

TAJ TEXTILE MILLS LIMITED
DIRECTORS' REPORT
FOR THE QUARTER/HALF YEAR ENDED DECEMBER 31, 2008

Directors are presenting Un-Audited Accounts of the Company for the quarter and half year ending December 31, 2008.

During the period of six months under review, the Company has registered Net Revenue of Rs. nil with Gross Loss of Rs. 29.913 million, Operating Loss of Rs. 33.488 million and Loss After Tax of Rs. 46.174 million.

During the period under review, in conformity with various similar textile units the management deferred its decision of restarting operation of the company. The decision is taken to avoid further losses to the company as during the period raw material prices are not stable enough to facilitate spinning industry. In addition to that, energy shortage and crises worsen the situation and increased overall cost of production. Furthermore, overall business activities were its lowest level. Consequently yarn prices adversely affected and spinning industry faced tough market conditions.

These operating results brought EPS to Rs. (1.38) as compared to Rs. 5.80 of the corresponding period last year.

For and on behalf of the Board,

JAHANGIR ELAHI
(Chief Executive)

February 28, 2009
Lahore

TAJ TEXTILE MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET (Un-audited)
AS AT DECEMBER 31, 2008

		Un-Audited December 31 2008 Rupees	Audited June 30 2008 Rupees			Un-Audited December 31 2008 Rupees	Audited June 30 2008 Rupees
NOTE				NOTE			
EQUITY & LIABILITIES				NON CURRENT ASSETS			
SHARE CAPITAL & RESERVES				OPERATING FIXED ASSETS			
Share capital				Property, plant & equipment -			
Authorised				tangible			
of Rs 10/- each							
		<u>500,000,000</u>	<u>500,000,000</u>			609,665,296	639,961,985
	3	334,420,410	334,420,410		LONG TERM INVESTMETNS	2,261,458	3,088,473
	4	(1,168,064,766)	(1,137,194,411)				
		(833,644,356)	(802,774,001)				
					LONG TERM DEPOSITS &		
		173,407,512	188,711,081		DEFERRED COSTS	1,820,836	1,820,836
SURPLUS ON REVALUATION							
OF FIXED ASSETS							
NON CURRENT LIABITIERS							
LONG TERM FINANCING							
DEFERRED LIABILITIES							
		696,828,161	684,354,135				
		11,294,254	11,294,254				
		708,122,415	695,648,389				
CURRENT LIABILITIES				CURRENT ASSETS			
Trade and other payables				Store & spares			
		273,777,135	274,066,231			6,690,134	6,690,135
Mark-up payable on secured loans				Stock in trade			
		194,593,051	194,593,051			114,041,274	114,041,274
Short term borrowings				Trade debts-unsecured considered good			
		241,349,304	241,349,304			269,121,618	269,917,583
Current portion of non current liabilities				Loans and advances			
		439,749,389	439,909,596			49,197,771	51,255,276
Provision for taxation				Advances, prepayments &			
		240,481	240,481			138,442,247	137,736,901
		1,149,709,360	1,150,158,663		Cash & bank balances	6,354,297	7,231,669
		1,149,709,360	1,150,158,663			583,847,341	586,872,838
CONTINGENCIES AND COMMITMENTS							
	5	-	-			<u>1,197,594,931</u>	<u>1,231,744,132</u>
		<u>1,197,594,931</u>	<u>1,231,744,132</u>			<u>1,197,594,931</u>	<u>1,231,744,132</u>

The annexed notes from 1 to 8 form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

CHIEF ACCOUNTANT

TAJ TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Un-audited)
FOR SIX MONTHS ENDED DECEMBER 31, 2008

	Six Months Period Ended		Quarter Ended	
	31st December 2008	31st December 2007	31st December 2008	31st December 2007
Sales	-	31,591,803	-	5,573,415
Cost of sales	29,913,300	63,340,286	14,444,584	22,877,152
Gross Loss	<u>(29,913,300)</u>	<u>(31,748,483)</u>	<u>(14,444,584)</u>	<u>(17,303,737)</u>
Administrative Expenses	3,574,378	3,096,277	2,118,815	1,098,089
Operating Loss	<u>(33,487,678)</u>	<u>(34,844,760)</u>	<u>(16,563,399)</u>	<u>(18,401,826)</u>
Other Income	-	258,593,176	-	258,208,131
	<u>(33,487,678)</u>	<u>223,748,416</u>	<u>(16,563,399)</u>	<u>239,806,305</u>
Other charges				
Financial & others	<u>12,686,245</u>	<u>24,796,222</u>	<u>12,683,346</u>	<u>12,341,912</u>
Amortization	-	4,666,144	-	2,333,072
	<u>12,686,245</u>	<u>29,462,366</u>	<u>12,683,346</u>	<u>14,674,984</u>
	<u>(46,173,923)</u>	<u>194,286,050</u>	<u>(29,246,745)</u>	<u>225,131,321</u>
Taxation	-	(157,959)	-	(27,867)
Loss for the period	<u>(46,173,923)</u>	<u>194,128,091</u>	<u>(29,246,745)</u>	<u>225,103,454</u>
Earning per share-basic & diluted	<u>(1.38)</u>	<u>5.80</u>	<u>(0.87)</u>	<u>6.73</u>

The annexed notes from 1 to 8 form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

CHIEF ACCOUNTANT

TAJ TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR SIX MONTHS ENDED DECEMBER 31, 2008

1. The Company & its operations

Taj textile mills limited is 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 yarn and grey fabric.

1.2 Going concern assumption

- a) The company has suffered a loss of Rs46.173 million for the period ended December 31, 2008 and its accumulated losses as of that date stood at Rs1,280 million. Its total liabilities exceed its total assets by Rs.660 million and its current liabilities exceed its current assets by Rs.566 million as at the balance sheet date. Manufacturing operations remained closed throughout the year which were temporarily suspended on April 10, 2007. The decision was taken to avoid losses due to high cotton and polyester prices, lower yarn rates & slow down in the US economy which is the largest buyer of Pakistani textile products. The decision was in conformity with decision of various textile units in Pakistan. Moreover, company is facing difficulty to pay its creditors due to liquid deficit. These factors along with factors mentioned in note for Contingencies & Commitments of the financial statements cast significant doubts about the Company's ability to continue as going concern in the foreseeable future and to realize its assets and discharge its liabilities in the normal course of business.
- b) Management is in process of negotiation with banks and financial institutions for further financial support, so that manufacturing operations of the company can be restarted subject to increase in demand of yarn & fabric & revival of US economy. Therefore, the management believes that the going concern assumption is appropriate and thus, these financial statements have been prepared on going concern basis without considering any adjustment relating to the recoverability of recorded assets and settlement of liabilities.

2. Accounting policies & compliance with International Accounting Standards

2.1. These accounts are un-audited and are being submitted to shareholders, as required U/S 245 of the Companies Ordinance, 1984 and the international standard (IAS) 34 "Interim financial reporting"

2.2. The accounting policies adopted for the preparation of these half yearly accounts are the same as the preparation of preceding annual published accounts of the Company for the period from July 01, 2007 to June 30, 2008.

Un-Audited	Audited
December 31	June 30
2008	2008
Rupees	Rupees

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

26,857,958 Ordinary shares of Rs.10/-each fully paid in cash	268,579,580	268,579,580
6,584,083 ordinary shares of Rs.10/-each issued as fully paid bonus shares	65,840,830	65,840,830
Total Rupees	334,420,410	334,420,410

4. Reserves

Capital			
Premium on issue of shares		89,071,070	89,071,070
Revenue			
General		23,000,000	23,000,000
Accumulated loss	Note 4.1	(1,280,135,836)	(1,249,265,481)
		(1,257,135,836)	(1,226,265,481)
Total Rupees		<u>(1,168,064,766)</u>	<u>(1,137,194,411)</u>

4.1 ACCUMULATED LOSS

Balance as on July 1, as previously reported	(1,249,265,481)	(1,092,671,797)
Effect of prior period error	-	(135,255,115)
Balance as on July 1, restated	<u>(1,249,265,481)</u>	<u>(1,227,926,912)</u>
Net loss for the year	(46,173,923)	(49,888,579)
Revaluation surplus realized	<u>15,303,568</u>	<u>28,550,010</u>
Restated accumulated loss as on June 30,	<u>(1,280,135,836)</u>	<u>(1,249,265,481)</u>

5. CONTINGENCIES & COMMITMENTS

The status of contingencies & commitments as at December 31, 2008 are the same as per audited financial statements for the year ended June 30, 2008

6. TRANSACTION WITH ASSOCIATED UNDERTAKING

Transaction during the period Nil

7. DATE OF AUTHORIZATION FOR ISSUE

These statements are authorized for issue on february 28, 2009 by the board of director of the company.

8. FIGURES

Figures have been rounded off to the neares rupee.

CHIEF EXECUTIVE

DIRECTOR

CHIEF ACCOUNTANT

TAJ TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2008

	December 31 2008 Rupees	December 31 2007 Rupees
A - CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before taxation	(46,173,923)	194,286,050
Adjustments for non cash / non operating items		
Depreciation	30,296,689	33,559,416
Financial charges	12,686,245	24,796,222
Amortization of deferred cost & goodwill	-	4,666,144
Fair value loss on valuation of investmetns	827,015	595,213
Mark up & loan waived off	-	(257,785,517)
Profit on sale of fixed assets	-	(662,915)
	43,809,949	(194,831,437)
Operating profit before working capital changes	(2,363,974)	(545,387)
(Increase) / decrease in current assets		
Store and spares	-	130,730
Stocks	-	28,094,106
Trade debts	795,965	(267,083)
Loan, advances, prepayments & other receivables	1,352,159	(593,805)
Increase / (decrease) in current liabilities		
Trade & other payable	(289,096)	(1,079,532)
	1,859,028	26,284,416
Cash used in / from operations	(504,946)	25,739,029
Financial charges paid	(12,426)	(9,532)
Net cash used in operating activities	(517,372)	25,729,497
B - CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed operating assets	-	3,165,122
Net cash used in investing activities	-	3,165,122
C - CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans & short term borrowings	-	(28,407,644)
Liabilities against assets subject to finance lease	(360,000)	(812,167)
Net cash from financing activities	(360,000)	(29,219,811)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(877,372)	(325,192)
Cash and cash equivalents at the beginning of the period	7,231,669	6,294,293
Cash and cash equivalents at the end of the period	6,354,297	5,969,101
	-	

The annexed notes 1 to 8 form an integral part of this condensed interim financial statement

CHIEF EXECUTIVE

DIRECTOR

CHIEF ACCOUNTANT

TAJ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR SIX MONTHS ENDED DECEMBER 31, 2008

Particulars	Share Capital	Reserves		Unappropriated Profit/ (Loss)	TOTAL RUPEES	Revaluation Surplus
		Capital	Revenue			
Balance as on July 01, 2007	334,420,410	89,071,070	23,000,000	(1,227,926,912)	(781,435,432)	217,261,091
Chages in equity for the six months ended December 31, 2007						
Net profit for the period				194,128,091	194,128,091	
Transfer of revaluation surplus				16,987,475	16,987,475	(16,987,475)
Balance as on December 31, 2007	334,420,410	89,071,070	23,000,000	(1,016,811,346)	(570,319,866)	200,273,616
Balance as on July 01, 2008	334,420,410	89,071,070	23,000,000	(1,249,265,481)	(802,774,001)	188,711,081
Net loss for the period	-			(46,173,923)	(46,173,923)	
Transfer of revaluation surplus	-			15,303,568	15,303,568	(15,303,568)
Balance as on December 31, 2008	334,420,410		23,000,000	(1,280,135,836)	(833,644,356)	173,407,513

The annexed notes 1 to 8 form an integral part of this condensed interim financial statement

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