



**QUARTERLY ACCOUNTS
SEPTEMBER 30, 2006 (UN-AUDITED)**

TAJ TEXTILE MILLS LIMITED



Directors are presenting Un-Audited Accounts of the Company for the quarter ended September 30, 2006.

During the period under review, the Company has registered Sales of Rs. 286.910 million with Gross Loss of Rs. 19.706 million, Operating Loss of Rs. 30.667 million and Loss After Tax of Rs. 53.967 million.

During the quarter, cotton prices remained on higher side. As far as the polyester is concerned, there was rapid increase in its prices after every fifteen days. Furthermore, there is also a notable increase in wages as recently announced by the government. In addition to that, mark-up rates are also increasing and directly affecting the working capital of the Company. These factors directly affected financial results of the Company. In addition to that, Weaving Section did not contribute to the revenue and it adversely affected the revenue and operational results of the Company. Furthermore, your Company has successfully completed negotiations/re-structuring with lead bank and similar arrangements are in process with other banks. Management feels that, favorable negotiations will definitely support Company's onward operation.

These operating results brought EPS to Rs. (1.61).

Acknowledgment

Directors wish to place on record their appreciation for the dedicated work of staff and executives of the company, during the period under review.

For and on behalf of the Board,

JAHANGIR ELAHI
(Chief Executive)

October 30, 2006
Lahore.



Balance Sheet As At September 30, 2006 (Un-audited)

	NOTE	30-09-2006 RUPEES	30-06-2006 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 (2006: 50,000,000) Ordinary shares of Rs. 10/- each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital			
33,442,041 (2006: 33,442,041) Ordinary shares of Rs. 10/- each		334,420,410	334,420,410
Reserves	3	(792,458,238) (458,037,828)	(747,920,161) (413,499,751)
SURPLUS ON REVALUATION OF FIXED ASSETS		245,512,813	254,941,618
NON CURRENT LIABILITIES			
Long term financing		990,573,099	996,009,468
Liabilities against assets subject to finance lease		6,059,912	7,679,675
Deferred liabilities		16,698,377	18,031,529
CURRENT LIABILITIES			
Trade and other payables		244,487,437	216,069,692
Mark-up accrued on loans		170,382,295	156,207,828
Short term borrowings		178,205,751	108,279,071
Current portion of long term liabilities		298,114,529	293,473,701
Provision for taxation		7,359,658	5,918,609
		898,549,670	779,948,901
CONTINGENCIES AND COMMITMENTS	5	-	-
		<u>1,699,356,042</u>	<u>1,643,111,440</u>
PROPERTY AND ASSETS			
FIXED ASSETS			
PROPERTY, PLANT & EQUIPMENT		763,883,495	782,065,467
Intangible		149,316,585	151,649,656
LONG TERM INVESTMENTS		4,165,193	4,363,360
LONG TERM DEPOSITS AND DEFERRED COST		9,006,338	9,006,338
DEFERRED TAX ASSETS		9,818,724	9,818,724
CURRENT ASSETS			
Stores, spares and loose tools		14,031,217	14,013,347
Stock in Trade		219,759,621	224,593,386
Trade debts		260,108,612	240,722,425
Loans and advances		36,903,321	34,678,686
Advances, prepayments and other receivables		163,287,144	161,906,323
Cash and bank balances		69,075,792	10,293,728
		763,165,707	686,207,895
		<u>1,699,356,042</u>	<u>1,643,111,440</u>

JAHANGIR ELAHI
Chief Executive

TANVIR ELAHI
Director



Profit and Loss Account (Un-Audited)

For The Quarter Ended September 30, 2006

	<u>30-09-2006</u>	<u>30-09-2005</u>
	RUPEES	RUPEES
SALES	286,910,198	342,112,125
COST OF SALES	306,616,600	348,625,515
GROSS LOSS	(19,706,402)	(6,513,390)
OPERATING EXPENSES		
Distribution and selling	3,808,999	4,957,417
Administrative	7,151,527	7,223,886
	10,960,526	12,181,303
OPERATING LOSS	(30,666,928)	(18,694,693)
OTHER INCOME / (LOSS)	(21,960)	2,348,614
OTHER CHARGES	(30,688,888)	(16,346,079)
Financial	19,503,877	18,310,313
Amortization	2,333,072	5,343,422
	21,836,949	23,653,735
LOSS BEFORE TAXATION	(52,525,837)	(39,999,814)
TAXATION	(1,441,049)	(1,717,575)
LOSS AFTER TAXATION	(53,966,885)	(41,717,389)
ACCUMULATED LOSS BROUGHT FORWARD	(859,991,231)	(878,150,366)
ACCUMULATED LOSS	(913,958,116)	(919,867,755)
INCREMENTAL DEPRICIATION ON REVALUED FIXED ASSETS	9,428,808	10,467,320
ACCUMULATED LOSS CARRIED FORWARD	(904,529,308)	(909,400,435)
EARNING PER SHARE - BASIC	(1.61)	(1.25)

The annexed notes form an integral part of these accounts.

JAHANGIR ELAHI
Chief Executive

TANVIR ELAHI
Director



Cash Flow Statement (Un-Audited)

For The Quarter Ended September 30, 2006

	<u>30-09-2006</u>	<u>30-09-2005</u>
	RUPEES	RUPEES
CASH (USED IN) /GENERATED FROM OPERATION		
Loss for the period	(52,525,837)	(39,999,814)
Add: Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation for the period	18,725,266	20,655,641
Gratuity provision for the period	774,750	1,307,854
Financial charges	19,503,879	18,310,313
Amortization of deferred cost and goodwill	2,333,072	5,343,422
Fair value gain on valuation of investments	198,167	(2,247,166)
Profit on sale of fixed assets	(204,274)	-
	<u>41,330,860</u>	<u>43,370,064</u>
Cash flows from operation before working capital changes	(11,194,977)	3,370,250
CHANGES IN WORKING CAPITAL		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(17,870)	(175,739)
Stock in trade	4,833,765	18,135,020
Trade debts	(19,386,187)	9,497,966
Loans and advances	(2,224,635)	9,820,021
Advances, prepayments and other receivables	(291,013)	(157,976)
	<u>(17,085,940)</u>	<u>37,119,292</u>
Increase / (decrease) in current liabilities		
Trade and other payable	28,417,745	(19,822,407)
	<u>28,417,745</u>	<u>(19,822,407)</u>
Cash (used in) / generated from operating activities	136,828	20,667,135
Income tax - net	(1,089,808)	(1,339,710)
Financial charges paid	(5,329,410)	(878,081)
Gratuity paid	(2,107,902)	(1,547,967)
	<u>(8,527,120)</u>	<u>(3,765,758)</u>
Net cash (used in) / generated from operating activities	<u>(8,390,292)</u>	<u>16,901,377</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets acquired	(664,020)	(810,100)
Sale proceeds of fixed assets	325,000	-
Net cash used in investing activities	<u>(339,020)</u>	<u>(810,100)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in long term and short term loans	68,119,081	(9,581,638)
Repayment of lease liabilities	(607,705)	(7,370,698)
Net cash flows from / (used in) financing activities	<u>67,511,376</u>	<u>(16,952,336)</u>
Net increase / (decrease) in cash and cash equivalents	58,782,064	(861,059)
Cash and cash equivalents at the beginning of the period	10,293,728	9,772,673
Cash and cash equivalents at the end of the period	<u><u>69,075,792</u></u>	<u><u>8,911,614</u></u>

The annexed notes form an integral part of these accounts.

JAHANGIR ELAHI
Chief Executive

TANVIR ELAHI
Director



TAJ
FOR THE
QUARTER
E N D E D
30-09-2006

Statement of Changes in Equity (Un-Audited) For The Quarter Ended September 30, 2006

	Share Capital		Reserve		Unappropriated Profit(Loss)	Total	Revaluation Surplus	Grand Total
	RUPEES	RUPEES	RUPEES	RUPEES				
Balance as at September 30, 2004	334,420,410	89,071,070	23,000,000	(739,897,583)	(293,206,083)	465,410,960	172,204,877	
Net loss for the year	-	-	-	(172,380,088)	(172,380,088)	-	(172,380,088)	
Deferred tax on revaluation surplus (Note 5)	-	-	-	-	-	(149,327,027)	(149,327,027)	
Incremental depreciation on revalued fixed assets for the year	-	-	-	33,927,285	33,927,285	(33,927,285)	-	
Balance as at June 30, 2005	334,420,410	89,071,070	23,000,000	(878,150,366)	(431,658,886)	282,156,648	(149,502,238)	
Net loss for the period	-	-	-	(9,055,895)	(9,055,895)	-	(9,055,895)	
Incremental depreciation on revalued fixed assets for the year net of deferred tax	-	-	-	27,215,030	27,215,030	(27,215,030)	-	
Balance as at June 30, 2006	334,420,410	89,071,070	23,000,000	(859,991,231)	(413,499,751)	254,941,618	(158,558,133)	
Net loss for the period	-	-	-	(53,966,885)	(53,966,885)	-	(53,966,885)	
Incremental depreciation on revalued fixed assets for the period	-	-	-	9,428,808	9,428,808	(9,428,808)	-	
Balance as at September 30, 2006	334,420,410	89,071,070	23,000,000	(904,529,308)	(458,037,828)	245,512,810	(212,525,018)	

The annexed notes form an integral part of these accounts.

JAHANGIR ELAHI
Chief Executive

TANVIR ELAHI
Director

For The Quarter Ended September 30, 2006

1 STATUS AND ACTIVITY

Taj Textile Mills Limited is a public limited company and its shares are quoted at all Stock Exchanges in Pakistan. The Principal activity of the company is manufacturing and sale of yam and grey fabric.

2 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of Quarterly Accounts are the same as those applied in the preparation of the preceding published annual accounts of the company.

	<u>30-09-2006</u>	<u>30-06-2006</u>
	RUPEES	RUPEES
3 RESERVES		
Capital reserves	89,071,070	89,071,070
Revenue reserves	23,000,000	23,000,000
Accumulated loss	(904,529,308)	(859,991,231)
	<u>(881,529,308)</u>	<u>(836,991,231)</u>
	<u>(792,458,238)</u>	<u>(747,920,161)</u>

4 TRANSACTION WITH ASSOCIATED UNDERTAKINGS

During the three months, the company purchased electricity from associated undertaking, in the aggregate sum of Rs. 1.512 million (2006: Rs. 51.562 million).

5 CONTINGENCIES AND COMMITMENTS

Contingencies

MCB Bank Ltd. has filed suit in Lahore High Court, Lahore, for recovery of Rs.96.145 million, Allied Bank Ltd. has execution petition in Lahore High Court, Lahore for recovery of Rs. 253.685 million. Bankers Equity Ltd. (under liquidation), Escort Investment Bank Ltd. and ABN Amro Bank have filed execution petition before Banking Court for recovery of Rs. 11.764 million, Rs. 18.572 million, and Rs.28.756 million respectively. BRR Modarba has filed execution petition before Banking Court for recovery of Rs.19.042 million. The Cress Bank lease liability of Rs. 8.172 million to be paid while adjustment of liability as confirmed by the bank. These are the pending adjudications of the company as at September 30, 2006.

Commitments

The company has issued post dated cheques amounting to Rs. 6.118 million (2006: Rs.4.183 million) in favour of leasing companies.

6 TAXATION

Provision for taxation amounting to Rs. 1.441 million for the period have been accounted for.

7 DATE OF AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on October 30, 2006 by the Board of Directors of the Company.

8 FIGURES

Figures have been rounded off to nearest of Rupee.

BOOK POST

STAMP

If undelivered please return to:
TAJ TEXTILE MILLS LTD.
31-C/1 Ghalib Road,
Gulberg-III, Lahore -54660
Tel: (042) 5710216-20