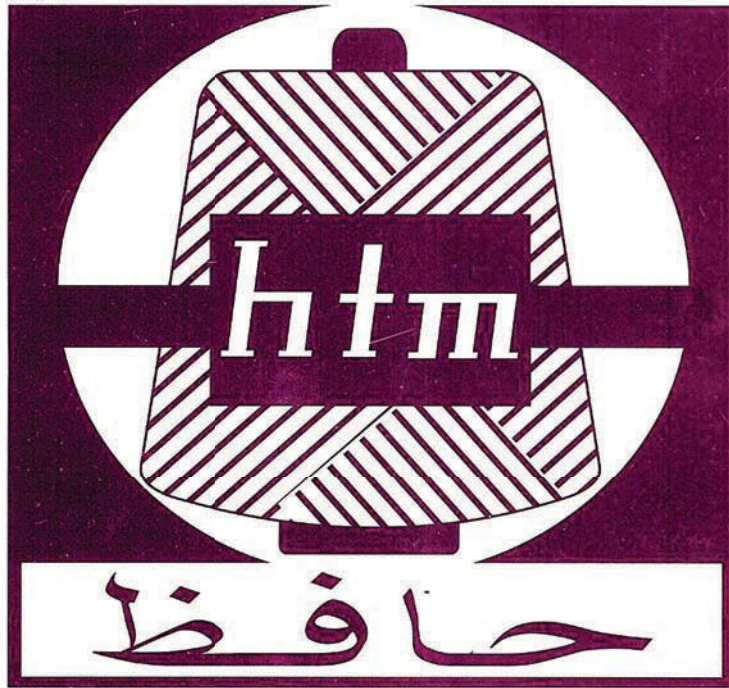


**60th
Annual Report
2011**



**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 sixty 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 60th Annual General Meeting of shareholders of the **Hafiz Textile Mills Limited** will be held on Friday, 28th October, 2011 at 8:30 a.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 59th Annual General Meeting held on 28th October, 2010.
2. To receive, consider and adopt the Annual Audited Accounts of the company for the year ended 30th June, 2011 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending 30th June, 2012 and to fix their remuneration.
4. 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: 6th October, 2011.

Notes:

1. The register of members of the company will remain closed and no transfer of shares will be accepted for registration from October 22, 2011 to October 31, 2011 (both days inclusive). Shares may be lodged for transfer with our Registrar, M/s. MG Associates (Pvt.) Limited, F-4/2, Mustafa Avenue, Block - 9, Behind "The Forum", Clifton, Karachi - Pakistan. Tel No. (9221) 35877806-09 (4 lines) Fax No. (9221) 35877810. 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.
2. 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 along with attested photo copy of NIC of shareholder.
3. Original NIC of shareholder is necessary to attend the AGM along with a photo copy of NIC to submit at the desk of reception.
4. Shareholders are requested to inform the company or registrar as to change of address, if any.



DIRECTORS REPORT

On behalf of the Board of Directors of the company the undersigned takes pleasure to present before you the 60th Annual Report for the financial year ended June 30, 2011 along with Auditors' Report there on.

Operating Results:	2011	2010
	(Rupees)	(Rupees)
Net profit before taxation	4,493,455	3,962,143
Taxation	1,042,874	591,678
Net profit after taxation	3,450,581	3,370,465
Appropriations:		
Transfer to accumulated loss account	3,450,581	3,370,465
Earning per share	2.88	2.81

OVERVIEW

All things considered, it is apparent that the Pakistani Textile Industry is facing an uncertain environment. The increase in input cost of minimum wage by 50 percent, increasing interest rates, non-guaranteed energy supplies, lack of Research and Development and reduction in cotton production has had a negative impact on the industry's competitiveness internationally.

For instance, Bangladesh, India and China enjoy comparatively low interest rates than Pakistan. The prevailing rates are as following, 8.5 to 9.0 per cent in Bangladesh, 5.25 per cent in India (market rate is 10.25 per cent, however exemption of 5 percent is provided to the textile industry) and 5.58 per cent in China. Meanwhile, in Pakistan, the last three to four years has seen the interest rates to have risen more than 150 percent, to 13.25 percent. The increase has essentially crippled the small time textiles owner, while seriously hindering growth of the textile tycoons.

The lack of R&D in the cotton sector of Pakistan has resulted in low quality of cotton in comparison to rest of Asia. Because of the subsequent low profitability in cotton crops, farmers are shifting to other cash crops, such as sugar cane. In Punjab alone, the cotton area sown this season was less by 1.14 percent as compared to the last year. Textile owners argue that although the Cotton Vision 2015 targets 20 million bales till 2015, it is an ambitious target as in reality cotton production is decreasing each year. It is the lack of proper R&D that has led to such a state. They further accuse cartels, especially the pesticide sector, for hindering proper R&D. The pesticide sector stands to benefit from stunting local R&D as higher yield cotton is more pesticide resistant.

Moreover, critics argue that the textile industry has obsolete equipment and machinery. The inability to timely modernize the equipment and machinery has led to the decline of Pakistani



HAFIZ TEXTILE MILLS LIMITED

textile competitiveness. APTMA has highlighted that the Pakistan textile industry faces tough competition from the Indian, Bangladeshi and Chinese textile industries and local policies have resulted in Pakistani textiles facing a critical condition.

The textile entrepreneurs expressed grave concern over what they described the deteriorating law and order situation in the country and the growing tension at the Indo-Pak border and assured the government of Industry's complete support in the hour of need.

They impressed upon the government to redress the major problems of the textile industry failing which the industry would not be able to sustain itself against ever-increasing global competition.

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.

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.

As mentioned in note 4.7 to the accounts we feel the basis adopted by our company is more realistic. Further considering the financial condition of the company we do not want to incur unnecessary cost of getting actuarial valuation done.

DIVIDEND:

In view of losses carried forward, the Board of Directors have not recommended dividend for the year.

AUDITORS:

The present auditors M/s. Moochhala Gangat & Co., Chartered Accountants retire and offer themselves for re-appointment. As suggested by the audit committee, the Board recommends their appointment as Auditors for the Company for the year ended June 30, 2012.

PATTERN OF SHAREHOLDING:

The Pattern of shareholding and the additional information as required by the Code of Corporate Governance is enclosed.

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:



Name of Directors	No. of Meeting attended
Fakhruddin Usmani	6
Quamruddin Usmani	6
Muhammad Farooq Usmani	6
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

During the year under review, the committee has performed its functions satisfactory and in accordance with the Code of corporate Governance.

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:

We would like to place on record our deep appreciation for the efforts of the executives, officers and other staff members for their hard work, co-operation and sincerity to the company in achieving best possible results. The management is quite confident for putting their share in company's overall performance and will continue with the same spirit in the years to come.

On behalf of the Board of Directors

Fakhruddin Usmani
CEO

Karachi:
6th October, 2010.



KEY OPERATING & FINANCIAL RESULTS FROM 2007 TO 2011

PARTICULARS	2011	2010	2009	2008	2007
	(Rupees in thousands)				
OPERATING DATA					
Sales (Net)					-
Cost of Sales					-
Gross Profit / (Loss)					-
Operating Expenses	4,933	4,121	3,539	3,373	3,240
Operating Profit / (Loss)	(4,933)	(4,121)	(3,539)	(3,373)	(3,240)
Financial Charges	22	15	20	10	7
Profit/ (Loss) Before Taxation	4,493	3,962	7,189	3,459	1,842
Profit/ (Loss) After Taxation	3,451	3,370	6,524	3,239	1,606
FINANCIAL DATA					
Paid up Capital	12,000	12,000	12,000	12,000	12,000
Equity Balance	(92,523)	(91,726)	(96,071)	(103,750)	(108,162)
Long Term Loans	78,272	82,722	86,277	29,642	29,642
Fixed Assets (Net)	87,247	88,997	90,150	91,849	92,322
Current Assets	4,087	3,376	983	2,366	2,753
Current Liabilities	7,463	7,249	5,680	71,642	75,788
KEY RATIOS					
Gross Margin	-	-	-	-	-
Operating Margin	-	-	-	-	-
Net Profit	-	-	-	-	-
Return on Capital Employed	5.36%	4.65%	8.41%	15.32%	9.55%
Current Ratio	0.55	0.47	0.17	0.03	0.04
Earning per share (Rupees)	2.88	2.81	5.44	2.70	1.34
Cash Dividend	-	-	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 has prepared s '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



HAFIZ TEXTILE MILLS LIMITED

- 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
CEO

Karachi:
6th October, 2011.



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HAFIZ TEXTILE MILLS LIMITED** ("the Company") as at **June 30, 2011** 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, 2011** 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.

Moochhala Gangat & Co.

Chartered Accountants

Karachi:

Date: 6th October, 2011.

Name of the audit engagement partner:

Mr. Hussaini Fakhruddin



HAFIZ TEXTILE MILLS LIMITED

BALANCE SHEET AS ON JUNE 30, 2011

ASSETS	NOTE	2011 RUPEES	2010 RUPEES
Non-current assets			
Property, plant and equipment	5	87,246,987	88,996,539
Long term investments	6	1	1
		<u>87,246,988</u>	<u>88,996,540</u>
Current assets			
Stores and spares	7	-	-
Trade debts	8	-	-
Loans and advances	9	-	-
Deposits and income tax	10	849,953	778,022
Tax refund due from Government		-	774
Cash and bank balances	11	3,236,736	2,597,628
		4,086,689	3,376,424
Net assets in Bangladesh	12	1	1
Total assets		<u>91,333,678</u>	<u>92,372,965</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Authorized			
2,000,000 (2010: 2,000,000) ordinary shares of Rs.10/- each		<u>20,000,000</u>	<u>20,000,000</u>
Issued, subscribed and paid-up	13	12,000,000	12,000,000
Accumulated loss		(99,152,439)	(103,726,048)
		(87,152,439)	(91,726,048)
Surplus on revaluation of fixed assets	14	92,522,970	93,645,998
		5,370,531	1,919,950
Loan from directors	15	78,272,055	82,722,055
Deferred liabilities	16	228,000	482,000
Current liabilities			
Trade and other payable	17	6,416,795	6,474,019
Provision for taxation		1,046,297	774,941
		7,463,092	7,248,960
Contingencies and commitments	18	-	-
Total equity and liabilities		<u>91,333,678</u>	<u>92,372,965</u>

Karachi:
6th October, 2011.


Fakhruddin Usmani
CEO



Quamruddin Usmani
Director


**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011.**

	NOTE	2011 RUPEES	2010 RUPEES
Sales		-	-
Direct expenses		-	-
		-	-
Administrative expenditure	19	(4,933,120)	(4,120,531)
Financial charges	20	(21,662)	(15,319)
		(4,954,782)	(4,135,850)
		(4,954,782)	(4,135,850)
Other income	21	9,448,237	8,097,993
Net profit before taxation		4,493,455	3,962,143
Taxation	22	(1,042,874)	(591,678)
Net profit after taxation		3,450,581	3,370,465
Earnings per share	23	2.88	2.81

The annexed notes from 1 to 30 form an integral part of these financial statements.

Karachi:
6th October, 2011.


Fakhruddin Usmani
CEO


Quamruddin Usmani
Director

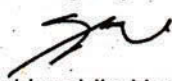



**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011**

	NOTE	2011 RUPEES	2010 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		4,493,455	3,962,143
Depreciation		1,749,552	1,806,704
Provision for gratuity		19,000	19,000
Financial charges		21,662	15,319
		<u>1,790,214</u>	<u>1,841,023</u>
Operating profit before working capital changes		6,283,669	5,803,166
Movement in Working Capital (Increase)/decrease in Current Assets			
Deposits		-	-
Loans and advances		-	33,000
		-	<u>33,000</u>
Increase / (decrease) in Current Liabilities			
Trade and other payable		(52,589)	1,372,695
		<u>(52,589)</u>	<u>1,405,695</u>
Cash generated / (used) from operations		6,231,080	7,208,861
Payments for			
Taxes		(842,675)	(704,542)
Gratuity		(273,000)	-
Financial charges		(21,662)	(15,319)
		<u>(1,137,337)</u>	<u>(719,861)</u>
Net cash inflow / (outflow) from operating activities		5,093,743	6,489,000
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-	(652,903)
Net cash outflow from investing activities		-	<u>(652,903)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Long Term loans from Directors		(4,450,000)	(3,554,650)
Dividend paid		(4,635)	(77,682)
Net cash (outflow) / inflow from financing activities		<u>(4,454,635)</u>	<u>(3,632,332)</u>
Net increase / (decrease) in cash and bank balances		639,108	2,203,765
Cash and bank balances at beginning of the year		2,597,628	393,863
Cash and bank balances at end of the year		<u>3,236,736</u>	<u>2,597,628</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

Karachi:
6th October, 2011.


Fakhruddin Usmani
CEO



Quamruddin Usmani
Director


**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Share Capital</u>	<u>Accumulated Loss</u>	<u>Total Rupees</u>
Balance as at July 1, 2009	12,000,000	(108,007,600)	(96,007,600)
Prior year error (Note-28)	-	(63,120)	(63,120)
Balance as at June 30, 2009 - Restated	12,000,000	(108,070,720)	(96,070,720)
Net profit for the year	-	3,370,465	3,370,465
Transferred from surplus on revaluation of fixed assets - Incremental depreciation for the year	-	1,138,846	1,138,846
Dividends			
Final dividend for the year ended June 30, 2009			
@ Rs. 0.75 per share.	Rs. 900,000		
Less: Waived of by the directors	<u>Rs. 735,361</u>		
	-	(164,639)	(164,639)
Balance as at June 30, 2010	12,000,000	(103,726,048)	(91,726,048)
Net profit for the year	-	3,450,581	3,450,581
Transferred from surplus on revaluation of fixed assets - Incremental depreciation for the year	-	1,123,028	1,123,028
Balance as at June 30, 2011	12,000,000	(99,152,439)	(87,152,439)

The annexed notes from 1 to 30 form an integral part of these financial statements.

Karachi:
6th October, 2011.


Fakhruddin Usmani
CEO


Quamruddin Usmani
Director



Standard, amendments and interpretations effective in 2010

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 January 2010.

IFRS 3 (Revised) Business combinations;
IAS 27 (Revised) Consolidated and separate financial statements;
IAS 39 (Amendments) Financial instruments: recognition and measurement;
IFRIC 15 Agreement for the construction of real estate;
IFRIC 17 Distributions of non-cash assets to owners;
IFRS 5 (Amendments) - improvements to IFRS - IFRS 5 Non-current assets held for sale and discontinued operations

2.3 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.

2.3.1 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.

2.3.2 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.



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2011

1. LEGAL STATUS AND 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:

Effective in current year but not relevant

Following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009 and are also relevant to the Company. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial statements of the Company.

IFRS 2 (Amendment), Share based payment;
IFRS 8 Operating segments;
IAS 23 (Amendment) Borrowing costs;
IAS 28 (Amendment) Investment in associates;
IAS 36 (Amendment) Impairment of assets;
IAS 38 (Amendment) Intangible assets;
IAS 39 (Amendment) Embedded derivatives;
IFRIC 4 Insurance contracts;
IFRIC 13 Customers loyalty programmes;
IFRIC 15 Agreement for the construction of real estate;
IFRIC 16 Hedges of a net investment in a foreign operations; and
IAS 41 Agriculture



HAFIZ TEXTILE MILLS LIMITED

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
Finished goods and work in progress	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.

5	PROPERTY, PLANT AND EQUIPMENT	NOTE	2 0 1 1 RUPEES	2 0 1 0 RUPEES
	Operating fixed assets	5.1	<u>87,246,987</u>	<u>88,996,539</u>
			<u>87,246,987</u>	<u>88,996,539</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			
COST												
Balance as at 01 July 2009	94,880,000	9,895,782	5,527,750	55,327,036	466,091	2,649,199	931,336	906,980	1,120,621		171,704,795	
Additions	-	-	-	-	-	-	-	93,978	558,925	-	652,903	
Balance as at 30 June 2010	94,880,000	9,895,782	5,527,750	55,327,036	466,091	2,649,199	931,336	1,000,958	1,679,546	1,679,546	172,357,698	
Balance as at 01 July 2010	94,880,000	9,895,782	5,527,750	55,327,036	466,091	2,649,199	931,336	1,000,958	1,679,546	-	172,357,698	
Additions	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 30 June 2011	94,880,000	9,895,782	5,527,750	55,327,036	466,091	2,649,199	931,336	1,000,958	1,679,546	1,679,546	172,357,698	
DEPRECIATION												
Balance as at 01 July 2009	13,398,883	7,243,167	3,175,712	52,301,412	454,748	2,496,152	831,982	763,564	888,835		81,554,455	
Charge for the year	948,800	265,262	117,602	302,562	1,134	15,305	9,935	15,908	130,196		1,806,704	
Balance as at 30 June 2010	14,347,683	7,508,429	3,293,314	52,603,974	455,882	2,511,457	841,917	779,472	1,019,031	1,019,031	83,361,159	
Balance as at 01 July 2010	14,347,683	7,508,429	3,293,314	52,603,974	455,882	2,511,457	841,917	779,472	1,019,031		83,361,159	
Charge for the year	948,800	238,735	111,722	272,306	1,021	13,774	8,942	22,149	132,103		1,749,552	
Balance as at 30 June 2011	15,296,483	7,747,164	3,405,036	52,876,280	456,903	2,525,231	850,859	801,621	1,151,134	1,151,134	85,110,711	
CARRYING AMOUNT - 2010	80,532,317	2,387,353	2,234,436	2,723,062	10,209	137,742	89,419	221,486	660,515	660,515	88,996,539	
CARRYING AMOUNT - 2011	79,583,517	2,148,618	2,122,714	2,450,756	9,188	123,968	80,477	199,337	528,412	528,412	87,246,987	
RATE OF DEPRECIATION (%)	1%	10%	5%	10%	10%	10%	10%	10%	10%	20%		



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5.2 The leasehold land was professionally reappraised on 17th October, 1995 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 respectively, producing a revaluation surplus of Rs.102,531,246. Thus an aggregate amount of Rs.102,531,246 was added to the book value of the respective assets 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, 2011
Leasehold land	114,038	61,331	52,707
Factory Building on leasehold land	5,458,605	4,231,938	1,226,667
Residential building on leasehold land	2,199,643	1,462,582	737,061
	7,772,286	5,755,851	2,016,435
	Cost	Accumulated Depreciation	Written down value as at June 30, 2010
Leasehold land	114,038	60,191	53,847
Factory Building on leasehold land	5,458,605	4,095,642	1,362,963
Residential building on leasehold land	2,199,643	1,423,789	775,854
	7,772,286	5,579,622	2,192,664

Note 2011 2010
RUPEES RUPEES

LONG TERM INVESTMENT - QUOTED

Pan Islamic Steamship Company Limited	16,137	16,137
288 (2010 : 288) Ordinary shares of Rs.100/- each		
Less : Provision for diminution in value of investments	(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.

STORES AND SPARES

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

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>



	Note	2011 RUPEES	2010 RUPEES
9 LOANS AND ADVANCES			
Advances to employees - unsecured and considered good	9.1	-	-
Advances to suppliers & other		3,807,863	3,807,863
		<u>3,807,863</u>	<u>3,807,863</u>
Less: Provision against doubtful advances		(3,807,863)	(3,807,863)
		<u>-</u>	<u>-</u>
9.1 No advance has been made to the directors and the Chief Executive of the Company (2010:Rs.Nil).			
10 DEPOSITS AND INCOME TAX			
Deposits		121,686	121,686
Advance income tax		728,267	656,336
		<u>849,953</u>	<u>778,022</u>
11 CASH AND BANK BALANCES			
At bank in current accounts		3,236,736	2,597,628
		<u>3,236,736</u>	<u>2,597,628</u>
12 NET ASSETS IN BANGLADESH			
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
Chittagong branch:			
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>
13 ISSUED, SUBSCRIBED AND PAID-UP			
395,000 (2010:395,000) ordinary shares of Rs. 10/- each full paid		3,950,000	3,950,000
105,000 (2010:105,000) ordinary shares of Rs. 10/- each issued for consideration other than cash.		1,050,000	1,050,000
700,000 (2010:700,000) 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>
14 SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance		93,645,998	94,784,844
Transferred to accumulated loss: incremental depreciation for the year		(1,123,028)	(1,138,846)
		<u>92,522,970</u>	<u>93,645,998</u>



HAFIZ TEXTILE MILLS LIMITED

	Note	2011 RUPEES	2010 RUPEES
15 LOAN FROM DIRECTORS			
- unsecured and considered good			
This represents unsecured interest free loan from directors and it is not repayable on demand.			
16 DEFERRED LIABILITIES			
16.1 Deferred taxation			
Taking into consideration the potential tax savings related to the tax loss carry forward there is no deferred tax liability as at June 30, 2011 (2010: Rs. Nil).			
16.2 Gratuity			
Opening balance		482,000	463,000
Add: Provision for the year		19,000	19,000
		<u>501,000</u>	<u>482,000</u>
Less: Payments made during the year		(273,000)	-
		<u>228,000</u>	<u>482,000</u>
16.2.1 Gratuity dues are arrived at by multiplying the salary of each employee with the number of year in service.			
17 TRADE AND OTHER PAYABLE			
Creditors		1,147,103	1,147,103
Accrued liabilities		1,913,342	1,480,681
Unclaimed dividend		658,085	662,720
Advance from customers		-	1,334,300
Deposits	17.1	2,203,850	1,354,800
War risk insurance premium		494,415	494,415
		<u>6,416,795</u>	<u>6,474,019</u>

17 All deposits are re-payable on demand and no interest is payable thereon.

18 CONTINGENCIES AND COMMITMENTS

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 During the year SECP vide its order EMD/233/253/2002-1131 dated May 20, 2010 under the provisions of Section 473 of the Companies Ordinance 1984 directed the Company to reverse the director's loan of Rs. 57,790,720 and write back advances from suppliers/creditors to the profit and loss account of the Company. The Company preferred appeal before SECP on June 15, 2010. Since the outcome of the above appeal is pending and in view of the fact that management is confident that appeals will be decided in Company's favour, no provisions has been made in these financial statements relating to above appeals.

18.4 There is no capital commitment outstanding at the year end (2010 Rs.Nil).



	Note	2011 RUPEES	2010 RUPEES
19 ADMINISTRATIVE EXPENDITURE			
Directors Remuneration	25	947,850	-
Salaries, bonus and benefits	19.1	592,000	630,385
Electricity Expenses		300,233	226,551
Postage, telegram & telephone		72,954	107,914
Printing & stationery		56,897	56,373
Vehicle maintenance		212,997	185,530
Traveling expenses		-	15,090
Legal & professional charges		50,000	199,105
Auditor's remuneration	19.2	82,500	82,500
Fees & Subscription		155,211	105,018
Rent, rates & taxes		313,778	332,005
Repairs & maintenance		268,835	175,878
Depreciation		1,749,552	1,806,704
Entertainment		99,207	96,835
Advertisement		18,500	26,000
Other expenses		12,606	33,093
Commission expense		-	41,550
		<u>4,933,120</u>	<u>4,120,531</u>
19.1 These include retirement benefits of Rs. 19,000 (2010: 19,000).			
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>
20 FINANCIAL CHARGES			
Bank charges		21,662	15,319
21 OTHER INCOME			
- Income from non financial assets			
Rental income		9,448,237	7,963,931
Liabilities written back		-	134,062
		<u>9,448,237</u>	<u>8,097,993</u>
22 TAXATION			
Current		(1,046,297)	(774,943)
Prior		3,423	183,265
		<u>(1,042,874)</u>	<u>(591,678)</u>
22.1 Relation between Tax Expense and Accounting Profit			
Profit before taxation		4,493,455	3,962,143
Corporate tax rate		35%	35%
Tax on accounting profit		(1,572,709)	(1,386,750)
Tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes		526,412	611,807
Effect of change in prior years' tax		3,423	183,265
Tax charge		<u>(1,042,874)</u>	<u>(591,678)</u>
23 EARNING PER SHARE			
23.1 Basic earning per share			
Profit for the year		3,450,581	3,370,465
Weighted average number of ordinary shares in issue during the year		1,200,000	1,200,000
Earning per share		<u>2.88</u>	<u>2.81</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, 2011 and 2010 which would have any effect on the earnings per share if the option to convert is exercised.

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

	June, 2011		June, 2010	
	Chief Executive	Executives	Chief Executive	Executives
Remuneration	300,000	180,000	-	-
Utilities	175,000	292,850	-	-
	<u>475,000</u>	<u>472,850</u>	-	-
Number of persons	<u>1</u>	<u>1</u>	-	-

No meeting fee and remuneration is paid to any director.

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

26 CREDIT RISK**26.1 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:

	2011	2010
	RUPEES	RUPEES
Loans and advances	-	-
Deposits	121,686	121,686
Cash and bank balances	3,236,736	2,597,628
	<u>3,358,422</u>	<u>2,719,314</u>

26.2 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:



HAFIZ TEXTILE MILLS LIMITED

	2011					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Loan from directors	78,272,055	(78,272,055)	-	-	(78,272,055)	-
Trade and other payable	6,416,795	(6,416,795)	(6,416,795)	-	-	-
	84,688,850	(84,688,850)	(6,416,795)	-	(78,272,055)	-

	2010					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Loan from directors	82,722,055	(82,722,055)	-	-	(82,722,055)	-
Trade and other payable	6,474,019	(6,474,019)	(6,474,019)	-	-	-
	89,196,074	(89,196,074)	(6,474,019)	-	(82,722,055)	-

26.3 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.

26.4 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.

27 PLANT CAPACITY AND ACTUAL PRODUCTION

	UNIT	2011		2010	
		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.

28 PRIOR YEAR ERROR

In the year 2009 incremental depreciation was overstated by Rs. 63,120 as a result surplus on revaluation of fixed assets was understated by Rs. 63,120.

29 AUTHORIZATION OF FINANCIAL STATEMENTS AND APPROPRIATIONS

These financial statements were authorized for issue on 6th October, 2011 by the Board of Director of the Company.

30 GENERAL

Figures have been rounded off to the nearest rupee.

Karachi:
6th October, 2011.


Fakhruddin Usmani
CEO


Quamruddin Usmani
Director



HAFIZ TEXTILE MILLS LIMITED

FORM - "A"

Pattern of holding of shares held by the share holders as on 30th June, 2011.

No. of shareholders	From	To	Share Value Rs.10/- each
			Total Share held
695	1	100	35,846
156	101	500	35,411
19	501	1000	15,445
31	1001	5000	77,105
10	5001	10000	69,213
6	10001	15000	74,286
4	15001	20000	75,092
6	20001	25000	139,637
12	25001	30000	312,885
3	30001	35000	100,342
4	35001	40000	146,582
1	115001	120000	118,156
<u>947</u>			<u>1,200,000</u>

Categories of Share Holders	No. of Share Holders	Shares Held	Percentage
Joint Stock Companies	4	2,164	0.18%
Insurance Companies	2	17,241	1.44%
Financial Institutions	5	140	0.01%
Investment Companies	3	9,303	0.78%
Directors, CEO and their spouse and minor children	22	420,500	35.04%
Associated Companies	1	118,156	9.85%
Individuals	910	632,496	52.71%
	<u>947</u>	<u>1,200,000</u>	<u>100.00%</u>
Joint Stock Companies			
BCGA Punjab (Pvt) Limited		2,004	0.17%
Zam Zam Limited		40	0.00%
H.M. Investment (Pvt) Limited		20	0.00%
Fateh Textile Mills Limited		100	0.01%
	4	<u>2,164</u>	<u>0.18%</u>
Insurance Companies			
State Life Insurance Corporation of Pakistan		17,041	1.42%
Pakistan Insurance Corporation		200	0.02%
	2	<u>17,241</u>	<u>1.44%</u>
Financial Institutions			
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>
Investment Companies			
Investment Corporation of Pakistan		2,903	0.24%
National Bank of Pakistan		4,900	0.41%
The Bank of Punjab		1,500	0.13%
	3	<u>9,303</u>	<u>0.78%</u>
Directors, CEO and their spouse and minor children			
Mr. Fakhruddin Usmani (C.E.O.)	1	36,000	3.00%
Mr. Quamruddin Usmani (Director)	1	35,000	2.92%
Mr. Muhammad Farooq Usmani (Director)	1	34,980	2.91%
Mr. Mahmood Wali Muhammad (Director)	1	36,000	3.00%
Mr. Muhammad Atiq (Director)	1	18,794	1.57%
Mr. Muhammad Shahzad Fakir (Director)	1	20,000	1.67%
Mr. Ali Muhammad Usmani (Director)	1	11,906	0.99%
Mrs. Sabra Fakhruddin (Spouse of Directors & CEO)	1	30,362	2.53%
Mrs. Zahida Quamruddin (Spouse of Directors & CEO)	1	27,455	2.29%
Mrs. Nasreen Farooq (Spouse of Directors & CEO)	1	25,831	2.15%
Mrs. Parveen Mahmood (Spouse of Directors & CEO)	1	21,598	1.80%
Mrs. Rukiya Atiq (Spouse of Directors & CEO)	1	21,612	1.80%
Mrs. Noor Fatima (Spouse of Directors & CEO)	1	24,700	2.06%
Miss. Kashf (Minor Children of Directors & CEO)	1	5,021	0.42%
Miss. Javeria (Minor Children of Directors & CEO)	1	7,100	0.59%
Miss. Resha (Minor Children of Directors & CEO)	1	8,068	0.67%
Miss. Sanabil (Minor Children of Directors & CEO)	1	9,000	0.75%
Miss. Rema (Minor Children of Directors & CEO)	1	6,600	0.55%
Miss. Zynal Al Saba (Minor Children of Directors & CEO)	1	5,476	0.46%
Mr. Muhammad Muneer (Minor Children of Directors & CEO)	1	10,735	0.89%
Mr. Atif Usmani (Minor Children of Directors & CEO)	1	9,848	0.82%
Mr. Shabbir Hassan (Minor Children of Directors & CEO)	1	14,414	1.20%
	22	<u>420,500</u>	<u>35.04%</u>
Associated Companies			
Textile Trading Company Limited	1	118,156	9.85%
Individuals	910	632,496	52.71%
	<u>947</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 59th Annual General Meeting of the Company to be held on Thursday, 28th October, 2010 at 8:00 a.m. and at any adjournment thereof.

As witness my hand this _____ day of _____

Witness _____

Address _____

Signature

Rs.5/-
Revenue
Stamp

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.

ANNUAL REPORT

2011

Chief Executive	:	Fakhruddin Usmani
Directors	:	Quamruddin Usmani
	:	Muhammad Farooq Usmani
	:	Mahmood Wali Muhammad
	:	Muhammad Atiq
	:	Ali Muhammad Usmani
	:	Muhammad Shahzad Fakir
Board of Audit Committee		
Chairman	:	Quamruddin Usmani
Members	:	Muhammad Farooq Usmani
		Mahmood Wali Muhammad
Chief Financial Officer	:	Muhammad Shahid Siddiqui
Company Secretary	:	S. Shafiq Hasan
Bankers	:	Habib Metropolitan Bank Ltd.
	:	HBL Bank Limited
	:	NIB Bank Limited
	:	National Bank of Pakistan
Auditors	:	Moochhala Gangat & Co., Chartered Accountants, Karachi.
Shares Registrar		MG Associates (Pvt.) Limited, F-4/2, Mustafa Avenue, Block - 9, Behind "The Forum", Clifton, Karachi.
Registered Office	:	97, Alliance Building, 2 nd Floor, Moolji Street, Mereweather Tower, Karachi-74000.
Mill at	:	D-9, S.I.T.E., Karachi.

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered please return to:

HAFIZ TEXTILE MILLS LIMITED

97, Alliance Building, Mooji Street, M.W. Tower, Karachi-74000