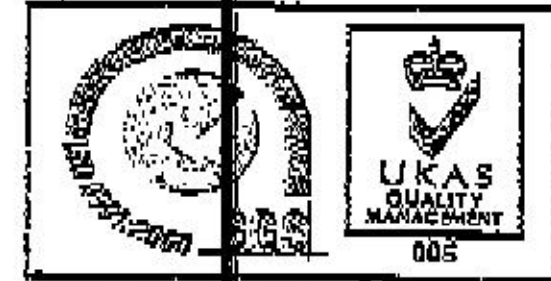


THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED**KSE/N-8223****N O T I C E****December 30, 2008**

Reproduced hereunder letter received from **SHAHEEN COTTON MILLS LIMITED** for information of members of the Exchange.



SHAHEEN COTTON MILLS LIMITED
MANUFACTURERS AND EXPORTERS OF YARN



Certificate SG05/0525

THROUGH T.C.S.**PH: 2425502-3-4-8. UAN: 111-001-122**

General Manager Operations,
 The Karachi Stock Exchange (Guarantee) Limited,
 Stock Exchange Building,
 Stock Exchange Road,
KARACHI-74000

Date: 28-12-2006

KIND ATTEN: **MR. HAROON ASKARI**SUBJECT: **SHOW CAUSE NOTICE**

Dear Sir,

Please refer to your Letter No.KSE/Gen-11507, Dated: 17-12-2008 regarding failure to declare dividend and/or bonus certificates for five years.

You are kindly informed in this regard as under:-

1. The Companies Ordinance, 1984, only empower a company to pay dividend out of profits, please refer section 249 which is reproduced as follow:-

Section 249 "Dividend to be paid only out of profits: No dividend shall be paid by a company otherwise than out of profits of the company"

2. Articles of Association of our company also put some conditions/restrictions to permit for payment of dividend, please refer Article Clause No.96 which is reproduced as under:-

96. "No dividend except out of profits. No dividend shall be paid otherwise than out of the year or any other undistributed profits from prior years "

The company has accumulated loss amounting Rs.127,108,361/- (Rupees one hundred twenty seven million one hundred eight thousand three hundred sixty-one only) as on 30th June, 2008.

3. Shaheen Cotton Mills Limited incurred loss amounting to Rs. 8,578,439/= (Eight Million Five Hundred Seventy Eight Thousand Four Hundred Thirty Nine Only) and Rs. 39,402,970/= (Thirty Nine Million Four Hundred Two Thousand Nine Hundred Seventy Only) for the year ended 30-06-2007 and 30-06-2008 respectively .

4. The textile industry is in serious crisis and incurring/facing huge losses and our company is trying for survival and is not in a position to pay dividend to the shareholders.

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