup> Sep	15 <sup>th</sup> Oct.	28 <sup>th</sup> Oct.	24 <sup>th</sup> Feb.	25 <sup>th</sup> Apr	
Mr. Mohammad Salim	✓	✓	✓	✓	✓	5/5
Mr. Mohammad Sharif	✓	✓	✓	✓	✓	5/5
Mr. Mohammad Shaheen	✓	✓	✓	✓	✓	5/5
Mr. Mohammad Shakeel	✓	-	-	-	-	1/2
Mr. Khurram Salim	✓	✓	✓	✓	✓	5/5
Mr. Bilal Sharif	✓	✓	✓	✓	✓	5/5
Mr. Mohammad Amin	✓	✓	✓	✓	✓	5/5
Mr. Adil Shakeel	✓	✓	✓	✓	✓	5/5
Mr. Faisal Shakeel	-	-	✓	✓	✓	3/3
Total	8/8	7/8	8/8	8/8	8/8	39/40

**STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE  
OF CORPORATE GOVERNANCE YEAR ENDED 30th JUNE, 2009**

This statement is being presented to comply with the code of corporate governance contained in listing regulation of the Karachi Stock Exchange, Lahore Stock Exchange and 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. Casual vacancy in board of director was occurred during the year ended 30 June 2009 which was filled by the board of director in compliance of the requirements of Companies Ordinance 1984.
6. The meetings 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. All transactions with related parties have been carried out on arm's length basis. Transactions with related parties have been placed before the audit committee and board of directors meeting for their consideration and formal approval.
20. 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.
21. We confirm that all other material principles contained in the code have been complied with.

**KARACHI:**  
**Dated: 25<sup>th</sup> September, 2009**



**Mohammad Shaheen**  
Chief Executive / Director



**Rahman Sarfaraz Rahim**  
**Iqbal Rafiq**

*Chartered Accountants*

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## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 as applicable to the company for the year ended June 30, 2009 prepared by the Board of Directors of **Blessed Textiles Limited** to comply with the Listing Regulation of the Stock Exchanges where the Company is listed.

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

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

Further sub regulations (xiii) of Listing Regulations NO 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their considerations and approval related party transaction distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transaction and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of director and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2009.

LAHORE  
Dated: 25<sup>th</sup> September, 2009

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants  
Engagement Partner : **IRFAN RAHMAN MALIK**





**Rahman Sarfaraz Rahim  
Iqbal Rafiq**

*Chartered Accountants*

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

We have audited the annexed balance sheet of **Bleesed Textiles Limited** as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 the 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, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- (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 respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

**LAHORE**

**Dated: 25<sup>th</sup> September, 2009**

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**

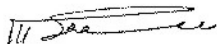
*Chartered Accountants*

Engagement Partner : **IRFAN RAHMAN MALIK**

## BLESSED TEXTILES LIMITED

### BALANCE SHEET

	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital	7	64,320,000	64,320,000
General reserve	8	750,000,000	690,000,000
Unappropriated profit		13,261,108	7,491,547
		827,581,108	761,811,547
<b>Loan from associates - unsecured</b>	9	89,285,715	79,719,388
<b>Non-current liabilities</b>			
Long term finances - secured	10	436,033,072	436,726,642
Liabilities against assets subject to finance lease	11	59,808,707	94,429,665
Employees retirement benefits	12	32,620,765	25,686,445
Long term payables	13	15,659,999	12,083,551
Deferred taxation	14	33,674,963	30,874,831
		577,797,506	599,801,134
<b>Current liabilities</b>			
Current portion of non-current liabilities	15	234,752,957	286,934,708
Short term borrowings - secured	16	537,413,935	921,037,010
Trade and other payables	17	153,081,029	128,264,643
Mark-up accrued on borrowings	18	37,073,617	17,550,500
		962,321,538	1,353,786,861
<b>Contingencies and commitments</b>	19	-	-
		<u>2,456,985,867</u>	<u>2,795,118,930</u>



**Mohammad Shaheen**

Chief Executive / Director

KARACHI:

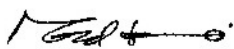
Dated: 25<sup>th</sup> September, 2009

## BLESSED TEXTILES LIMITED

AS AT JUNE 30, 2009

	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	20	1,565,526,543	1,619,642,644
Capital work in progress	21	-	4,440,130
Long term deposits	22	7,493,985	3,702,925
Long term advances -secured	23	3,820,011	3,985,365
		1,576,840,539	1,631,771,064
<b>Current assets</b>			
Stores, spares and loose tools	24	31,699,259	26,729,037
Stock in trade	25	677,273,071	846,296,675
Trade receivables	26	74,092,433	178,207,713
Advances, deposits, prepayments and other receivables	27	24,727,069	26,359,966
Derivative financial asset	28	2,239,708	9,927,980
Current taxation	29	42,404,454	41,931,351
Cash and bank balances	30	27,709,334	33,895,144
		880,145,328	1,163,347,866
		<u>2,456,985,867</u>	<u>2,795,118,930</u>

*The annexed notes 1 to 50 form an integral part of these financial statements.*




**Mohammad Salim**  
Director

**BLESSED TEXTILES LIMITED**

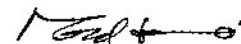
**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2009**

	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
Sales - net	31	3,254,301,064	2,961,744,117
Cost of sales	32	2,787,605,412	2,596,021,522
<b>Gross Profit</b>		466,695,652	365,722,595
Other operating income	33	428,451	10,242,297
		467,124,103	375,964,892
Distribution cost	34	60,406,407	60,326,056
Administrative expenses	35	43,074,200	35,691,064
Other operating expenses	36	6,373,062	4,919,429
		109,853,669	100,936,549
<b>Results from operating activities</b>		357,270,434	275,028,343
Finance cost	37	257,167,480	159,347,996
<b>Profit before taxation</b>		100,102,954	115,680,347
Taxation	38	29,509,393	51,052,743
<b>Profit after taxation</b>		70,593,561	64,627,604
<b>Earning per share - basic and diluted</b>	39	10.98	10.05

*The annexed notes 1 to 50 form an integral part of these financial statements.*



**Mohammad Shaheen**  
Chief Executive / Director



**Mohammad Salim**  
Director

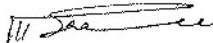
KARACHI:  
Dated: 25<sup>th</sup> September, 2009

**BLESSED TEXTILES LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2009**

	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	40	852,165,169	227,841,869
Finance cost paid		(227,206,253)	(172,547,075)
Taxes paid		(27,182,364)	(40,517,221)
Increase in long term deposits		(3,791,060)	(216,000)
Decrease / (increase) in long term advances		165,354	(339,738)
Increase in long term payables		3,576,448	4,948,415
Employees retirement benefits paid		(6,871,507)	(5,756,380)
Paid to Workers' Profit Participation Fund		(11,202,977)	(7,737,747)
Dividend paid		(4,824,000)	(6,402,271)
<b>Net cash flow from / (used in) operating activities</b>		<u>574,828,810</u>	<u>(726,148)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure: Purchase of property, plant and equipment		(110,645,266)	(157,935,009)
Proceeds from disposal of property, plant and equipment		750,000	1,785,000
<b>Net cash used in investing activities</b>		<u>(109,895,266)</u>	<u>(156,150,009)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance lease		(10,758,210)	(27,246,061)
Repayment of long term finances		(433,088,249)	(309,220,780)
Proceeds from sale and lease back transaction		-	83,422,201
Net (decrease) / increase in short term borrowings		(383,623,075)	202,982,947
Long term finances obtained		356,350,180	200,000,000
<b>Net cash used in from financing activities</b>		<u>(471,119,354)</u>	<u>149,938,307</u>
<b>Net decrease in cash and cash equivalents</b>		(6,185,810)	(6,937,850)
<b>Cash and cash equivalents at the beginning of the year</b>		22,695,144	31,207,094
Deposits places under lien during the year		(3,700,000)	(1,574,100)
<b>Cash and cash equivalents at the end of the year</b>	41	<u><u>12,809,334</u></u>	<u><u>22,695,144</u></u>

*The annexed notes 1 to 50 form an integral part of these financial statements.*

  
**Mohammad Shaheen**  
Chief Executive / Director

  
**Mohammad Salim**  
Director

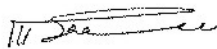
KARACHI:  
Dated: 25<sup>th</sup> September, 2009

**BLESSED TEXTILES LIMITED**

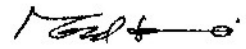
**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>SHARE CAPITAL</b>	<b>GENERAL RESERVE</b>	<b>UN-APPROPRIATED PROFIT</b>	<b>TOTAL</b>
	← <b>RUPEES</b> →			
As at July 01, 2007	64,320,000	630,000,000	9,295,943	703,615,943
Net profit for the year	-	-	64,627,604	64,627,604
Final dividend for the year ended June 30, 2007	-	-	(6,432,000)	(6,432,000)
Transferred to general reserve	-	60,000,000	(60,000,000)	-
As at June 30, 2008	64,320,000	690,000,000	7,491,547	761,811,547
Net profit for the year	-	-	70,593,561	70,593,561
Final dividend for the year ended June 30, 2008	-	-	(4,824,000)	(4,824,000)
Transferred to general reserve	-	60,000,000	(60,000,000)	-
As at June 30, 2009	64,320,000	750,000,000	13,261,108	827,581,108

*The annexed notes 1 to 50 form an integral part of these financial statements.*



**Mohammad Shaheen**  
Chief Executive / Director



**Mohammad Salim**  
Director

**KARACHI:**  
**Dated: 25<sup>th</sup> September, 2009**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**1 REPORTING ENTITY**

Blessed Textiles Limited ("the Company") was incorporated in Pakistan on September 29, 1987 as a Public Limited Company under the Companies Ordinance, 1984. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M Farooq Road, Korangi Industrial Area, 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 production facility 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 financial statements have been prepared under the historical cost convention except for certain financial instruments 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 Judgments, estimates and assumptions**

The preparation of financial statements requires management to make judgments, 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 judgments 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 judgments 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.

Judgments 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

**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 assumptions of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**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 have been 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**

**3.1.1 Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is measured at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition.

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.

**3.1.2 Depreciation**

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each item of property, plant and equipment using rates specified in note 20 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.

**3.1.3 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 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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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. The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each asset using rates specified in note 20 to the financial statements.

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.

**3.3 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 construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

**3.4 Stores, spares and loose tools**

These are generally held for internal use and are valued at cost. 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 identified as slow moving or obsolete the carrying amount is written down to nil.

**3.5 Stock in trade**

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw material	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Packing Material	Weighted average cost
Stock 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.

**3.6 Ordinary share capital**

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

**3.7 Employee benefits**

**3.7.1 Short term employee benefits**

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

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

**3.7.2 Post employment benefits**

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

The amount recognized in the balance sheet represents the present value of defined benefit obligation. Actuarial gains and losses are recognized in profit or loss for the period in which these arise. Details of scheme are referred to in note 12 to the financial statements.

#### 3.8 Financial instruments

##### 3.8.1 Classification

The Company classifies each of its financial assets and liabilities into one of the categories provided under International Accounting Standard - 39 Financial Instruments, Recognition and Measurement. The classifications depend on the purpose for which the financial assets and liabilities are acquired or incurred. Management of the Company determines the classification of its financial assets and liabilities at initial recognition. As at the reporting date, all financial assets and financial liabilities of the Company are classified as "Loans and Receivables" and "Financial Liabilities at Amortised Cost" respectively. The Company does not hold financial assets and liabilities in any of the other categories as at the reporting date.

##### *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets. The Company's loans and receivables comprise advances, deposits, trade and other receivables, and cash and cash equivalents.

##### *Financial liabilities at amortized cost*

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as non-current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The Company's financial liabilities at amortized cost comprise loan from associates, trade and other payables, and borrowings.

##### 3.8.2 Recognition

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

##### 3.8.3 Measurement

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

##### 3.8.4 De-recognition

A financial liability is de-recognized when the Company's obligations specified in the contract expire or are discharged or cancelled. Gains or losses arising on de-recognition are recognized in profit or loss.

##### 3.8.5 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 or to realize the asset and settle the liability simultaneously.

##### 3.8.6 Regular way purchases and sales of financial assets

Regular way purchases and sales of financial assets are recognized on trade dates.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**3.9 Derivative financial instruments and hedging activities**

Derivatives are classified as financial assets and liabilities at fair value through profit or loss unless the derivative is a designated and effective hedging instrument or a financial guarantee contract. Derivatives are initially recognized at cost, being fair value on the date the contract is entered into by the Company. Subsequent to initial recognition these are measured at fair value. Gains and losses arising from changes in fair value of derivatives classified as financial assets and liabilities at fair value through profit or loss are recognized in profit or loss. Where derivatives are designated hedging instruments the method of recognizing gains and losses arising from changes in fair value depends on the nature of item being hedged. The Company designates derivatives as either a fair value hedge or a cash flow hedge.

***Fair value hedge***

These are hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss, together with changes in fair value of hedged asset or liability that are attributable to the hedged risk.

***Cash flow hedge***

These are hedges of a particular risk associated with the fair value of recognized asset or liability or a highly probable forecast transaction. Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity to the extent hedge is effective. The gain or loss relating to the ineffective portion is recognized in profit or loss.

**3.10 Borrowings**

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

**3.11 Trade and other payables**

Trade creditors and other payables that meet the definition of financial liabilities are initially recognized at cost, being fair value at the date the liability is incurred. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss. Advances from customers, payables created as a result of statutory requirements such as income taxes, constructive obligations and other non-financial liabilities are carried at cost.

**3.12 Trade and other receivables**

Trade and other receivables that meet the definition of financial assets are initially recognized at cost, being fair value at the date the asset is acquired. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, less accumulated impairment losses, with interest recognized in profit or loss. Advances to suppliers, receivables created as a result of statutory requirements such as income taxes and other non-financial assets are carried at cost.

**3.13 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at banks. Cash and cash equivalents are carried at amortized cost.

**3.14 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:

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer. Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For local sales transfer usually occurs on dispatch of goods to customers. For export sales transfer occurs upon loading the goods onto the relevant carrier.

Processing income is recognized when such services are rendered.

Export rebate is recognized when received.

#### 3.15 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, 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 profit or loss as incurred.

#### 3.16 Taxation

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 current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. 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 approach 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 net taxable temporary differences. A deferred tax asset is recognized for net 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

Deferred tax is not recognized for timing differences that are not expected to reverse and for the 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.

#### 3.17 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 year.

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.

#### 3.18 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the

## **BLESSED TEXTILES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009**

functional currency at exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

#### **3.19 Impairment**

##### **3.19.1 Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available for sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

##### **3.19.2 Non-financial assets**

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

#### **3.20 Provisions and contingencies**

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that 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. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**3.21 Dividend distribution to ordinary shareholders**

Dividend distribution to the ordinary shareholders is recognized as a deduction from unappropriated profit in statement of changes in equity and as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

**3.22 Transactions and balances with related parties**

Related party transactions are carried out on an arm's length basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller. The accounting methods adopted for various types of transactions and balances with related parties are as follows:

**3.22.1 Sale of goods and provision of services**

Revenue from sale of goods and provision of services to related parties is recognized in accordance with the revenue recognition policy of the Company for such transactions. Receivables against sale of goods and provision for services outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

**3.22.2 Purchases of goods and services**

Purchases of goods and services from related parties are recognized at actual cost to the Company. Payables against purchases from related parties outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

**3.22.3 Compensation of key management personnel**

The cost of short term and post employment benefits to key management personnel and resulting balances outstanding at reporting date are accounting for in accordance with the accounting policy of the Company for employee benefits.

**3.22.4 Dividend distribution**

Dividend distribution to related parties having shareholding in the Company is recognized in accordance with the accounting policy of the Company for dividend distribution to ordinary shareholders.

**4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

The International Accounting Standards Board has published following standards, interpretations and amendments that are not yet effective and have not been applied in preparing these financial statements.

**IFRS 8 - Operating Segments**

This standard introduces the "management approach" to segment reporting. IFRS 8 is effective for periods beginning on or after January 01, 2009. However, being irrelevant to the Company's operations, it is not expected to have any impact on the Company's financial statements.

**IAS 23 - Borrowing Costs (Revised 2007)**

The revised standard removes the option to expense borrowing costs and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of qualifying asset as part of the cost of that asset. The revised IAS 23 is effective for periods beginning on or after January 01, 2009, however this would not constitute a change in accounting policy since the Company's accounting policy for borrowing costs is already in accordance with the requirements of the revised standard.

**IAS 1 - Presentation of Financial Statements (Revised 2007)**

The revised standard introduces the term "Total Comprehensive Income", which represents changes in equity during a period other than those resulting from transactions with owners in their capacity as owners. The revised standard is effective for periods beginning on or after January 01, 2009. Subject to removal of inconsistencies between provisions of Companies Ordinance, 1984 (including rules and regulations made thereunder) and IAS

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

1, the standard will have impact on the presentation of Company's financial statements for the year ending June 30, 2010.

**Amendments to IAS 32 - Financial Instruments: *Presentation* and IAS 1 - Presentation of Financial Statements, regarding Puttable Financial Instruments and Obligations Arising on Liquidation**

These amendments require puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. These amendments are effective for periods beginning on or after January 01, 2009 with retrospective application required. However these are not expected to have any impact on the Company's financial statements.

**Amendments to IFRS 2 - Share Based Payments regarding vesting conditions and cancellations**

These amendments clarify the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. These amendments are effective for periods beginning on or after January 01, 2009 with retrospective application. No impact is expected on the financial statements of the Company.

**IFRIC 13 *Customer Loyalty Programmes***

This interpretation addresses accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13 is effective for the periods beginning on or after January 01, 2009. However, being irrelevant to the Company's operations, it is not expected to have any impact on the Company's financial statements.

**5 ADOPTION OF NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

The Company has adopted IFRS 7 - Financial Instruments, *Disclosures* for the first time as at the reporting date. The adoption of this standard has had impact on the financial statements of the Company to the extent of disclosures only. The disclosures under the standard have been presented with complete comparative information.

IAS 29 - Financial Reporting in Hyperinflationary Economies has been notified by the Securities and Exchange Commission of Pakistan under Section 234(3) of the Companies Ordinance, 1984, but the standard would not have any impact on the Company's financial statements in view of the fact that the primary economic environment in which the Company operates is not hyperinflationary.

**6 DETERMINATION OF FAIR VALUES**

A number of Company's accounting policies require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values of various assets and liabilities is determined as follows:

**6.1 Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future net cash inflows, discounted at the market rate of interest at the reporting date.

**6.2 Trade and other payable**

The fair value of trade and other payables is estimated as the present value of future net cash outflows, discounted at the market rate of interest at the reporting date.

**6.3 Borrowings**

The fair value of borrowings is determined using effective interest method.

**6.4 Interest rate swaps**

The fair value of interest rate swaps is determined using discounted cash flow analysis.

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

7	SHARE CAPITAL	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
	<b>Authorized share capital</b>			
	6,500,000 (2008: 6,500,000) ordinary shares of Rs. 10 each		<u>65,000,000</u>	<u>65,000,000</u>
	<b>Issued, subscribed and paid-up capital</b>			
	Ordinary shares of Rs. 10 each			
	6,432,0000 (2008: 6,432,0000) ordinary shares of Rs. 10 each (fully paid in cash)		<u>64,320,000</u> <u>64,320,000</u>	<u>64,320,000</u> <u>64,320,000</u>

### 8 GENERAL RESERVE

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

### 9 LOAN FROM ASSOCIATES- UNSECURED

Face value of loan	9.1	100,000,000	100,000,000
Imputed interest income		(10,714,285)	(20,280,612)
		<u>89,285,715</u>	<u>79,719,388</u>

9.1 This loan has been obtained from sponsors of the Company and their relatives, and is interest free. The loan is repayable by June 30, 2011, however there is no fixed schedule for repayment of this loan. The loan has been carried at amortized cost which has been computed by using discount rate of 12% per annum.

### 10 LONG TERM FINANCES - SECURED

These represent long term finances utilized under mark up arrangements from banking companies:

Long term finances for Export Oriented Projects ("LTFEOP")

LTFEOP - I	10.1	64,285,712	85,714,284
LTFEOP - II	10.2	38,256,450	41,734,309
LTFEOP - III	10.3	27,272,729	45,454,547
LTFEOP - IV	10.4	56,350,180	-
		186,165,071	172,903,140
Term finances			
	10.5	-	40,000,000
Term finance - I	10.6	150,000,000	300,000,000
Term finance - II	10.7	-	200,000,000
Term finance - III	10.8	200,000,000	-
Term finance - IV	10.8	100,000,000	-
Term finance - V		<u>450,000,000</u>	<u>540,000,000</u>
		636,165,071	712,903,140
Current maturity presented under current liabilities	15	(200,131,999)	(276,176,498)
		<u>436,033,072</u>	<u>436,726,642</u>



## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

- 10.1** LTFEOP - I has been obtained from MCB Bank Limited to finance capital expansion. The finance is secured over present and future land, building, plant and machinery of the Company. The finance carries mark-up at 7 % (2008: 7 %) per annum, payable quarterly. The finance is repayable in fourteen equal quarterly installments with the first installment due from January 15, 2007.
- 10.2** LTFEOP - II has been obtained from Bank Al-Habib Limited for capital expansion. The finance is secured by hypothecation charge over machinery and equipment. The finance carries mark-up at 7 % (2008: 7 %) per annum, payable quarterly. The finance is repayable in twelve equal semi-annual installments with first installment due from October 19, 2008.
- 10.3** LTFEOP - III has been obtained from Faysal Bank Limited for making payments of purchase price of goods acquired by the Company. The finance is secured over present and future land, building, plant and machinery amounting to Rs. 300 million (2008: Rs. 300 million) of the Company. The finance carries mark-up at 6 % (2008: 6 %) per annum, payable quarterly. The finance is repayable in twenty two quarterly installments with the first installment due from May 11, 2004. The finance was originally availed under murabahah facility which was later converted to LTFEOP.
- 10.4** LTFEOP - IV has been obtained from MCB Bank Limited for capital expansion. The finance is secured over all present and future land, building, plant and machinery and equipments amounting to Rs. 1,165 million (2008: Rs. nil). The finance carries mark-up at 9 % (2008: Rs. nil) per annum, payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due from February 20, 2010.
- 10.5** The finance has been obtained from MCB Bank Limited for capital expansion. The finance is secured over land, building, plant and machinery, amounting to Rs. 652.871 million of the Company. The finance carries mark-up at six months T- bill plus 2.25 % (2008: six months T- bill plus 2.25 %) per annum, payable quarterly. The finance is repayable in ten equal semi-annual installments with the first installment due from June 26, 2004.
- 10.6** The finance has been obtained from MCB Bank Limited for capital expansion. The finance is secured over present and future land, building, plant and machinery, amounting to Rs. 706 million of the Company. The finance carries mark-up at three months KIBOR plus 1% (2008: three months KIBOR plus 1 %) per annum, payable quarterly. The finance is repayable in sixteen equal quarterly installments with the first installment due from September 18, 2006.
- 10.7** The finance has been obtained from MCB Bank Limited for balance sheet restructuring. The finance is secured over land, building, plant and machinery, amounting to Rs. 1,165 million of the Company. The finance carries mark-up at three months KIBOR plus 0.2% (2008: three months KIBOR plus 0.2 %) per annum, payable quarterly. The finance is repayable after twenty months in full after being disbursed on December 07, 2007.
- 10.8** The finance has been obtained from Meezan Bank Limited and is secured over land, building, plant and machinery of the Company. The finance carries mark-up at three months KIBOR plus 1.10% (2008: nil) per annum payable quarterly. The finance is repayable after twenty months in full after being disbursed on May 22, 2009.

#### 11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
Present value of minimum lease payments		94,429,665	105,187,875
Current maturity presented under current liabilities	15	<u>(34,620,958)</u>	<u>(10,758,210)</u>
		<u>59,808,707</u>	<u>94,429,665</u>

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

11.1 This represents vehicles acquired under finance lease arrangements. Interest rate used as the discounting factor is 10.99 % to 16.75 % (2008: 7 % to 12.43 %) 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 term by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

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

	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>Rupees</b>	<b>Rupees</b>
Not later than one year	24,118,810	24,115,162
Later than one year but not later than five years	105,684,290	116,490,352
<b>Total future minimum lease payments</b>	<b>129,803,100</b>	<b>140,605,514</b>
<b>Finance charge allocated to future periods</b>	<b>(35,373,435)</b>	<b>(35,417,639)</b>
<b>Present value of future minimum lease payments</b>	<b>94,429,665</b>	<b>105,187,875</b>
Not later than one year	(34,620,958)	(10,758,210)
Later than one year but not later than five years	59,808,707	94,429,665

### 12 EMPLOYEES RETIREMENT BENEFITS

The amounts recognized in the balance sheet are as follows:

Present value of defined benefit obligation	32,620,765	25,686,445
Unrecognized actuarial gains	-	-
	<u>32,620,765</u>	<u>25,686,445</u>

12.1 Movement in present value of defined benefit obligation is as follows:

As at beginning of the year	25,686,445	22,270,325
Charged to profit or loss for the year	13,805,827	9,172,500
Benefits paid during the year	(6,871,507)	(5,756,380)
As at end of the year	<u>32,620,765</u>	<u>25,686,445</u>

The present value of defined benefit obligation has been based on the internal assessments and estimates made by the management of the Company using the following assumptions:

	<b>NOTE</b>	<b>30 June 2009</b>	<b>30 June 2008</b>
Discount rate		15%	12%
Expected rates of increase in salary		15%	12%
Expected average remaining working lives of employees		10 years	10 years

12.2 Salaries, wages and other benefits include the following in respect of employees retirement benefits

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

	30 June 2009 Rupees	30 June 2008 Rupees
Current service cost	7,581,110	5,784,295
Interest cost	3,056,007	2,048,761
	10,637,117	7,833,056
Actuarial losses recognized during the year	3,168,710	1,339,444
	<u>13,805,827</u>	<u>9,172,500</u>

12.3 Historical information	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005
Present value of defined benefit obligation ( <i>Rupees</i> )	32,620,765	25,686,445	22,270,325	16,812,890	13,052,615
Actuarial adjustment arising during the year (%)	9.71%	5.21%	8.25%	9.86%	2.10%

The experience adjustment component of actuarial adjustment is impracticable to determine and thus has not been disclosed.

### 13 LONG TERM PAYABLES

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

14 DEFERRED TAXATION		30 June 2009 Rupees	30 June 2008 Rupees
Deferred tax liability on taxable temporary differences	14.1	41,890,692	38,878,838
Deferred tax asset on deductible temporary differences	14.1	<u>(8,215,729)</u>	<u>(8,004,007)</u>
<b>Liability recognized in balance sheet</b>		<u>33,674,963</u>	<u>30,874,831</u>

	Year ended 30 June 2009			
	As at 01, July 2008	Recognized in profit or loss	Recognized in equity	As at 30, June 2009
	<i>Rupees</i>			
<b>Deferred tax liabilities</b>				
Property, plant and equipment	38,878,838	3,011,854	-	41,890,692
<b>Deferred tax assets</b>				
Employees retirement benefits	(3,755,692)	(469,618)	-	(4,225,310)
Assets subject to finance lease	(3,766,090)	318,114	-	(3,447,976)
Provision for doubtful debts	(482,225)	(60,218)	-	(542,443)
	<u>(8,004,007)</u>	<u>(211,722)</u>	-	<u>(8,215,729)</u>
	<u>30,874,831</u>	<u>2,800,132</u>	-	<u>33,674,963</u>

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

	Year ended 30 June 2008			
	As at 01 July 2007	Recognized in profit or loss	Recognized in equity	As at 30 June 2008
	Rupees			
<b>Deferred tax liabilities</b>				
Property, plant and equipment	-	38,878,838	-	38,878,838
<b>Deferred tax assets</b>				
Employees retirement benefits	-	(3,755,692)	-	(3,755,692)
Assets subject to finance lease	-	(3,766,090)	-	(3,766,090)
Provision for doubtful debts	-	(482,225)	-	(482,225)
	-	(8,004,007)	-	(8,004,007)
	-	30,874,831	-	30,874,831
	<b>NOTE</b>	<b>30 June 2009</b>	<b>30 June 2008</b>	
<b>15 CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>		<b>Rupees</b>	<b>Rupees</b>	
Long term finances	10	200,131,999	276,176,498	
Liabilities against assets subject to finance lease	11	34,620,958	10,758,210	
		<u>234,752,957</u>	<u>286,934,708</u>	
<b>16 SHORT TERM BORROWINGS - SECURED</b>				
These represent short term finances utilized under mark-up arrangements from banking companies.				
Running finance	16.1	<u>537,413,935</u>	<u>921,037,010</u>	
<b>16.1</b>	These facilities have been obtained from various commercial banks for working capital requirements and are secured over the present and future current assets of the Company and demand promissory notes. These facilities carry mark-up at rates ranging from 10.57 % to 17.12 % (2008: 9.72 % to 11.38 %) per annum, payable quarterly. These rates are based on floating KIBOR.			
<b>16.2</b>	The aggregate available short term financing facilities amounts to Rs. 1,845 million (2008: Rs. 1,695 million) out of which Rs. 1,307.5 million (2008: Rs. 774 million) remained unavailed.			
<b>17 TRADE AND OTHER PAYABLES</b>	<b>NOTE</b>	<b>30 June 2009</b>	<b>30 June 2008</b>	
		<b>Rupees</b>	<b>Rupees</b>	
Trade creditors		79,948,866	71,526,650	
Accrued liabilities		60,612,786	43,541,908	
Advances from customers		2,418,041	313,518	
Workers' Profit Participation Fund	17.1	5,817,951	10,331,194	
Workers' Welfare Fund	38.2	1,994,843	410,901	
Unclaimed dividend		1,458,614	1,438,661	
Other payables		829,928	701,811	
		<u>153,081,029</u>	<u>128,264,643</u>	

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>17.1 Workers' Profit Participation Fund ("WPPF")</b>		
As at beginning of the year	10,331,194	12,423,818
Interest on funds utilized by the Company	871,783	1,146,594
Charged to profit or loss	5,817,951	4,498,529
Paid during the year	<u>(11,202,977)</u>	<u>(7,737,747)</u>
	<u>5,817,951</u>	<u>10,331,194</u>
As at end of the year		
<b>17.2</b> Interest on WPPF is provided at 18.75% (2008: 13%) per annum.		
<b>18 MARK-UP ACCRUED ON BORROWINGS</b>		
Long term finances	8,769,897	6,059,545
Liabilities against assets subject to finance lease	1,023,980	1,094,841
Short term borrowings	<u>27,279,740</u>	<u>10,396,114</u>
	<u>37,073,617</u>	<u>17,550,500</u>

### 19 CONTINGENCIES AND COMMITMENTS

#### Contingencies

The Company has issued indemnity bond and post dated cheques collectively amounting to Rs. 3,436,562 (2008: Rs. 12,905,575) in favor of Collector of 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.

	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>Rupees</b>	<b>Rupees</b>
Guarantees issued by banks on behalf of the Company	<u>71,048,160</u>	<u>56,000,000</u>
Bills discounted	<u>382,323,710</u>	<u>49,966,331</u>
<b>Commitments</b>		
Irrevocable letters of credit for import of: machinery	-	48,401,540
stores, spares and loose tools	589,764	654,720
	<u>589,764</u>	<u>49,056,260</u>
Fixed capital expenditure	<u>-</u>	<u>5,000,000</u>

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

#### 20 PROPERTY, PLANT AND EQUIPMENT

YEAR ENDED 30 JUNE 2009

DESCRIPTION	COST					Rate	DEPRECIATION				Net book value as at 30 June 09
	As at 01 July 08	Additions	Disposals	Transfers	As at 30 June 09		As at 01 July 08	Adjustment	For the year	As at 30 June 09	
<b>RUPEES</b>											
Assets owned by the Company	25,432,849	-	-	-	25,432,849	-	-	-	-	-	25,432,849
Freehold land	-	-	-	-	-	-	-	-	-	-	-
Buildings on freehold land:											
Factory	350,377,937	-	-	12,030,860	362,408,797	10%	135,326,854	-	21,730,512	157,057,366	205,351,431
Non-factory buildings	61,936,100	-	-	2,959,378	64,895,478	5%	13,736,915	-	2,486,073	16,222,888	48,672,490
Plant and machinery	1,886,415,872	-	-	88,671,402	1,975,087,274	10%	718,080,793	-	121,847,754	839,928,547	1,135,158,727
Equipment and other assets	26,247,617	-	-	10,700,776	36,948,393	35%	11,725,082	-	6,885,659	18,610,741	18,337,652
Electric installations	26,816,448	-	-	-	26,816,448	10%	8,718,450	-	-	10,528,250	16,288,198
Office equipment - office	4,801,714	-	-	-	4,801,714	10%	3,052,885	-	166,935	3,219,820	1,581,894
Office equipment - factory	1,127,809	80,500	-	-	1,208,309	10%	741,325	-	42,019	783,344	424,965
Furniture and fixtures - office	199,098	-	-	-	199,098	10%	108,173	-	9,093	117,266	81,832
Furniture and fixtures - factory	6,134,123	642,480	-	-	6,776,603	10%	2,645,604	-	382,252	3,027,856	3,748,747
Vehicles	22,587,211	-	(2,241,320)	-	20,345,891	20%	13,146,006	(1,919,771)	1,855,507	13,081,742	7,264,149
	2,412,076,778	722,980	(2,241,320)	114,362,416	2,524,920,854		907,282,087	(1,919,771)	157,215,604	1,062,577,920	1,462,342,934
Assets subject to finance lease											
Plant and machinery	122,424,545	-	-	-	122,424,545	10%	8,394,729	-	11,500,717	19,895,446	102,529,099
Vehicles	1,001,800	-	-	-	1,001,800	20%	183,663	-	163,627	347,290	654,510
	123,426,345	-	-	-	123,426,345		8,578,392	-	11,664,344	20,242,736	103,183,609
	2,535,503,123	722,980	(2,241,320)	114,362,416	2,648,347,199		915,860,479	(1,919,771)	168,879,948	1,082,820,656	1,565,526,543

YEAR ENDED 30 JUNE 2008

DESCRIPTION	COST					Rate	DEPRECIATION				Net book value as at 30 June 08
	As at 01 July 07	Additions	Disposals	Transfers	As at 30 June 08		As at 01 July 07	Adjustment	For the year	As at 30 June 08	
<b>RUPEES</b>											
Assets owned by the Company	21,199,917	4,232,932	-	-	25,432,849	-	-	-	-	-	25,432,849
Freehold land	-	-	-	-	-	-	-	-	-	-	-
Buildings on freehold land:											
Factory	342,091,686	-	-	8,286,251	350,377,937	10%	111,525,655	-	23,801,199	135,326,854	215,051,083
Non-factory buildings	49,959,311	-	-	11,976,789	61,936,100	5%	11,200,116	-	2,536,799	13,736,915	48,199,185
Plant and machinery	1,780,801,587	91,000,000	(7,347,381)	105,383,867	1,886,415,872	10%	572,470,074	16,924,493	128,686,226	718,080,793	1,168,335,079
				(83,422,201)							
Equipment and other assets	12,514,880	-	-	13,732,737	26,247,617	35%	5,963,892	-	5,761,190	11,725,082	14,522,535
Electric installations	26,816,448	-	-	-	26,816,448	10%	6,707,562	-	2,010,888	8,718,450	18,097,998
Office equipment - office	4,585,504	-	-	216,210	4,801,714	10%	2,877,086	-	175,799	3,052,885	1,748,829
Office equipment - factory	1,127,809	-	-	-	1,127,809	10%	698,382	-	42,943	741,325	386,484
Furniture and fixtures - office	199,098	-	-	-	199,098	10%	98,070	-	10,103	108,173	90,925
Furniture and fixtures - factory	5,566,949	-	-	567,174	6,134,123	10%	2,310,503	-	335,101	2,645,604	3,488,519
Vehicles	21,104,646	1,826,155	(343,590)	-	22,587,211	20%	11,324,227	(326,531)	2,148,310	13,146,006	9,441,205
	2,265,967,835	97,059,087	(7,690,971)	56,740,827	2,412,076,778		725,175,567	16,597,962	165,508,558	907,282,087	1,504,794,691
Assets subject to finance lease											
Plant and machinery	122,500,000	90,924,545	-	(91,000,000)	122,424,545	10%	23,529,839	(22,818,250)	7,683,140	8,394,729	114,029,816
Vehicles	-	1,001,800	-	-	1,001,800	20%	-	-	183,663	183,663	818,137
	122,500,000	91,926,345	-	(91,000,000)	123,426,345		23,529,839	(22,818,250)	7,866,803	8,578,392	114,847,953
	2,388,467,835	188,985,432	(7,690,971)	(34,259,173)	2,535,503,123		748,705,406	(6,220,288)	173,375,361	915,860,479	1,619,642,644

#### 20.1 Disposal of property, plant and equipment

YEAR ENDED 30 JUNE 2009

Description	Cost	Accumulated Depreciation	Book value	Proceeds from disposal	Gain on disposal	Mode of disposal	Particular of buyer
<b>RUPEES</b>							
<b>Vehicles</b>							
<b>Honda Civic VTI LXO-2780</b>	1,113,910	970,944	142,966	200,000	57,034	Negotiation	Mr. Waleed Iqbal, Peshawar.
<b>Honda Civic VTI LXZ-3576</b>	1,127,410	948,827	178,583	550,000	371,417	Negotiation	Mr. Iqbal Saleem Awan, Islamabad.
	2,241,320	1,919,771	321,549	750,000	428,451		

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

#### YEAR ENDED 30 JUNE 2008

Description	Cost	Accumulated Depreciation	Book value	Proceeds from disposal of property, plant and equipment	Gain on disposal of property, plant and equipment	Mode of disposal	Particular of buyer
RUPEES							
<b>Vehicles</b>							
Suzuki LOX - 6143	343,590	326,531	17,059	160,000	142,941	Negotiation	Muhammad Ilyas, Chunigi Amar Sadu Lahore.
<b>Machinery</b>							
Ring frames	3,130,538	2,479,059	651,479	700,000	48,521	Negotiation	Bhanero Textile Mills Limited, Kotri.
Air compressor	689,098	496,601	192,497	225,000	32,503	Negotiation	Bhanero Textile Mills Limited, Kotri.
Generator	3,527,745	2,918,097	609,648	700,000	90,352	Negotiation	Power Link Services and Trading, Faisalabad
	7,347,381	5,893,757	1,453,624	1,625,000	171,376		
	7,690,971	6,220,288	1,470,683	1,785,000	314,317		

**20.2** Transfers represent transfers from capital work in progress on the related assets becoming available for use. See note 21.

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

	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
Cost of sales	32	166,360,141	170,652,517
Administrative expenses	35	2,519,807	2,722,844
		<u>168,879,948</u>	<u>173,375,361</u>

	Year ended 30 June 2009			
	As at 01 July 2008	Additions	Transfers	As at 30 June 2009
	Rupees			
<b>21 CAPITAL WORK IN PROGRESS</b>				
Building	1,137,804	13,852,434	(14,990,238)	-
Plant and machinery	3,302,326	85,369,076	(88,671,402)	-
Equipment and other assets	-	10,700,776	(10,700,776)	-
	4,440,130	109,922,286	(114,362,416)	-
	Year ended 30 June 2008			
	As at 01 July 2007	Additions	Transfers	As at 30 June 2008
	Rupees			
Building	55,973	21,344,871	(20,263,040)	1,137,804
Plant and machinery	1,189	108,685,004	(105,383,867)	3,302,326
Equipment and other assets	194,218	13,538,519	(13,732,737)	-
Office equipment	-	216,210	(216,210)	-
Furniture and fixtures	-	567,174	(567,174)	-
	251,380	144,351,778	(140,163,028)	4,440,130

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
<b>22 LONG TERM DEPOSITS</b>			
With leasing companies	22.1	196,000	196,000
Others	22.2	<u>7,297,985</u>	<u>3,506,925</u>
		<u><u>7,493,985</u></u>	<u><u>3,702,925</u></u>
<b>22.1</b>	This represents security deposits with leasing companies in respect of liabilities against assets subject to finance lease.		
<b>22.2</b>	This represents security deposits with various utility companies.		
<b>23 LONG TERM ADVANCES -SECURED</b>			
Due from employees		5,539,211	5,354,065
Current portion shown under current assets		<u>(1,719,200)</u>	<u>(1,368,700)</u>
		<u><u>3,820,011</u></u>	<u><u>3,985,365</u></u>
<b>23.1</b>	These 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.		
<b>24 STORES, SPARES AND LOOSE TOOLS</b>			
Stores, spares and loose tools		<u><u>31,699,259</u></u>	<u><u>26,729,037</u></u>
<b>24.1</b>	It is impracticable to distinguish stores, spares and loose tools, each from the other.		
<b>24.2</b>	Stores, spares and loose tools are generally held for internal use only.		
<b>24.3</b>	No item of stores, spares and loose tools is pledged as security as at the reporting date.		
<b>25 STOCK IN TRADE</b>		<b>30 June 2009</b>	<b>30 June 2008</b>
		<b>Rupees</b>	<b>Rupees</b>
Raw material		569,855,159	622,764,290
Work in process		44,744,068	39,723,436
Finished goods		54,814,574	178,463,208
Packing material		7,065,278	5,237,296
Waste		793,992	108,445
		<u><u>677,273,071</u></u>	<u><u>846,296,675</u></u>
<b>25.1</b>	No item of stock with the exception of waste, is carried at net realizable value as at reporting date.		
<b>25.2</b>	No item of stock in trade is pledged as security as at the reporting date.		



## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

26 TRADE RECEIVABLES	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
Local - unsecured			
Considered good		54,490,720	164,617,784
Considered doubtful		3,298,101	3,298,101
		57,788,821	167,915,885
Foreign - secured	26.1	19,601,713	13,589,929
Provision for doubtful receivable	26.2	(3,298,101)	(3,298,101)
		<u>74,092,433</u>	<u>178,207,713</u>

**26.1** These are secured through letters of credit.

**26.2** The particulars of the provision for doubtful receivables:

As at the beginning of the period	3,298,101	3,563,560
Provided during the year	-	-
Written off during the year	-	(265,459)
As at the end of the year	<u>3,298,101</u>	<u>3,298,101</u>

### 27 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to suppliers - unsecured, considered good		7,663,221	6,694,847
Advances to staff - secured		1,719,200	1,368,700
Letters of credit		224,332	1,514,891
Deposit with financial institutions		4,213,076	3,508,874
Refundable trade deposits		5,000	1,810,968
Prepayments		937,263	2,173,671
Sales tax refundable	27.1	9,888,531	9,151,088
Others - unsecured, considered good		76,446	136,927
		<u>24,727,069</u>	<u>26,359,966</u>

**27.1** This represents excess of input tax on purchases over sales tax payable.

### 28 DERIVATIVE FINANCIAL ASSET

The Company has entered into an interest rate swap agreement with a bank for a notional amount of Rs. 600 million, maturing on June 18, 2010. The outstanding balance of these arrangements is Rs. 150 million (2008: Rs. 300 million) as at the reporting date. Under the swap arrangement, the Company receives mark up at floating rate of three months KIBOR plus 1% per annum and pays mark-up at fixed rate of 11.6 % per annum as per the respective arrangements, which is settled quarterly.

29 CURRENT TAXATION		30 June 2009 Rupees	30 June 2008 Rupees
Advance income tax		32,320,684	40,496,765
Income tax refundable		34,798,188	21,201,597
Provision for taxation		(24,714,418)	(19,767,011)
		<u>42,404,454</u>	<u>41,931,351</u>

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

30 CASH AND BANK BALANCES	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
Cash in hand		-	-
Cash at banks in current accounts			
Local currency	30.1	27,427,432	33,630,771
Foreign currency -US\$ 3,459 (2008: US\$ 3,618)		281,902	264,373
		<u>27,709,334</u>	<u>33,895,144</u>
		<u>27,709,334</u>	<u>33,895,144</u>
<b>30.1</b> These include balances amounting to Rs. 14,900,000 (2008: Rs. 11,200,000) under lien with banks against guarantees and letters of credit issued by them on the behalf of the Company.			
<b>31 SALES - NET</b>			
		30 June 2009 Rupees	30 June 2008 Rupees
Export			
Yarn		958,470,128	840,222,927
Fabric		949,587,493	429,562,972
		1,908,057,493	1,269,785,899
Export rebate		1,068,696	304,535
		<u>1,909,126,317</u>	<u>1,270,090,434</u>
Local			
Yarn		828,615,083	691,522,700
Fabric		447,030,001	931,351,140
Cotton		64,439,674	55,085,673
Processing		2,941,426	2,785,201
Waste		42,922,318	43,494,146
		<u>1,385,948,502</u>	<u>1,724,238,860</u>
Gross Sales		<u>3,295,074,819</u>	<u>2,994,329,294</u>
Commission		(40,773,755)	(32,585,177)
Sales tax		-	-
		<u>3,254,301,064</u>	<u>2,961,744,117</u>

**31.1** Exports sales include PKR 249,261,284 (2008:nil) in respect of in direct export sale.

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

32 COST OF SALES	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
Raw material consumed	32.1	1,805,781,838	1,857,916,646
Packing material consumed		37,309,248	36,488,463
Stores, spares and loose tools consumed		71,614,490	59,446,255
Cost of cotton sold	32.2	66,652,220	53,233,027
Salaries, wages and benefits	32.3	174,980,625	140,148,636
Processing charges		19,929,138	16,412,629
Fee and subscription		102,250	94,310
Fuel, power and water charges		272,323,628	195,915,715
Electricity duty		1,773,958	1,425,794
Insurance		8,113,552	6,401,541
Vehicle running and maintenance		3,252,533	2,655,514
Rent, rates and taxes		178,585	203,756
Repair and maintenance		8,064,630	4,716,708
Communication		604,322	481,889
Traveling, conveyance and entertainment		474,884	555,041
Depreciation	20.3	166,360,141	170,652,517
Others		725,228	1,556,676
		2,638,241,270	2,548,305,117
Work in process			
Opening stock		39,723,436	38,031,538
Closing stock		(44,744,068)	(39,723,436)
		(5,020,632)	(1,691,898)
Cost of goods manufactured		2,633,220,638	2,546,613,219
Finished goods			
Opening stock		178,463,208	152,223,923
Finished goods purchased		31,421,687	75,726,913
Closing stock		(54,814,574)	(178,463,208)
		155,070,321	49,487,628
		2,788,290,959	2,596,100,847
Waste			
Opening stock		108,445	29,120
Closing stock		(793,992)	(108,445)
		2,787,605,412	2,596,021,522
<b>32.1 Raw material consumed</b>			
As at beginning of the year		622,764,290	337,121,919
Purchased during the year		1,832,830,027	2,207,172,625
		2,455,594,317	2,544,294,544
Sale of raw material		(79,957,320)	(63,613,608)
As at end of the year		(569,855,159)	(622,764,290)
Consumed during the year		1,805,781,838	1,857,916,646

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

	NOTE	30 June 2009 Rupees	30 June 2008 Rupees
<b>32.2 Cost of cotton sold</b>			
Cost of purchase		61,843,733	49,947,293
Salaries, wages and benefits		144,000	765,735
Loading and unloading		7,805	39,360
Insurance		463,828	499,644
Commission		19,954	38,924
Finance cost		4,172,900	1,942,071
		66,652,220	53,233,027
<b>32.3</b> These include charge in respect of employees retirement benefits amounting to Rs. 10,906,962 (2008: Rs. 6,798,005).			
<b>33 OTHER OPERATING INCOME</b>			
<b>Income from financial instruments</b>			
Unrealized gain on interest rate swap		-	9,927,980
<b>Income from non-financial instruments</b>			
Gain on disposal of property plant and equipment		428,451	314,317
		428,451	10,242,297
<b>34 DISTRIBUTION COST</b>			
<b>Export</b>			
Ocean freight and forwarding		42,776,916	37,788,300
Export development surcharge		4,009,004	3,002,103
Export sales promotion expense		8,633,067	7,897,040
Others		2,411,935	1,557,214
		57,830,922	50,244,657
<b>Local</b>			
Inland transportation		1,109,171	7,104,700
Salaries, wages and benefits	34.1	381,750	918,959
Others		1,084,564	2,057,740
		2,575,485	10,081,399
		60,406,407	60,326,056
<b>34.1</b> These include charge in respect of employees retirement benefits amounting to Rs. 58,520 (2008: Rs. 32,500).			
<b>35 ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration	44.1.2	2,880,000	2,880,000
Salaries, wages and benefits	35.1	21,770,863	19,321,281
Traveling, conveyance and entertainment		3,221,887	1,581,989
Rent, rates and utilities		3,286,371	2,985,745
Printing and stationery		1,016,213	402,226
Communication		3,148,982	1,824,467
Vehicles running and maintenance		2,350,278	1,835,122
Legal and professional		604,882	49,000
Auditors' remuneration	35.2	505,000	250,000
Fee and subscription		616,114	846,029
Repair and maintenance		420,867	227,120
Depreciation	20.3	2,519,807	2,722,844
Others		732,936	765,241
		43,074,200	35,691,064
<b>35.1</b> These include charge in respect of employees retirement benefits amounting to Rs. 2,840,345 (2008: Rs. 2,341,995).			

## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

		30 June 2009	30 June 2008
	NOTE	Rupees	Rupees
<b>35.2 Auditors' remuneration</b>			
Annual statutory audit		375,000	145,000
Half yearly review		75,000	50,000
Review report on code of corporate governance		45,000	45,000
Out of pocket expenses		10,000	10,000
		<u>505,000</u>	<u>250,000</u>
<b>36 OTHER OPERATING EXPENSES</b>			
Workers' Profit Participation Fund		5,817,951	4,498,529
Donations	36.1	555,111	420,900
		<u>6,373,062</u>	<u>4,919,429</u>
<b>36.1</b>	None of the Directors or their spouses had any interest in respect of the donations made by the Company.		
<b>37 FINANCE COST</b>			
Mark-up on:			
Long term finances - secured		65,296,816	74,541,695
Short term borrowings - secured		152,374,987	85,714,083
Liabilities against assets subject to finance lease		12,777,876	8,178,921
Workers' Profit Participation Fund		871,783	1,146,594
		231,321,462	169,581,293
Bank charges and commission		8,591,419	7,083,254
Loss on derivative financial instrument		7,688,272	2,964,061
Imputed interest expense / (income) on interest free loan		9,566,327	(20,280,612)
		<u>257,167,480</u>	<u>159,347,996</u>
<b>38 TAXATION</b>			
Current:			
for the year	38.1	27,714,627	20,177,912
for prior years		(1,005,366)	-
		26,709,261	20,177,912
Deferred	38.4	2,800,132	30,874,831
		<u>29,509,393</u>	<u>51,052,743</u>
<b>38.1</b>	Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001 ("the Ordinance").		
<b>38.2</b>	Provision for current tax for the year includes Rs.1,994,843 (2008: Rs. 410,901) 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 July 01, 2006 and has been provided at the rate of 2 % of total income as is assessable under the Income Tax Ordinance 2001.		
<b>38.3</b>	Assessments for the tax year 2008, 2007, 2006 and 2005, and transitional tax year 2005 are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filed by the Company.		
<b>38.4</b>	Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated as that proportion of total timing differences that the local sales, other than the indirect exports, bear to the total sales revenue. Deferred tax has been calculated at 35% (2008: 35%) of the timing differences so determined.		

## BLESSED TEXTILES LIMITED

	<b>30 June 2009</b>	<b>30 June 2008</b>
	%	%
<b>38.5 Relationship between tax expense and accounting profit</b>		
Average tax rate	27.49	44.13
Tax effects of:		
adjustments for prior years	1.00	-
income chargeable to tax at different rates	7.63	(9.12)
items not included in determination of provision for taxation	(1.12)	(0.01)
	7.51	(9.13)
	35.00	35.00
<b>39 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit attributable to ordinary shareholders - Rupees	70,593,561	64,627,604
Weighted average number of ordinary shares outstanding during the year	6,432,000	6,432,000
Earnings per share - Rupees	10.98	10.05
There is no dilutive effect on basic earnings per share of the Company.		
<b>40 CASH GENERATED FROM OPERATIONS</b>	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Profit before tax</b>	100,102,954	115,680,347
<b>Adjustments for non-cash items</b>		
Finance cost	247,601,153	179,628,608
Gain on sale of property, plant and equipment	(428,451)	(314,317)
Unrealized loss / (gain) on interest rate swap	7,688,272	(9,927,980)
Imputed interest expense / (income) on interest free loan	9,566,327	(20,280,612)
Provision for Workers' Profit Participation Fund	5,817,951	4,498,529
Depreciation	168,879,948	173,375,361
Provision for employees retirement benefits	13,805,827	9,172,500
	452,931,027	336,152,089
<b>Operating profit before changes in working capital</b>	553,033,981	451,832,436
<b>Changes in working capital</b>		
(Increase) in stores, spares and loose tools	(4,970,222)	(2,215,763)
Decrease / (increase) in stock in trade	169,023,604	(313,913,569)
Decrease in trade receivables	104,115,280	66,543,863
Decrease in advances, prepayments and other receivables	1,632,897	27,619,136
Increase/ (decrease) in trade and other payables	29,329,629	(2,024,234)
<b>Cash generated from operations</b>	852,165,169	227,841,869
<b>41 CASH AND CASH EQUIVALENTS</b>		
Current accounts	27,709,334	33,895,144
Balances under lien	(14,900,000)	(11,200,000)
	12,809,334	22,695,144
<b>42 FINANCIAL RISK EXPOSURE AND MANAGEMENT</b>		

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). Financial risk management is carried out under risk policies established and approved by the Board of Directors. The management administers all aspects of risk management involving currency and interest rate risk, and cash management, in accordance with the risk policy.



The Company's exposure to financial risks, the way these risks affect revenues, expenses, assets, liabilities and forecast transactions of the Company and the manner in which each of these risks are managed is as follows:

**42.1 Credit risk**

Credit risk is the risk of financial loss to the Company, if a counter party to a financial instrument fails to meet its contractual obligations.

**42.1.1 Maximum credit exposure**

The maximum exposure to credit risk as at the reporting date is as follows:

	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>Rupees</b>	<b>Rupees</b>
Loans and receivables		
Long term deposits	7,493,985	3,702,925
Trade receivables	77,390,534	181,505,814
Deposit with financial institutions	4,213,076	3,508,874
Refundable trade deposits	5,000	1,810,968
Other receivables	76,446	136,927
Cash at banks	27,709,334	33,895,144
	<u>116,888,375</u>	<u>224,560,652</u>

**42.1.2 Concentration of credit risk**

Maximum exposure to credit risk by type of counter party as at the reporting date is:

Customers	77,390,534	181,505,814
Banking companies and financial institutions	32,118,410	37,600,018
Government of Pakistan	76,446	136,927
Utility companies and local authorities	7,302,985	5,317,893
	<u>116,888,375</u>	<u>224,560,652</u>

**42.1.3 Credit quality**

Credit quality of counter parties is assessed based on historical default rates and where available, individual credit ratings. Credit quality of each counter party is as follows:

**Customers**

The Company is exposed to credit risk in respect of its trade receivables. An analysis of age of trade receivables is presented below.

Not past due	74,092,433	178,207,713
Past due less than one year	-	-
Past due later than one but not later than three years	-	-
Past due more than three years	3,298,101	3,298,101
	<u>77,390,534</u>	<u>181,505,814</u>

The movement in allowance for impairment in respect of loans and receivables during the year is as follows:

As at beginning of the year	3,298,101	3,563,560
Impairment loss recognized	-	-
Impairment loss reversed / written off	-	(265,459)
As at end of the year	<u>3,298,101</u>	<u>3,298,101</u>

## BLESSED TEXTILES LIMITED

Credit quality of customers is assessed based on historical default rates. All trade receivables not past due are considered good. The management provides allowance for impairment of receivables which are past due more than three years as at reporting date.

### **Banking companies and financial institutions**

The Company's bankers have commendable credit ratings and accordingly balances with them are not exposed to any significant credit risk.

### **Government of Pakistan**

Balances receivable from the Government of Pakistan are risk free.

### **Utility companies and local authorities**

Balances with utility companies and local authorities comprise security deposits with LESCO and refundable trade deposits placed in the ordinary course of business and do not carry any significant credit risk.

#### **42.1.4 Collateral held**

The Company does not hold collateral to secure its loans and receivables. However, foreign trade receivables of the Company are secured through letters of credits and exposure to credit risk in respect of these is minimal.

#### **42.1.5 Credit risk management**

As mentioned in note 42.1.3 above, the Company's exposure to credit risk principally arises from trade receivables.

In respect of trade receivables, the Company does not have significant concentration of credit risk with a single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables balances and individually significant balances, along with collection activities are reported to the Board of Directors on a monthly basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit. These actions are also reported to the Board on a monthly basis.

#### **42.2 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

##### **42.2.1 Exposure to liquidity risk**

Following are the contractual maturities of financial liabilities, including estimated interest payments

	As at 30 June 2009				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
<b>Non-derivative financial liabilities</b>					
Loan from associates	89,285,715	100,000,000	-	100,000,000	-
Long term finances	486,165,071	593,925,924	67,271,671	519,430,406	7,223,847
Liabilities against assets subject to finance lease	59,808,707	112,701,755	43,803,923	68,897,832	-
Short term borrowings	537,413,935	537,413,935	537,413,935	-	-
Mark-up accrued on borrowings	37,073,617	37,073,617	37,073,617	-	-
Trade creditors	79,948,866	79,948,866	79,948,866	-	-
Accrued liabilities	60,612,786	60,612,786	60,612,786	-	-
Unclaimed dividend	1,458,614	1,458,614	1,458,614	-	-
Other payables	829,928	829,928	829,928	-	-
	1,352,597,239	1,523,965,425	828,413,340	688,328,238	7,223,847
<b>Derivative financial liabilities</b>					
Interest rate swaps	150,000,000	160,246,667	160,246,667	-	-
	1,502,597,239	1,684,212,092	988,660,007	688,328,238	7,223,847

## BLESSED TEXTILES LIMITED

	As at 30 June 2008				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
<b>Non-derivative financial liabilities</b>					
Loan from associates	79,719,388	100,000,000	-	100,000,000	-
Long term finances	412,903,140	472,335,418	127,746,337	329,654,486	14,934,595
Liabilities against assets subject to finance lease	94,429,665	134,400,382	21,852,203	11,548,179	-
Short term borrowings	921,037,010	921,037,010	921,037,010	-	-
Mark-up accrued on borrowings	17,550,500	17,550,500	17,550,500	-	-
Trade creditors	71,526,650	71,526,650	71,526,650	-	-
Accrued liabilities	43,541,908	43,541,908	43,541,908	-	-
Unclaimed dividend	1,438,661	1,438,661	1,438,661	-	-
Other payables	701,811	701,811	701,811	-	-
	1,642,848,733	1,762,532,340	1,205,395,080	441,202,665	14,934,595
<b>Derivative financial liabilities</b>					
Interest rate swaps	300,000,000	337,265,000	177,018,333	160,246,667	-
	1,942,848,733	2,099,797,340	1,382,413,413	601,449,332	14,934,595

### 42.2.2 Liquidity risk management

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. 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. The Company also maintains various lines of credit with banking companies. Further, the Company has the support of its sponsors and associated undertakings in respect of any temporary liquidity shortfalls.

### 42.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's net profit or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

#### 42.3.1 Currency risk

The Company is exposed to currency risk in respect of sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Company's exposure to currency risk as at the reporting date is as follows:

The Company's exposure to currency risk as at the reporting date is as follows:

	30 June 2009 Rupees	30 June 2008 Rupees
Trade receivables	19,601,713	13,589,929
Cash and cash equivalents	281,902	264,373
Total exposure	<u>19,883,615</u>	<u>13,854,302</u>

The Company manages currency risk by maintaining foreign currency working capital credit lines with its bankers to finance purchase of imported raw material for use in manufacture of products for exports. Proceeds from such exports are then used to repay the borrowing, which substantially reduces its exposure to currency risk in respect of its export sales and import of raw material and spares.

All foreign currency balances are denominated in USD. Average exchange rate used during the year is Rs.78.10 / USD (2008: Rs. 63.90 / USD). Spot exchange rate applied for measuring financial assets and liabilities as at the reporting date is Rs. 81.10 / USD (2008: Rs. 67.82 / USD) respectively.

A ten percent appreciation in Rupee would have decreased profit by Rs. 1.988 million (2008: Rs. 1.385 million). A ten percent depreciation would have had the equal but opposite effect on profit. This sensitivity analysis is based on assumption that all variables, with the exception of foreign exchange rates, remain unchanged.

#### 42.3.2 Interest rate risk

The interest rate profile the Company's interest bearing financial instruments as at the reporting date is as follows:

	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	<u>275,450,786</u>	<u>252,622,528</u>
<b>Variable rate instruments</b>		
Financial assets	<u>1,081,843,600</u>	<u>1,566,224,885</u>

The Company is not exposed to interest rate risk in respect of its fixed rate instruments. A 100 basis points increase in variable interest rates would have decreased profit or loss by Rs. 10,818,436 (2008: Rs. 15,662,249). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

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

#### 43 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises, loan from associates, long term finances and liabilities against assets subject to finances lease, including current maturity. Total capital employed includes total equity as shown in the balance sheet plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. There were no changes in the Company's approach to capital management during the year. Further the Company is not subject to exte

#### 44 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated undertakings and 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 various types of transactions with related parties. Related party transactions are carried out on an arm's length basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

## BLESSED TEXTILES LIMITED

Details of transactions and balances with related parties are as follows:

	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>44.1 Transactions with related parties</b>		
<b>44.1.1 Transactions with associated undertakings</b>		
Services received	18,025,514	15,809,715
Services rendered	-	363,000
Electricity purchased	36,135,604	28,977,560
Rent paid	120,000	-
Dividend paid	891,870	1,189,160
Purchase of yarn, fabric and stores	106,521,987	82,457,297
Sale of yarn and fabrics	224,747,191	405,486,910
Purchase of cotton	46,182,060	8,339,722
Sale of cotton	60,448,811	28,750,591
Sale of stores	402,297	-
Sale of property, plant and equipment	-	925,000

#### 44.1.2 Transactions with 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, Directors and Executives. Total compensation for key management personnel was as follows:

	<b>Year ended 30 June 2009</b>		
	<b>Chief Executive</b>	<b>Director</b>	<b>Executive</b>
	<b>Rupees</b>		
<i>Short-term employee benefits</i>			
Remuneration	662,000	1,324,000	-
Housing	298,000	596,000	-
<i>Post employment benefits</i>	960,000	1,920,000	-
Retirement benefits	-	-	-
	<b>960,000</b>	<b>1,920,000</b>	<b>-</b>
No. of persons	<b>1</b>	<b>2</b>	<b>-</b>
	<b>Year ended 30 June 2008</b>		
	<b>Chief Executive</b>	<b>Director</b>	<b>Executive</b>
	<b>Rupees</b>		
<i>Short-term employee benefits</i>			
Remuneration	662,000	1,324,000	-
Housing	298,000	596,000	-
Post employment benefits	960,000	1,920,000	-
Retirement benefits	-	-	-
	<b>960,000</b>	<b>1,920,000</b>	<b>-</b>
No. of persons	<b>1</b>	<b>2</b>	<b>-</b>

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

#### 44.2 Balances with related parties

##### 44.2.1 Balances with Associates

Long term loans	<u>89,285,715</u>	<u>79,719,388</u>
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## BLESSED TEXTILES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

#### 45 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY

	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Mortgages and charges</b>		
Hypothecation over stocks and movables	2,712,170,000	2,445,170,000
Hypothecation over book debts and receivables	46,700,000	-
Mortgage over land and building	1,528,000,000	1,528,000,000
Hypothecation over plant and machinery	<u>4,213,500,000</u>	<u>213,500,000</u>
	<u>8,500,370,000</u>	<u>4,186,670,000</u>
 <b>Balances under lien</b>		
Balances under lien	<u>14,900,000</u>	<u>11,200,000</u>
 <b>Physical pledge</b>		
The Company does not have any stocks pledged with banks.		
 <b>SHARES IN THE COMPANY HELD BY ASSOCIATED UNDERTAKINGS</b>	<b>June 30, 2009</b>	<b>June 30, 2008</b>
	<b>No. of shares</b>	<b>No. of shares</b>
Faisal Spinning Mills Limited	<u>1,189,160</u>	<u>1,189,160</u>

#### 47 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on 25th September 2009 has proposed to pay cash dividend @ 7.5% i.e. Rs.0.75 per ordinary share of Rs.10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements.

#### 48 PLANT CAPACITY AND ACTUAL PRODUCTION

Number of spindles installed	47,616	47,616
Number of spindles worked	47,616	47,616
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.)	 20,413	 20,413
Actual production of yarn after conversion into 20/s counts (Thousand Kgs.)	18,689	18,229
All counts production (Thousand Kgs.)	10,266	9,437
Installed capacity after conversion into 50 picks fabrics (Mtr)	17,483,076	17,483,076
Actual production after conversion into 50 picks fabrics (Mtr)	23,892,163	23,892,170
All picks production (Mtr)	15,026,987	14,622,539

It is impracticable 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.

#### 49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25th September 2009 by the Board of Directors of the Company.

#### 50 GENERAL

Figures have been rounded off to the nearest rupee.



## BLESSED TEXTILES LIMITED

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM TO	TOTAL SHARES HELD
160	000001 - 000100	15,500
177	000101 - 000500	71,300
28	000501 - 001000	26,700
59	001001 - 005000	139,200
6	005001 - 010000	37,100
2	010001 - 015000	25,400
3	020001 - 025000	68,000
2	025001 - 030000	58,500
1	035001 - 040000	35,500
3	040001 - 045000	127,600
1	045001 - 050000	50,000
1	050001 - 055000	51,700
2	055001 - 060000	112,000
1	060001 - 065000	63,900
2	065001 - 070000	134,500
3	090001 - 095000	276,200
1	100001 - 105000	103,000
1	125001 - 130000	126,100
1	130001 - 135000	135,000
1	135001 - 140000	138,200
1	160001 - 165000	163,200
2	265001 - 270000	537,600
1	280001 - 285000	282,400
1	315001 - 320000	315,900
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
<b>466</b>		<b>6,432,000</b>

### CATEGORYWISE SUMMARY OF SHAREHOLDERS AS AT 30-06-2009

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARE HELD	PERCENTAGE %
1 Directors Chief Executive Officer and their spouse and minor childrens	16	2,898,040	45.06
2 Associated Companies, Undertaking and related parties	12	2,244,760	34.90
3 NIT and ICP	2	112,000	1.74
4 Financial Institution	1	12,000	0.19
5 Insurance Companies	1	393,900	6.12
6 Modarabas and Mutual Funds	-	-	-
7 Individuals - Local	425	365,300	5.68
8 Joint Stock Companies	9	406,000	6.31
<b>TOTAL</b>	<b>466</b>	<b>6,432,000</b>	<b>100.00</b>

The above two statements include 162 Shareholders holding 1,182,100 Shares through the Central Depository Company of Pakistan Limited (CDC)

## BLESSED TEXTILES LIMITED

### PATTERN OF SHAREHOLDING AS AT 30-06-2009

S. No.	Shareholders Category	PERCENTAGE	NO. OF SHARES
1	<b>ASSOCIATED COMPANIES UNDERTAKING AND RELATED PARTIES</b>		
	FAISAL SPINNING MILLS LIMITED	18.49	1,189,160
	MR. FARRUKH SALIM	1.41	91,000
	MR. YOUSUF SALIM	1.96	126,100
	MR. SAQIB SALIM	1.47	94,700
	MR. MOHAMMAD SHAKEEL	0.47	30,000
	MR. MOHAMMAD QASIM	4.17	268,100
	MRS. NAZLI BEGUM	1.02	65,500
	MRS. SABA YOUSUF	1.60	103,000
	MRS. SABA SAQIB	2.10	135,000
	MRS SADAF FARRUKH	2.15	138,200
	MISS. NOOR SHAKEEL	0.03	2,000
	MASTER HAMZA SHAKEEL	0.03	2,000
2	<b>NIT / ICP</b>		-
	INVESTMENT CORPORATION OF PAKISTAN	-	-
	NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMENT	0.86	55,170
	NBP TRUSTED NI(U)T (LOC) FUND	0.88	56,830
3	<b>CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN</b>		
	MR. MOHAMMAD SHAHEEN	1.07	69,000
	MR. MOHAMMAD SALEEM	0.78	50,000
	MR. MOHAMMAD SHARIF	0.70	45,000
	MR. KHURRAM SALIM	0.99	63,900
	MR. BILAL SHARIF	1.41	90,500
	MR. MOHAMMAD AMIN	4.39	282,400
	MR. ADIL SHAKEEL	6.91	444,300
	MR. FAISAL SHAKEEL	6.90	443,740
	MRS. YASMIN BEGUM	0.65	42,000
	MRS. ANJUM BEGUM	4.19	269,500
	MRS. SEEMA BEGUM	0.63	40,600
	MRS. AMNA KHURRAM	2.54	163,200
	MRS. SAMIA BILAL	8.33	536,000
	MRS. FATIMA AMIN	5.14	330,400
	MASTER ABDULLAH BILAL	0.39	25,000
	MASTER UMER KHURRAM	0.04	2,500
4	<b>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS</b>		
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	6.12	393,900
	FIRST DAWOOD INVESTMENT BANK	0.19	12,000
5	<b>JOINT STOCK COMPANIES</b>		
	JAVED OMAR VOHRA & CO LTD	4.908	315,900
	ARIF HABIB SECURITIES LTD	0.55	35,500
	SHAFI (PVT) LTD	0.006	400
	EXCEL SECURITIES (PVT) LTD	0.001	100
	MAZHAR HUSSAIN SECURITIES (PVT) LTD	0.03	2,000
	CLIKTRADE LTD	0.001	100
	DARSON SECURITIES (PVT) LTD	0.001	100
	ARIF HABIB SECURITIES LTD	0.80	51,700
	MEHRAN SUGUR MILLS LTD	0.003	200
6	<b>INDIVIDUAL SHARE HOLDERS</b>	5.69	365,300
	TOTAL	100.00	6,432,000
7	<b>DETAILS OF TRADING IN THE SHARES BY THE DIRECTORS, CEO, CFO, COMPANY SECRETARY AND THEIR SPOUSES AND MONOR CHILDREN</b>		NIL
8	<b>SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST</b>		
	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 22nd Annual General Meeting of the Company to be held on  
Friday October 23, 2009 at 4:30 p.m at Umer House, 23/1, Sector 23, S.M. Farooq Road,  
Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

WITNESS

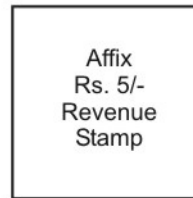
Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

CNIC/Passport # \_\_\_\_\_



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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

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 House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding 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.
- (iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.