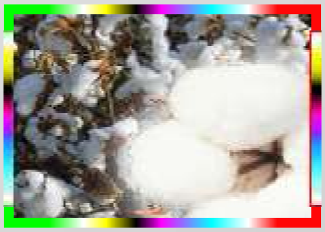
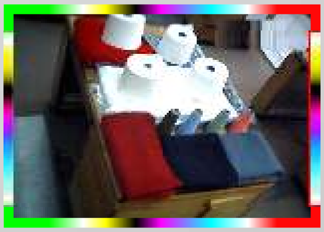
NAGINA GROUP

NAGINA COTTON MILLS LTD.





ANNUAL REPORT

2009

بسم الله الرحمن الرحيم

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shaikh Enam Ellahi	Chairman
Mr. S.M. Yusuf	
Mr. Shahzada Ellahi Shaikh	
Mr. Shaukat Ellahi Shaikh	
Mr. Khawaja Muhammad Ali	
Mr. Shafqat Ellahi Shaikh	
Mr. Munawar Iqbal	

MANAGING DIRECTOR (Chief Executive)

Mr. Shaukat Ellahi Shaikh

AUDIT COMMITTEE

Mr. Shaikh Enam Ellahi	Chairman
Mr. Shahzada Ellahi Shaikh	Member
Mr. Shafqat Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

CHIEF FINANCIAL OFFICER (CFO)

Mr. Tariq Zafar Bajwa

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

AUDITORS

Messrs M. Yousuf Adil Saleem & Co.,
Chartered Accountants,
Cavish Court, A-35, Block 7 & 8 KCHSU
Shahrah-e-Faisal,
Karachi.

REGISTERED OFFICE

2nd Floor, Shaikh Sultan Trust Bldg. No.2
26, Civil Lines, Beaumont Road,
Karachi - 75530

SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
5th Floor, Karachi Chambers,
Hasrat Mohani Road,
Karachi.
Phone # 021-2412754, 2411474,
Fax # 021-2424835.

MILLS

Aminabad, A-16, S.I.T.E.,
National Highway,
Kotri.

NOTICE OF MEETING

42nd Annual General Meeting of NAGINA COTTON MILLS LTD. will be held at the Registered Office of the Company, 2nd Floor, Shaikh Sultan Trust Bldg. No.2, 26, Civil Lines, Beaumont Road, Karachi - 75530 on Wednesday the 28th October, 2009 at 3:00 p.m. to transact the following business:-

1) To confirm minutes of the 41st Annual General Meeting held on 29th October, 2008.

2) To receive and adopt audited accounts of the Company for the year ended on 30th June, 2009 together with the Directors' and Auditors' reports thereon.

3) To appoint auditors and to fix their remuneration.

4) Special Business

a) To consider and if thought fit to approve under section 208 of the Companies Ordinance 1984, with or without amendment, investment / advance (s) to the Associated Companies:

i) Prosperity Weaving Mills Ltd.
ii) Ellcot Spinning Mills Ltd.

b) To consider and if thought fit to approve with or without modification, amendments to the Memorandum of Association of the Company.

c) To consider and if thought fit to approve with or without modification, amendments to the Articles of Association of the Company.

5) To transact any other ordinary business with the permission of the Chair.

Resolutions proposed to be moved at the meeting and statement under Section 160 of the Companies Ordinance, 1984 are annexed.

By Order of the Board

Syed Mohsin Gilani
Corporate Secretary

September 29, 2009

NOTES:

1. The share transfer books for ordinary shares of the Company will be closed from Thursday the 22nd October, 2009 to Wednesday the 28th October, 2009 (both days inclusive).

2. A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty eight (48) hours before the time of meeting. Account and sub-account holders of the Central Depository System appointing proxies must attach attested copy of their National Identity Card with the proxy form.

3. Account holders and sub-account holders, holding book entry securities of the Company in CDS of Central Depository Co. of Pakistan Ltd., who wish to attend the Annual General Meeting are requested to please bring original National Identity Card with copy thereof duly attested by their Bankers for identification purpose.

4. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.

5. Shareholders are requested to promptly notify the company of any change in their address.

Proposed resolutions and Statement under Section 160 of the Companies Ordinance, 1984.

The following resolutions which set out the material facts concerning the Special business will be moved at the meeting for approval with or without modification(s).

1. Resolution for investment / advance to Associated Companies:

RESOLVED that consent and approval of the members of the Company be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 that the Mg. Director (Chief Executive) be and is hereby authorised to grant, from time to time, temporary advance(s) / loan(s) of upto Rs. 75,000,000/= (Rupees seventy five million only), for a period not exceeding 3 months from the date of investment, at any one time, to each of the following Associated Companies:

(i) M/s. Prosperity Weaving Mills Ltd.
(ii) M/s. Ellcot Spinning Mills Ltd.

FURTHER RESOLVED that return on any investment made shall not be less than the borrowing costs of the Company to be determined by the Chief Executive of the Company.

FURTHER RESOLVED that this authority shall remain in force until revoked by the shareholders in duly convened general meeting of the Company

FURTHER RESOLVED that the Mg. Director (Chief Executive) be and is hereby authorised to do all the acts, deeds and things necessary to implement this resolution and is hereby empowered to make amendment/modification, if any, required by the Securities & Exchange Commission of Pakistan and such amendment/modification shall be deemed to have been approved by the shareholders.

Statement under section 160 of the Companies Ordinance, 1984.

Investee Companies

1. M/s. Prosperity Weaving Mills Ltd. (PWML)
Having registered office Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660 with paid up capital Rs.184,800,000/- divided into 18,480,000 ordinary shares of Rs.10/- each.

2. M/s. Ellcot Spinning Mills Ltd., (ESML)
Having registered office Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660 with paid up capital Rs.109,500,000/- divided into 10,950,000 ordinary shares of Rs.10/- each.

Amount and Purpose

The amount involved shall be upto a maximum sum of Rs.75.00 million at any one time to each Associated Company mentioned above.

The purpose is to help the Associated Companies tide over temporary needs, at the same time earn higher return, than available from Banks, on temporary surplus funds of the Company.

Financial of the investee Company on the basis of last published financial (for the year ended on 30th June, 2009)

	ESML Rupees in Millions	PWML Rupees in Millions
Net sales	2,427.536	3,634.559
Gross Profit	259.615	368.861
Profit before tax	5.254	108.120
Profit after tax	0.997	83.902

Rate of Mark-up

The return on any investment made shall not be less than the borrowing costs of the Company to be determined by the Chief Executive of the Company.

Particulars of collateral security to be obtained from borrower.	Management does not consider it necessary to obtain collateral security from borrowing company as all companies are under common management.
Source of Funds	The investment will be made out of the Company's available surplus funds.
Repayment schedule	temporary advance(s) / loan(s) shall be for a period not exceeding 3 months from the date of investment, at any one time, to each of the Associated Companies:
Purpose of Loans	The purpose is to help the Associated Companies tide over temporary needs, at the same time earn higher return, than available from Banks, on temporary surplus funds of the Company.
Benefits likely to accrue	The temporary loans benefit the investing company to earn higher rate of return on its short term surplus funds, which will reduce the over all cost of funds to the Company and thus help its profitability for the benefit of the shareholders.
Personal Interest of Directors.	The Directors of the Company are interested in the business to the extent of their shareholding of the aforesaid associated companies.

2. Resolution for Amendments to Memorandum of Association

RESOLVED as Special resolution that existing Sub Clause 31 of Clause III of Memorandum of Association of the Company be deleted and new sub clauses 31-A and 31-B, as given below, are inserted after the Sub clause 30 of Clause III.

(31-A) To grant pension, allowances, gratuities and bonuses to employees or ex-employees of the company or the dependent of such person or open provident funds for employees.

(31-B) To establish and/or donate to charitable institution(s), school(s), Colleges(s), University (ies) and other Institution(s) of learning, donate to hospital(s) and other charitable institution(s), Society (ies) and organization(s).

FURTHER RESOLVED that the alteration shall take effect only after approval of the Securities & Exchange Commission of Pakistan.

FURTHER RESOLVED that Mr. Shaikh Enam Ellahi, Chairman and/or Mr. Syed Mohsin Gilani, Corporate Secretary be and are hereby jointly and severally authorised to obtain approval of the alteration from the Securities & Exchange Commission of Pakistan.

Statement under section 160 of the Companies Ordinance, 1984.

Sub clause 31 of Clause III of Memorandum of Association is proposed to be deleted and new sub clauses 31-A and 31-B are proposed to be inserted to clarify the language of the objectives of the Company.

2. ***Resolution for Amendments to Articles of Association***

RESOLVED as Special resolution following amendments be and are hereby made to the Articles of Association of the Company.

I) Existing Article 39 of Articles of Association of the Company be deleted and the following be substituted:

"Subject to the provisions of section 158, the annual General Meeting of the Company shall be held once at least every calendar year at such time and place as may be determined by the Board, provided that no greater interval than fifteen (15) months shall be allowed to elapse between two such General Meetings. Such General Meetings shall be called Annual General Meeting.

The business of an Annual General Meeting shall be to receive and consider the profit and Loss Account and Balance Sheet, the reports of the Directors and Auditors, to elect Directors and Auditors in place of those retiring, to fix remuneration of Auditors, to declare dividends and to transact any other business which under these presents, ought to be transacted at an Annual Meeting and any business which is brought under consideration by the report of the Directors issued with notice convening the Meeting. All other business transacted at Annual General Meeting and all business transacted at the Extra-Ordinary General Meeting shall be deemed special."

ii) In 1st line of Article 94 after the word "Managing Director" the words "and other working Directors" be added.

Statement under section 160 of the Companies Ordinance, 1984.

Articles 39 & 94 of Articles of Association of the company are proposed to be amended by the above said resolution so as to bring the same in conformity with the requirements of the Companies ordinance, 1984.

The Directors do not have any interest in the proposed alterations to the Memorandum and Articles of Associations.

Vision:

To strive for excellence through commitment, integrity, honesty and team work.

Mission:

The mission of company is to operate state of the art spinning machinery capable of producing high quality carded and combed, cotton, core spun and blended yarn for knitting and weaving.

The company will conduct its operations prudently assuring customer satisfaction and will provide profits and growth to its shareholders through;

- Providing quality products and services to our customers mainly engaged in the manufacturing of textile products.
- Manufacturing of cotton, core spun and blended yarn as per the customers' requirements and market demand.
- Exploring the global market with special emphasis on Europe and USA.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

DIRECTOR'S REPORT

IN THE NAME OF ALLAH THE MOST GRACIOUS
THE MOST BENEVOLENT THE MOST MERCIFUL

The Directors have the honour to present 42nd Annual Report of the Company together with audited accounts and auditors' report thereon for year ended June 30, 2009. Figures for the previous year ended 30th June, 2008 are included for comparison.

During the year 11,581,664 Kgs. (2007-08: 11,263,379 Kgs.) of yarn was spun. 12,236,109 Kgs. (2007-08: 11,444,895 Kgs.) yarn was sold. Sales value of yarn amounted to Rs. 2,002,734,919/= (2007-08: Rs. 1,698,035,251/=).

Selling & Distribution costs were Rs. 35,589,832/= and were 1.67% of sales. (2007-08: Rs. 28,279,044/= or 1.54% of sales). Administrative expenses at Rs. 51,083,807/= are 2.39% of sales (2007-08: Rs. 47,871,405/= or 2.61% of sales) and Workers Profit Participation Fund at Rs. 838,666/= are 0.04% of sales. (2007-08: Rs. 712,372/= were 0.04% of sales). Workers Welfare Fund is Rs. 812,000/= is 0.04% of sales.(2007-08: Rs. 257,330/= or 0.01% of sales). Share of Profit from Associated undertakings is Rs. 4,857,840/- (2007-08: Rs. 13,412,724/=). Other income amounted to Rs.12,624,383/= or 0.59% of sales. (2007-08: Rs. 18,372,016/= or 1.00% of sales).

Finance costs are Rs. 109,638,124/= or 5.13% of sales (2007-08: Rs. 83,422,049/= or 4.55% of sales).

Gross profit at Rs. 195,130,557/= amounts to 9.13% of sales (2007-08: Rs. 141,366,612/= or 7.71% of sales). Profit before taxation amounts to Rs.14,650,351/= or 0.69% of sales. (2007-08: Rs. 12,609,152/= or 0.69% of sales. After providing Rs. 9,600,000/= for current years tax and reversing Rs. 2,525,152/= over provided during prior years (2007-08: Rs. 9,000,000/= for current taxes and deferred tax of Rs. 2,500,000/=), net after tax profit for the year, amounts to Rs. 7,575,503/= or 0.35% of sales (2007-08: Rs. 1,109,152/= or 0.06% of sales). Earning per ordinary share amounts to Re. 0.41 (2007-08: Re. (0.41) per ordinary share).

The Directors regret that due to low profit, they are unable to declare Dividend this year.

The reason for low profit are fall in demand for Yarn in the wake of world wide recession and consequent fall in yarn prices, excessive financial charges compared to previous year and increase in minimum wages. Directors are hopeful that situation is likely to improve and year 2009-10 will be profitable year.

According to press reports, Government of Pakistan has fixed target of 13.36 million bales of Cotton (lint) for crop season 2009-10. According to the Pakistan Cotton Ginners Association, for 2009-10 season *Kapas* (seed cotton) arrivals upto September 1, 2009 amounts to 1,291,550 (2008-09: figures not collected) lint equivalent bales. At this stage it is not possible to visualize the effect the Crop size will have on price of our basic raw material.

Severe recession, the worst since 1930's, has engulfed the World including U. S. A., U. K, European Union, India, Japan, China, including Pakistan. However, the Company's business in the current year (2008-09) so far, under the prevailing circumstances, has been satisfactory and the Directors pray that conditions will improve so that 2009-10 may become a reasonably profitable year.

Associated Company, M/s. ELLCOT SPINNING MILLS LTD., have earned after tax profit of Rs. 996,961/= (2007-08: Rs. 65,077,099/=). Ellcot Board have recommended payment of Cash Dividend @ 7.5% i.e Paisas 75 (paisas seventy five only) per share. The other Associated Company M/s. PROSPERITY WEAVING MILLS LTD., have earned after tax profit of Rs. 83,901,779/= (2007-08; Loss Rs. 65,077,583/=). Prosperity Board have declared dividend @ 20% i.e. Rupees two only per share.

One of the risk factors for Spinning Sector is the pattern of Raw Cotton business in Pakistan. Raw Cotton for full year's consumption has to be purchased, essentially in three months. If the prices fall, as happened in financial year 2003-04, large scale losses can occur.

In the light of the company's overall objectives, the Board of Directors regularly reviews the company's strategic direction, annual plans and performance targets set for the business. The Board is committed to maintain the high standards of good corporate governance.

There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.

The financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity. Company has maintained proper books of accounts.

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent.

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and non-applicability, if any, has been adequately disclosed.

System of internal control is sound in design and has been effectively implemented and monitored.

There is no doubt about the company's ability to continue as a going concern. Operating and financial data and key ratios of last 10 years are annexed.

During 2008-2009, trades in the ordinary shares of the Company were not carried out by the CFO, Company Secretary, Directors, their spouses and minor children.

During the year five (5) meetings of the Board of Directors were held. Attendance by each Director is as follows:-

S #	Name	Attended
1.	Mr. Shaikh Enam Ellahi	5 (five)
2.	Mr. Shahzada Ellahi Shaikh	5 (five)
3.	Mr. S. M. Yusuf	5 (five)
4.	Mr. Shaukat Ellahi Shaikh	4 (four)
5.	Mr. Shafqat Ellahi Shaikh	3 (three)
6.	Mr. Munawar Iqbal	5 (five)
7.	Mr. Khawaja Muhammad Ali	3 (three)

Leave of absence was granted to Directors who could not attend some of the Board meetings.

The statements of shareholdings, in Form 34 and the form prescribed in Listing Regulations, as at June 30, 2009 are annexed.

The retiring auditors, Messrs. M. Yousuf Adil Saleem & Co., Chartered Accountants, Karachi being eligible, have offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors for the year 2009-2010.

The continued good results have been possible due to continued diligence and devotion of the Staff and workers of the Company and the continued good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their thanks to the Bankers for their continued support to the Company.

On behalf of the Board

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

September 29, 2009

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the code of corporate governance contained in listing regulations of Karachi and Lahore Stock Exchanges 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 the representation of independent non-executive directors and directors representing minority interests on its board of directors. At present there are five non executive directors on the Board, including two directors representing minority shareholders.

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 defaulted in payment of any loan to a banking company, a DFI or a NBFI. Non of the Directors are or were members of any Stock Exchange.

4. No casual vacancy occurred in the Board during the year.

5. The business of the Company is conducted in accordance with the 'Statement of Ethics and Business Practice' signed by all the directors and employees.

6. The business operations of the Company are carried out in accordance with the Company's vision/mission statement, overall corporate strategy and significant policies. A complete record of particulars of significant policies along with 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 meeting. The minutes of the meetings were appropriately recorded and circulated.

9. No specific orientation course was held during the year. However, the management continue to apprise and familiarize with changes in law to discharge their duties and responsibilities.

10. The CFO, Company Secretary and Head of Internal Audit have executed their responsibilities pursuant to the approved appointment by the Board including their remuneration and terms and conditions of employment, as determined by the CEO.

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 audit committee as formed by the Board is fully functional. The committee comprises three members, all of whom 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 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.

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control review program 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. The related party transactions and pricing methods have been placed before the audit committee and approved by the board of directors with necessary justification for pricing methods for transactions that were made on terms equivalent to those that prevail in the arm’s length transactions.

21. We confirm that all other material principles contained in the Code have been complied with.

for & on behalf of the Board

SHAUKAT ELLAHI SHAIKH
Mg. Director (Chief Executive)
NIC NO. 35202-2529098-5

September 29, 2009

OPERATING FINANCIAL & INVESTMENT RATIOS
AS ON 30TH JUNE:

		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Cost of sales as % of sales	%	90.87	92.29	89.30	89.49	85.48	93.13	88.54	82.72	83.55	75.79
Gross profit as % of sales	%	9.13	7.71	10.70	10.51	14.52	6.87	11.46	17.28	16.45	24.21
Operating profit as % of sales	%	5.00	3.50	6.03	5.79	9.48	3.60	* 9.45	14.28	14.88	21.44
Net profit after tax as % of sales	%	0.35	0.06	2.83	1.61	7.06	2.18	4.58	6.48	6.76	11.01
Share holders' equity (millions)	Rs.	411.90	404.32	560.98	682.25	617.40	597.39	592.38	624.00	308.23	272.17
Pre-tax profit to equity	%	3.56	3.12	9.78	4.85	20.15	8.25	13.37	16.04	33.66	60.46
Sales to Capital employed ratio		3.04	2.57	1.75	1.40	1.53	2.21	1.64	1.32	2.27	2.26
Gross profit to Capital employed	%	27.77	19.82	18.72	14.74	22.16	16.25	18.86	22.80	37.31	54.80
Pre-tax profit to Capital employed	%	2.09	1.77	6.28	3.24	13.88	6.53	9.47	10.41	19.14	32.51
Earning per ordinary share Pre-tax	Rs.	0.78	0.20	2.14	1.14	4.94	0.95	2.55	5.35	5.53	8.80
Dividend to Capital:											
Cash	%	-	-	15.00	8.80	20.00	15.00	11.00	15.00	25.00	10.00
Bonus / Specie Dividend	%	-	-	-	20.0	-	-	40.00	-	-	100.00
Break up value per ordinary share	Rs.	22.03	21.62	23.53	30.02	19.66	19.00	18.74	20.44	15.48	14.56
Debt equity ratio		44.30	43.19	34.47	32.70	31.08	20.90	25.20	35.09	42.96	46.22
Current ratio		1.04	1.01	1.57	1.33	1.46	1.86	2.17	1.76	1.05	1.37
Acid test ratio		0.57	0.49	0.93	0.73	0.66	1.00	1.60	1.27	0.73	0.89
Total Debts to total assets	%	68.02	65.97	53.86	55.49	56.20	13.98	21.63	55.73	66.96	63.90
Stocks as % of sales	%	16.80	16.80	12.12	19.33	24.38	12.12	8.30	12.28	8.33	7.92

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Pattern of Shareholding

As at 30th June, 2009

S #		Name	Total Shares	%
1)		***ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES***		
	i)	M/S. HAROON OMER (PVT) LIMITED	1,017,147	5.44
	ii)	M/S. MONELL (PVT) LIMITED	1,038,147	5.55
	iii)	M/S. ICARO (PVT) LIMITED	1,017,248	5.44
2)		***NIT and ICP***		
	i)	NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.	2,546	0.01
	ii)	NBP TRUSTEE-NI(U)T (LOC) FUND	2,624	0.02
	iii)	INVESTMENT CORPORATION OF PAKISTAN	1,430	0.01
3)		***DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN.***		
	i)	MR. SHAIKH ENAM ELLAHI	401,009	2.14
	ii)	MR. SHAHZADA ELLAHI SHAIKH	4,481,680	23.97
	iii)	MR. SHAUKAT ELLAHI SHAIKH	4,500,400	24.07
	iv)	MR. SHAFQAT ELLAHI SHAIKH	4,481,400	23.96
	v)	MRS. HUMAIRA SHAHZADA	4,248	0.02
	vi)	MRS. MONA SHAUKAT	4,248	0.02
	vii)	MRS. SHAISTA SHAFQAT	4,248	0.02
	viii)	MR. MUNAWAR IQBAL	2	-
	ix)	MR. S.M. YUSUF	1,100	0.01
	x)	MR. KHAWAJA MUHAMMAD ALI	500	-
4)		***EXECUTIVES***	Nil	Nil
5)		***PUBLIC SECTOR COMPANIES & CORPORATIONS***		
	i)	NATIONAL DEVELOPMENT FINANCE CORPORATION	7,160	0.04
	ii)	NIB BANK LIMITED	187,100	1.00
	iii)	STATE LIFE INSURANCE CORP. OF PAKISTAN	318,658	1.71
6)		***BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS***	Nil	Nil
		GENERAL PUBLIC (984 Shareholders)	1,229,105	6.57
		Shareholders of the Company 1005 Total:-	**18,700,000**	**100.00**

7)		***SHAREHOLDERS HOLDING 10% OR MORE***		
	i)	MR. SHAHZADA ELLAHI SHAIKH	4,481,680	23.97
	ii)	MR. SHAUKAT ELLAHI SHAIKH	4,500,400	24.07
	iii)	MR. SHAFQAT ELLAHI SHAIKH	4,481,400	23.96

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

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Fax: +92 (0) 21- 454 1314
Web: www.deloitte.com

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 prepared by the Board of Directors of **NAGINA COTTON MILLS LIMITED** to comply with the Listing Regulations of the Karachi and Islamabad Stock Exchanges, where the Company is listed.

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

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

The Code of Corporate Governance requires board of directors to approve related party transactions bifurcating between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price. In this connection we are only required and have ensured compliance of requirement to the extent of board of directors approving the related party transactions in the aforesaid manner. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out at arm's length price.

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

Chartered Accountants

Karachi
Dated: September 29, 2009

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **NAGINA COTTON MILLS LIMITED** (the Company) as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also include 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:

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 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;

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M. Yousuf Adil Saleem & Co
Chartered Accountants

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Karachi
Dated: September 29, 2009

Member of
Deloitte Touche Tohmatsu

NAGINA
NAGINA GROUP

BALANCE SHEET AS AT JUNE 30, 2009

	Note	*2009 Rupees*	*2008 Rupees*
SHARE CAPITAL AND RESERVES			
Authorised share capital	5	**500,000,000**	500,000,000
Issued, subscribed and paid up Ordinary shares	5	**187,000,000**	187,000,000
Reserves	6	**224,895,820**	217,320,317
		411,895,820	404,320,317
NON-CURRENT LIABILITIES			
Long term financing	7	**215,100,264**	235,850,000
Liabilities against assets subject to finance lease	8	**4,328,715**	2,056,309
Deferred liabilities	9	**71,291,051**	70,869,661
CURRENT LIABILITIES			
Trade and other payables	10	**89,158,721**	68,401,498
Profit / mark-up payable	11	**18,570,495**	14,361,165
Short term borrowings	12	**369,549,967**	322,778,058
Current portion of non-current liabilities	13	**108,178,342**	69,471,656
		585,457,525	475,012,377
CONTINGENCIES AND COMMITMENTS	14		
		1,288,073,375	**1,188,108,664**

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

September 29, 2009

Shahzada Ellahi Shaikh
Director

	Note	2009 Rupees	2008 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	15	**517,258,681**	547,022,551
Investment properties	16	**17,284,697**	17,717,999
Long term investments	17	**142,803,803**	142,231,456
Long term deposits		**1,691,150**	1,420,400
CURRENT ASSETS			
Stores and spares	18	**20,641,562**	25,342,352
Stock in trade	19	**338,033,329**	282,318,249
Trade debts	20	**156,797,754**	143,312,163
Advances	21	**15,468,640**	15,012,733
Short term deposits and prepayments	22	**3,585,562**	2,385,922
Other receivables	23	**9,594,184**	9,299,498
Other financial asset	24	**60,027,489**	-
Cash and bank balances	25	**4,886,524**	2,045,341
		609,035,044	479,716,258
		1,288,073,375	**1,188,108,664**

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

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

	Note	2009 Rupees	2008 Rupees
Sales - net	26	**2,136,845,533**	1,833,590,769
Cost of goods sold	27	**(1,941,714,976)**	(1,692,224,157)
Gross profit		**195,130,557**	141,366,612
Other operating income	28	**12,624,383**	18,372,016
		207,754,940	159,738,628
Distribution cost	29	**(35,589,832)**	(28,279,044)
Administrative expenses	30	**(51,083,807)**	(47,871,405)
Workers' profit participation fund		**(838,666)**	(712,372)
Workers welfare fund		**(812,000)**	(257,330)
Finance cost	31	**(109,638,124)**	(83,422,049)
Share of profit from associated undertakings		**4,857,840**	13,412,724
Profit before taxation		**14,650,351**	12,609,152
Provision for taxation	32		
Current		**9,600,000**	9,000,000
Prior years		**(2,525,152)**	-
Deferred		**-**	2,500,000
		(7,074,848)	(11,500,000)
Profit for the year		**7,575,503**	1,109,152
Earnings per share - Basic and diluted	33	**0.41**	(0.41)

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

September 29, 2009

Shahzada Ellahi Shaikh
Director

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

		2009 Rupees	2008 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**14,650,351**	12,609,152
Adjustments for :			
Depreciation		**55,875,668**	60,009,442
Provision for gratuity		**6,756,856**	8,013,600
Loss / (Gain) on disposal of property, plant and equipment		**33,694**	(1,700,564)
Unrealized (gain) / loss on revaluation of investment		**(22,489)**	-
Share of profit from associated undertakings		**(4,857,840)**	(13,412,724)
(Gain) on sale of investments - held for trading		**(148,531)**	(2,163,345)
Finance cost		**109,638,124**	83,422,049
Provision for bad debts		**900,000**	-
		182,825,833	146,777,610
Decrease / (increase) in current assets			
Stores and spares		**4,700,790**	(1,551,584)
Stock in trade		**(55,715,079)**	(97,171,638)
Trade debts		**(14,385,591)**	23,618,929
Advances		**4,020,260**	(3,827,960)
Short term deposits and prepayments		**(1,199,640)**	(683,056)
Other receivables		**(294,686)**	3,465,600
		(62,873,946)	(76,149,709)
Increase / (decrease) in current liabilities			
Trade and other payables		**20,757,223**	(8,173,238)
Cash generated from operations		**140,709,110**	62,454,663
Financial charges paid		**(105,428,794)**	(81,698,724)
Payment for gratuity		**(6,335,466)**	(5,338,077)
Taxes paid		**(11,551,015)**	(8,218,099)
Net cash used in operating activities	**A**	**17,393,835**	(32,800,237)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**1,727,000**	21,694,218
Fixed capital expenditure		**(23,343,191)**	(23,177,642)
Long term deposits		**(270,750)**	(217,500)
(Purchase) of investment- held for trading		**(110,005,000)**	-
Proceed from sale of investment- held for trading		**50,148,531**	47,368,359
Dividend received		**4,285,493**	5,713,988
Net cash (used in) / from investing activities	**B**	**(77,457,917)**	51,381,423

		2009 Rupees	2008 Rupees
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans obtained		**75,249,000**	55,400,000
Repayment of long term loans		**(55,542,151)**	(43,135,566)
Repayment of liabilities against assets subject to finance lease		**(3,573,493)**	(2,616,219)
Short term finance-net		**121,044,115**	(7,809,508)
Redemption of preference shares		**-**	(120,930,000)
Payment of dividend		**-**	(36,836,476)
Net cash from / (used in) financing activities	**C**	**137,177,471**	(155,927,769)
Net increase / (decrease) in cash and cash equivalent (A+B+C)		**77,113,389**	(137,346,583)
Cash and cash equivalents at beginning of the year		**(152,817,497)**	(15,470,914)
Cash and cash equivalents at end of the year		**(75,704,108)**	(152,817,497)
Cash and cash equivalents			
Cash and bank balances		**4,886,524**	2,045,341
Short term running finances		**(80,590,632)**	(119,553,410)
Book overdraft		**-**	(35,309,428)
		(75,704,108)	(152,817,497)

Non cash transactions

Additions to vehicles during the year amounting to Rs.4,096,000/-(2008 : Rs.2,637,500/-) were financed by new finance leases.

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

September 29, 2009

Shahzada Ellahi Shaikh
Director

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

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

			Reserves			
	Share capital	*Preference shares*	*Capital reserve*	*Capital redemption reserve fund*	*Unappropriated profit*	*Total*
	Rupees					
Balance as at July 1, 2007	187,000,000	120,930,000	12,104,417	120,930,000	120,013,224	560,977,641
Final Dividend for the year ended 30 June 2007						
Cash dividend @ 15%	-	-	-	-	(28,050,000)	(28,050,000)
Dividend @ 13% on preference shares						
for the six months ended December 31, 2007	-	-	-	-	(7,860,450)	(7,860,450)
for the period from Jan 01 to Jan 21, 2008	-	-	-	-	(926,026)	(926,026)
					(8,786,476)	(8,786,476)
Transfer to Capital redemption reserve fund from unappropriated profit as at December 31, 2007	-	-	-	120,930,000	(120,930,000)	-
Redemption of preference shares		(120,930,000)				(120,930,000)
Profit for the year	-	-	-	-	1,109,152	1,109,152
Balance at June 30, 2008	187,000,000	-	12,104,417	241,860,000	(36,644,100)	404,320,317
Profit for the year	-	-	-	-	7,575,503	7,575,503
Balance at June 30, 2009	**187,000,000**	**-**	**12,104,417**	**241,860,000**	**(29,068,597)**	**411,895,820**

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

September 29, 2009

Shahzada Ellahi Shaikh
Director

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

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

1. GENERAL INFORMATION

The Company is limited by shares incorporated in Pakistan on May 16, 1967, and is quoted on Karachi and Lahore Stock Exchanges of Pakistan with registered office at Karachi in the province of Sindh. The principal business of the Company is manufacture and sale of cotton and blended yarn. The Mills are located in Kotri Industrial Trading Estate in the Province of Sindh.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the requirements of Companies Ordinance, 1984 (the Ordinance) and directives issued by the Securities and Exchange Commission of Pakistan, and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or the directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

2.2 Adoption of new International Financial Reporting Standards

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases.

IFRS 7 - Financial Instruments: Disclosures	Effective from accounting period beginning on or after April 28, 2008
IFRIC 12 - Services Concession Arrangements	Effective for accounting period beginning on or after January 1, 2008
IFRIC 13 - Customer Loyalty Programs	Effective for accounting period beginning on or after July 1, 2008.
IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Effective from accounting period beginning on or after January 1, 2008

2.3 New accounting standards and IFRS interpretatons that are not yet effective

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are not yet effective: -

IFRS 8 - Operating Segments	Effective from accounting period beginning on or after January 1, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	Effective from accounting period beginning on or after January 1, 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	Effective from accounting period beginning on or after October 1, 2008
IFRIC 17 - Distributions of Non-cash Assets to Owners	Effective from accounting period beginning on or after July 1, 2009
IFRIC 18 - Transfer of Assets from Customers	Effective from accounting period beginning on or after July 1, 2009

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under 'historical cost convention', modified by certain financial instruments at fair value, staff retirement benefits at present value and investment in associates accounted for using equity method.

3.2 Functional currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency.

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows :

i. Deferred taxation (note 4.18 & 9.2)

ii. Retirement benefits (note 4.2 & 9.1)

iii. Investment in associates (note 4.7 & 17)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting for leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account.

4.2 Employee benefit cost - defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the respective scheme. Contribution is made to profit and loss account to cover the obligations under the scheme on the basis of actuarial valuation. The most recent valuation was carried out on September 03, 2008 using the 'Project Unit Credit Method'.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses and as reduced by the fair value of plan assets.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceeds 10% of the greater of the present value of the Company’s gratuity is amortized over the average expected remaining working lives of the employees.

Details of the scheme are given in note 9.1 to these financial statements.

4.3 Trade and other payable

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

4.4 Provisions

Provisions 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 of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.5 Property, plant and equipment

Operating assets

Property, plant and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land and capital work in progress are stated at cost.

Assets' residual values and their useful lives are reviewed and adjusted at each balance sheet date, if significant and appropriate.

Depreciation is charged to income from the month when the asset is ready for use and ceases from the month of disposal applying the reducing balance method at the rates specified in the note to the financial statements.

During the year, company has changed the basis of charge of depreciation on addition from whole year and no depreciaion on deletion during the year to depreciation charge from the month when the asset is ready for use to the month of disposal. Had there been no change in the basis, the deprecation charge for the year would have been higher by Rs. 1,331,699.

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Assets are derecognised when disposed or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of assets, if any, are recognised as and when incurred.

Capital work in progress

All cost / expenditure connected with specific assets incurred during the implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

4.6 Investment properties

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises land and buildings which are valued using the cost method i.e. at cost less accumulated depreciation and any identified impairment loss.

Depreciation on buildings is charged to profit on reducing balance method so as to write off the depreciable amount of building over its estimated useful life at the rate of 5% per annum. Depreciation on additions to investment property is charged on the basis of whole year while no depreciation is charged on deletions during the year.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit and loss account in the period of derecognition.

4.7 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognized using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

Investments in Associates

These investments are accounted for using equity method of accounting and initially are recognized at cost.

Available for sale investments

Investment securities held by the Company which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognized at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognized directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

Financial assets at fair value through profit or loss

These are investments designated at fair value through profit or loss at inception. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and either (a) the Company has transferred substantially all risks and rewards of ownership or (b) the Company has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred the control of the asset.

4.8 Stores and spares

These are valued at lower of moving average cost or net realizable value, except furnace oil, diesel and lubricants which are valued at lower of cost on first in first out basis or net realizable value less allowance for obsolete and slow moving items. Items in transit are valued at cost accumulated upto the balance sheet date.

4.9 Stock in trade

These are valued at lower of average cost and net realisable value applying the following basis:

Raw material	Weighted average
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realisable value

Average manufacturing cost in relation to work in process and finished goods represents manufacturing cost which consists of prime cost and a portion of related direct overheads.

Net realizable value represents estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

4.10 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivable based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

4.11 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 consist of cash in hand, balances with banks, short term running finance and book overdraft.

4.12 Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.13 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

4.14 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.15 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. At each balance sheet date, monetary asset and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Exchange differences are included in profit and loss for the year.

4.16 Revenue recognition

Sales are recorded on dispatch of goods.

Dividend is recognized when right to receive is established.

Profit on deposits at bank is recognized on accrual basis.

Rental income is recognized on accrual basis.

4.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.18 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available if any or minimum taxation at the rate of one-half percent of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

4.19 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders.

	2009 Rupees	***2008 Rupees***
5. SHARE CAPITAL		
5.1 Authorised share capital		
50,000,000 Ordinary shares of Rs.10/- each	**500,000,000**	500,000,000

5.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs.10/- each fully paid

2009	***2008***		***2009***	***2008***
No. of Shares			***Rupees***	***Rupees***
3,133,000	3,133,000	In cash	**31,330,000**	31,330,000
15,567,000	15,567,000	Issued bonus shares	**155,670,000**	155,670,000
18,700,000	18,700,000		**187,000,000**	187,000,000

5.3 Following ordinary shares were held by the associates of the Company as at the balance sheet date: -

	No. of ordinary share of Rs.10/- each	
	2009	***2008***
Associates		
ARH (Private) Limited	**-**	1,609,642
Monell (Private) Limited	**1,038,147**	501,600
Haroon Omer (Private) Limited	**1,017,147**	480,600
ICARO (Private) Limited	**1,017,248**	480,700
	3,072,542	3,072,542

	Note	2009 Rupees	2008 Rupees
6. RESERVES			
Capital Reserves			
Book difference of capital under Scheme of arrangement for amalgamation		**12,104,417**	12,104,417
Capital redemption reserve		**241,860,000**	241,860,000
Revenue Reserve			
Accumulated loss		**(29,068,597)**	(36,644,100)
		224,895,820	217,320,317
7. LONG TERM FINANCING			
Secured			
Custom debentures	7.1	**-**	-
From banking companies	7.2	**155,100,264**	235,850,000
Unsecured			
From Directors	7.3	**60,000,000**	-
		215,100,264	235,850,000
7.1 Custom debentures			
Opening balance-current portion	7.1.1	**2,832,155**	2,832,155
Amount due shown under current liabilities		**(2,832,155)**	(2,832,155)
		-	-

7.1.1 Debentures have been issued in favour of collector of customs to cover deferred payment of custom duty on imported machinery. Debentures are subject to surcharge @ 11% per annum. Repayment is secured against a bank guarantee.

7.2 *Long term loans - Secured*

From banking companies and other financial institutions

	Term Loan								2009	2008
	<- - - - - - - Rupees - - - - - - ->								Rupees	Rupees
Opening balance	1,567,783	-	-	116,764,000	43,236,000	67,230,940	20,569,060	50,000,000	299,367,783	287,103,349
Obtained during the year	-	14,000,000	1,249,000	-	-	-	-	-	15,249,000	55,400,000
	1,567,783	14,000,000	1,249,000	116,764,000	43,236,000	67,230,940	20,569,060	50,000,000	314,616,783	342,503,349
Repaid during the year	(1,567,783)	-	-	(29,191,000)	(5,404,500)	(16,807,736)	(2,571,132)	-	(55,542,151)	(43,135,566)
	-	14,000,000	1,249,000	87,573,000	37,831,500	50,423,204	17,997,928	50,000,000	259,074,632	299,367,783
Payable within one year shown under current liabilities	-	-	-	(29,191,000)	(5,404,500)	(16,807,736)	(2,571,132)	(50,000,000)	(103,974,368)	(63,517,783)
	-	14,000,000	1,249,000	58,382,000	32,427,000	33,615,468	15,426,796	-	155,100,264	235,850,000
Principal amount	1,567,783	14,000,000	48,000,000	145,955,000	54,045,000	67,230,940	20,569,060	50,000,000		
Commencing from	March 2004	December 2010	December 2010	July 2007	July 2007	August 2008	August 2008	September 2009		
Markup rate	6 months T.Bill+2.25 %	6 months KIBOR+1.75%	6 months KIBOR+1.75%	3 months KIBOR+1%	Fixed rate 7%	3 months KIBOR+1.4%	Fixed rate 7%	6 months KIBOR+2%		
Installment interval	Half yearly	Half yearly	Half yearly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly		
No. of installments	10	8	8	20	20	16	16	2		
Sub note	7.2.1	7.2.1	7.2.1	7.2.2	7.2.3	7.2.4	7.2.5	7.2.6		

7.2.1 The loan is secured by charge on fixed assets ranking pari passu with the charge created in respect of long term loans (Refer Note 7.2.2, 7.2.3, 7.2.4 and 7.2.5) and personal guarantee of sponsor directors.

7.2.2 The loan is secured by charge on fixed assets of the Company ranking parri passu with the charge created in respect of long term loans (Refer Note 7.2.1, 7.2.3, 7.2.4 and 7.2.5), personal guarantee of the sponsor directors and lien on the import documents of title to goods.

7.2.3 The Company swap a portion from Term Finance of Rs 200 million (Refer Note 7.2.2) under the SMED circular number 19 of 2006 dated 4 September 2006 of the State Bank of Pakistan pertaining to the SBP LTF-EOP Scheme .The loan is secured against the securities mentioned in Note 7.2.2.

7.2.4 The loan is secured by first charge on all present and future land and buildings and hypothecation charge on plant and machinery of the Company ranking pari passu with the charge created in respect of long term loans (Refer Note 7.2.1, 7.2.2, 7.2.3 and 7.2.5).

7.2.5 The Company swap a portion from Term Finance of Rs 125 million (Refer Note 7.2.4) under the SMED circular number 19 of 2006 dated 4 September 2006 of the State Bank of Pakistan pertaining to the SBP LTF-EOP Scheme. The loan is secured against the securities mentioned in Note 7.2.4

7.2.6 The loan is secured by charge on fixed assets of the Company excluding land and building, pledge of shares of Prosperity Weaving Mills Ltd and Ellcot Spinning Mills Ltd and personal guarantee of sponsor directors.

7.3 Loan from Directors is subject to interest at the rate of 3 months KIBOR + 1% per annum and is repayable in lump sum by December, 2010 .

7.4 The aggregate unavailed long-term financing facilities amounted to Rs.83.951 million (2008 : Rs.37.2 million).

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent vehicles acquired under finance lease. The effective financing rate used as discounting factor is ranging from 11.4% to 16.74% per annum (2008: 8.85 % to 13.5% per annum).

Taxes, repairs, replacement and insurance costs are borne by the Company.

The Company intends to exercise its option to purchase the vehicles upon completion of the lease period.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows: -

	2009		2008	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	< - - - - - - - - - - - - -	Rupees	- - - - - - - - - - - - - >	
Within one year	**2,065,412**	**1,371,819**	3,497,480	3,121,718
After one year but not more than five years	**5,064,718**	**4,328,715**	2,436,091	2,056,309
Total minimum lease payments	**7,130,130**	**5,700,534**	5,933,571	5,178,027
Less: Amount representing finance charges	**(1,429,596)**	**-**	(755,544)	-
Present value of minimum lease payments	**5,700,534**	**5,700,534**	5,178,027	5,178,027
Less: Current portion	**(1,371,819)**	**(1,371,819)**	(3,121,718)	(3,121,718)
	4,328,715	**4,328,715**	2,056,309	2,056,309

9. DEFERRED LIABILITIES

	Note	2009 Rupees	2008 Rupees
Provision for gratuity	9.1	**17,791,051**	17,369,661
Deferred taxation	9.2	**53,500,000**	53,500,000
		71,291,051	70,869,661

9.1 Provision for gratuity

Movements in the net liability is as follows:		
Opening balance	**17,369,661**	14,694,138
Charge for the year	**6,756,856**	8,013,600
Payment made during the year	**(6,335,466)**	(5,338,077)
Provision for gratuity	**17,791,051**	17,369,661

Amount recognised in the profit and loss account is as follows:		
Current service cost	**4,672,497**	3,379,652
Interest cost	**2,084,359**	1,469,414
Actuarial (gains) / losses recognised	**-**	3,164,534
	6,756,856	8,013,600

The amounts recognized in the balance sheet are as follows: -

Present value of defined benefit obligation	**17,791,051**	17,369,661

The principal assumptions used in the valuation of gratuity are as follows: -

	2009	2008
Discount rate	**12%**	12%
Expected rate of salary increase	**10%**	10%
Average expected remaining working life of the employees	**15 years**	15 years

Comparison for five years

	2009	2008	2007	2006	2005
As at June 30					
Present value of defined benefit obligation	**17,791,051**	17,369,661	14,694,138	15,489,575	16,786,884
Actuarial losses	**-**	3,164,534	-	-	438,601

9.2 Deferred Taxation

This comprises of the following: -

	2009 Rupees	2008 Rupees
Deferred tax liability on taxable temporary differences:		
Accelerated tax deprecation allowance	**58,522,030**	59,403,610
Finance leases	**-**	348,558
Investment in associates	**1,938,836**	2,565,784
	60,460,866	62,317,952
Deferred tax asset on deductible temporary differences:		
Provision for bad debts	**(948,701)**	(614,817)
Finance leases	**(85,548)**	-
Assessed losses	**(2,315,034)**	(4,607,181)
Provision for gratuity	**(3,611,583)**	(3,595,954)
	(6,960,866)	(8,817,952)
	53,500,000	53,500,000
Opening balance	**(53,500,000)**	(51,000,000)
Balance provided during the year	**-**	2,500,000

Deferred tax liability worked out after taking effect of income covered under final tax regime.

10. TRADE AND OTHER PAYABLES

	Note	2009 Rupees	2008 Rupees
Creditors		**11,069,778**	10,945,584
Accrued liabilities		**61,694,326**	36,691,338
Unearned rent		**3,630,888**	3,328,371
Deposit from customers and tenants		**6,049,458**	2,487,908
Unclaimed dividend		**3,679,538**	3,768,356
Workers' profit participation fund	10.1	**838,666**	712,372
Workers welfare fund		**1,226,820**	1,438,325
Central excise duty on bank borrowings		**-**	7,500,065
Preference shares redemption liability and dividend		**905,865**	1,493,675
Other		**63,382**	35,504
		89,158,721	68,401,498

10.1 Workers' profit participation fund

	2009	2008
Opening balance	**712,372**	3,119,958
Interest on fund utilized in the Company's business	**92,218**	287,472
	804,590	3,407,430
Allocation for the year	**838,666**	712,372
	1,643,256	4,119,802
Paid to workers	**(804,590)**	(3,407,430)
	838,666	712,372

	Note	2009 Rupees	2008 Rupees

11. PROFIT / MARKUP PAYABLE

	Note	2009 Rupees	2008 Rupees
Long term financing			
Custom debentures		**5,006,953**	4,626,878
From banking companies		**3,510,971**	3,978,215
From Directors		**22,636**	-
		8,540,560	8,605,093
Liabilities against assets subject to finance lease		**48,473**	35,619
Short term borrowings		**9,981,462**	5,720,453
		18,570,495	14,361,165

12. SHORT TERM BORROWINGS - SECURED
- Banking Companies

	Note	2009 Rupees	2008 Rupees
Borrowings			
Foreign currency finance		**202,319,017**	95,019,391
Term finance		**73,000,000**	69,000,000
Cash finances		**13,640,318**	3,895,829
		288,959,335	167,915,220
Running finance		**80,590,632**	119,553,410
Book overdraft		**-**	35,309,428
		369,549,967	322,778,058

12.1 Company can avail foreign currency, term, cash and running finance facilities from various banks aggregating to Rs.1,195 million (2008 : Rs.1,095 million). These borrowings are secured against hypothecation of stock and floating and pari passu charge on present and future current assets, demand promissory notes, personal guarantee of the Directors and lien on export orders / contracts. These are subject to variable markup ranging from one and three months KIBOR + 0.5% to 2.25% (2008 : one, three and six months KIBOR+0.5% to 1.5%) and fixed markup of 14.5% to 15.74% (2008 : 13.10% per annum) payable on quarterly basis.

12.2 The aggregate unavailed short-term borrowing facilities available amounted to Rs.825 million (2008 : Rs.772 million).

13. CURRENT PORTION OF NON CURRENT LIABILITIES

	Note	2009 Rupees	2008 Rupees
Long term financing			
Custom debentures	7.1	**2,832,155**	2,832,155
From banking companies	7.2	**103,974,368**	63,517,783
Liabilities against assets subject to finance lease	8	**1,371,819**	3,121,718
		108,178,342	69,471,656

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

(a) Guarantee of Rs.15,000,000 (2008 : Rs.10,000,000) to Excise Department for infrastructure fee on behalf of the Company.

(b) Irrevocable revolving letter of credit issued in favour of Sui Gas Company Limited amounting to Rs.19,862,500 (2008 : Rs.19,862,500).

	Note	2009 Rupees	2008 Rupees
14.2 Commitments			
Stores and spares		**10,134,258**	4,213,805
Raw materials		**-**	32,810,100
Machinery		**41,170,491**	-

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2009 Rupees	2008 Rupees
Operating assets	15.1	**512,635,458**	543,040,674
Capital work in progress			
Civil work		**4,623,223**	2,292,401
Machinery		**-**	1,689,476
		4,623,223	3,981,877
		517,258,681	547,022,551

15.1 Operating assets

Particulars	Cost at July 01, 2008	Additions/ (Disposals)/ (Adjustments)	(Transfer)	Cost at June 30, 2009	Accumulated depreciation at July 01, 2008	Depreciation charge for the year / Adjustments	(Transfer)	Accumulated depreciation at June 30, 2009	Written down value at June 30, 2009	Annual rate of Dep.
	< - - - - - - - - - -	- - - - - - - - - -	- - - - - - - -	- - - - Rupees	- - - - - - - - - -	- - - - - - - - - -	- - - - - - >			%
Own										
Land - free hold	7,400,318	-	-	7,400,318	-	-	-	-	7,400,318	-
Commercial building on free hold land	13,917,064	-	-	13,917,064	7,040,757	343,815	-	7,384,572	6,532,492	5
Land - freehold	127,383	-	-	127,383	-	-	-	-	127,383	-
Mills buildings on freehold land	119,233,050	420,460 (456,207)	-	119,197,303	66,073,502	5,280,932	-	71,354,434	47,842,869	10
Other buildings on freehold land	25,075,632	30,000	-	25,105,632	9,749,199	767,259	-	10,516,458	14,589,174	5
Machinery and equipment	989,216,046	14,803,571 (1,241,220)	-	1,002,778,397	574,023,448	42,473,422 (805,540)	-	615,691,330	387,087,067	10
Electric installations and equipment	49,614,450	3,579,095	-	53,193,545	28,248,649	2,343,315	-	30,591,964	22,601,581	10
Gas installations	3,264,556	-	-	3,264,556	1,659,014	160,554	-	1,819,568	1,444,988	10
Office equipment	10,082,105	372,278	-	10,454,383	6,245,234	400,175	-	6,645,409	3,808,974	10
Furniture and fixtures	11,038,470	904,087	-	11,942,557	5,914,505	553,614	-	6,468,119	5,474,438	10
Vehicles	16,645,996	3,048,560 (4,186,257)	8,500,000	24,008,299	10,474,979	2,086,834 (2,861,243)	4,148,000	13,848,570	10,159,729	20
	1,245,615,070	22,701,844 (5,427,477)	8,500,000	1,271,389,437	709,429,287	54,409,920 (3,666,783)	4,148,000	764,320,424	507,069,013	
Held under finance lease										
Vehicles	11,169,760	4,096,000	(8,500,000)	6,765,760	4,314,869	1,032,446	(4,148,000)	1,199,315.00	5,566,445	20
2009 Rupees	1,256,784,830	26,797,844 (5,427,477)	-	1,278,155,197	713,744,156	*55,442,366 (3,666,783)	4,148,000 (4,148,000)	765,519,739	512,635,458	

<------------------------- 2008 ------------------------->

Particulars	Cost at July 01, 2007	Additions/ (Disposals)/ (Adjustments)	(Transfer)	Cost at June 30, 2008	Accumulated depreciation at July 01, 2007	Depreciation charge for the year / Adjustments	(Transfer)	Accumulated depreciation at June 30, 2008	Written down value at June 30, 2008	Annual rate of Dep. %
	<------------------------- Rupees ------------------------->									
Own										
Land - free hold	7,400,318		-	7,400,318	-	-	-	-	7,400,318	-
Commercial building on free hold land	13,917,064		-	13,917,064	6,678,846	361,911	-	7,040,757	6,876,307	5
Land - freehold	127,383		-	127,383	-		-	-	127,383	-
Mills buildings on freehold land	118,920,304	312,746	-	119,233,050	60,166,886	5,906,616	-	66,073,502	53,159,548	10
Other buildings on freehold land	25,075,632		-	25,075,632	8,942,545	806,654	-	9,749,199	15,326,433	5
Machinery and equipment	1,032,811,649 *	17,272,293	-	989,216,046	569,937,062	46,132,511	-	574,023,448	415,192,598	10
		(60,867,896)				(42,046,125)				
Electric installations and equipment	49,579,450	35,000	-	49,614,450	25,874,670	2,373,979	-	28,248,649	21,365,801	10
Gas installations	3,264,556			3,264,556	1,480,620	178,394	-	1,659,014	1,605,542	10
Office equipment	9,413,821	893,534	-	10,082,105	5,944,509	426,319	-	6,245,234	3,836,871	10
		(225,250)				(125,594)				
Furniture and fixtures	9,873,596	1,164,874	-	11,038,470	5,345,176	569,329	-	5,914,505	5,123,965	10
Vehicles	18,568,365	1,834,833	-	16,645,996	11,617,199	1,542,755	-	10,474,979	6,171,017	20
		(3,757,202)	-			(2,684,975)				
	1,288,952,138	21,513,280	-	1,245,615,070	695,987,513	58,298,468	-	709,429,287	536,185,783	
		(64,850,348)				(44,856,694)				
Held under finance lease										
Vehicles	8,500,000	2,669,760	-	11,169,760	3,060,000	1,254,869	-	4,314,869	6,854,891	20
2008 Rupees	1,297,452,138	24,183,040	-	1,256,784,830	699,047,513	59,553,337	-	713,744,156	543,040,674	
		(64,850,348)				(44,856,694)				

* This represent portion of land and building rented out transferred and classified as investment properties during last year in accordance with IAS-40 Investment property. (Refer Note-14)

	2009 Rupees	2008 Rupees
15.1.1 Depreciation for the year has been allocated as under:		
Cost of goods manufactured	**50,059,010**	55,316,710
Administrative expenses	**5,816,658**	4,692,732
Total depreciation on property, plant and equipment and investment property	**55,875,668**	60,009,442

15.1.2 Detail of disposal / deletion of assets

Description of Assets	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Mode of disposal	Particulars of Buyer
Machinery and Equipment	1,241,220	805,540	435,680	115,000	Negotiation	Syed Ahsan Ahmed - House No133 Mohalla Behar Colony S.I.T.E Area Kotri N.I.C No 41204-5930019-1
Vehicle	682,465	591,167	91,298	103,000	Negotiation	Naveed Riaz - House No 1720 Defence Garden Apartments Phase 1 D.H.A. Karachi N.I.C No 42301-4541660-3
Vehicle	387,300	282,038	105,262	126,000	Negotiation	Azam Imdad Ali - House No 63 Street Double Room Block 127 K-Area korangi Karachi N.I.C 42201-0411295-9
Vehicle	599,220	364,362	234,858	277,000	Negotiation	Mohammad Ali - House No S-2-4 Irfan Manzil Ramsawami Karachi N.I.C No 42301-3248882-7
Vehicle	575,190	473,032	102,158	127,000	Negotiation	Qazi Irshad Ali - House No A-4 Blok 13-D Gulsan-E-Iqbal Karachi N.I.C No 42101-4034607-7
Vehicle	385,925	285,453	100,472	125,000	Negotiation	Mohammad Natiq Ali - House No C-105 Gulsah-E-Iqbal Karachi N.I.C No 42201-1437115-1
Vehicle	522,190	104,152	418,038	504,000	Negotiation	Mohammad Amjad - House No 164 B-13 Street 7 Din Mohammad Colony Kotli Cant Lahore N.I.C No 35201-1304402-3
Vehicle	67,000	57,242	9,758	15,000	Negotiation	Abdul Qadir - Chak No 303 TDA Dak Khana Khas Fateh PurTehsil Karor Lal Esan Zila Laya N.I.C No32202-9628270-7
Vehicle	67,000	57,243	9,757	15,000	Negotiation	Waseem Mirza - House No A-32 Block 10-A Gulsan-E-Iqbal Karachi N.I.C No 44204-4438942-7
Vehicle	899,967	646,554	253,413	320,000	Insurance Claim	New Hampshire Insurance Co - 7th Floor Dawood Center M.T Khan Road Karachi
Rupees 2009	**5,427,477**	**3,666,783**	**1,760,694**	**1,727,000**		
Rupees 2008	64,850,348	44,856,694	19,993,654	21,694,218		

16. INVESTMENT PROPERTIES

	Cost at July 01, 2008	Additions / Transfer	Cost at June 30, 2009	Accumulated depreciation at July 01, 2008	Depreciation for the year	Transfers	Accumulated depreciation at June 30, 2009	Written down value at June 30, 2009	Annual Rate of Dep. %
	<- - - -	- - - -	- - - -	- - - -	Rupees	- - - -	- - - -	- - - ->	
Land in Sheikhupura - freehold	751,338	-	751,338	-	-	-	-	751,338	-
Land in Lahore - free hold	8,300,631	-	8,300,631	-	-	-	-	8,300,631	-
Building on free hold land in Lahore	17,539,312	-	17,539,312	8,873,282	433,302	-	9,306,584	8,232,728	5%
2009 Rupees	**26,591,281**	**-**	**26,591,281**	**8,873,282**	**433,302**	**-**	**9,306,584**	**17,284,697**	
2008 Rupees	26,591,281	-	26,591,281	8,417,175	456,107	-	8,873,282	17,717,999	

16.1 Fair value of land in Sheikhupura is Rs.20.35 (2008 : Rs.5.5) million and of land and building in Lahore - free hold is Rs.261.815 (2008 : Rs.116) million.

	Note	2009 Rupees	2008 Rupees

17. LONG TERM INVESTMENTS

	Note	2009 Rupees	2008 Rupees
Investment in associated undertakings	17.1		
Cost of investments		**28,855,067**	28,855,067
Share of post-acquisition profits		**118,234,229**	119,090,377
Less: Dividend received		**(4,285,493)**	(5,713,988)
		113,948,736	113,376,389
		142,803,803	142,231,456

17.1 Investment in associated undertakings

	2009 Rupees	2008 Rupees
Opening balance	**142,231,456**	134,532,720
Share of the profit for the year	**4,857,840**	13,412,724
Less: Ordinary dividend	**(4,285,493)**	(5,713,988)
	142,803,803	142,231,456

17.2 Detail of Company's associated undertakings as at June 30, 2009 are as follows: -

Name	*Place of incorporation*	*Proportion of ownership interest*		*Principal Activity*
		2009	*2008*	
Ellcot Spinning Mills Limited (ESML)	Lahore	**26.09%**	26.09%	Spinning
Prosperity Weaving Mills Limited (PWML)	Lahore	*** 5.48%**	5.48%	Weaving

* Although the Company hold less than 20% of the voting power in Prosperity Weaving Mills Limited, it exercises significant influence by virtue of common management and directorship.

The summarized financial information of the associated companies for the year ended June 30, 2009 is as follows: -

	2009		*2008*	
	ESML	*PWML*	*ESML*	*PWML*
	< - - - - - - - - - - -	**Rupees**	- - - - - - - - - - - >	
Total assets	**1,825,628,807**	**1,547,801,631**	1,806,492,637	1,557,279,092
Total liabilities	**1,356,820,860**	**1,136,162,541**	1,322,204,141	1,223,016,181
Revenues	**2,427,535,620**	**3,634,559,244**	1,828,932,219	2,766,986,964
Profit (loss) after tax	**996,951**	**83,901,779**	65,077,099	(65,077,583)

17.3 The investment in shares of associates are pledged against the facility of long term loan (Refer Note 7.2.6).

18. STORES AND SPARES

	2009 Rupees	2008 Rupees
In hand		
Stores	**6,825,087**	7,063,752
Spares	**12,469,270**	18,278,600
In-transit	**1,347,205**	-
	20,641,562	25,342,352

	Note	2009 Rupees	2008 Rupees
19. STOCK IN TRADE			
Raw material			
In hand		**243,778,879**	221,840,842
In-transit		**27,831,741**	-
Work in process		**22,436,512**	17,792,683
Finished goods		**42,002,929**	41,292,409
Waste		**1,983,268**	1,392,315
		338,033,329	282,318,249
20. TRADE DEBTS			
Foreign - secured		**74,627,264**	36,289,907
Local - unsecured		**85,943,894**	109,992,032
		160,571,158	146,281,939
Provision for doubtful debts		**(3,773,404)**	(2,969,776)
Considered good		**156,797,754**	143,312,163
21. ADVANCES			
- Considered good			
Income tax	21.1	**8,143,890**	3,667,723
Suppliers		**6,951,692**	3,329,112
Employees		**253,564**	86,509
Expenses		**16,317**	-
Letters of credit		**103,177**	7,929,389
		15,468,640	15,012,733
21.1 Movement of advance tax is as under: -			
Opening balance		**3,667,723**	4,449,624
Add: Paid during the year		**11,551,015**	8,218,099
Less: Provision for tax		**(7,074,848)**	(9,000,000)
		8,143,890	3,667,723
22. SHORT TERM DEPOSITS AND PREPAYMENTS			
Short term deposits		**38,100**	1,306,100
Prepayments		**3,547,462**	1,079,822
		3,585,562	2,385,922
23. OTHER RECEIVABLES			
Sales tax refundable		**3,474,977**	3,008,395
Income tax refundable		**3,392,665**	5,361,240
Other receivables		**2,726,542**	929,863
		9,594,184	9,299,498

	Note	2009 Rupees	2008 Rupees

24. OTHER FINANCIAL ASSETS

Investments in open ended fund - held for trading
- fair value through profit or loss

2009 Number of Units	2008 Number of Units		2009 Rupees	2008 Rupees
582,969	-	Faysal Saving Growth Fund (Cost of investment - 60.005 million)	**60,027,489**	-

25. CASH AND BANK BALANCES

	Note	2009 Rupees	2008 Rupees
Cash with banks			
In current accounts		**4,877,908**	2,042,471
In deposit accounts	25.1	**268**	522
Cash in hand		**8,348**	2,348
		4,886,524	2,045,341

25.1 Deposit account carries mark up at the rate of 4.9% per annum (2008 : 10.75% per annum).

26. SALES - NET

	Note	Local	Export	2009	2008
		< - - - - - - - - - - - - - Rupees		- - - - - - - - - - - - - >	
Yarn	26.1	1,122,306,875	902,019,703	**2,024,326,578**	1,713,130,936
Raw cotton		32,223,064	-	**32,223,064**	33,293,196
Waste		95,172,182	6,848,751	**102,020,933**	102,288,183
		1,249,702,121	908,868,454	**2,158,570,575**	1,848,712,315
Less: Commission		(8,615,090)	(13,109,952)	**(21,725,042)**	(15,121,546)
		1,241,087,031	895,758,502	**2,136,845,533**	1,833,590,769

26.1 It includes exchange gain of Rs.8,817,512/- (2008 : exchange loss Rs.644,532/-).

27. COST OF GOODS SOLD

	Notes	2009 Rupees	2008 Rupees
Opening stock - finished goods		**42,684,724**	22,810,155
Cost of goods manufactured	27.1	**1,845,739,805**	1,682,220,237
Purchase of finished goods		**98,107,284**	38,103,020
		1,986,531,813	1,743,133,412
Claim on stock destroyed in fire		**(830,640)**	(8,224,531)
Closing stock - finished goods		**(43,986,197)**	(42,684,724)
		1,941,714,976	1,692,224,157

	Notes	2009 Rupees	2008 Rupees
27.1 Cost of goods manufactured			
Raw material	27.1.1	**1,397,726,046**	1,287,549,012
Packing material		**31,603,893**	27,049,550
Stores and spares		**44,974,232**	32,129,545
Salaries, wages and benefits	27.1.2	**148,502,305**	133,192,585
Fuel		**163,534,990**	125,135,850
Rent, rates and taxes		**330,369**	331,265
Insurance		**6,473,566**	4,652,706
Repairs and maintenance		**1,436,954**	1,241,228
Depreciation	15.1.1	**50,059,010**	55,316,710
Doubling charges		**3,812,241**	2,268,793
Other manufacturing overheads		**1,930,028**	1,906,704
		1,850,383,634	1,670,773,948
Work in process			
Opening stock		**17,792,683**	29,238,972
Closing stock		**(22,436,512)**	(17,792,683)
		(4,643,829)	11,446,289
		1,845,739,805	1,682,220,237

27.1.1 Raw material consumed

Opening stock	**221,840,842**	120,717,645
Purchases	**1,419,664,083**	1,435,172,994
	1,641,504,925	1,555,890,639
Claim on stock destroyed in fire	**-**	(46,500,785)
Closing stock	**(243,778,879)**	(221,840,842)
	1,397,726,046	1,287,549,012

27.1.2 It includes Rs.5,171,141/- (2008 : Rs.6,132,807/-) in respect of staff retirement benefits.

28. OTHER OPERATING INCOME

Rental income from investment property	**11,776,298**	14,048,069
Gain on sale of investments - held for trading - net of commission	**148,531**	2,163,345
Scrap sales	**699,921**	455,120
(Loss) / Gain on disposal of property, plant and equipment	**(33,694)**	1,700,564
Profit on bank deposits	**10,838**	4,918
Unrealized gain on revaluation of investments - held for trading	**22,489**	-
	12,624,383	18,372,016

29. DISTRIBUTION COST

Freight	**22,808,673**	19,851,774
Stamp duty	**1,578,388**	2,367,634
Travelling	**3,402,114**	1,176,132
Export development surcharge	**2,280,647**	1,319,104
Quality claims	**485,893**	653,747
Distribution cost	**372,450**	262,600
Other	**4,661,667**	2,648,053
	35,589,832	28,279,044

	Notes	2009 Rupees	2008 Rupees
30. ADMINISTRATIVE EXPENSES			
Directors' remuneration and benefits		**2,850,000**	2,465,000
Staff salaries and benefits	30.1	**21,046,269**	20,311,139
Traveling and conveyance		**798,613**	735,485
Printing and stationery		**1,150,329**	1,198,612
Postage and telephone		**2,414,366**	2,217,881
Fees, subscription and periodicals		**583,464**	976,659
Legal and professional		**736,301**	296,079
Advertisement		**24,790**	321,932
Utilities - net of recoveries		**2,116,339**	2,885,152
Rent, rates and taxes		**2,431,179**	2,516,088
Insurance		**1,362,107**	1,172,708
Provision for doubtful Debts		**900,000**	-
Auditors' remuneration	30.2	**705,000**	590,000
Repairs and maintenance		**1,860,530**	1,763,295
Vehicles running and maintenance		**4,473,726**	3,916,633
Entertainment		**658,487**	775,086
Donation	30.3	**850,000**	800,000
Depreciation	30.4	**5,816,658**	4,692,732
Other		**305,649**	236,924
		51,083,807	47,871,405

30.1 It includes Rs.1,585,715 /- (2008 : Rs.1,880,793/-) in respect of staff retirement benefits.

30.2 Auditors' remuneration

	2009 Rupees	2008 Rupees
Annual audit fee	**400,000**	330,000
Half yearly review fee	**135,000**	115,000
Code of Corporate Governance	**37,500**	30,000
Certification, other statutory reporting and tax advisory services	**132,500**	115,000
	705,000	590,000

30.3 No director or his spouse had any interest in the donees' fund.

30.4 It includes depreciation on investment properties amounting to Rs.433,302/- (2008 : Rs.456,107/-).

31. FINANCE COST

	Notes	2009 Rupees	2008 Rupees
Markup / interest on			
Debentures		**380,075**	381,116
Long term loans		**33,799,164**	27,162,197
Liabilities against assets subject to finance lease		**785,871**	464,022
Short term borrowings including bills discounting	31.1	**68,253,058**	50,774,340
Workers' profit participation fund		**92,218**	287,472
Bank charges and commission		**6,327,738**	4,352,902
		109,638,124	83,422,049

31.1 Net off reversal of central excise duty of Rs. 7.5 million (2008: Nil)

32. TAXATION
- Current

The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company falls under final tax regime and hence tax has been provided under section 154 and 169 of the Income Tax Ordinance, 2001.

33. *EARNINGS PER SHARE*

- Basic and diluted

There is no dilutive effect on the basic earnings per share of the Company which is based on :-

	2009	***2008***
Profit after taxation	**7,575,503**	1,109,152
Less: Dividend on preference shares	**-**	(8,786,476)
Earnings for the purpose of basic earnings per share	**7,575,503**	(7,677,324)
Weighted average number of ordinary shares	**18,700,000**	18,700,000
Earnings per share	**0.41**	(0.41)

34. *REMUNERATION OF DIRECTORS AND EXECUTIVES*

	Chief Executive		***Directors***	
	2009	***2008***	***2009***	***2008***
	< - - - - - - - - - - - - - ***Rupees***		- - - - - - - - - - - - - >	
Remuneration	**1,656,000**	1,440,000	**520,000**	440,000
House rent allowance	**414,000**	360,000	**234,000**	198,000
Other allowances	**-**		**26,000**	22,000
	2,070,000	1,800,000	**780,000**	660,000
Number of persons	1	1	1	1

Chief Executive and a director are provided with free use of Company maintained car. Chief Executive is also reimbursed residential telephone and utilities bills, the monetary value of which is Rs.45,675/- (2008 : Rs.16,410/-) and Rs.404,487/- (2008 : Rs.450,536/-) respectively.

35. *TRANSACTIONS WITH RELATED PARTIES*

Related parties comprise associated undertakings and directors of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from / to related parties and directors are shown under receivables and payables and remuneration of directors is disclosed in note 35. Other significant transactions with related parties are as follows:

Relationship with the Company	***Nature of Transactions***	***2009 Rupees***	***2008 Rupees***
Ellcot Spinning Mills Limited			
Associated undertaking	Purchase of goods and services	**88,992,797**	10,646,737
	Sale of goods and services	**40,160,478**	51,635,792
	Rental income	**480,000**	480,000
	Dividend income	**4,285,492**	5,713,990
	Purchase of generator	**-**	1,764,000
Prosperity Weaving Mills Limited			
Associated undertaking	Purchase of goods and services	**4,933,500**	-
	Sale of goods and services	**25,855,329**	56,401,881
	Rental income	**755,000**	755,000

36. PLANT CAPACITY AND ACTUAL PRODUCTION

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed and twist. It would also vary according to the pattern of production adopted in a particular year.

	2009	2008	2009	2008
	Production Capacity		Actual Production	
	Kgs.	Kgs.	Kgs.	Kgs.
Coarse	**3,755,315**	3,755,315	**3,953,565**	3,309,637
Medium	**2,133,701**	2,133,701	**7,370,743**	7,396,625
Fine	**256,043**	256,043	**257,356**	557,117
	6,145,059	6,145,059	**11,581,664**	11,263,379

	2009	2008
Total number of spindles installed	**46,428**	46,428
Total number of spindles worked	**46,428**	46,428
Number of shifts per day	**3**	3
Actual number of shifts in a year	**1,084**	1,089

37. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities, comprise long term financing, liabilities against assets subject to finance lease, trade and other payables, and short term borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has trade debts, advances, short-term deposits, other receivables, and cash and bank balances that arrive directly from its operations. The Company also holds available-for-sale investments, long term investments, long term deposits and investment properties.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

37.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs.378,152,424 (2008 : Rs.302,249,755), the financial asset which are subject to credit risk amounted to Rs.97,686,336 (2008 : Rs.123,687,305/-).

The Company is exposed to credit risk from its operating activities (primarily for trade debts, advances and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk related to receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. The management monitors and limits the Company's exposure of credit risk by limiting transactions with specific counter parties and continually assessing their credit worthiness. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

At June 30, 2009, the Company had approximately 15 customers (2008 : 11 customers) that owed the Company more than Rs 3 million each and accounted for approximately 64% of all trade debts.

The Company's exposure to credit risk is influenced mainly by the individual characterstics of each customer. The demographics of the customer base, including the default risk of the industry and the country in which the customers operate, has less of an influence on the credit risk. Approximately 53 % of the Company's revenue is attributable to sales to 25 number of customers. However, geographically, there is no concentration of credit risk.

The Company does not hold collateral as security

37.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 7.4 and 12.2 is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

37.2.1 Liquidity and Interest Risk Table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	< - - - 2009 - - - >					
	Less than 1 month	***1 - 3 months***	***3 months - 1 year***	***1 - 5 years***	***More than 5 years***	***Total***
		< - - - ***Rupees*** - - - >				
FINANCIAL LIABILITIES						
On balance sheet						
Long-term financing	10,326,273	25,405,252	93,201,393	242,857,180	-	371,790,098
Liabilities against assets subject to finance lease	-	489,830	1,567,602	5,048,763	-	7,106,195
Trade and other payables	-	84,573,318	4,585,403	-	-	89,158,721
Profit / mark-up payable	-	18,570,495	-	-	-	18,570,495
Short term borrowings	-	-	369,549,967	-	-	369,549,967
	10,326,273	129,038,895	468,904,365	247,905,943	-	856,175,476

	< - - - 2008 - - - >					
FINANCIAL LIABILITIES						
On balance sheet						
Long-term financing	13,242,386	12,657,078	66,457,982	286,204,075	-	378,561,521
Liabilities against assets subject to finance lease	-	720,434	1,995,434	-	-	2,715,868
Trade and other payables	-	55,639,401	5,262,032	7,500,065	-	68,401,498
Profit / mark-up payable	-	14,361,165	-	-	-	14,361,165
Short term borrowings	-	-	322,778,058	-	-	322,778,058
	13,242,386	83,378,078	396,493,506	293,704,140	-	786,818,110

Effective rates of interest are mentioned in respective notes to the financial statements.

37.3 *Market risk*

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short term debt obligations with floating interest rates.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Interest rate sensitivity analysis

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2009 would decrease/increase by Rs.1,990,800 (2008 : Rs.2,457,823). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Foreign exchange risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at balance sheet date, the total foreign currency risk exposure was Rs.74,627,264/- (2008 : Rs.36,289,907/-) in respect of trade debts and Rs.202,319,017 (2008 : Rs.95,019,391) in respect of short term borrowings.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Company. This provides an economic hedge without derivatives being entered into and therefore, no application of hedge accounting.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Foreign currency sensitivity analysis

At June 30, 2009, if the Rupee had weakened/strengthened by 5% against the US dollar with all other variables held constant, the Company's profit for the year would have higher/lower by Rs. 6,406,181 (2008: Rs. 2,908,969), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade debts and foreign exchange losses/gains on translation of US dollar-denominated borrowings. Profit is more sensitive to movement in Rupee/US dollar exchange rates in 2009 than 2008 because of the increased amount of US dollar-denominated trade debts and US dollar-denominated borrowings.

Equity / Unit Price Risk Management

The investment of the Company in units of mutual fund is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Compnay manages the unit price risk through diversification and placing limits on individual and total unit instruments. Reports on the unit portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all unit investment decisions.

At the balance sheet date, the exposure to units in mutual funds at fair value was Rs. 60,027,489.

37.4 *Fair values of financial instruments*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.
The carrying value of all the financial instruments reported in the financial statements approximates their fair value.

38. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and bene?ts for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company is not subject to any externally imposed capital requirements.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of share capital and reserves as well as debts of the Company. 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 new shares. The Company's overall strategy remains unchanged from 2008.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

	2009 Rupees	***2008 Rupees***
Total borrowings	**588,978,946**	560,684,367
Less: cash and bank	**(4,886,524)**	-
Net debt	**584,092,422**	560,684,367
Total equity	**411,895,820**	404,320,317
Total capital	**995,988,242**	965,004,684
Gearing ratio	**59%**	58%

The small increase in the gearing ratio during the year resulted primarily because of availment of new loan from a financial institution (note 7.2).

39. NON CASH TRANSACTIONS

Additions to vehicles during the year amounting to Rs 4,096,000/- (2008: Rs 2,669,760/-) were financed by new finance leases. This acquisition will be reflected in the cash flow statements over the term of the finance lease via lease payments.

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 29, 2009 by the Board of Directors of the company.

41. GENERAL

Figures have been rounded off nearest to Rupee.

September 29, 2009

Shahzada Ellahi Shaikh
Director

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

FORM 34

THE COMPANIES ORDINANCE, 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. **Incorporation Number** **0002500**

2. **Name of the Company** NAGINA COTTON MILLS LTD.

3. **Pattern of holding of the shares held by the shareholders as at** 30-06-2009

4.

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
398	1	100	14,750
312	101	500	85,586
74	501	1,000	59,222
143	1,001	5,000	329,009
27	5,001	10,000	177,590
9	10,001	15,000	106,912
4	15,001	20,000	74,298
2	20,001	25,000	40,446
1	25,001	30,000	28,500
3	30,001	35,000	98,868
3	35,001	40,000	112,030
2	40,001	45,000	84,000
1	45,001	50,000	46,000
-	50,001	185,000	-
1	185,001	190,000	187,100
-	190,001	315,000	-
1	315,001	320,000	318,658
-	320,001	400,000	-
1	400,001	405,000	401,009
-	405,001	1,015,000	-
2	1,015,001	1,020,000	2,034,395
-	1,020,001	1,035,000	-
1	1,035,001	1,040,000	1,038,147
-	1,040,001	4,480,000	-
2	4,480,001	4,485,000	8,963,080
-	4,485,001	4,500,000	-
1	4,500,001	4,505,000	4,500,400
988	**Total:-**		**18,700,000**

5.	Categories of Shareholders	Shares Held	Percentage
5.1	**Directors, Chief Executive Officer, and their spouse and minor children.**		
	MR. SHAIKH ENAM ELLAHI	401,009	2.14
	MR. SHAHZADA ELLAHI SHAIKH	4,481,680	23.97
	MR. SHAUKAT ELLAHI SHAIKH	4,500,400	24.07
	MR. SHAFQAT ELLAHI SHAIKH	4,481,400	23.97
	MRS. HUMAIRA SHAHZADA	4,248	0.02
	MRS. MONA SHAUKAT	4,248	0.02
	MRS. SHAISTA SHAFQAT	4,248	0.02
	MR. MUNAWAR IQBAL	2	0.00
	MR. S.M. YUSUF	1,100	0.01
	MR. KHAWAJA MUHAMMAD ALI	500	0.00
		13,878,835	74.22
5.2	**Associated Companies, undertakings and related parties**		
	M/S. HAROON OMER (PVT) LIMITED	1,017,147	5.44
	M/S. MONELL (PVT) LIMITED	1,038,147	5.55
	M/S. ICARO (PVT) LIMITED	1,017,248	5.44
		3,072,542	16.43
5.3	**NIT and ICP**		
	NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.	2,546	0.01
	NBP TRUSTEE-NI(U)T (LOC) FUND	2,624	0.01
	INVESTMENT CORPORATION OF PAKISTAN	1,430	0.01
		6,600	0.03
5.4	**Banks Development Financial Institutions, Non Banking Financial Institutions.**	194,260	1.04
		194,260	1.04
5.5	**Insurance Companies**	318,658	1.71
		318,658	1.71
5.6	**Modarabas and Mutual Funds**	-	0.00
		-	0.00
5.7	**Shareholders Holding 10% or more**		
	MR. SHAHZADA ELLAHI SHAIKH	4,481,680	23.97
	MR. SHAUKAT ELLAHI SHAIKH	4,500,400	24.07
	MR. SHAFQAT ELLAHI SHAIKH	4,481,400	23.96
		13,463,480	72.00
5.8	**General Public**		
	a. Local	1,200,477	6.42
	b. Foreign	Nil	Nil
5.9	**Others**	28,628	0.15

FORM OF PROXY

The Secretary,
NAGINA COTTON MILLS LTD.
2nd Floor, Shaikh Sultan Trust Building No. 2,
26-Civil Lines, Beaumont Road,
Karachi – 75530

I/We ____ of _________________ being member(s) of **NAGINA COTTON MILLS LTD**., and holder of ____________________ Ordinary Shares as per Share Register Folio No. ________________ (In case of Central Depository System Account Holder A/c No. _______________ Participant I.D. No. __________________________) hereby appoint ____ of __________________ who is member of the company as per Register Folio No. _______________________ (In case of Central Depository System Account Holder A/c No. _______________ Participant I.D. No. _____________- _____________) or failing him/her ____ of __________________ who is member of the Company as per Register Folio No. _____________________ (In case of Central Depository System Account Holder A/c No. _______________ Participant I.D. No. ________________) as my/our proxy to vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company to be held on October 28, 2009 and at any adjournment thereof.

Affix
Rs. 5/-
Revenue
Stamp

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

Signed at ____________________ this the ______________ day of ___________________ 2009

NOTE:

1. If a member is unable to attend the meeting, he/she may sign this form and send it to the Secretary so as to reach him not less than 48 hours before the time of holding the meeting.

2. Account holders and sub-account holders, holding book entry securities of the Company in CDS of Central Depository Company of Pakistan Ltd., who wish to attend the Annual General Meeting are requested to please bring original National Identity Card with copy thereof duly attested by their Bankers for identification purpose.

3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.