61st
Annual Report
2012

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 one 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.

CONTENTS

NOTICE OF MEETING

Notice is hereby given that the 61st Annual General Meeting of shareholders of the Hafiz Textile Mills Limited will be held on Monday, 29th October, 2012 at 11:00 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 60th Annual General Meeting held on 28th October, 2011.
2. To receive, consider and adopt the Annual Audited Accounts of the company for the year ended 30th June, 2012 together with the Directors' and Auditors' reports thereon.
3. To approve as recommended by the directors, the payment of Cash Dividend @ 15% Rs.1.50 per share for the year ended 30th June, 2012.
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, 2012. 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, 2013 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: 8th October, 2012.

Notes:

1- Participation in the Annual General Meeting

A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

2- CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular-1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

a) For attending the meeting

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

In the case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

b) For appointing proxies

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies for CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) In the case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3- Closure of Share Transfer Books

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from Monday, 22nd October, 2012 to Wednesday, 31st October, 2012 (both days inclusive). Transfers received in order at the Share Registrars' office by the close of business on Saturday, 20th October, 2012 will be treated in time for the purpose of payment of final cash dividend, if approved by the Shareholders.

4- Change in Address

Members are requested to promptly notify any change in their addresses.

5-CNIC copy to process dividend warrant in future

Securities and Exchange Commission of Pakistan Vide letter No.EMD/D-III/Misc/2009-478 dated October 18, 2011 under its SRO 779 (1) /2011 dated August 18, 2011 has directed that the dividend warrant(s) should bear the computerized National Identity Card Number of the registered member or the authorized person, except in the case of minor(s) and corporate members. Members are requested to provide copy of your CNIC at the earliest to our Registrar M/s. MG Associates (Pvt.) Ltd. F-4/2, Mustafa Avenue, Block-9, Behind "THE FORUM", Clifton, Karachi, failing which the company will not be in a position to process your dividends in future. If you have already sent the CNIC copy, kindly ignore this note.

DIRETORS 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 61st Annual Report along with audited Accounts for the year ended June 30, 2012.

Operating Results:	**2012**	**2011**
	(Rupees)	(Rupees)
Net profit before taxation	8,014,487	4,493,455
Taxation	1,188,952	1,042,874
Net profit after taxation	6,825,535	3,450,581
Appropriations:		
Proposed Dividend	1,800,000	–
Transfer to accumulated loss account	5,025,535	3,450,581
Earning per share	5.69	2.88

OVERVIEW

During the year due to inadequate funds for textile policy implementation, some key policy initiatives have not been launched, which is not only causing resentment among the industry, following huge pending liabilities under operationalised schemes, but will also hamper projects' execution and their timely completion. A total of Rs 24.75 billion has been allocated against the approved financing plan of Rs 123 billion for 2009-12 i.e. around 20 percent only, while projects worth more than six billion rupees are pending in Planning Commission for the last two years.

The industry is facing acute problems due to non-availability of utilities including gas for production due to which it is unable to meet domestic demand, consume domestic cotton and fulfill export orders. Availability of utilities and subsidies provided by competitor governments are putting textiles exports at a disadvantage in international market.

The industry is confronted with textiles marketing and market access issues including absence of level playing field for textile sector in trade with India-non-ad valorem duty on textiles, multiple tariff structures and subsidized exports.

The textile sector demanded that level playing field for textile sector vis-à-vis India should be ensured. As envisaged in the summary of Textile Policy 2009-14, textiles industry should be exempted from load-shedding and accorded the same priority for gas as given to the fertilizer industry.

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:
The board of directors of your company has recommended payment of Final Cash Dividend @15% for the year ended 30th June, 2012 to the shareholders of the company.

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, 2013.

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	5
Mahmood Wali Muhammad	5
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:
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
CEO

Karachi:
8th October, 2012.

KEY OPERATING & FINANCIAL RESULTS FROM 2007 TO 2012

PARTICULARS	2012	2011	2010	2009	2008	2007
	(Rupees in thousands)					
OPERATING DATA						
Sales (Net)	-	-	-	-	-	-
Cost of Sales	-	-	-	-	-	-
Gross Profit / (Loss)	-	-	-	-	-	-
Operating Expenses	5,454	4,933	4,121	3,539	3,373	3,240
Opeerating Profit / (Loss)	(5,454)	(4,933)	(4,121)	(3,539)	(3,373)	(3,240)
Financial Charges	18	22	15	20	10	7
Profit/ (Loss) Before Taxation	8,014	4,493	3,962	7,189	3,459	1,842
Profit/ (Loss) After Taxation	6,526	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	12,000
Equity Balance	(79,218)	(87,152)	(91,726)	(96,071)	(103,750)	(108,162)
Long Term Loans	73,022	78,272	82,722	86,277	29,642	29,642
Fixed Assets (Net)	86,423	87,247	88,997	90,150	91,849	92,322
Current Assets	5,888	4,087	3,376	983	2,366	2,753
Current Liabilities	6,853	7,463	7,249	5,680	71,642	75,788
KEY RATIOS						
Gross Margin	-	-	-	-	-	-
Operating Margin	-	-	-	-	-	-
Net Profit	-	-	-	-	-	-
Return on Capital Employed	9.38%	5.36%	4.65%	8.41%	15.32%	9.55%
Current Ratio	0.86	0.55	0.47	0.17	0.03	0.04
Earning per share (Rupees)	5.69	2.88	2.81	5.44	2.70	1.34
Cash Dividend	15%	-	-	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.35 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 NBFI 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 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:
8th October, 2012.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HAFIZ TEXTILE MILLS LIMITED ("the Company")** as at **June 30, 2012** 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 ave 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, 2012** 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: 8th October, 2012.

Name of the audit engagement partner:
Mr. Hussaini Fakhruddin

BALANCE SHEET AS ON JUNE 30, 2012

	NOTE	2012 RUPEES	2011 RUPEES
ASSETS			
Non-current assets			
Property, plant and equipment	5	86,422,976	87,246,987
Long term investments- quoted	6	1	1
		86,422,977	87,246,988
Current assets			
Stores and spares	7	-	-
Trade debts	8	-	-
Loans and advances	9	-	-
Deposits and income tax	10	1,503,794	849,953
Cash and bank balances	11	4,384,578	3,236,736
		5,888,372	4,086,689
Net assets in Bangladesh	12	1	1
Total assets		92,311,350	91,333,678
EQUITY AND LIABILITIES			
Capital and Reserves			
Authorized			
2,000,000 (2011: 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		(91,217,766)	(99,152,439)
		(79,217,766)	(87,152,439)
Surplus on revaluation of fixed assets	14	91,413,832	92,522,970
		12,196,066	5,370,531
Loan from directors	15	73,022,055	78,272,055
Deferred liabilities	16	240,000	228,000
Current liabilities			
Trade and other payable	17	5,567,609	6,416,795
Provision for taxation		1,285,620	1,046,297
		6,853,229	7,463,092
Contingencies and commitments	18	-	-
Total equity and liabilities		92,311,350	91,333,678

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

Karachi:
8th October, 2012.

Fakhruddin Usmani
CEO

Quamruddin Usmani
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	NOTE	2012 RUPEES	2011 RUPEES
Sales		-	-
Direct expenses		-	-
		-	-
Administrative expenditure	19	(5,454,287)	(4,933,120)
Financial charges	20	(18,089)	(21,662)
		(5,472,376)	(4,954,782)
		(5,472,376)	(4,954,782)
Other income	21	13,486,863	9,448,237
Net profit before taxation		8,014,487	4,493,455
Taxation	22	(1,188,952)	(1,042,874)
Net profit after taxation		6,825,535	3,450,581
Earnings per share	23	5.69	2.88

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

Karachi:
8th October, 2012.

Fakhruddin Usmani
CEO

Quamruddin Usmani
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	NOTE	2012 RUPEES	2011 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		8,014,487	4,493,455
Depreciation		1,763,553	1,749,552
Provision for gratuity		12,000	19,000
Gain on Sale of Fixed Assets		(416,142)	-
Financial charges		18,089	21,662
		1,377,500	1,790,214
Operating profit before working capital changes		9,391,987	6,283,669
Movement in Working Capital			
Increase / (decrease) in Current Liabilities			
Trade and other payable		(1,071,188)	(52,589)
		(1,071,188)	(52,589)
Cash generated from operations		8,320,799	6,231,080
Payments for:			
Taxes		(1,381,333)	(842,675)
Gratuity		-	(273,000)
Financial charges		(18,089)	(21,662)
Net cash inflow from operating activities		6,921,377	5,093,743
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of Fixed Assets		550,000	-
Fixed capital expenditure		(1,073,400)	-
Net cash (outflow) from investing activities		(523,400)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Long Term loans from Directors		(5,250,000)	(4,450,000)
Dividend paid		(135)	(4,635)
Net cash (outflow) from financing activities		(5,250,135)	(4,454,635)
Net increase in cash and bank balances		1,147,842	639,108
Cash and bank balances at beginning of the year		3,236,736	2,597,628
Cash and bank balances at end of the year		4,384,578	3,236,736

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

Karachi:
8th October, 2012.

Fakhruddin Usmani
CEO

Quamruddin Usmani
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share Capital	Unappropriated Profit/(loss)	Total Rupees
Balance as at July 1, 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)**
Net profit for the year	-	6,825,535	6,825,535
Transferred from surplus on revaluation of fixed assets - Incremental depreciation for the year	-	1,109,138	1,109,138
Balance as at June 30, 2012	**12,000,000**	**(91,217,766)**	**(79,217,766)**

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

Karachi:
8th October, 2012.

Fakhruddin Usmani
CEO

Quamruddin Usmani
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2012

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 shutdown its productions but the company has taken steps to save the company from losses and to run the company profitable.

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 STANDARDS AND INTERPRETATIONS THAT BECAME EFFECTIVE BUT NOT RELEVANT TO THE COMPANY OR DO NOT HAVE MATERIAL EFFECT

The following standards and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company:

Improvements / amendments to IFRSs and interpretation (May 2010)

IFRS 7 - Financial Instruments: Disclosures
IAS 1 - Presentation of Financial Statements (Amendment)
IAS 34 - Interim Financial Reporting
IFRIC 13 - Customer Loyalty Programmes

Improvements / amendments to IFRSs and interpretation (Others)

IFRS 7 - Financial Instruments: Disclosures (Amendment)

IAS 24 - Related Party Disclosures (Revised)
IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)
IAS 32 - Classification of Right issues (Amendment)
IFRIC 19 – Extinguishing financial liabilities with equity instruments

2.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE CURRENT FINANCIAL YEAR

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

	Revision / improvements / amendments to IFRSs and interpretations	Effective date (accounting periods beginning on or after
IAS 1	Presentation of Financial Statements (Amendment)	July 01, 2012 & January 01,2013
IFRS 7	Financial instruments: Disclosures (Amendment)	January 01,2013 & January 01,2015
IAS 12	Income Tax (Amendment) – Deferred Taxes : Recovery of underlying assets	January 01, 2012
IAS 19	Employee Benefits Amended Standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investments in Associates and Joint ventures	January 01, 2013
IAS 32	Financial Instruments: Presentation (Amendment)	January 01, 2014

Standards issued by IASB but not yet notified by SECP

IFRS 9	Financial I nstruments: Classification and Measurement	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in other entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

The Company expects that the adoption of the above standards and interpretations will not have material effect on the Company's financial statements in the period of initial application.

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
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.

Revenue from rental is recognized on accrual basis.

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	2012 RUPEES	2011 RUPEES
Operating fixed assets	5.1	86,422,976	87,246,987
		86,422,976	87,246,987

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 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	-	-	-	-	-	-	-	-	-	-
Deletion	-	-	-	-	-	-	-	-	-	-
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	172,357,698
Balance as at 01 July 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	172,357,698
Additions	-	-	-	-	-	-	75,000	18,400	980,000	1,073,400
Deletion	-	-	-	-	-	-	-	-	(300,000)	(300,000)
Balance as at 30 June 2012	94,880,000	9,895,782	5,527,750	55,327,036	466,091	2,649,199	1,006,336	1,019,358	2,359,546	173,131,098
DEPRECIATION			-							
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	85,110,711
Balance as at 01 July 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	85,110,711
Charge for the year	948,800	214,862	106,136	245,076	919	12,397	13,041	20,261	202,061	1,763,553
Deletion	-	-	-	-	-	-	-	-	(166,142)	(166,142)
Balance as at 30 June 2012	16,245,283	7,962,026	3,511,172	53,121,356	457,822	2,537,628	863,900	821,882	1,187,053	86,708,122
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	87,246,987
CARRYING AMOUNT - 2012	78,634,717	1,933,756	2,016,578	2,205,680	8,269	111,571	142,436	197,476	1,172,493	86,422,976
RATE OF DEPRECIATION (%)	1%	10%	5%	10%	10%	10%	10%	10%	20%	

5.2 Details of disposal of fixed assets

Particulars	Original cost (rupees)	Accumulated depreciation (rupees)	Written down value (rupees)	Salee proceeds (rupees)	Profit / (loss) (Rupees)	Sold to	Mode of disposal
Vehicle	300,000	166,142	133,858	550,000	416,142	M/s. Haji Pir Bux Fazal	Negotiation
June 30, 2012	**300,000**	**166,142**	**133,858**	**550,000**	**416,142**		
June 30, 2011	-	-	-	-	-		

5.3 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".

5.4 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, 2012
Leasehold land	114,038	62,471	51,567
Factory Building on leasehold land	5,458,605	4,354,605	1,104,000
Residential building on leasehold land	2,199,643	1,499,435	700,208
	7,772,286	**5,916,511**	**1,855,775**

	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**

		Note	2012 RUPEES	2011 RUPEES
6	**LONG TERM INVESTMENT - QUOTED**			
	Pan Islamic Steamship Company Limited 288 (2011 : 288) Ordinary shares of Rs.100/- each		16,137	16,137
	Less : Provision for diminution in value of investments		(16,136)	(16,136)
			1	1

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.

		Note	2012 RUPEES	2011 RUPEES
7	**STORES AND SPARES**			
	Stores		196,970	196,970
	Spares		2,531,821	2,531,821
			2,728,791	2,728,791
	Less: Provision for obsolete stock		(2,728,791)	(2,728,791)
			-	-
8	**TRADE DEBTS**			
	Trade debts - unsecured considered good		2,012,797	2,012,797
	Less: Provision against doubtful debts		(2,012,797)	(2,012,797)
			-	-
9	**LOANS AND ADVANCES**			
	Advances to employees - unsecured and considered good	9.1	-	-
	Advances to suppliers & other		3,807,863	3,807,863
			3,807,863	3,807,863
	Less: Provision against doubtful advances		(3,807,863)	(3,807,863)
			-	-

9.1 No advance has been made to the directors and the Chief Executive of the Company (2011:Rs.Nil).

		Note	2012 RUPEES	2011 RUPEES
10	**DEPOSITS AND INCOME TAX**			
	Deposits		121,688	121,686
	Advance income tax		1,382,106	728,267
			1,503,794	849,953
11	**CASH AND BANK BALANCES**			
	At bank in current accounts		4,384,578	3,236,736
			4,384,578	3,236,736
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
			5,455,649	5,455,649
	Investment 712,500 (2011: 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
			134,045	134,045
			12,714,694	12,714,694
	Deducted: Accumulated depreciation		44,389	44,389
			12,670,305	12,670,305
	Less: Written off during 1986-87		(12,670,304)	(12,670,304)
			1	1

	Note	2012 RUPEES	2011 RUPEES
13 ISSUED, SUBSCRIBED AND PAID-UP			
395,000 (2011:395,000) ordinary shares of Rs. 10/- each full paid		3,950,000	3,950,000
105,000 (2011:105,000) ordinary shares of Rs. 10/- each issued for consideration other than cash.		1,050,000	1,050,000
700,000 (2011:700,000) ordinary shares of Rs. 10/- each issued as fully paid bonus shares.		7,000,000	7,000,000
		12,000,000	12,000,000
14 SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance		92,522,970	93,645,998
Transferred to accumulated loss: incremental depreciation for the year		(1,109,138)	(1,123,028)
		91,413,832	**92,522,970**

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, 2012 (2011: Rs. Nil).

16.2 Gratuity

	Note	2012 RUPEES	2011 RUPEES
Opening balance		228,000	482,000
Add: Provision for the year		12,000	19,000
		240,000	501,000
Less: Payments made during the year		-	(273,000)
		240,000	228,000

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

	Note	2012 RUPEES	2011 RUPEES
17 TRADE AND OTHER PAYABLE			
Creditors		1,147,103	1,147,103
Accrued liabilities		1,913,341	1,913,342
Unclaimed dividend		657,950	658,085
Deposits	17.1	1,354,800	2,203,850
War risk insurance premium		494,415	494,415
		5,567,609	6,416,795

17.1 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 2010, 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 (2011: Rs.Nil).

		Note	2012 RUPEES	2011 RUPEES
19	**ADMINISTRATIVE EXPENDITURE**			
	Directors Remuneration	24	947,850	947,850
	Salaries, bonus and benefits	19.1	480,000	592,000
	Electricity Expenses		497,425	300,233
	Postage, telegram & telephone		144,950	72,954
	Printing & stationery		62,362	56,897
	Vehicle maintenance		209,745	212,997
	Legal & professional charges		145,000	50,000
	Auditor's remuneration	19.2	82,500	82,500
	Fees & Subscription		201,674	155,211
	Rent, rates & taxes		313,778	313,778
	Repairs & maintenance		434,965	268,835
	Depreciation		1,763,553	1,749,552
	Entertainment		131,353	99,207
	Advertisement		17,500	18,500
	Other expenses		21,632	12,606
	Commission expense		-	-
			5,454,287	4,933,120

19.1 These include retirement benefits of Rs. 12,000 (2011: 19,000).

19.2 This includes:

	2012	2011
Annual audit fee	75,000	75,000
Half yearly review	7,500	7,500
	82,500	82,500

		2012	2011
20	**FINANCIAL CHARGES**		
	Bank charges	18,089	21,662
21	**OTHER INCOME**		
	- Income from non financial assets		
	Rental income	13,070,721	9,448,237
	Gain on sale of Fixed Asset	416,142	-
		13,486,863	9,448,237
22	**TAXATION**		
	Current	(1,285,620)	(1,046,297)
	Prior	96,668	3,423
		(1,188,952)	(1,042,874)

22.1 Relation between Tax Expense and Accounting Profit

	2012	2011
Profit before taxation	8,014,487	4,493,455
Corporate tax rate	35%	35%
Tax on accounting profit	(2,805,070)	(1,572,709)
Tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes	1,519,450	526,412
Effect of change in prior years' tax	96,668	3,423
Tax charge	(1,188,952)	(1,042,874)

23 EARNING PER SHARE

23.1 Basic earning per share

	2012	2011
Profit for the year	6,825,535	3,450,581
Weighted average number of ordinary shares in issue during the year	1,200,000	1,200,000
Earning per share	5.69	2.88

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, 2012 and 2011 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, 2012		June, 2011	
	Chief Executive	Executives	Chief Executive	Executives
Remuneration	300,000	180,000	300,000	180,000
Utilities	175,000	292,850	175,000	292,850
	475,000	472,850	475,000	472,850
Number of persons	1	1	1	1

No meeting fee and remuneration is paid to any other 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:

	2012 RUPEES	2011 RUPEES
Deposits	121,688	121,686
Cash and bank balances	4,384,578	3,236,736
	4,506,266	3,358,422

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:

	2012					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Loan from directors	73,022,055	(73,022,055)	-	-	(73,022,055)	-
Trade and other payable	5,567,609	(5,567,609)	(5,567,609)	-	-	-
	78,589,664	(78,589,664)	(5,567,609)	-	(73,022,055)	-

	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)	-

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

		2012		2011	
	UNIT	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.

27A SUBSEQUENT EVENT:

The Board of Directors in their meeting held on October 08, 2012 have proposed a final dividend of Rs.1.50 per share for the year ended June 30, 2012, for approval of the shareholders of the company in the Annual General Meeting to be held on October 29, 2012.

28 AUTHORIZATION OF FINANCIAL STATEMENTS AND APPROPRIATIONS

These financial statements were authorized for issue on 8th October, 2012 by the Board of Director of the Company.

29 GENERAL

Figures have been rounded off to the nearest rupee.

Karachi:
8th October, 2012.

Fakhruddin Usmani
CEO

Quamruddin Usmani
Director

FORM - "A"

Pattern of holding of shares held by the share holders as on 30th June, 2012.

No. of shareholders	From	To	Share Value Rs.10/- each
693	1	100	35,736
157	101	500	35,521
19	501	1000	15,445
31	1001	5000	75,805
10	5001	10000	69,213
6	10001	15000	74,286
2	15001	20000	39,257
6	20001	25000	139,637
12	25001	30000	314,385
3	30001	35000	100,342
5	35001	40000	182,417
1	115001	120000	118,156
945			1,200,000

Categories of Share Holders	No. of Share Holders	Shares Held	%
Associated Companies	1	118,156	9.85%
Mutual Fund	1	20	0.01%
NIT and ICP	2	7,803	0.65%
Directors, CEO and their spouse and minor children	21	426,806	35.57%
Public Sector Companies and Corporations	3	2,144	0.18%
Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	7	1,840	0.15%
Individuals	910	643,231	53.59%
	945	1,200,000	100.00%

Associated Companies				
Textile Trading Company Limited		1	118,156	9.85%
Mutual Fund				
H.M. Investment (Pvt) Limited		1	20	0.01%
NIT and ICP				
Investment Corporation of Pakistan		1	2,903	0.24%
National Bank of Pakistan		1	4,900	0.41%
		2	7,803	0.65%
Directors, CEO and their spouse and minor children				
Mr. Fakhruddin Usmani		1	36,000	3.00%
Mr. Quamruddin Usmani		1	35,000	2.92%
Mr. Muhammad Farooq Usmani		1	34,980	2.91%
Mr. Mahmood Wali Muhammad		1	36,000	3.00%
Mr. Muhammad Atiq		1	35,835	2.99%
Mr. Ali Muhammad Usmani		1	11,906	0.99%
Mr. Muhammad Shahzad Fakir		1	20,000	1.67%
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. Atif Usmani	(Minor Children of Directors & CEO)	1	9,846	0.82%
Mr. Shabbir Hassan	(Minor Children of Directors & CEO)	1	14,414	1.20%
		21	426,806	35.57%
Public Sector Companies and Corporations				
BCGA Punjab (Pvt.) Limited		1	2,004	0.17%
Fateh Textile Mills Limited		1	100	0.01%
Zam Zam Limited		1	40	0.00%
		3	2,144	0.18%
Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds				
The Bank of Punjab		1	1,500	0.12%
Habib Bank Ltd. KSE Br., Karachi		1	6	0.00%
HBL A/c A.G. Ismail		1	2	0.00%
HBL A/c A.K. Haji Moosa		1	2	0.00%
Muslim Commercial Bank Ltd		1	100	0.01%
Habib Bank Limited, HS Branch, Karachi		1	30	0.00%
Pakistan Insurance Corporation		1	200	0.02%
		7	1,840	0.15%
Individuals		910	643,231	53.59%
		945	1,200,000	100.00%

HAFIZ TEXTILE MILLS LIMITED

97 Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi-74000.
Tel: 021-32440371 Fax: 021-32440372.

8th October, 2012.

Dear Shareholder,

SUBJECT: DIVIDEND MANDATE FORM

It is to inform you that under section 250 of the Companies Ordinance, 1984 a shareholders' may, if so desire, direct the Company to pay dividend through your bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No.18 of 2012 dated June 05, 3012, we request you, being the registered shareholder of HAFIZ TEXTILE MILLS LIMITED and hereby give the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company in future.

[PLEASE NOTE THAT THIS DIVIDEND MANADATE IS OPTIONAL AND NOT COMPULSARY; IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS].

Do you wish the cash dividend declared by the Company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick any of the following boxes.

YES		NO	

If yes, then please provide the following information:

DETAILS OF BANK MANDATE

Folio Number	
Name of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Code, Name and Address	
Cell Number of Shareholder / Transferee	
Landline Number of shareholder / Transferee, if any	
CNIC No. (Please also enclose the copy)	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

____

Signature of the Member / Shareholders

Note:

Physical Shareholders:

Please mail your reply to our Share Registrar M/s. MG Associates (Pvt.) Ltd. F-4/2, Mustafa Avenue, Block-9, Behind "THE FORUM", Clifton, Karachi.

CDC Shareholders:

The members who have shares in Central Depository System (CDS) may provide the information to CDS or concerned broker.

HAFIZ TEXTILE MILLS LIMITED

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 61st Annual General Meeting of the Company to be held on Monday, 29th October, 2012 at 11:00 a.m. and at any adjurnment 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 ent

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 **For CDC Account Holders / Corporate Entities**
In addition to the above the following requriements have to be met.
(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
(ii) The proxy shall produce his original CNIC or original passport at the time of meeting.
(iii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the company).

ANNUAL REPORT
2012

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, 2nd Floor, Moolji Street, Mereweather Tower, Karachi-74000.
Mill at	:	D-9, S.I.T.E., Karachi.
Website	:	hafiztm.com

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered pleased return to:

HAFIZ TEXTILE MILLS LIMITED

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