

2520  
NOORS



**NOOR SILK MILLS LIMITED**

**44th**

**ANNUAL REPORT**

**For the year ended  
30th June 2009**



# **NOOR SILK MILLS LIMITED**

## **44th ANNUAL REPORT CONTENTS**

	<b>Page No.</b>
<b>Board of Director</b> .....	2
<b>Notice of Meeting</b> .....	3
<b>Director's Report</b> .....	4-5
<b>Statement of Compliance</b> <b>with the code of</b> .....	
<b>Corporate Governance</b> .....	6-7
<b>Auditor's Report</b> .....	8-9
<b>Balance Sheet</b> .....	10
<b>Profit &amp; Loss Account</b> .....	11
<b>Cash Flow Statement</b> .....	12
<b>Statement of Changes In Equity</b> .....	13
<b>Notes on Accounts</b> .....	14-21
<b>Key Financial Data</b> .....	22
<b>Pattern of Shareholding</b> .....	23
<b>Directors, CEO &amp; their Spouse and Minor Children</b> .....	24
<b>Review Report to the members on statement of compliance</b> .....	25
<b>with best practices of code of corporate Governance.</b>	

# **NOOR SILK MILLS LIMITED**

## **BOARD OF DIRECTORS**

**CHIEF EXECUTIVE DIRECTOR:** M. Amin H. Noor Mohammad

**DIRECTORS:**

Mohammad Hussain

Mrs. Farida Ashraf

Abdul Rauf Mohammad

Ashraf H. Mohammad

Younus A. Aziz

Mrs. Jamila Ilyas

**SECRETARY:**

Saleemullah

**BANKERS:**

Habib Bank Limited

National Bank of Pakistan

**AUDITORS:**

MUNIFF ZIAUDDIN & CO.  
Charactered Accountants

**REGISTERED OFFICE:**

D/47, S.I.T.E.  
Manghopir Road,  
Karachi.

# **NOOR SILK MILLS LIMITED**

## **NOTICE OF MEETING**

Notice is hereby given that the 44th Annual General meeting of the share holders of Noor Silk Mills Limited will be held on Saturday, 31st October 2009 at 9:00 a.m at the Registered office of the company at D/47, S.I.T.E Manghopir Road, Karachi.

1. To confirm the Minutes of 43rd Annual General Meeting .
2. To approve the audited Accounts for the year ended 30th June, 2009 and the Directors & Auditor's report there on.
3. To appoint auditors and fix their remuneration for the year 2009-2010.
4. To transact any other ordinary Business with the Permission of the chair.

Karachi. 6th Oct - 2009

By order of the Board

(Secretary)

### **Notes:**

1. The share transfer Books of the Company will remain closed from 24th October to 31st October 2009 ( both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint an other member of his/her Proxy/Proxies in order to be valid must be received by the company not less than 48 hours before the meeting.
3. Nomination / Consent for the office of the Directors must be received at least 14 clear days before the meeting at the Registered office of the Company.
4. Share holders are requested to notify any changes in their addresses immediately.



# **NOOR SILK MILLS LIMITED**

## **Forty Fourth Annual Report of the Directors**

Dear Shareholders,

Directors are pleased to present you the 44th Annual Report together with Audited Accounts of the company for the year ended 30th June, 2009.

As you are aware that due to various factors prevailing in national economy and the tremendous problems faced by the industrial sector particularly by the textile mills and due to the shortage of funds company sustained huge losses and became a sick industry. As such the company was declared a sick industrial unit by the Sub-Committee constituted by Provincial Government under the instructions of Federal Government. The Federation of Pakistan Chambers of Commerce & Industry, Karachi constituted a committee for the revival of sick Industries in Pakistan which recommended the case of the company to the Pakistan banking Council to extend funds for BMR and Working Capital in order to revive the company. However no such funds were arranged. In such situation and in order to curtail the continued losses the management of the company decided to discontinue the operation and mills has been given on lease since 15th February 1996. During the year under report the factory Premises remained on lease to M/S Zain Industries, Blue Chip Chemicals and Citizen Apparel.

### **ACCOUNTS**

During the year under report Company after charging Depreciation expenses and current year taxation has incurred Profit of Rs. 518240 breakup of the same is as under.

Rental Income	Rs. 1,573,577	Rs. 2,239,087
Less Operating expenses	Rs. 995,337	Rs. 923,489
Profit before taxation	Rs. 578,240	Rs. 1,315,589
Provision for taxation	Rs. 60,000	Rs. 125,000
Profit after taxation	Rs. 518,240	Rs. 1,190,589

## **AUDITORS**

The present Auditors M/s Muniff Ziauddin & Co. Chartered Accountants, retire and being eligible, for reappointment offer themselves for re-appointment.

- No dividend has been recommended by the Board of Directors due to the fact that accumulated losses of the company are stood at Rs. 14,417,919.
- The pattern of share holding is attached.
- During the year (4) meeting of the Board of Directors were held. Attendance by each Director is as follows:

<b>Name of Directors</b>	<b>No. Of Meetings attended</b>
M. Amin Noor Mohammad	4
Mohammad Hussain	3
Mrs. Farida Ashraf	2
Abdul Rauf Mohammad	4
Ashraf H. Mohammad	2
Younus A. Aziz	4
Mrs. Jamila Ilyas	3

## **AUDIT COMMITTEE**

An audit committee in accordance with the requirements of the code have been formed and following are its members:

Mr. M. Amin Noor Mohammad	Chairman
Mr. Mohammad Hussain	Member
M. Younus A. Aziz	Member
Mr. Saleemullah	Secretary

## **OTHER MATTERS**

Specified Pattern of share holding and past six years key operating and financial data is attached.

## **EARNING / PER SHARE**

Profit per share has become Rs. 1.30 per share as against the profit of Rs. 2.98 per share in the preceding year.

## **VOTE OF THANKS**

Finally the Board of Directors of the company wish to place on record their deep appreciation for the dedicated efforts and services of all the directors and other staff for their valuable co-operation.

Karachi: 6th Oct 2009

**Chairman & Managing Director**



## **STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE:**

This Statement is being presented to comply with the code of corporate governance contained in Regulation No. 37 and Chapter XIII of Listing Regulation of the Karachi Stock exchange (guarantee) Limited for the purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the code in the following manner

1. The company encourages representation of independent non-executive directors on its Board of Directors. At present, the Board includes only two executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. In the present board only two persons are executive directors who are paid taxable salary therefore the same are registered taxpayers. As other directors have no source of income therefore they are not registered taxpayers. None of the directors of the company has defaulted in payment of any loan to a banking company, or DFI or an NBF1 or being a member of stock exchange, has been declared as a defaulter by a stock exchange.
4. There was no casual vacancy during the year.
5. The company has been given on lease, therefore Statement of Ethics and business Practices, has not yet been finalized by the company.
6. The board has not yet developed a Vision/mission statement of the company mainly due to the fact that company has been given on lease. However overall corporate strategy and significant policies of the company have duly been adopted considering the present status of the company.
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 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 the director elected by the Board for this purpose. Written Notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The company has an effective and sound system of internal control in place that is continuously monitored and updated with the requirements of the business.
10. As the mill has been given on lease no orientation course for directors, were arranged, however the board considers that for the revival of the company orientation courses will be required to perform in the case mill is de-leased and efforts are made for the revival of the company,

11. Appointment of CFO and company Secretary are unchanged from July 1st, 2002. Head of Internal Audit has not been appointed, as there is no internal audit department due to present status of the company.
12. The director's report for this year has been prepared in compliance with the requirement of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executive do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
15. The directors, Chief Executive Officer do not hold any interest in shares of the Company other than that disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the code.
17. The Board has formed an audit committee. It comprises of three members, of whom two are non executive directors including the chairman of this committee who is an executive director.
18. Four meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
19. As the mill has been given on lease, therefore the board considers that for the time being setup of internal audit department is not necessary and in order to avoid the cost of such an internal audit function, the audit committee constituted by the board also covers this aspect of corporate governance.
20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouse 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 the institute of Chartered Accountants of Pakistan.
21. The Statutory auditors of the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. We confirm that all other material principles contained in the code have been complied with. All reasonable efforts are being made by the company to comply with all the requirements of the code.

For and on behalf- of the Board of Directors

Karachi: 6th October 2009

Chairman & Managing Director



# **NOOR SILK MILLS LIMITED**

## **AUDITORS' REPORT TO THE MEMBERS**

We were engaged to audit the annexed balance sheet of **NOOR SILK MILLS LIMITED** 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.

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.

1. Detail of current tenants and their respective rent agreements were not furnished for our verification. As a result we were unable to verify the rentals amount recognized in the profit and loss account.
2. As disclosed in note 11.1, withdrawal from bank amounting to Rs. 115,940 in earlier years has been shown in cash in hand.
3. Due to modest confirmation received from tax advisor, we were unable to satisfy our selves regarding non-existence of contingent tax liabilities and claims against the company.
4. Due to huge losses sustained by the company it ceased its production operation and factory has been given on lease since 15 February 1996. This situation, along with the other matters explained in note 1.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore the company may be unable to realize its assets and discharge its liabilities in the normal course of business. In note 1.3 to the financial statements the management has disclosed the factors which may support the appropriateness of the going concern assumption in preparing the above said statements but no disclosure has been made in these statements regarding the financing plans for the revival of the company.
5. As disclosed in note 7.1 & 7.2, creditors for goods & supplies and other finance amounting to Rs. 2,284,675 and Rs. 669,118 respectively remained unconfirmed by the respective parties

6. Provision for income tax has not been made in respect of prior period rental income declared during the preceding year as disclosed in the note 13.2 to the financial statements
7. Full provision of income tax has not been made in respect of current year's income
8. Cash in hand as at the balance sheet date was not physically verified by us

Because of the significance of the matters discussed in the paragraphs 1 to 8 above we do not express an opinion on these financial statements.

**Karachi:**

**Muniff Ziauddin Junaidy & Co.**  
**Chartered Accountants**  
**Audit Engagement Partner: Mohammad Moin Khan**



**NOOR SILK MILLS LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2009**

	NOTE	2009 Rupees	2008 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 1,000,000 Ordinary shares of Rs. 10 each		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid-up capital	5	4,000,000	4,000,000
Accumulated loss		<u>(14,417,919)</u>	<u>(14,936,159)</u>
		<u>(10,417,919)</u>	<u>(10,936,159)</u>
Long term loans	6	6,586,473	6,960,050
Creditors, accrued and other liabilities	7	<u>5,078,793</u>	<u>5,043,793</u>
Taxation		<u>929,730</u>	<u>934,730</u>
		<u>6,008,523</u>	<u>5,978,523</u>
		<u>2,177,078</u>	<u>2,002,414</u>
<b>PROPERTIES &amp; ASSETS</b>			
Operating fixed assets	8	51,680	57,421
Non-operating assets	9	262,409	262,409
Long term deposits	10	258,655	258,655
<b>CURRENT ASSETS</b>			
Loan to employee		<u>6,000</u>	<u>6,000</u>
Cash and bank balances	11	<u>1,598,334</u>	<u>1,417,929</u>
		<u>1,604,334</u>	<u>1,423,929</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	-	-
		<u>2,177,078</u>	<u>2,002,414</u>

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

\_\_\_\_\_  
**CHIEF EXECUTIVE**

\_\_\_\_\_  
**DIRECTOR**

**NOOR SILK MILLS LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2009**

	NOTE	2009 Rupees	2008 Rupees
Rental income	13	1,573,577	2,239,087
<b>OPERATING EXPENSES</b>			
Administrative	14	989,595	917,109
Depreciation		5,742	6,380
		<u>995,337</u>	<u>923,489</u>
Profit before taxation		<u>578,240</u>	<u>1,315,598</u>
Taxation	15	60,000	125,000
Profit after taxation		<u>518,240</u>	<u>1,190,598</u>
Basic earning per share	16	<u>1.30</u>	<u>2.98</u>

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

**CHIEF EXECUTIVE**

**DIRECTOR**



**NOOR SILK MILLS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	2009 Rupees	2008 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	578,240	1,315,598
Adjustments for non cash items:		
Depreciation	5,742	6,380
Cash flow from operation before working capital changes	583,982	1,321,978
(Increase)/decrease in current assets	-	-
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	35,000	-
Cash generated from operations	618,982	1,321,978
Tax paid	(65,000)	(110,000)
Net cash from operating activities	553,982	1,211,978
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(decrease) in long term loans	(373,577)	(689,950)
Net increase in cash & cash equivalents	180,405	522,028
Cash & cash equivalents at the beginning of the year	1,417,929	895,901
Cash & cash equivalents at the end of the year	1,598,334	1,417,929

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

\_\_\_\_\_  
**CHIEF EXECUTIVE**

\_\_\_\_\_  
**DIRECTOR**

**NOOR SILK MILLS LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Share Capital</b>	<b>(Accumulated loss)</b>	<b>Total</b>
Balance as at July 01, 2007	4,000,000	(16,126,757)	(12,126,757)
Profit for the year ended June 30, 2008	-	1,190,598	1,190,598
Balance as at June 30, 2008	<u>4,000,000</u>	<u>(14,936,159)</u>	<u>(10,936,159)</u>
Profit for the year ended June 30, 2009	-	518,240	518,240
Balance as at June 30, 2009	<u><u>4,000,000</u></u>	<u><u>(14,417,919)</u></u>	<u><u>(10,417,919)</u></u>

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

**CHIEF EXECUTIVE**

**DIRECTOR**



**NOOR SILK MILLS LIMITED  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**1 THE COMPANY & ITS OPERATION**

Noor Silk Mills Limited is a Public Limited Company and is listed on the Karachi Stock Exchange. The principal activity of the company is printing, dying, crimping and weaving of textiles. The company is located at D/47, SITE, Mangopir Road, Karachi.

1.2. The factory premises have been given on lease since February 15, 1996.

1.3. During the period ended June 30, 2009 company has earned profit after tax amounting to Rs. 518,240 however accumulated loss stood at Rs. 14,417,919 as at that date. Further the Company's current liabilities exceeded the current assets by Rs. 4,404,189. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, however the directors of the company are confident that the company will continue to remain in operation in the foreseeable future and they will provide financial assistance to the company as and when deemed necessary. Past record of the company would indicate that as and when funds were needed, the same were provided by the directors from their personal resources and even all the loans from banks and financial institutions were settled with the help of financial assistance provided by the directors and presently no outside borrowings are availed by the company. Due to continued losses the management decided to stop the production and mill has been given on lease since February 15, 1996 which has resulted in curtailing the losses of the company. Due to all these factors directors are confident that there is no significant doubt upon the company's ability to continue as a going concern.

**2 STATEMENT OF COMPLIANCE**

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

**3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**3.1 ACCOUNTING CONVENTION**

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

**3.2 ACCRUAL BASIS OF ACCOUNTING**

These financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

**3.3 Amendments to published standards and new interpretations effective in 2008-2009**

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2007 or later periods:

Amendments to IAS 1, Presentation of Financial Statements - Capital Disclosures introduces new disclosures relating to the capital risk management and does not have any impact on the classification and valuation of the company's financial statements.

**3.4 Standards, amendments and interpretations effective in 2008-2009 but not relevant.**

There are certain new standards interpretations that were mandatory for accounting period beginning on or after July 1, 2007 but are considered not to be relevant or have any significant effect on the company's operation and are therefore not disclosed in the financial

**3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2009 or later periods:

IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2009), issued in September 2007 revises the existing IAS 1 and requires apart from changing the names of certain financial statements, presentation of transactions with owners in statement of changes in equity and with non-owners in the Comprehensive Income Statement. Adoption of the aforesaid standard will only impact the presentation of the financial statements.

IAS 23, (Amendment) 'Borrowing cost' (Effective from January 1, 2009)

IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2009). This amendment has expanded the disclosures required in respect of fair value measurements recognized in the statement of financial position. Moreover, amendments have also been made to the liquidity risk disclosures. Such amendments are not expected to have any significant impact on the Company's financial statements other than increase in disclosures.

**NOOR SILK MILLS LIMITED**  
**NOTES TO THE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**4.1 TANGIBLE FIXED ASSETS**

These are stated at historical cost less accumulated depreciation. Depreciation has been charged to the income on the written down value of the assets. Minor renewals replacements or repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains or losses on disposal of assets are included in the current year's income.

**4.2 TAXATION**

**Current**

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

**Deferred**

The company accounts for deferred taxation using the liability method on all taxable temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. This is recognized on the basis of expected manner of settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantially enacted at

**4.3 REVENUE RECOGNITION**

Rental income from leasing out of mill is recognized on accrual basis.

**4.4 RELATED PARTIES TRANSACTION**

Related parties comprises of group companies, directors, executives and close family members. All related party transactions are made on an arm's length basis using comparable uncontrollable price method.

**5 SHARE CAPITAL**

Issued, subscribed and paid-up  
 400,000 Ordinary shares of Rs.10 each fully paid in cash

	2009 Rupees	2008 Rupees
	<u>4,000,000</u>	<u>4,000,000</u>



**6 LONG TERM LOANS**

This represents long-term loans obtained from the following directors, shareholders and their family members. No interest has been charged on these loans. Repayment terms have not yet been decided by the Company.

1 Mr. Amin Noor	6.2	586,473	960,050
2 Mrs. Farida		1,750,000	1,750,000
3 Mrs. Jamila		1,760,000	1,760,000
4 Mrs. Naacem		290,000	290,000
5 Mrs. Khair-un-Nisa		200,000	200,000
6 Mr. Sohail		800,000	800,000
7 Mr. Faisal		600,000	600,000
8 Ms. Bushra		600,000	600,000
		<u>6,586,473</u>	<u>6,960,050</u>
<b>6.1 Loan From Mr. Amin Noor</b>			
Opening Balance		960,050	1,650,000
Less: Adjusted against rent received by him. (Refer Note 13.1 & 13.2)		(373,577)	(689,950)
		<u>586,473</u>	<u>960,050</u>
<b>7 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Creditors for goods and supplies	7.1	2,284,675	2,284,675
Other finance	7.2	669,118	669,118
Deposit from lessee against mill		2,050,000	2,050,000
Accrued expenses		75,000	40,000
		<u>5,078,793</u>	<u>5,043,793</u>

7.1 & 7.2 These represent balances outstanding for quite some time which remained unconfirmed by the respective parties.

8. Operating assets

PARTICULAR	COST			RATE %	DEPRECIATION			COST LESS ACCUMULATED DEPRECIATION AS AT 30-6-2009	
	AS AT 01-07-2008	ADDITIONS/ (DELETIONS)	AS AT 30-6-2009		AS AT 01-07-2008	FOR THE YEAR	ADJUSTMENT		AS AT 30-6-2009
Lease-hold land and building thereon	1,936,302	-	1,936,302	10%	1,896,189	4,011	-	1,900,200	36,102
Electric fittings	603,635	-	603,635	10%	594,406	923	-	595,329	8,306
Furniture & fixture	180,039	-	180,039	10%	173,943	610	-	174,553	5,486
Office equipment	15,101	-	15,101	10%	14,328	77	-	14,405	859
Airconditioners	38,850	-	38,850	10%	37,639	121	-	37,760	1,090
<b>Total 2009 Rs.</b>	<b>2,773,927</b>	<b>-</b>	<b>2,773,927</b>		<b>2,716,505</b>	<b>5,742</b>	<b>-</b>	<b>2,722,247</b>	<b>51,680</b>

PARTICULAR	COST			RATE %	DEPRECIATION			COST LESS ACCUMULATED DEPRECIATION AS AT 30-6-2008	
	AS AT 30-6-2007	ADDITIONS/ (DELETIONS)	AS AT 30-6-2008		AS AT 30-6-2007	FOR THE YEAR	ADJUSTMENT		AS AT 30-6-2008
Lease-hold land and building thereon	1,936,302	-	1,936,302	10%	1,891,732	4,457	-	1,896,189	40,113
Electric fittings	603,635	-	603,635	10%	593,381	1,025	-	594,406	9,229
Furniture & fixture	180,039	-	180,039	10%	173,266	677	-	173,943	6,096
Office equipment	15,101	-	15,101	10%	14,242	86	-	14,328	859
Airconditioners	38,850	-	38,850	10%	37,504	135	-	37,639	1,211
<b>Total 2008 Rs.</b>	<b>2,773,927</b>	<b>-</b>	<b>2,773,927</b>		<b>2,710,125</b>	<b>6,380</b>	<b>-</b>	<b>2,716,505</b>	<b>57,421</b>

Note:

1. The land was obtained on lease from S.I.T.E. on 29-02-1960 on yearly rental basis. It is not possible to segregate the value of the leasehold land from building.
2. The non operative asset have been segregated from operative assets and disclosed separately in Note # 9.



		2009 Rupees	2008 Rupees
<b>9</b>	<b>NON-OPERATING ASSETS</b>		
	Plant & machinery and other assets - book value	262,409	262,409
		<u>262,409</u>	<u>262,409</u>
<b>10</b>	<b>LONG TERM DEPOSITS</b>		
	Power deposits	7,500	7,500
	Line deposit	300	300
	K.E.S.C.	32,104	32,104
	Telephone	8,751	8,751
	Karachi Gas Company Ltd.	210,000	210,000
		<u>258,655</u>	<u>258,655</u>
<b>11</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	1,556,598	1,269,811
	Cash at bank (current account)		
	National Bank of Pakistan - SITE Branch	34,657	25,099
	Habib Bank Limited - Adamjee Nagar Branch	7,079	123,019
		<u>41,736</u>	<u>148,118</u>
		<u>1,598,334</u>	<u>1,417,929</u>
11.1	Withdrawal from bank amounting to Rs. 115,940 in earlier years has been shown in cash in hand.		
<b>12</b>	<b>CONTINGENCIES AND COMMITMENTS</b>	NIL	NIL
<b>13</b>	<b>RENTAL INCOME</b>		
	Current		
	Citizen Apparel	720,000	720,000
	Zain Industries	360,000	360,000
	Blue Chips	120,000	120,000
	Telenor Towers	373,577	349,137
		<u>1,573,577</u>	<u>1,549,137</u>
	Prior Period		
	Telenor Towers		
	Received in the year 2005	-	285,000
	Received in the year 2006	-	304,950
	Huzaima Textile		
	Received in the year 2005	-	100,000
			<u>689,950</u>
		<u>1,573,577</u>	<u>2,239,087</u>
13.1	Rent of Rs. 373,577 was received by the director during the year ended 30 June 2009 which is being adjusted against his		
13.2	Rent of Rs. 285,000 and Rs. 304,950 from Telenor Towers and rent of Rs. 100,000 from Huzaima Textile aggregating to Rs. 689,950 were received by the director Mr. Muhammad Amin Noor in earlier years which was declared by him in the books of accounts during the year ended 30 June 2008. The same was adjusted against his loan. (Refer Note 6.1)		

**14 ADMINISTRATIVE EXPENSES**

Directors' remuneration	14.1	360,000	360,000
Salaries allowances and benefits		299,000	204,000
Rent rates and taxes		50,249	145,150
Telephone, postage & courier		24,815	28,865
Printing & stationery		23,309	27,230
Fees and subscription		55,990	36,270
Entertainment		2,150	210
Conveyance		2,972	2,026
Auditor's remuneration	14.2	100,000	65,000
Maintenance & repairing		60,310	32,715
Incidental charges		-	1,370
Social security		-	2,473
Advertisement and publicity		10,800	11,800
		<u>989,595</u>	<u>917,109</u>

**14.1 REMUNERATION PAID TO DIRECTORS AND THE EXECUTIVES**

	Chief Executive		Director		Total	
	2009	2008	2009	2008	2009	2008
Managerial remuneration	180,000	180,000	180,000	180,000	360,000	360,000
Number of persons	1	1	1	1	2	2

Remuneration by way of fee has not been paid or provided during the year.

None of the officers of the company are paid basic annual salary of rupees five hundred thousand or more and therefore, do not fall within the category of executives as defined in the Companies Ordinance 1984.

**14.2 AUDITOR'S REMUNERATION**

Audit fee	75,000	40,000
Review of half yearly accounts	25,000	25,000
	<u>100,000</u>	<u>65,000</u>

**15 TAXATION**

- Current	15.1	60,000	125,000
		<u>60,000</u>	<u>125,000</u>

**15.1 Reconciliation of tax charge for the year**

Tax expense reconciliation has not been presented as the rental income is subjected to flat rate of taxation.

**15.2 No provision for deferred taxation is required as there are no taxable temporary differences.**



**16 BASIC EARNINGS(LOSS) PER SHARE**

Profit after taxation	<u>518,240</u>	<u>1,190,598</u>
Weighted average number of ordinary shares	<u>400,000</u>	<u>400,000</u>
Profit per share (Rupees)	<u>1.30</u>	<u>2.98</u>

There is no dilutive effect on the basic earnings per share of the Company.

**17 TRANSACTIONS WITH RELATED PARTIES**

The Company in the normal course of business has not carried out any transactions with related parties during the year.

	<u>2009</u> Rupees	<u>2008</u> Rupees
Sales	-	-
Purchase	-	-
Other transactions	-	-
	<u>-</u>	<u>-</u>

**18 PLANT CAPACITY AND PRODUCTION**

The plant capacity and actual production has not been determined as the factory premises are on lease w.e.f. 15th February 1996.

**19 CAPITAL RISK MANAGEMENT**

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns to stakeholders through the optimisation of the debt and equity balance:

**20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**FINANCIAL ASSETS:-**

	2009			2008		
	Maturity within one year	Maturity after one year	Total	Maturity within one year	Maturity after one year	Total
Long term deposits	-	258,655	258,655	-	258,655	258,655
Cash & bank balances	1,598,334	-	1,598,334	1,417,929	-	1,417,929
<b>Total</b>	<b>1,598,334</b>	<b>258,655</b>	<b>1,856,989</b>	<b>1,417,929</b>	<b>258,655</b>	<b>1,676,584</b>

**FINANCIAL LIABILITIES**

	2009			2008		
	Maturity within one year	Maturity after one year	Total	Maturity within one year	Maturity after one year	Total
Long term loans	-	6,586,473	6,586,473	-	6,960,050	6,960,050
Creditors accrued & other liabilities	5,078,793	-	5,078,793	5,043,793	-	5,043,793
	5,078,793	6,586,473	11,665,266	5,043,793	6,960,050	12,003,843
<b>Grand total</b>	<b>5,078,793</b>	<b>6,586,473</b>	<b>11,665,266</b>	<b>5,043,793</b>	<b>6,960,050</b>	<b>12,003,843</b>

**i. Concentration of Credit Risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparts failed to perform as contracted.

The Company believes that it is not exposed to major concentration of credit risk.

**ii. Interest Rate Risk**

Interest rate risk arises from possibility that changes in interest rates will effect the value of financial instruments. The Company is not exposed to interest rate risk as no interest bearing borrowings are availed by the Company.

**iii. Foreign exchange risk management**

Foreign currency risk arises mainly when receivables and payables exist due to sales and purchase transaction with foreign undertakings. The Company is not exposed to such risks as no sales and purchase transactions are made with foreign undertakings.

**iv. Fair Value of Financial Instruments**

The carrying value of all the financial instruments reported in the financial statements approximate their fair value.

**21. NUMBER OF EMPLOYEES**

Number of employees as at June 30, 2009 were 3 (2008: 3)

**22. DATE OF AUTHORIZATION**

These financial statements are authorized for issue on \_\_\_\_\_ by th Board of directors of the Company.

**23. GENERAL**

Figures have been rounded off to the nearest rupee.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR



## KEY FINANCIAL DATA

PARTICULAR	2009	2008	2007	2006	2005	2004
<b>ASSETS &amp; LIABILITIES</b>						
Paid up capital	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Accumulated loss	14,487,919	14,936,159	16,126,757	16,081,254	15,980,457	16,258,151
Long-term loans	6,586,473	6,960,050	7,650,000	7,650,000	7,650,000	7,650,000
Fixed asset / non Fixed asset	3,036,336	3,036,336	3,036,336	3,082,643	13,003,488	13,003,488
Accumulated depreciation	2,722,248	2,716,505	2,756,432	2,749,341	12,616,003	12,471,804
Current assets	1,604,334	1,423,929	901,901	1,142,089	868,981	555,420
Current liabilities	6,008,523	5,978,523	5,923,523	6,165,299	5,845,578	5,852,801
<b>INCOME</b>						
Rental Income	1,573,577	2,239,087	1,200,000	1,200,000	1,140,000	1,140,000
Other income	-	-	-	-	-	-
Pre-tax Profit	578,240	1,315,598	14,447	338,924	427,221	422,727
Taxation	60,000	125,000	60,000	439,722	149,527	147,954
<b>STATISTICS AND RATIO</b>						
Pre-tax profit to rental income(%)	36.74	58.75	1.28	28.24	37.47	37.66
Pre-tax profit to capital (%)	1.446	3.288	0.362	8.47	10.68	10.73
Current ration	0.267	0.238:1	0.157:1	0.193:1	0.148:1	0.095:1
Paid up value per share (Rs.)	10	10	10	10	10	10
Profit per share	1.30	2.97	0.11	0.25	0.60	0.69

**PATTERN OF HOLDING OF THE SHARE HELD  
BY THE SHAREHOLDERS OF NOOR SILK MILL LIMITED  
AS AT 30th JUNE 2009**

Number of Share holders	Share holding From	To	Total Shares held	Percentage of Issued Capital
766	1	100	40,500	10.12
31	101	501	83,000	2.07
4	51	1000	3,150	0.73
13	1001	5000	43,700	1.09
5	5001	10000	37,050	9.01
4	10001	15000	60,000	15
-	15001	20000	—	—
2	20001	25000	20,650	5.16
-	25001	30000	—	—
-	30001	35000	33,500	8.38
-	35001	40000	42,750	11.04
-	40001	45000	—	—
-	45001	50000	—	—
-	50001	55000	—	—
-	55001	60000	—	—
-	60001	65000	—	—
-	65001	70000	—	—
-	70001	75000	—	—
-	75001	80000	—	—
-	80001	85000	—	—
-	85001	90000	—	—
-	90001	95000	—	—
-	95001	100000	—	—
-	100001	105000	—	—
-	105001	110000	—	—
-	110001	115000	—	—
-	115001	120000	—	—
-	120001	125000	—	—
-	120001	125000	110,400	27.60
826			400,000	100

Categories of Share holders	Number	Share Held	Percentage
<b>Associated Companies Undertakings and Related Parties.</b>	—	—	—
<b>NIT and ICP</b>	—	—	—



**Directors, CEO & their  
Spouse and Minor Children**

9

Haji Noor.Mohammad	-	110,400	27.60
M. Amin H. Noor		42,750	10.68
Ms.Farida Ashraf		33,500	8.38
Mrs. Jamila Ilyas		20,650	5.16
Ashraf H. Mohammad		5,000	1.25
Younus A.Aziz		5,000	1.25
Abdul Rauf Mohammad		5,000	1.25
Spouses		20,000	5.00
Public Sector Companies and Corporation	-		-
Bank , Development Finance/ institution Non, Banking Finance Institution, Insurance Companies; Madarabas and Mutual Funds	-		-
Share holding 10 percent or more voting interest in the company			
Individuals	817		
Holding more than 10 %			
Holding less than 10 %		157,700	39.43
	<b>826</b>	<b>4,000,00</b>	<b>100</b>

**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 applicable to the Company for the year ended 30 June, 2009 prepared by the Board of Directors of **NOOR SILK MILLS LIMITED** to comply with the Listing Regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

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

As part of 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 internal control covers all controls and effectiveness of such internal controls.

Further, Sub-Regulation (xiii) of Listing Regulations 37 (now 35) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, following has come to our attention:

A dispute is persisting between the directors and two directors do not attend the Board meetings and Annual General Meetings. Though the minutes of the meeting of Board of Directors have been presented, however acknowledgement of issuance of notice to these respective directors for holding of meetings were not presented. Minutes of the audit committee have also not been presented.

Because of the matters referred above, 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.

Karachi:

**Muniff Ziauddin Junaidy & Co.**  
**Chartered Accountants**





# NOOR SILK MILLS LIMITED

## PROXY FORM

Please quote Folio Number

I/We \_\_\_\_\_

a member of NOOR SILK MILLS LIMITED do here by \_\_\_\_\_

appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend and vote for me/us and on my/our behalf at the 44th Annual General Meeting, of the company to be held on the 31st Oct. 2009 and adjournment thereof.

As witness my/our hand this.

**Fifty Paisa  
Revenue Stamp**

**NOTE:** A member entitle to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf "A" proxy must be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.



