



Reg. No. : 9901118



Certificate No. 1495

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COMPANY PROFILE

Board of Directors

Shaikh Mohammad Muneer	Chairman / Chief Executive
Shaikh Mohammad Naseer	Director
Shaikh Mohammad Jawed	Director
Shaikh Mohammad Pervez	Director
Shaikh Mohammad Tariq	Director
Shaikh Mohammad Tanveer	Director
Mr. Shahzad Naseer	Director
Mr. S.M Naveed	Director
Mr. Irfan Muneer	Director
Mr. Fawad Jawed	Director

Secretary

Mr. Islam Ahmed

Auditors

Mushtaq & Co.
Chartered Accountants

Bankers

Meezan Bank Ltd.
Citibank N.A.
ABN Amro Bank N.V
Union Bank Ltd.
Standard Chartered Bank Ltd.
Faysal Bank Ltd.
Habib Bank AG Zurich
Habib Bank Ltd.
United Bank Ltd.
The Hong Kong and Shanghai Banking Corporation Ltd.

Registered Office

Din House, 35-A/1, Lalazar Area,
Opp. Beach Luxury Hotel, Karachi.

Audit Committee

Shaikh Mohammad Jawed	Chairman
Shaikh Mohammad Pervez	Member
Mr. Shahzad Naseer	Member

Chief Financial Officer

Mr. Noman Ahmed

Mills

Unit-I and II Kot Akbar Khan, 70km Multan Road, Tehsil Pattoki,
Distric Kasur, Punjab.
Unit-III Revenue State, Bhai Kot, Tablighi Chowk, Raiwind Road, Tehsil and Distt. Lahore.
Website : www.dingroup.com

CORPORATE VISION / MISSION STATEMENT

Vision

We aim at transforming Din Textile Mills Ltd. (DTML) into a complete Textile unit to further explore international market of very high value products. Our emphasis would be on product and market diversification, value addition and cost effectiveness. We intend to fully equip the Company acquire pioneer role in the economic development of the Country.

Mission

The Company should secure and provide a rewarding return on investment to its shareholders and investors, quality products to its customers, a secured and friendly environment place of work to its employees and present itself as a reliable partner to all business associates.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of Din Textile Mills Limited will be held on Monday the 17th September, 2007 at 11:00 a.m. at Dilkusha Hall, Pearl Continental Hotel, Club Road, Karachi to transact the following business.

1. To confirm the minutes of the Extra Ordinary General Meeting of the Company held on 13th March, 2007.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2007 together with Directors' and Auditors' Report thereon.
3. To appoint Auditors, and fix their remuneration.
4. To transact any other business with the permission of the chair.

By Order of the Board

Karachi: August 17, 2007

ISLAM AHMED
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from 10th September, 2007 to 17th September, 2007 (both day inclusive).
2. A Member entitled to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. A proxy in order to be effective must be received by the Company not less than 48 hours before the time of the meeting.
3. Members whose shares are deposited with Central Depository Company of Pakistan Limited are requested to bring their National Identity Cards along with the participants' I.D. number and their account number in Central Depository Company of Pakistan Limited to facilitate identification at the time of Annual General Meeting. In case of proxy an attested copy of proxy's Identity Card, Account and Participants I.D. number be enclosed. In case of corporate entity, the Board of Directors, resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).
4. Shareholders are advised to notify immediately of any change in their addresses to our share department, Din Textile Mills Ltd., Din House, 35 -A/I, Lalazar Area, Opp. Beach Luxury Hotel, M. T. Khan Road, Karachi- 74000.

DIRECTORS' REPORT

The directors of your Company are pleased to place their report together with the auditors report and audited financial statements of the Company for the year ended June 30th, 2007 before the 20th, Annual General Meeting.

During the year under review, the Company has earned profit before taxation of Rs. 90.53 million. Depreciation of Rs. 210.71 million and financial charges of Rs. 136.96 million have been charged. Provision for current year taxation on income has been made of Rs. 20.27 million.

	2007 Rupees	2006 Rupees
Profit before taxation	90,530,769	34,581,102
Provision for taxation		
Current	20,271,117	13,153,566
Prior year	-	2,016,209
Deferred	(96,086,671)	(29,195)
	(75,815,554)	15,140,580
Profit after taxation	166,346,323	19,440,522
Un-appropriated Profit brought forward	539,582,326	520,141,804
Un-appropriated Profit carried forward	705,928,649	539,582,326
Earning per share	8.98	1.05

The directors have not recommended any dividend for the year due to tight liquidity position resulting from heavy repayment of long term liability of financial institutions.

Operational Analysis

The key business performance indices for the year of your company are as follows:

	2007 Rupees	2006 Rupees	Variance %
Total Sales	2,772,414,780	2,510,860,532	+ 10.42
Local Sales	1,295,143,034	1,532,081,690	- 15.47
Export Sales	1,477,271,746	978,778,842	+ 50.93
Gross Profit	293,401,901	233,523,238	+ 25.64

Sales and Gross Profit Analysis

Overall sales of your company increased by 10.42 percent. Export sales have increased by 50.93 percent

The cotton prices were higher as compared to the preceding year, which caused adverse impact on the textile sector. In addition to purchase of raw cotton from local market your company has also imported raw cotton from abroad for production of fine quality yarn.

Increase in oil prices in the international market and local market has affected every sector of economy. Fuel, power and the gas cost of the existing units of your company has also increased.

The finance cost increase in the current year. But the finance cost of your company is not increase due to better finance management of the finance team.

In spite extra ordinary increases in costs, the Company has been able to generate gross profit to Rs. 293.40 million as compared to Rs. 233.52 million during the preceding year. This improvement was possible due to aggressive marketing efforts in local and international market, which made it possible to fetch maximum price for the Company's products under most competitive market conditions.

Salient Feature of the Accounting Results

The achievement of the year under review may be compared against preceding year in percentage as follows:

- Sales-net for the year Rs. 2, 714.49 million increased by 10.64 percent (2006: Rs. 2,453.34 million).
- Cost of sales Rs. 2,421.09 million increased by 9.07 percent (2006: Rs. 2,219.81 million).
- Gross profit has improved by 25.64 percent to Rs. 293.40 million (2006: Rs. 233.52 million). Gross profit ratio is 10.81 (2006: 9.52) percent.
- Administrative expenses Rs. 35.26 million increased by 0.30 percent (2006: 35.15 million).
- Selling expenses Rs. 33.62 million increased by 22.91 percent (2006: 27.35 million).
- Finance cost Rs. 136.96 million decreased by 3.99 percent (2006: Rs. 142.64 million)
- Profit before taxation increased by 161.79 percent Rs. 90.53 million (2006: Rs. 34.58 million).

Future Prospects

Our Country's textile industry is facing unfair competition from its neighboring countries, India, China and Bangladesh. The Governments of neighboring countries are providing rebates, subsidies and facilities to their industry to sustain growth in the international market. Our Government should also come up in front to provide equivalent rebates, subsidies and facilitates to bring our industry at par with our regional competitors.

Two Gas Generators of 1.7 MW has been installed and there benefit of which is coming from April 2007.

The Companys focus is towards production and exports of value added yarns.

The new unit, having most modern technology of Reiter, imported from Switzerland and Germany, is producing valuable compact yarn which is fetching premium price. In future our premium price/value -added products are expected to help to improve the solvency, liquidity and profitability position of your company.

Despite adverse factors like rising trend of mark-up rates prevailing in the financial market, increase of fuel prices, depressed yarn prices and increase in cotton prices, your management is still making its best effort to improve its results in line with the history of the Company.

Direct Expenses Incurred on Sales

Direct expenses incurred on sales (commission and claims) have been deducted from sales (refer to note 27 to financial statements) for presentation in profit and loss account. It has no effect on profit for the year

Related Parties

The Board of Directors has approved the policy for transaction/contract between Company and its related Parties on an arms length basis and relevant rates are to be determined as per the comparable un-controlled price method.

Taxation

Provision for taxation in respect of export proceeds and other income has been fully provided. For outstanding taxes and levies, please refer to notes 34 and 23 to the annexed audited financial statements.

Statement of Compliance with the Best Practices on Transfer Pricing

The Company has fully complied with the best practices of transfer pricing as contained in the listing regulation of Stock Exchanges.

Environment, Health, Safety and Social Actions

Din Textile Mills Ltd provides and maintains, so far as reasonably practicable, plant equipment, systems and working conditions which are safe and without risk to the health of all employees and public. Management has maintained safe environment in all its operations throughout the year.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK (Code of Corporate Governance)

The Board of Directors have pleasure to inform you that the Company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the listing regulations of the Karachi and Lahore Stock Exchanges. Statement of Compliance with the Code of Corporate Governance is annexed. The Company complies with the Code in the following manner.

- (a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (b) Proper books of account of the Company have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the Companys ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- (h) We have prepared and circulated a statement of ethics and business strategy among directors and employees.
- (i) The board of directors has adopted a mission statement and a statement of overall corporate strategy.
- (j) As required by the Code of Corporate Governance, we have included the following information in this report:
 - Statement of pattern of shareholding
 - Statement of shares held by associated undertakings and related parties
 - Statement of the board meetings held during the year and attendance by each director
 - Key operating and financial statistics for last six years

Board Meetings

During the year, six (6) meetings of the Board of Directors were held and the attendance of the Board members was as under:-

Sr. No.	Name of Director	No. of Meeting Attended
1.	Shaikh Mohammad Muneer	5
2.	Shaikh Mohammad Naseer	6
3.	Shaikh Mohammad Jawed	6
4.	Shaikh Mohammad Pervez	6
5.	Shaikh Mohammad Tariq	6
6.	Shaikh Mohammad Tanveer	6
7.	Mr. Shahzad Naseer	6
8.	Mr. S. M. Naveed	6
9.	Mr. Irfan Muneer	6
10.	Mr. Fawad Jawed	6

There has been no reported trading during the year in the shares of the Company carried out by the directors, CEO, CFO, and Company Secretary and their spouses or minor children.

Audit Committee

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit committee. The names of its members are given in the Company profile.

The terms of reference of the Audit Committee is based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the Board of Directors from time to time to improve the system and procedures.

With the framework of terms of reference determined by the Board of Directors, the Audit Committee, among other things, will recommend appointment of external auditors and review of periodical statements.

Auditors

The present auditors M/s Mushtaq and Company, Chartered Accountants, Karachi, retire and being eligible, offer themselves for re-appointment under the terms of the Code of Corporate Governance, they have been recommended by Audit Committee for the re-appointment as auditors until the conclusion of the next Annual General Meeting.

In the end, the Board would like to record its appreciation for ongoing support and confidence of all our bankers and for technical assistance and hard work of the advisors and employees of the Company.

For and On behalf of
The Board of Directors

Karachi:
Date: August 17, 2007

SHAHZAD NASEER
Director

**SIX YEARS AT A GALANCE
FOR THE YEAR ENDED JUNE 30, 2007**

(Rs in '000)

	2002	2003	2004	2005	2006	2007
Sales	1,513,765	1,540,195	1,656,202	1,280,167	2,453,338	2,714,494
Cost of Sales	1,256,231	1,317,050	1,524,665	1,161,063	2,219,814	2,421,093
Gross Profit	257,534	223,145	131,537	119,104	233,524	293,401
Other Income	9,448	1,529	2,723	3,542	8,031	7,730
Administration & Selling	57,668	56,949	66,236	38,198	62,507	68,879
Other Charges	7,715	6,497	1,962	2,758	1,820	4,765
Financial Charges	56,036	37,841	28,781	58,989	142,646	136,957
Profit before Taxation	145,563	123,387	37,281	22,701	34,582	90,530
Taxation	23,000	(14,453)	18,628	143,367	15,141	(75,816)
Profit after Taxation	122,563	137,840	18,653	(120,666)	19,441	166,346
Balance Sheet						
Share Capital	154,419	154,419	154,419	185,303	185,303	185,303
Reserve	546,082	683,923	671,692	520,142	539,582	705,929
Share Holder Equity	700,501	838,342	826,111	705,445	724,886	891,232
Long Term Obligations	186,959	61,248	230,481	1,451,312	1,371,295	1,117,955
Current Liability & Provision	299,658	389,386	770,783	1,081,426	951,651	1,152,843
Total	1,187,118	1,288,976	1,827,375	3,238,183	3,047,832	3,162,030
Fixed Assets-Tangible	621,529	692,743	822,975	2,153,547	2,120,558	2,005,359
Long Term Loans And Advances	-	-	-	-	1,218	1,638
Long Term Security Deposit	12,892	9,424	1,066	3,593	3,850	3,012
Current Assets	552,697	586,809	1,003,334	1,081,043	922,206	1,152,021
Total	1,187,118	1,288,976	1,827,375	3,238,183	3,047,832	3,162,030

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principle contained in the Code in the following manner;

1. The Company encourages representation of independent non-executive directors. At present the Board includes five non-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. 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 an NBFI or, being a member of a stock exchange, has been declared as a defaulted by that stock exchange.
4. There was no casual vacancy of directors during the year.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
6. The Board has developed vision and mission statement, over all corporate strategy and significant policies of the company. Which have been approved by the Board of Directors.
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 meeting of the Board was 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. The Board held six meetings during the year. Written notices of the Board meeting, 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 Directors of the company attended the orientation courses for their duties and responsibilities.
10. There was no change in the position of Company Secretary, Chief Financial Officer or Head of Internal Audit during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises three members, of whom two are non - executive directors including the chairman of the committee.
16. The meeting 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 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 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.
20. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board of Directors

Karachi:
Date: August 17, 2007

SHAHZAD NASEER
Director

AUDITORS' 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 as applicable to the company for the year ended June 30, 2007 prepared by the Board of Directors of **Din Textile Mills Limited** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of Lahore 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 companys 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 system 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 Boards statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, no thing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the Companys compliance, in all material respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2007.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Din Textile Mills Limited as at June 30, 2007 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 purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the 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 verifications, 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 accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in 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, 2007 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).
- (e) Without qualifying our opinion, we report that direct expenses incurred on sales have been deducted from sales (refer to note 27) for presentation in profit and loss account. It has no effect on profit for the year

**BALANCE SHEET
AS AT JUNE 30, 2007**

	Note	2007 Rupees	2006 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	2,001,836,292	2,107,863,245
Capital work in progress	6	3,522,360	12,694,287
		<u>2,005,358,652</u>	<u>2,120,557,532</u>
Long term loans and advances	7	1,638,070	1,218,200
Long term deposits	8	3,012,053	3,850,235
CURRENT ASSETS			
Stores, spare parts and loose tools	9	96,769,077	88,084,540
Stock in trade	10	644,740,014	538,258,530
Trade debts	11	352,912,862	213,028,850
Loans and advances	12	37,279,589	41,948,202
Trade deposits and short term prepayments	13	2,717,155	1,018,094
Other receivables	14	9,032,661	13,987,103
Cash and bank balances	15	8,569,793	25,880,618
		<u>1,152,021,151</u>	<u>922,205,937</u>
TOTAL ASSETS		<u><u>3,162,029,926</u></u>	<u><u>3,047,831,904</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
50,000,000 ordinary shares of Rs. 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	16	185,303,210	185,303,210
Reserves	17	705,928,649	539,582,326
		<u>891,231,859</u>	<u>724,885,536</u>
NON CURRENT LIABILITIES			
Long term financing from banking companies and other financial institutions	18	501,550,000	662,500,000
Long term loan from directors	19	500,000,000	500,000,000
Liabilities against assets subject to finance lease	20	1,541,263	2,778,590
<i>Deferred liabilities</i>			
Staff retirement benefit - gratuity	21	38,479,897	33,545,824
Taxation	22	76,384,134	172,470,805
		<u>114,864,031</u>	<u>206,016,629</u>
CURRENT LIABILITIES			
Trade and other payables	23	133,667,150	117,276,525
Accrued mark up and interest	24	19,378,763	20,226,274
Short term borrowings	25	772,218,414	684,576,031
<i>Current portion of</i>			
Long term borrowings		225,000,000	125,000,000
Liabilities against assets subject to finance lease		2,578,446	4,572,319
		<u>1,152,842,773</u>	<u>951,651,149</u>
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		<u><u>3,162,029,926</u></u>	<u><u>3,047,831,904</u></u>

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

SHAIKH MOHAMMAD TARIQ
Director

SHAHZAD NASEER
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2007

	Note	2007 Rupees	2006 Rupees
Sales - Net	27	2,714,494,462	2,453,337,735
Cost of sales	28	(2,421,092,561)	(2,219,814,497)
Gross profit		293,401,901	233,523,238
Other operating income	29	7,729,597	8,030,563
Distribution cost	30	(33,619,431)	(27,352,174)
Administrative expenses	31	(35,259,284)	(35,154,815)
Other operating expenses	32	(4,764,777)	(1,820,058)
Finance cost	33	(136,957,237)	(142,645,652)
Profit before taxation		90,530,769	34,581,102
Taxation	34	75,815,554	(15,140,580)
Profit for the year		166,346,323	19,440,522
Earning per share - basic and diluted	35	8.98	1.05

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

SHAIKH MOHAMMAD TARIQ
Director

SHAHZAD NASEER
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2007**

	Note	2007 Rupees	2006 Rupees
Cash Flow From Operating Activities			
Cash generated from operations	36	219,147,391	502,170,576
Finance cost paid		(137,804,748)	(145,996,248)
Taxes (paid)/refunded - Net		(22,204,356)	22,247,844
Dividend paid		(74,835)	(26,821)
Staff retirement benefit - gratuity paid		(6,116,939)	(4,265,264)
Net cash generated from operating activities		52,946,513	374,130,087
Cash Flow From Investing Activities			
Proceeds from sale of property, plant & equipment		2,770,163	9,637,584
Fixed capital expenditure		(95,001,544)	(163,133,020)
Long term loans and advances		(419,870)	(1,218,200)
Long term deposits		838,182	(257,246)
Net cash used in investing activities		(91,813,069)	(154,970,882)
Cash Flow From Financing Activities			
<i>Proceeds net-off repayments from</i>			
Long term financing from banking companies and other financial institutions		(60,950,000)	(532,500,000)
Long term loan from directors		-	500,000,000
Liabilities against assets subject to finance lease		(5,136,652)	(19,205,307)
Long term morabaha		-	(100,000,000)
Net cash used in financing activities		(66,086,652)	(151,705,307)
Net increase/(decrease) in cash and cash equivalents		(104,953,208)	67,453,898
Cash and cash equivalents at the beginning of the year		(658,695,413)	(726,149,311)
Cash and cash equivalents at the end of the year		(763,648,621)	(658,695,413)
Cash and cash equivalents			
Cash and bank balances	15	8,569,793	25,880,618
Short term borrowings	25	(772,218,414)	(684,576,031)
		(763,648,621)	(658,695,413)

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

SHAIKH MOHAMMAD TARIQ
Director

SHAHZAD NASEER
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2007**

Share Capital	Reserves				Sub Total	Total
	Capital	Revenue				
	Merger reserve	General	Unappropriated Profit			
-----R u p e e s-----						

Balance as at July 01, 2005	185,303,210	10,376,660	400,000,000	109,765,144	520,141,804	705,445,014
Profit for the year	-	-	-	19,440,522	19,440,522	19,440,522
Balance as at June 30, 2006	185,303,210	10,376,660	400,000,000	129,205,666	539,582,326	724,885,536
Profit for the year	-	-	-	166,346,323	166,346,323	166,346,323
Balance as at June 30, 2007	185,303,210	10,376,660	400,000,000	295,551,989	705,928,649	891,231,859

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

SHAIKH MOHAMMAD TARIQ
Director

SHAHZAD NASEER
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

1 STATUS AND ACTIVITIES

The Company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on stock exchanges at Karachi and Lahore. The principal business of the Company is to manufacture and sale of yarn. The Mills are located at Pattoki and Raiwind in the province of Punjab. The registered office of the Company is situated at 35-A/1Lalazar area, opposite Beach Luxury Hotel, Karachi in the province of Sindh, Pakistan.

2 STATEMENT OF COMPLIANCE

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

2.2 Standards, Interpretations and amendments to published approved accounting standards

2.2.1 Amendments to published standards effective in 2006

IAS 19 (Amendment) - Employee Benefits, is mandatory for the company's accounting periods beginning on or after July 01, 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. The company does not intend to adopt the alternative approach for recognition of actuarial gains and losses. Adoption of this amendment only impacts the format and extent of disclosures as presented in note 21 to the financial statements.

2.2.2 Standards, amendments and interpretations effective in 2006 but not relevant

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2006 are considered not to be relevant or have any significant effect to the company's operations.

2.2.3 International financial reporting standards or interpretations not yet effective but relevant

The following new standards and amendments of approved accounting standards are only effective for accounting periods beginning on or after July 01, 2007.

IAS - 1 Presentation of financial statements - amendments relating to capital disclosures

IAS - 23 (Revised) Borrowing Costs

IAS - 41 Agriculture

IFRS - 2 Share based payment

IFRS - 3 Business combinations

IFRS - 5 Non-current Assets Held for Sale and Discontinued Operations

IFRS - 6 Exploration for and Evaluation of Mineral Resources

In addition, interpretations in relation to certain IFRSs have been issued by the International Accounting Standards Board (IASB) that are not yet effective.

The company expects that the adoption of the above standards, amendments and interpretations will have no impact on the company's financial statements in the period of initial application other than increased disclosures.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain staff retirement benefits at present value.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies, reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have significant risk of material adjustments to the financial statements in subsequent years are discussed in note 41.

Functional and presentation currency

These financial statements are presented in Pak Rupee which is company's functional currency.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Property, plant and equipments - owned

Property, plant and equipment except for free-hold land are stated at cost less accumulated depreciation and any identified impairment loss, if any. Freehold land is stated at cost less any identified impairment loss.

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method at the rates specified in the note 5.

Depreciation on additions during the year is charged on pro-rata basis when the asset is available for use. Similarly the depreciation on deletion is charged on pro-rata basis up to the period when the asset is derecognized.

Expenditure incurred subsequent to the initial recognition of asset is capitalized only when it increases the future economic lives embodied in the items of above assets. All other expenditure is recognized in the profit and loss account as an expense.

Gain or loss on disposal of property, plant and equipment are charged to income during the period in which they are incurred.

4.2 Accounting for leases and assets subject to finance leases

Assets held under finance leases are recognized as assets of the company at their fair value at the date of acquisition 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 a finance lease obligation.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged at rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

Income arising from sale and lease back transactions, if any, is deferred and amortized equally over the lease period.

Lease rentals payable on assets held under operating leases are charged to income in arriving at operating profits.

4.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.4 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.5 Stock in trade

These are valued at lower of cost and net realizable value (NRV) except waste which is valued at NRV, cost is determined as follows:

Raw material	Weighted average cost except those in transit which are stated at cost comprising invoice value plus other charges incurred thereon
Finished goods and work in process	Raw material cost plus appropriate manufacturing overheads

Net realizable value signifies the selling prices prevailing in the market less selling expenses incidental to sales.

4.6 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

4.7 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent are short term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

4.8 Staff retirement benefit*Defined benefit plan*

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2007 using the Projected Unit Credit Method.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of previous reporting period exceeds 10 percent of the present value of defined benefit obligation at that date.

4.9 Taxation*Current*

Provision for current taxation is based on taxable income at current enacted rates of taxation after taking into account tax credits, rebates and exemptions available, if any. The charge for current tax includes any adjustment to past years liabilities.

Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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

4.10 Trade and other payables

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

4.11 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.12 Borrowing cost

All mark up, interest and other charges incurred are charged to current income on an accrual basis.

4.13 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.14 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. 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. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.15 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

4.16 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and the liabilities simultaneously.

4.17 Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount to which the asset belongs. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.18 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest/ mark up free.

4.19 Dividend

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

5 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost		Rate	Depreciation		Book value as at June 30, 2007
	As at July 01, 2006	Addition/ (Deletion)		As at July 01, 2006	Charge / (deletion) for the year	
	-----Rupees-----			-----Rupees-----		-----Rupees-----
OWNED						
Freehold Land	58,188,022	(293,207)	-	-	-	57,894,815
Building on Freehold Land	416,841,327	15,871,165	10%	29,788,300	154,043,188	278,669,304
Plant and Machinery	2,335,151,122	84,114,791	10%	164,709,297	870,043,836	1,549,222,077
Electric Installation	85,974,416	1,321,154	10%	4,985,059	42,107,987	45,187,583
Tools and Equipment	40,343,308	1,036,042	10%	3,051,219	13,142,965	28,236,385
Furniture and Fixtures	6,480,759	751,453	10%	470,191	2,829,951	4,402,261
Office Equipment	1,993,038	69,700	10%	93,081	1,210,563	852,175
Computer	6,637,853	904,166	30%	995,592	5,218,971	2,323,048
Vehicles	35,718,707	105,000	20%	3,459,522	18,950,399	13,348,472
	2,987,328,552	104,173,471		207,552,261	1,107,547,860	1,980,136,120
		(3,818,043)		(2,418,975)		
LEASED						
Plant and Machinery	17,550,900	-	10%	1,431,553	3,043,488	14,507,412
Vehicles	8,628,000	1,905,452	20%	1,798,080	3,340,692	7,192,760
Total Rupees 2007	3,013,507,452	106,078,923		210,706,808	1,113,932,040	2,001,836,292
		(3,818,043)		(2,418,975)		
Total Rupees 2006	2,772,415,717	256,246,164		699,100,648	905,644,207	2,107,863,245
		(15,154,429)		(7,278,611)		

2006
Rupees

2007
Rupees

5.1 Depreciation for the year has been allocated as under:

Cost of sales	209,732,872	
Administrative expenses	4,089,298	
	<u>213,822,170</u>	

5.2 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Name of buyer	Address	Mode of disposal
Vehicles	601,523	382,640	218,883	225,000	Ghulam Hussain	Ismail Nagar, Lahore.	Negotiation
	699,976	603,481	96,495	550,000	EFU General Insurance Company Limited	Karachi	Insurance claim
	379,100	314,901	64,199	60,000	Muhammad Iqbal Hussain	Main Market Gulberg, Lahore	Negotiation
	485,000	330,946	154,054	115,000	Saif Ullah Khan	Tajpura , Lahore.	Negotiation
	5,117	3,514	1,603	10,000	Amir Rasheed	Main Market, Gulberg, Lahore	Negotiation
	645,397	346,965	298,432	550,000	EFU General Insurance Company Limited	Karachi	Insurance claim
	708,723	436,528	272,195	270,000	Rana Nisar Ahmad	Phool Nagar, Tehsil Pattoki	Negotiation
	<u>3,524,836</u>	<u>2,418,975</u>	<u>1,105,861</u>	<u>1,780,000</u>			
Land	293,207	-	293,207	990,163	National High Way Authority	Lahore	Government land acquisition claim
	<u>293,207</u>	<u>-</u>	<u>293,207</u>	<u>990,163</u>			

		2007	2006
		Rupees	Rupees
6 CAPITAL WORK IN PROGRESS			
Building-civil work		-	11,865,530
Plant and machinery		3,522,360	828,757
		<u>3,522,360</u>	<u>12,694,287</u>
7 LONG TERM LOANS AND ADVANCES			
Loans to employees - considered good			
Executives	7.1	680,000	1,185,000
Others		3,487,838	3,178,732
		4,167,838	4,363,732
<i>Less: current portion</i>			
Executives		240,000	660,000
Others		2,289,768	2,485,532
		2,529,768	3,145,532
		<u>1,638,070</u>	<u>1,218,200</u>
7.1 Executives			
Opening balance		1,185,000	1,845,000
Disbursement during the year		500,000	-
		1,685,000	1,845,000
Less: Repayment during the year		(1,005,000)	(660,000)
		<u>680,000</u>	<u>1,185,000</u>
7.1.1	All the loans are granted to the employees in accordance with their terms of employment.		
7.1.2	The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1,310,000 (2006: Rs. 1,790,000).		
		2007	2006
		Rupees	Rupees
8 LONG TERM DEPOSITS			
<i>Security deposits</i>			
Electricity		449,898	887,600
Leasing company		878,015	1,308,495
Others		1,684,140	1,654,140
		<u>3,012,053</u>	<u>3,850,235</u>
9 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		50,058,519	46,351,946
Spare parts		46,492,575	41,598,962
Loose tools		217,983	133,632
		<u>96,769,077</u>	<u>88,084,540</u>
10 STOCK IN TRADE			
Raw material		537,654,961	461,136,416
Work in process		23,832,496	15,142,278
Finished goods		75,325,112	58,364,668
Waste		7,927,445	3,615,168
		<u>644,740,014</u>	<u>538,258,530</u>

		2007	2006
		Rupees	Rupees
11	TRADE DEBTS		
	Considered good		
	Secured	148,090,157	48,722,326
	Unsecured	204,822,705	164,306,524
		<u>352,912,862</u>	<u>213,028,850</u>
12	LOANS AND ADVANCES		
	Considered good		
	Current portion of loans to employees	2,529,768	3,145,532
	<i>Advances to/for</i>		
	Suppliers/expenses	18,157,839	15,159,967
	Suppliers against letters of credit	12,922,903	21,644,292
	Advance income tax - net	3,669,079	1,998,411
		<u>37,279,589</u>	<u>41,948,202</u>
13	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Security deposits	1,621,400	1,018,094
	Prepayments	1,095,755	-
		<u>2,717,155</u>	<u>1,018,094</u>
14	OTHER RECEIVABLES		
	Considered good		
	Export rebate	276,580	421,292
	Sales tax	8,756,081	13,565,811
		<u>9,032,661</u>	<u>13,987,103</u>
15	CASH AND BANK BALANCES		
	Cash with banks		
	Current accounts	7,930,379	25,306,766
	Saving accounts	639,414	573,852
		<u>8,569,793</u>	<u>25,880,618</u>
15.1	It carries mark up at the rate of 1 percent (2006: 3.5 percent) per annum.		
16	ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
	2007	2006	
	Number of shares		
	13,479,600	13,479,600	Ordinary shares of Rs. 10 each fully paid in cash.
	1,962,334	1,962,334	Ordinary shares of Rs. 10 each fully paid for consideration other than cash.
	3,088,387	3,088,387	Ordinary shares of Rs. 10 each issued as fully paid bonus shares.
	<u>18,530,321</u>	<u>18,530,321</u>	
16.1	Associated Company [Din Leather (Pvt) Limited] held 6,000 (2006: 6,000) ordinary shares of the Company.		
16.2	The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.		

		2007	2006
		Rupees	Rupees
17 RESERVES			
<i>Capital</i>			
Merger reserve	17.1	10,376,660	10,376,660
<i>Revenue</i>			
General		400,000,000	400,000,000
Unappropriated profit		295,551,989	129,205,666
		<u>705,928,649</u>	<u>539,582,326</u>

17.1 This represent book difference of capital under scheme of arrangement for amalgamation with Din Power Limited in the year 2001.

		2007	2006
		Rupees	Rupees
18 LONG TERM FINANCING			
Secured - From banking companies and other financial institutions			
ABN Amro Bank Limited	18.1	62,500,000	87,500,000
Habib Bank Limited	18.2	600,000,000	700,000,000
Pak Oman Investment Company Limited	18.3	64,050,000	-
		726,550,000	787,500,000
Less: Current portion		(225,000,000)	(125,000,000)
		<u>501,550,000</u>	<u>662,500,000</u>

18.1 This loan is secured against first pari passu hypothecation charge of Rs. 134 million over plant and machinery and equipment of the company inclusive of 25 percent margin. This loan is repayable in 8 equal semi annual installments of Rs. 12.5 million each commencing from May 29, 2006. It carries mark up at rate of six months KIBOR plus 0.8 % payable semi annually. The effective rate of mark up is 10.8 percent per annum.

18.2 This is secured against first pari passu hypothecation charge over all present and future overall existing and future fixed and floating assets of the Company excluding land, and is repayable in 8 equal semi annually installments of Rs. 100 million each commencing from May 26, 2006. It carries mark up at the rate of 6 percent per annum payable quarterly. which is also the effective rate of mark up.

18.3 This loan is secured against first pari passu hypothecation charge over all present and future assets with 25 percent margin. This loan is repayable in 12 equal semi annual installments of Rs. 5,337,500 each commencing from December 04, 2008. It carries mark up at rate of 7 percent per annum, which is also effective rate of mark up.

19 LONG TERM LOAN FROM DIRECTORS

This is unsecured, interest free and not repayable within next twelve months.

		2007	2006
		Rupees	Rupees
20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
<i>Minimum lease payment</i>			
Up to one year		2,718,426	4,767,825
More than one year but less than five years		1,588,126	2,844,076
		4,306,552	7,611,901
<i>Less: Financial charges not yet due</i>			
Up to one year		139,980	195,506
More than one year but less than five years		46,863	65,486
		186,843	260,992
<i>Present value of minimum lease payment</i>			
Up to one year		2,578,446	4,572,319
More than one year but less than five years		1,541,263	2,778,590
		4,119,709	7,350,909
Less: Current portion shown under current liabilities		2,578,446	4,572,319
		<u>1,541,263</u>	<u>2,778,590</u>

20.1 These represent finance leases which have been obtained under the lease arrangement for vehicles and plant and machinery. The total minimum lease payments are payable in 36 monthly installments. The internal rate of return ranges from 6.75 to 10 (2006: 6.75 to 7) percent per annum are used as discounting factor. The company intend to exercise the option of purchasing the leased assets upon completion of lease term. These are secured against demand promissory notes and security deposits.

	2007	2006			
	Rupees	Rupees			
21 STAFF RETIREMENT BENEFIT-GRATUITY					
21.1 Movement in the net liability recognized in the balance sheet					
Opening net liability	33,545,824	28,761,720			
Expense for the year	11,051,012	9,049,368			
	44,596,836	37,811,088			
Benefits paid during the year	(6,116,939)	(4,265,264)			
Closing net liability	38,479,897	33,545,824			
21.2 Expense recognized in the profit and loss account					
Current service cost	7,842,886	6,634,666			
Interest cost	3,208,126	2,414,702			
	11,051,012	9,049,368			
21.3 The movement in the present value of defined benefit obligation					
Present value of defined benefit obligation	35,879,389	27,799,444			
Current service cost	7,842,886	6,634,666			
Interest cost	3,208,126	2,414,702			
Actuarial (loss/gain)	5,883,393	3,295,841			
Benefits paid	(6,116,939)	(4,265,264)			
	46,696,855	35,879,389			
21.4 Historical information					
	2007	2006	2005	2004	2003
Present value of defined benefit obligation	46,696,855	35,879,389	27,799,444	24,023,982	18,568,308
Experience adjustments on plan liabilities	(5,883,393)	(3,295,841)	1,005,009	(631,570)	588,837
			2007	2006	
			Rupees	Rupees	
21.5 Reconciliation					
Present value of defined benefit obligation	46,696,855	35,879,389			
Unrecognized actuarial gain/(loss)	(8,216,958)	(2,333,565)			
	38,479,897	33,545,824			
21.6 General description					
The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.					
			2007	2006	
			Rupees	Rupees	
21.7 Principal actuarial assumption					
Following are a few important actuarial assumption used in the valuation.					
			%	%	
Discount rate			9	9	
Expected rate of increase in salary			8	7	

	2007 Rupees	2006 Rupees
22 DEFERRED TAXATION		
The liability of deferred taxation comprises of temporary differences.		
<i>Taxable temporary differences</i>		
Accelerated tax depreciation allowance	167,237,691	178,341,324
<i>Deductible temporary differences</i>		
Provision for staff retirement benefit - gratuity	(6,733,982)	(5,870,519)
Unused tax credits-unabsorbed tax depreciation	(84,119,575)	-
	<u>76,384,134</u>	<u>172,470,805</u>
22.1 In view of applicability of presumptive tax regime on major portion of taxable income. Deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.		
	2007 Rupees	2006 Rupees
23 TRADE AND OTHER PAYABLES		
Creditors	59,936,417	46,558,791
Accrued liabilities	41,072,193	32,632,504
Advances from customers	1,599,132	1,490,514
Security deposits	2,738,614	2,683,074
Retention money	774,596	8,992,296
Excise duty on loans 23.1	4,429,581	4,429,581
Sales tax claim payable 23.2	14,759,966	14,759,965
Withholding tax payable	592,394	854,965
Workers' profit participation fund 23.3	4,797,116	1,832,859
Unclaimed dividend	2,967,141	3,041,976
	<u>133,667,150</u>	<u>117,276,525</u>
23.1 The company has provided for excise duty payable on loans from banks/financial institutions. The High Court of Sindh has decided the case in favor of the company. The Supreme Court of Pakistan have allowed the appeal of Federation of Pakistan but the details of the judgment are still awaited. The full position as regards to the liability of the company will become known once the judgment is received.		
23.2 The company has filed appeal in high court of Sindh at Karachi against the order of custom/excise and sales tax appellate tribunal Karachi regarding penalty and additional tax.		
	2007 Rupees	2006 Rupees
23.3 Workers' profit participation fund		
Opening balance	1,832,859	1,228,827
Interest on fund utilized in company's business 33	32,339	12,801
	<u>1,865,198</u>	<u>1,241,628</u>
Paid during the year	(1,832,859)	(1,228,827)
	<u>32,339</u>	<u>12,801</u>
Allocation for the year	4,764,777	1,820,058
Closing balance	<u>4,797,116</u>	<u>1,832,859</u>
24 ACCRUED MARK-UP AND INTEREST		
<i>Mark up/interest accrued on secured loans</i>		
Long term financing	5,127,769	5,121,210
Short term borrowings	14,245,620	14,780,620
Finance lease	5,374	324,444
	<u>19,378,763</u>	<u>20,226,274</u>

		2007 Rupees	2006 Rupees
25	SHORT TERM BORROWINGS		
	<i>From banking companies</i>		
	<i>Secured</i>		
	Running finance	25.1 61,095,419	404,464,540
	Term finance	25.1 455,000,000	63,734,637
	Morabaha	25.1 256,122,995	216,376,854
		<u>772,218,414</u>	<u>684,576,031</u>

25.1 Total credit limits available for short term bank borrowings are Rs 3,465 million (2006: Rs. 2,640 millions). These borrowings were secured against first pari passu hypothecation charge over company's stocks and book debts and lien on export documents. Mark up is payable on quarterly basis and mark up ranges from 5.72 to 13.41 (2006: 6 to 12.61) percent per annum. Average effective interest rate is 9.67 percent. These facilities are expiring on various dates by April 30, 2008.

		2007 Rupees	2006 Rupees
26	CONTINGENCIES AND COMMITMENTS		
	<i>Contingencies</i>		
	Bills discounted with recourse	167,067,025	35,388,900
	Bank guarantees issued in the ordinary course of business	49,309,200	30,309,200
	<i>Commitments</i>		
	Capital commitment in respect of civil work	-	2,995,540
	Letters of credit for capital expenditure	2,244,280	-
	Letters of credit for other than capital expenditure	43,056,908	23,083,598
27	SALES - NET		
	<i>Yarn</i>		
	Export	27.1 948,517,689	972,388,818
	Indirect export	528,754,057	6,390,024
	Local	1,206,707,062	1,453,760,537
	Raw cotton	45,981,415	7,729,944
	<i>Waste</i>	42,454,557	70,591,209
		<u>2,772,414,780</u>	<u>2,510,860,532</u>
	Less:		
	Commission and claims	(57,920,318)	(57,522,797)
		<u>2,714,494,462</u>	<u>2,453,337,735</u>

27.1 This includes net exchange loss and export rebate received amounting to Rs. 3,460,535 (2006: Rs. 5,989,022) and Rs. 2,293,036 (2006: Rs. 2,346,501) respectively.

		2007 Rupees	2006 Rupees
28	COST OF SALES		
	Cost of goods manufactured	28.1 2,272,212,953	2,101,950,546
	<i>Finished goods</i>		
	Opening stock	61,979,836	62,818,069
	Purchases	170,152,329	117,025,718
	Closing stock	(83,252,557)	(61,979,836)
		<u>2,421,092,561</u>	<u>2,219,814,497</u>

		2007 Rupees	2006 Rupees
28.1 Cost of goods manufactured			
Raw material consumed	28.1.1	1,512,869,166	1,354,141,805
Packing material consumed		40,660,582	31,857,949
Stores and spares consumed		51,869,916	48,990,793
Salaries, wages and other benefits	28.1.2	200,499,022	162,294,124
Fuel and power		237,482,091	251,883,007
Insurance		10,875,317	18,655,046
Repairs and maintenance		4,516,669	377,122
Depreciation	5.1	207,093,944	209,732,872
Vehicle running and maintenance		3,573,909	3,744,605
Books and periodicals		459,203	536,796
Postage and telephone		595,900	437,826
Traveling and conveyance		1,649,977	1,697,375
Legal and professional		24,000	175,400
Rent, rates and taxes		1,835,326	1,319,913
Other overheads		6,898,149	12,246,866
		<u>2,280,903,171</u>	<u>2,098,091,499</u>
<i>Work in process</i>			
Opening stock		15,142,278	19,001,325
Closing stock		(23,832,496)	(15,142,278)
		(8,690,218)	3,859,047
		<u>2,272,212,953</u>	<u>2,101,950,546</u>
28.1.1 Raw material consumed			
Opening stock		461,136,416	572,148,828
Purchases		1,520,866,539	1,176,341,500
		<u>1,982,002,955</u>	<u>1,748,490,328</u>
Closing stock		(537,654,961)	(461,136,416)
		1,444,347,994	1,287,353,912
Dyeing charges		68,521,172	66,787,893
		<u>1,512,869,166</u>	<u>1,354,141,805</u>

28.1.2 Salaries, wages and other benefits include Rs. 10,078,201 (2006: Rs. 8,600,997) in respect of staff retirement benefit.

		2007 Rupees	2006 Rupees
29 OTHER OPERATING INCOME			
<i>Income from non financial assets</i>			
Scrap sales		6,358,502	6,268,801
Gain on sale of property, plant & equipment		1,371,095	1,761,762
		<u>7,729,597</u>	<u>8,030,563</u>
30 DISTRIBUTION COST			
Ocean freight		18,077,557	13,271,281
Air freight		-	175,355
Local freight		7,776,931	6,544,010
Clearing and forwarding		2,677,402	2,787,231
Export development surcharge		2,402,292	1,732,566
Samples and others		2,670,954	2,393,974
Traveling expense		14,295	447,757
		<u>33,619,431</u>	<u>27,352,174</u>

		2007 Rupees	2006 Rupees
31 ADMINISTRATIVE EXPENSES			
Director's remuneration	37	6,264,000	7,740,000
Staff salaries and other benefits	31.1	10,404,752	8,629,472
Traveling and conveyance		1,313,538	1,606,345
Vehicle running and maintenance		2,368,822	3,053,303
Rent, rates and taxes		204,684	348,775
Electricity, gas and water		1,256,217	1,147,989
Printing and stationery		633,700	537,252
Fees, subscription and periodicals		868,412	343,200
Legal and professional		1,369,514	503,745
Auditors' remuneration	31.2	435,000	310,000
Repairs and maintenance		798,995	1,493,684
Postage and telephone		2,259,972	3,086,158
Entertainment		234,936	207,823
Advertisement		126,379	24,655
Donation	31.3	58,576	632,860
Depreciation	5.1	3,612,864	4,089,298
Others		3,048,923	1,400,256
		35,259,284	35,154,815

31.1 Staff salaries and other benefits includes Rs. 972,811 (2006: Rs. 448,371) in respect of staff retirement benefits.

		2007 Rupees	2006 Rupees
31.2 Auditors' remuneration			
Audit fee		275,000	250,000
Half yearly and other reviews		60,000	60,000
Tax services		100,000	-
		435,000	310,000

31.3 No directors or their spouses had any interest in the donee funds.

32 OTHER OPERATING EXPENSES

Workers' profit participation fund	23.3	4,764,777	1,820,058
		4,764,777	1,820,058

33 FINANCE COST

Mark up/interest on

Long term financing		49,053,335	70,158,664
Finance lease		250,059	946,625
Short term borrowings		80,185,800	65,796,359
Workers' profit participation fund	23.3	32,339	12,801
Bank charges and commission		7,435,704	5,731,203
		136,957,237	142,645,652

34 TAXATION

Provision for taxation

Current		20,271,117	13,153,566
Prior year		-	2,016,209
Deferred		(96,086,671)	(29,195)
		(75,815,554)	15,140,580

- 34.1** The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the universal self assessment scheme of Income Tax Ordinance, 2001.
- 34.2** The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the total income of the company falls under sections 154 and 169 of the Income Tax Ordinance, 2001. Assessment has been finalized up to Tax year 2006.

		2007	2006
35 EARNING PER SHARE -BASIC AND DILUTED			
<i>Basic earning per share</i>			
Profit after taxation	<i>Rupees</i>	166,346,323	19,440,522
Weighted average number of ordinary shares outstanding during the year	<i>Numbers</i>	18,530,321	18,530,321
Earning per share - Basic	<i>Rupees</i>	8.98	1.05
<i>Diluted earning per share</i>			
There is no dilutive effect on the basic earnings per share of the Company.			

		2007 Rupees	2006 Rupees
36 CASH GENERATED FROM OPERATIONS			
Profit before taxation		90,530,769	34,581,102
<i>Adjustment for</i>			
Depreciation		210,706,808	213,822,170
Staff retirement benefit - gratuity		11,051,012	9,049,368
Finance cost		136,957,237	142,645,652
Gain on disposal of property, plant and equipment		(1,371,095)	(1,761,762)
		357,343,962	363,755,428
Profit before working capital changes <i>(Increase)/decrease in current assets</i>		447,874,731	398,336,530
Stores, spare parts and loose tools		(8,684,537)	(6,494,559)
Stock in trade		(106,481,484)	115,709,692
Trade debts		(139,884,012)	35,266,899
Loans and advances		6,339,281	(4,958,021)
Deposits and short term prepayments		(1,699,061)	(159,899)
Other receivables		4,954,442	(10,312,788)
		(245,455,371)	129,051,324
<i>(Decrease)/increase in current liabilities</i>			
Trade and other payables		16,728,031	(25,217,278)
Cash generated from operations		219,147,391	502,170,576

37 REMUNERATION TO DIRECTORS AND EXECUTIVES

	2007		2006	
	Directors	Executive	Directors	Executive
-----Rupees-----				
Remuneration	5,598,750	7,368,770	5,811,000	8,224,934
House rent allowance	67,500	2,947,508	1,350,000	3,289,973
Utility and medical allowance	597,750	736,877	579,000	822,493
	6,264,000	11,053,155	7,740,000	12,337,400
Number of persons	5	11	5	12

- 37.1** The chief executive of the Company has waived off his remuneration.

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

	2007							Credit Risk
	Interest/Mark up bearing			Non Interest/Mark up bearing			Total	
	Within one year	More than one year	Sub Total	Within one year	More than one year	Sub Total		
----- Rupees -----								
FINANCIAL ASSETS								
Long term deposits	-	-	-	-	3,012,053	3,012,053	3,012,053	3,012,053
Trade debts	-	-	-	352,912,862	-	352,912,862	352,912,862	352,912,862
Loans and advances	-	-	-	2,529,768	1,638,070	4,167,838	4,167,838	4,167,838
Trade deposits and short term prepayments	-	-	-	1,621,400	-	1,621,400	1,621,400	1,621,400
Other receivables	-	-	-	-	-	-	-	-
Cash and bank balances	639,414	-	639,414	7,930,379	-	7,930,379	8,569,793	-
	639,414	-	639,414	364,994,409	4,650,123	369,644,532	370,283,946	361,714,153
FINANCIAL LIABILITIES								
<i>Long term financing from</i>								
Banking companies and other financial institutions	225,000,000	501,550,000	726,550,000	-	-	-	726,550,000	-
Directors	-	-	-	-	500,000,000	500,000,000	500,000,000	-
Finance lease	2,578,446	1,541,263	4,119,709	-	-	-	4,119,709	-
Long term morabaha	-	-	-	-	-	-	-	-
Trade and other payable	-	-	-	112,878,471	-	112,878,471	112,878,471	-
Accrued mark up and interest	-	-	-	19,378,763	-	19,378,763	19,378,763	-
Short term borrowings	772,218,414	-	772,218,414	-	-	-	772,218,414	-
	999,796,860	503,091,263	1,502,888,123	132,257,234	500,000,000	632,257,234	2,135,145,357	-
<i>On balance sheet gap</i>	(999,157,446)	(503,091,263)	(1,502,248,709)	232,737,175	(495,349,877)	(262,612,702)	(1,764,861,411)	-

	2006							Credit Risk
	Interest/Mark up bearing			Non Interest/Mark up bearing			Total	
	Within one year	More than one year	Sub Total	Within one year	More than one year	Sub Total		
----- Rupees -----								
FINANCIAL ASSETS								
Long term deposits	-	-	-	-	3,850,235	3,850,235	3,850,235	3,850,235
Trade debts	-	-	-	213,028,850	-	213,028,850	213,028,850	213,028,850
Loans and advances	-	-	-	3,145,532	1,218,200	4,363,732	4,363,732	4,363,732
Trade deposits and short term prepayments	-	-	-	1,018,094	-	1,018,094	1,018,094	1,018,094
Cash and bank balances	573,852	-	573,852	25,306,766	-	25,306,766	25,880,618	-
	573,852	-	573,852	242,499,242	5,068,435	247,567,677	248,141,529	222,260,911
FINANCIAL LIABILITIES								
<i>Long term financing from</i>								
Banking companies	125,000,000	662,500,000	787,500,000	-	-	-	787,500,000	-
Directors	-	-	-	-	500,000,000	500,000,000	500,000,000	-
Finance lease	4,572,319	2,778,590	7,350,909	-	-	-	7,350,909	-
Long term morabaha	-	-	-	-	-	-	-	-
Trade and other payable	-	-	-	96,596,465	-	96,596,465	96,596,465	-
Accrued mark up and interest	-	-	-	20,226,274	-	20,226,274	20,226,274	-
Short term borrowings	684,576,031	-	684,576,031	-	-	-	684,576,031	-
	814,148,350	665,278,590	1,479,426,940	116,822,739	500,000,000	616,822,739	2,096,249,679	-
<i>On balance sheet gap</i>	(813,574,498)	(665,278,590)	(1,478,853,088)	125,676,503	(494,931,565)	(369,255,062)	(1,848,108,150)	-

	2007	2006
	Rupees	Rupees
OFF BALANCE SHEET ITEMS		
Bills discounted with recourse	167,067,025	35,388,900
Bank guarantees issued in the ordinary course of business	49,309,200	30,309,200
Capital commitment in respect of civil work	-	2,995,540
Letter of credit for capital expenditures	2,244,280	-
Letter of credit for other than capital expenditures	43,056,908	23,083,598

The effective rate of interest/mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

38.1 Financial risk management objectives

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchange rates, market interest rates such as Karachi Inter-Bank Offered Rate and London Inter-Bank Offered Rate, credit and liquidity risk associated with various financial assets and liabilities respectively.

The company finances its operations through equity, borrowings and management of working capital with a view to maintain a reasonable mix between the various sources of finance to minimize risk.

(a) 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. The company's credit risk is primarily attributable to its trade debts and balances with banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonable high credit ratings. The company has no significant concentration of credit risk as exposure is spread over a large number of counter parties in the case of trade debts. Out of total financial assets of Rs. 370.283 million (2006: Rs. 248.142 million) financial assets which are subject to credit risk amount to Rs. 361.714 million (2006: Rs. 222.260 million). To manage exposure to credit risk, the company applies credit limits to its customer and also obtain collaterals and security deposits, where considered necessary.

(b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rate. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. Payables exposed to foreign currency risk are covered through forward foreign exchange contracts.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instruments will fluctuate due to changes in market interest rates. The company usually borrows funds at fixed and market based rates and as such the risk is minimized. Significant interest rate and cash flow risk exposures are primarily managed by contracting floor and cap of interest rates.

(d) Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

38.2 Fair value of financial instruments

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

39 PLANT CAPACITY AND 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.

	2007	2006
Total number of spindles installed	61,728	61,728
Total number of spindles worked	60,371	60,090
Number of shifts per day	3	3
Installed capacity converted into 20/1 count (Kgs)	21,527,724	22,036,361
Actual production converted into 20/1 count (Kgs)	19,708,233	20,941,578

Actual production is lower than installed capacity due to the manufacturing of specialized yarn and normal repair and maintenance.

40 TRANSACTION WITH RELATED PARTIES

The related parties comprises associated companies, directors and key management personnel. Amounts due to related parties are shown in the relevant notes to the financial statements. Other transactions with the related parties and associated undertakings, other than remuneration and benefits to key management personnel under the term of their employment which is disclose in note 37, are as follows:

	2007	2006
	Rupees	Rupees
<i>Transactions with related parties</i>		
Din Leather (Private) Limited - sale of vehicle	-	194,969
<i>Balances with related parties</i>		
MCB Bank Limited - balance in bank accounts	4,828,685	23,342,356

41 ACCOUNTING ESTIMATES AND JUDGMENTS
Income taxes

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax departments at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities. Furthermore, the company may be able to avail the benefit of the payment of turnover tax, provided sufficient taxable profits are available in next five years when this credit can be utilized.

Staff retirement benefit - gratuity

Certain actuarial assumptions have been adopted as disclosed in note 21 to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

Property, plant and equipment

The company reviews the value of the assets for possible impairment on an annual basis. Any changes in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on August 17, 2007 by the Board of Directors of the Company.

43 CORRESPONDING FIGURES

Prior year figures have been reclassified consequent upon certain changes in current year's presentation. Following is the summary of reclassification made.

<i>Note</i>	<i>Reclassification</i>		<i>Nature</i>	<i>(Rupees)</i>
	<i>From</i>	<i>To</i>		
7	Short term loans and advances	Long term loans and advances	Loans and advances	1,218,200

44 GENERAL

These financial statements have been signed by two directors as chief executive officer was out of the country. Figures have been rounded off to the nearest Rupee.

SHAIKH MOHAMMAD TARIQ
Director

SHAHZAD NASEER
Director

PATTERN OF SHARE HOLDING AS AT JUNE 30, 2007

Number of Shareholders	Share Holding		Total Shares Held
	From	To	
83	1	100	5,702
228	101	500	54,634
329	501	1,000	206,586
99	1,001	5,000	197,458
25	5,001	10,000	163,020
9	10,001	15,000	110,520
1	20,001	25,000	25,000
2	25,001	30,000	58,080
1	30,001	35,000	33,000
2	35,001	40,000	74,100
1	40,001	45,000	41,000
1	45,001	50,000	47,086
1	55,001	60,000	57,000
1	70,001	75,000	71,000
1	85,001	90,000	85,440
1	205,001	210,000	208,200
1	220,001	225,000	222,600
1	300,001	305,000	300,182
1	305,001	310,000	309,214
1	470,001	475,000	470,027
1	650,001	655,000	651,500
2	775,001	780,000	1,560,000
3	780,001	785,000	2,343,901
1	845,001	850,000	848,038
1	895,001	900,000	896,412
1	1,010,001	1,015,000	1,014,528
1	1,030,001	1,035,000	1,031,114
2	1,565,001	1,570,000	3,133,519
1	2,095,001	2,100,000	2,096,672
1	2,210,001	2,215,000	2,214,788
803			18,530,321

DETAILS OF PATTERN OF SHAREHOLDING AS AT JUNE 30, 2007

Category No.	Categories of Shareholders	No. of Shares held	Category-wise No. of Folios/CDC Accounts	Category wise Shareheld	Percentage %
1	Individuals	4,190,182	759	4,190,182	22.61
2	Investment Companies	225,300	3	225,300	1.22
3	Joint Stock Companies	371,080	17	371,080	2.00
4	Directors, Chief Executive and their Spouse and minor Children		14	13,021,283	70.27
	1. Shaikh Mohammad Muneer	470,027			
	2. Shaikh Mohammad Naseer	1,200			
	3. Shaikh Mohammad Jawed	1,238			
	4. Shaikh Mohammad Pervez	2,096,672			
	5. Shaikh Mohammad Tariq	2,214,788			
	6. Shaikh Mohammad Tanveer	783,380			
	7. Mr. Shahzad Naseer	1,566,760			
	8. Mr. Shaikh Mohammad Naveed	1,566,759			
	9. Mr. Irfan Muneer	848,038			
	10. Mr. Fawad Jawed	780,229			
	11. Mrs. Saeeda Parveen W/o Mr. S.M. Muneer	960			
	12. Mrs. Uneza Jawed W/o Mr. S.M. Jawed	780,292			
	13. Mrs. Ghazala Pervez W/o Mr. S.M. Pervez	1,014,528			
	14. Mrs. Amna Tariq W/o Mr. S.M. Tariq	896,412			
5	Executives	-		-	-
6	FINANCIAL INSTITUTIONS				
	National Bank of Pakistan Trustees Dept.	609,396	4		
	National Development Finance Corporation	8,400		617,796	3.33
7	Associated Company and Related Parties				
	Din Leather (Pvt.) Limited	6,000	1	6,000	0.03
8	Public Sector companies and Corporations				
9	Banks, DFIs, NBFIs, Insurance Companies Modarbas and Mutual Funds	86,560	4	86,560	0.47
10	Freign Investors	12,120	1	12,120	0.07
11	Co-operative Societies	-	-	-	-
12	Charitable Trusts	-	-	-	-
13	Others	-	-	-	-
	TOTAL	18,530,321	803	18,530,321	100.00

Shareholders Holding ten percent or more voting interest in the listed company

Total Paid-up Capital of the Company	18,530,321	Shares
10% of the Paid-up Capital	1,853,032	Shares

Name of Shareholders	Description	No. of Shares held	Percentage %
Shaikh Mohammad Pervez	Falls in category # 4	2,096,672	11.31
Shaikh Mohammad Tariq	Falls in category # 4	2,214,788	11.95

PROXY FORM

Folio No. _____ CDC Participants ID No. _____ A/C. No. _____

I/We _____

Of _____ being

a member(s) of DIN TEXTILE MILLS LIMITED a holder of _____

Ordinary Shares as per Register Folio No. _____ hereby appoint

Mr./Mrs./Miss: _____ of _____

Share Register folio No. _____

is also a member of DIN TEXTILE MILLS LIMITED, as my proxy to vote for me on my behalf at the Twentieth Annual General Meeting of the Company to be held on 17th September 2007 and at any adjournment thereof.

Signed this _____ day of _____ 2007

Witness:

1. _____

2. _____

Signature on Rs. 5.00 Revenue Stamps
--

N.B. (Signature should agree with the specimen
Signature registered with the Company)

Notice:

A member entitled to vote at this meeting may appoint a proxy. Proxies in order to be effective must be received at registered Office of the Company duly stamped, signed and witnessed not later than 48 hours before the time of the meeting.