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ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2009

Taha

SPINNING MILLS LIMITED

CONTENTS

TAHA SPINNING MILLS LIMITED
COMPANY PROFILE

Board of Directors	Mr. Ashfaq Ahmed - Chief Executive Mr. Saqib Ashfaq Mr. Amir Ashfaq Mr. Niaz Mohammad Mr. Muhammad Farooq Mr. Ikhlaq Husain Mr.Saleem Abbas
Audit Committee	Mr. Saqib Ashfaq - Chairman Mr.Ikhlaq Husain Mr.Niaz Mohammad
Chief Financial Officer	Mr. Irfan Ahmed
Company Secretary	Mr. Muhammad Sarfraz
Auditors	A. R. Khan & Co Chartered Accountants 33-A, 6th Floor, Arkey Square Ext. Shahrah-e-Liaqat, Karachi
Bankers	NIB Bank Limited National Bank of Pakistan Askari Bank Limited
Legal Advisor	Farooq Rashid & Co, Advocates and Corporate Consultants, 403 Commerce Centre, Hasrat Mohani Road, Karachi-74200
Share Registrar and Transfer Office	Najeeb Consultants (Pvt)Ltd 405-Commerce Centre, Hasrat Mohani Road, Karachi
Registered Office	406-Commerce Centre, Hasrat Mohani Road, Karachi Karachi 74200
Mills	Warburton Road, Tehsil Nankana Sahib Distt. Sheikhpura, Punjab

VISION STATEMENT

The company is committed to remain abreast with the modern textile machinery in slow and steady steps. The primary vision is geared towards the company Re-establishing itself in the market, both local and export, as a quality yarn suppliers.

MISSION STATEMENT

The company has taken on a mission to conduct BMR, improve profitability, fund its financial commitments, improve the remuneration of its employees and give a fair return to its shareholders while complying with the best practices of Corporate Governance.

TAHA SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of the shareholders of Taha Spinning Mills Limited, will be held on Friday 30th October, 2009 at 9.00 a.m at its registered office at 406-Commerce Centre, Hasrat Mohani Road, Karachi to consider the following business:

1. To confirm the minutes of the Annual General Meeting held on 30.10.2008.

2. To receive, consider and adopt the report of Directors, Auditors and the Audited Accounts of the company for the year ended June 30, 2009.

3. To appoint the Auditors for the year ended 30.6.2010 and fix their remuneration. The retiring auditors M/s. A.R. Khan & Co., Chartered Accountants being eligible, offers themselves for re-appointment.

4. To consider any other business with the permission of the Chair.

By order of the Board

Muhammad Sarfraz
Company Secretary

Karachi: October 9,2009

Notes:

1. The share transfer books of the company will remain closed from 24th October, 2009 to 30th October, 2009 (both days inclusive)
2. A member entitled to attend and vote at this meeting may appoint to a member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the company at the registered office not less than 48 hours before the meeting.
3. Any individual, beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her original NIC or Passport, Account No. and participant's I.D number, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her NIC or Passport.
4. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of nominee/proxy shall be required.
5. Shareholders are requested to notify any change in their address immediately.

TAHA SPINNING MILLS LIMITED
DIRECTORS' REPORT TO THE SHARE HOLDERS

The directors of your company are pleased to place their report together with the auditors report and audited financial statements of the company for the year ended 30th June 2009 before the 19th Annual General Meeting.

AN OVERVIEW

The textile spinning industry has gone through a crisis year due to increasing input costs and high prices of cotton. yarn prices have also decreased due to worldwide recession.

OPERATING RESULTS

The Company incurred a loss for the year ended June 30, 2009 due to volatility in raw material and yarn prices.

The results have been as follows:

	30 June 2009 Rupees	30 June 2008 Rupees
Sales – Net	**2,954,096**	**230.938,484**
Net loss before tax	**(31,116,324)**	**(31,723,630)**
Provision for taxation:		
Current.	-	**1,156,276**
Prior year	-	-
Deferred	**(3,136,003)**	**(345,519)**
Profit (loss) after Tax	**(27,980,321)**	**(32,534,387)**
Earning per share.	**(6.91)**	**(8.03)**

FINANCE COST

Finance cost represents mark-up on borrowing from banking companies and financial institutions. The mark up rates have increased substantially in the banking sector as a whole. Our finance costs have also increased accordingly.

GRATUITY

The company has provided gratuity in the financial statement based upon the actuarial valuation for all its eligible employees at the period end.

TAXATION

Income tax returns are all upto date. Returns for the year are deemed to be accepted as filed.

OUTSTANDING STATUTORY PAYMENTS:

There are no overdue statutory payments.

CURRENT AND FUTURE OUTLOOK

Due to worldwide increase in raw material price, Pakistan's textile industry is expecting better market conditions. The local cotton prices have provide a space for better future of textile industry in Pakistan.

The silver lining in increase in demand for Pakistani textile products may result in the viability of textile industry. However the increase in financial cost will pay vital role in the future of textile industry.

There is slight improvement in current market conditions, the cotton production if maintained on basis of current cotton arrival, it will be competitive edge for local textile industry and revival of closed units. It is hoped that your company may be able to find a suitable financer/customer for the running/take over of production facility already available.

ENVIRONMENT, HEALTH, SAFETY AND SOCIAL ACTIONS

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

CHANGES IN THE BOARD OF DIRECTORS

There is no change in the board of directors during the year.

MEETING OF BOARD OF DIRECTORS

Six board meetings were held during the year and each director attended the following number of meetings.

Directors	No. of meetings
Mr. Ashfaq Ahmed	4
Mr. Saqib Ashfaq	4
Mr. Amir Ashfaq	6
Mr. Niaz Muhammad	5
Mr. Ikhlaq Husain	6
Mr.Mohammad Farooq	3
Mr. Saleem Abbas	6

Leave of absence was granted to the directors who could not attend some of the meetings. During the period under review there was no trading of the company's share by the Chief Executive, Directors, Chief Financial Officer and Company Secretary, their spouses and minor children.

PATTERN OF SHARE HOLDING IS ANNEXED TO THIS REPORT.

AUDITORS

The present auditors of the company M/s. A. R. Khan & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment under the terms of the Code of Corporate Governance, they have been recommended by the Audit Committee for the reappointment as auditors for the year ended June 30, 2010.

CORPORATE GOVERNANCE

We are pleased to inform you that the company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the regulations of Stock Exchanges.

STATEMENT OF DIRECTORS RESPONSIBILITIES UNDER THE CODE OF CORPORATE GOVERNANCE.

The Board of Directors state that:

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

b. Company has maintained proper books of accounts.

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

d. In preparation of financial statements International Accounting Standards, as applicable in Pakistan, have been followed and non applicability, if any, has been adequately disclosed.

e. Internal auditor reviews the existing system of internal control and other procedures on an ongoing basis. The process of review will continue and any weakness in controls will have immediate attention of the management.

f. There are no significant 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.

h. Key operating and financial data of last six years in a summarized form is annexed.

i. The board of directors has adopted a mission statement and a statement of overall corporate strategy.

AUDIT COMMITTEE

The Board, in compliance to the Code of Corporate Governance, has formed an Audit Committee. Four meetings of the committee were held during the period. The names of its members are given in the company profile.

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

Within the framework of terms of reference determined by the board of directors, the Audit Committee, among other things will recommend appointment of external auditors and review of periodicals statements.

STATEMENT OF ETHICS AND BEST BUSINESS PRACTICES

The Board has prepared the statement of ethics and best business practices which has been circulated to all the directors and employees for their acknowledgement, understanding and acceptance.

RELATIONSHIP WITH SHARE HOLDERS

The company reports formally to the shareholders three times a year all its financial results alongwith directors review on the operations and future outlook of the company. All the interim and final reports are sent to The Karachi Stock Exchange and at the registered addresses of the shareholders.

In addition to above, company sends its annual report and formal notification for holding Annual General Meeting at least 21days in advance to facilitate the shareholders to participate in the meeting.

ACKNOWLEDGEMENTS

The Board acknowledges the hard work and efforts of the staff and labour and hopes that this will continue in the forthcoming years. The Board also acknowledges ongoing support from its bankers.

For and on behalf of the Board

Chief Executive

Karachi: October 09, 2009

TAHA SPINNING MILLS LIMITED

STATEMENT OF ETHICS AND BUSINESS PRACTICES

As approved by the Board of Directors, the management of Taha Spinning Mills Limited is hereby advised to follow the under mentioned principles for excellent performance in the attempt to achieve the objectives of the company.

AS DIRECTOR

a. Commit to all the necessary and appropriate resources.
b. Foster a conducive environment through responsive policies.
c. Maintain organizational effectiveness for the achievement of targets.
d. Encourage and support compliance of legal and industrial requirements.
e. Protect the interest of the company and employees.

AS EXECUTIVE AND MANAGER

f. Protect the interest of the company and management.
g. Ensure increase in productivity and profitability of the company.
h. Provide the direction and leadership to the organization.
i. Ensure total customer satisfaction through quality product and services.
j. Promote a culture of excellence, devotion and continual improvement.
k Cultivate work ethics and harmony among colleagues and associates.
l Encourage initiatives and self-realization of responsibilities in juniors.
m. Ensure as equitable way of working and reward system.

AS EMPLOYEE AND STAFF

n. Devotion to your job.
o. Abide by company's policies and regulations.
p. Promote and protect the interest of the company.
q. Exercise prudence and honesty in using company's resources.
r. Observe cost effective practices in daily activities
s. Avoid making any personal gain at the cost of the company.

BRIBERY

t. The payment of bribes, kickbacks in cash or kind to obtain business or otherwise for the company is strictly prohibited.

FINANCIAL INTEGRITY

u. Compliance with accepted accounting rules and procedure is required at all times.
v. All information supplied to all concerns must be complete and not misleading.

w. The company will not knowingly assist fraudulent activities. If you have any reason to believe that fraudulent activities are taking place within the company or outside where we do business, you must inform the management immediately

TAHA SPINNING MILLS LIMITED
KEY OPERATING & FINANCIAL RESULTS
FOR THE YEARS 2004-2009

OPERATING DATA	2009	2008	2007	2006	2005	2004
Sales	2,954,096	231,255,179	411,363,383	464,903,727	140,336,554	260,054,747
Cost of goods sold	13,394,805	230,204,275	385,202,717	413,065,977	134,572,341	253,864,917
Gross profit/(loss)	(10,440,709)	734,209	26,160,666	51,837,750	5,764,213	6,189,830
Operating Profit/(loss)	(12,171,513)	(4,251,019)	16,238,666	43,984,795	3,391,277	1,594,153
Profit/(loss) before Taxation	(31,116,324)	(31,723,630)	(16,881,445)	16,073,964	5,540,140	2,246,242
Profit/(loss) after Taxation	(27,980,321)	(32,534,387)	(20,815,124)	5,707,995	9,238,749	944,804
FINANCIAL DATA						
Paid upcapital	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000
Equity balance	23,143,162	54,516,363	82,986,711	101,520,274	114,799,967	103,114,425
Fixed assets	183,458,119	186,618,864	206,052,557	203,577,874	170,894,775	143,473,142
Current assets	85,260,042	255,347,110	201,665,716	203,696,309	198,375,132	155,914,659
Current liabilities	144,271,499	252,381,388	200,385,039	161,940,615	133,491,889	118,989,634
KEY RATIOS						
Gross margin (%)	(353.43)	0.32	0.06	11.15	4.11	2.38
Operating Margin (%)	(412.02)	(1.84)	0.04	9.46	2.42	0.61
Net Profit/(Loss) (%)	(947.17)	(14.07)	(0.05)	1.23	6.58	0.36
Return on capital employed (time)	(120.90)	(0.60)	0.30	0.06	0.08	0.01
Current ratio (%)	1.69	1.01	1.01	1.26	1.48	1.36
Earning per share(Rs)	(6.91)	(8.03)	6.12	1.41	2.28	0.23
Cash dividend (%)	-					
STATISTICS						
Number of spindles	15,216	15,216	15,216	12,120	12,120	12,120
Production into 20/s Count (in million Kg's)	0.02	1.91	4.84	3.78	2.76	4.78

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate governance contained in Listing Regulation No.37 of the Karachi Stock Exchange (Guarantee) Limited 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 independent non-executive directors on its Board. At present the Board includes three independent 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. To the best of our knowledge all the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy arose on the Board during the year.

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

6. The Management has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Company and the same has been approved by the Board. 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 decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged an 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 it fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CFO and the CEO before approval by 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 meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company, as required by the Code. The terms of reference of the committee have been formulated 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 has 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 their spouse and minor children do not hold shares of the Company and that they are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

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

Karachi: October 9, 2009

Ashfaq Ahmed
Chief Executive

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the 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 **Taha Spinning Mills Limited** to comply with the Listing Regulation No. 35 (previously Regulation No. 37) of the Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of Lahore Stock Exchange (Guarantee) Limited where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the 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 system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 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 under taken at arm's length price 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 respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2009.

A.R. KHAN & COMPANY
CHARTERED ACCOUNTANTS
Engagement Partner:

Karachi: October 09, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Taha Spinning Mills Limited** as at June 30, 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 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 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 my audit provides a reasonable basis for our opinion and, after due verification, We report that:

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

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of 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 June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended,

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

(e) Without qualifying our opinion we draw attention to Note 1.2 to the financial statements that describes the adverse financial condition of the Company and steps taken by the management including expected support from the directors and the financial institutions to address the going concern issue.

A. R. KHAN & COMPANY
CHARTERED ACCOUNTANTS
Engagement Partner:

KARACHI: October 09, 2009

Taha Spinning Mills Limited
Balance Sheet
As At June 30, 2009

EQUITY AND LIABILITIES	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital 6,100,000 (2008 : 6,100,000) ordinary shares of rupees 10 each.		61,000,000	61,000,000
Issued, subscribed and paid up share capital	5	40,500,000	40,500,000
Unappropriated profit		(17,356,838)	14,016,363
		23,143,162	54,516,363
Surplus on revaluation of fixed assets	6	27,415,880	24,023,000
NON-CURRENT LIABILITIES			
Long term financing	7	46,381,199	35,371,547
Long term loan from directors and others	8	21,489,397	20,969,730
Liabilities against assets subject to finance lease	9	3,139,807	8,752,137
Deferred income			39,938,589
Deferred liabilities	10	8,401,520	11,537,523
		79,411,923	116,569,526
CURRENT LIABILITIES			
Trade and other payables	11	7,148,712	10,330,789
Accrued mark-up	12	30,278,143	30,748,085
Short term borrowings	13	33,375,766	152,400,732
Current portion of long term borrowings	14	71,969,102	57,402,006
Provision for taxation		1,499,776	1,499,776
		144,271,499	252,381,388
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		274,242,464	447,490,277

ASSETS	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	16	183,458,119	186,618,864
		183,458,119	186,618,864
Long term deposits	17	5,524,303	5,524,303
CURRENT ASSETS			
Stores, spares and loose tools	18	15,176,485	18,581,320
Stock-in-trade	19	22,005,620	27,844,132
Trade debts - considered good	20	29,253,230	29,343,230
Other financial assets	21	408,162	408,162
Loans and advances	22	12,348,896	12,348,896
Other receivables	23	2,883,174	160,882,658
Cash and bank balances	24	3,184,475	5,938,712
		85,260,042	255,347,110
TOTAL ASSETS		274,242,464	447,490,277

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

KARACHI OCTOBER 09, 2009

Taha Spinning Mills Limited

Profit and Loss Account

For the Year Ended June 30, 2009

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
Sales - Net	25	2,954,096	230,938,484
Cost of sales	26	(13,394,805)	(230,204,275)
Gross profit		(10,440,709)	734,209
Distribution cost	27	-	(1,550,524)
Administrative expenses	28	(1,730,804)	(3,434,704)
Finance cost	29	(18,944,811)	(27,472,611)
Loss before taxation		(31,116,324)	(31,723,630)
Taxation	30	3,136,003	(810,757)
Loss for the year		(27,980,321)	(32,534,387)
Earnings per share (Basic and diluted)	31	**(6.91)**	**(8.03)**

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

KARACHI : OCTOBER 09, 2009

Taha Spinning Mills Limited

Cash Flow Statement

For the Year Ended June 30, 2009

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(31,116,324)	(31,723,630)
Adjustments for:			
Depreciation	16.2	3,884,308	16,065,188
Provision for gratuity	10.1.2	-	1,410,420
Finance cost	29	18,944,811	27,472,611
		22,829,119	44,948,219
Profit before working capital changes		(8,287,205)	13,224,589
(Increase)/Decrease in current assets			
Stores, spares and loose tools		3,404,835	2,950,280
Stock-in-trade		5,838,512	91,479,976
Trade debts		90,000	9,812,474
Loans and advances		-	1,205,510
Other receivables		157,999,484	(158,343,393)
		167,332,831	(52,895,153)
Increase/(Decrease) in current liabilities			
Trade and other payables		(3,102,895)	(3,506,257)
Cash used in operations		155,942,731	(43,176,821)
Finance cost paid		1,630,158	(5,750,630)
Gratuity paid	10.1	-	(811,616)
Taxes paid/ adjustment		-	(81,236)
		1,630,158	(6,643,482)
Net cash used in operating activities	(A)	157,572,889	(49,820,303)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-	3,368,505
Deferred Income		39,938,589	39,938,589
Security deposits		-	-
Net cash generated from investing activities	(B)	(39,938,589)	43,307,094
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		119,024,967	9,855,067
Long term financing		-	-
Liabilities against assets subject to finance lease		1,363,570	(555,335)
Net cash generated from financing activities	(C)	(120,388,537)	9,299,732
Net decrease in cash and cash equivalents	(A+B+C)	(2,754,237)	2,786,523
Cash and cash equivalents at the start of the year		5,938,712	3,152,189
Cash and cash equivalents at the end of the year		3,184,475	5,938,712

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

KARACHI : OCTOBER 09, 2009

Taha Spinning Mills Limited
Statement of changes in equity
For the Year Ended June 30, 2009

	PAID-UP SHARE CAPITAL	UN-APPROPRIATED PROFIT	TOTAL
	------------------Rupees------------------		
Balance as at July 01, 2007	40,500,000	42,486,711	82,986,711
Net loss for the year ended June 30, 2008	-	(32,534,387)	(32,534,387)
Incremental depreciation transferred from surplus on revaluation of fixed assets-Net of deferred tax	-	4,064,039	4,064,039
Balance as at June 30, 2008	**40,500,000**	**14,016,363**	**54,516,363**
Balance as at July 01, 2008	40,500,000	14,016,363	54,516,363
Net loss for the year ended June 30, 2009	-	(27,980,321)	(27,980,321)
Incremental depreciation transferred from surplus on revaluation of fixed assets-Net of deferred tax	-	(3,392,880)	(3,392,880)
Balance as at June 30, 2009	**40,500,000**	**(17,356,838)**	**23,143,162**

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

CHIEF EXECUTIVE **DIRECTOR**

KARACHI : OCTOBER 09, 2009

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Taha Spinning Mills Limited (the "Company") was incorporated in Pakistan as a Private Limited Company under The Companies Ordinance, 1984 in 1991 and subsequently converted to a Public Limited company on 16-06-1991. Shares of the company were listed on the Karachi Stock Exchange in Pakistan on 01-02-1994. The principal business of the company is to manufacture and sale of yarn. Mill is located at Sheikhupura in the Province of Punjab.

1.2 Company has incurred a net loss of Rs. 27.98 Million (June 30th 2008 : Rs. 32.5 Million) during the year and the accumulated loss of Rs 17.35 Million (June 30th 2008 : Rs. 18.5 Million), and the mill has been closed since end of july 2008.

2 BASIS OF PREPARATION

2.1 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 Standard 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.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

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

- IAS - 29 Financial Reporting in Hyperinflationary Economics (effective for annual periods beginning on or after 28 April 2008). The company does not have any operations in hyperinflationary economies and therefore the application of the standard did not affect the company's financial statements.

- IFRIC - 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operates or otherwise participate in customer loyalty programmes under which the customer can redeem credit for award such as free or discounted goods or services. The application of IFRIC - 13 did not affect the company's financial statements.

- IFRIC - 14, IAS - 19 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 01 January 01 2008). IFRIC - 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The interpretation has no effect on company's financial statements.

2.3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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

- Revised IAS - 1 Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

- Revised IAS - 23 Borrowing Costs (effective for annual periods beginning on or after 01 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets as part of the cost of that asset. The application of the standard is not likely to have an effect on the company's financial statements.

- Amended IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transactions. When the group losses controls of subsidiary, any interest retained in the former a subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the company's financial statements.

- IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 January 2009). The amendment removes the definition of the cost methods from IAS - 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment is not likely to have an effect on company's financial statements.

- Amendments to IAS - 32 Financial Instruments : Presentation and IAS - 1 Presentation of Financial Statements (effective for annual period beginning on after 01 January 2009) - Puttable Financial Instruments and Obligations Arising on Liquidations requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which requires retrospective application, or not expected to have any impact on the company's financial statements.

- Amendment to IAS - 39 Financial Instruments : Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after 01 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment is not likely to have an effect on the company's financial statements.

- Amendments to IAS - 39 and IFRIC - 9 Embedded derivatives (effective for annual periods beginning on or after 01 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendments are not likely to have an effect on company's financial statements.

- Amendment to IFRS - 2 Share-based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on the company's financial statements.

- Amendment to IFRS - 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 01 January 2010). Currently effective IFRS requires attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transactions to account for the transaction in its separate or individual financial statements.

- Revised IFRS - 3 Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. The application of this standard is not likely to have an effect on the company's financial statements.

- IFRS - 4 Insurance Contracts (effective for annual periods beginning on or after 01 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contracts. The standard is not applicable to the company's operations.

- Amendment to IFRS - 7 Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 01 January 2009). These amendments have been made to bring the disclosure requirements of IFRS - 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.

- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the company's 2010 financial statements. These amendments are unlikely to have an impact on the company's financial statements.

- The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the company's 2010 financial statements. These amendments are unlikely to have an impact on the Company's financial statements.

- IFRS - 8 Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment reporting. IFRS - 8 will require a change in the presentation and disclosure of segment information based on the internal reports that a regularly reviewed by the company's "chief operating decision maker" in order to asses each segment's performance and to allocate resources to them.

- IFRIC - 15 Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The IFRIC is not relevant to the company's operations.

- IFRIC - 16 Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 01 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The IFRIC is not relevant to the company's operations.

- IFRIC - 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 01 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognized in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognized in the income statement. As the company does not distribute non-cash assets to its shareholders, this interpretation has no impact on the company's financial statements.

- IFRIC - 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). The interpretation is not relevant to the company's operations.

3 BASIS OF MEASUREMENT

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

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

3.1 Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's' view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2 Staff retirement benefits - gratuity

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

3.3 Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.4 Property, plant and equipment

The company reviews recoverable amount, useful life , residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.5 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

- **3.5.1** Provision for doubtful debts
- **3.5.2** Estimation of net realizable value
- **3.5.3** Computation of deferred taxation
- **3.5.4** Disclosure of contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

Subsequent cost are included in the asset's 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 income during the period in which they are incurred.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognised in profit or loss, in which case the surplus is credited to profit or loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item. On subsequent sale or retirement of revalued item of property, plant and equipment the attributable surplus remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life. During the year the company renewed the useful life and residual value and revised the rate of depreciation as mention in note No 16

Depreciation on additions is charged from the month in which the asset become available for uses while no depreciation is charged in the month of disposal.

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 assets) is included in the income statement in the year the assets is derecognized.

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized 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. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are 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

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.2.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.3 Capital work in progress

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

4.4 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.5 Stores, spare parts and loose tools

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

4.6 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

4.6.1 Raw material

	In hand	Weighted average cost
	In transit	Cost comprising invoice value plus other charges incurred thereon
4.6.2	**Finished goods and work in process**	Raw material cost plus appropriate manufacturing overheads
4.6.3	**Waste**	Net realizable value

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales.

4.7 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.8 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current & saving accounts and short term borrowings.

4.9 Staff retirement benefits

Defined benefit plan

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

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently.

4.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

4.10.1 Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

4.10.2 Deferred

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

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

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

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

4.11 Trade and other payables

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

4.12 Provisions

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

4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.14 Revenue recognition

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

4.15 Foreign currencies

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

4.16 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and liabilities

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

4.18 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use.

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

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

4.19 Related party transactions

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

4.20 Government grants

Government grants for meeting revenue expenses are set off from respective expenses in the year in which they become receivable.

4.21 Research and development cost

Research and development cost is charged to profit and loss account in the year in which it is incurred.

4.22 Dividend

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

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

JUNE 30, 2009	JUNE 30, 2008		JUNE 30, 2009	JUNE 30, 2008
Number of shares			Rupees	Rupees
4,050,000	4,050,000	Ordinary shares of Rs. 10 each fully paid in cash	40,500,000	40,500,000
4,050,000	4,050,000		40,500,000	40,500,000

5.1 The shareholders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

5.2 There is no movement in share capital during the year.

6 SURPLUS ON REVALUATION OF FIXED ASSETS

	JUNE 30, 2009	JUNE 30, 2008
	Rupees	Rupees
Opening surplus on revaluation of fixed assets	24,023,000	28,712,479
Incremental depreciation transferred to un-appropriated profit	3,392,880	(4,689,479)
Closing surplus on revaluation of fixed assets	27,415,880	24,023,000

6.1 This represents surplus over book values resulting from the revaluation of fixed assets carried out on 19 September, 2002 adjusted by surplus realized on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

7 LONG TERM FINANCING

	NOTE	JUNE 30, 2009	JUNE 30, 2008
Secured-from banking companies and other financial institutions		Rupees	Rupees
Demand finance	7.1	80,315,714	80,315,714
Addition during the year	7.2	34,935,942	
Paid during the year		(873,668)	-
Current portion of long term financing			
Current portion for the year		23,052,622	21,089,535
Over due		44,944,167	23,854,632
		(67,996,789)	(44,944,167)
		46,381,199	35,371,547

7.1 The facility is secured by first charge on the present and future fixed assets of the company and personal guarantees of the directors and sponsors. The facility is repayable in 20 quarterly installments commencing from February 2006. The mark-up rate is six months KIBOR+3.28% payable quarterly.

7.2 The loans are secured against second charge on all fixed assets of the company and personal guarantees of sponsoring directors and the mark-up rate is average one month kibor (2008 nil .) The loans are repayable in 36 monthly instalments by July 01, 2014 . First instalment repayment to commence from August 01, 2011

	JUNE 30, 2009	JUNE 30, 2008
	Rupees	Rupees
8 LONG TERM LOAN FROM DIRECTORS AND OTHERS	21,489,397	20,969,730

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

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
Lease rentals payable		
Minimum lease payments due not later than one year	4,713,596	16,962,263
Minimum lease payments due later than one year but not later than five years	3,382,756	9,737,001
	8,096,352	26,699,264
Finance charge		
Finance charge due not later than one year	741,283	4,504,424
Finance charge due later than one year but not later than five years	242,949	984,864
	(984,232)	5,489,288
	7,112,120	21,209,976
Less: Current Portion		
Current portion for the year	3,972,313	12,457,839
		-
	(3,972,313)	12,457,839
	3,139,807	8,752,137
Present value of minimum lease payments		
Due not later than one year	3,972,313	12,457,839
Due later than one year but not later than five years	3,139,807	8,752,137
	7,112,120	21,209,976

These represent finance leases which have been obtained under the lease arrangement for vehicles and plant & machinery. Lease rental include financial charges and rate of finance charges range from 6.5 % to 15.96% (2008: 6.5% to 15.96%)per annum which has been used as discounting factor and is payable on monthly basis. Taxes, repairs, replacement and insurance are born by lessee. In case of termination of agreement lessee would have to pay entire rent for unexpired period.

The company has an option to purchase the assets upon completion of lease period.

Finance lease liabilities are secured against personal guarantee of directors, demand promissory notes and security deposits.

10 DEFERRED LIABILITIES

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
Staff retirement benefits-gratuity	10.1	1,872,637	1,872,637
Deferred taxation	10.2	6,528,883	9,664,886
		8,401,520	11,537,523

		JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
10.1	**Movement in the net liability recognized in the balance sheet**		
	Balance sheet liability (Opening)	1,872,637	1,273,833
	Amount recognized during the period		1,410,420
	Benefits paid during the period		(811,616)
	Balance sheet liability (Closing)	1,872,637	1,872,637

Due to closure of mill provision for gratuity required through projected unit credit method has not been provided.

10.2	**Deferred taxation**	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
	Taxable temporary differences-		
	Accelerated tax depreciation allowances	43,592,952	41,842,242
	Deductible temporary differences-		
	Finance lease arrangements	(259,449)	(7,423,492)
	Un-absorbed tax depreciation	(36,804,621)	(24,098,442)
	Staff retirement benefits-gratuity		(655,423)
		6,528,883	9,664,886

11 TRADE AND OTHER PAYABLES

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
Trade and other payables		4,176,498	6,657,933
Accrued Liabilities		2,953,929	3,654,571
Unclaimed dividend		18,285	18,285
Advance from customers		-	-
		7,148,712	10,330,789

12 ACCRUED MARK UP AND INTEREST

	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
Accrued Mark-up on :		
- Long term financing	18,609,793	14,226,869
- Short term borrowings	7,549,860	13,144,009
- Finance lease	4,118,490	3,377,207
	30,278,143	30,748,085

13 SHORT TERM BORROWINGS - Secured

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
Secured from Banking companies and other financial institutions			
- Running finance	13.1	33,375,766	152,400,732

13.1 The Bank running finance facilities are secured against hypothecation and pledge of stocks of raw materials, work in process, goods in transit, finished goods, stores, lien on book debts, charge on fixed assets of the company and personal guarantee of directors. Sanctioned limit of the facilities are Rs nil (2008: Rs. 190 million). The rate of mark-up is nil (2008: KIBOR+ 2.0% to 4.0%)

14 CURRENT PORTION OF LONG TERM BORROWINGS

	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
Long term loans	67,996,789	44,944,167
Liabilities against assets subject to finance lease	3,972,313	12,457,839
	71,969,102	57,402,006

15 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

Guarantee to Sui Northern Gas Pipelines Limited	5,000,000	5,000,000

COMMITMENTS

Letter of Credit for machinery	-	-

16 PROPERTY, PLANT AND EQUIPMENT

16.1 The following is a statement of operating assets:

Particulars	COST / REVALUATION As at July 01 2008	Additions/ (Deletions)	Surplus/ (Deficit) Adjust.	As on June 30 2009	DEPRECIATION As at July 01 2008	For the Year Depreciation	Adjustment	As on June 30 2009	W.D.V. JUNE 30, 2009	Annual Rate %
	-----R	u	p	e	e	s-----				
OWN ASSETS										
Land - free hold	7,566,000	-	-	7,566,000	-	-	-	-	7,566,000	
Building - free hold	81,695,326	-	-	81,695,326	30,405,082	641,128	-	31,046,210	50,649,116	1.25
Plant and machinery	200,201,668	-	-	200,201,668	107,792,799	2,310,222	-	110,103,021	90,098,647	2.5
Furniture and fixtures	106,190	-	-	106,190	87,979	455	-	88,434	17,756	2.5
Factory equipments	1254370	-	-	1,254,370	354,812	22,489	-	22,489	1,231,881	2.5
[illegible]	187,408		-	187,408	144,451	1,074	-	1,074	186,334	2.5
Vehicles	231,557	-	-	231,557	224,300	363	-	363	231,194	5
	291,242,519	-		291,242,519	139,009,423	2,975,731	-	141,261,591	149,980,928	
LEASED ASSETS										
Generator	19,777,668	-	-	19,777,668	6,414,086	334,090	-	6,748,176	13,029,492	2.5
Plant and machinery	20,701,900	-	-	20,701,900	4,776,160	398,144	-	5,174,304	15,527,597	2.5
Compressor	1,825,202	-	-	1,825,202	643,383	29,545	-	672,928	1,152,274	2.5
Vehicles	5,808,408	-	-	5,808,408	1,893,781	146,799	-	2,040,580	3,767,828	3.75
	48,113,178		-	48,113,178	13,727,410	908,577	-	14,635,987	33,477,191	
June 30, 2009	339,355,697	-	-	339,355,697	152,736,833	3,884,308	-	155,897,578	183,458,119	
June 30, 2008	336,080,459	12,228,687	(8,953,449)	339,355,697	140,571,645	16,065,188	(3,900,000)	152,736,833	186,618,864	

16.2 The depreciation charge for the year has been allocated as follows:

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
Cost of sales	27.1	3,735,617	15,528,679
Administrative expenses	29	148,691	536,509
		3,884,308	16,065,188

16.3 Had there been no revaluation the original cost and accumulated depreciation of revalued assets would have been as follows as on June 30, 2009.

	Cost Rupees	Accumulated Depreciation Rupees	Written down Value Rupees
Land	3,246,097	-	3,246,097
Building	41,799,534	27,671,431	14,128,103
Plant and machinery	129,031,677	89,122,547	39,909,130
	174,077,308	116,793,978	57,283,330

Revaluation of freehold land, building and plant & machinery at 19 September, 2002 produced a revaluation surplus of which was credited to surplus on revaluation of fixed assets account to comply with the requirement of Section 235 of Companies Ordinance, 1984. Revaluation was carried out by the independent valuers M/s Asif Associates (Pvt) Limited, an approved independent valuer. Revaluation is worked on depreciated replacement values.

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
17 LONG TERM DEPOSITS			
Security deposits - Utilities		3,625,576	3,625,576
Advance against lease		1,852,477	1,852,477
CDC deposit		46,250	46,250
		5,524,303	5,524,303
18 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		10,206,290	13,246,500
Spares parts		4,684,725	4,950,230
Loose tools		285,470	384,590
		15,176,485	18,581,320
19 STOCK-IN-TRADE			
Raw materials		-	2,946,100
Work in process		2,358,020	3,000,432
Finished goods		19,647,600	21,897,600
		22,005,620	27,844,132
20 TRADE DEBTS- Considered good			
Debtors-Local (Unsecured)		29,253,230	29,343,230
Debtors-Export (Secured)		-	-
		29,253,230	29,343,230
21 OTHER FINANCIAL ASSETS			
Held for maturity			
Short term deposits held under lien by bank		408,162	408,162
		408,162	408,162

The deposits remain under lien of NDFC (Now National Bank of Pakistan) and would be refunded as the entire amount stands repaid.

		JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
22 LOANS AND ADVANCES			
Considered good			
Advances to suppliers		7,798,377	7,798,377
Advances to employees		148,310	148,310
Lease key money		3,037,811	3,037,811
Advance income tax		1,364,398	1,364,398
		12,348,896	12,348,896
23 OTHER RECEIVABLES			
Considered good			
Sales tax receivable		1,982,549	2,392,040
Insurance claim receivable		-	157,589,993
Others		900,625	900,625
		2,883,174	160,882,658
24 CASH AND BANK BALANCES			
Cash in hand		1,358,265	2,520,768
Cash at banks			
-Current accounts		1,759,995	3,351,729
-Deposits account (Escrow)		66,215	66,215
		3,184,475	5,938,712

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
25 SALES-Net			
Yarn -Local		2,958,216	228,833,717
-Export			2,421,462
		2,958,216	231,255,179
Direct expenses			
-Ocean freight			283,650
-Local freight		4,120	33,045
		2,954,096	230,938,484

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
26 COST OF SALES			
Cost of goods manufactured	26.1	11,144,805	240,558,320
Finished goods			
Opening stock		21,897,600	19,419,776
Finished stock Insurance claim receivable			(7,876,221)
Closing stock		(19,647,600)	(21,897,600)
		2,250,000	(10,354,045)
		13,394,805	230,204,275

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
26.1 Cost of goods manufactured			
Raw materials consumed	27.1.1	4,837,988	142,002,768
Fuel and power		391,990	34,614,073
Stores, spares & packing material consumed		[illegible]	10,370,875
Salaries, wages and other benefits		1,338,925	27,460,937
Staff retirement benefits			1,310,420
Doubling charges		[illegible]	24,300
Depreciation	16.2	3,735,617	15,528,679
Other expenses		197,873	5,745,371
Cost of yarn sold			2,340,000
		10,502,393	239,397,423
Adjustment of work in process			
Opening stock		3,000,432	4,161,329
Closing stock		(2,358,020)	(3,000,432)
		642,412	1,160,897
		11,144,805	240,558,320

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
27.1.1 Raw materials consumed			
Opening stock		2,946,100	95,743,003
Add: Purchases during the year		1,891,888	158,802,599
		4,837,988	254,545,602
Less: Closing stock			(2,946,100)
Loss by fire claim receivable			(109,596,734)
		4,837,988	142,002,768

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
27 DISTRIBUTION COST			
Commission on export sales			100,000
Commission on local sales			1,314,078
Clearing and forwarding			12,350
Export development surcharge			5,978
Traveling, conveyance and others			118,118
			1,550,524

28 ADMINISTRATIVE EXPENSES

	NOTE	JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
Salaries, wages and other benefits		410,000	1,314,132
Staff retirement benefits		-	100,000
Communication expenses		123,208	160,898
Entertainment		108,028	25,003
Auditors' remuneration	28.1	150,000	150,000
Rent rates and taxes		102,493	9,798
Directors remuneration		320,000	445,623
Legal and professional		-	47,500
Repair and maintenance		153,689	142,635
Depreciation	16.2	148,691	536,521
Traveling and conveyance		77,023	96,516
Vehicle and misc. expenses		102,493	217,762
Printing and stationery		2,679	94,479
Fees and subscriptions		27,500	90,337
Staff welfare		5,000	3,500
		1,730,804	3,434,704

28.1 Auditors' remuneration

Statutory audit fee	140,000	140,000
Half yearly review fee	10,000	10,000
	150,000	150,000

29 FINANCE COST

Short term borrowings	13,816,122	14,586,809
Long term financing	4,382,924	10,445,964
Mark-up on leases	741,283	1,903,234
Bank charges and commission	4,482	536,604
	18,944,811	27,472,611

30 TAXATION

Current year tax	-	1,156,276
Deferred tax	(3,136,003)	(345,519)
	(3,136,003)	810,757

The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the provisions of Income Tax Ordinance, 2001.

31 EARNINGS PER SHARE (BASIC AND DILUTED)

		JUNE 30, 2009 Rupees	JUNE 30, 2008 Rupees
Profit/(loss) after tax	Rs.	(27,980,321)	(32,534,387)
Weighted average number of ordinary shares	Numbers	4,050,000	4,050,000
Basic earning per share	Rs.	(6.91)	(8.03)

31.1 There is no dilution effect on basic earning per share.

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The chief executive and directors have waived off their remunerations and meeting fees for the year. One director is entitled for maintenance of two cars. No employee of the company fall under the defintion of executive as defined in the Companies Ordinance, 1984.

	JUNE 30, 2009.			JUNE 30, 2008.		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Meeting fees				-	-	-
Remunerations			520,000	-	445,623	-
				-	445,623	-
Number of persons			2	1	4	-

32.1 Chief executive of the company has waived his remuneration and meeting fees.

32.2 Directors of the company have waived their meeting fees.

33 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

33.1 Credit risk
33.2 Liquidity risk
33.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

33.1 Credit risk

33.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 42.45 million (June 30, 2008 : Rs. 202.891 million), financial assets which are subject to credit risk aggregate to Rs. 39.272 million (June 30, 2008 : Rs. 196.952 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2009 Rupees	2008 Rupees
Long term deposit	5,524,303	5,524,303
Trade debts	29,253,230	29,343,230
Other financial assets	408,162	408,162
Loans and advances	3,186,121	3,186,121
Other receivables	900,625	158,490,618
Cash and bank balances	3,184,475	5,938,712
	42,456,916	202,891,146

33.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

	2009 Rupees	2008 Rupees
Domestic	29,253,230	29,343,230
Export		-
	29,253,230	29,343,230

33.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

	2009 Rupees	2008 Rupees
Yarn	23,402,584	23,474,584
Waste	5,850,646	5,868,646
	29,253,230	29,343,230

33.1.4 The aging of trade debtors at the balance sheet is as follows.

	Gross debtors	
	2009 Rupees	2008 Rupees
Not past due		-
Past due 1 - 180 days		-
Past due 181 - 365 days		-
Past due more than 1 year	29,253,230	29,343,230
	29,253,230	29,343,230

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2009					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	114,377,988	38,208,690	12,736,230	12,736,230	12,736,230	-
Loan from directors	21,489,397	21,489,397	-	-	-	21,489,397
Liability against assets subject to finance lease	7,112,120	8,096,352	4,048,176	4,048,176	-	-
Trade and other payables	7,148,713	7,148,713	7,148,713	-	-	-
Accrued mark up and interest	30,278,143	30,278,143	30,278,143	-	-	-
Short term borrowings	33,375,766	58,375,766	58,375,766	-	-	-
	213,782,127	163,597,061	112,587,028	16,784,406	12,736,230	21,489,397

	2008					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	80,315,714	63,681,150	12,736,230	12,736,230	25,472,460	12,736,230
Loan from directors	20,969,730	20,969,730	-	-	-	20,969,730
Liability against assets subject to finance lease	21,209,976	26,699,264	13,349,632	13,349,632	-	-
Trade and other payables	10,330,789	10,330,789	10,330,789	-	-	-
Accrued mark up and interest	30,748,085	30,748,085	30,748,085	-	-	-
Short term borrowings	152,400,732	177,400,732	177,400,732	-	-	-
	315,975,026	329,829,750	244,565,468	26,085,862	25,472,460	33,705,960

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

33.3 Market risk

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

33.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2009 Rupees	2008 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	7,112,120	21,209,976
Variable rate instruments		
Financial assets	-	-
Financial liabilities	147,753,754	232,716,446

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2008.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2009	1,302,612	(1,302,612)	-	-
Cash flow sensitivity - variable rate instruments 2008	2,327,164	(2,327,164)	114.54	107.33

33.4 Fair value of financial assets and liabilities

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

	2009 Rupees	2008 Rupees
33.5 Off balance sheet items		
Contingencies		
Guarantee to Sui Northern Gas Pipelines Limited	5,000,000	5,000,000
Commitments		
Letter of Credit for machinery	-	-

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

34 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder 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.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term loan from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2009	2008
Borrowings	Rupees	158,862,717	274,896,152
Total equity	Rupees	23,143,162	54,516,363
Total capital employed	Rupees	199,498,433	329,412,515
Gearing ratio	Percentage	88.40	83.45

35 PLANT CAPACITY AND PRODUCTION

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed and twist. It would also vary according to the pattern of production adopted in a particular year.

	2009	2008
Total number of spindles installed	15,216	15,216
Total number of spindles worked		15,216
Number of shifts per day	3	3
Rated capacity converted at 20/1 count (Kgs.)	3,459,535	3,459,535
Actual production converted at 20/1 count (Kgs.)	15,547	1,917,447

35.1 Installed capacity has been increased due to better speed of new machinery after balancing, modernization and replacement (BMR). Actual production is

35.2 Under utilization of available capacity is mainly due to processing of fine counts.

37 CORRESPONDING FIGURES

Figures have been rearranged / reclassified whenever necessary for the purpose of comparison. However, no major reclassification / rearrangement was made in these financial statements.

38 EVENTS AFTER THE BALANCE SHEET DATE

There are no subsequent events occurring after balance sheet date.

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 09-10-2009 by the board of directors of the company.

CHIEF EXECUTIVE DIRECTOR

KARACHI : OCTOBER 09, 2009

TAHA SPINNING MILLS LIMITED

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT 30TH JUNE, 2009

	SHARE HOLDERS' CATEGORY	No.of Share held.	Percentage
1	Associated Companies, Undertaking and related parties.		
	HMI Energy (Pvt) Ltd.	2,021,500	49.914
2	NIT & ICP	-	-
3	Directors, CEO & their Spouses and minor children.		
	Mr.Ashfaq Ahmed (Chief Executive)	500	0.012
	Mr.Saqib Ashfaq	500	0.012
	Mr.Amir Ashfaq	500	0.012
	Mr.Niaz Muhammad	500	0.012
	Mr.Mohammad Farooq	50,500	1.247
	Mr.Ikhlaq Husain	500	0.012
	Mr.Saleem Abbas	500	0.012
4	Executives.	-	-
5	Public Sector Companies & Corporation:	-	-
6	Joint Stock Companies:	398,800	9.847
7	Banks, Development Financial Institutions, Non Banking Finance Institutions, Insurance Companies. Modarabas and Mutual Fund etc.		
	National Bank of Pakistan	833,300	20.575
8	Individuals.	742,900	18.343
	Total	4,050,000	100.000
9	Shareholders holding 10% or more voting Interest in the company.		
	HMI Energy (Pvt)Ltd	2,021,500	49.914
	National Bank of Pakistan	833,300	20.575

TAHA SPINNING MILLS LIMITED

PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2009

No. of Shareholders	Share Holding			Shares Held
-	1	To	100	-
56	101	To	500	28,000
3	501	To	1,000	3,000
7	1,001	To	5,000	17,000
2	5,001	To	10,000	20,000
-	10,001	To	15,000	-
-	15,001	To	20,000	-
-	20,001	To	25,000	-
-	25,001	To	30,000	-
-	30,001	To	35,000	-
-	35,001	To	40,000	-
-	40,001	To	45,000	-
2	45,001	To	50,000	100,000
1	50,001	To	55,000	50,500
1	55,001	To	60,000	60,000
-	60,001	To	65,000	-
-	65,001	To	70,000	-
-	70,001	To	75,000	-
-	75,001	To	80,000	-
-	80,001	To	85,000	-
-	85,001	To	90,000	-
-	90,001	To	95,000	-
-	95,001	To	100,000	-
-	100,001	To	105,000	-
-	105,001	To	110,000	-
-	120,001	To	115,000	-
-	125,001	To	120,000	-
-	130,001	To	135,000	-
1	135,001	To	140,000	135,500
-	140,001	To	145,000	-
-	145,001	To	150,000	-
1	150,001	To	155,000	150,300
-	155,001	To	160,000	-
-	160,001	To	165,000	-
-	165,001	To	170,000	-
1	170,001	To	175,000	173,100
-	175,001	To	180,000	-
-	180,001	To	185,000	-
-	185,001	To	190,000	-
-	190,001	To	195,000	-
-	195,001	To	200,000	-
2	200,001	To	250,000	457,800
-	250,001	To	300,000	-
-	300,001	To	350,000	-
-	350,001	To	400,000	-
-	400,001	To	450,000	-
-	450,001	To	500,000	-
1	500,001	To	1,000,000	833,300
-	1,000,001	To	1,500,000	-
-	1,500,001	To	2,000,000	-
1	2,000,001	To	4,000,000	2,021,500
79				4,050,000

CATEGORY WISE SUMMARY OF SHAREHOLDERS

S. No.	Category Name	No. of Shareholders	Share Held	Percentage
1.	Individuals	70	796,400	19.66
2.	Joint Stock Companies	8	2,420,300	59.76
3.	Financial Institutions	1	833,300	20.58
	Grand Total	79	4,050,000	100.00

TAHA SPINNING MILLS LIMITED

FORM OF PROXY
19TH ANNUAL GENERAL MEETING

I/We ____ of ____________

being a member(s) of the TAHA SPINNING MILLS LIMITED holding ______________ ordinary share, hereby appoint ______________________ of ______________ or failing him/her ______________________ of ______________________ who is/are also member(s) TAHA SPINNING MILLS LIMITED vide Registered Folio No. __________ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday 30th October, 2009 at 9.00 a.m at 406 Commerce Centre, Hasrat Mohani Road, Karachi and/or any adjournment thereof.

Folio No.

Affix Five
Rupees Revenue Stamp

Signature ______________________________________
(Signature should be agree with the specimen signature registered with the company)

Signed on__________

NOTE:

1. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
2. In the case of bank or company, the proxy form must be executed under its common seal and signed by its authorized person.
3. If this proxy form is signed under power of attorney then a notarilly certified copy of that power of attorney/authority must be deposited alongwith this proxy form.
4. Proxy form duly completed and signed, must be received at the registered office of the company at 406-Commerce Centre, Hasrat Mohani Road, Karachi. at least 48 hours before the time of holding the meeting.
5. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
6. In case of CDC account holders:
   - i) The proxy form shall be witnessed by two persons whose names, address and NIC numbers shall be mentioned on the form
   - ii) Attested copies of NIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   - iii) The proxy shall produce his original NIC or Original passport at the time of meeting.