

## COMPANY INFORMATION

### Board Of Directors

Mr. Zahid Mazhar (Chief Executive)  
Mr. Shahid Mazhar  
Mr. Omer Bin Zahid  
Mr. Ahmed Bin Shahid  
Mst. Rafia Sultana  
Mst. Naila Zahid  
Mst. Ghazala Shahid

### Auditors

M/S Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### Legal Advisor

Mr. Abdul Ghani Khan (Advocate)

### Audit Committee

Mr. Shahid Mazhar (Chairman)  
Mr. Omer Bin Zahid (Member)  
Mst. Naila Zahid (Member)

### Chief Financial Officer

Mr. Shaikh Farukh Jamil (DIBP)

### Bankers

Citi Bank N. A.  
Allied Bank Limited  
Soneri Bank Limited  
Bank Al-Falah Limited  
Askari Commercial Bank Limited

### Registered Office

201-202, Commerce Centre,  
Hasrat Mohani Road,  
Karachi - Pakistan.  
Phone: (021) 2635807 , 2635809  
Fax: (92-21) 2637896 , 2632712

### Mailing Address

A 801-804, Lakson Square Building # 3,  
Sarwar Shaheed Road, Karachi - Pakistan.  
Phone: (021) 5220481-8  
Fax: (92-21) 5220495-6

### Mills

A-265, S.I.T.E., Nooriabad,  
District Dadu, Sindh.

### URL

[www.shadmangroup.com.pk](http://www.shadmangroup.com.pk)

## DIRECTORS' REPORT

Dear Shareholders,

The directors of the Company hereby present their report along with the Financial Statements of the Company for the Nine Months ended on March 31, 2007.

### OVERVIEW

The sales turnover of the Company has significantly increased during the period under review. The Company's net sales amounted to Rs. 1,115 million as compared to Rs. 850 million of the comparative period of last year showing an increase of 31.17%

Due to rise in input costs, the Company suffered a pre-tax loss of Rs. (7.93) million during the period under review as compared to the pre-tax profit of Rs. 2.36 million of comparative period.

### FINANCIAL RESULTS

During the period under review, the Company made a gross profit of Rs. 80.18 million. Gross profit Margin declined by 0.80% of sales as compared to the corresponding period of last year. This decrease is due to increase in cost of raw material as well as increase in costs of other inputs.

### EARNING / (LOSS) PER SHARE

The Company suffered a loss of Rs. (1.22) per share as compared to earning of Rs. 0.48 of the comparative period of last year.

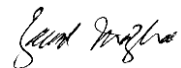
### CURRENT AND FUTURE SUMMARY AND PROSPECTS

The prices of cotton remained high during the new cotton season and shot up further in the end. The management expects a corresponding increase in the sales price of finished goods which will consequently result in better gross profit margin.

### ACKNOWLEDGEMENT

The management would like to place on record its appreciation for the continuous support of its shareholders and customers.

Karachi: April 28, 2007



**ZAHID MAZHAR**  
Chief Executive

**NADEEM TEXTILE MILLS LIMITED**  
**BALANCE SHEET (UN-AUDITED)**  
**AS AT MARCH 31, 2007**

	<b>MARCH 31, 2007</b>	<b>JUNE 30, 2006</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>CAPITAL AND LIABILITIES</b>		
<b>AUTHORISED CAPITAL</b>		
12,500,000 Ordinary Shares of Rs. 10/- each	125,000,000	125,000,000
Issued, Subscribed & Paid-up	120,150,000	120,150,000
Capital Reserves	15,575,000	15,575,000
Unappropriated Profit	151,204,098	165,897,490
	286,929,098	301,622,490
<b>NON CURRENT LIABILITIES</b>		
Long term financing	106,796,665	164,642,666
<b>DEFERRED LIABILITIES</b>	35,417,346	33,912,989
<b>CURRENT LIABILITIES</b>		
Trade & other payables	27,228,103	29,321,693
Accrued markup	16,136,199	17,657,597
Short term finances	642,492,594	355,778,515
Current portion of long term financing	51,876,828	46,410,424
Provision for taxation	6,690,195	9,745,413
	744,423,919	458,913,642
<b>Total equity and liabilities</b>	<b>1,173,567,028</b>	<b>959,091,787</b>
<b>PROPERTY AND ASSETS</b>		
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating Assets	505,880,676	505,980,523
Capital Work in Progress	13,274,460	13,413,778
	519,155,136	519,394,301
<b>LONG TERM DEPOSITS</b>	804,710	799,910
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	14,879,635	13,006,765
Stock in trade	415,592,555	216,115,697
Trade Debtors	193,225,884	120,527,872
Investment	6,462,565	1,445,750
Loan & Advance	11,757,795	14,999,406
Trade deposit and short term payments	9,228,469	62,353,761
Other receivable	806,674	8,973,188
Cash and Bank Balances	1,653,605	1,475,137
	653,607,182	438,897,576
<b>Total assets</b>	<b>1,173,567,028</b>	<b>959,091,787</b>

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



Chief Executive  
Karachi: April 28, 2007



Director

**NADEEM TEXTILE MILLS LIMITED**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2007**

	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
	MAR. 31, 07 RUPEES	MAR. 31, 06 RUPEES	MAR. 31, 07 RUPEES	MAR. 31, 06 RUPEES
Sales (Net)	<b>1,115,533,057</b>	850,819,006	<b>342,721,754</b>	281,836,382
Cost of Sales	<b>1,035,350,440</b>	782,828,452	<b>322,150,303</b>	255,623,190
Gross Profit	<b>80,182,617</b>	67,990,554	<b>20,571,451</b>	26,213,192
<b>Operating Expenses</b>				
Administrative	<b>12,192,694</b>	10,609,522	<b>3,607,148</b>	3,425,043
Selling & Distribution	<b>20,339,902</b>	14,912,672	<b>7,981,356</b>	4,905,578
	<b>32,532,596</b>	25,522,194	<b>11,588,504</b>	8,330,621
Operating Profit	<b>47,650,021</b>	42,468,360	<b>8,982,947</b>	17,882,571
Other Income	<b>723,266</b>	3,889,543	<b>288,612</b>	340,279
	<b>48,373,287</b>	46,357,903	<b>9,271,559</b>	18,222,850
<b>Other Charges</b>				
Financial	<b>56,304,279</b>	43,870,015	<b>24,211,600</b>	16,483,949
Worker's P.P. Fund	-	124,395	<b>(349,361)</b>	86,945
	<b>56,304,279</b>	43,994,410	<b>23,862,239</b>	16,570,894
Profit / (Loss) before Tax	<b>(7,930,992)</b>	2,363,493	<b>(14,590,680)</b>	1,651,956
<b>Taxation</b>				
Current	<b>6,690,195</b>	6,503,277	<b>912,886</b>	2,585,250
Prior	<b>(204,752)</b>	(532,477)	<b>8,393</b>	-
Deferred	<b>276,957</b>	(9,350,000)	<b>463,705</b>	(525,848)
	<b>6,762,400</b>	(3,379,200)	<b>1,384,984</b>	2,059,402
Profit / (Loss) after Tax	<b>(14,693,392)</b>	5,742,693	<b>(15,975,664)</b>	(407,446)
Unappropriated Profit b/f	<b>165,897,490</b>	160,984,782	<b>167,179,762</b>	167,134,921
Unappropriated Profit c/f	<b>151,204,098</b>	166,727,475	<b>151,204,098</b>	166,727,475
<b>Earning / (Loss) per share</b>	<b>(1.22)</b>	<b>0.48</b>	<b>(1.80)</b>	<b>(0.03)</b>

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



Chief Executive  
 Karachi: April 28, 2007



Director

**NADEEM TEXTILE MILLS LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2006**

	<b>MAR. 31, 2007</b>	<b>MAR. 31, 2006</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(7,930,992)	2,363,493
Adjustments for:		
Depreciation	38,723,743	31,733,245
Provision for gratuity	2,700,000	1,800,000
Financial charges	56,304,279	43,870,015
	97,782,022	77,403,260
Operating profit before working capital changes	89,797,030	79,766,753
<b>EFFECT OF CASH FLOW DUE TO WORKING CAPITAL CHANGES:</b>		
(Increase) / Decrease in current assets:		
Stocks, stores and spares	(201,349,728)	(99,071,852)
Trade debts	(72,698,012)	28,267,438
Deposits pre-payments and		
Other receivables	59,516,602	(30,654,550)
	(214,531,138)	(101,458,964)
Increase / (Decrease) in current liabilities:		
Creditors, accrued and other liabilities	(2,093,590)	(17,910,456)
Cash generated from operations	(126,827,698)	(39,602,667)
Payments for:		
Taxes	(9,540,661)	(3,915,133)
Gratuity	(1,472,600)	(4,399,800)
Long term loan and advances	(4,800)	-
Financial charges net	(57,825,677)	(36,390,122)
	(68,843,738)	(44,705,055)
Net cash (used) provided by operating activities c/f ...	(195,671,436)	(84,307,722)

**NADEEM TEXTILE MILLS LIMITED  
CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2007**

	<b>MAR. 31, 2007</b>	<b>MAR. 31, 2006</b>
	<b>RUPEES</b>	<b>RUPEES</b>
b/f...	(195,671,436)	(84,307,722)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(38,484,578)	(121,268,897)
	<hr/>	<hr/>
	(234,156,014)	(205,576,619)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayments) of long term liabilities	(52,379,597)	59,552,068
Short term finance	286,714,079	143,986,336
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<hr/>	<hr/>
	234,334,482	203,538,404
Net Increase / (Decrease) in cash and cash equivalents	178,468	(2,038,215)
Cash and cash equivalents at beginning of the period	1,475,137	4,843,676
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<u>1,653,605</u>	<u>2,805,461</u>

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



Chief Executive  
Karachi: April 28, 2007



Director

**NADEEM TEXTILE MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN- AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2007**

	PAID UP CAPITAL	UN-APPRO-PRATED CAPITAL RESERVE	PROFIT	TOTAL
	←————— RUPEES —————→			
Balance as at June 30, 2005	120,150,000	15,575,000	160,984,782	296,709,782
Nine months profit (Jul.-05 to Mar.-06)	-	-	5,742,693	5,742,693
Balance as at March 31, 2006	120,150,000	15,575,000	166,727,475	302,452,475
Net loss (April-06 to June-06)	-	-	(829,985)	(829,985)
Balance as at June 30, 2006	120,150,000	15,575,000	165,897,490	301,622,490
Nine months loss (July-06 to Mar.-07)	-	-	(14,693,392)	(14,693,392)
<b>Balance as at March 31, 2007</b>	<b>120,150,000</b>	<b>15,575,000</b>	<b>151,204,098</b>	<b>286,929,098</b>

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



Chief Executive  
Karachi: April 28, 2007



Director

**NADEEM TEXTILE MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2007**

**1 STATUS AND NATURE OF BUSINESS**

Nadeem Textile Mills Limited is a Listed Public Limited Company incorporated under the Companies Ordinance, 1984 with Registrar of Joint Stock Companies, Karachi. The main business of the company is to manufacture and sale of cotton yarn.

**2 BASIS OF PRESENTATION**

These financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim financial reporting" and are being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance 1984.

**3 ACCOUNTING POLICIES**

The accounting policies and method of computation adopted for the preparation of the financial statements for the nine months ended March 31, 2007 are the same as those applied in the preparation of the Annual Audited Statements for the year ended June 30, 2006 except that no provision has been made which accrues on annual basis.

**4 CONTINGENCIES AND COMMITMENTS**

**4.1 CONTINGENCIES**

There is no change in contingencies disclosed in the last annual audited financial statements except that the amount of bank guarantee submitted to E.T.O. has been increased from Rs. 2.5 million to Rs. 3.25 million.

**4.2 COMMITMENTS**

	<b>MARCH 2007</b>	<b>JUNE 2006</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Letter of credit for capitalization	2,700,000	595,736

**5 TRANSACTION WITH ASSOCIATED UNDERTAKINGS**

	<b>MARCH 31, 07</b>	<b>MARCH 31, 06</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Interest Income	-	1,540,635
Sale of yarn	4,808,500	12,031,800
Purchase of yarn	206,404,410	181,853,200
Reprocessing income	312,000	3,884,650
Reprocessing expense	2,731,086	438,895
Sale of raw material	32,395,453	-

**6 ACQUISITION AND DISPOSAL OF FIXED ASSETS**

	<b>UN-AUDITED MARCH 31, 2007</b>		<b>AUDITED JUNE 30, 2006</b>	
	<b>Additions</b>	<b>Deletions</b>	<b>Additions</b>	<b>Deletions</b>
Factory building	11,092,676	-	5,044,368	-
Non-factory building	16,576,640	-	6,581,245	-
Plant & Machinery	7,018,367	-	164,192,673	-
Computer Equipment	148,130	-	232,961	-
Office Equipment	298,094	-	308,100	-
Furniture & Fixture	370,409	-	130,444	-
Vehicle	3,119,580	-	2,061,799	-
	<u><b>38,623,896</b></u>	<u>-</u>	<u><b>178,551,590</b></u>	<u>-</u>

**7 DATE OF AUTHORISATION FOR ISSUE**

These financial statements have been authorised for issue on April 28, 2007 by the Board of Directors of the Company.

**8 GENERAL**

Figures have been rounded off to the nearest rupees.



Chief Executive  
Karachi: April 28, 2007



Director