CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	:	A. RAZAK HAJI SATTAR	-	Chairman
		ABDUL RAHMAN YAQUB		
		SHABBIR AHMED		
		KHALEEQ-UR-RAHMAN		
		JAWED YUNUS TABBA		
		MURTAZA A. RAZAK		
		MUHAMMAD ASIF TELI	-	Chief Executive
COMPANY SECRETARY	:	ABDUL ALEEM		
AUDIT COMMITTEE	:	KHALEEQ-UR-RAHMAN	-	Chairman
		A. RAZAK HAJI SATTAR	-	Member
		JAWED YUNUS TABBA	-	Member
		SHABBIR AHMED	-	Member
REGISTERED OFFICE	:	H-23/4-A LANDHI, KARACHI.		
MILLS	:	H-23/4-A LANDHI, KARACHI.		
SHARES DEPARTMENT	:	H-23/4-A LANDHI, KARACHI.		
BANKERS	:	HABIB BANK LIMITED		
		BANK AL HABIB LIMITED		
		ASKARI BANK LIMITED		
		STANDARD CHARTERED BANK (PAKISTAN) LIMITED		
		HABIB METROPOLITAN BANK LIMITED		
		BANK ALFALAH LIMITED		
AUDITORS	:	RAHMAN SARFARAZ RAHIM IQBAL RAFIQ		
		Chartered Accountants		
		180-A, S.M.C.H.S.,		
		KARACHI.		
LEGAL ADVISOR	:	M. ADAM PATEL & CO.		

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of the Shareholders of the Company will be held at the Registered Office at H-23/4A, Scheme 3, Landhi Industrial Area, Karachi on Thursday October 29, 2009 at 1:00 p.m to transact the following businesses :

1. To receive, consider and adopt the Annual Audited Accounts for the year ended June 30, 2009 together with the Directors' and Auditors' Report thereon.
2. To appoint Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as auditors for the year ending June 30, 2010 and to fix their remuneration.
3. To transact any other ordinary business with the permission of the Chair.

By Order of the Board
(Abdul Aleem)
Company Secretary

Karachi : September 19, 2009

NOTES :

1. The share transfer books of the Company will remain closed from Friday, October 23, 2009 to Thursday, October 29, 2009 (both days inclusive). Transfer received at the Registered Office at the close of business on Thursday, October 22, 2009 will be considered in time to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at this meeting may appoint another person as a proxy to attend, speak and vote instead of him/her. An instrument appointing a proxy must be received at the Registered Office of the Company not later than forty eight hours before the time appointed for the Meeting. A Member shall not be entitled to appoint more than one proxy. If a Member appoints more than one proxy and more than one instrument of proxy are deposited by a Member with the company, all such instruments shall be rendered invalid. The proxy shall produce his/her original National Identity Card or Passport to prove his/her identity.
3. Members are requested to notify any change in their address immediately.
4. Members should quote their Folio Number in all correspondence and at the time of attending the Meeting.
5. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest to enable the Company to comply with the relevant laws.
6. **GUIDELINES FOR CDC ACCOUNT HOLDERS ISSUED BY SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**

   For personal attendance :

   (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors' resolutions/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing proxy

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

(ii) Attested copies of National Identity Card of the beneficial owners and the proxy shall be furnished with the proxy form.

(iii) The proxy shall produce his/her original National Identity Card at the time of the meeting.

DIRECTORS' REPORT

Your directors are pleased to present the 37th Annual Report together with the audited financial statements of the Company for the year ended June 30, 2009.

OPERATING AND FINANCIAL PERFORMANCE

The operational results showed an improvement of about 27% and the Company was able to produce 6.063 million during the year as compared to 4.765 million as compared to last year. This was achieved with hectic marketing efforts and about 2.5% increase in the production capacity. Similarly the financial results have also improved substantially when compared with the preceding year. Sales volume and gross profit rate has gone up by 37% and 5% respectively and your company earned a net profit before tax of Rs. 10.63 million as compared to net loss of Rs. 92.93 million suffered last year. However, due to minimum tax incidence, we suffered a loss after tax and discontinued operations of Rs. 5.39 million as compared to loss of Rs. 119.08 million suffered during the last year. The loss per share during the year under report is Rs. 0.09 as compared to Rs. 3.42 during the preceding year. The financial results of the Company would have been much better but for the world economic crisis which has forced our customers to curtail orders, look for reduced prices and to maintain low level of inventories.

APPROPRIATION

Due to loss your directors have recommended to passed over the dividend for the year ended June 30, 2009.

DEBT OBLIGATION

By the grace of Almighty Allah the company continues to meet its financial commitments and debt obligations on time.

FUTURE OUTLOOK

The entire textile sector has gone through and still having the aftershocks of the world economic crisis. This has further been aggregated by the continued higher inflationary pressure, unprecedented increase in the cost of utilities and withdrawal of research and development support etc. by the government. However, the management is optimistic about future on account of factors like Government commitment to provide effective support to textile sector by announcing a textile Policy, continued drive by the management to eliminate inefficiencies, reduce cost, improve the operational achievement and persistent support of our major customers.

RIGHT ISSUE

The Board of Directors in its meeting held on June 04, 2009 approved a right issue of 57%. A substantial portion was received as advance against right issue before June 30, 2009 and rest has been subscribed in full subsequently. The proceeds are being utilized to repay the short and long term financial obligation of the company. This will result in reduction in financial cost and would improve the profitability.

CORPORATE GOVERNANCE

The directors have taken all necessary measures in order to comply with the Code of Corporate Governance in accordance with the listing rules of the stock exchange and state that:

1. The financial statements for the year ended June 30, 2009, prepared by the management of the Company, present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.
2. The Company has maintained the proper books of accounts.
3. In preparation of the financial statements, appropriate accounting policies have been consistently applied and the accounting estimates are based on prudent judgment.
4. International Accounting Standards, as applicable to Pakistan, have been followed in preparation of the financial statements, and the non-applicability, if any, has been adequately disclosed.
5. The sound system of internal controls has been effectively implemented and is being continuously monitored. The process of review will continue and any weaknesses in controls will be removed.
6. There are no significant doubts about the Company's ability to continue as a going concern.
7. There is material departure from the best practices of corporate governance as defined in the listing regulations of the stock exchange.
8. The value of Provident Fund Investments as per audited accounts of Provident Fund Trust for the year ended June 30, 2008 was Rs. 16.527 million.
9. There are no outstanding dues on account of taxes, levies and charges except of a normal and routine nature.
10. During the year none of the Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children has traded in the shares of the company with the exception of the following :

Director	Shares Acquired
Mr. Shabbir Ahmed	5,816,370
Mr. Khaleequr Rahman	1,938,790

11. Key operating and financial data for the last six years is annexed.

Five meetings of Board of Directors were held during the year. Attendance by the directors is given below

DIRECTORS	ATTENDANCE
Mr. A. Razak Haji Sattar (Chairman)	5
Mr. Abdul Rahman Yaqub	1
Mr. Shabbir Ahmed	4
Mr. Khaleeq ur Rahman	5
Mr. Jawed Yunus Tabba	1
Mr. Murtaza A. Razak	5
Mr. Muhammad Asif Teli (Chief Executive)	5

Directors who could not attend meeting due to illness or some other engagements were granted Leave of absence.

The Statement of Compliance with the Best Practice of Code of Corporate Governance is annexed.

AUDITORS

The auditors M/s Rahman Sarfaraz Rahim Iqbal Raifq, Chartered Accountants, retires and being eligible, has offered themselves for re-appointment.

PATTERN OF SHAREHOLDING

Statements showing the pattern of shareholding as at June 30, 2009 required under the Companies Ordinance, 1984 and the Code of Corporate Governance.

ACKNOWLEDGMENTS

The Directors are pleased to place on record their appreciation for the contributions made by the employees of the Company. In addition, management also acknowledges the role of all the bank, customers, suppliers and other stakeholders for their continued support.

For and on behalf of the Board

A. RAZAK HAJI SATTAR
Chairman

Karachi:
Dated : September 19, 2009.

MISSION STATEMENT

Our mission is to manage and operate the Company in a manner that allows continued growth and profitability without high risk for investors, customers and employees. We do this by offering quality products to our customers, by constantly striving to improve our products to meet or exceed our customers' needs, allowing us to prosper as a business, and to provide stable, secure income and employment for our employees and a reasonable return for our stake holders, the owners of our business.

VISION STATEMENT

The future of our Industry will be characterized by tough competition. In future, we will be constrained of tough and sluggish market and rising cost but we will strive hard to be able to make profit and thus create value for our stake holders and to continue as a successful company.

YEAR WISE STATISTICAL SUMMARY

Year Ended June/September 30,	2009	2008	2007	2006	2005	2004
PRODUCTION SUMMARY OWN (IN TONS)	4,123.00	3,910.00	3,275.00	4,666.00	3,664.00	4,979.00
Gross Profit %	14.22	8.86	(10.08)	11.13	13.06	12.17
Current Ratio	1.29	1.06	0.52	0.70	0.75	1.00
Debt-Equity Ratio (with out surplus & Right)	0.61	1.15	0.97	0.40	0.52	0.54
ASSETS EMPLOYED					**(Rs. in million)**	
Fixed Assets	1,544.10	1,365.22	1,648.51	1,680.23	1,349.56	1,091.77
Investments, Long term Advances and Deposits	3.03	3.03	4.92	3.70	1.76	0.38
Current Assets	843.31	725.53	535.88	1,082.71	1,066.57	1,287.79
Assets classified as held for sale	70.88	94.82	—	—	—	—
Total Assets Employed	**2,461.32**	**2,188.60**	**2,189.31**	**2,766.64**	**2,417.89**	**2,379.94**
FINANCED BY						
Shareholders' Equity	304.41	(100.27)	18.81	516.63	467.10	478.70
Right shares subscription account	423.50	341.87	—	—	—	—
Long Term Liabilities	486.01	790.76	784.78	328.95	518.85	580.01
Obligation under Finance Lease	0.00	0.00	10.81	19.50	1.64	2.52
Deferred Liablities	0.00	0.00	11.83	21.29	17.31	33.11
Current Liabilities	653.84	683.50	1,024.63	1,541.83	1,412.99	1,285.60
Liabilities classified as held for sale	0.00	134.30	—	—	—	—
Total Funds Invested	**1,867.77**	**1,850.17**	**1,850.86**	**2,428.19**	**2,417.89**	**2,379.94**
TURNOVER & PROFIT						
Turnover (Net)	1,749.09	1,277.42	1,170.12	1,938.45	1,335.14	1,991.87
Gross Profit/(loss)	248.64	113.14	(117.97)	215.83	176.28	242.51
Operating Profit / (loss)	63.74	(35.57)	(226.90)	70.13	65.24	79.21
Profit / (loss) Before Taxation	10.63	(92.82)	(372.57)	(74.98)	0.12	26.22
(Loss) / profit After Taxation	(6.42)	(105.11)	(384.07)	(95.98)	(11.33)	10.69
Dividend	0.00	0.00	0.00	0.00	0.25	0.25
Loss per share - Basic & Diluted						
- from continued operations	**(0.09)**	**(3.42)**	**(14.69)**	**(2.83)**	**(0.47)**	**0.44**
- from discontinued operations	**0.01**	**(0.04)**	—	—	—	—
Breakup value of shares						
No. of Shares	74,896,581	33,889,856	33,889,856	33,889,856	24,207,040	24,207,040
Capital+Rev.Reserves-Accum. loss Rs.	304,414,031	(100,265,990)	18,811,394	516,628,571	467,316,531	478,949,594
Surplus on revaluation of property Rs.	593,560,000	338,441,900	338,441,900	338,441,900	—	—
Breakup Value per share without revaluation Rs.	**4.06**	**(2.96)**	**0.56**	**15.24**	**19.30**	**19.79**
Breakup Value per share with revaluation Rs.	**11.99**	**7.03**	**10.54**	**25.23**	**19.30**	**19.79**

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of Listing Regulation of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

1. The company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present Board includes five non-executive directors and two executive directors.

2. The Directors have voluntarily confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. The Directors have voluntarily declared that 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 defaulter by that stock exchange.

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

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 a mission & vision statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All me powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. The Board of directors and members has approved appointment and determination of remuneration and terms and conditions of employment of the present CEO and other executive director.

8. The meetings of the Board were presided over by the Chairman and, in his absence, a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The Board arranged in house orientation during the year for its directors to apprise them of their duties and responsibilities.

10. The Board has approved the appointment and terms and conditions of employment of CFO and Company Secretary during the year. No appointment of Head of Internal Audit has been made 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 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 3 members, all of them are non-executive directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function and has outsourced the internal audit function to a Chartered Accountants firm.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of 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 others services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines m 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

MUHAMMAD ASIF TELI
Chief Executive

Karachi:
Dated : September 19, 2009.

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Nakshbandi Industries Limited**, to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

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

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

Karachi:
Dated : September 19, 2009

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

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

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

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

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of 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 & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at **June 30, 2009** and of the loss, its cash flows and changes in equity for the year ended; and

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

Karachi:
Dated : September 19, 2009

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

BALANCE SHEET AS AT

	NOTE	June 30, 2009 Rupees	June 30, 2008 Rupees
SHARE CAPITAL & RESERVES			
Authorized 125,000,000 ordinary shares of Rs. 10/- each (2008 : 75,000,000 Ordinary Shares of Rs. 10/- each)		**1,250,000,000**	750,000,000
Issued, Subscribed and Paid - up Capital	4	**748,965,810**	338,898,560
Reserves	5	**215,250,100**	215,250,100
Accumulated (Loss)		**(659,801,879)**	(654,414,651)
		304,414,031	(100,265,991)
Surplus on revaluation property	6	**593,560,000**	338,441,900
Right shares subscription account		**423,504,770**	341,871,570
NON-CURRENT LIABILITIES			
Long term finance from sponsors	7	**—**	61,940,150
Long term finance from related party	8	**—**	150,000,000
Long term finance from banks	9	**486,013,695**	578,822,058
Liability against assets subject to finance lease	10	**—**	—
CURRENT LIABILITIES			
Trade and other payables	11	**206,608,426**	235,379,262
Accrued interest/mark-up	12	**17,854,008**	9,642,605
Short term borrowings	13	**276,900,000**	301,618,520
Current portion of long term liabilities		**134,914,840**	123,644,326
Taxation		**17,558,970**	13,216,765
		653,836,244	683,501,478
Liabilities classified as held for sale	23	**—**	134,301,505
CONTINGENCIES AND COMMITMENTS	14	**—**	—
		2,461,328,740	2,188,612,670

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

30TH JUNE, 2009

	NOTE	June 30, 2009 Rupees	June 30, 2008 Rupees
NON CURRENT ASSETS			
PROPERTY, PLANT & EQUIPMENT	15	**1,544,095,134**	1,365,223,273
LONG TERM INVESTMENT		**10,000**	10,000
LONG TERM DEPOSITS		**3,028,019**	3,028,019
CURRENT ASSETS			
Stores, spares and chemicals	16	**52,377,897**	77,146,807
Stock-in-trade	17	**263,996,980**	283,293,948
Trade debts	18	**271,322,546**	50,100,350
Loans and advances	19	**5,203,744**	12,584,199
Short term prepayments	20	**613,161**	4,552,442
Other receivables	21	**25,696,820**	29,215,787
Taxation recoverable		**12,726,495**	8,939,538
Cash and bank balances	22	**211,376,636**	259,699,387
		843,314,279	725,532,458
Assets classifed as held for sale	23	**70,881,308**	94,818,920
		2,461,328,740	2,188,612,670

MUHAMMAD ASIF TELI
Chief Executive

MURTAZA A. RAZAK
Director

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

	NOTE	June 30, 2009 Rupees	June 30, 2008 Rupees
Sales - net	24	**1,749,087,719**	1,277,424,847
Cost of sales	25	**(1,500,444,197)**	(1,164,392,248)
Gross Profit/(loss)		**248,643,522**	113,032,599
Administrative expenses	26	**(72,185,776)**	(54,622,786)
Distribution cost	27	**(112,719,259)**	(94,092,093)
		(184,905,035)	(148,714,878)
		63,738,487	(35,682,280)
Other income / (charges)	28	**(195,276)**	1,466,317
Finance cost	29	**(50,877,029)**	(58,717,198)
Workers' welfare fund		**(1,419,226)**	—
Workers' profit participation fund		**(617,089)**	—
		(53,108,620)	(57,250,882)
Profit/ (Loss) before taxation		**10,629,867**	(92,933,160)
Provision for taxation			
- Current		**(17,500,000)**	(12,750,000)
- Prior		**447,058**	—
	30	**17,052,942**	(12,750,000)
(Loss) after taxation and before discontinued operation		**(6,423,075)**	(105,683,160)
Proft/(Loss) from discontinued operation	33	**1,035,847**	(13,394,225)
(Loss) after taxation and discontinued operation		**(5,387,228)**	(119,077,385)
(Loss) per share basic and diluted			
- from continuing operations	31		
- Basic (2008 : Restated)		**(0.09)**	(3.42)
- Diluted (2008 : Restated)		**(0.08)**	(4.11)
- from discontinued operations	33.7		
- Basic (2008 : Restated)		**0.014**	(0.434)
- Diluted (2008 : Restated)		**0.013**	(0.521)

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

MUHAMMAD ASIF TELI
Chief Executive

MURTAZA A. RAZAK
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	June 30, 2009 Rupees	June 30, 2008 Rupees
CASH FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	**10,629,867**	(92,933,160)
Adjustment For :		
Depreciation	**103,754,601**	110,601,567
Finance cost	**50,877,029**	58,142,550
Workers profit participation fund	**617,089**	—
Workders welfare fund	**1,419,226**	—
Bad debt wrtten off	**4,542**	
Loss/(gain) on sales of fixed assets	**10,341,228**	(629,844)
	167,013,715	168,114,273
Cash flow from operating activities before working capital changes	**177,643,582**	75,181,113
(Increase)/Decrease in Current Assets		
Increase in stores and spares	**24,768,910**	58,681,143
Increase in stock-in-trade	**19,296,968**	(24,129,110)
Decrease in Trade debtors	**(221,222,196)**	30,991,464
Increase in loans and advances	**7,380,455**	(1,641,763)
Increase in short term prepayments	**1,998,481**	(329,632)
Increase in other receivables	**3,518,967**	(938,159)
Increase/(Decrease) in Current Liabilities		
Decrease in trade and other payables	**(30,807,151)**	(63,764,967)
	(195,065,566)	(1,131,024)
Cash (used in)/generated from operating activities	**(17,421,984)**	74,050,089
Gratuity paid	**—**	—
Finance cost	**(42,667,625)**	(84,265,499)
Income tax paid	**(16,556,666)**	(12,876,562)
	(59,224,291)	(97,142,061)
Net cash (used in)/ in operating activities	**(76,646,275)**	(23,091,972)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**(41,818,359)**	(69,189,316)
Sale proceeds of fixed assets	**1,961,921**	11,322,588
Long term investment	**—**	(10,000)
Long term deposits	**—**	(49,000)
Net cash (used in) Investing Activities	**(39,856,438)**	(57,925,728)

	June 30, 2009 Rupees	June 30, 2008 Rupees
CASH FLOW FROM FINANCING ACTIVITIES		
Advance agains right Issue	**217,724,360**	341,871,570
Share capital	**68,195,680**	—
Loan from sponsors	**—**	11,940,150
Long term finance disbursement	**—**	341,179,158
Reversal of current maturity	**—**	(167,372,000)
Payment to sponsors	**(6,159,740)**	—
Repayment of long term loan	**(117,986,612)**	(26,609,627)
Repayment of finance lease	**(8,585,618)**	(10,502,361)
Net cash inflow from financing activities	**153,188,070**	490,506,890
Net increase in cash and cash equivalent	**36,685,356**	409,489,190
Net cash (used in)/from discontinued operation	**(60,289,587)**	23,720,385
Cash and cash equivalent at the beginning	**(41,919,133)**	(475,128,708)
Cash and cash equivalent at the end	**(65,523,364)**	(41,919,133)
CASH AND CASH EQUIVALENTS		
Cash and bank balance	**211,376,636**	259,699,387
Short term borrowings	**(276,900,000)**	(301,618,520)
	(65,523,364)	(41,919,133)

MUHAMMAD ASIF TELI
Chief Executive

MURTAZA A. RAZAK
Director

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

	Share Capital Rupees	Reserves Rupees	Accumulated Profit/(Loss) Rupees	Total Rupees
Balance as at July 01, 2007	**338,898,560**	**215,250,100**	**(535,337,266)**	**18,811,394**
(Loss) for the year ended				
- from continued operation	—	—	(105,683,160)	(105,683,160)
- from discontinued operation	—	—	(13,394,225)	(13,394,225)
Balance as at June 30, 2008	**338,898,560**	**215,250,100**	**(654,414,651)**	**(100,265,991)**
Share issued	410,067,250	—	—	410,067,250
(Loss)/Profit for the year ended				
- from continuing operation	—	—	(6,423,075)	(6,423,075)
- from discontinued operation	—	—	1,035,847	1,035,847
Balance as at June 30, 2009	**748,965,810**	**215,250,100**	**(659,801,879)**	**304,414,031**

MUHAMMAD ASIF TELI
Chief Executive

MURTAZA A. RAZAK
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan as a public limited company. The shares of the Company are quoted on Karachi Stock Exchange. The Company is principally engaged in production and export of towels. The registered office of the Company is situated at H-23/4-A, Scheme # 3, Landhi Industrial Area, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 and the provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 prevail.

2.2 Accounting convention

2.2.1 Accounting convention and basis of preparation

These financial statements have been prepared under the historical cost convention, except that the land have been included at revalued amounts, certain exchange elements have been incorporated in the cost of the relevant assets.

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make the judgment, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where various assumptions and estimates are significant to the companies financial statements or where judgments were exercised in application of accounting policy are as follows:

		Note No.
a)	Useful life and residual values of property, plant and equipment	3.5 and 3.17
b)	Provision for taxation	3.4
c)	Estimation for impairment in respect of trade debtors	3.8
d)	Provision for obsolete inventory	3.7

2.2.2 Amendments to published standards and new interpretations effective in current year

The following standards, interpretations and amendments in approved accounting standards are effective from current accounting period;

- IFRS 7 – “Financial Instruments: Disclosures” (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 – “Disclosures in the Financial Statements of Banks and Similar Financial Institutions” and the disclosure requirements of IAS 32 – “Financial Instruments: Disclosure and Presentation”. The application of the standard did not have significant impact on the Company’s financial statements other than increase in disclosures.

- IAS 29 – “Financial Reporting in Hyperinflationary Economies” (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in hyperinflationary economies and therefore the application of the standard is not likely to have an effect on the Company’s financial statements.

- IFRIC 13 – “Customer Loyalty Programmes” (effective for annual periods beginning on or after 1 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 is not likely to have an effect on the Company’s financial statements.

- IFRIC 14 – “IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction” (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The interpretation has no effect on Company’s financial statements for the year ended 30 June 2009.

- IFRIC 4 – “Determining whether an Arrangement contains a Lease” (effective for annual periods beginning on or after 1 January 2006) and IFRIC 12 – “Service Concession Arrangements” (effective for annual periods beginning on or after 1 January 2008). However, the application of these interpretations have been deferred by the Securities and Exchange Commission of Pakistan (SECP), through circular 21 of 2009 dated 22 June 2009, for all companies till 30 June 2010, subject to the following:

  a) The relaxation is available to companies till the conclusion of their agreements entered on or before 30 June 2010 with the government or other authority.

  b) The relaxation from IFRIC 4 and IFRIC 12 is applicable to all companies and is not restricted to power sector. In case of power sector companies, the relaxation is available only in case where letter of intent or approval was issued by the government on or before 30 June 2010. In other cases, the date of agreement with the government or the other authority would determine the entitlement to the deferment and the same would be available till the conclusion of the existing agreement.

c) The requirement of IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors" is mandatory so that the investors/ users of financial statements have knowledge about the results with and without the exemption.

However, the companies are encouraged to comply with the said interpretations but the fact of compliance shall be disclosed in their financial statements. The interpretation has no effect on Company's financial statements for the year ended 30 June 2009.

2.2.3 New accounting standards, interpretation and amendments that are not yet effective

The following standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases.

- Revised IAS 1 – "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.
- Revised IAS 23 – "Borrowing Costs" (effective for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.
- IAS 27 – "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2009). The amendment removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor.
- IAS 27 – "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former a subsidiary will be measured at fair value with gain or loss recognized in the profit or loss.
- Amendment to IAS 32 – "Financial Instruments: Presentation" and IAS 1 – "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2009) - Puttable financial instruments and obligations arising on liquidation requires Puttable instruments, and instruments that impose on the entity an obligation to deliver to another party pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met.

- Amendments to IAS 39 and IFRIC 9 – "Embedded derivatives" (effective for annual periods beginning on or after 1 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value.
- Amendments to IAS 39 – "Financial Instruments: Recognition and measurement - Eligible hedged items" (effective for annual periods beginning on or after 1 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship.
- IFRS 2 (Amendment) – "Share-based payment - Vesting Conditions and Cancellations" (effective for annual periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations.
- Amendment to IFRS 2 – "Share-based Payment - Group Cash-settled Share-based Payment Transactions" (effective for annual periods beginning on or after 1 January 2010). Currently effective IFRS requires attribution of group share-based payment transactions only if they are equity-settled. The amendment resolves diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.
- Revised IFRS 3 – "Business Combinations" (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent considerations to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquire to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interests in identifiable assets and liabilities of an acquire, on a transaction-by-transaction basis.
- IFRS 4 – "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires the an entity issuing insurance contracts (an insurer) to disclose information about those contracts.
- IFRS 5 (Amendment) – "Non-current assets held-for-sale and discontinued operations" (effective from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control.
- Amendment to IFRS 7 – "Improving disclosures about Financial Instruments" (effective for annual periods beginning on or after 1 January 2009). These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level

hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.

- IFRS 8 – "Operating segments" (effective for annual periods beginning on or after 1 January 2009) 'introduces the management approach' to segment reporting. IFRS 8 will require a change in presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company's 'chief operating decision maker' in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business segments.

- IFRIC 15 – "Agreement for Construction of Real Estate" (effective for annual periods beginning on or after 1 October 2009) clarifies the recognition of revenues by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete.

- IFRIC 16 – "Hedge of Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 October 2008) clarifies that net investment hedging can be applied only to foreign exchange currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The Interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used.

- IFRIC 17 – "Distributions of Non-cash Assets to Owners" (effective annual periods beginning on or after 1 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognized in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognized in the income statement.

- IFRIC 18 – "Transfers of Assets from Customers" (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

- The Accounting Standards Board made certain amendments to existing standards as part of its annual improvement project

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged Items.

- IFRS 5 (Amendment) - Non-current assets held-for-sale and discontinued operations
- IAS 23 (Amendment) - Borrowing costs - definition of borrowing costs and use of effective interest method. has been amended.
- IAS 36 (Amendment) - Impairment of assets. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.
- IAS 38 (Amendment) - Intangible assets. A prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.
- IAS 19 (Amendment) - Employee benefits. The amendment among other things clarifies treatments in case of plan amendments and modifies definition of return on plan assets.
- IAS 28 (Amendment) - Investments in associates (and consequential amendments to IAS 32 - Financial Instruments: Presentation and IFRS 7 - Financial instruments: Disclosures).
- IAS 31 (Amendment) - Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7).
- IAS 40 (Amendment) - Investment property (and consequential amendments to IAS 16).
- IAS 41 (Amendment) - Agriculture
- Amendment to IFRS 7 - Improving disclosures about financial instruments
- IFRIC Interpretation 17 – Distribution of non-cash assets to owners

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

Company operates an approved provident fund for eligible employees. The company contribute equal amount of employees contribution i.e. 8.33% of basic salary.

3.2 Employees' compensation absences

The company accounts for the liability in respect of employees' compensation absences in the year in which these are earned.

3.3 Provisions

Provision is recognized when, as a result of past event, the company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.4 Taxation

Provision for taxation is based on applicable tax laws at the current rates of taxation. Presently provision for current taxation is based on final tax regime in accordance with the provisions of section 154 of the Income Tax Ordinance, 2001.

3.5 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment loss, if any, except for Leasehold Land that are shown at revalued amounts. Depreciation is charged to profit & loss applying the reducing balance method whereby the cost of an asset is written off over its useful life at the rates specified in note to the financial statements. Depreciation on additions is charged for the full year in which an asset is put to use and no depreciation charged in the year in which assets disposed.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate assets, as appropriate, only when it is probable that future benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Gains and losses on disposal of assets, if any, are taken to the profit and loss account.

The assets' residual values, useful lives methods are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at 30June 2009 did not require any adjustment as its impact is considered insignificant.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year asset is derecognized.

Leased

Assets subject to finance lease are accounted for by recording the assets and related liability. These are stated at lower of the present value of minimum lease payments under the lease agreements and fair value of the assets acquired on lease. Depreciation is charged on the same basis as used for own assets.

Financial charges under the lease agreements is allocated over the periods during the lease term, so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each period.

Capital work in progress

Capital work-in-progress is stated at cost less impairment, if any. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

3.6 Stores, spares and chemicals

Stores, spares and loose tools excluding items in transit are valued at lower of moving average cost and net realizable value. Provision is made for slow moving and obsolete items.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding there future usability.

3.7 Stock-in-trade

Raw materials are valued at average cost and finished goods are valued at lower of average cost and net realizable value.

Work-in-process is valued at average cost of raw-materials including a proportionate of manufacturing overheads.

By products [Waste products] are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to be incurred to make the sale.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding there future usability.

3.8 Trade and other receivables

Trade and other receivables are carried at original invoice amount/cost, which is the fair value of the consideration to be received, less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and previous repayment pattern. Balance considered bad and irrevocable are written off.

3.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.10 Cash & cash equivalent

Cash in hand and at banks, short term bank deposits and short term running finances, if any, are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and deposits in bank, net of short term running finances (if any) that are highly liquid in nature and are readily convertible into known amounts of cash, which are subject to insignificant risks of changes in value.

3.11 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria has been met for each of the Company's activities as described below:

- Sale of goods & services

Sales are recorded on dispatch of goods to the customer or on performance of services.

- Interest / Mark up income

Income on deposits and other operating income are recorded on accrual basis.

3.12 Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed off or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operations, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

3.13 Non current assets held for sale

Non-current assets held (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sales rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, assets (or components of the disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

3.13 Borrowing cost

Borrowing cost is recognized as an expense in the period in which they are incurred except borrowing cost that are directly attributable to acquisition, construction or production of qualifying asset is capitalized as a part of the cost of that asset.

3.14 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expire or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.15 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are off set and the net amount is reported in the balance sheet only when the company has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.16 Foreign currency translation

Foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year-end spot foreign exchange rates. Non-monetary assets are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in income currently.

3.17 Impairment

The carrying amounts of the Company's non-financial assets and investment carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in profit and loss account.

3.18 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Pakistani Rupees, which is the company's functional and presentation currency.

3.19 Basic and diluted earnings per share

The company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.20 Related Party Transactions

Transactions with related parties are carried out on commercial terms and conditions.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2009 No. of shares	2008 No. of shares		2009 Rupees	2008 Rupees
17,296,260	17,296,260	Ordinary shares of Rs.10/- each fully paid-up in cash	**172,962,600**	172,962,600
6,051,760	6,051,760	Ordinary shares of Rs.10/-each issued as fully paid right shares at premium of Rs. 5 per share	**60,517,600**	60,517,600
859,020	859,020	Ordinary shares of Rs.10/-each issued as bonus shares	**8,590,200**	8,590,200
9,682,816	9,682,816	Ordinary shares of Rs.10/-each issued as fully paid right shares at premium of Rs. 5 per share	**96,828,160**	96,828,160
41,006,725	—	Ordinary shares of Rs.10/-each issued as fully paid right shares at par	**410,067,250**	—
74,896,581	33,889,856		**748,965,810**	338,898,560

5. RESERVES

Capital Reserve		
Share Premium	**215,250,100**	215,250,100

6. SURPLUS ON REVALUATION OF PROPERTY

The revaluation was done by an independent valuer M/s Iqbal A. Nanji & Company (an approved valuer from Pakistan Bank's Association) on October 29, 2008 & December 31, 2005 on the basis of present market value.

7. LONG TERM FINANCE FROM SPONSORS

Ashfaq Ahmed Teli	—	27,611,908
Mohammad Ali Teli	—	25,000,000
A. Razak Haji Sattar	—	5,970,075
Jamila A. Ghaffar	—	746,259
Muhammad Asif Teli	—	2,611,908
	—	61,940,150

This represent interest free loan obtained from sponsors. During the period the sponsors have adopted the option to convert above loan into equity also the Company has approved the conversion vide there meeting held on June 04, 2009 and accordingly the outstanding balance of Rs. 55.780 million has transferred to Right share subscription account.

8. LONG TERM FINANCE FROM RELATED PARTY

This represents unsecured loan obtained from Naz Textile (Pvt.) Limited. The lender will charge actual financing cost to the Company. During the period the related party have opted the option to convert outstanding loan into equity also the company has approved the conversion vide there meeting held on June 04, 2009 and has accordingly the outstanding balance of Rs. 150 million has transferred to Right share subscription account.

9. Long Term Finance - Secured

PARTICULARS	Habib Bank Ltd.	Bank Al-Habib Limited			Askari Bank Limited.	Standard Chartered Bank (Pakistan) Limited	
	Demand Finance	Restructured	Restructured				
	Loan No. 10	Loan No. 1	Loan No. 2	SBP SWAP EOP	Loan No. 1	Loan No. 1	Restructured
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance as on July 1, 2008	154,125,467	133,625,000	157,759,909	15,625,000	48,270,323	183,271,684	—
Obtained during the year	—	—	—	—	—	2,000	—
Restructure	—	—	58,330,815	6,250,000	17,163,500	(50,000,000)	50,000,000
Outstanding balance	154,125,467	133,625,000	216,090,724	21,875,000	65,433,823	133,273,684	50,000,000
Net reversal of current maturity	—	—	(58,330,815)	(6,250,000)	(17,163,500)	—	—
Repaid during the year	(47,607,274)	(16,703,124)	(21,388,099)	(3,125,000)	(3,363,000)	(24,464,526)	(12,500,000)
Net outstanding balance	106,518,193	116,921,876	136,371,810	12,500,000	44,907,323	108,809,158	37,500,000
Current Portion							
Over dues	—	—	—	—	—	—	—
Current Maturity	—	(33,406,250)	(12,397,437)	(3,125,000)	(5,613,415)	(25,094,590)	37,500,000
	—	(33,406,250)	(12,397,437)	(3,125,000)	(5,613,415)	(25,094,590)	37,500,000
Closing balance as on June 30, 2009	**106,518,193**	**83,515,626**	**123,974,373**	**9,375,000**	**39,293,908**	**83,714,568**	**—**
Significant terms and conditions:							
Installments	Half Yearly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly
No. of installment	9	14	11	8	16	16	4
Installment amount (Rupees)	11,835,355	8,351,563	12,397,437	3,125,000	2,806,708	6,273,648	12,500,000
Repayment date	30/09/2010	14/09/2009	14/06/2010	14/03/2010	01/01/2010	01/07/2009	31/03/2009
Rate of mark up per annum	**7.0% flat**	**7.0% flat**	**7.0% flat**	**5%**	**3 month KIBOR + 1%**	**3 month KIBOR + 1%**	**Intrest Free**
Securities	**First Pari-passu charge and equitable mortgage of the fixed and current assets of the Company.**						

PARTICULARS	Bank Al-Falah Limited		Habib Metropolitan Bank	Total	
	Loan No. 7	SBP SWAP EOP	Loan No.1	June 2009	June 2008
	Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance as on July 1, 2008	40,657,175	32,625,000	60,000,000	825,959,558	778,762,027
Obtained during the year	—	—	—	2,000	—
Restructure	7,356,000	6,525,000	—	95,625,315	341,179,158
Outstanding balance	48,013,175	39,150,000	60,000,000	921,586,873	1,119,941,185
Net reversal of current maturity	(7,356,000)	(6,525,000)	—	(95,625,315)	(167,372,000)
Repaid during the year	(2,832,000)	(13,050,000)	60,000,000	(205,033,023)	(126,609,627)
Net outstanding balance	37,825,175	19,575,000	—	620,928,535	825,959,558
Current Portion					
Over dues	—	—	—	—	—
Current Maturity	(4,728,147)	(13,050,000)	—	(134,914,840)	247,137,500
	(4,728,147)	(13,050,000)	—	(134,914,840)	(247,137,500)
Closing balance as on June 30, 2009	**33,097,028**	**6,525,000**	**—**	**486,013,695**	**578,822,058**
Significant terms and conditions:					
Installments	Quarterly	Half-yearly	Quarterly		
No. of installment	16	8	16		
Installment amount (Rupees)	2,364,073	6,525,000	3,750,000		
Repayment date	01/01/2010	27/06/2007	30/12/2008		
Rate of mark up per annum	**3 month KIBOR + 1%**	**SBP +2%**	**3 month KIBOR + 2.5%**		
Securities	**First Pari-passu charge and equitable mortgage of the fixed and current assets of the Company.**				

9.1 The loan from Habib Bank Ltd is restructured during the year. The markup rate per annum is revised from 3 month KIBOR + 1% to 7% flat.

9.2 The loan 1 of Bank Al- Habib Ltd is restructured into two different loans. As per the revised terms the markup rate is revised from 1Year KIBOR with a ceiling of 7% to 7% flat on restructured loans. The repayment of the loan 2 will commence from June 14, 2010.

9.3 The loan 1 of Standard chartered Bank is restructured into two different loans. As per the revised terms of the loan grace period is extended on loan 1 from September 1, 2009 to June 30, 2009. The repayment of the loan 2 commence from March 31, 2009 in 4 equal quarterly installments of Rs. 12.5 million.

		June 30, 2009 Rupees	June 30, 2008 Rupees

10. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance		**10,526,418**	21,028,779
Repaid during the year		**(10,526,418)**	(10,502,361)
		—	10,526,418
Transfer to current portion		**—**	(10,526,418)
Closing balance		**—**	—

During the year all the lease has matured and all the assets have been transferred to the company name.

11. TRADE AND OTHER PAYABLES

Creditors	11.1	**178,957,329**	196,847,488
Accrued expenses		**24,916,766**	36,726,303
Unclaimed dividend		**212,428**	212,428
Workers profit participation fund	11.2	**632,726**	15,637
Workers welfare fund		**1,419,226**	—
Right shares subscription	11.3	**105,323**	105,323
Others		**364,628**	1,753,996
Less: Liabilities classified as held for sale		**—**	(281,913)
		206,608,426	235,379,262

11.1 This include an amount of Rs. 41.260 million (2008: 60.379 million) payable to related parties.

11.2 Worker's Profit Participation Fund

Opening balance	**15,637**	15,637
5% contribution for the year	**617,089**	—
	632,726	15,637
Less: Payment during the year	**—**	—
Closing balance	**632,726**	15,637

11.3 This represent the balance refundable to applicants for right shares called but were subsequently cancelled. The Security and Exchange Commission of Pakistan (formerly Corporate Law Authority), Islamabad granted permission in 1995 for cancellation.

12. ACCRUED INTEREST/ MARK-UP

Long-term finances		**7,956,241**	2,643,445
Long-term finances from related party	12.1	**5,149,602**	487,705
Short-term finances		**4,748,165**	6,467,097
Lease finances		**—**	44,358
		17,854,008	9,642,605

		June 30, 2009 Rupees	June 30, 2008 Rupees
12.1 Long-term finances from related party			
Opening balance		**487,704**	—
Accrued during the year		**23,132,487**	487,705
		23,620,191	487,705
Paid during the period		**(18,470,589)**	—
Closing balance		**5,149,602**	487,705

13. SHORT TERM BORROWINGS - SECURED			
Export refinance			
- Bank Al-Falah Limited		**80,000,000**	80,000,000
- Habib Metropolitan Bank Limited		**196,900,000**	63,800,000
		276,900,000	143,800,000
Running / short term finances			
- Bank Alfalah Limited		**—**	19,960,854
- Askari Bank Limited		**—**	47,056,995
- Habib Metropolitan Bank Limited		**—**	90,800,672
		—	157,818,520
	13.1	**276,900,000**	301,618,520

13.1 This represent short term working capital finance facilities and export Re - finance facilities of Rs. 410 million (2008: Rs. 302 million) which is secured by pari passu charge by way of hypothecation of stock of stores and spares, cotton yarn, finished goods and export bills under collection and trade debts amounting to Rs. 944.5 million of the company. The rate of mark-up for running finance ranges from 3 months KIBOR + 0.5 % to 3 months KIBOR + 3% per annum (2008: 3 months KIBOR + 1% to 3 months KIBOR + 3% per annum). The rates of mark-up for Export Re-finance is SBP rate + 1% per annum (2008: 7.5% and 6 months KIBOR+2%).

14. CONTINGENCIES AND COMMITMENTS

Contingencies

- Guarantee issued by commercial banks to Sui Southern Gas Company Limited on behalf of the company amounting to Rs. 36.083 million (2008: Rs. 37.583 million)
- Guarantee issued by commercial banks to supplier and Central Excise Department on behalf of the company amounting to Rs. 1.33 million and Rs. 0.2 million respectively (2008: Rs. 1.33million and Rs. 0.2 million).

Commitments

Karachi Water & Sewerage Board raised an arrears of water charges amounting to Rs. 33.167 million (2008: Rs 34.195 million) which has not been incorporated in these accounts. The management of the company believes that the said arrears amount has been billed to the company due to erroneous meter reading by the department. The company raised the matter with the appropriate authority through its legal counsel and is optimistic that the department will reverse the arrear appears in the bills.

15. PROPERTY, PLANT AND EQUIPMENT

Operating property, plant & equipment	15.1	**1,572,831,268**	1,400,684,326
Capital work in progress	15.2	**41,491,223**	52,580,745
Less:Assets classified as held for sale		**(70,227,357)**	(88,041,798)
		1,544,095,134	1,365,223,273

15.1 PROPERTY, PLANT AND EQUIPMENT
For the year ended June 30, 2009

Particulars	Cost or Revaluated				Depreciation					Written Down value as at June 30, 2009
	As on July 01, 2008	Additions/ (Disposals)	Surplus on Revaluation of Fixed Assets	As on June 30, 2009	Rate %	As on July 01, 2008	Reversal on diposals/ Adjustment	For the Year Ended	As on June 30, 2009	
Leasehold land	352,100,000	—	255,718,100	607,818,100	—	—	—	—	—	607,818,100
Leasehold land Office	27,600,000	—	(600,000)	27,000,000	—	—	—	—	—	27,000,000
Building on leasehold land	421,491,521	6,801,777	—	428,293,298	10%	195,001,566	—	23,329,173	218,330,739	209,962,559
Office Bldg. on leasehold land	5,782,139	—	—	5,782,139	10%	4,357,262	—	—	4,357,262	1,424,877
Plant & machinery	1,360,961,939	36,010,919 18,622,016 (73,406,007)	—	1,342,188,867	10%	641,898,643	41,660,218 4,487,978	69,996,808	674,723,210	667,465,657
Electric fitting	44,909,739	534,800	—	45,444,539	10%	16,648,089	—	2,879,645	19,527,734	25,916,805
Office equipments	9,038,143	2.423,342	—	11,461,485	15%	6,358,420	296,553	765,460	7,123,880	4,337,605
Computers	20,276,146	996,537 (362,895)	—	20,909,788	30%	15,188,043	—	1,805,489	16,636,979	4,212,809
Furniture & Fixtures	17,688,746	725,860	—	18,414,606	10%	8,866,165	—	954,844	9,821,009	8,593,597
Vehicles	24,205,925	5,414,647 9,908,000 (628,700)	—	38,899,872	20%	14,148,565	316,391 4,971,394	4,019,261	22,822,829	16,077,043
Arms & Ammunition	41,995	—	—	41,995	15%	15,858	—	3,921	19,779	22,216
	2,284,096,293	81,437,898 (74,397,602)	255,118,100	2,546,254,689		902,482,611	51,732,534	103,754,601	973,423,421	1,572,831,268
Assets subject to finance Lease										
Plant & machinery	18,622,016	(18,622,016)	—	—	10%	4,487,978	(4,487,978)	—	—	—
Vehicles	9,908,000	(9,908,000)	—	—	20%	4,971,394	(4,971,394) —	— —	— —	— —
	28,530,016	(28,530,016)	—	—		9,459,372`	(9,459,372)	—	—	—
Total Rupees:2009	2,312,626,309	81,437,898 (102,927,618)	255,118,100	2,546,254,689		911,941,983	42,273,162	103,754,601	973,423,421	1,572,831,268

For the year ended June 30, 2008

Particulars	Cost or Revaluated				Depreciation					Written Down value as at June 30, 2008
	As on July 01, 2007	Additions/ (Disposals)	Surplus on Revaluation of Fixed Assets	As on June 30, 2008	Rate %	As on July 01, 2007	Reversal on diposals/ Adjustment	For the Year Ended	As on June 30, 2008	
Leasehold land	352,100,000	—	—	352,100,000	—	—	—	—	—	352,100,000
Leasehold land Office	27,600,000	—	—	27,600,000	—	—	—	—	—	27,600,000
Building on leasehold land	417,514,312	3,977,209	—	421,491,521	10%	169,836,015	—	25,165,551	195,001,566	226,489,955
Office Bldg. on leasehold land	5,782,139	—	—	5,782,139	10%	4,357,262	—	—	4,357,262	1,424,877
Plant & machinery	1,701,020,495	21,538,516 (361,597,072)	—	1,360,961,939	10%	780,027,343	211,467,185	73,338,485	641,898,643	719,063,296
Electric fitting	43,459,505	1,450,234	—	44,909,739	10%	13,507,906	—	3,140,183	16,648,089	28,261,650
Office equipments	9,189,433	365,000 (516,290)	—	9,038,143	15%	6,128,189	242,661	472,892	6,358,420	2,679,723
Computers	19,441,717	1,110,636 (276,207)	—	20,276,146	30%	13,199,986	192,559	2,180,616	15,188,043	5,088,103
Furniture & Fixtures	17,782,975	529,147 (623,376)	—	17,688,746	10%	8,052,673	166,795	980,287	8,866,165	8,882,581
Vehicles	28,798,460	3,692,360 (8,284,895)	—	24,205,925	20%	17,027,066	5,392,841	2,514,340	14,148,565	10,057,360
Arms & Ammunition	41,995	—	—	41,995	15%	11,246	—	4,612	15,858	26,137
	2,622,731,031	32,663,102 (371,297,840)	—	2,284,096,293		1,012,147,686	217,462,041	107,796,966	902,482,611	1,381,613,682
Assets subject to finance Lease										
Plant & machinery	18,622,016	—	—	18,622,016	10%	2,917,529	—	1,570,449	4,487,978	14,134,038
Vehicles	9,908,000	—	—	9,908,000	20%	3,737,242	—	1,234,152	4,971,394	4,936,606
	28,530,016	—	—	28,530,016		6,654,771	—	2,804,601	9,459,372	19,070,644
Total Rupees:2008	2,651,261,047	32,663,102 (371,297,840)	—	2,312,626,309		1,018,802,457	217,462,041	110,601,567	911,941,983	1,400,684,326

15.11 Depreciation charge for the year has been allocated as under:-

	June 30, 2009 Rupees	June 30, 2008 Rupees
- Cost of goods manufactured	**100,224,887**	106,963,160
- Administrative expenses	**3,529,714**	3,638,407
	103,754,601	110,601,567

15.1.2 Security

As at the balance sheet date all the assets of the company are subject to a registered charge to secure book loans.

15.1.3 Details of Disposal of Operating Fixed Assets having book value of more than Rs. 50,000 during the year are as follows :

Continued Operation	Cost	Depreciation	W.D.V.	Sale Proceeds	Gain/(Loss)	Mode of Disposal	Party
Machinery							
Sizing Machine	6,970,880	5,626,323	1,344,557	1,400,000	55,443	Negotiation	Abdul Sattar Ahmed
Humidification Plant	3,881,672	2,430,954	1,450,718	—	(1,450,718)	Discarded being written off	
Weaving Looms	20,877,753	11,748,530	9,129,223	—	(9,129,223)		
	31,730,305	**19,805,807**	**11,924,498**	**1,400,000**	**(10,524,498)**		
Vehicle							
Suzuki Cultus AKN 895	570,200	278,258	291,942	500,000	208,058	Insurance claim	EFU General Insurance Limited.
	32,300,505	**20,084,065**	**12,216,440**	**1,900,000**	**(10,316,440)**		
Discontinued Operation							
Osthoff Singing & Desizing	5,728,205	2,909,390	2,818,815	2,900,000	81,185	Negotiation	Asiatic Tex. Mills (Private) Limited Bangladesh
Emerizing Machine Sukker Muller	5,922,628	3,800,172	2,122,456	2,004,091	(118,365)	Negotiation	Saad Sain Tex. Mills Limited Bangladesh
Lefor Micro Sanding Machine	10,719,776	3,473,125	7,246,651	6,829,277	(417,374)	Negotiation	Saad Sain Tex. Mills Limited Bangladesh
R.O.T Inspection Machine	881,190	256,883	624,307	700,000	75,693	Negotiation	United Tex. Prin. Ind. (Pvt) Ltd
Shrinking Range Sonforizing	18,423,903	11,414,841	7,009,062	7,150,368	141,306	Negotiation	Zaber & Zubair Fabric Ltd Bangladesh
	41,675,702	**21,854,411**	**19,821,291**	**19,583,736**	**(237,555)**		
	73,976,207	**41,938,476**	**32,037,731**	**21,483,736**			

			June 30, 2009 Rupees	June 30, 2008 Rupees
15.2	**CAPITAL WORK-IN-PROGRESS**			
	Opening Balance		**52,580,745**	16,054,531
	Additions during the year:			
	Machines under installation		**20,295,351**	36,526,214
	Building under construction		**687,767**	—
			20,983,118	36,526,214
	Transferred to fixed assets		**(32,072,640)**	—
	Closing Balance		**41,491,223**	52,580,745

16. STORES, SPARES AND CHEMICALS

Store		**9,613,430**	7,522,322
Chemical		**18,080,927**	15,414,622
Spare parts	16.1	**23,254,030**	56,601,526
Goods in transit		**2,083,461**	—
Less: Assets classified as held for sale - stores & spares		**(653,951)**	(2,391,663)
		52,377,897	77,146,807

16.1 This include provision against slow moving spares amounting to Rs. 20.246 million (2008: Nil)

17. STOCK-IN-TRADE

Raw material	17.2	**50,585,495**	44,887,699
Work-in-process	17.1	**71,852,358**	167,933,479
Finished goods		**141,559,127**	71,365,446
Less: Asset classified as held for sale		**—**	(892,676)
		263,996,980	283,293,948

17.1 Stock in trade includes Rs. 5.942 million (2008: Rs. Nil) held with third parties.

17.2 This include provision against slow moving stocks amounting to Rs. 1.99 million (2008: Nil).

18. TRADE DEBTS - Considered Good

Local	**54,176,274**	25,707,382
Export	**217,146,272**	27,885,751
Less: Asset classified as held for sale	**—**	(3,492,783)
	271,322,546	50,100,350

18.1 Trade debtors include an amount of Rs. 48.794 million (2008: Rs.16.110 million) receivable from related party.

		June 30, 2009 Rupees	June 30, 2008 Rupees
19. LOANS AND ADVANCES - Considered Good			
Suppliers		**1,495,078**	5,071,516
Employees	19.1	**2,251,978**	3,329,435
Others		**1,456,688**	4,183,248
		5,203,744	12,584,199

19.1 This represents advances provided interest free to employees in accordance with the Company's policy. The advances are unsecured and are recoverable within one year in equal monthly installments.

20. SHORT TERM PREPAYMENTS			
Lease finance security deposits		**—**	1,940,800
Prepayments		**613,161**	2,611,642
		613,161	4,552,442
21. OTHER RECEIVABLES			
Sales tax refundable		**8,937,528**	19,507,822
Export rebate		**5,832,824**	3,911,874
Receivable research & development support		**1,404,452**	5,363,095
Receivable income on fixed deposits		**759,208**	432,996
Others		**8,762,808**	—
		25,696,820	29,215,787

21.1 Other receivables includes Rs. 6.099 million (2008: Rs. Nil) receivables from related parties.

22. CASH AND BANK BALANCES			
Cash in hand		**71,988**	40,526
Cash at banks			
- current accounts		**194,865,003**	213,681,067
- deposit accounts	22.1	**16,439,645**	45,977,794
		211,304,648	259,658,861
		211,376,636	259,699,387

22.1 The balance in deposit accounts carry mark-up rate ranges from 11% to 13% per annum (2008: 11% per annum).

23. NON-CURRENT ASSETS HELD FOR SALE

Fabric processing plant is presented as a disposal group held for sale. Efforts to sell the disposal group have been commenced, and sale is expected to materialize in current calendar year. At June 30, 2009 the disposal group comprise assets of Rs. 70.881 million (2008: 94.819 million). Due to the prevailing real state market situation in Pakistan, despite the rigorous efforts of the management of the company they unable to receive any appropriate selling price of the land and building classified held for sale. However, the company's management still committed for the sale of these assets as soon as they receive the appropriate price of the remaining assets held for sale.

		June 30, 2009 Rupees	June 30, 2008 Rupees
Assets classified as held for sale			
Plant and machinery		**37,494,380**	59,016,921
Land and building		**32,732,977**	29,024,877
Stores, spares and chemicals		**653,951**	2,391,663
Stock-in-trade		**—**	892,676
Trade debts		**—**	3,492,783
		70,881,308	94,818,920
Liabilities classified as held for sale			
Trade and other payables		**—**	281,913
Current maturity of long term loan		**—**	134,019,592
		—	134,301,505

24. SALES - Net

		June 30, 2009 Rupees	June 30, 2008 Rupees
Local		**240,150,877**	149,932,333
Export		**1,544,631,450**	1,130,523,978
Export rebate		**9,250,329**	8,817,736
		1,794,032,656	1,289,274,047
Less : Sales tax		**(210,441)**	(158,388)
Special excise duty		**(7,318)**	—
Commission & others		**(44,727,178)**	(11,690,812)
		(44,944,937)	(11,849,200)
		1,749,087,719	1,277,424,847

25. COST OF SALES

		June 30, 2009 Rupees	June 30, 2008 Rupees
Opening stock of finished goods		**70,472,769**	178,656,128
Add : Cost of goods manufactured	25.1	**1,571,530,555**	1,056,208,888
		1,642,003,324	1,234,865,016
Less : Closing stock of finished goods		**(141,559,127)**	(70,472,769)
		1,500,444,197	1,164,392,248

		June 30, 2009 Rupees	June 30, 2008 Rupees
25.1 Cost of Goods Manufactured			
Raw materials consumed	25.1.1	**719,181,077**	627,009,105
Stores consumed		**238,519,908**	149,770,576
Salaries, wages and benefits		**174,531,275**	126,907,438
Fuel, power and water		**158,198,646**	105,032,959
Outside manufacturing charges		**45,000,180**	54,431,219
Insurance		**6,979,792**	5,297,429
Repair and maintenance		**22,429,451**	11,524,254
Other manufacturing expenses		**16,483,445**	8,695,298
Depreciation		**100,224,887**	106,963,160
Work-in-process opening		**167,933,479**	28,510,930
Work-in-process closing		**(77,951,585)**	(167,933,480)
		1,571,530,555	1,056,208,888

25.1.1 Raw Material Consumed

Opening stock	**44,887,699**	24,987,610
Purchases during the year	**724,878,873**	646,909,194
	769,766,572	671,896,804
Less : Closing stock	**(50,585,495)**	(44,887,699)
	719,181,077	627,009,105

25.1.2 This include amount of Rs.4.215 million (2008: 3.393 million) in respect of staff retirement benefits.

26. ADMINISTRATIVE EXPENSES

Salaries & Benefits	26.1	**41,878,293**	28,947,044
Bad debts expenses		**4,542**	22,771
Rent, rates & taxes		**941,909**	1,461,577
Vehicle running expenses		**5,685,449**	8,038,997
Conveyance & traveling		**626,340**	436,666
Printing & stationery		**1,252,980**	2,102,502
Postage, telegram & telephone		**1,633,653**	1,917,855
Staff welfare		**1,925,880**	1,723,922
Legal and professional		**10,258,421**	4,629,098
Miscellaneous		**4,448,595**	1,703,947
Depreciation		**3,529,714**	3,638,407
		72,185,776	54,622,786

26.1 This include amount of Rs.1.865 million (2008: 1.11 million) in respect of staff retirement benefits.

		June 30, 2009 Rupees	June 30, 2008 Rupees
27. DISTRIBUTION COST			
Freight and insurance		**82,417,709**	75,629,292
Forwarding charges		**13,073,015**	9,181,779
Sales promotion		**9,277,998**	1,101,293
Trademark registration charges		**—**	15,000
Export development surcharge		**3,215,409**	3,660,482
Advertisement		**51,556**	180,707
Market research		**3,436,911**	3,453,275
Exhibitions		**1,246,661**	870,265
		112,719,259	94,092,093
28. OTHER OPERATING INCOME/(CHARGES)			
Loss / (gain) on disposal of fixed assets		**10,341,228**	(336,513)
Loss on sale of stores spare and chemicals		**—**	980,086
Audit fees	28.1	**900,000**	600,000
Donations	28.2	**94,653**	52,600
Interest on fixed deposit		**(11,140,605)**	(2,762,490)
		195,276	(1,466,317)
28.1 Auditors' remuneration			
Audit fee		**500,000**	500,000
Half yearly review		**200,000**	100,000
Other certifications		**200,000**	—
		900,000	600,000

28.2 None of the directors and their spouses had any interest in these donations.

29. FINANCE COST			
Mark-up on :			
- Long term finances		**23,185,719**	19,900,389
- Long term finance from related party	12.1	**23,132,487**	487,705
- Obligation under finance lease		**1,910,515**	2,343,540
- Short term running finance		**16,984,333**	32,857,222
Guarantee commission		**473,393**	572,414
Bank commission & charges		**2,601,043**	1,981,280
Exchange (gain) / loss - net		**(17,410,461)**	574,648
		50,877,029	58,717,198
30. PROVISION FOR TAXATION			
Current		**17,500,000**	12,750,000
Prior		**(447,058)**	—
		17,052,942	12,750,000

30.1 The Income Tax Assessments of the Company have been finalized upto and including tax year 2008.

30.2 The company is under final tax regime under the Income Tax Ordinance, 2001 and hence tax reconcilation with accounting loss is not been presented.

	June 30, 2009 Rupees	June 30, 2008 Rupees
31. LOSS PER SHARE -BASIC & DILUTED		
-BEFORE DISCONTINUED OPERATION - BASIC		
Net (loss) after tax and before discontinued operation	**(6,423,075)**	(105,683,160)
Weighted average number of ordinary shares	**73,690,132**	30,861,177
	(0.09)	(3.42)
- BEFORE DISCONTINUED OPERATION - DILUTED		
Net (loss) after tax and before discontinued operation	**(6,423,075)**	(105,683,160)
Weighted average number of ordinary shares	**77,186,960**	25,707,532
	(0.08)	(4.11)

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	2009				2008			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Meeting Fees	—	7,500	—	7,500	—	10,000	—	10,000
Managerial remuneration	6,902,000	3,332,000	7,068,133	17,302,133	1,080,000	880,000	4,483,509	6,443,509
House Rent allowance	—	—	—	—	432,000	352,000	1,793,538	2,577,538
Utilities allowance	493,000	238,000	503,667	1,234,667	108,000	88,000	448,554	644,554
No. of persons	1	6	5	12	1	6	5	12

The Chief Executive and Directors have been provided with the company's maintained cars.

33. RESULTS OF DISCONTINUED OPERATION

		2009	2008
Sale	33.1	**5,897,105**	46,676,570
Cost of sale	33.2	**(1,053,528)**	(56,510,169)
		4,843,577	(9,833,599)
Administrative expenses	33.4	**(3,480,878)**	(2,560,931)
		1,362,699	(12,394,530)
Other operating income / (charges)	33.5	**(267,880)**	(532,930)
		1,094,819	(12,927,460)
Provision for taxation	33.6	**(58,972)**	(466,765)
Profit / (loss) after taxation		**1,035,847**	(13,394,225)

The company has closed fabric processing plant, which is hence classified as assets held for sale.

	June 30, 2009 Rupees	June 30, 2008 Rupees
33.1 Sales		
Local	**3,475**	27,514,123
Export	**5,893,630**	20,065,367
Export rebate	**—**	194,264
	5,897,105	47,773,754
Less : Commission	**—**	(1,097,184)
	—	(1,097,184)
	5,897,105	46,676,570
33.2 Cost of Sales		
Opening stock of finished goods	**892,676**	27,010,170
Add : Cost of goods manufactured	**160,852**	30,392,675
	1,053,528	57,402,845
Less : Closing stock of finished goods	**—**	(892,676)
	1,053,528	56,510,169
33.3 Cost of Goods Manufactured		
Purchases	**—**	3,045,919
Stores consumed	**—**	6,858,460
Salaries, wages and benefits	**—**	8,750,794
Fuel, power and water	**—**	6,907,323
Outside manufacturing charges	**160,852**	4,327,288
Repair and Maintenance	**—**	256,568
Other manufacturing expenses	**—**	246,323
	160,852	30,392,675
33.4 Administrative Expenses		
Bad debts expenses	**3,480,878**	—
Rent, rates & taxes	**—**	14,360
Vehicle running expenses	**—**	201,400
Conveyance & traveling	**—**	6,785
Postage, telegram & telephone	**—**	12,245
Staff welfare	**—**	52,244
Legal and professional	**—**	243,637
Miscellaneous	**—**	2,030,260
	3,480,878	2,560,931
33.5 Other Operating charges		
(Loss) / gain on disposal of fixed assets	**(237,555)**	293,331
Loss on sale of stores, spares and chemicals	**(30,325)**	(826,261)
	(267,880)	(532,930)

		June 30, 2009 Rupees	June 30, 2008 Rupees
33.6	**Provision for Taxation**		
	Current	**58,972**	466,765

The income tax assessments of the Company have been finalized upto and including tax year 2008.

33.7	**Profit / (loss) per share from discontinued operation**		
	- Discontinued operation - Basic		
	Profit / (loss) from discontinued operation	**1,035,848**	(13,394,225)
	Weighted average number of ordinary shares	**73,690,132**	30,861,177
		0.014	(0.43)
	- Discontinued operation - Diluted		
	Profit / (loss) from discontinued operation	**1,035,848**	(13,394,225)
	Weighted average number of ordinary shares	**77,186,960**	25,707,532
		0.013	(0.52)
33.8	**Cash flow from (used in) discontinued operations**		
	Profit / (loss) before taxation	**1,094,819**	(12,927,460)
	Adjustments for:		
	- Bad debts written off	**3,480,878**	—
	- gain / loss on sale of fixed assets	**237,555**	—
		4,813,252	(12,927,460)
	(Increase)/Decrease in Current Assets		
	Decrease in stores and spares	**1,737,712**	(2,391,663)
	Decrease in Stock in trade	**892,676**	(892,676)
	Increase in trade debt	**11,905**	(3,492,783)
	Increase / (Decrease) in Current Liabilities		
	Decrease in trade and other payables	**(281,913)**	281,913
		7,173,632	(19,422,669)
	Cash flow from investing activities		
	Sales proceeds of fixed assets	**19,583,192**	143,143,054
	Cash inflow from discontinued operations	**26,756,824**	123,720,385
	Repayment of long term loans	**(87,046,411)**	(100,000,000)
		(60,289,587)	23,720,385

34. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors and their close family members, major shareholders of the Company, key management personnel and staff provident fund. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of chief Executive, directors and executives is disclosed in note to the financial statements. Transactions with related parties and balances outstanding at the year end, other than those disclosed elsewhere in the financial statements are given below:

	June 30, 2009 Rupees	**June 30, 2008 Rupees**
Sales of goods	**723,847,232**	522,681,333
Income from Manufacturing and other service	**215,258,881**	98,628,299
Sale of assets	**—**	5,745,386
Purchase of assets	**7,709,500**	36,499,460
Purchases	**110,505,653**	42,523,956
Manufacturing expenses and other charges	**50,280,887**	5,682,327
Interest accrued on long term loan due to related party	**23,132,487**	487,705
Right shares subscription		
- Cash	**217,724,360**	341,871,570
- exercise of option	**205,780,410**	—
(Payment) / Receipt of loan from sponsors	**(6,160,720)**	11,940,150

35. CAPACITY AND PRODUCTION

Towel	Looms		Production (000 Kgs)				
					Actual		
	Installed	Worked	Capacity Standard	Capacity Normal	Own	Commercial	Total
2009	106	106	8,400	6,759	4,123	1,940	6,063
2008	98	98	8,193	5,598	3,910	855	4,765

— The low capacity utilisation is due to depressed world market conditions.

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES
FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest/mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

36.1 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The companies finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance. In addition the Company has been investing heavily in capital expenditure which has been financed through debt.

36.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economics, political or other conditions. Concentration of credit risk indicates that relative sensitivity of the company's performance to development affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To manage exposure to credit risk, the company applies credit limits to their customers. Cash is held only with banks with high quality credit worthiness.

The maximum exposure to credit risk at the reporting date is as follows:

	2009 Balance Sheet	2009 Maximum exposure	2008 Balance Sheet	2008 Maximum exposure
Trade debtors	**271,322,546**	271,322,546	53,593,133	25,707,382
Loans and advances	**5,203,744**	5,203,744	12,584,199	12,584,199
Other receivables	**9,522,016**	9,522,016	432,996	432,996
Cash and bank balances	**211,376,636**	211,304,648	259,699,387	259,658,861
	—	—	—	—
	497,424,942	**497,352,954**	326,309,715	298,383,438

The maximum exposure to credit risk at the balance sheet date by geographic region is as follows:

	June 30, 2009 Rupees	June 30, 2008 Rupees
Domestic	54,176,274	25,707,382
United States	176,801,103	6,918,572
Gulf states	11,778,084	11,451,789
European countries	14,001,245	2,726,988
Other regions	14,565,840	6,788,402
	271,322,546	53,593,133

The maximum exposure to credit risk for trade debts and other receivable at the balance sheet date by type of customer is as follows:

	June 30, 2009 Rupees	June 30, 2008 Rupees
Distributes customers	200,013,527	27,751,602
Exporters	50,759,749	9,237,504
Retail customers	14,680,570	5,958,722
End-user customers	3,621,439	633,877
Wholesale customers	784,470	—
Other	10,984,807	10,444,424
	280,844,562	54,026,129

Impairment losses

The aging of trade debtors at the balance sheet date was:

	2009 Gross	2009 Impairment	2008 Gross	2008 Impairment
Not past due	216,209,218	—	28,899,897	—
Past due 1-60 days	34,245,148	—	4,026,808	—
Past due 61 days -75 days	4,875,313	—	17,954,101	—
More than 75 days	15,992,867	—	2,712,325	—
Total	271,322,546	—	53,593,131	—

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due upto one year do not require any impairment except as provided in these financial statements, ifany. None of the other financial assets are either past due or impaired.

36.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities (including interest payments):

	2009			
	Carrying Amount	**Contractual Cash flows**	**twelve months or less**	**Two to Five years**
Non-Derivative Financial liabilities				
Long term finance from				
- sponsors	—	—	—	—
- associates undertaking	5,149,602	5,149,602	5,149,602	—
- financial instruments	628,884,776	718,618,662	178,842,095	539,776,567
Obligation under finance lease	—	—	—	—
Short term borrowings	281,648,165	281,648,165	281,648,165	—
Trade and other payables	206,608,426	206,608,426	206,608,426	—
	1,122,290,969	1,212,024,855	672,248,288	539,776,567

	2008			
	Carrying Amount	**Contractual Cash flows**	**twelve months or less**	**Two to Five years**
Non-Derivative Financial liabilities				
Long term finance from				
- sponsors	61,940,150	61,940,150	—	61,940,150
- associates undertaking	150,487,705	182,396,445	24,516,021	157,880,424
- financial instruments	828,603,003	1,030,544,348	275,027,181	755,517,167
Obligation under finance lease	10,570,771	12,914,311	12,914,311	—
Short term borrowings	308,085,617	308,085,617	308,085,617	—
Trade and other payables	235,379,262	235,379,262	235,379,262	—
	1,595,066,508	1,831,260,133	855,922,392	975,337,741

36.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk.

36.4.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Exposure to currency risk

The Company is exposed to currency risk on trade debts and sales that are denominated in a currency other than the respective functional currency of the Company. The currencies in which these transactions are denominated are the US Dollars and the Euro. The Company's exposure to foreign currency risk is as follows:

	2009				2008			
	Rupees	US Dollars	Euro	GBP	Rupees	US Dollars	Euro	GBP
Trade debts	217,146,272	2,667,451	—	—	27,885,751	408,882	—	—
Trade payables	(30,819,876)	(378,576)	—	—	(36,349,460)	(532,983)	—	—
Gross balance sheet	186,326,396	2,288,875	—	—	(8,463,709)	(124,101)	—	—

The following significant exchange rates applied during the year :

	Average Rates		Balance Sheet Date rate	
	2009	**2008**	**2009**	**2008**
US Dollars	79.73	63.35	81.41	68.20
Euro	112.52	101.85	114.82	107.21
GBP	135.52	135.95	135.38	135.94

Sensitivity Analysis

A 10 percent strengthening of the Rupee against US Dollar and Euro at 30 June would have increased / (decreased) profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit and Loss
As at 30 June 2009	
Effect in US Dollars	18,633,733
As at 30 June 2008	
Effect in US Dollars	(846,371)

A 10 percent weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

38.4.2 **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	Carrying Amount	
	2009	**2008**
Fixed rate instruments		
Financial assets	16,439,645	45,977,794
Financial liabilities	409,811,879	299,798,562
Variable rate instruments		
Financial assets	—	—
Financial liabilities	488,016,656	988,305,934

	Interest Bearing		Non-Interest Bearing		Total
	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	2009
On Balance Sheet					
Financial Assets					
Long term investment	—	—	—	10,000	**10,000**
Trade debtors	—	—	271,322,546	—	**271,322,546**
Loans and advances	—	—	5,203,744	—	**5,203,744**
Other receivables	—	—	9,522,016	—	**9,522,016**
Cash and bank balances	16,439,645	—	194,936,991	—	**211,376,636**
Assets classified as held for sale	—	—	—	—	—
	16,439,645	—	**480,985,296**	**10,000**	**497,434,941**
off balance sheet	—	—	—	—	—
	16,439,645	—	**480,985,296**	**10,000**	**497,434,941**
Financial Liabilities					
Long term finance from					
- sponsors	—	—	—	—	—
- associates undertaking	—	—	—	—	—
- financial instruments	134,914,840	486,013,695	—	—	**620,928,535**
Obligation under finance lease	—	—	—	—	—
Short term borrowings	276,900,000	—	—	—	**276,900,000**
Trade and other payables	—	—	206,608,426	—	**206,608,426**
Accrued mark-up on finance	—	—	17,854,008	—	**17,854,008**
	411,814,840	**486,013,695**	**224,462,434**	—	**1,122,290,969**
off balance sheet open letter of credit/guarantee	—	37,916,333	—	—	**37,916,333**
on balance sheet gap	**(395,375,195)**	**(486,013,695)**	**256,522,862**	**10,000**	**(624,856,028)**
off balance sheet gap	—	**(37,916,333)**	—	—	**(37,916,333)**

	Interest Bearing		Non-Interest Bearing		Total
	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	2008
On Balance Sheet					
Financial Assets					
Long term investment	—	—	—	10,000	**10,000**
Trade debtors	—	—	50,100,350	—	**50,100,350**
Loans and advances	—	—	12,584,199	—	**12,584,199**
Other receivables	—	—	432,996	—	**432,996**
Cash and bank balances	—	—	213,721,593	—	**213,721,593**
Assets classified as held for sale	45,977,794	—	—	—	**45,977,794**
	45,977,794	—	**276,839,138**	**10,000**	**322,826,932**
off balance sheet	—	—	—	—	—
	45,977,794	—	**276,839,138**	**10,000**	**322,826,932**
Financial Liabilities					
Long term finance from					
- sponsors	—	—	—	61,940,150	**61,940,150**
- associates undertaking	—	150,000,000	—	—	**150,000,000**
- financial instruments	113,117,908	578,822,058	—	—	**691,939,966**
Obligation under finance lease	10,526,418	—	—	—	**10,526,418**
Short term borrowings	301,618,520	—	—	—	**301,618,520**
Trade and other payables	—	—	235,379,262	—	**235,379,262**
Accrued mark-up on finance	—	—	9,642,605	—	**9,642,605**
Liabilities classified as held for sale	134,019,592	—	—	—	**134,019,592**
	559,282,438	**728,822,058**	**245,021,867**	**61,940,150**	**1,595,066,513**
off balance sheet open letter of credit/guarantee	—	37,916,333	—	—	**37,916,333**
on balance sheet gap	**(513,304,644)**	**(728,822,058)**	**31,817,271**	**(61,930,150)**	**(1,272,239,581)**
off balance sheet gap	—	**(37,916,333)**	—	—	**(37,916,333)**

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

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and loss
As at 30 June 2009	
Cash flow sensitivity-Variable rate instruments	502,653
As at 30 June 2008	
Cash flow sensitivity-Variable rate instruments	528,956

36.5 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

37. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

As part of its strategic revival plan the Board of Directors in their meeting held on June 29, 2009 approved 12th Right Issue of 57% of issued subscribed and paid up capital of the Company. All relevant formalities have been completed including full and firm underwriting agreements with the underwriters. Last date for Renunciation of Right Allotment Letter was July 11, 2008. As of June 30, 2009 the Company has received Rs. 217.724 million in cash and Rs. 205.78 million conversion of outstanding loans amount to Right Shares subscription.

38. RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the comparison. Significant reclassifications made are as follows:

Reclassification from component	Reclassification to component	Amount
Non-current asset held for sale - cash at bank	Cash and bank balance - deposit accounts	**45,977,794**
Sales - net	Finance cost	**574,648**
Sales - net - export sales	Sales - net - Commission & others	**9,965,323**
Cost of sales - Raw material stock Closing	Cost of sales - Work - in - process closing	**3,833,634**
Cost of sales - Finished stock Closing	Cost of sales - Work - in - process closing	**126,408,834**

39 DATE OF AUTHORIZATION FOR ISSUE

Theses financial statements were authorized for issue on September 19, 2009 by the Board of Directors of the Company.

40. GENERAL

Figures have been rounded- off to the nearest rupees

MUHAMMAD ASIF TELI	**MURTAZA A. RAZAK**
Chief Executive	**Director**

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2009

No of Shareholders		Shareholding				Total shares held
409	From	1	to	500	Share	42,831
36	From	501	to	1,000	Share	23,068
16	From	1,001	to	1,500	Share	20,194
4	From	1,501	to	2,000	Share	7,096
7	From	2,001	to	2,500	Share	15,351
2	From	2,501	to	3,000	Share	5,835
3	From	3,001	to	3,500	Share	10,056
1	From	3,501	to	4,000	Share	4,000
1	From	4,501	to	5,000	Share	4,573
1	From	5,501	to	6,000	Share	5,861
1	From	6,501	to	7,000	Share	6,920
1	From	7,501	to	8,000	Share	7,735
1	From	8,501	to	9,000	Share	8,840
1	From	10,501	to	11,000	Share	10,725
1	From	15,501	to	16,000	Share	15,589
1	From	115,001	to	115,500	Share	115,407
1	From	118,501	to	119,000	Share	118,879
1	From	595,501	to	596,000	Share	595,797
4	From	999,501	to	1,000,000	Share	4,000,000
1	From	1,103,001	to	1,103,500	Share	1,103,140
2	From	1,938,501	to	1,939,000	Share	3,877,580
1	From	1,939,501	to	1,940,000	Share	1,939,895
1	From	2,260,001	to	2,260,500	Share	2,260,498
1	From	3,176,501	to	3,177,000	Share	3,176,916
1	From	3,265,001	to	3,265,500	Share	3,265,194
1	From	4,194,001	to	4,194,500	Share	4,194,036
1	From	5,533,001	to	5,533,500	Share	5,533,235
1	From	5,817,001	to	5,817,500	Share	5,817,475
1	From	7,911,501	to	7,912,000	Share	7,911,738
1	From	8,723,001	to	8,723,500	Share	8,723,114
1	From	9,770,501	to	9,771,000	Share	9,770,651
1	From	12,304,001	to	12,304,500	Share	12,304,352
506						**74,896,581**

Categories of Shareholders	Number of Share Holders	Share held	Percentage
Directors, Chief Executive Officer, their spouse and minor children	9	29,165,772	38.94
NIT and ICP	3	234,292	0.31
Banks, Development Finance Institutions, Non-Banking Finance Institutions & Others	13	25,094,789	33.51
Insurance Companies	2	6,324	0.01
Public Sector Companies	2	191	0.00
Shareholding 10% or more	2	20,216,090	26.99
General Public	475	179,123	0.24
	506	**74,896,581**	**100.00**

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

Categories of Shareholders		No of shareholders	Share held
Associated Companies, undertaking and related parties		—	—
NIT and ICP (name wise details)			
National Bank of Pakistan (Trustee Department)		1	234,286
Investment Corporation of Pakistan		1	6
Directors, CEO, their Spouses and Minor Children (name wise details)			
ABDUL RAZAK TELI	Director/Chairman	1	9,770,651
ABDUL RAHMAN YAQUB	Director	1	500
JAWED YUNUS TABBA	Director	1	1,105
SHABBIR AHMED	Director	1	5,817,475
KHALEEQ-UR-RAHMAN	Director	1	1,939,895
MURTAZA TELI	Director	1	1,000,000
MUHAMMAD ASIF TELI	Director/Chief Executive	1	4,194,036
JAMILA ABDUL RAZAK TELI		1	3,265,194
MAHJABEEN ASIF		1	3,176,916
Public Sector Companies		2	191
Banks, Development Finance Institutions Non-Banking Finance Institutions, Insurance Companies, Modarabas, Mutual Funds & others		13	25,101,113
Shareholders holding 10% or more voting interest			
1888 MILLS, LLC (FOREIGN COMPANY)		1	12,304,352
ASHFAQUE AHMED TELI		1	7,911,738

NAKSHBANDI INDUSTRIES LIMITED

PROXY FORM

I/We,____

of ____

being a member of **NAKSHBANDI INDUSTRIES LIMITED** holding ________________

ordinary shares hereby appoint ____________________________

as per Share Register Folio No. ____________ and /or CDC Participant I.D. No. ____________

and Sub Account No. ____________ hereby appoint ____________________

of ____

another member of the Company, as my/our proxy to vote for me/us and on my behalf at the **37th Annual General Meeting** of the Company to be held on Thursday, October 29, 2009 at 1:00 p.m. and at any adjournment thereof.

Signed this ____________ day of __________ 2009.

Please affix Rs. 5/- Revenue Stamp

Signed ____________________________

WITNESSES :

1.		2.	
Signature	____________	Signature	____________
Name	____________	Name	____________
Address	____________	Address	____________
	____________		____________
NIC or	____________	NIC or	____________
Passport No.	____________	Passport No.	____________

Note :

1. The proxy order to be valid must be signed across a Five Rupees Revenue Stamp and should be deposited in the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
2. No person shall act as proxy unless he is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.
4. If the member is a corporation its common seal should be affixed to the proxy.
5. CDC Shareholders and their Proxies must attach either an attested photocopy of their National Identity Card or Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.