

# 58th Annual Report 2009



**HAFIZ**  
**TEXTILE MILLS LIMITED**

# ***VISION AND MISSION STATEMENT***

*While keeping our fundamentals correct we shall build upon our recognition as a very good company known and established for our principled and honest business practices and continue to strive for high standards of quality to regain the reputation earned duly in last fifty eight years.*

*We are committed to the higher expectations of our customers and through optimum utilization of available resources, make the Company viable and profitable so as to generate adequate profit to make reasonable returns on shareholders equity.*

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## NOTICE OF MEETING

Notice is hereby given that the 58th Annual General Meeting of shareholders of the Hafiz Textile Mills Limited will be held on Wednesday, 28th October, 2009 at 12:30 p.m. at the Registered Office of the Company, 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi for the following purposes:

1. To confirm the Minutes of 57th Annual General Meeting held on 30th October, 2008.
2. To receive, consider and adopt the Annual Audited Accounts of the company for the year ended 30th June, 2009 together with the Directors' and Auditors' reports thereon.
3. To approve as recommended by the directors, the payment of Cash Dividend @ 7.5% Rs.0.75 per share for the year ended 30th June, 2009.
4. To elect Seven (7) Directors as fixed by the Board of Directors in accordance with provisions of section 178 of the Companies Ordinance, 1984 for a term of three (3) years commencing from October 30, 2009. All retiring directors shall be eligible to offer themselves for re-election. The names of the retiring directors are:
  - i) Fakhruddin Usmani
  - ii) Quamruddin Usmani
  - iii) Muhammad Farooq Usmani
  - iv) Mahmood Wali Muhammad
  - v) Muhammad Atiq
  - vi) Ali Muhammad Usmani
  - vii) Muhammad Shahzad Fakir.
5. To appoint Auditors for the year ending 30th June, 2010 and to fix their remuneration.
6. To transact any other business of the Company with the permission of the Chair.

By order of the Board

**S. Shafiq Hassan**  
Company Secretary

Karachi: 7th October, 2009.

### Notes:

1. The register of members of the company will remain closed and no transfer of shares will be accepted for registration from October 21, 2009 to October 28, 2009 (both days inclusive). Transfer received in office on October 20, 2009 will be in time for the purpose of determination of entitlement to the transferees.
2. Shareholders who have not yet submitted photocopy of computerized National Identity Card (NIC) to the company are requested to send the same at the earliest.
3. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies, complete in every respect, in order to be effective, must be received at the Registered Office of the company not less than 48 hours before the time of the meeting alongwith attested of NIC of shareholder.
4. Original NIC of shareholder is necessary to attend the AGM alongwith a photo copy of NIC to submit at the desk of reception.
5. Attested photo copy of NIC is necessary for transfer of shares and to get dividend warrants from share department of the company or any other transaction with the company.
6. Shareholders are requested to inform the company as to change of address, if any.



## ***DIRECTORS REPORT***

We humbly and gracefully bow our heads before **Almighty Allah**, the Most Gracious and Merciful, who has rewarded and blessed your company with **His** innumerable bounties in the difficult times. The Directors of your company are pleased to present before you their 58<sup>th</sup> Annual Report along with audited Accounts for the year ended June 30, 2009.

### **Operating Results:**

	<b>2009</b>	<b>2008</b>
	(Rupees)	(Rupees)
Net profit before taxation	7,188,940	3,459,678
Taxation	665,200	220,653
Net profit after taxation	6,523,740	3,239,025

### **Appropriations:**

Proposed Dividend	164,639	173,964
Transfer to accumulated loss account	6,359,101	3,065,061
Earning per share	5.44	2.70

Our mill can only be viable and profitable if latest machinery is imported and installed so as to create competitiveness and enhance market access. In order to achieve this, heavy financial investment will be required.

High value added and sophisticated products will have to be manufactured to earn profit. Due to increase financial cost, electricity and gas charges, fuel cost, labour and other input charges, the products will be too costly to face competition from our older mills. As such it is advisable to wait for some time. Many mills in latest textile machinery have either curtailed production or have cease production to avoid heavy losses.

Regarding cotton crop initial estimates were for good / better crop but it has been reported that prolong hot weather, and low water supplies in some areas have jeopardized cotton production and prices of the lint has started rising.

As mentioned in note 1.2 to the accounts, the Chinese machinery suppliers have raised their price due to increase trend of prices all over the world and devaluation of Pak Rupee against foreign currencies. The Management is under negotiations with financial institutions to manage funds for plant and machinery and working capital to restart the production activities.

**DIVIDEND:**

The board of directors of your company has recommended payment of Final Cash Dividend @7.5% for the year ended 30<sup>th</sup> June, 2009 to the minority shareholders and sponsors shareholders have for gone the dividend, considering the financial position of the company.

**AUDITORS:**

The present auditors M/s. Moochhala Gangat & Co., Chartered Accountants retire and offer themselves for re-appointment for the next year 2009-2010.

**KEY OPERATING AND FINANCIAL DATA:**

Key operating and financial data of last six years is enclosed.

**PATTERN OF SHAREHOLDING:**

Pattern of shareholding as at 30<sup>th</sup> June, 2009 is annexed.

**NO. OF BOARD MEETING HELD:**

During the year under review, six meeting of the board of directors were held and the attendance of directors was as under:

<b>Name of Directors</b>	<b>No. of Meeting attended</b>
Fakhruddin Usmani	6
Quamruddin Usmani	6
Muhammad Farooq Usmani	5
Mahmood Wali Muhammad	6
Muhammad Atiq	6
Ali Muhammad Usmani	6
Muhammad Shahzad Fakir	5

However, leaves of absence were granted to the directors who could not attend the Board Meeting due to preoccupation.



## AUDIT COMMITTEE

The board in compliance with the Code of corporate Governance has constituted an audit committee comprising of the following members:

*Quamruddin Usmani*  
*Muhammad Farooq Usmani*  
*Mahmood Wali Muhammad*

## CODE OF CORPORATE GOVERNANCE:

We are in compliance with all the code of good corporate governance, which we think should be applicable to a company, which is not in production and has negligible activities. But the directors are doing their best efforts to comply the provisions set out by the Securities and Exchange Commission of Pakistan in near future. As regard the review it the same is concerned, in order to save the company from more expenditure the same was not offered for review to the statutory auditors.

## ACKNOWLEDGEMENT:

The Directors would like to place their appreciation of the hard work and dedications shown by the executive officers, staff members and workers of the company in performance of their duties.

FOR AND ON BEHALF OF THE BOARD

*Fakhruddin Usmani*  
Chief Executive

Karachi:  
7<sup>th</sup> October, 2009.

## KEY OPERATING & FINANCIAL RESULTS FROM 2004 TO 2009

PARTICULARS	2009	2008	2007	2006	2005	2004
	( Rupees in thousands)					

**OPERATING DATA**

Sales (Net)	-	-	-	-	-	-
Cost of Sales	-	-	-	-	-	-
Gross Profit / (Loss)	-	-	-	-	-	-
Operating Expenses	3,539	3,373	3,240	3,547	2,808	3,973
Operating Profit / (Loss)	-3,539	-3,373	-3,240	-3,547	-2,808	-3,973
Financial Charges	20	10	7	8	5	3
Profit/ (Loss) Before Taxation	7,189	3,459	1,842	1,728	919	-1,445
Profit/ (Loss) After Taxation	6,524	3,239	1,606	1,082	620	-1,956

**FINANCIAL DATA**

Paid up Capital	12,000	12,000	12,000	12,000	12,000	12,000
Equity Balance	-96,008	-103,750	-108,162	-110,961	-112,890	-114,420
Long Term Loans	86,277	29,642	29,642	29,642	29,642	29,642
Fixed Assets (Net)	90,150	91,849	92,322	94,113	95,969	97,408
Current Assets	983	2,366	2,753	3,763	4,166	4,644
Current Liabilities	5,680	71,642	75,788	80,150	82,644	85,069

**KEY RATIOS**

Gross Margin	-	-	-	-	-	-
Operating Margin	-	-	-	-	-	-
Net Profit	-	-	-	-	-	-
Return on Capital Employed	-6.80%	-3.12%	-1.48%	-0.98%	-0.55%	1.71%
Current Ratio	0.17	0.03	0.04	0.05	0.05	0.05
Earning per share (Rupees)	5.44	2.70	1.34	0.90	0.52	-1.63
Cash Dividend	7.5%	7.5%	-	-	7.5%	-



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

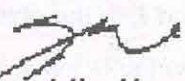
This statement is being presented to comply with the code of corporate governance contained in Regulation No.37 of listing regulation of Karachi Stock Exchange ( Guarantee) Limited for the purpose of establishing framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interest on its Board of directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulters in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, no casual vacancy was occurred and filled up in the board.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged Nil orientation courses for its directors during the year to apprise them of their duties and responsibilities.
10. There was no new appointment of CFO, Company Secretary or Head of Internal Audit Department during the year.
11. The directors' report for this year has been prepared in compliance with the requirements



- of the code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
  13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
  14. The company has complied with all the corporate and financial reporting requirements of the code.
  15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.
  16. The meetings of the audit committee were held at least once every quarter prior to the 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.
  17. The Board has set-up an effective internal audit function keeping in view the shut down of the company.
  18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
  19. The statutory auditors or the person associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
  20. We confirm that all other material principles contained in the Code have been complied with.

  
**Fakhruddin Usmani**  
Chief Executive

Karachi:  
7th October, 2009



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of HAFIZ TEXTILE MILLS LIMITED ("the Company") 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 management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that -

1. The Company closed down its manufacturing operations and this closure was necessitated by the losses being suffered due to fiscal policies of the Government adversely affecting local manufacturers. The management has considered a number of options for restructuring the business operations to run the Company and has started to provide warehousing facilities (refer note 1.2 to the financial statements). Consequently the assets and liabilities should have been stated at their realizable and settlement values respectively.
2. The company has not carried out actuarial valuation, as required by IAS-19, in respect of gratuity dues for the reasons disclosed in note 4.7 to the accounts.
  - (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
  - (b) in our opinion:
    - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
    - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
    - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
  - c) in view of paragraph 1 & 2 above, 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 do not 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, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention of members' toward the fact that the "Statement of Compliance with Best Practices of Corporate Governance" has not been offered for review.

Karachi  
Date: 7th October, 2009.

**Moochhala Gangat & Co.**  
Chartered Accountant




**BALANCE SHEET  
AS ON JUNE 30, 2009**

ASSETS	NOTE	2009 RUPEES	2008 RUPEES
<b>Non-current assets</b>			
Property, plant and equipment	5	90,150,340	91,848,849
Long term investments	6	1	1
		90,150,341	91,848,850
<b>Current assets</b>			
Stores and spares	7	-	-
Trade debts	8	-	-
Loans and advances	9	33,000	660,513
Deposits and income tax	10	556,191	981,057
Cash and bank balances	11	393,863	724,637
		983,054	2,366,207
Net assets in Bangladesh	12	1	1
<b>Total assets</b>		91,133,396	94,215,058
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
<b>Authorized</b>			
2,000,000 (2008: 2,000,000) ordinary shares of Rs.10/- each		20,000,000	20,000,000
Issued, subscribed and paid-up	13	12,000,000	12,000,000
Accumulated loss		(108,007,600)	(115,749,986)
		(96,007,600)	(103,749,986)
Surplus on revaluation of fixed assets	14	94,721,724	95,940,370
		(1,285,876)	(7,809,616)
Loan from directors	15	86,276,705	29,641,800
Deferred liabilities	16	463,000	741,250
<b>Current liabilities</b>			
Trade and other payable	17	5,014,367	71,420,971
Provision for taxation		665,200	220,653
		5,679,567	71,641,624
Contingencies and commitments	18	-	-
<b>Total equity and liabilities</b>		91,133,396	94,215,058

The annexed notes from 1 to 29 form an integral part of these financial statements.

Karachi:  
7th October, 2009.

  
**Fakhruddin Usmani**  
Chief Executive


  
**Quamruddin Usmani**  
Director


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

	NOTE	2009 RUPEES	2008 RUPEES
Sales		-	-
Direct expenses		-	-
		<hr/>	<hr/>
Administrative expenditure	19	(3,539,168)	(3,373,565)
Financial charges	20	(19,947)	(10,066)
Provisions and write off	21	(872,215)	(500,000)
		(4,431,330)	(3,883,631)
		<hr/>	<hr/>
		(4,431,330)	(3,883,631)
Other income	22	11,620,270	7,343,309
Net profit before taxation		<hr/>	<hr/>
		7,188,940	3,459,678
Taxation - current		(665,200)	(220,653)
Net profit after taxation		<hr/>	<hr/>
		<b>6,523,740</b>	<b>3,239,025</b>
Earnings per share	23	<hr/>	<hr/>
		<b>5.44</b>	<b>2.70</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

Karachi:  
7th October, 2009.

  
**Fakhruddin Usmani**  
Chief Executive

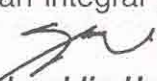
  
**Quamruddin Usmani**  
Director

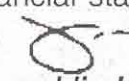
**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE	2009 RUPEES	2008 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,188,940	3,459,678
Depreciation	1,714,009	1,730,328
Provision for gratuity	64,450	47,750
Gain on sale of fixed assets	-	(98,824)
Financial charges	19,947	10,066
	1,798,406	1,689,320
Operating profit before working capital changes	8,987,346	5,148,998
<b>Movement in Working Capital (Increase)/decrease in Current Assets</b>		
Trade debtors	-	484,100
Deposits	564,352	-
Loans and advances	627,513	500,000
	1,191,865	984,100
<b>Increase / (decrease) in Current Liabilities</b>		
Trade and other payable	(66,406,604)	(4,130,850)
	(65,214,739)	(3,146,750)
Cash (used) / generated from operations	(56,227,393)	2,002,248
<b>Payments for</b>		
Taxes	(360,139)	(325,689)
Gratuity	(342,700)	-
Financial charges	(19,947)	(10,066)
Net cash (outflow) / inflow from operating activities	(56,950,179)	1,666,493
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(15,500)	(350,000)
Capital work-in-progress	-	(908,583)
Proceed on disposal of fixed assets	-	100,000
Net cash outflow from investing activities	(15,500)	(1,158,583)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term loans from Directors	56,634,905	-
Net cash inflow from financing activities	56,634,905	-
Net (decrease) / increase in cash and bank balances	(330,774)	507,910
Cash and bank balances at beginning of the year	724,637	216,727
Cash and bank balances at end of the year	393,863	724,637

The annexed notes from 1 to 29 form an integral part of these financial statements.

Karachi:  
7th October, 2009.

  
**Fakhruddin Usmani**  
Chief Executive

  
**Quamruddin Usmani**  
Director

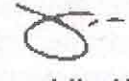
**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Share Capital</u>	<u>Accumulated Loss</u>	<u>Total Rupees</u>
Balance as at July 1, 2007	12,000,000	(120,162,252)	(108,162,252)
Net profit for the year	-	3,239,025	3,239,025
Transferred from surplus on revaluation of fixed assets - Incremental depreciation for the year	-	1,173,241	1,173,241
<b>Balance as at June 30, 2008</b>	<b>12,000,000</b>	<b>(115,749,986)</b>	<b>(103,749,986)</b>
Net profit for the year	-	6,523,740	6,523,740
Transferred from surplus on revaluation of fixed assets - Incremental depreciation for the year	-	1,218,646	1,218,646
<b>Balance as at June 30, 2009</b>	<b>12,000,000</b>	<b>(108,007,600)</b>	<b>(96,007,600)</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

Karachi:  
7th October, 2009.

  
**Fakhruddin Usmani**  
Chief Executive

  
**Quamruddin Usmani**  
Director



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

**1 COMPANY AND ITS OPERATIONS**

**1.1** Hafiz Textile Mills Limited (the Company) is a public limited Company incorporated in 1951 under the Companies Ordinance, 1984. The principal activity of the company is to deal in spinning of textile fibers. The shares of the Company are listed on the Karachi Stock Exchange. The registered office of the Company is situated at 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi.

**1.2 Going Concern**

The company has ceased production activities since June 24, 1998 due to recession in textile market, frequent power failure and shut down and non availability of finance facilities which adversely affected the mill efficiencies.

The management plans to restart the production activities and modernise the Mills machinery in the near future. In this respect the management had meetings with Chinese supplier, who have now informed us that the prices of machinery offered earlier have increased and may further go up. Hence negotiations are underway.

As far as the other financing is concerned to start the mill, the same will be carried out with the assistance from the financial institutions. The management believes they will have no difficulty in obtaining new working capital and fixed financing. As such the management feels that the company is therefore a going concern.

The company management assumes that the company will continue its business in the foreseeable future, due to the problems in the textile sector i.e. increase in the prices of raw cotton, squeeze of the finance facilities and disconnection of our utilities. The company is bound to shut down its productions but the company has taken steps to save the company from losses and to run the company profitably.

To meet its operating expenditures the Company has started warehousing facilities.

**2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES**

**2.1 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting Standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.2 STANDARD, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE:**

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective revised standard and interpretation:

**Standards to interpretations**

	<b>Effective date (accounting periods beginning on or after)</b>
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowing Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IAS 32 - Financial Instruments (Amended)	January 01, 2009



IAS 39 - Financial Instruments Recognition and Measurement (Amended)	January 01, 2009
IFRS 2 - Share-based Payment (Amended)	January 01, 2009
IFRS 3 - Business Combinations (Revised)	July 01, 2009
IFRS 4 - Insurance Contracts	January 01, 2009
IFRS 7 - Improving disclosures about Financial Instruments	January 01, 2009

Standards to interpretations	Effective date (accounting periods beginning on or after)
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 15 - Agreement for the Construction of Real Estate	January 01, 2009
IFRIC 16 - Hedge of Net Investment in a Foreign Operation	October 01, 2009
IFRIC 17 - Distribution of Non-Cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfer of Assets from Customers	July 01, 2009

These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases.

### 2.3 ADOPTION OF NEW ACCOUNTING STANDARDS:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of July 01, 2008.

- IFRS 7 - Financial Instruments: Disclosures
- IFRIC 12 - Service concession arrangements
- IFRIC 13 - Customer loyalty programs; and
- IFRIC 14 - The limit on defined benefit asset, minimum funding requirement and there interactions.

Adoption of these standards and interpretations did not have any material effect on the financial statements of the Company except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the financial statements.

### 2.4 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 estimates are revised and in any future periods affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are discussed in the ensuing paragraphs.

#### 2.4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.





## 2.4.2 Taxation

In making the estimates for income taxes payable by the Company, the management looks at the applicable taxation laws.

## 3. ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 4.1 Property, Plant and Equipment

#### 4.1.1 Operating Fixed Assets

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a diminishing balance method at the rate mentioned in the relevant note. Depreciation is charged from the date the asset is put into operation and discontinued from the date the asset is retired.

Gain and loss on disposal of assets are included in the income currently.

#### 4.1.2 Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as they are incurred.

#### 4.1.3 Impairment of Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating concurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

### 4.2 Investments

Considering the materiality of amount and non marketability of these shares on Stock Exchange, these have been valued at a token value of Re. 1 instead of market value as required by IAS-39.

### 4.3 Stores and Spares

Stores, spares and loose tools are valued at average cost except for items in transit which are stated at cost incurred upto the balance sheet date. For items which are slow moving and / or identified as surplus the Company's requirements, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

### 4.4 Stock in Trade

Stock in trade is valued at the lower of cost and net realizable value

Cost incurred in bringing each product to its present location and condition are accounted for as follows:



Raw and packing material except in transit/bond at purchase cost on an average basis progress  
Finished goods and work in average production cost which includes cost of:  
Direct material  
Direct wages  
Direct expenses

Overheads

Items in transit/bond are valued at cost comprising invoice values plus other charges incurred thereon upto the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred to make the sale.

Trading goods are accounted for on cost which is the invoice value plus other expenses incurred to bring them to the point of sale.

#### 4.5 Trade Debts

These are initially stated at fair value and subsequently measured at amortized cost using effective interest rate method less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

#### Trade and other payable

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

#### 4.6 Taxation

##### 4.6.1 Current

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

##### 4.6.2 Deferred

Deferred tax is recognized using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 4.7 Retirement benefits

The company operates an unfunded gratuity scheme and full provision is made for liability for gratuity payable to employees.

Gratuity dues are arrived at by multiplying the salary of each employee with the number of year in service.

Considering the financial condition of the company and basis adopted which is far more realistic and actual, the company has not carried out actuarial valuation as required by IAS-19.

#### 4.8 Provisions

Provision are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will



be required to settle the obligation and a reliable estimate can be made. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### 4.9 Foreign Currencies

Pakistan rupee (PKR) is the functional currency of the Company. Transaction in foreign currencies are recorded in PKR at the exchange rate approximating those prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are reported in PKR at the exchange rate approximating those prevalent at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies, are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions and translations are taken to income currently

#### 4.10 Revenue Recognition

Revenue is recognized to the extent that it is probable that the future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Revenue from sales is recognized upon passage of title to the customers, which generally coincides with physical delivery.

#### 4.11 Borrowing Cost

Borrowing Costs are recognized as an expense in the period they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the asset.

#### 4.12 Related Party Transactions

Transactions with related parties are carried out on commercial terms and conditions.

#### 4.13 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand and with banks and other short term highly liquid investments with maturities of three months or less. The fair value of cash and cash equivalents approximate their carrying amount.

#### 4.14 Financial Assets and Liabilities

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and de-recognition of the financial assets and financial liabilities is taken to the profit and loss account currently. Financial assets and liabilities, other than specifically mentioned in these policies, are carried at amortized cost. The fair value of these approximate their carrying value.

#### 4.15 Off-setting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously and the same is required or permitted by IAS/IFRS or interpretations thereof.

	NOTE	2009 RUPEES	2008 RUPEES
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	90,150,340	90,940,266
Capital work in progress - civil works		-	908,583
		<u>90,150,340</u>	<u>91,848,849</u>



## 5.1 OPERATING FIXED ASSETS

Description	Owned Assets										Total	
	Leasehold land	Factory building on leasehold land	Residential building on leasehold land	Plant & machinery	Workshop tools and equipment	Electric fittings	Furniture and fixture	Office equipment	Vehicle			
<b>COST</b>												
Balance as at 01 July 2007	94,880,000	8,987,199	5,527,750	55,327,036	466,091	2,599,199	915,836	906,980	970,621		170,580,712	
Additions						50,000			300,000		350,000	
Disposals									(150,000)		(150,000)	
<b>Balance as at 30 June 2008</b>	<b>94,880,000</b>	<b>8,987,199</b>	<b>5,527,750</b>	<b>55,327,036</b>	<b>466,091</b>	<b>2,649,199</b>	<b>915,836</b>	<b>906,980</b>	<b>1,120,621</b>		<b>170,780,712</b>	
Balance as at 01 July 2008	94,880,000	8,987,199	5,527,750	55,327,036	466,091	2,649,199	915,836	906,980	1,120,621		170,780,712	
Additions		908,583					15,500				924,083	
Disposals												
<b>Balance as at 30 June 2009</b>	<b>94,880,000</b>	<b>9,895,782</b>	<b>5,527,750</b>	<b>55,327,036</b>	<b>466,091</b>	<b>2,649,199</b>	<b>931,336</b>	<b>906,980</b>	<b>1,120,621</b>		<b>171,704,795</b>	
<b>DEPRECIATION</b>												
Balance as at 01 July 2007	11,501,283	6,824,726	2,921,614	51,591,697	452,088	2,464,078	810,558	729,923	962,375		78,258,942	
Charge for the year	948,800	216,247	130,307	373,554	1,400	15,069	10,528	17,706	16,737		1,730,328	
On disposals									(148,824)		(148,824)	
<b>Balance as at 30 June 2008</b>	<b>12,450,083</b>	<b>7,040,973</b>	<b>3,051,921</b>	<b>51,965,231</b>	<b>453,488</b>	<b>2,479,147</b>	<b>821,086</b>	<b>747,629</b>	<b>830,888</b>		<b>79,840,446</b>	
Balance as at 01 July 2008	12,450,083	7,040,973	3,051,921	51,965,231	453,488	2,479,147	821,086	747,629	830,888		79,840,446	
Charge for the year	948,800	202,194	123,791	336,181	1,260	17,005	10,896	15,935	57,947		1,714,009	
On disposals												
<b>Balance as at 30 June 2009</b>	<b>13,398,883</b>	<b>7,243,167</b>	<b>3,175,712</b>	<b>52,301,412</b>	<b>454,748</b>	<b>2,496,152</b>	<b>831,982</b>	<b>763,564</b>	<b>888,835</b>		<b>81,554,455</b>	
<b>CARRYING AMOUNT - 2008</b>	<b>82,429,917</b>	<b>1,946,226</b>	<b>2,475,829</b>	<b>3,361,805</b>	<b>12,603</b>	<b>170,052</b>	<b>94,750</b>	<b>159,351</b>	<b>289,733</b>		<b>90,940,266</b>	
<b>CARRYING AMOUNT - 2009</b>	<b>81,481,117</b>	<b>2,652,615</b>	<b>2,352,038</b>	<b>3,025,625</b>	<b>11,343</b>	<b>153,047</b>	<b>99,354</b>	<b>143,416</b>	<b>231,786</b>		<b>90,150,340</b>	
<b>RATE OF DEPRECIATION (%)</b>	<b>1%</b>	<b>10%</b>	<b>5%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>20%</b>			

5.2 The land & building have been professionally revalued on 17th October, 1995 by a listed valuer of State Bank of Pakistan. Mr. Iqbal A. Nanjee, B. SC & Government Survey License Holder of M/s. Iqbal A. Nanjee & Company on the basis of market value and replacement value with corresponding amount appearing as "SURPLUS ON REVALUATION OF FIXED ASSETS".

5.3 Had there been no revaluation the status of revalued assets (after providing depreciation) would have been as follows:

	Cost	Accumulated Depreciation	Written down value as at June 30, 2009
<b>Leasehold land</b>	114,038	60,238	53,800
Factory Building on leasehold land	4,550,022	3,936,631	613,391
Residential building on leasehold land	2,199,643	1,382,955	816,688
	<b>6,863,703</b>	<b>5,379,824</b>	<b>1,483,879</b>

	Cost	Accumulated Depreciation	Written down value as at June 30, 2008
<b>Leasehold land</b>	114,038	59,098	54,940
Factory Building on leasehold land	4,550,022	3,868,476	681,546
Residential building on leasehold land	2,199,643	1,339,971	859,672
	<b>6,863,703</b>	<b>5,267,545</b>	<b>1,596,158</b>

#### 5.4 DETAILS OF OPERATING FIXED ASSETS SOLD DURING THE YEAR

2009							
Particulars	Cost	Accumulated depreciation	Written down value	Sales Proceeds	Profit	Mode of disposal	Sold to
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

2008							
Particulars	Cost	Accumulated depreciation	Written down value	Sales Proceeds	Profit	Mode of disposal	Sold to
Vehicle	150,000	148,824	1,176	100,000	98,824	Negotiation	Ajmari Motor
	<u>150,000</u>	<u>148,824</u>	<u>1,176</u>	<u>100,000</u>	<u>98,824</u>		

#### 6 LONG TERM INVESTMENT - QUOTED

Pan Islamic Steamship Company Limited  
288 (2008 : 288) Ordinary shares of Rs.100/- each  
Less : Provision for diminution in value of investments

Note	2009 RUPEES	2008 RUPEES
	16,137	16,137
	(16,136)	(16,136)
	<u>1</u>	<u>1</u>

Considering the materiality of amount and no trading in Stock Exchange in these share, these have not been carried at market value as required by IAS-39. However full provision has been made leaving a token value of Rs. 1.

#### 7 STORES AND SPARES

Stores	196,970	196,970
Spares	2,531,821	2,531,821
	<u>2,728,791</u>	<u>2,728,791</u>
Less: Provision for obsolete stock	(2,728,791)	(2,728,791)
	<u>-</u>	<u>-</u>

#### 8 TRADE DEBTORS

Trade debtors - unsecured considered good	2,012,797	2,012,797
Less: Provision against doubtful debts	(2,012,797)	(2,012,797)
	<u>-</u>	<u>-</u>



# HAFIZ TEXTILE MILLS LIMITED

		2009 RUPEES	2008 RUPEES
<b>9 LOANS AND ADVANCES</b>			
Advances to employees - unsecured and considered good	9.1	33,000	352,650
Advances to suppliers & other		3,807,863	3,807,863
		<u>3,840,863</u>	<u>4,160,513</u>
Less: Provision against doubtful advances		(3,807,863)	(3,500,000)
		<u>33,000</u>	<u>660,513</u>
9.1 No advance has been made to the directors and the Chief Executive of the Company (2008:Rs.Nil).			
<b>10 DEPOSITS AND INCOME TAX</b>			
Deposits		121,686	686,038
Advance income tax		434,505	295,019
		<u>556,191</u>	<u>981,057</u>
<b>11 CASH AND BANK BALANCES</b>			
In hand		21,099	6,735
At bank in current accounts		372,764	717,902
		<u>393,863</u>	<u>724,637</u>
<b>12 NET ASSETS IN BANGLADESH</b>			
Board Loan Unit		10,196,790	10,196,790
Deduct: Loan from PICIC and interest accrued thereon		4,741,141	4,741,141
		<u>5,455,649</u>	<u>5,455,649</u>
Investment: 712,500 fully paid ordinary Shares of Rs.10/- each Hafiz Jute Mills Ltd.		7,125,000	7,125,000
<b>Chittagong branch:</b>			
	Vehicles	106,085	106,085
	Office equipment	24,319	24,319
	Furniture and fixtures	3,641	3,641
		<u>134,045</u>	<u>134,045</u>
		12,714,694	12,714,694
Deducted: Accumulated depreciation		44,389	44,389
		<u>12,670,305</u>	<u>12,670,305</u>
Less: Written off during 1986-87		12,670,304	12,670,304
		<u>1</u>	<u>1</u>
		<b>2009</b>	<b>2008</b>
		<b>RUPEES</b>	<b>RUPEES</b>
<b>13 ISSUED, SUBSCRIBED AND PAID-UP</b>			
395,000 (2008:395,000) ordinary shares of Rs. 10/- each full paid		3,950,000	3,950,000
105,000 (2008:105,000) ordinary shares of Rs. 10/- each issued for consideration other than cash.		1,050,000	1,050,000
700,000 (2008:700,000) ordinary shares of Rs. 10/- each issued as fully paid bonus shares.		7,000,000	7,000,000
		<u>12,000,000</u>	<u>12,000,000</u>
<b>14 SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
Opening balance		95,940,370	97,113,611
Transferred to accumulated loss: incremental depreciation for the year		(1,218,646)	(1,173,241)
		<u>94,721,724</u>	<u>95,940,370</u>
<b>15 LOAN FROM DIRECTORS</b>			
<b>- unsecured and considered good</b>			
This represents unsecured interest free loan from directors and it is not repayable on demand.			

		2009	2008
		RUPEES	RUPEES
<b>16 DEFERRED LIABILITIES</b>			
<b>16.1 Deferred taxation</b>			
Taking into consideration the potential Tax saving related to the Tax loss carry forward there is no deferred Tax liability as at June 30, 2008 (2008: Rs. Nil).			
<b>16.2 Gratuity</b>			
Opening balance		741,250	693,500
Add: Provision for the year		64,450	47,750
		<u>805,700</u>	<u>741,250</u>
Less: Payments made during the year		<u>(342,700)</u>	<u>-</u>
		<u>463,000</u>	<u>741,250</u>
16.2.1 Gratuity dues are arrived at by multiplying the salary of each employee with the number of year in service.			
<b>17 TRADE AND OTHER PAYABLE</b>			
Creditors		1,476,048	8,105,364
Accrued liabilities		1,490,741	1,853,069
Unclaimed dividend		575,763	647,848
Advance from customers		977,400	60,093,050
War risk insurance premium		494,415	494,415
Other liabilities		-	227,225
		<u>5,014,367</u>	<u>71,420,971</u>
<b>18 CONTINGENCIES AND COMMITMENTS</b>			
18.1 The company has a contingent liability of 1.12 million in respect of "War Risk Insurance Dues" for the year 1971 imposed by Federation of Pakistan through its secretary commerce. The company has filled an appeal with High Court of Sindh and the case is still in progress. As a matter of prudence the company has provided a liability of 0.4 million.			
18.2 During the year 1992, the company was served by a notice from High Court of Sindh in respect of termination of various employees. The notice says that company should pay 0.41 million as a compensation to them. The management is hopeful that the case will be in their favour.			
18.3 There is no capital commitment outstanding at the year end (2008 Rs.Nil).			
	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>RUPEES</b>	<b>RUPEES</b>
<b>19 ADMINISTRATIVE EXPENDITURE</b>			
Salaries, bonus and benefits	19.1	621,050	570,245
Electricity Expenses		165,329	94,077
Postage, telegram & telephone		89,742	75,679
Printing & stationery		47,487	38,806
Vehicle maintenance		138,921	115,273
Legal & professional charges		35,025	95,690
Auditor's remuneration	19.2	82,500	82,500
Fees & Subscription		89,709	112,218
Rent, rates & taxes		313,778	313,778
Repairs & maintenance		57,981	5,059
Depreciation		1,714,009	1,730,328
Entertainment		121,869	89,245
Advertisement		22,500	21,229
Other expenses		39,268	29,438
		<u>3,539,168</u>	<u>3,373,565</u>
19.1 These include retirement benefits of Rs. 64,450 (2008: 47,750 ).			
19.2 This includes:			
Annual audit fee		75,000	75,000
Half yearly review		7,500	7,500
		<u>82,500</u>	<u>82,500</u>



	2009 RUPEES	2008 RUPEES
<b>20 FINANCIAL CHARGES</b>		
Bank charges	19,947	10,066
<b>21 PROVISIONS AND WRITE OFF</b>		
Deposits written off	564,352	-
Provision against advances to supplier and others	307,863	500,000
	<u>872,215</u>	<u>500,000</u>
<b>22 OTHER INCOME</b>		
- Income from non financial assets		
Rental income	7,002,002	4,413,057
Gain on sale of operating fixed assets	-	98,824
	<u>7,002,002</u>	<u>4,511,881</u>
Liabilities written back.	4,618,268	2,831,428
	<u>11,620,270</u>	<u>7,343,309</u>
<b>23 EARNING PER SHARE</b>		
<b>23.1 Basic earning per share</b>		
Profit for the year	6,523,740	3,239,025
Weighted average number of ordinary shares in issue during the year	1,200,000	1,200,000
Earning per share	<u>5.44</u>	<u>2.70</u>

**23.2 Diluted earning per share**

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2008 and 2009 which would have any effect on the earnings per share if the option to convert is exercised.

**24 DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVE EMOLUMENTS**

During the year no remuneration has been paid to any director, chief executive or executives of the company (2008: Nil). Fee amounting to Rs.Nil (2008:Rs.Nil) was paid to directors for attending board meetings during the period.

**25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk

**25.1 CREDIT RISK**

**Exposure to credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2009 RUPEES	2008 RUPEES
Loans and advances	33,000	660,513
Deposits	121,686	686,038
Cash and bank balances	393,863	724,637
	<u>548,549</u>	<u>2,071,188</u>

**25.2 LIQUIDITY RISK**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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 following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:



	2009					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Loan from directors	86,276,705	(86,276,705)	-	-	(86,276,705)	-
Trade and other payable	5,014,367	(5,014,367)	(5,014,367)	-	-	-
	91,291,072	(91,291,072)	(5,014,367)	-	(86,276,705)	-

	2008					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Loan from directors	29,641,800	(29,641,800)	-	-	(29,641,800)	-
Trade and other payable	71,420,971	(71,420,971)	(71,420,971)	-	-	-
	101,062,771	(101,062,771)	(71,420,971)	-	(29,641,800)	-

## 25.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

## 25.4 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / new shares.

## 26 PLANT CAPACITY AND ACTUAL PRODUCTION

	UNIT	2009		2008	
		CAPACITY	ACTUAL	CAPACITY	ACTUAL
Spindle installed	No.	1,120	Nil	1,120	Nil
Yarn production	Kgs.	119,504	Nil	119,504	Nil

The aforesaid capacity is based on three shifts working.

## 27 SUBSEQUENT EVENT:

The Board of Directors in their meeting held on October 07, 2009 have proposed a final dividend of Rs.0.75 per share for the year ended June 30, 2009, for approval of the shareholders of the company in the Annual General Meeting to be held on October 28, 2009.


## 28 AUTHORIZATION OF FINANCIAL STATEMENTS AND APPROPRIATIONS


These financial statements were authorized for issue on 7th October, 2009 by the Board of Director of the Company.

## 29 GENERAL

Figures have been rounded off to the nearest rupee.

Karachi:  
7th October, 2009.

  
**Fakhruddin Usmani**  
Chief Executive

  
**Quamruddin Usmani**  
Director



## FORM - "A"

*Pattern of holding of shares held by the share holders as on 30th June, 2009.*

No. of shareholders	From	To	Share Value Rs.10/- each Total Share held
894	1	100	45,630
174	101	500	40,587
18	501	1000	14,545
35	1001	5000	83,905
5	5001	10000	34,467
10	10001	15000	117,397
12	15001	20000	205,476
9	20001	25000	198,386
2	25001	30000	55,907
2	30001	35000	69,980
6	35001	40000	215,564
1	115001	120000	118,156
<u>1,168</u>			<u>1,200,000</u>

Categories of Share Holders	No. of Share Holders	Shares Held	Percentage
Joint Stock Companies	5	2,173	0.18%
Insurance Companies	2	17,441	1.45%
Financial Institutions	5	140	0.01%
Investment Companies	2	18,389	1.53%
Directors, CEO and their spouse and minor children	7	192,680	16.06%
Associated Companies	1	118,156	9.85%
Individuals	1,083	851,021	70.92%
	<u>1,105</u>	<u>1,200,000</u>	<u>100.00%</u>
<b>Joint Stock Companies</b>			
BCGA Punjab (Pvt) Limited		2,004	0.17%
Hussein Executors & Trustee Co. Ltd.		9	0.00%
Zam Zam Limited		40	0.00%
H.M. Investment (Pvt) Limited		20	0.00%
Fateh Textile Mills Limited		100	0.01%
	5	<u>2,173</u>	<u>0.18%</u>
<b>Insurance Companies</b>			
State Life Insurance Corporation of Pakistan		17,041	1.42%
Pakistan Insurance Corporation		400	0.03%
	2	<u>17,441</u>	<u>1.45%</u>
<b>Financial Institutions</b>			
Habib Bank Ltd. KSE Br., Karachi		6	0.00%
HBL A/c A.G. Ismail		2	0.00%
HBL A/c A.K. Haji Moosa		2	0.00%
Muslim Commercial Bank Ltd		100	0.01%
Habib Bank Limited. HS Branch, Karachi		30	0.00%
	5	<u>140</u>	<u>0.01%</u>
<b>Investment Companies</b>			
Investment Corporation of Pakistan		3,089	0.26%
National Bank of Pakistan		15,300	1.28%
	2	<u>18,389</u>	<u>1.53%</u>
<b>Directors, CEO and their spouse and minor children</b>			
Fakhruddin Usmani	(C.E.O.)	36,000	3.00%
Quamruddin Usmani	(Director)	35,000	2.92%
Muhammad Farooq Usmani	(Director)	34,980	2.92%
Mahmood Wali Muhammad	(Director)	36,000	3.00%
Muhammad Atiq	(Director)	18,794	1.57%
Muhammad Shahzad Fakir	(Director)	20,000	1.67%
Ali Muhammad Usmani	(Director)	11,906	0.99%
	7	<u>192,680</u>	<u>16.06%</u>
<b>Associated Companies</b>			
Textile Trading Company Limited	1	118,156	9.85%
<b>Individuals</b>	<u>1,083</u>	<u>851,021</u>	<u>70.92%</u>
	<u>1,105</u>	<u>1,200,000</u>	<u>100.00%</u>



## FORM OF PROXY

I, \_\_\_\_\_ NIC \_\_\_\_\_

of \_\_\_\_\_

being a member of HAFIZ TEXTILE MILLS LIMITED, and entitled to \_\_\_\_\_

vote (votes) hereby appoint \_\_\_\_\_ NIC \_\_\_\_\_

of \_\_\_\_\_ as my proxy \_\_\_\_\_

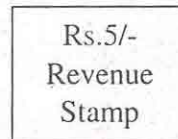
to vote for me and my behalf at 58<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, 28th October, 2009 at 12:30 p.m. and at any adjournment thereof.

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

Witness \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
Signature



- N.B.:** 1 The proxy duly signed across 5/- rupees Revenue Stamp should reach the Company's Office at least 48 hours before the time of meeting. Please quote number of shares \_\_\_\_\_ Registered Folio No. \_\_\_\_\_. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Such proxy must be a member of the company.
- 2 Original NIC of shareholder is necessary to attend the AGM alongwith a photo copy of NIC to submit at the desk of reception.
- 3 Attested photo copy of NIC is necessary for transfer of shares and to get dividend warrants from share department of the company or any other transaction with the company.

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# ANNUAL REPORT

## 2009

<i>Chief Executive</i>	:	Fakhruddin Usmani
<i>Directors</i>	:	Quamruddin Usmani
	:	Muhammad Farooq Usmani
	:	Mahmood Wali Muhammad
	:	Muhammad Atiq
	:	Ali Muhammad Usmani
	:	Muhammad Shahzad Fakir
<i>Board of Audit Committee</i>		
<i>Chairman</i>	:	Quamruddin Usmani
<i>Members</i>	:	Muhammad Farooq Usmani
		Mahmood Wali Muhammad
<i>Chief Financial Officer</i>	:	Muhammad Shahid Siddiqui
<i>Company Secretary</i>	:	S. Shafiq Hasan
<i>Bankers</i>	:	Habib Metropolitan Bank Ltd.
	:	HBL Bank Limited
	:	NIB Bank Limited
	:	National Bank of Pakistan
<i>Auditors</i>	:	Moochhala Gangat & Co., Chartered Accountants, Karachi.
<i>Registered Office</i>	:	97, Alliance Building, 2 <sup>nd</sup> Floor, Moolji Street, Mereweather Tower, Karachi-74000.
<i>Mill at</i>	:	D-9, S.I.T.E., Karachi.

# **BOOK POST**

UNDER POSTAL CERTIFICATE

**If undelivered please return to:**

**HAFIZ TEXTILE MILLS LIMITED**

**97, Alliance Building, Moolji Street, Mereweather Tower, Karachi-74000.**