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# ANNUAL REPORT

2010

**KARIM COTTON MILLS LTD.**

## **BOARD OF DIRECTORS**

**MR. MUHAMMAD IDREES HAJI EBRAHIM**

**Chief Executive**

**Mr. Saeed Uddin Hameed Uddin**

**Mr. Muhammad Arif Abdullah**

**Mr. Abu Talib Muhammad Yunus**

**Mr. Zain ul Abedin Muhammad Yunus**

**Mr. Adnan Muhammad Ahmed**

**Mr. Abdul Wahid Umer**

## **REGISTERED OFFICE / SHARES DEPARTMENT**

**14/E, 2nd FLOOR,**

**WRITERS CHAMBERS,**

**MUMTAZ HASSAN ROAD,**

**KARACHI - 74000.**

## **AUDITORS:**

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ,**

**CHARTERED ACCOUNTANTS,**

**PLOT # 180, BLOCK - A, S.M.C.H.S.,**

**KARACHI - 74400**

**KARIM COTTON MILLS LIMITED**  
**NOTICE OF MEETING**

Notice is hereby given that 40<sup>th</sup>, Annual General Meeting of KARIM COTTON MILLS LIMITED will be held at the Ocean Center, Talpur Road, Karachi on Saturday the 30<sup>th</sup>, October, 2010 at 12:00 pm to transact the following business.

1. To confirm the minutes of Annual General Meeting held on 31<sup>st</sup>, October, 2009.
2. To receive, consider, pass and adopt the audited accounts of the company for the year ended 30<sup>th</sup> June, 2010 together with Auditors reports thereon and the Directors report to the shareholders.
3. To appoint Auditors of the Company for the year ended 30<sup>th</sup>, June, 2010 and fix their remuneration, M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, the retiring Auditors have signified their consent to continue in office.
4. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board,

**MUHAMMAD IDREES HAJI EBRAHIM**  
Chief Executive

Karachi: October 04, 2010.

1. As per latter # SMD/SE/2(20/2010) dated August 13<sup>th</sup>, 2010 issue by the honourable Securities and Exchange Commission of Pakistan, regarding actions upon orders for suspensions of trading in shares at the stock exchanges and complete restriction on physical transfer of shares, therefore company have not declared any date of closure of share transfer books of the company.
2. A member entitled to vote at the meeting may appoint a proxy. Proxies in order to be effective must be received by the company at Registered Office / Shares Department at 14/E, Writers Chamber, Mumtaz Hassan Road, Karachi duly stamped signed, not later than 48 hours before the meeting.
3. Shareholders are requested to communicate to the Company immediately any change in their addresses.

# **KARIM COTTON MILLS LIMITED**

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

Asalam-u-alaikum,

The Directors of the company welcome you to the 40<sup>th</sup>, annual general meeting of the company and present the annual report together with the audited accounts of the company for the year ended 30<sup>th</sup> June, 2010.

During the year under report there is no production activity as the Company has sold out all its fixed assets in December, 1999.

The Directors of the Company take this opportunity to inform the members that for revival of the company, sponsor/director of the company have entered into an agreement for sale of 65% shares of the company.

### **Auditors Observations**

The auditors of the Company in their report (See Para 2 "c") have an opinion that "the balance sheet, profit & loss accounts, statement of comprehensive income, cash flow statement, together with the notes forming parts thereof do not confirm with approved accounting standards as applicable in Pakistan and do not give the information required by the Companies Ordinance, 1984 in the manner so required and respectively, do not give a true and fair view of state of the Company's affairs as at June 30, 2010". In this connection we have to inform you that our Company is no more a going concern but sponsors Directors of the Company want to revive the Company and have entered into an agreement for sale of 65% shares of the company, therefore, we have prepared our financial statements of the Company for the year ended 30<sup>th</sup>, June, 2010 in accordance with the historical cost, without adjustment for any effect of realizable value, therefore Auditors of the Company have qualified the accounts.

FOR AND ON BEHALF OF THE BOARD  
**MOHAMMED IDREES HAJI EBRAHIM**  
Chief Executive

Karachi dated: October 4, 2010

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Karim Cotton Mills Limited** (the Company) as at June 30, 2010, the related profit & loss Account, statement of comprehensive income, statement of changes in equity and cash flow statement 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 purpose 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 included 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's operations are closed since April 1995. The Company sold its operating assets in December 1999. The Company's equity as at June 30, 2010 is negative by an amount of Rs.1,110,424 (June 30, 2009: Rs. 863,371). The current liabilities exceed current assets by an amount of Rs.1,173,804 (June 30, 2009: 926,751). The revival of the Company's operations was dependent on the outcome of the application filed by the Company and the proposed investor for its rehabilitation with the Securities and Exchange Commission of Pakistan (SECP), on the proposed sale of majority ordinary shares of the Company by the Company's Chief Executive to the proposed investor. The SECP has instead directed the Company to comply with the requirement of takeover law in this respect in which so far neither any progress is imminent nor a definite alternate plan for the revival or take over has materialized to date by the Company.

2. These conditions along-with the matter disclosed in note 1.2 to the financial statements, indicate existence of material uncertainty which may cast significant doubt about the ability of the Company to continue on a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect any adjustments necessary to account for this matter.

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the period was for the purpose of the company's business; and
  - (iii) the business conducted and the expenditure incurred during the period were in accordance with the objects of the company;
- (c) Because of the significance of the matter highlighted in paragraph 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, statement of comprehensive income, cash flow statement together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of state of the Company's affairs as at June 30, 2010, of the loss and cash flows for the year then ended ; and
- (d) In our opinion, on zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The financial statements for the year ended June 30, 2009 were audited by another firm of chartered accountants who expressed an adverse opinion in their report dated October 8, 2009.

Karachi.  
Dated October 4, 2010

**Rahman Sarfaraz Rahim Iqbal Rafiq**  
Chartered Accountants  
Engagement Partner: Mr. Muhammad Wassem

A members of  
**Russel Bedford International**  
A global network of independent accountancy firms,  
business consultants and specialist legal advisers.

# KARIM COTTON MILLS LIMITED

## I. STATEMENT OF COMPLIANCE OF CODE OF CORPORATE GOVERNANCE:

This statement is being presented to comply with the code of corporate governance contained in the listing regulations of karachi stock exchange for the purpose of stablishing a frame work of good governance where by a listed company is managed in compliance with the best practices of corporate governance.

## II: THE BOARD OF DIRECTORS FURTHER STATES THAT:

1. The financial statements prepared by the management of the company present fairly its state of affairs, the operating results, cash flow and change in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statement and accounting estimates, based on reasonable and prudent judgement.
4. International Accounting Standard, as applicable in Pakistan, has been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
5. The company have sold out all its fixed assets and settled its bank debts. In the absence of the assets and finance, and having negative equity, the company is unable to continue as going concern.
6. There has been no material departure from the best practice of corporate governance as detailed in the listing regulations of the stock exchanges except disclose herein.
7. Key operating and financial data for the last six years in summarized from is annexed with the Annual Report.
8. An audit committee consisting of three member, viz: 1) Mr. Muhammad Arif Abdullah 2) Mr. AbuTalib Muhammad Younus 3) Mr. Abdul Wahid Umer has been established by the Board to assists it in discharging its responsibilities for Corporate Governance and financial reporting. The committee will meet at least once every quarter prior to approval of interim, and final results of the company.
9. The company was reporter formely to the share holder four time of a year when is first quarter, half year, third quarter and full year and reseved where announced along with the director report on the operation and future outlook of the company all the interim and final report where send to the stock exchange and to the registreted address of all the shares holders or additionally, annual general meeting of the company takes place at the registrated office and formal notification was send to share holders with the annual report atleast 21 days in advance of the meeting .
10. The company encourages to representation of indipendent Non-Exclusive directors at present the board consist of seven directors out of which six are not exclusive director.
11. The Director have confirm that none of them is surving as a Director in more than ten listed companies including this company.

# KARIM COTTON MILLS LIMITED

12. All the Directors of the Company are registered as tax payers and no Director in the board is a member of any of the Stock Exchanges in Pakistan.
13. There occurred two times casual vacancy in the Board during the year 2009-2010 which were duly filled in due course of time.
14. The meetings of the Board were presided over by the Chief Executive 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.
15. The Directors' report for the year ended June 30, 2010 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
16. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
17. No related party transactions occurred during the year.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all other material principles contained in the Code have been complied with, except for the requirements in respect of the following:
  - Vision, Mission Statement and overall corporate strategy of the Company;
  - Appointment Head of Internal Audit function and;
  - Setting up of an internal audit function.
20. The Chief Executive and Directors do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

### III. MEETING OF THE BOARD OF DIRECTORS

Five meetings of the Board of Directors of the company were held during the year. Following was the attendance of the directors.

NAME OF THE DIRECTORS	NO. OF MEETINGS ATTENDED
Mr. Muhammad Idrees Haji Ebrahim	5
Mr. Abu Talib Muhammad Younus	4
Mr. Abdul Wahid Umer	5
Mr. Muhammad Arif Abdullah	4
Mr. Adnan Muhammad Ahmed	1

Note: The Director who could not attend some of Board Meetings was duly granted leave of absence in accordance with the law.

### IV. PATTERN OF SHAREHOLDING

The Statement of Pattern of shareholding as at June 30, 2010, along with additional information as required under the Code of Corporate Governance is annexed with the Annual Report.

For and on behalf of the Directors  
**MUHAMMAD IDRESS HAJI EBRAHIM**  
Chief Executive

Karachi Dated October 4, 2010

**KARIM COTTON MILLS LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2010**

	Note	2010 Rupees	2009 Rupees
<b>ASSETS</b>			
<b>NON- CURRENT ASSETS</b>			
Long term deposits	6	63,380	63,380
<b>CURRENT ASSETS</b>			
Deposits		3,916	3,916
Cash and bank balances	7	14,195	14,248
		18,111	18,164
		81,491	81,544
<b>SHARE CAPITAL AND LIABILITIES</b>			
5,000,000 ordinary shares of Rs. 10/- each		50,000,000	50,000,000
Issued, subscribed & paid-up capital 1,183,294 shares of Rs.10/- each	3	11,832,940	11,832,940
Accumulated losses		(12,943,364)	(12,696,311)
		(1,110,424)	(863,371)
<b>CURRENT LIABILITIES</b>			
Loan from director	4	982,000	860,000
Accrued and other liability	5	209,915	84,915
		1,191,915	944,915
		81,491	81,544
<b>Contingencies and commitments</b>	8	-	-

The annexed notes 1 to 15 form an integral part of these financial statements.

**Muhammad Idrees Haji Ibrahim**

Chief Executive

**Abdul Wahid Umer**

Director

**Muhammad Siddique A. Habib**

Chief Financial Officer



## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2010 prepared by the Board of Directors of Karim Cotton Mills Limited ("the Company") to comply with the Listing Regulation of the Karachi Stock Exchange (Guarantee) Limited, where the Company is listed.

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

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls; the Company corporate governance procedures and risks and the effectiveness of such internal controls.

Further, Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited requires the company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price, recording proper Justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for non-compliances disclosed in paragraph 19 of the Statement of Compliance with Code of Corporate Governance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance .

Karachi,  
Dated October 4, 2010

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

Engagement Partner: Mr. Muhammad Waseem

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**Russel Bedford International**

A global network of independent accountancy firms,  
business consultants and specialist legal advisers.

**KARIM COTTON MILLS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Note	2010 Rupees	2009 Rupees
Administrative expenses	9	(247,053)	(188,123)
Operating loss		<u>(247,053)</u>	<u>(188,123)</u>
Finance cost	10	-	(995)
Loss before tax		<u>(247,053)</u>	<u>(189,118)</u>
<b>Taxation</b>		-	-
Loss after tax		<u>(247,053)</u>	<u>(189,118)</u>
<b>Loss per share-basic and diluted</b>	11	<u>(0.21)</u>	<u>(0.16)</u>

The annexed notes 1 to 15 form an integral part of these financial statements

**Muhammad Idrees Haji Ibrahim**  
 Chief Executive

**Abdul Wahid Umer**  
 Director

**Muhammad Siddique A. Habib**  
 Chief Financial Officer

**KARIM COTTON MILLS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	2010 Rupees	2009 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(247,053)	(189,118)
Adjustments for non-cash items	-	-
Operating profit before working capital changes	(247,053)	(189,118)
<b>WORKING CAPITAL CHANGES</b>		
Increase / (decrease) in current liabilities		
Accrued and other liability	125,000	45,200
Cash generated from operations	125,000	45,200
Net cash used in operating activities	(122,053)	(143,918)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan received from director	122,000	135,000
Net cash generated from investing activities	122,000	135,000
<b>Net increase/(decrease) in cash and cash equivalents during the year</b>	(53)	(8,918)
Cash and cash equivalents at the beginning of the year	14,248	23,166
<b>Cash and cash equivalents at the end of the year</b>	14,195	14,248

The annexed notes 1 to 15 form an integral part of these financial statements.

**Muhammad Idrees Haji Ibrahim**

Chief Executive

**Abdul Wahid Umer**

Director

**Muhammad Siddique A. Habib**

Chief Financial Officer

**KARIM COTTON MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Paid Up Shares Capital	Accumulated Losses	Total
<b>Balance as at July 1, 2008</b>	11,832,940	(12,507,193)	(674,253)
Comprehensive loss for the year	-	(189,118)	(189,118)
<b>Balance as at June 30, 2009</b>	<u>11,832,940</u>	<u>(12,696,311)</u>	<u>(863,371)</u>
<b>Balance as at July 1, 2009</b>	11,832,940	(12,696,311)	(863,371)
Comprehensive loss for the year	-	(247,053)	(247,053)
<b>Balance as at June 30, 2010</b>	<u>11,832,940</u>	<u>(12,943,364)</u>	<u>(1,110,424)</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

**KARIM COTTON MILLS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Rupess 2010	Rupess 2009
Loss for the year	(247,053)	(189,118)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year taken to equity	<u>(247,053)</u>	<u>(189,118)</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Muhammad Idrees Haji Ibrahim  
Chief Executive

Abdul Wahid Umer  
Director

Muhammad Siddique A. Habib  
Chief Financial Officer

**KARIM COTTON MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Karim Cotton Mills Limited (the Company) was originally incorporated as a private limited company, on March 28, 1968 and was later converted into a public limited company, on December 14, 1968. Its shares are quoted on stock exchanges of Karachi and Lahore. It was engaged in the manufacturing of yarn and fabrics manufacturing, these operations have been closed since 30th April 1995. The Company sold its operating assets in December 1999. Trading of the shares of the company is suspended since October 02, 2000.

The registered office of the Company is situated at 141E, writers chamber Mumtaz Hassan Road, Karachi.

1.1 Due to the fact that the Company closed its operations since 1995, the Executive Director (Enforcement & Monitoring), Securities & Exchange Commission of Pakistan (SECP), granted sanction to the Joint Registrar, Companies Registration Office, Karachi vide its order dated June 16, 2004 to file the winding up petition against the Company.

1.2 An appeal was filed by the Company against the aforesaid order before the Appellate Tribunal, SECP, which ordered that the sponsoring directors should revive the Company till December 31, 2004, either by investing funds themselves or selling the Company to some other sound business party who should also revive the Company by the above time. It further ordered that in case the sponsoring directors fail to do the above, they will initiate voluntary winding up of the Company within 15 days of the extended time failing which the Enforcement & Monitoring Department of SECP may provide a fresh sanction to the concerned Registrar to file a winding up petition against the appellate Company in the Court of Law. Numerous efforts were made by the sponsoring directors prior to this six months period to follow the directions of the appellate order referred above, which were not materialized.

1.3 During this half year, on October 16, 2009, the major shareholder and Chief Executive of the Company holding majority shareholding of the Company has signed a Memorandum of Understanding (MOU) with an investor agreeing on sale of 65% i.e. 769,141 ordinary shares of the Company after approval by the SECP of the application filed in this connection with the SECP. The proposed investor is willing to revive the operations of the Company.

An application was filed jointly by the Company and the investor on January 30, 2010 to the SECP in respect of above arrangement for which SECP instead gave the direction to comply with the Takeover Law in this respect. The Company's management is considering various other available options to revive the Company.

In view of above, the Company has made these financial statements on going concern basis.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

The Board of Directors of Karim Cotton Mills Limited, feels pleasure in stating that the Company has implemented the requirements of all the provisions relevant for the year ended June 30, 2009, of Code of Corporate Governance as contained in the Listing Regulations of the Karachi and Lahore Stock Exchanges.

#### Adoption of new accounting standard

International Accounting Standard (IAS) -1 (Revised), "Presentation of financial statements" (effective from January 1, 2009), was issued in September 2007. According to the revised standard, those items of income and expense that are not recognized in the profit and loss account, and non-owner changes in equity should be recognized through a separate statement titled as "statement of comprehensive income". The revised standard requires an entity to opt for presenting such items of income and expense either in (a) single statement ('statement of comprehensive income'), or (b) two statements (a separate 'income statement' and 'statement of comprehensive income').

The Company, with effect from July 1, 2009, has adopted IAS - 1 (Revised 2007) and accordingly the items of income and expense that are not recognized in the profit and loss account and non-owner changes in equity are to be included in the 'statement of comprehensive income'. Accordingly, the Company has presented two statements in these financial statements i.e. a profit and loss account and a statement "of comprehensive income".

### 2.2 Accounting convention

These financial statements have been prepared in accordance with the historical cost convention without adjustment for any effect of inflation or current values.

## 3 ISSUED, SUBSCRIBED & PAID UP CAPITAL

Numbers		2010 Rupees	2009 Rupees
1,183,294	Ordinary shares of Rs. 10/- each issued for consideration in cash	<u>11,832,940</u>	<u>11,832,940</u>

## 4 LOAN FROM DIRECTOR

This represents loan obtained from a director of the Company to assist the Company in meeting its working capital needs. The loan is interest free and repayable on demand.

## 5 ACCRUED & OTHER LIABILITIES

	2010 Rupees	2009 Rupees
Auditor's Remuneration	200,000	75,000
Unclaimed dividend	9,915	9,915
	<u>209,915</u>	<u>84,915</u>

<b>6. LONG TERM DEPOSITS</b>	2010 Rupees	2009 Rupees
Wapda	50,000	50,000
Collector of Customs	2,000	2,000
Sui Southern Gas Company Ltd	6,680	6,680
Pakistan Oxygen Ltd	1,200	1,200
Post & Telegraph Dept.	1,000	1,000
Telex Deposit	500	500
Telephone Deposits	2,000	2,000
	<u>63,380</u>	<u>63,380</u>
<b>7. CASH &amp; BANK BALANCES</b>		
Cash in hand	823	876
Cash at bank-current	13,372	13,372
	<u>14,195</u>	<u>14,248</u>
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
<b>Commitments</b>		
There are no commitments as on June 30, 2010 (June 30, 2009: Nil).		
<b>Contingencies</b>		
There are no contingencies as on June 30, 2010 (June 30, 2009: Nil).		
<b>9. ADMINISTRATIVE EXPENSES</b>	2010 Rupees	2009 Rupees
Office Rent	42,940	39,640
Postage expenses	8,813	5,123
Filing fees	15,000	6,160
Printing & stationary	37,450	21,700
Advertisement	17,850	18,000
Auditors remuneration	125,000	97,500
	<u>247,053</u>	<u>188,123</u>
<b>9.1 Auditor's remuneration</b>		
Audit fees	75,000	75,000
Fee for the Half year	50,000	12,500
Fee for the compilation of quarterly accounts	-	10,000
	<u>125,000</u>	<u>97,500</u>
<b>10. FINANCIAL CHARGES</b>		
Bank charges & commission	-	995

	2010 Rupees	2009 Rupees
<b>11. LOSS PER SHARE</b>		
Loss for the year	<u>(247,053)</u>	<u>(189,118)</u>
Weighted average number of ordinary shares	<u>1,183,294</u>	<u>1,183,294</u>
Loss per share	<u>(0.21)</u>	<u>(0.16)</u>

**12. TRANSACTIONS WITH RELATED PARTIES**

There have been no transactions with related parties during the year except loan extended by directors to the Company amounting to Rs. 122,000 (June 30, 2009: 135,000).

**13. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS**

No remuneration was paid to Chief Executive or Directors during the year (June 30, 2009: Nil).

**14. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on October 4, 2010 by the Board of Directors of the Company.

**15. GENERAL**

Figures have been rounded off to the nearest rupee.

Muhammad Idrees Haji Ibrahim

Chief Executive

Abdul Wahid Umer

Director

Muhammad Siddique A. Habib

Chief Financial Officer



# KARIM COTTON MILLS LIMITED

## PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT 30TH JUNE, 2010

NUMBER OF SHAREHOLDER	SHAREHOLDING					TOTAL SHARES	PERCENTAGE
491	FROM	1	To	100	Shares	26,511	2.24
66	FROM	101	To	500	Shares	15,868	1.34
11	FROM	501	To	1,000	Shares	9,650	0.82
12	FROM	1,001	To	5,000	Shares	32,350	2.73
1	FROM	5,001	To	10,000	Shares	5,900	0.50
1	FROM	15,001	To	20,000	Shares	16,800	1.42
1	FROM	70,001	To	75,000	Shares	69,515	5.87
1	FROM	115,001	To	120,000	Shares	119,158	10.07
1	FROM	190,001	To	195,000	Shares	194,019	16.40
1	FROM	225,001	To	230,000	Shares	225,300	19.04
1	FROM	465,001	To	470,000	Shares	468,223	39.57
<u>587</u>						<u>1,183,294</u>	<u>100.00</u>

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
<b>Individuals</b>			
Holding less than 10%	569	64,928	5.49
Holding more than 10%	-	-	-
<b>Investment Companies</b>			
National Bank of Pakistan (Trusted Deptt.)	1	225,300	19.04
Investment Corporation of Pakistan.	1	69,515	5.87
<b>Insurance Companies</b>			
Adamjee Insurance Company	1	2,500	0.21
Pakistan Insurance Corporation	1	200	0.02
<b>Joint Stock Companies</b>			
Fateh Textile Mills Ltd.	1	50	0.00
<b>Financial Institutions</b>			
Pakistan Industrial Credit & Investment Corporation Ltd.	1	16,800	1.42
<b>Directors, their Spouse &amp; family members</b>			
Mr. Muhammad Idress Haji Ebrahim	1	468,223	39.57
Mr. Muhammad Farooque Ebrahim	1	3,000	0.25
Mr. Saeed-U-din Hameed-u-ddin	1	3,400	0.29
Mr. Muhammad Hanif Abdul Ghaffar	1	2,500	0.21
Mr. Abdul Wahab Haji Muhammad	1	2,500	0.21
Mr. Abdul Wahid Umer	1	2,500	0.21
Mst. Maimoona Noor Muhammad	1	194,019	16.40
Mr. Yusuf Haji Ebrahim	1	119,158	10.07
Mr. Abu Talib Muhammad Yunus	1	3,000	0.25
Mr. Zamul Abedin Muhammad Yunus	1	2,500	0.21
Haji Muhammad H.A. Karim	1	3,200	0.27
Securities & Exchange Commission of Pakistan, Islamabad. (Formerly Corporate Law Authority) (Corporate Regulation Wing)	1	1	0.00
<u>587</u>		<u>1,183,294</u>	<u>100.00</u>

# KARIM COTTON MILLS LTD.

## KEY OPERATION & FINANCIAL DATA FOR THE LAST SIX YEARS

<u>PARTICULARS</u>	<u>30 th, J U N E</u>						<u>30th Sept.</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
	<u>Rupess</u>	<u>Rupess</u>	<u>Rupess</u>	<u>Rupess</u>	<u>Rupess</u>	<u>Rupess</u>	<u>Rupess</u>
Operating income	-	-	-	-	-	-	-
Operating expenses	247,053	189,118	98,170	93,390	78,175	46,671	93,205
Operating (Loss)	<u>(247,053)</u>	<u>(189,118)</u>	<u>(98,170)</u>	<u>(93,390)</u>	<u>(78,175)</u>	<u>(46,671)</u>	<u>(93,205)</u>
Taxation	-	-	-	-	-	-	-
<b>NET (LOSS) FOR THE YEAR</b>	<u>(247,053)</u>	<u>(189,118)</u>	<u>(98,170)</u>	<u>(93,390)</u>	<u>(78,175)</u>	<u>(46,671)</u>	<u>(93,205)</u>
Earning / ( Loss ) per share RS.	(0.21)	(0.16)	(0.08)	(0.08)	(0.07)	(0.04)	(0.08)
<b>FINANCIAL</b>							
Paid up Capital	11,832,940	11,832,940	11,832,940	11,832,940	11,832,940	11,832,940	11,832,940
Un-appropriated profit / (Loss)	<u>(12,943,364)</u>	<u>(12,696,311)</u>	<u>(12,507,193)</u>	<u>(12,409,023)</u>	<u>(12,315,633)</u>	<u>(12,237,458)</u>	<u>(12,190,787)</u>
	<u>(1,110,424)</u>	<u>(863,371)</u>	<u>(674,253)</u>	<u>(576,083)</u>	<u>(482,693)</u>	<u>(404,518)</u>	<u>(357,847)</u>
Current Liabilities	1,191,915	944,915	764,715	658,915	566,915	487,915	458,915
	<u>81,491</u>	<u>81,544</u>	<u>90,462</u>	<u>82,832</u>	<u>84,222</u>	<u>83,397</u>	<u>101,068</u>
Tangible Fixed Assets	-	-	-	-	-	-	-
Long Term Deposits	63,380	63,380	63,380	63,380	63,380	63,380	63,380
Current Assets	<u>18,111</u>	<u>18,164</u>	<u>27,082</u>	<u>19,452</u>	<u>20,842</u>	<u>20,017</u>	<u>37,688</u>
	<u>81,491</u>	<u>81,544</u>	<u>90,462</u>	<u>82,832</u>	<u>84,222</u>	<u>83,397</u>	<u>101,068</u>



# KARIM COTTON MILLS LTD.

## FORM OF PROXY

I. \_\_\_\_\_  
of \_\_\_\_\_  
member of **KARIM COTTON MILLS LTD** and a holder of \_\_\_\_\_ Ordinary shares  
as per share register Folio No \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ hereby appoint  
Share Register Folio No. \_\_\_\_\_ Where is also member of  
**KARIM COTTON MILLS LIMITED** as my proxy to vote for me and my  
behalf at 40th Annual General Meeting of the Company to held on 30th, October, 2010 at any  
adjournement there of.

Signed this \_\_\_\_\_ day October, 2010

Witness \_\_\_\_\_

Signature

Two Rupees  
Revenue Stamp

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

### IMPORTANT

A member entitled to vote at this meeting any appoint a proxy, Proxies, in order to be effective, must be received at the office of the Company duly stamped and signed not later that 48 hours before the meeting





