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Annual Report 2009

RAVI TEXTILE MILLS LIMITED

Contents

RAVI TEXTILE MILLS LIMITED

Company Information

BOARD OF DIRECTORS

Mohammad Waseem-ur-Rehman	(Chief Executive)
Mohammad Shahid Iqbal	
Aftab Sarwar	
Tahir Majeed	
Shabir Ahmad Alvi	
Mohammad Shahid	
Mohammad Riaz	

AUDIT COMMITTEE

Mohammad Shahid Iqbal	(Non-Executive Director)	Chairman
Mohammad Riaz	(Non-Executive Director)	Member
Mr. Aftab Sarwar	(Non-Executive Director)	Member

CORPORATE SECRETARY/ CHIEF FINANCIAL OFFICER

Fraz Qadri ACA

AUDITORS

Riaz Ahmad & Company
Chartered Accountants
10-B, Saint Mary Park, Main Boulevard,
Gulberg – III, Lahore – 54660

BANKERS

National Bank of Pakistan Limited
Bank Alfalah Limited
NIB Bank Limited
Habib Metropolitan Bank Limited
The Bank of Punjab

REGISTERED OFFICE

5/79 Usman Block,
New Garden Town, Lahore
Phone # : 35886724 - 6
Fax # : 35841222

MILLS

49 Km, Lahore – Multan Road,
Chunian, District Kasur

Notice of Annual General Meeting

Notice is hereby given that 23rd Annual General Meeting of Shareholders of Ravi Textile Mills Limited will be held on Monday 30th November, 2009 at 11:00 a.m. at registered office of the company 5/79 Usman Block, New Garden Town, Lahore to transact the following business:-

1. To confirm the minutes of the preceding Extra-ordinary General Meeting of the shareholders of the company held on 16th May, 2009.

2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2009 together with Directors' and Auditors' reports thereon.

3. To appoint external Auditor for the next year ending June 30, 2010. M/s Riaz Ahmed & Company, Chartered Accountants being eligible for appointment have offered themselves for re-appointment.

4. To transact any other matter with the permission of the chair.

By order of the Board

Lahore
9th November, 2009.

Fraz Qadri
Corporate Secretary

Notes:

1. The Members' Register will remain closed from 23rd November, 2009 to 30th November 2009 (both days inclusive). Transfers received at the registered office of the company by the close of business on 22nd November 2009 will be entertained.

2. A Member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding the meeting.

3. Shareholders are requested to immediately notify the change in address, if any.

4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan:

5.

a. For attending the meeting

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 original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

ii). In case of corporate entity the board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

b. For Appointing Proxies

i). In case of individual, 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). The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv). The proxy shall produce his original CNIC or original passport at the time of the meeting.

v). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

VISION

To accomplish, build up and sustain a good reputation of the project in textile sector locally and globally by marketing high quality of Yarn through team work by means of honesty, integrity and commitment and to explore and create growth opportunities to maximize return to all stakeholders.

MISSION

To provide maximum satisfaction to the customers by supplying quality of Yarn for knitting and weaving for well known textile brands through effective utilization of work force, material and machines by encouraging, supporting and rewarding the employees with highest level of efficiency, productivity and profitability sharing with shareholders.

CORE VALUES

- Merit
- Integrity
- Team Work
- Safety
- Dedication
- Innovation

GOALS

Financial

- To reduce cost and time over runs to improve financial results.
- To maximize profits by investing surplus funds in profitable avenues.
- To make investment decisions by ranking projects on the basis of best economic indicators.
- Growth and superior return to the stakeholders.

Learning and Growth

- Motivate and train our force, revitalize our equipment base and attain full autonomy in financial and decision making matters.
- To enhance the technical and commercial skills through modern HR management practices
- Continuously develop technical and managerial skills at all levels and stay abreast of latest technological developments in the industry.

Internal Processes

- To set up task forces with representation from all relevant departments to improve internal business decision making and strategic planning.
- To use most effective business practices and formulate a framework of synergic organization with change in culture.

Directors' Report to the Shareholders

The directors of Ravi Textile Mills Limited welcome you to the Annual General Meeting and are pleased to present their report and audited financial statements for the year ended June 30, 2009.

Performance Review

The year under review shows that the company has earned net profit Rs. 0.243 million after accounting for depreciation Rs.17.535 million, distribution cost Rs.0.954 million, administrative expenses Rs. 9.978 million, other operating expenses Rs.0.248 million and finance cost Rs.12.511 million. The comparison between the years is not possible because the company restored its operation/production of the mills in the last month of the preceding corresponding year.

During the year under review the first two quarters were very tough by sharp increase in price of raw material and minimum wage of workers but un-scheduled extensive load shedding of electricity further aggrieved the position in the second quarter when the management of the company was compelled to adopt two shift plan of production instead of normal three. In the remaining quarters of the year adverse trend continued due mainly to global recession which restricted the profitability of the company however the management made the efforts to improve the sale of yarn and production efficiency which helped to reduce the loss to some extent but could not save the company from the gross loss.

As you are aware of the fact that the new management has been monitoring the performance of existing plant and machinery and carrying out Balancing, Modernization and Replacement in order to produce improved quality of yarn and make it competitive in local and export market. In this regard the company has succeeded to manage the sale of its plant and machinery held for disposal and earned net gain on the sale of assets Rs.41.642 million which included in other operating income. Moreover, its new management has scrutinized the account of cotton and general suppliers of the previous management. Un-supported claims and balances of suppliers who have discontinued their business and are not traceable have been written back by amounting to Rs.12.150 million which is also included in other operating income and ultimately it helped to convert the gross loss into net profit.

Future Prospects

Pakistan's Textile Industry has been facing severe crises due to global economic recession, continuing cost escalation of raw material, increase in minimum wage of workers and regular increase in energy cost have become beyond the control of the industry. But the encouraging news of economy revival of America and European countries to some extent has conveyed the message of survival to the exporting countries. This improvement has become because of better rates of yarn in local and international market and consequently it will help to overcome the crises of textile industry of the country in ensuing months.

However, the directors of the company are well aware of the severe recession in the world and problems being faced by the local industry in Pakistan especially textile sector. Due to this reason the management of the company adopted new strategy to reduce production cost by balancing, modernization, replacement, improving production efficiency and cost economy wherever possible in order to convert the loss into the profit in future.

Earnings per Share

Based on net profit for the year the basic earnings per share for the year ended 30 June 2009 is Rs. 0.01 as compared to .64 in the preceding year ending 30th June 2008.

Dividends

In view of accumulated losses, the directors are not able to recommend any dividend.

Meetings of the Board

Since the last report, there has been a change in the composition of the Board due to the expiry of their term of three years. The Board was elected in the Extra –ordinary general meeting of the shareholders held on 16th May, 2009 for a term of three years. Mohammad Waseem ur Rehman, the chief executive officer welcomed the new Board. The Board wished to record its appreciation for the contribution and services rendered by the outgoing directors during their tenure. Seven (7) meetings of the Board of Directors were held between 01 July, 2008 to 30 June, 2009 and the attendance of each director is given below:

NAME OF THE DIRECTORS	DESIGNATION	TOTAL ATTENDANCES
Mohammad Waseem ur Rehman	Chief Executive Officer	7
Mr. Mohammad Iftikhar	Ex-Chief Executive Officer	4
Mohammad Shahid Iqbal	Director	7
Aftaab Sarwar	Director	7
Shabir Ahmad Alvi	Director	7
Tahir Majeed	Director	7
Mr. Mohammad Ayub	Ex - NIT Nominee	6
Mohammad Riaz	Director	4
Mohammad Shahid	Director	1

Audit Committee

The Board has constituted an Audit Committee after the election of directors in compliance with the Code of Corporate Governance with the following members:

Mohammad Shahid Iqbal	(Non-Executive Director)	Chairman
Mohammad Riaz	(Non-Executive Director)	Member
Mr. Aftab Sarwar	(Non-Executive Director)	Member

Terms of Reference of the Audit Committee are approved by the Board of Directors. The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. CFO Head of Internal Audit and a representative of external auditors attended the meetings where issues relating to accounts and audit were discussed. The Audit Committee also reviewed internal audit findings and held separate meetings with the internal and external auditors as required under the Code of Corporate Governance. The audit Committee also discussed with the external auditors their letter to the management. Related Parties Transactions were also placed before the Audit Committee prior to approval of the Board.

Auditors

The present auditors M/s Riaz Ahmad & Company Chartered Accountants have completed their assignment for the year ended 30th June, 2009 and shall stand retire on the conclusion of the 23rd Annual General Meeting. The external auditors have been given satisfactory rating under the Quality Control Review of the Institute of Chartered Accountants of Pakistan and being eligible offer themselves for re-appointment. In accordance with the Code of Corporate Governance, the Audit Committee considered and recommended the re-appointment of M/s Riaz Ahmad and Company, Chartered Accountants, as statutory auditors for the next year ending 2010 and the Board of Directors also endorsed the recommendations of the Audit Committee.

Statement on Corporate Financial Reporting Framework

The Company has complied with all requirements of the Code of Corporate Governance as required by the listing regulations. Accordingly, the directors are pleased to confirm the following:

a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b. Proper books of accounts of the company have been maintained.

c Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from, has been adequately disclosed.

e. The system of internal controls is sound in design and has been effectively implemented and monitored.

f. There are no doubts upon the Company's ability to continue as a going concern.

g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations of the stock exchanges.

h. Outstanding taxes and other government levies are given in related note(s) to the audited accounts.\

i. Key operating and financial data of last six years is annexed.

Statement of Ethics and Business Practices

The Board has prepared and circulated the Statement of Ethics and Business practices signed by every director and employee of the Company as a token of acknowledgement of his/her understanding of the standards of conduct in relation to any body associated of dealing with the Company.

Statement of compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2009 have been duly complied with. A statement to this effect is annexed with the report.

Related Party Transactions

All transactions with the related parties are reviewed and approved by the Board. The Board approved pricing policy for related party transactions as disclosed in the notes to the accounts.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2009 is annexed along with additional information as required under the clause XIX (i) of the code of corporate governance and companies ordinance, 1984.

Acknowledgement

On behalf of the Board, I am extremely appreciative to our shareholders, bankers, customers and suppliers, for their continuing association and support towards the growth of the company. I am also proud of my employees and appreciate their devotion, commitment and professional efforts towards the operational performance and financial results achieved by the company during the year under review. I also appreciate the managements and my fellow directors whose consistent efforts and guidance in directing the company's affairs contributed significantly in achieving the financial and operational results. We also assure that interest of shareholders will remain the prime concern of the Board of Directors and Management of the Company.

On behalf of the board

MOHAMMAD WASEEM UR REHMAN
CHIEF EXECUTIVE

Lahore: November 09, 2009

Six Years at a Glance

(Rs. in '000)

	2009	**2008**	**2007**	**2006**	**2005**	**2004**
Sales	316,778	12,615	282,733	448,248	317,858	455,269
Cost of Sales	347,095	27,188	301,395	443,408	314,311	435,642
Gross Profit	(30,317)	(14,573)	(18,662)	4,840	3,547	19,627
Admin. and Selling Expenses	10,932	6,982	13,944	16,951	11,993	14,152
Other Operating Expenses	248	3,963	22,930	177	-	-
Financial & Other Charges	12,511	2,019	9,176	14,504	10,341	8,746
Other Income	54,251	32,098	868	746	1,392	874
Profit before taxation	243	4,561	(63,844)	(26,046)	(17,395)	(2,397)
Provision for taxation	-	0.063	(1,416)	(2,246)	(1,592)	(2,285)
Profit after taxation	243	4,498	(65,260)	(28,291)	(18,987)	(4,682)
Balance Sheet						
Share Capital	250,000	70,380	70,380	70,380	70,380	70,380
Reserves	9,000	9,000	9,000	9,000	9,000	9,000
Accumulated Loss	(183,866)	(190,337)	(199,871)	(141,190)	(98,643)	(101,905)
Share Deposit Money	-	68,500	-	-	-	-
Surplus on revaluation of Assets	164,999	185,624	124,929	190,920	197,503	42,924
Shareholders' Equity	240,132	143,168	4,438	129,110	178,240	20,399
Long Term Obligation	62,459	195,300	107,319	110,607	69,652	88,659
Current Liability and Provision	134,431	44,411	89,470	149,673	137,540	106,978
Total	**437,023**	**382,879**	**201,227**	**389,390**	**385,432**	**216,036**
Fixed Assets - Tangible	301,751	336,927	187,803	262,273	274,685	121,900
Long Term Security Deposits	243	196	582	642	564	551
Current Assets	135,028	45,755	12,842	126,475	110,183	93,585
Total	**437,023**	**382,879**	**201,227**	**389,390**	**385,432**	**216,036**

Statement of Ethics and Business Practices

The entire organization of Ravi Textile Mills Limited will be guided by the following principles in all activities to achieve the company's objectives:-

Directors:

- Commit themselves to all the necessary and appropriate resources;
- Create a conductive environment through healthy and responsive policies;
- Maintain organizational effectiveness for the achievement of the company goals;
- Encourage and support compliance of legal and industry requirements;
- Protect the interest and assets of the company;

Executives and Managers:

- Ensure the profitability of operations;
- Provide the direction and leadership for the organization;
- Ensure total customer satisfaction through excellent product and service;
- Promote a culture of excellence, conversation and continual improvement;
- Cultivate work ethics and harmony among colleagues and associates;
- Encourage initiative and self realization in employees through meaningful empowerment;
- Ensure an equitable way of working and reward system;
- Institute commitment of environmental, health and safety performance.

Employees and staff will:

- Devote their time and efforts to productive activities;
- Observe company policies and regulations;
- Promote and protect the interest of the company;
- Exercise prudence in using company resources;
- Observe cost effective practice in daily activities;
- Strive for excellence and quality;
- Avoid making personal gain (other than Authorized salary and benefits) at the Company's expenses, participating in or assisting activities which compete with work of any customer or supplier of Ravi Textile Mills Ltd. and to hold any interest in a customer, supplier, agent or competitor.

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the code of corporate governance contained in Regulation No. 37 Chapter XI of listing regulation of Karachi and Chapter XIII of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The company has applied the principles contained in the code in the following manner:-

1. The company encourages representation of non-executive directors and directors representing minority interests on its board of directors. At present the board includes six non-executive directors.

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

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the company.

5. Casual vacancies occurring in the Board during the year ended June 30, 2009 were filled up by directors with in 30 days thereof.

6. The Board has developed a vision/mission 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 the powers of the Board have been duly exercised and the decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meeting of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. 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 to every director within fourteen days of date of meeting.

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

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises three members, who are all non-executive directors including the chairman of the committee.

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

17. The Board has set up an effective internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality

Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliant with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

for and on behalf of the Board.

Muhammad Waseem Ur Rehman
Chief Executive.
N.I.C. # 61101-1886412-1

Lahore: November 09, 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 **RAVI TEXTILE MILLS LIMITED** ("the Company") for the year ended 30 June 2009, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 (Previously Regulation No. 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 transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, 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 30 June 2009.

Lahore:
Dated: 9 November, 2009

RIAZ AHMAD & COMPANY
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed balance sheet of **RAVI TEXTILE MILLS LIMITED** as at 30 June 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 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 account 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 account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Lahore:
Dated: 9 November, 2009

RIAZ AHMAD & COMPANY
Chartered Accountants

Balance Sheet as at 30 June 2009

	Note	2009 Rupees	2008 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	3	**300,000,000**	300,000,000
Issued, subscribed and paid up share capital	4	**250,000,000**	70,380,000
Revenue reserve - General reserve		**9,000,000**	9,000,000
Accumulated loss		**(183,865,993)**	(190,336,641)
Total equity		**75,134,007**	(110,956,641)
Share deposit money		**-**	68,500,000
Surplus on revaluation of operating fixed assets	5	**164,998,761**	185,624,472
Non-current liabilities			
Subordinated financing	6	**26,154,836**	110,321,497
Long term loan	7	**-**	27,862,223
Bills payable	8	**14,769,803**	24,782,215
Deferred liabilities:			
Deferred income tax liability	9	**18,693,985**	27,723,537
Employees' retirement benefit	10	**2,840,133**	4,610,874
		62,458,757	195,300,346
Current liabilities			
Trade and other payables	11	**41,319,203**	39,579,759
Accrued mark-up	12	**4,575,068**	-
Short term borrowings	13	**87,704,951**	-
Current portion of non-current liabilities	14	**832,223**	4,767,542
Provision for taxation		**-**	63,239
		134,431,445	44,410,540
Total liabilities		**196,890,202**	239,710,886
Contingencies and commitments	15		
TOTAL EQUITY AND LIABILITIES		**437,022,970**	382,878,717

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

CHIEF EXECUTIVE

DIRECTOR

Balance Sheet
as at 30 June 2009

	Note	2009 Rupees	2008 Rupees
ASSETS			
Property, plant and equipment	16	**301,751,153**	336,927,367
Long term deposits		**243,340**	196,340
		301,994,493	337,123,707
Current assets			
Stores, spare parts and loose tools	17	**7,188,703**	6,014,950
Stock-in-trade	18	**51,211,300**	23,920,102
Trade debts	19	**7,870,533**	3,631,680
Advances	20	**10,052,981**	1,033,461
Short term prepayments		**35,952**	723,871
Other receivables	21	**56,609,582**	523,900
Bank balances on current accounts		**2,059,426**	3,903,574
		135,028,477	39,751,538
Non-current assets classified as held for sale	22	-	6,003,472
		135,028,477	45,755,010
TOTAL ASSETS		**437,022,970**	382,878,717

CHIEF EXECUTIVE

DIRECTOR

Profit and Loss Account for the year ended 30 June 2009

	NOTE	2009 Rupees	2008 Rupees
SALES	23	**316,777,973**	12,614,980
COST OF SALES	24	**347,095,373**	27,188,440
GROSS LOSS		**(30,317,400)**	(14,573,460)
DISTRIBUTION COST	25	**954,216**	53,920
ADMINISTRATIVE EXPENSES	26	**9,978,265**	6,927,623
OTHER OPERATING EXPENSES	27	**247,835**	3,963,188
		11,180,316	10,944,731
		(41,497,716)	(25,518,191)
OTHER OPERATING INCOME	28	**54,251,047**	32,098,455
PROFIT FROM OPERATIONS		**12,753,331**	6,580,264
FINANCE COST	29	**12,510,677**	2,019,478
PROFIT BEFORE TAXATION		**242,654**	4,560,786
PROVISION FOR TAXATION	30	**-**	63,239
PROFIT AFTER TAXATION		**242,654**	4,497,547
EARNINGS PER SHARE- BASIC AND DILUTED	31	**0.01**	0.64

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

CHIEF EXECUTIVE

DIRECTOR

Cash Flow Statement for the year ended 30 June 2009

	Note	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / from operations	32	**22,001,653**	(51,706,784)
Net (increase) / decrease in long term deposits		**(47,000)**	385,610
Finance cost paid		**(7,935,609)**	(3,054,297)
Income tax paid		**(45,787)**	(125,564)
Gratuity paid		**(2,074,343)**	(7,692,428)
		(10,102,739)	(10,486,679)
Net cash (used in) / from operating activities		**11,898,914**	(62,193,463)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		**(13,666,401)**	(69,060,153)
Proceeds from sale of property, plant and equipment		**-**	8,254,035
Net cash used in investing activities		**(13,666,401)**	(60,806,118)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan - net		**(27,030,000)**	(13,801,777)
Subordinated financing - net		**(84,166,661)**	110,321,497
Share deposit money		**-**	68,500,000
Proceeds from issuance of shares		**111,120,000**	-
Repayment of long term financing		**-**	(37,073,000)
Repayment of liabilities against assets subject to finance lease - net		**-**	(1,210,530)
Net cash (used in) / from financing activities		**(76,661)**	126,736,190
Net (decrease) / increase in cash and cash equivalents		**(1,844,148)**	3,736,609
Cash and cash equivalents at the beginning of the year		**3,903,574**	166,965
Cash and cash equivalents at the end of the year		**2,059,426**	3,903,574

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

CHIEF EXECUTIVE

DIRECTOR

Statement of Changes in Equity for the year ended 30 June 2009

	Share Capital	General Reserve	Accumulated Loss	Total Equity
	Rupees			
Balance as at 30 June 2007	70,380,000	9,000,000	(199,870,623)	(120,490,623)
Profit for the year ended 30 June 2008	-	-	4,497,547	4,497,547
Transferred from surplus on revaluation of operating fixed assets to accumulated loss a	-	-	5,036,435	5,036,435
Balance as at 30 June 2008	**70,380,000**	**9,000,000**	**(190,336,641)**	**(110,956,641)**
Profit for the year ended 30 June 2009		-	242,654	242,654
Share capital issued	179,620,000	-	-	179,620,000
Transferred from surplus on revaluation of operating fixed assets to accumulated loss	-	-	6,227,994	6,227,994
Balance as at 30 June 2009	**250,000,000**	**9,000,000**	**(183,865,993)**	**75,134,007**

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

CHIEF EXECUTIVE

DIRECTOR

Notes to the Financial Statements for the year ended 30 June 2009

1. THE COMPANY AND ITS OPERATIONS

Ravi Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Karachi and Lahore Stock Exchanges. Its registered office is situated at 5/79, Usman Block, New Garden Town, Lahore. The company is engaged in manufacturing and trading of yarn.

During the year ended 30 June 2008, the new management of the company acquired majority shares from ex-sponsors / directors after completing all legal and corporate formalities under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance, 2002. The production activities commenced from June 2008. Hence the corresponding figures in these financial statements reflect one month of production activity only.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) Statement of compliance

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

(b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain property, plant and equipment which are carried at revalued amounts.

(c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements or where judgments were exercised in application of accounting policies are as follows:

(i) Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the company. Further, the company reviews the value of assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

(ii) Taxation

In making the estimates for income tax currently payable by the company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

(iii) Provision for doubtful debts

The company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

(d) Standard that is effective in current year

IFRS 7 'Financial Instruments: Disclosures'. The Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 411(I) / 2008 dated 28 April 2008 notified the adoption of IFRS 7. IFRS 7 ismandatory for company's accounting period beginning on or after the date of notification i.e. 28 April 2008. IFRS 7 has superseded IAS 30 'Disclosures in Financial Statements of Banks and Similar Financial Institutions' and disclosure requirements of IAS 32 'Financial Instruments: Presentation'. Adoption of IFRS 7 has only impacted the format and extent of disclosures presented in the financial statements.

(e) Standards, interpretations and amendments to published approved accounting standards effective in current year but not relevant

There are other new standards, interpretations and amendments to the published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2008 but are considered not to be relevant or do not have any significant impact on the company's financial statements and therefore not detailed in these financial statements.

(f) Standards and amendments to published approved accounting standards that are not yet effective but relevant

Following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2009 or later periods:

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

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

IAS 23 (Amendment) 'Borrowing Costs' (effective for annual periods beginning on or after 01 January 2009) requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. This change will not affect the financial statements as the company already has the policy to capitalize its borrowing costs.

There are other amendments resulting from May 2008 and April 2009 Annual Improvements to IFRSs, specifically in IAS 1 'Presentation of Financial Statements', IAS 7 'Statement of Cash Flows', IAS 23 'Borrowing Costs' and IAS 36 'Impairment of Assets' that are considered relevant to the company's financial statements. These amendments are unlikely to have a significant impact on the company's financial statements and have therefore not been analyzed in detail.

g) Standards, interpretations and amendments to published approved accounting standards that are not yet effective in current year and not considered relevant

There are other accounting standards, amendments to the published approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2009 but are considered not to be relevant or do not have any significant impact on the company's financial statements and therefore not detailed in these financial statements.

2.2 Foreign currencies

The financial statements are presented in Pak Rupees, which is the company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency using rate of exchange prevailing at the balance sheet date. All differences are taken to the profit and loss account.

2.3 Property, plant and equipment and depreciation

Owned

Cost

Property, plant and equipment except freehold land, building on freehold land, plant and machinery, factory tools and equipment and capital work in progress are carried at cost less accumulated depreciation and any identified impairment loss. Freehold land is carried at revalued amount being the fair value at the date of revaluation. Buildings on freehold land, plant and machinery and factory tools and equipment are carried at revalued amount being fair value at the date of revaluation less accumulated depreciation and any identified impairment loss. Capital work in progress is stated at cost less any identified impairment loss.

Cost of property, plant and equipment signifies historical cost, directly attributable costs of bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management and borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's gross carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Impairment loss or its reversal, if any, is also charged to profit or loss. Where an impairment loss is recognized, the depreciation charged is adjusted in future periods to allocate the assets revised carrying amount less its residual value, if any, on a systematic basis over its remaining useful life.

Depreciation

Depreciation is charged to profit or loss on the straight-line method so as to write off the cost of an asset over its estimated useful life at the rates given in note 16. The residual value, useful life of an asset and depreciation method are reviewed at each financial year end. Depreciation on additions is charged from the month in which the assets are available for use and on deletions up to the month in which the assets are deleted.

Derecognition

An item of property, plant and equipment is derecognized on 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 carrying amount of the asset) is included in the profit or loss in the period the asset is de-recognized.

Surplus on revaluation of operating fixed assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred income tax liability) is transferred directly to accumulated loss.

Leased

Finance lease

Leases where the company had substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to income.

2.4 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount do not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.5 Borrowing cost

Mark-up, interest, profit and other charges on long term financing are capitalized for the period upto the date of commissioning of the respective assets acquired out of the proceeds of such borrowings. All other mark-up, interest, profit and other charges are charged to income during the year.

2.6 Inventories

Inventories except for stock in transit and waste stock are stated at lower of cost and net realizable value.

Stores, spare parts and loose tools

Useable stores and spares are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work -in-process and finished goods is determined as follows:

i)	For raw materials	-	at monthly average cost
ii)	For work-in-process and finished goods	-	at annual manufacturing cost

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

2.7 Taxation

Current

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amounts of the assets and liabilities in the financial statements and corresponding tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

2.8 Revenue recognition

Revenue from sales is recognized on delivery of goods to customers. Revenue from financial advisory services is recognized when the services are rendered. Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and rates of profit applicable thereon.

2.9 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.10 Employees' retirement benefit

The new management has discontinued / terminated the unfunded gratuity scheme, with the consent of employees. This scheme is being replaced by a funded provident fund scheme covering all eligible employees. The employees' retirement benefit liability till the date of termination has been computed on the basis of period of service and last drawn gross salary. This will be payable to employee on leaving the company.

2.11 Share capital

Ordinary shares are classified as equity

2.12 Financial Instruments

Financial instruments comprised bank balances, trade debts, advances, deposits, other receivables, trade and other payables, short term borrowings, accrued mark-up etc.

Financial assets and liabilities are initially recognized at fair value at the time the company becomes a party to the contractual provisions of the instruments. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the company loses control of the contractual rights that comprise the financial asset. The company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and derecognition is charged to the profit and loss account.

2.12.1 Trade and other receivables

Trade and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.12.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.12.3 Borrowings

All borrowings are initially recognized at the fair value. Difference between the fair value and the proceeds of borrowing is recognized as income or expense in profit and loss account. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the net profit or loss when the liabilities were derecognized as well as through amortization process.

2.12.4 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.13 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are off set and the net amount is reported in the financial statements when there is a legally enforceable right to off set and the company intends either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

2.14 Related party transactions and transfer pricing

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

2.15 Non-current assets held for sale

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sales transaction rather than through a continuing use.

2.16 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

	Note	2009 Rupees	2008 Rupees
3. AUTHORIZED SHARE CAPITAL			
30,000,000 (2008: 30,000,000) ordinary shares of Rupees 10 each		**300,000,000**	300,000,000
4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
25,000,000 (2008: 7,038,000) ordinary shares of Rupees 10 each fully paid in cash	4.1 & 4.3	**250,000,000**	70,380,000

4.1

2009 (Number of shares)	2008 (Number of shares)		Note	2009 Rupees	2008 Rupees
7,038,000	7,038,000	As at 01 July		**70,380,000**	70,380,000
17,962,000	-	Ordinary shares of Rupees10 each fully paid in cash	4.2	**179,620,000**	-
25,000,000	7,038,000			**250,000,000**	70,380,000

4.2 The company has issued 17,962,000 further shares under section 86(1) of the Companies Ordinance, 1984 without offering right shares to the existing shareholders of the company. These shares have been issued to directors / sponsors and associated company at par value.

4.3 It includes 7,000,700 (2008: 680,700) ordinary shares of the company held by an associated company.

5. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS

	Note	2009 Rupees	2008 Rupees
Surplus on revaluation of operating fixed assets as at 01 July		**185,624,472**	124,928,672
Revaluation surplus		**-**	95,906,896
		185,624,472	220,835,568
Less: Related deferred tax liability		**-**	29,261,912
		185,624,472	191,573,656
Revaluation surplus realized on disposal of plant and machinery - net of deferred income tax liability		**(15,227,724)**	(1,593,231)
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax liability		**(5,397,987)**	(4,355,953)
Surplus on revaluation of operating fixed assets as at 30 June - net of deferred income tax liability		**164,998,761**	185,624,472

6. SUBORDINATED FINANCING

This represents interest free and unsecured financing by an associated company.

7. LONG TERM LOAN

	2009	2008
Long term loan	**832,223**	27,862,223
Less : Current portion shown under current liabilities	**(832,223)**	-
	-	27,862,223

7.1 This represents loan from ex-chief executive of the company which is unsecured and interest free.

8. BILLS PAYABLE

This represents amounts payable to the suppliers of cotton and general stores pretaining to the period of previous management of the company which were not considered payable by the previous management due to poor quality or short supply. The new management of the company has scrutinized such balances and issued post dated cheques presentable after two to three years to those suppliers having proper claims. Un-supported claims and balances of suppliers who have discontinued their businesses and are not traceable have been written back.

9. DEFERRED INCOME TAX LIABILITY

The company has recognized deferred income tax liability on surplus on revaluation of operating fixed assets.The company has tax losses of Rupees 101.064 million as at 30 June 2009 (2008: Rupees 92.225 million). The related deferred income tax asset has not been recognized in these financial statements as these temporary differences are not likely to reverse in the foreseeable future.

10. EMPLOYEES' RETIREMENT BENEFIT

The new management has discontinued / terminated the unfunded gratuity scheme, with the consent of employees.This scheme is being replaced by a funded provident fund scheme covering all eligible employees. The employees' retirement benefit liability till the date of termination has been computed on the basis of period of service and last drawn gross salary. This will be payable to employee on leaving the company.

		Note	2009 Rupees	2008 Rupees
11.	**TRADE AND OTHER PAYABLES**			
	Creditors		**20,318,052**	23,147,517
	Advance from customers		**5,088,430**	5,616,095
	Workers' profit participation fund	11.1	**354,050**	305,884
	Workers' welfare fund		**4,952**	-
	Accrued liabilities		**13,833,892**	8,811,566
	Unclaimed dividend		**1,034,300**	1,034,300
	Income tax deducted at source		**685,527**	664,397
			41,319,203	39,579,759

		Note	2009 Rupees	2008 Rupees
11.1	**WORKERS' PROFIT PARTICIPATION FUND**			
	Balance as at 01 July		**305,884**	60,280
	Allocation for the year	27	**14,789**	240,320
			320,673	300,600
	Interest on fund utilized in company's business	11.2	**33,377**	5,284
			354,050	305,884
	Less: Payments made during the year		**-**	-
			354,050	305,884

11.2 The company retains workers' profit participation fund for its business operation till the date of payment. Interest is paid at the prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the company.

		Note	2009 Rupees	2008 Rupees
12.	**ACCRUED MARKUP**			
	Interest / markup on:			
	Short term borrowings		**4,575,068**	-

		Note	2009 Rupees	2008 Rupees
13.	**SHORT TERM BORROWINGS - Secured**			
	From banking companies:			
	Murabaha Finance	13.1	**19,991,168**	-
	Cash Finance	13.2	**67,713,783**	-
			87,704,951	-

13.1 This represents murabaha finance obtained from Bank Alfalah Limited for procurement of raw material. The finance is secured against first pari passu charge of Rupees 60.000 Million over the movable and immovable fixed assets and personal guarantees of all the directors of the company. Markup on murabaha finance ranged from 16.60% to 20.66% (2008:NIL) during the year.

13.2 This represents cash finance obtained from National Bank of Pakistan to meet the working capital requirements of the company. The borrowing is secured against the first pari passu charge over the movable and immovable fixed assets, hypothecation and pledge of stocks and personal guarantees of all the directors of the company. Markup on cash finance ranged from 14.77% to 17.52% (2008:NIL) during the year.

13.3 As at 30 June 2009, total credit facility of Rupees 120 million (2008: NIL) was available out of which Rupees 32.30 million (2008: NIL) remained unutilized at the end of year.

	Note	2009 Rupees	2008 Rupees
14. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term loans	7	**832,223**	-
Bills payable	8	**-**	4,767,542
		832,223	4,767,542

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 A cotton supplier has filed a writ petition in the court of Honourable Civil Judge, Multan for the recovery of Rupees 0.300 million against the company. The Honourable Court awarded decree to the supplier of the same amount on ex-party basis. The amount was adjusted by the company towards quality claim of raw cotton supplied in the preceding years. The company filed a petition against the decree in the Court of Honourable District Judge, Multan which is still pending.

15.1.2 The department of Punjab Employees Social Security Institution has (PESSI) raised a demand for Rupees 0.457 million on account of social security contribution. The company filed petition against the demand before the Commissioner PESSI but the case was adjudged against the company. Now the company is in appeal before the Social Security Court. The company's lawyers are of the opinion that they have strong grounds and that the appeal will be decided in favour of the company.

15.1.3 The company has not recognized electricity expense of Rupees 4.043 million in these financial statements. This amount represents increase in electricity bill of mill due to increase in tariff charged by Lahore Electric Supply Company Limited (LESCO). In its decision, in case of appeals filed by All Pakistan Textile Mills Association (APTMA) against the tariff hike, the Honourable Supreme Court of Pakistan has suspended payment of any past dues in pursuance of NEPRA's decision and for the future, has further directed that the payment of electricity bills be made as per earlier prevailing Government notification. The implementation of revised notification issued by the Government has been suspended. Based on advice of the legal counsel of APTMA, the company believes it has strong grounds against the tariff hike.

	Note	2009 Rupees	2008 Rupees
15.2 Commitments		NIL	NIL

	Note	2009 Rupees	2008 Rupees
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - owned	16.1	**300,422,462**	326,452,367
Capital work-in-progress	16.4	**1,328,691**	10,475,000
		301,751,153	336,927,367

Notes...

16.1 Operating fixed assets

	Freehold Land	Buildings on Freehold Land	Plant and Machinery	Electric Fittings and Installations	Factory Tools and Equipments	Furniture, Fixtures and Office Equipment	Vehicles Owned	Vehicles Leased	Total
	....	....	....	....	Rupees	....	....	....	
As at 01 July 2007									
Cost / Appreciated value	108,900,000	67,000,220	90,969,500	6,159,171	11,182,751	3,790,606	1,341,500	2,701,590	292,045,338
Accumulated depreciation	-	(6,700,021)	(18,070,456)	(5,341,628)	(8,817,745)	(2,923,072)	(1,151,436)	(971,813)	(43,976,171)
Revaluation reversal	(33,900,000)	-	(24,899,044)	-	(613,834)	-	-	-	(59,412,878)
Impairment loss	-	-	-	-	(786,172)	(67,534)	-	-	(853,706)
Net book value	75,000,000	60,300,199	48,000,000	817,543	965,000	800,000	190,064	1,729,777	187,802,583
Year ended 30 June 2008									
Opening net book value	75,000,000	60,300,199	48,000,000	817,543	965,000	800,000	190,064	1,729,777	187,802,583
Additions	-	102,767	50,413,886	17,714,600	6,200,000	100,200	53,700	-	74,585,153
Disposals									
Cost	-	-	19,606,998	-	-	326,468	1,341,500	2,701,590	23,976,556
Accumulated depreciation	-	-	7,626,367	-	-	244,122	1,159,135	1,236,137	10,265,761
	-	-	11,980,631	-	-	82,346	182,365	1,465,453	13,710,795
Transfer to non-current assets classified as held for sale									
Cost	-	-	17,685,722	-	-	-	-		17,685,722
Accumulated depreciation	-	-	11,682,250	-	-	-	-	-	11,682,250
	-	-	6,003,472	-	-	-	-		6,003,472
Depreciation charge	-	(3,630,952)	(7,397,207)	(290,819)	(198,444)	(337,657)	(8,595)	(264,324)	(12,127,998)
Revaluation surplus	38,437,500	17,357,991	40,111,405	-	-	-	-	-	95,906,896
Closing net book value	113,437,500	74,130,005	113,143,981	18,241,324	6,966,556	480,197	52,804	-	326,452,367
As at 30 June 2008									
Cost / Appreciated value	75,000,000	67,102,987	79,191,622	23,873,771	15,982,745	3,496,804	53,700	-	264,701,629
Accumulated depreciation	-	(10,330,973)	(6,159,046)	(5,632,447)	(9,016,189)	(3,016,607)	(896)	-	(34,156,158)
Revaluation surplus	38,437,500	17,357,991	40,111,405	-	-	-	-	-	95,906,896
Net book value	113,437,500	74,130,005	113,143,981	18,241,324	6,966,556	480,197	52,804	-	326,452,367
Year ended 30 June 2009									
Opening net book value	113,437,500	74,130,005	113,143,981	18,241,324	6,966,556	480,197	52,804	-	326,452,367
Additions	-	-	18,766,538	378,825	184,700	482,647	-	-	19,812,710
Disposals									
Cost	-	-	-	-	3,109,855	-	-	-	3,109,855
Accumulated depreciation	-	-	-	-	2,884,236	-	-	-	2,884,236
	-	-	-	-	225,619	-	-	-	225,619
Transfer to non-current assets classified as held for sale									
Cost	-	-	29,574,163	-	-	-	-	-	29,574,163
Accumulated depreciation	-	-	1,492,193	-	-	-	-	-	1,492,193
	-	-	28,081,970	-	-	-	-	-	28,081,970
Depreciation charge	-	(3,712,731)	(11,128,329)	(1,637,858)	(825,589)	(224,652)	(5,867)	-	(17,535,026)
Closing net book value	113,437,500	70,417,274	92,700,220	16,982,291	6,100,048	738,192	46,937	-	300,422,462
As at 30 June 2009									
Cost / Appreciated value	113,437,500	84,460,978	108,495,402	24,252,596	13,057,590	3,979,451	53,700	-	347,737,217
Accumulated depreciation	-	(14,043,704)	(15,795,182)	(7,270,305)	(6,957,542)	(3,241,259)	(6,763)	-	(47,314,755)
Net book value	113,437,500	70,417,274	92,700,220	16,982,291	6,100,048	738,192	46,937	-	300,422,462
Annual rate of depreciation (%)	-	5	6.67 - 20	10 - 50	10 - 20	10 - 33.33	20 - 33.33	8 - 15.56	

Notes...

16.2 Depreciation charge for the year has been allocated as follows:

	Note	2009 Rupees	2008 Rupees
Cost of sales	24	**17,304,507**	11,517,422
Administrative expenses	26	**230,519**	610,576
		17,535,026	12,127,998

16.3 The revaluation of certain operating fixed assets has been carried out as on 29 February 2008 by an independent valuer on the basis of current value / replacement cost. Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets would have been as follows:

	2009				2008			
	Cost	Accumulated Depreciation	Accumulated Imalrment Loss	Net Book Value	Cost	Accumulated Depreciation	Accumulated Imairment Loss	Net Book Value
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Freehold land	5,818,014	-	-	5,818,014	5,818,014	-	-	5,818,014
Buildings on freehold land	44,807,329	36,733,881	-	8,073,448	44,807,329	36,308,211	-	8,499,118
Plant and machinery	161,538,136	82,567,351	-	78,970,785	212,713,242	133,663,427	-	79,049,815
Factory tools and equipment	12,730,483	5,725,169	405,262	6,100,052	15,144,686	7,391,958	786,172	6,966,556

16.4 Capital work-in-progress

	2009 Rupees	2008 Rupees
Plant and machinery	**1,328,691**	6,255,000
Advances against plant and machinery	**-**	4,220,000
	1,328,691	10,475,000

	Note	2009 Rupees	2008 Rupees
17. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		**875,354**	1,125,360
Spare parts		**6,300,670**	4,874,041
Loose tools		**12,679**	15,549
		7,188,703	6,014,950
18. STOCK-IN-TRADE			
Raw material	18.1	**29,407,440**	13,236,449
Work-in-process		**6,548,507**	6,848,164
Finished goods	18.2	**11,620,607**	3,298,140
Waste at net realizable value		**3,634,746**	537,349
		51,211,300	23,920,102

18.1 This include raw material amounting to Rupees 23.928 million (2008: NIL) under pledge with banks against short term finances obtained.

18.2 Finished goods costing Rupees 0.404 million (2008: Rupees 8.280 million) have been valued at net realizable value.

	Note	2009 Rupees	2008 Rupees
19. TRADE DEBTS			
Considered good	19.1	**7,870,533**	3,631,680
Considered doubtful		**1,437,370**	1,437,370
		9,307,903	5,069,050
Less: Provision for doubtful debts		**1,437,370**	1,437,370
		7,870,533	3,631,680

19.1 As at 30 June 2009, trade debts of Rupees 6.639 million (2008 : NIL) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2009	2008
Upto 1 month	**-**	-
1 to 6 months	**6,639,499**	-
More than 6 months	**-**	-
	6,639,499	-

19.2 As at 30 June 2009, trade debts of NIL (2008 : Rupees 1.437 million) were impaired and provided for. The ageing analysis of these trade debts was more than 6 months.

	Note	2009 Rupees	2008 Rupees
20. ADVANCES			
Considered good			
To company's employees		**1,839,507**	574,451
To company's suppliers		**532,359**	-
For purchase of shares		**7,176,317**	-
Income tax		**504,798**	459,010
		10,052,981	1,033,461
Considered doubtful		**5,556,820**	5,556,820
		15,609,801	6,590,281
Less: Provision for doubtful advances		**5,556,820**	5,556,820
		10,052,981	1,033,461
21. OTHER RECEIVABLES			
Considered good			
Sales tax refundable		**713,228**	-
Insurance claim		**158,400**	523,900
Receivable against sale of plant and machinery		**55,300,000**	-
Others		**437,954**	-
		56,609,582	523,900
Considered doubtful		**1,763,348**	1,763,348
		58,372,930	2,287,248
Less: Provision for doubtful other receivables		**1,763,348**	1,763,348
		56,609,582	523,900

22. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The new management of the company entered into a comprehensive balancing, modernization and replacement program after acquisition of the company in the year ended 30 June 2008. Plant and machinery having net book value amounting to Rupees 6.003 million was transferred to non-current assets held for sale in the year ended 30 June 2008. Moreover, plant and machinery having net book value amounting to Rupees 31.082 million was transferred to non-current assets held for sale during the current year. All such plant and machinery was disposed off during the year.

	Note	2009 Rupees	2008 Rupees
Net book value as at 01 July		**6,003,472**	-
Transfers from property, plant and equipment		**31,081,970**	6,003,472
		37,085,442	6,003,472
Less: Non-current assets sold during the year	22.1	**37,085,442**	-
Net book value as at 30 June		**-**	6,003,472

22.1 Detail of non current assets disposed off during the year is as follows:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	Sold to
		Rupees				
Plant and machinery	50,259,885	13,174,443	37,085,442	55,300,000	Negotiation	Messrs Colony Industries (Private) Limited, Lahore

	Note	2009 Rupees	2008 Rupees
23. SALES			
Local		**313,769,617**	12,614,980
Waste		**3,008,356**	-
		316,777,973	12,614,980
24. COST OF SALES			
Raw material consumed	24.1	**239,347,086**	15,376,087
Salaries, wages and other benefits		**35,482,364**	5,031,564
Stores, spare parts and loose tools consumed		**1,879,784**	303,824
Packing material consumed		**5,677,227**	141,154
Fuel and power		**47,566,709**	2,390,739
Insurance		**1,114,737**	147,756
Repair and maintenance		**6,822,091**	2,387,440
Other factory overheads		**3,021,075**	566,749
Depreciation	16.2	**17,304,507**	11,517,422
		358,215,580	37,862,735
Work-in-process			
Opening inventory		**6,848,164**	-
Less: Closing inventory		**6,548,507**	6,848,164
		299,657	(6,848,164)
Cost of goods manufactured		**358,515,237**	31,014,571
Finished goods			
Opening inventory		**3,835,489**	9,358
Less: Closing inventory		**15,255,353**	3,835,489
		(11,419,864)	(3,826,131)
		347,095,373	27,188,440
24.1 RAW MATERIAL CONSUMED			
Opening inventory		**13,236,449**	594,990
Add: Purchases		**255,518,077**	28,017,546
		268,754,526	28,612,536
Less: Closing inventory		**29,407,440**	13,236,449
		239,347,086	15,376,087

	Note	2009 Rupees	2008 Rupees
25. DISTRIBUTION COST			
Salaries and other benefits		**250,000**	-
Clearing and forwarding		**352,170**	-
Commission to selling agents		**352,046**	35,250
Miscellaneous		**-**	18,670
		954,216	53,920
26. ADMINISTRATIVE EXPENSES			
Salaries and other benefits		**4,543,903**	3,359,166
Rent, rates and taxes		**901,376**	380,000
Advertisement		**166,656**	116,744
Postage, telephone and telegram		**372,995**	122,756
Electricity, gas and water		**356,978**	67,710
Printing and stationery		**203,620**	169,714
Repair and maintenance		**116,435**	122,091
Insurance		**-**	76,961
Travelling and conveyance		**726,858**	162,660
Vehicles' running		**30,938**	69,171
Legal and professional		**117,776**	244,820
Auditors' remuneration:			
Audit fee		**250,000**	200,000
Review of interim financial information		**30,000**	73,750
Taxation services		**90,000**	90,000
Other certifications		**50,000**	50,000
Out of pocket expenses		**2,000**	19,200
		422,000	432,950
Fee and subscription		**690,130**	777,555
Entertainment		**718,580**	105,884
Miscellaneous		**379,501**	108,865
Depreciation	16.2	**230,519**	610,576
		9,978,265	6,927,623
27. OTHER OPERATING EXPENSES			
Provision for doubtful other receivables		**-**	717,232
Workers' welfare fund		**4,952**	-
Other receivable written off		**2,475**	-
Factory tools and equipment written off		**225,619**	-
Loss on sale of property, plant and equipment - net		**-**	3,005,636
Workers' profit participation fund		**14,789**	240,320
		247,835	3,963,188

		Note	2009 Rupees	2008 Rupees
28.	**OTHER OPERATING INCOME**			
	Income from non-financial assets			
	Waiver by financial institutions:			
	Long term financing		-	16,269,000
	Accrued mark-up		-	1,454,312
	Reversal of write down of stores, spare parts and loose tools		-	2,887,299
	Reversal of write down of non-current assets classified as held for disposal		-	10,000,000
	Written back balances:			
	Directors remuneration payable		-	137,587
	Trade and other payables		-	626,125
	Bills payable		**12,149,707**	-
	Provision for employees' retirement benefit		-	93,816
	Doubtful debts recovered		-	73,666
	Net gain on disposal of property, plant and equipment		**41,641,828**	-
	Income from financial assets			
	Profit from short term bank deposits		**97,296**	-
	Others			
	Sale of scrap		**212,216**	17,500
	Insurance claim		-	523,900
	Miscellaneous		**150,000**	15,250
			54,251,047	32,098,455

		2009	2008
29.	**FINANCE COST**		
	Interest / Mark-up on:		
	Demand finances – secured	-	286,944
	Short term borrowings – secured	**12,051,172**	1,459,682
	Workers' profit participation fund	**33,377**	5,284
		12,084,549	1,751,910
	Financial charges on liabilities against assets subject to finance lease	-	86,930
	Commission and other bank charges	**426,128**	180,638
		12,510,677	2,019,478

30. PROVISION FOR TAXATION

The company's tax computation for the year gives rise to a tax loss. Hence, no provision for current tax has been made. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented being impracticable.

31. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earning per share of the company which is based on:

		2009	2008
Profit after taxation		**242,654**	4,497,547
Weighted average number of ordinary shares	Numbers	**20,866,279**	7,038,000
Earnings per share – basic and diluted	Rupees	**0.01**	0.64

	Note	2009 Rupees	2008 Rupees
32. CASH GENERATED FROM OPERATIONS			
Profit before taxation		**242,654**	4,560,786
Adjustments for non-cash charges and other items:			
Depreciation		**17,535,026**	12,127,998
Provision for employees' retirement benefits written back		-	(93,816)
Reversal of stores, spare parts and loose tools to net realizable value		-	(2,887,299)
Security deposits written-off		-	-
Provision for employees' retirement benefits		**303,602**	83,874
(Gain) / loss on disposal of property, plant and equipment - net		**(41,641,828)**	3,005,636
Factory tools and equipment written off		**225,619**	-
Provision for doubtful other receivables		-	717,232
Other receivable written off		**2,475**	-
Reversal of non current assets classified as held for disposal		-	(10,000,000)
Directors remuneration payable written back		-	(137,587)
Waiver of long term financing by the bank		-	(16,269,000)
Waiver of accrued mark-up by banks		-	(1,454,312)
Trade and other payables written back		-	(626,125)
Bills payables written back		**(12,149,707)**	-
Reversal of provision for doubtful receivables		-	(73,666)
Insurance claim		-	(523,900)
Finance cost		**12,510,677**	2,019,478
Working capital changes	32.1	**44,973,135**	(42,156,083)
		22,001,653	(51,706,784)

	2009	2008
32.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	**(1,173,753)**	(627,651)
Stock in trade	**(27,291,198)**	(23,315,754)
Trade debts	**(4,238,853)**	(3,498,510)
Advances	**(9,036,971)**	169,460
Short term prepayments	**687,919**	(672,180)
Other receivables	**(788,157)**	249,153
	(41,841,013)	(27,695,482)
Increase / (decrease) in current liabilities:		
Short term borrowings	**87,704,951**	(17,956,388)
Trade and other payables	**(890,803)**	3,495,787
	86,814,148	(14,460,601)
	44,973,135	(42,156,083)

	2009 Kgs.	2008 Kgs.
33. PLANT CAPACITY AND ACTUAL PRODUCTION		
Production at normal capacity converted at 20s count based on 3 shifts per day for 354 actual days worked (2008: 25 days)	**5,202,611**	265,029
Actual production converted to 20s count based on 3 shifts per day for 354 actual days worked (2008: 25 days)	**4,597,666**	200,990

33.1 Under utilization of available capacity is mainly due to resumption of production activities afresh and after significant overhaul of plant and machinery.

34. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of associated company and key management personnel. The company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows;

	2009 Rupees	2008 Rupees
Associated company		
Purchase of plant and machinery	-	43,000,000
Purchase of goods	**27,039,268**	-

35. CHIEF EXECUTIVE'S, DIRECTORS' AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the financial statements for the year for remuneration, allowances, including all benefits to chief executive, directors and executives of the company are as follows:

	2009			2008		
	Chief Executive	**Director**	**Executive**	Chief Executive	Director	Executive
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	1,020,000	100,000	654,540	340,000	-	980,690
Reimbursable expenses	-	-	-	-	-	93,355
	1,020,000	100,000	654,540	340,000	-	1,074,045
Number of persons	1	1	1	1	-	2

35.1 Meeting fee amounting to NIL (2008: Rupees 1,500) was paid to one director of the company during the year.

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity 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.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk as all of its transactions are in local currency and no foreign currency receivables and payables exists at the balance sheet date.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risks.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2009	2008
	Rupees	Rupees
Floating rate instruments		
Financial liabilities		
Short term borrowings - secured	**87,704,951**	-

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit for the year would have been Rupees 0.816 million (2008: Rupees NIL) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liability outstanding at balance sheet date was outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2009	2008
	Rupees	Rupees
Advances	**9,015,824**	574,451
Long term deposits	**243,340**	196,340
Trade debts	**7,870,533**	3,631,680
Other receivables	**55,896,354**	523,900
Bank balances	**2,059,426**	3,903,574
	75,085,477	8,829,945

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2009	2008
	Short term	Long term	Agency	Rupees	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	20,094	17,526
Askari Bank Limited	A1+	AA	PACRA	-	11,654
Bank Alfalah Limited	A1+	AA	PACRA	158,575	24,551
Habib Bank Limited	A-1+	AA+	JCR-VIS	-	48,601
The Bank of Punjab	A1	A	PACRA	653,738	22,916
Soneri Bank Limited	A1	A	PACRA	8,910	10,000
MCB Bank Limited	A1+	AA+	PACRA	1,135	1,473
NIB Bank Limited	A1+	AA -	PACRA	747,289	2,694,576
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	5,284
Meezan Bank Limited	A-1	A+	JCR-VIS	454,919	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	14,766	1,061,226
Al-Baraka Islamic Bank	A-1	A	JCR-VIS	-	5,767
				2,059,426	3,903,574

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 19.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2009, the Company had Rupees 32.30 million available borrowing limits from financial institutions and Rupees 2.059 million bank balances. Management believes the liquidity risk to be low because of positive working capital condition. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2009

	Carrying Amount	Contractucal cash flows	6 months or less	6-12 months	1-2 year	More than 2\years
	......Rupees......					
Bills payable	14,769,803	14,769,803	-	-	-	14,769,803
Trade and other payables	35,186,244	35,186,244	35,186,244	-	-	-
Short term borrowings	87,704,951	101,041,044	6,681,413	94,359,631	-	-
	137,660,998	150,997,091	41,867,657	94,359,631	-	14,769,803

Contractual maturities of financial liabilities as at 30 June 2008

	Carrying Amount	Contractucal cash flows	6 months or less	6-12 months	1-2 year	More than 2\years
	......Rupees......					
Bills payable	29,549,757	29,549,757	4,767,542	-	-	24,782,215
Trade and other payables	32,993,383	32,993,383	32,993,383	-	-	-
	62,543,140	62,543,140	37,760,925	-	-	24,782,215

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 13 to these financial statements.

36.2 Fair values of financial assets and liabilities

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

36.3 Financial instruments by categories

	Loans and receivables Rupees
As at 30 June 2009	
Assets as per balance sheet	
Advances	9,015,824
Long term deposits	243,340
Trade debts	7,870,533
Other receivables	55,896,354
Bank balances on current accounts	2,059,426
	75,085,477

	Financial liabilities at amortized cost Rupees
Liabilities as per balance sheet	
Subordinated financing	26,154,836
Long term loan	832,223
Bills Payable	14,769,803
Accrued mark-up	4,575,068
Short term borrowings	87,704,951
Trade and other payables	35,186,244
	169,223,125

	Loans and receivables Rupees
As at 30 June 2008	
Assets as per balance sheet	
Advances	574,451
Long term deposits	196,340
Trade debts	3,631,680
Other receivables	523,900
Bank balances on current accounts	53,513,454
	58,439,825

	Liabilities at amortized cost Rupees
Liabilities as per balance sheet	
Subordinated financing	110,321,497
Long term loans - Unsecured	27,862,223
Bills Payable	24,782,215
Trade and other payables	32,993,383
	195,959,318

36.4 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 09 November 2009 by the Board of Directors of the company.

38. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped, wherever necessary, for the purpose of comparison. However, no significant rearrangement / regrouping have been made.

39. GENERAL

Figures have been rounded off to nearest of Rupee.

CHIEF EXECUTIVE

DIRECTOR

Pattern of Shareholding
As at 30 June 2009

No. of Shareholders	Shareholding From	To	Total Shares Held	Percentage %
125	1	100	11,811	0.05%
285	101	500	118,639	0.47%
88	501	1,000	81,900	0.33%
94	1,001	5,000	250,100	1.00%
24	5,001	10,000	184,850	0.74%
6	10,001	15,000	72,100	0.29%
4	15,001	20,000	77,500	0.31%
2	20,001	25,000	42,400	0.17%
8	25,001	75,000	308,000	1.23%
3	75,001	200,000	490,000	1.96%
2	200,001	360,000	703,700	2.81%
2	360,001	515,000	922,500	3.69%
2	515,001	635,000	1,120,490	4.48%
1	635,001	645,000	645,000	2.58%
1	645,001	690,000	690,000	2.76%
1	690,001	915,000	907,000	3.63%
1	915,001	1,700,000	1,632,000	6.53%
1	1,700,001	2,270,000	2,264,500	9.06%
1	2,270,001	3,300,000	3,296,800	13.19%
1	3,300,001	3,700,000	3,680,000	14.72%
1	3,700,001	7,600,000	7,500,710	30.00%
653			25,000,000	100.00%

Categories of shareholders	Number of Shareholders	Shares Held	Percentage %
INDIVIDUALS	624	14,511,900	58.05%
INVESTMENT COMPANIES	2	7,100	0.03%
INSURANCE COMPANIES	1	200,000	0.80%
JOINT STOCK COMPANIES	20	9,334,900	37.34%
FINANCIAL INSTITUTIONS	4	895,800	3.58%
MODARBA COMPANIES	1	300	0.00%
CHARITABLE TRUSTS	1	50,000	0.20%
TOTAL	653	25,000,000	100.00%

Pattern of Shareholding

Categories of Shareholders		No. of Shares Holders	Total Shares Held	Percentage
Directors, CEO & their Spouses and Minor Children		7		
Mr. Mohammad Waseem Ur Rehman	Chief Executive		502,500	2.01%
Mr. Shahid Iqbal	Director		1,632,000	6.53%
Mr. Aftab Sarwar	Director		645,000	2.58%
Mr. Shabbir Ahmad Alvi	Director		2,500	0.01%
Mr. Tahir Majeed	Director		2,500	0.01%
Mohammad Shahid	Director		2,500	0.01%
Mohammad Riaz	Director		2,500	0.01%
Executives			-	-
Public Sector Companies & Corporations		4		
National Bank of Pakistan - Trustee Department			346,636	1.39%
National Investment Trust Limited			190,000	0.76%
NBP - Trustee - Ni (u) T (LOC) Fund			357,064	1.43%
Investment Corporation of Pakistan			3,500	0.01%
Joint Stock Companies		20	9,334,900	37.34%
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarba & Mutual Funds		5		
Crescent Investment Bank Limited.			2,100	0.01%
Modarba Al-Mali Corporation Limited			300	0.00%
Pakistan Kuwait Inv. Co. (Pvt) Limited			3,600	0.01%
Managing Committee, Crescent Foundation			50,000	0.20%
State Life Insurance Corporation of Pakistan			200,000	0.80%
Individuals		617	11,722,400	46.89%
Grand Total		**653**	**25,000,000**	**100.00%**

Ravi Textile Mills Limited

The Corporate Secretary
RAVI TEXTILE MILLS LIMITED
5/79 Usman Block,
New Garden Town,
Lahore.

Folio No...

No. of Shares held.......................

FORM OF PROXY
23rd Annual General Meeting

I/We --

of -- being a member of

RAVI TEXTILE MILLS LIMITED and a holder of ------------------------------------ ordinary shares

as per Share Register Folio No. --

For beneficial owners as per CDC List

CDC Participant I.D. No. ________________ **Sub-Account No.** ________________

NIC No. [ ][ ][ ][ ][ ]-[ ][ ][ ][ ][ ][ ][ ]-[ ] hereby appoint ________________

of ____

another member of the company as per Register Folio No. ________________

or (failing him/her) ____ of

another member of the company as per Register Folio No. ________________

as my/our proxy to attend and vote for me/our behalf at 23rdAnnual General Meeting of the Company to be held on Monday 30th November, 2009 at 11 a.m at the Registered Office 5/79 Usman Block, New Garden Town, Lahore and at any adjournment thereof.

Please Affix Rupees five Revenue Stamp

(Signature should agree with the specimen signature registered in the Company)

Signature of Shareholder

Dated this ______ day of ________ 2009

Signature of Proxy

For beneficial owners as per CDC list

1. WITNESS
Signature: ________________
Name: ________________
Address: ________________
NIC No. [ ][ ][ ][ ][ ]-[ ][ ][ ][ ][ ][ ][ ]-[ ]

2. WITNESS
Signature: ________________
Name: ________________
Address: ________________
NIC No. [ ][ ][ ][ ][ ]-[ ][ ][ ][ ][ ][ ][ ]-[ ]

NOTE:

1. Proxies, in order to be effective,must be duly stamped, signed and witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned and must be received at the Registered Office of the Company at 5/79 Usman Block, New Garden Town, Lahore not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders and their Proxies are requested to attach an attested photocopy of their National Identity Card with the proxy form before submission to the Company (Original CNIC/or passport is required to be produced at the time of the meeting)
3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.