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TOWELLERS LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2009

TOWELLERS LIMITED

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRPERSON
Mrs. Surraiya Junaid

CHIEF EXECUTIVE OFFICER
Mr. S. M. Obaid

DIRECTORS
Mr. Tariq Muhammad Khan
Mr. Javed Ashfaq
Ms. Mahjabeen Obaid
Ms. Mehreen Obaid
Ms. Sana Obaid

COMPANY SECRETARY
Mr. Tariq Muhammad Khan

CHIEF FINANCIAL OFFICER
Mr. Muhammad Noman Jalil

BANKERS
Standard Chartered Bank Ltd.
Askari Bank Limited
Soneri Bank Limited
Silk Bank Limited
Metropolitan Bank Limited
KASB Bank Ltd.
Allied Bank Limited
Muslim Commercial Bank Limited
Emirates Global Islamic Bank
Hong Kong & Shanghai Bank Corp.
Habib Bank Limited
United Bank Limited
NIB Bank

AUDITORS
Mushtaq & Company
Chartered Accountants
407-Commerce Centre,
Hasrat Mohani Road, Karachi.

SHARE REGISTRAR
Noble Computer Services (Pvt.) Limited
Mezzaine Floor, House of Habib Building (Siddiq Sons Tower)
3-Jinnah Co-operative Housing Society, Main Shahra-e-Faisal,
Karachi-75350.

AUDIT COMMITTEE

Mr. Mukhtar Ahmed Malik	(Chairman)
Mr. Tariq Muhammad Khan	(Member)
Ms. Sana Obaid	(Member)

INTERNAL AUDIT DEPARTMENT

Mr. Syed Adil Tariq Hameed	(Head of Audit Deptt)
Mr. Muhammad Farzan Ijtaba	(Secretary)
Mr. Sanaullah Khan	(Member)
Mr. Muhammad Farhan Adil	(Member)

REGISTERED OFFICE
WSA-30 & 31, Block-1,
Federal "B" Area, Karachi-75950

Web Site : www.towellers.com
E-mail : towellers@cyber.net.pk

MILLS
- Plots No. 14, 15/1, 15/2, 15/A, 16/2, 17/1, 17/2, 17/3, Sector 12-D, N.K.I.A., Karachi.
- Post Office Towellers Village, Nooriabad.

Vision

The Company's Management strives to achieve the top slot in any business field that they enter and having achieved that, their endeavour is to retain that status without overstepping the bounds of fair play and the norms of business ethics.

Mission

Through self discipline be an example to their fellow beings that great heights are achievable in all fields without trampling the rights of others and also ensuring that those associated with the venture, be it the shareholders, the workers from the top to the bottom are satisfied with the returns that accrue to them. A seemingly difficult, if not an impossible task but it is the chosen path on which the Company is headed and thus far it has successfully followed it. Providing maximum employment opportunities and contributing their mite to the Country's economy.

TOWELLERS HOUSE W.S.A. 30-31, BLOCK-1
FEDERAL "B" AREA, KARACHI-75950

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of M/s. Towellers Limited will be held on Monday, October 26, 2009 at 4:00 p.m. at W.S.A. 30-31, Block-1, Federal "B" Area, Karachi to transact the following business :

1. To confirm the minutes of the Last Annual General Meeting held on Thursday October 28th, 2008

2. To receive, consider and adopt the report of the Director and Auditors and Audited Accounts of the Company for the period ended June 30, 2009.

3. To approve Payment of final cash dividend @ 5% i.e. Rs. 0.50 per share as recommended by the Board of Directors.

4. To appoint Auditors for the year 2009-2010 and fix their remuneration. The retiring Auditors M/s. MUSHTAQ & CO Chartered Accountants, being eligible to offer themselves for re-appointment

5. To elect Seven Directors of the Company as fixed by the board for a term of three years in accordance with the provision of section 178 (1) of the Company Ordanace 1984. Retiring Director are.

1.	Mrs. Surriya Junaid	5.	Ms. Mahjabeen Obaid
2.	Mr. Sheikh Muhammad Obaid	6.	Ms. Mehreen Obaid
3.	Mr. Tariq Muhammad Khan	7.	Ms. Sana Obaid
4.	Mr. Javed Ashfaq		

The retiring Director are eligible for re-election.

6. To transact any other bussiness with the permission of the chair.

Karachi, October 01, 2009

TARIQ MUHAMMAD KHAN
Director & Company Secretary

NOTES:

1. The Share Transfer Books of the Company shall remain closed from October 19, 2009 to October 26, 2009 (Both days Inclusive).

2. A member entitled to attend and vote at the meeting may appoint another person as his/her proxy to attend and vote on his/her behalf. The Proxy form, must be received at the registered office of the Company at W.S.A. 30-31, Block-1, Federal 'B' Area, Karachi, duly stamped, signed and witnessed not later than forty-eight (48) hours before the meeting.

3. Shareholders whose shares are deposited with Central Depositary Company (CDC) are requested to bring their Computerized National Identity Card (CNIC) along with their CDC Account Number for verification. In case of corporate entity, the Borad of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

4. For attending the meeting and appointing proxies CDC account holders will further have to follow the guidelines as laid in Circular 01, dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

5. Shareholders are requested to immediately inform the Company's Share Registe M/s. Nobel Computer Services Pvt. Ltd. of any change in their address.

DIRECTOR REPORT TO THE MEMBERS

The Directors are submitting their report to the members along with audited accounts for the year ended June 30, 2009.

OPERATING RESULTS

The company only just managed to make a small profit of Rs. 28,438 million to keep its head above after meeting all operational, administrative, financial and other expenses though the:

1. Cotton yarn prices rose to all time high level.
2. The freight rates went up by 25%.
3. The fuel, gas, water and electricity charges went up to all time high.
4. The prices of dyes & chemicals went up by 32%
5. Selling prices came down,
6. Strong competition from China, India and Bangaladesh was faced once again.
7. Electricity & Gas Breakdown have also effected the production.

The period under review was a very disastrous year keeping in view the above mentioned facts and also keeping in mind that the orders were booked in July, 2008 for the next 12 months and had to be honoured at the booked prices. The textile industry in general also faced tough competition from other exporting countries as they were supported by their respective government. With the increase in prices of local raw metarial and with the abolihing of all form of rebates like the RND it is going to make matter worse in the future as the competition is getting worse from other countries and the it will be extermely difficult to face these high cost, strong competition and decline in export prices.

The Financial Result of the company are reproduced as under:-	(Rupees in thousand)
Turn Over	3,419,616
Cost of sales	2,739,491
Gross profit	680,125
Distribution cost	163,322
Administrative expenses	157,032
Other operating expenses	39,824
Other operating income	2,321
Profit from operation	322,268
Finance cost	257,189
Profit before taxation	65,079
Provision for taxation	36,641
Profit after taxation	28,438
Add: Unappropriated profit B/F	448,333
Add: incremental depreciation	18,469
Available for appropriation	495,240
Balance carried to balance sheet	495,240

FUTURE PLANS:

The management has advised that they are going their best to overcome the current recession items to will back the order and markets in the coming 12 month.

The Company was interested to arrange a joint Venture Agreement with A Greek firm namely M/s Moutalaski/J Sakaladis Group of Companies. A Memo of Understanding has already been signed between the two on November 5th 2008 but the finalization has not taken place due to political unrest and terrorism in the Country.

ACKNOWLEDGEMENTS

We would like to take this opportunity to thank our Customers, Suppliers and Bankers for their continued support and Co-operation towards the progress of the Company. We hope that this support would continue in the future as well

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in towards the Company's performance for the year. We expect continued efforts from our employees to achieve better results next year and last but not the least, the management is grateful to the board for its support, cooperation and guidance in setting a course for the Company that will Insha Allah prove to be highly rewarding to all its Share holders.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

a) The financial statement, cash flow and changes in equity, prepared by the management of the Company, present a fair is state of affairs and the result of its operations are satisfactory.

b) Company has maintained proper books of accouts.

c) In preparation of financial statement, appropriate accounting policies have been consistently appled and accounting estimates are based on reasonable and prudent judgement.

d) In preparation of financial statement international Accounting standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.

e) The system of internal control is sound in design and is effectively applied and monitored.

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 for the last six years in summarized form is anexed

i) During the year (4) meetings of the Board of Directors were held Attendance by each Director is as follows

j) The earning per share is Rs. 1.67

NAME OF DIRECTOR	NO. OF MEETING ATTENDED
Mr. S. M. Obaid	3
Mr. Tariq M. Khan	4
Ms. Mahjabeen Obaid	3
Ms. Mehreen Obaid	4
Ms. Sana Obaid	3
Mr Javaid Ashfaq	4

Directors who could not attend Board Meeting due to illness or some other engagements were granted leave of obsence in accordance with the law.

AUDIT COMMITTEE:

NAME OF MEMER	DESIGNATION
Mr. Mukhtar Ahmed Malik	Chairman
Mr. Tariq Muhammad Khan	Member
Ms. Sana Obaid	Member

INTERNAL AUDIT DEPARTMENT:

NAME OF MEMER	DESIGNATION
Mr. Syed Adil Tariq Hameed	Head of Audit Dept.
Mr. Muhammad Farzan Ijtiba	Secretary
Mr. Muhammad Farhan Adil	Member
Mr. Sanaullah Khan	Member

PATTERN OF SHAREHOLDING OF THE COMPANY:
The pattern of shareholding of the company enclosed.

TARIQ MUHAMMAD KHAN
Director & Company Secretary

Karachi. October 01, 2009

SIX YEARS COMPARATIVE KEY OPERATING AND FINANCIAL RESULTS FROM 2004 - 2009

RUPEES IN THOUSANDS

PATICULARS	2009	2008	2007	2006	2005 Nine Months	2004
Turn Over	3,419,616	3,613,096	2,485,946	2,212,076	1,384,212	1,972,307
Cost of sales	2,739,491	3,071,057	2,054,561	1,886,533	1,170,567	1,675,674
Gross profit	680,126	542,040	431,385	325,543	213,645	296,632
Profit from operation	322,268	226,699	147,141	71,490	25,878	37,732
Finance Cost	257,189	168,446	109,176	41,132	13,204	16,828
Profit before taxation	65,080	58,254	38,716	30,358	12,674	21,103
Profit after taxation	28,438	21,961	14,073	9,957	2,864	5,511
Dividend	—	—	—	—	—	—
FINANCIAL DATA						
ASSETS						
Fixed Assets	1,515,015	1,520,412	1,744,855	1,133,137	747,811	714,798
Long Term Loans	20,997	13,595	12,436	10,407	11,205	9,200
Current Assets	2,070,924	1,974,900	1,793,838	1,335,661	1,257,560	926,810
TOTAL	**3,606,936**	**3,505,907**	**3,551,129**	**2,479,205**	**2,016,576**	**1,650,808**
EQUITY & LIABILITIES						
Equity	665,240	618,333	578,088	545,363	532,991	528,168
Non Current Liabilities	295,595	393,901	343,248	181,428	299,006	63,834
Current Liabilities	22,155,502	2,129,878	1,910,568	1,477,664	1,155,347	735,746
TOTAL	**3,176,336**	**3,142,112**	**2,831,904**	**2,204,455**	**1,987,344**	**1,327,748**
Key Ratios%						
Gross Margin %	19.89	15.00	17.35	14.72	15.43	15.04
Net Profit %	0.83	0.61	0.57	0.45	0.21	0.28
Return on Capital Employeed	48.44	36.66	25.45	13.11	4.86	7.14
Total Assets Turnover%	105.48	97.12	142.85	112.08	145.68	83.70
Quick Acid Ratio%	0.35	0.32	0.26	0.31	0.37	0.59
EBIT Margin%	9.42	6.27	5.92	3.23	1.87	1.91
Current Ratio %	0.93	0.93	0.94	0.90	1.09	1.26
Earning Per Share Rs.	1.67	1.29	0.83	0.59	0.17	0.32
Cash Dividend Rs.	—	—	—	—	—	—
Dept Equity Ratio%	3.04	3.21	2.81	2.17	1.79	0.99
Interest Cover Ratio%	1.25	1.35	1.35	1.74	1.96	2.24

COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDING AS AT JUNE 30, 2009

NUMBER OF SHARE HOLDER	SHARE HOLDINGS		TOTAL SHARES HELD
8	1 -	100	435
326	101 -	500	161,668
14	501 -	1,000	13,503
40	1,001 -	5,000	154,512
4	5,001 -	10,000	34,000
1	10,001 -	15,000	15,000
1	15,001 -	20,000	15,800
1	35,001 -	40,000	35,953
1	60,001 -	65,000	62,186
1	315,001 -	320,000	315,790
1	525,001 -	530,000	526,000
1	995,001	1,000,000	1,000,000
3	1,945,001 -	1,950,000	5,849,247
2	2,465,001 -	2,470,000	4,933,088
1	3,880,001 -	3,885,000	3,882,818
405			17,000,000

PATTERN OF COMBINED SHARE HOLDING AS ON JUNE 30, 2007

CATEGORY S. No.	CATEGORIES OF SHARE HOLDER	NUMBER OF SHARE HOLD	CATEGORY WISE SHARE HOLDERS	CATEGORY WISE SHARE HOLD	PERCENTAGE %
1.	INDIVIDUAL		386	2,808,161	16.52
2.	INVESTMENT COMPANIES		–	–	–
3.	JOINT STOCK COMPANIES		–		
4.	DIRECTORS, CHIEF EXECUTIVE ORFFICER AND THEIR SPOUSE AND MINOR CHILDREN		10	12,297,249	72.34
	MRS. SURRIYA JUNAID	62,186			
	MS. MAHJABEEN OBAID	2,466,540			
	MS. MEHREEN OBAID	1,949,748			
	MS. SANA OBAID	1,949,748			
	MR. TARIQ M. KHAN	1			
	MR. JAVED ASHFAQ	1			
	SHEIKH MUHAMMAD OBAID	35,953			
	MRS. SARA OABAID	503			
	MR. HADEEL OBAID	1,949,751			
	SHEIKH MUHAMMAD HAMZA OBAID	3,882,818			
5.	EXECUTIVES		–	–	–
6.	NIT / ICP		–	-	–
7.	ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES		8	1,893,590	11.14
	STATE LIFE INSURANCE CORP. OF PAKISTAN	1,000,000			
	NATIONAL INSURANCE COMPANY LTD.	526,000			
	PAKISTAN REINSURANCE COMPANY LTD.	315,790			
	CHENAB TEXTILE CORPORATION	15,800			
	FINE FABRICO	15,000			
	RANJHA LINEN	10,000			
	IFTIKHAR CORPORATION	10,000			
	Y. S. SECURITIES & SERVICES (PVT.) LTD.	1,000			
8.	PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	–	–	-
9.	BANKS, DFIs, NBFLs, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS		0	–	–
10.	FOREIGN INVESTORS		–	–	–
11.	CO-OPERATIVE SOCIETIES				
12.	CHARITABLE TRUST				–
13.	OTHERS		1	1,000	0.01
	TOTAL		405	17,000,000	100.000

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 of Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of the Listing Regulation of the Lahore Stock Exchange (Guarantee) Limited for the purpose of the establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice 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 director on its Board. At present the Board include. 01 independent non-executive director.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to banking company, a DFI or an NBFI. No deirector in the Board is a member of any stock exchange in Pakistan.
4. Two casual vacancy occurred during the period under review which was filled by the Board of Directors within 30 days thereof.
5. The Company has prepared the "Statement of Ethics and Business Practices" which has been signed by all the directors and employees of the company.
6. The management has developed a Vision/Mission statement. overall corporate strategy and significant policies of the Company. A complete record of particulars of significant polices 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 transaction including appointment and determination of the remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.
8. The meeting of the Board were presided over by the Chairman/Chairperson and the Board met at least once in every quarter. Written notices of the Board meeting along with agenda and working papers were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. The Board arranged an orientation course for its director during the year to apprise them of their duties and responsibilities and brief them rgarding ammendments in the Company's Ordinance / Corporate Law.
10. There is no new appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit has been made during the year.
11. The director's report for this year has been prepared in compliance with the requirements of the Code and it fully describes the silent matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.
13. The Directors, CEO and Executive 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 3 members, the Chairman of the committee are Non-executive director.
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 auditor of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan that they or any of the partners of the firm their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in 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 01, 2009

SHEIKH MUHAMMAD OBAID
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Towellers 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 we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verifications, we report that;

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

(b) in our opinion;

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit 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 profit, its cash flows and changes in equity for the year then ended; and

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

MUSHTAQ & COMPANY
CHARTERED ACCOUNTANTS
Engagement Partner: Shahabuddin A. Siddiqui

Karachi, October 01, 2009

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 Towellers 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.

MUSHTAQ & COMPANY
CHARTERED ACCOUNTANTS
Engagement Partner: Shahabuddin A. Siddiqui

Karachi, October 01, 2009

BALANCE SHEET AS AT JUNE 30, 2009

	NOTES	JUNE 30 2009 RUPEES	JUNE 30 2008 RUPEES
ASSETS			
Non - Current Assets			
Property, plant and equipment	4	1,515,015,062	1,520,411,945
Capital work-in-progress	5	44,866,073	15,926,025
Long term loans	6	20,997,247	13,595,270
		1,580,878,382	1,549,933,240
Current Assets			
Stores, spares and loose tools	7	18,835,360	13,488,290
Stock-in-trade	8	1,065,316,373	1,089,454,537
Trade debts	9	715,101,697	636,141,180
Loans and advances	10	68,100,767	43,798,074
Trade deposits and short term prepayments	11	21,565,358	24,674,183
Other receivables	12	123,481,307	117,426,887
Taxation - net	13	7,830,918	5,519,967
Cash and bank balances	14	50,691,946	44,396,657
		2,070,923,726	1,974,899,775
Total assets		**3,651,802,108**	**3,524,833,015**
SHARE CAPITAL AND RESERVES			
Authorised capital			
25,000,000 Ordinary shares of RS. 10 each		250,000,000	250,000,000
Issued, subscribed and paid up capital	15	170,000,000	170,000,000
Reserves		495,239,575	448,332,989
		665,239,575	618,332,989
Surplus on revaluation of property, plant and equipment	16	475,466,002	382,721,223
LIABILITIES			
Non - current liabilities			
Long term financing	17	260,969,415	337,912,816
Liabilities against assets subject to finance lease	18	6,470,451	22,614,576
Deferred liabilities - Gratuity	19	28,154,659	33,373,668
		295,594,525	393,901,060
Current liabilities			
Trade and other payables	20	446,133,243	492,973,933
Interest / mark-up on loans	21	15,981,316	10,046,077
Short term borrowings	22	1,658,319,694	1,552,901,499
Current portion of			
- Long term financing	17	77,693,048	59,583,333
- Liabilities against assets subject to finance lease	18	17,374,705	14,372,901
		2,215,502,006	2,129,877,743
Contingencies and commitments	23		
Total liabilities		**3,651,802,108**	**3,524,833,015**

The annexed notes form an integral part of these financial statements

SHAIKH MUHAMMAD OBAID
Chief Executive Officer

TARIQ MUHAMMAD KHAN
Director

Karachi, October 01, 2009

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

	NOTES	JUNE 30 2009 RUPEES	JUNE 30 2008 RUPEES
Sales - net	24	3,419,616,250	3,613,096,096
Cost of sales	25	(2,739,490,611)	(3,071,056,525)
Gross profit		680,125,639	542,039,571
Distribution cost	26	(163,322,309)	(180,623,967)
Administrative expenses	27	(157,031,994)	(125,694,516)
Other operating expenses	28	(39,824,390)	(11,038,896)
Other operating income	29	2,321,214	2,017,112
		(357,857,480)	(315,340,267)
Profit from operations		322,268,159	226,699,304
Finance cost	30	(257,188,643)	(168,445,568)
Profit before taxation		65,079,516	58,253,736
Provision for Taxation	31	(36,641,492)	(36,293,008)
Profit after taxation		28,438,024	21,960,728
Earnings per share -Basic and diluted	32	1.67	1.29

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

SHAIKH MUHAMMAD OBAID
Chief Executive Officer

TARIQ MUHAMMAD KHAN
Director

Karachi: October 01, 2009

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	For the year ended June 30, 2009 RUPEES	For the year ended June 30, 2008 RUPEES
Cash generated (used in) / from operations (Note: 33)	334,065,933	(43,398,081)
Taxes paid	(38,952,443)	(37,792,681)
Gratuity paid	(13,122,479)	(13,532,017)
Finance cost paid	(251,253,404)	(182,408,225)
Long term loan to employees	(7,401,977)	(1,158,369)
Net cash (used) / from in operating activities	23,335,630	(278,289,373)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(57,798,334)	(108,850,283)
Proceeds from disposal of property, plant and equipment	7,315,804	5,330,000
Net cash used in investing activities	(50,482,530)	(103,520,283)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan	(58,833,686)	9,170,200
Repayment of liabilities against assets subject to finance lease	(13,142,320)	(9,239,918)
Short term borrowings - net	105,418,195	357,070,325
Net cash from financing activities	33,442,189	357,000,607
Net (decrease) / increase in cash and cash equivalents	6,295,289	(24,809,049)
Cash and cash equivalents at beginning of year	44,396,657	69,205,707
Cash and cash equivalents at end of year (Note: 14)	50,691,946	44,396,657

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

SHAIKH MUHAMMAD OBAID
Chief Executive Officer

TARIQ MUHAMMAD KHAN
Director

Karachi: October 01, 2009

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

DESCRIPTION	Paid up Capital	Reserve		Total Reserves	Total
		Capital	Revenue		
		Share premium	Unappropriated profit		
	Rupees				
Balance as at June 30, 2007	170,000,000	63,000,000	345,087,810	408,087,810	578,087,810
Net profit for the year ended June 30, 2008	-	-	21,960,728	21,960,728	21,960,728
Transfer from surplus on revaluation of property, plant and equipment on account of - incremental depreciation	-	-	18,284,451	18,284,451	18,284,451
Balance as at June 30, 2008	**170,000,000**	**63,000,000**	**385,332,989**	**448,332,989**	**618,332,989**
Net profit for the year ended June 30, 2009	-	-	28,438,024	28,438,024	28,438,024
Transfer from surplus on revaluation of property, plant and equipment on account of - incremental depreciation	-	-	18,468,562	18,468,562	18,468,562
Balance as at June 30, 2009	**170,000,000**	**63,000,000**	**432,239,575**	**495,239,575**	**665,239,575**

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

SHAIKH MUHAMMAD OBAID
Chief Executive Officer

TARIQ MUHAMMAD KHAN
Director

Karachi: October 01, 2009

NOTES TO THE FINANCIAL STATMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a Private Limited Company on May 31, 1973 and subsequently converted in Public Limited Company on June22, 1994 under the Companies Act, 1913 (Now Companies Ordinance, 1984) and is quoted on Karachi and Lahore Stock Exchange. The registered office of the Company is located at WSA - 30 & 31, Block - 1, Federal "B" Area Karachi The main business of Company is manufacturing and export of textile made ups, garments and towels.

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 Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shal prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that certain investments are carried at fair value in accordance with the criteria laid down in international Accounting Standard 39 (IAS 39) 'Financial Instruments: Recognition and Measurement' and obligation in respect of gratuity scheme is measured at present value

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee.

2.4 Use Of Estimates And Judgments

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

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reusable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management that may brave a significant risk of material adjustments to the financial statements in subsequent years are as follows:

Residual values and useful lives of property, plant and equipment.
Provision for slow moving and obsolete stores and spares and stock-in trade.
Estimates of liability in respect of employee retirement gratuity and compensated absences.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Amendments to published standards effective in current year

The Following Standards, amendments and interpretations became effective during 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 disclosure requirements of IAS 32 Financial Instruments: Disclosure and Presentation. The application of the standard did not have significant impact on the Company's financial statements other than increase in disclosures.

IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual period's beginning on or after 28 April 2008) The Company does not have any operation in Hyperinflationary Economies and therefore the application of the standard did not affect the Company's financial statements.

IFRIC 13 – Customer Loyalty Programmers (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmers under which the customer can redeem credits for awards 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 1 January 2008) clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The interpretation has no effect on company's financial statements for the year ended 30 June 2009.

Amendments to published standards applicable to the company not yet effective

The following standards, amendments and interpretations 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 entertain cases.

Revised IAS 1 – Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting form tractions 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 singly statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard is no 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 12 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former 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 an effect on the company's financial statements.

IAS 27 'Consolidated and separate financial statements (effective for annual periods beginning on or after 1 January 2009). The amendment removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment is not likely to have an effect on Company's financial investments.

Amendments to IAS 32- Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) Putt able Financial Instruments and Obligations Arising on Liquidation requires putt able instruments, and instruments that impose on entity an obligation to deliver to another party a 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 require retrospective application, are 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 1 July 2009) clarify the application of existing principal that determine whether specific risks or portion 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 banging on or after 1st January 2009). Amendments require entities to assess whether they need to separate an embed derivative from a hybrid (combined) financial instruments 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 base payment-Vesting conditions and cancellations (effective for annual periods banging on or after January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions require non-vesting conditions to be reflected in grant-date fair value and provide the accounting treatment for non-vesting conditions and cancellations.

Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 12 July 2009) Broadens among other things the definition of business relating to more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than shatter and debt issued cost to be expensed, any pre-existing interest in acquire to be measured at fair value, with the related gain or loss recognized in profit and loss and any non-controlling (minority interest to be measured either at fair value or at its proportionate interest) in the identifiable assets or liabilities of acquire, on a transaction by transaction basis.
IFRS 4 Insurance contract (effective from annual periods beginning on or after January 01, 2009). The IFRS make limited improvement to the accounting for insurance contract until the board complete the second phase of its project on insurance contracts. The standard also requires that entity issuing insurance contracts (an insurer) to disclose information about those contract.

IFRS 8- Operating segment (effective for annual periods beginning on or after 1st January 2009) introduces the "management approach" to segment reporting. IFRS will requires a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the company's "chief opening decision maker" in order to assess each segment performance and to allocate resources to them.

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

IFRIC 16- Hedge of net investment in Foreign Operation (effective for annual periods begning on or after 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 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 with in the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on hedging instrument that was determine to be effective is reclassified to profit or loss. The interpretation allows an entity that use the step-by-step method of consolidation and 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 companies operations.

IFRIC 17-Distribution of non-cash assets to owner (effective for annual periods beginning on or after 01 July 2009) state 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 recognize in equity. When the non cash assets 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.

IFRIC 18- Transfers of the assets from customer (to be applied prospectively to transfer of assets from customers received on or after 1st July 2009). This interpretation clarify the requirements of IFRSs for agreement in which an entity received from a customer an item of property, plant, and equipment that the entity must than 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).

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1Property, plant and equipment

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.

3.1.1 Owned

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss.

Depreciation on all items of property, plant and equipment is charged to income applying the reducing balance method so as to write off the depreciable amount of an asset over its estimated useful life. Depreciation is being charged at the rates given in note to property plant & equipment. Leasehold land is amortized over the term of lease, if material.

Depreciation on additions to property, plant and equipment is charged from the month in which an assets become available for use, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are continually reviewed by the company and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its property, plant and equipment as at June 30, 2009 has not required any adjustment, as its impact is considered insignificant.

The company continually assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Maintenance and normal repairs are charged to income. Major renewals and improvements are capitalized.

3.1.2 Leased

Assets held under finance lease are stated at the lower of their fair value or present value of minimum lease payments at inception less accumulated depreciation and accumulated impairment losses, if any.

The outstanding obligation under the lease agreements are shown as a liability net of finance charges allocated to future periods.

The finance charges are allocated to accounting periods in manner so as to provide a constant periodic rate of return on the outstanding liabilities

Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Company.

3.2Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and represents expenditure incurred on fixed assetsin the course of construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

3.3INVESTMENTS

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

3.3.1 Available-for-sale Investments

Available-for-sale investments are initially recognized at cost and carried at fair value at the balance sheet date. Fair value of a quoted investment is determined in relation to its market value at the balance sheet date. Adjustment arising from remeasurement of investment to fair value is recorded in equity and taken to income on disposal of investment or when the investment is determined to be impaired.

3.3.2 Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking, are classified as investments at fair value through profit or loss and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The fair value of such investments representing listed equity securities are determined on the basis of prevailing market prices.

3.3.3 Held-to-maturity investment

Held-to-maturity investment are recorded at amortized cost using effective interest rate method less impairment, with revenue recognized on an effective basis.

3.4 Derivative financial instruments

The company enters into derivative financial instruments, which include future contracts. Derivatives are initially recorded at cost and are remeasured to fair value on subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market value (unrealized gain) are included in other receivables and derivatives with negative market value (unrealized losses) are included in other liabilities in the balance sheet. The resultant gain and losses from derivatives held for trading purpose are included in income currently. No derivative is designated as hedging instrument by the company.

3.5 Loans, advances, deposits and other receivables

These are stated at cost. Provision is made for the amounts considered doubtful. Amounts considered irrecoverable are written off to profit and loss account.

3.6 Stores, spares and loose tools

These are stated at average cost and goods-in-transit are stated at actual cost.

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

3.7 Stock-in-trade

Raw materials are valued at average cost. Finished goods are valued at lower of average manufacturing cost and net realizable value. Work-in-progress is valued at average cost of raw materials plus a proportion of the production overhead. Waste products are valued at net realizable value. Goods-in-transit are stated at actual cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale. Items in transit are valued at cost accumulated to balance sheet date.

3.8 Trade debts

Trade debts are carried at original invoice amount which is the fair value of consideration to be received for goods and services less an estimate made for doubtful debts based on a review of all outstanding amounts at the year-end. Bad debts are written-off when identified.

3.9 Bank borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

3.10 Employees' retirement benefits

Employee Benefits
Compensated absences

The company accounts for all accumulated compensated absences in the period in which absences accrue.

Post retirement Benefits
Defined benefits plans

The company operates an unfunded gratuity scheme for its permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 percent of the greater of the present value of the company's obligation are amortized over the expected average remaining working lives of the eligible employees. Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on a straight line basis over the average period until the amended benefits become vested.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

3.11 Trade and other payables

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

3.12 Taxation

Current year

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

Deferred tax

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

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

3.13 Dividend

Dividend distribution by the company's shareholders is recognized as liability in the period in which the dividends are approved.

3.14 Provisions

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

3.15 Revenue recognition

a) Revenue from sale of goods is recognized when goods are dispatched to customers and invoices raised.

b) Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

c) Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

3.16 Government grant

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the entity.

The grants are disclosed as a deduction from the related expense.

3.17 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of 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' commencing.

3.18 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

3.19 Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks, cash in hand and short term deposits. For the purposes of cash flow statement cash and cash equivalents consist of cash and cash equivalents as defined above, net of temporary overdrawn bank balances.

3.20 Impairment

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account.

3.21 Financial instruments

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

3.22 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to setoff the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.23 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.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant note to the financial statements.

4. PROPERTY , PLANT AND EQUIPMENT

PARTICULARS	June 30, 2009 RUPEES	June 30, 2008 RUPEES
OWN ASSETS (4.1)	1,476,897,920	1,477,327,815
LEASED ASSETS (4.2)	38,117,142	43,084,130
	1,515,015,062	1,520,411,945

4.1

OPERATING ASSETS	Free hold land (Noorabad)	Lease hold land (Karachi)	Free hold land	Building on Free hold land (Noorabad)	Building on Lease hold land (Karachi)	Plant and machinery (Noorabad)	Plant and machinery (Karachi)	Office equipment	Furniture and fixture	Electric Installation	Motor Vehicles	Bicycle	Gas Installation	TOTAL
At July 01, 2007														
Cost	35,577,844	160,395,851	4,229,500	250,533,719	123,155,492	868,646,811	140,401,811	50,726,433	9,868,758	49,667,930	41,635,098	22,375	5,420,149	1,740,282,771
Accumulated depreciation	-	(3,787,867)	-	(22,977,200)	(36,880,036)	(69,141,817)	(102,408,812)	(14,023,180)	(4,906,497)	(7,469,986)	(22,283,031)	(12,362)	(880,405)	(284,773,193)
Net book value	35,577,844	156,607,984	4,229,500	227,556,519	86,275,456	799,504,994	37,992,999	36,703,253	4,962,261	42,197,944	19,351,067	10,013	4,539,744	1,455,509,578
Year ended June 30, 2008														
Opening net book value	35,577,844	156,607,984	4,229,500	227,556,519	86,275,456	799,504,994	37,992,999	36,703,253	4,962,261	42,197,944	19,351,067	10,013	4,539,744	1,455,509,578
Additions-Cost	1,047,600	400,000	-	28,945,987	-	48,439,087	10,916,149	4,345,193	1,655,928	874,869	12,225,470	-	-	108,850,283
Transfer in	-	-	-	51,183,924	-	-	-	-	-	-		-	-	51,183,924
	36,625,444	157,007,984	4,229,500	307,686,430	86,275,456	847,944,081	48,909,148	41,048,446	6,618,189	43,072,813	31,576,537	10,013	4,539,744	1,615,543,785
Disposals														
Cost	-	-	-	-	-	-	-	-	-	-	(9,657,200)	-	-	(9,657,200)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	6,328,112	-	-	6,328,112
	-	-	-	-	-	-	-	-	-	-	(3,329,088)	-	-	(3,329,088)
Depreciation charged	-	(2,791,244)	-	(26,239,974)	(8,060,199)	(80,173,923)	(4,081,822)	(3,764,845)	(590,230)	(4,099,788)	(4,629,882)	(1,001)	(453,974)	(134,886,882)
	-	(2,791,244)	-	(26,239,974)	(8,060,199)	(80,173,923)	(4,081,822)	(3,764,845)	(590,230)	(4,099,788)	(7,958,970)	(1,001)	(453,974)	(138,215,970)
Closing net book value	36,625,444	154,216,740	4,229,500	281,446,456	78,215,257	767,770,158	44,827,326	37,283,601	6,027,959	38,973,025	23,617,567	9,012	4,085,770	1,477,327,815
At June 30, 2008														
Cost	35,577,844	161,843,451	4,229,500	330,663,630	123,155,492	915,440,483	152,963,375	55,071,626	11,524,686	50,542,799	44,174,368	22,375	5,420,149	1,890,629,773
Accumulated depreciation	-	(6,579,111)	-	(47,304,935)	(46,852,474)	(146,037,412)	(109,768,962)	(17,788,025)	(5,496,727)	(11,569,774)	(20,556,801)	(13,363)	(1,334,379)	(413,301,958)
Net book value	35,577,844	155,264,340	4,229,500	283,358,695	76,303,018	769,403,071	43,194,413	37,283,601	6,027,959	38,973,025	23,617,567	9,012	4,085,770	1,477,327,815
Year ended June 30, 2009														
Opening net book value	35,577,844	155,264,340	4,229,500	283,358,695	76,303,018	769,403,071	43,194,413	37,283,601	6,027,959	38,973,025	23,617,567	9,012	4,085,770	1,477,327,815
Additions-Cost	-	-	-	385,075	-	20,238,288	876,636	1,511,627	350,000	-	5,496,650	-	-	28,858,276
Revaluation of fixed assets	-	32,302,325	-	-	75,365,545	-	3,545,471	-	-	-	-	-	-	111,213,341
Transfer from lease assets														
Cost	-	-	-	-	-	-	-	-	-	-	789,000	-	-	789,000
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	(300,872)	-	-	(300,872)
	35,577,844	187,566,665	4,229,500	283,743,770	151,668,563	789,641,359	47,616,520	38,795,228	6,377,959	38,973,025	29,602,345	9,012	4,085,770	1,617,887,570
Disposals:														
Cost	-	(8,279,086)	-	-	(52,391,371)	(5,100,000)	(116,136,236)	-	-	-	(4,508,000)	-	-	(186,414,693)
Accumulated depreciation	-	8,279,086	-	-	52,391,371	1,137,300	116,136,236	-	-	-	3,365,380	-	-	181,309,373
	-	-	-	-	-	(3,962,700)	-	-	-	-	(1,142,620)	-	-	(5,105,320)
Depreciation charged	-	(2,375,671)	-	(28,367,974)	(8,886,394)	(77,871,141)	(3,935,509)	(3,830,881)	(637,796)	(3,897,303)	(5,672,183)	(901)	(408,577)	(135,884,330)
Closing net book value	35,577,844	185,190,994	4,229,500	255,375,796	142,782,169	707,807,518	43,681,011	34,964,347	5,740,163	35,075,723	22,787,552	8,111	3,677,193	1,476,897,920
At June 30, 2009														
Cost	35,577,844	185,866,690	4,229,500	331,048,705	146,129,666	930,578,771	41,249,246	56,583,253	11,874,686	50,542,799	45,952,028	22,375	5,420,149	1,845,075,712
Accumulated depreciation	-	(675,696)	-	(75,672,909)	(3,347,497)	(219,331,052)	(1,008,437)	(21,618,906)	(6,134,523)	(15,467,077)	(23,164,476)	(14,264)	(1,742,956)	(368,177,792)
Net book value	35,577,844	185,190,994	4,229,500	255,375,796	142,782,169	711,247,719	40,240,809	34,964,347	5,740,163	35,075,723	22,787,552	8,111	3,677,193	1,476,897,920
Annual rate of depreciation (%)	-	99 years	-	10	10	10	10	10	10	10	20	10	10	

4.2 LEASED ASSETS	Plant and machinery (Nooriabad)	Office equipment	Motor Vehicles	TOTAL
At July 01, 2007				
Cost	-	-	4,573,000	4,573,000
Accumulated depreciation	-	-	(557,034)	(557,034)
Net book value	-	-	4,015,966	4,015,966
Year ended June 30, 2008				
Opening net book value	-	-	4,015,966	4,015,966
Additions-Cost	42,854,248	425,000	-	43,279,248
	42,854,248	425,000	4,015,966	47,295,214
Transfer to own assets				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Depreciation charged	(3,440,201)	(37,375)	(733,508)	(4,211,084)
Closing net book value	39,414,047	387,625	3,282,458	43,084,130
At June 30, 2008				
Cost	42,854,248	425,000	4,573,000	47,852,248
Accumulated depreciation	(3,440,201)	(37,375)	(1,290,542)	(4,768,118)
Net book value	39,414,047	387,625	3,282,458	43,084,130
Year ended 30 June 2009				
Opening net book value	39,414,047	387,625	3,282,458	43,084,130
Additions-Cost	-	-	-	-
Transfer to own assets				
Cost	-	-	(789,000)	(789,000)
Accumulated depreciation	-	-	300,872	300,872
	-	-	(488,128)	(488,128)
Depreciation charged	(3,941,405)	(38,763)	(498,692)	(4,478,860)
Closing net book value	35,472,642	348,862	2,295,638	38,117,142
At 30 June 2009				
Cost	42,854,248	425,000	3,784,000	47,063,248
Accumulated depreciation	(7,381,606)	(76,138)	(1,488,362)	(8,946,106)
Net book value	35,472,642	348,862	2,295,638	38,117,142
Annual rate of depreciation (%)	10	10	20	

	For the year ended June 30, 2009 RUPEES	For the year ended June 30, 2008 RUPEES
4.3 Depreciation for the year has been allocated are as under:		
Cost of sale (Note : 25)	125,378,094	124,787,363
Administrative expenses (Note: 27)	14,985,095	14,280,603
	140,363,189	139,067,966

4.4 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEED	GAIN/(LOSS)	MODE OF DISPOSAL	PURCHASER
MOTOR VEHICLES							
Honda city ADY-734	735,000	576,685	158,315	500,000	341,685	By negotiation	Mr. Muhammad Asif, Karachi.
Suzuki baleno AJQ-113	789,000	389,240	399,760	515,000	115,240	By negotiation	Mrs. Samina Wasif, Karachi.
Honda city ADY-233	735,000	601,251	133,749	475,000	341,251	By negotiation	Mr. Meeranjan. Karachi.
Toyota corolla AEY-166	1,075,000	775,582	299,418	650,000	350,582	Insurance claim	P.I.C.I.C Insurance, Karachi.
Honda city ABK-548	749,000	684,058	64,942	300,000	235,058	By negotiation	Mr. Mubasshir Iqbal Sheikh, Karachi.
Suzuki mehran ADW-733	375,000	298,405	76,595	140,000	63,405	By negotiation	Mr. Rehan Ali Khan, Karachi.
Sohrab KAV-5742	50,000	40,159	9,841	10,000	159	By negotiation	Mr. Barkat Masih, Karachi.
	4,508,000	3,365,380	1,142,620	2,590,000	1,447,380		
PLANT AND MACHINERY							
Boiler	5.100,000	1.137.300	3.962,700	4,725,804	763,104	Insurance claim	P.I.C.I.C Insurance. Karachi.
	5,100,000	1,137,300	3,962,700	4,725,804	763,104		
Total Rupees - 2009	9,608,000	4,502,680	5,105,320	7,315,804	2,210,484		

4.5 Had there been no revaluation the related figures of leasehold land, building on freehold land and plant and machinery at June 30, 2009 would have been as follows.

PROPERTY, PLANT AND EQUIPMENT - KARACHI

DESCRIPTION	Cost to June 30, 2009	Accumulated Depreciation	Book value June 30, 2009	Cost to June 30, 2008	Accumulated Depreciation	Book value June 30, 2008
		Rupees			Rupees	
Leasehold land	19,327,159	6,765,214	12,561,945.11	19,327,159	6,579.111	12.748.048
Building on leasehold land	38,997,923	25,900,347	13,097,575.74	42,762,768	31,220,580	11.542.188
Plant and machinery	197,393,533	54,709,449	142,684,084.09	138,092,407	45,846,719	92,245,688
	255,718,615	87,375,010	168,343,605	200,182,334	83,646,410	116,535,924

PROPERTY, PLANT AND EQUIPMENT - NOORIABAD

DESCRIPTION	Cost to June 30, 2009	Accumulated Depreciation	Book value June 30, 2009	Cost to June 30, 2008	Accumulated Depreciation	Book value June 30, 2008
		Rupees			Rupees	
Free hold land	15,000,000	-	15,000,000	15,000,000	-	15.000.000
Building on free hold land	291,681,452	85,692,968	205,988,484	291,681,452	56,798.037	234,883,415
Plant and machinery	810,965,516	255,456,340	555,509,176	810,965,516	197,434,029	613,531,487
	1,117,646,968	341,149,308	776,497,660	1,117,646,968	254,232,066	863.414.902

Revaluation of leasehold land, building on leasehold land and plant and machinery had been carried out on 14 December 1994, 18 September 2002, 31 August 2006 and 18 April 2009 revalued Karachi base property plant and equipment by independent professional valuer M/s. Iqbal A. Nanjee & Co. on the basis of market value Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment to comply with the requirement of section 235 of the company Ordinance 1984.

5. CAPITAL WORK IN PROGRESS

DESCRIPTION	COST			
	AS ON 30.06.2008	ADDITION	TRANSFER OUT	AS ON 30.06.2009
Building	15,926,025	6,834,229	-	22,760,254
Plant and machinery	-	22,105,819	-	22,105,819
otal Rupees - 2009	15,926,025	28,940,048	-	44,866,073
Total Rupees - 2008	67,109,949	-	(51,183,924)	15,926,025

		JUNE 30, 2009 RUPEES	JUNE 30, 2008 RUPEES
6.	**LONG TERM LOANS**		
	Unsecured - considered good		
	Executives (Note: 6.1 & 6.2)	10,715,565	7,106,992
	Other Employees	12,190,523	7,724,212
		22,906,088	14,831,204
	Less: current maturity shown under current assets (Note: 10)	(1,908,841)	(1,235,934)
		20,997,247	13,595,270
6.1	**Movement of Loans to executives**		
		7,106,992	6,598,987
	Add: loan given during the year	4,990,419	1,333,395
		12,097,411	7,932,382
	Less: loan deducted/ received during the year	(1,381,846)	(825,390)
	Closing balance	10,715,565	7,106,992

6.2 The above amount of loans represent interest free loan given to the executives and employees as per the terms of employment for the purpose of motor cars. house building and marriages. These loans are repayable between two to five years. The maximum aggregate amount of loans and advances due from executive at the end of any month during the period/year was Rs. 10,715,565 (June 30, 2008 Rs. 7,314,481).

		JUNE 30, 2009 RUPEES	JUNE 30, 2008 RUPEES
7.	**STORES, SPARES AND LOOSE TOOLS**		
	Stores	10,389,938	7,921,831
	Spares	7,028,612	4,486,209
	Loose Tools	1,416,810	1,080,250
		18,835,360	13,488,290
8.	**STOCK IN TRADE**		
	Raw material	252,451,852	359,703,254
	Work-in-process	317,001,729	404,501,639
	Finished goods and waste	495,862,792	325,249,644
		1,065,316,373	1,089,454,537
9.	**TRADE DEBTS - Considered good secured and unsecured**		
	Secured against letter of credit - export debtors	85,546,822	171,200,815
	Unsecured - export debtors	618,241,960	451,386,491
	Unsecured - local debtors	11,312,915	13,553,874
		715,101,697	636,141,180
10.	**LOAN AND ADVANCES**		
	Unsecured - considered goods		
	Loans		
	To employees and executives (Note: 6)	1,908,841	1,235,934
	Advances		
	To Suppliers	44,954,653	27,577,274
	To Contractors	10,021,338	6,797,955
	To Others	11,215,935	8,186,911
		66,191,926	42,562,140
		68,100,767	43,798,074

11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Margin against letter of credit	11,723,565	14,724,637
Security Deposits	9,841,793	9,949,546
	21,565,358	24,674,183

12. OTHER RECEIVABLES

Sales tax receivable	39,281,351	38,452,827
Export rebate receivable	84,148,796	78,922,900
Other receivables	51,160	51,160
	123,481,307	117,426,887

13. TAXATION - net

Tax receivable as at July 01, 2008	5,519,967	4,019,593
Add: Withholding tax on utilities	2,321,870	1,500,374
Add: Withholding tax on export sales	33,870,704	33,457,065
	41,712,541	38,977,032
Less: Provision for tax	(33,881,623)	(33,457,065)
	7,830,918	5,519,967

14. CASH AND BANK BALANCES

Cash in hand		12,198,740
With banks in:		
- Current accounts	50,538,578	31,959,855
- Deposits accounts	153,368	238,062
	50,691,946	32,197,917
	50,691,946	44,396,657

14.1 It carries mark up at the rate of 5% (June 2008:5%) per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30,2009 No. of shares	June 30,2008 No. of shares			
9,372,247	9,372,247	Ordinary shares of Rs.10 each allotted in consideration of payment in cash	93,722,470	93,722,470
1,012,753	1,012,753	Ordinary shares of Rs.10 each allotted as bonus shares	10,127,530	10,127,530
6,615,000	6,615,000	Ordinary shares of Rs.10 each allotted for considerations against plant & machinery	66,150,000	66,150,000
17,000,000	17,000,000		170,000,000	170,000,000

15.1 The shareholders' are entitled to receive all distributions 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.

16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

A revaluation of land and building was carried out on December 14, 1994 by M/s Iqbal A. Nanjee & company an independent valuer which resulted a surplus of Rs. 51,761,688. further revaluations were carried by the same valuer on land and building on 18.09.2002 resulting a surplus of Rs. 114,522,302, on land, building and plant & machinery on 31.08.2006, resulting surplus of Rs. 290,598,092 and on land, building and plant & machinery (Karachi located) on 18.04.2009 which resulted a surplus of Rs. 111,213,341 and were credited to surplus on revaluation account.

16.1	**Balance as at June 30, 2008**	382,721,223	401,005,674
	Add: Surplus on revaluation of Land, building & plant and machinery during the year	111,213,341	-
		493,934,564	401,005,674
	Less: transfer to unappropriated profit on account of incremental depreciation charged in - Current year	(18,468,562)	(18,284,451)
	Balance as at June 30, 2009	475,466,002	382,721,223

17. LONG TERM FINANCE - Secured

Askari Bank Ltd. L.T.F - EOP (Note: 17.1)	76,000,000	95,000,000
KASB Bank Ltd. D.F (Note: 17.2)	62,000,000	170,002,000
Silk Bank Ltd.(Formely Saudi Pak Com. Bank) L.T.F-EOP (Note: 17.3)	44,004,173	66,167,659
Habib Bank Ltd. L.T.F - EOP (Note: 17.4)	12,158,290	12,158,290
Askari Bank Ltd. Term Finance-II (Note: 17.5)	144,500,000	54,168,200
	338,662,463	397,496,149
Less: Current Portions Shown Under Current Liabilities		
Askari Bank Ltd. L.T.F - EOP	(19,000,000)	(38,000,000)
KASB Bank Ltd. D.F	(9,000,000)	(8,000,000)
Silk Bank Ltd.(Formely Saudi Pak Com. Bank Ltd) L.T.F - EOP	(22,166,666)	(11,083,333)
Habib Bank Ltd. L.T.F - EOP	(2,026,382)	(2,500,000)
Askari Bank Ltd. Term Finance-II	(25,500,000)	-
	(77,693,048)	(59,583,333)
	260,969,415	337,912,816

17.1 ASKARI BANK LTD
LONG TERM FINANCE - EOP

This facility of Rs 85.50 million (2008: 123.50 million) for plant machinery is secured against first pari passu charge over fixed assets of the Company to the extent of Rs. 500 million and are repayable in 2.5 years by 05.11.2010. Mark-up is 6 months kibor plus 1.85% payable quarterly.

17.2 KASB BANK LTD
DEMAND FINANCE

This long term finance facility of Rs. 70.5 millions (2008: 180 millions) is secured by first pari passu charge of Rs. 228 million over Company's present & future current assets of the company and joint Pari Passu charge of Rs. 240 million over fixed assets of the Company. Principal is repayable in 81 monthly installments. It carries mark-up at the rate of 6 months KIBOR plus 1.75% payable quarterly.

17.3 SILK BANK LTD (FORMERLY SAUDI PAK COMMERCIAL BANK LTD)
LONG TERM FINANCE -EOP

This represents syndicated LTF-EOP facilities of Rs. 66.13 million (2008: Rs. 115 million) This loan is secured against first pari passu charge equitable mortgage of Rs. 197.00 million on all fixed assets of the Company. Repayments are in 12 equal semi-annual installments of Rs.11.08 million (2008: Rs. 11.08 million). It carries mark-up at the rate of SBP rate plus 2% (2008: SBP rate plus 2%) per annum payable quarterly.

17.4 HABIB BANK LTD
LONG TERM FINANCE- EOP

This LTF-EOP facility of Rs. 12.158 million (2008: Rs. 12.158 million) is secured by joint pari passu charge on fixed assets to the extent of Rs.17.5 million. Repayments are in 12 equal installments of Rs.1.013 million. semi annually (2008: Rs. 1.013 million semi annually) will start from July 2009. Mark-up is SBP rate plus 2% (2008: SBP rate plus 2%) p.a payable quarterly.

17.5 ASKARI BANK LTD
LONG TERM FINANCE-II

This facility of Rs. 163.625 million is secured against first pari passu charge over all present and future fixed assets of the Company to the extent of Rs. 500 million including for other facilities and are repayable in 5 years by 15.03.2013. It carries mark-up at 6 months kibor plus 1.85% payable quarterly.

	JUNE 30, 2009 RUPEES	JUNE 30, 2008 RUPEES
18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Minimum lease payments		
Within one year	19,549,553	18,203,711
After one year but not more than five years	6,705,343	24,783,594
	26,254,896	42,987,305
Less: Financial charges not yet due		
Within one year	2,174,635	3,830,542
After one year but not more than five years	234,971	2,169,286
	2,409,606	5,999,828
Present value of minimum lease payments		
Within one year	17,374,918	14,373,169
After one year but not more than five years	6,470,238	22,614,308
	23,845,156	36,987,477
Less: Current portion of leased liabilities	(17,374,705)	(14,372,901)
	6,470,451	22,614,576

18.1 These represent finance lease entered into with banks and leasing company for motor vehicles, office equipment and plant & machinery. Rate of finance charges 13.11% to 14.54% per annum and are used as discounting factors. The lease term varies from 3 to 5 years.

The Company intends to exercise the option to purchase the leased assets upon completion of the lease period.

Liabilities are secured against security deposits, promissory notes and guarantees issued by the company.

	JUNE 30, 2009 RUPEES	JUNE 30, 2008 RUPEES
19. DEFERRED LIABILITY		
EMPLOYEES RETIREMENT BENEFIT		
19.1 Movement in the net liability recognized in the balance sheet		
Opening net liability	33,373,668	37,998,464
Expense for the year (Note: 19.2)	7,903,470	8,907,221
	41,277,138	46,905,685
Contribution paid	(13,122,479)	(13,532,017)
Closing net liability	28,154,659	33,373,668
19.2 Expense recognized in the profit and loss account		
Current service cost	5,153,999	6,396,627
Interest cost	3,571,126	2,947,028
Net actuarial gain/(loss) recognized in the year	(821,655)	(436,434)
	7,903,470	8,907,221

19.3 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

19.4 Principal actuarial assumptions Following are a few important actuarial assumptions used in the valuation:	JUNE 30, 2009 RUPEES	JUNE 30, 2008 RUPEES
	%	%
Discount rate	13%	12%
Expected rate of increase in salary	10%	10%

		JUNE 30, 2009 RUPEES	JUNE 30, 2008 RUPEES
20.	**TRADE AND OTHER PAYABLES**		
	Creditors	384,413,049	454,386,588
	Advance from customers	32,786,144	1,068,895
	Accrued expenses	10,804,645	16,895,457
	Over due bank installments (Note: 20.1)	1,352,200	11,000,000
	Workers profit participation fund (Note: 20.2)	3,519,194	3,131,871
	Worker's Welfare Fund	6,926,534	4,166,665
	Claim payable	-	919,975
	Unclaimed dividend	134,974	134,974
	Unrealized loss on remeasurement of interest rate swap to fair value (Note: 20.3)	6,196,503	1,269,508
		446,133,243	492,973,933

20.1 The above installments were paid in the subsequent period.

20.2	**WORKERS' PROFIT PARTICIPATION FUND**		
	Balance as at June 30, 2008	3,131,871	2,086,365
	Add: Interest on fund utilized in company's business (Note:3)	93,956	62,591
		3,225,827	2,148,956
	Payment during the year	(3,131,871)	(2,086,365)
		93,956	62,591
	Provided during the year	3,425,238	3,069,280
	Balance as at June 30, 2009	3,519,194	3,131,871

20.3 This represents the fair value of separate Cross Currency Interest Rate Swap agreements, the company has entered into with Standard Chartered Bank ("SCB") at the aggregate notional amount of Rs. 620 million (equivalent to USD 10.181 million). Under the terms of swap agreements, at each reset date, the company is entitled to receive interst ranges 6 months KIBOR to 7% and 10% on notional amounts and is required to pay interst ranges 6 months LIBOR plus 1.5%, 4.05% and 6% on USD notional amount. In addition to this, the company is required to pay exchange difference arising due to fluctuation in USD/PKR rates between reset and the settlement dates. These transactions have been remeasured to fair value at the end of the year resulted in a loss of Rs. 6.197 million. The resulted loss has been charged to finance cost.

21.	**INTEREST / MARK-UP ON LOANS**		
	From Banking Companies - Secured		
	- Long term finance	5,503,952	5,248,809
	- Short term running finance	10,477,364	4,797,268
		15,981,316	10,046,077
22.	**SHORT TERM BORROWINGS**		
	From Banking Companies - Secured		
	Finance under mark up arrangements (Note: 20.1)	1,490,470,000	1,373,661,822
	Unsecured		
	Book overdraft (Note: 22.2)	167,849,694	179,239,677
		1,658,319,694	1,552,901,499

22.1 Short term borrowing obtained against the sanctioned limit of Rs. 1,706.5 million (2008: 1,432.5 million) available from various commercial banks under mark-up arrangements secured by Pari passu hypothecation charge on stock and book debts and lien on export documents to the extent of Rs. 2,332 million. Mark up payable rate ranges from 2% to 2.5% plus SBP rate,libor plus 1.5% and 3 months KIBOR plus 1.5% (2008: 1.5% to 2.5% plus SBP rate libor plus 1.5% and 3 months kibor plus 1.5%) payable quarterly and on realization of export proceeds.

22.2 This represents cheque issued by the company in excess of balance at banks which remained unpresented till June 30, 2009.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

The Honorable High Court of Sindh, Karachi has given verdict for additional compensation u/s 67 of sales tax act.1990 in favour of of the company amounting to Rs. 2,457,903. The management is confident that the amount will be received in due course.

23.2 Commitments

Letters of credit (Local) for raw material	87,825,000	54,654,000

24. Sales - net

Export sales	3,449,836,541	3,544,928,559
Local sales	837,133	
Waste sales	18,690,033	18,713,265
	3,469,363,707	3,563,641,824
Export rebate	15,818,606	17,443,980
Performance bonus		45,472,076
	3,485,182,313	3,626,557,880
Less:		
Commission and discount	(65,566,063)	(13,461,784)
Net sales	3,419,616,250	3,613,096,096

24.1 It includes Rs. 125,550,087 (June 2008:Rs. 48,409,805) on account of exchange gain on export sales.

25. COST OF SALES

Raw material consumed (Note : 25.1)	779,835,476	535,490,363
Purchases (Semi finish goods)	557,222,517	969,645,216
Salaries wages and benefits (Note: 25.2)	194,398,009	193,446,647
Stitching charges	94,749,528	99,978,092
Oil and lubricants	1,164,047	1,252,865
Stores, spares and loose tools consumed	28,041,085	34,214,718
Labels Consumed	9,449,095	12,166,260
Dyes chemicals and Processing	214,321,143	176,363,360
Repairs and maintenance	521,774	2,650,916
Utilities	110,502,654	105,721,803
Rent	-	1,500
Depreciation (Note: 4.3)	125,378,094	124,787,363
	2,115,583,422	2,255,719,103
Work in process		
Opening	404,501,639	243,026,185
Closing	(317,001,729)	(404,501,639)
	87,499,910	(161,475,454)
Cost of goods manufactured	2,203,083,332	2,094,243,649
Finished goods		
Opening	325,249,644	333,918,227
Purchased	707,020,427	968,144,293
Closing	(495,862,792)	(325,249,644)
	536,407,279	976,812,876
	2,739,490,611	3,071,056,525

		For the year ended June 30, 2009 RUPEES	For the year ended June 30, 2008 RUPEES
25.1	**RAW MATERIAL CONSUMED**		
	Opening stock	359,703,254	290,953,566
	Yarn purchases	666,367,469	594,457,727
	Cartage inward	6,216,605	9,782,324
		1,032,287,328	895,193,617
	Closing stock	(252,451,852)	(359,703,254)
		779,835,476	535,490,363

25.2 It includes Rs 4,538,781 (June 2008 : Rs 6,865,611) on account of staff retirement benefits.

		2009	2008
26.	**DISTRIBUTION COST**		
	Export development surcharge	8,371,107	8,179,841
	Export freight	113,112,613	125,916,287
	Shipping expenses	37,121,570	38,249,475
	Marine insurance	4,717,019	8,278,364
		163,322,309	180,623,967
27.	**ADMINISTRATIVE EXPENSES**		
	Director s remuneration (Note: 36)	3,906,000	4,121,176
	Salaries, allowance and benefits (Note: 27.1)	53,954,953	55,874,764
	Communication expenses	5,715,829	4,865,820
	Repairs and maintenance	9,561,552	8,290,910
	Vehicle running expenses	11,711,035	11,520,675
	Printing and stationery	2,080,899	2,913,342
	Utilities	4,151,633	5,137,350
	Entertainment	2,617,308	2,713,623
	Insurance	3,181,388	2,681,388
	Conveyance	264,229	445,143
	Fees and subscription	8,078,014	76,550
	Legal and professional fees	11,415,329	2,197,959
	Auditors' remuneration (Note: 27.2)	623,850	408,500
	Fees and taxes	1,349,554	1,499,504
	Office expense	6,550,564	5,109,747
	Donation (Note: 27.3)	276,089	115,250
	Advertisement	464,438	250,685
	Depreciation (Note: 4.3)	14,985,095	14,280,603
	Travelling and conveyance	13,757,172	2,094,151
	Miscellaneous expenses	1,020,550	1,077,376
	Fair and exhibition expenses	1,366,514	20,000
		157,031,994	125,694,516

27.1 It includes Rs. 3,364,690 (June 2008: Rs.2,041,610) on account of staff retirement benefits.

		2009	2008
27.2	**AUDITORS' REMUNERATION**		
	Statutory Audit fee	401,250	302,500
	Half yearly review fee	72,600	66,000
	Consultancy services	150,000	40,000
		623,850	408,500

27.3 None of the directors or their spouses have any interest in the donee funds.

		For the year ended June 30, 2009 RUPEES	For the year ended June 30, 2008 RUPEES
28.	**OTHER OPERATING EXPENSES**		
	Workers profit participation fund (Note 20.2)	3,425,238	3,069,280
	Exchange loss on FE-25 foreign currency loan	35,256,981	7,778,230
	Research and development (28.1)	1,142,171	191,386
		39,824,390	11,038,896
28.1	**RESEARCH & DEVELOPMENT SUPPORT FROM GOVERNMENT**		
	Support for research & development from government	27,795,943	115,084,495
	Less: Utilization		
	Product development	2,147,498	14,200,000
	Skill development and Training	180,000	1,186,177
	Up gradation of information Technology	57,050	8,589,432
	Professional Consultancy	12,176,802	53,625,940
	Market research	7,091,007	14,870,438
	Environment improvement	870,835	1,161,113
	Production efficiencies	3,782,253	15,129,010
	Participation in Exhibitions	2,632,669	6,513,771
		28,938,114	115,275,881
		(1,142,171)	(191,386)

28.2 The research and development support has been given by Ministry of Commerce, from Government of Pakistan vide SRO 803 (1) / 2006 dated 4 August 2006 in order to encourage and regulated the research and development in textile sector.

29.	**OTHER OPERATING INCOME**		
	Gain on sales of property, plant and equipment (Note: 4.4)	2,210,484	1,970,912
	Profit on PLS account	110,730	46,200
		2,321,214	2,017,112
30.	**FINANCE COST**		
	Mark-up on		
	short term bank borrowings	146,697,151	118,721,382
	long term finance	51,883,958	30,233,818
	Lease finance charges	4,002,605	3,646,370
		202,583,714	152,601,570
	Realized (gain) / loss on settlement of derivative financial statements - net (Note: 30.1)	15,233,942	(1,587,259)
	Unrealized loss on remeasurement of derivative financial instruments (Note: 30.2)	6,196,503	1,269,508
	Bank charges	33,080,528	16,099,158
	Interest on worker profit participation fund (Note: 20.2)	93,956	62,591
		257,188,643	168,445,568

30.1 This represents the loss at settlement dates of Cross Currency Interest Rate Swap agreements, the Company has entered into with Standard Chartered Bank ("SCB") at the notional amount of Rs. 620 million (equivalent to USD 10.181 million) of four agreements. Under the terms of swap agreement, at each reset date, the company is entitled to receive in interest ranging 6 months KIBOR to 7% and 10% on notional amounts and is required to pay in interest ranging from 6 months LIBOR plus 1.5%, 4.05% and 6% on USD notional amount. In addition to this the company is required to pay exchange difference arising due to fluctuation in USD/PKR rates between reset and the settlement dates. These transactions have been settled on various dates the last being 29th May, 2009 and resulted in a loss of Rs. 15.234 million which has been charged to finance cost.

30.2 This represents the fair value of separate Cross Currency Interest Rate Swap agreements and un-realized loss on reset date of agreements, the company has entered into with Standard Chartered Bank ("SCB") at the aggregate notional amount of Rs. 620 million (equivalent to USD 10.181 million). Under the terms of swap agreements, at each reset date, the company is entitled to receive ranging 6 months KIBOR to 7% and 10% notional amounts and is required to pay ranging 6 months LIBOR plus 1.5%, 4.05% and 6% on USD notional amount. In addition to this the company is required to pay exchange difference arising due to fluctuation in USD/PKR rates between reset and the settlement dates.

	For the year ended June 30, 2009 RUPEES	For the year ended June 30, 2008 RUPEES
31. PROVISION FOR TAXATION		
Current year	33,881,623	33,457,065
Workers welfare fund	2,759,869	2,835,943
	36,641,492	36,293,008

31.1 The provision for taxation has been made in these financial statements on the basis of section 169 of the Income Tax Ordinance, 2001.

31.2 The Commissioner of Income Tax has issued Notice U/Sec 177 of Income Tax Ordinance 2001. The proceedings are pending. Any possible Income Tax Liability on Conclusion at Audit proceeding cannot be determined at present. However, it is considered that Towellers Limited have a strong case against any possible Conclusion.

31.3 No provision in these accounts has been made for deferred tax. A technical release i.e. TR-27 issued by the Institute of Chartered Accountants of Pakistan prescribed that deferred tax accounting does not apply to those companies whose entire sales are covered under section 143B now 154 of the Income Tax Ordinance, 1979 now section 169 of the Income Tax Ordinance, 2001, as there will be no timing differences.

32. EARNINGS PER SHARE- BASIC AND DILUTED

There is no dilutive effect on the basis earnings per share of the Company which is based on:

	2009	2008
Profit after taxation in rupees	28,438,024	21,960,728
Weighted average number of ordinary shares	17,000,000	17,000,000
Earnings per share - Basic in rupees	1.67	1.29

33. CASH GENERATED (USED IN) / FROM OPERATIONS

	2009	2008
Profit before taxation	65,079,516	58,253,736
Adjustments for non cash charges and other items		
Depreciation	140,363,189	139,067,966
Provision for gratuity	7,903,470	8,907,221
Finance cost - net	257,188,643	176,223,798
Gain on disposal of property, plant and equipment	(2,210,484)	(1,970,912)
	403,244,818	322,228,073
Operating profit before working capital changes	468,324,334	380,481,809
Decrease/(increase) in current assets		
Stores, spares and loose tools, stock-in-trade	18,791,094	(227,488,384)
Trade debts	(78,960,517)	(201,095,953)
Loan and advances	(24,302,693)	79,420,414
Trade deposits and short tern prepayments	3,108,825	(1,079,495)
Other receivables	(6,054,420)	45,873,198
	(87,417,711)	(304,370,220)
Increase / (decrease) in current liabilities		
Trade and other payables	(46,840,690)	(119,509,671)
Cash generated from /(used) in operations	334,065,933	(43,398,081)

34. **NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

In respect of current year, the directors propose to pay cash dividend of Rs. 8,500,000 @ Rs. 5%. The Directors and family members have waived there share of dividend which amount to Rs. 7,381,190. This dividend is subject to approval by the shareholders at the coming Annual General Meeting.

35. **FINANCIAL INSTRUMENTS' RELATED DISCLOSURE**

The company has exposure to financial risk from its use of financial instruments:

Credit risk

Liquidity risk

Market risk

The board of Directors has overall responsibility for the establishment and oversight of company's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the company if customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivable and investment.

Trade debts

Major part of the sale of the company is against advance payments. Significant receivable balances relate to the balances due from government of Pakistan and other Government departments. The company believes that it is not exposed to any specific credit risk in respect of these balances.

Investment and cash bank balances

Credit risk for balances at banks and Investments are limited by dealing with various banks and funds manager with reasonably high credit rating. Investment are made in mutual funds/companies having reasonably high credit rating by PACRA and JCR-VIS. Management do not expect any counter party to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk the company will not be able to meet its financial obligations as the fall due. The company approaches to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meets its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and availability of funding to an adequate amount of committed credit facilities. The company treasury aims at maintaining flexibility in finding by keeping committed credit lines available.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rate and equity price will effect the company's income value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure with in parameters, while optimizing the return. The company managers its currency risk by managing the borrowings in the functional currency. The company has long term rupee base loans at various rates. Rates on short term finance are effectively fixed. The company also inter into cross currency and inter rate SWAP agreements with commercial banks to militate against the adverse movement of interest rates. Currency risk arises mainly where receivable and payable exist due to foreign transactions with foreign undertakings. Payable exposed to foreign risk are covered through forward exchange contracts, wherever required.

Company ability to mitigate foreign exchange risk has whoever been curtailed by the State Bank of Pakistan which has disallowed assurance if new forward cover against letter of credit.

Capital Risk Management

In line with others in the industry and the requirement of lenders, the company monitors its capital structure on the basis of gearing ratio. The ratio is calculated by dividing borrowings by total capital employed. Borrowings represent long term loans obtained by the company whereas total capital employed includes equity and borrowings. There were no change in the company's approach to capital management during the year and the company is not subject to externally imposed capital requirement.

35.1 INTEREST / MARK UP RATE RISK

	Effected interest rate%	June 30,2009 interest/mark up bearing Within one year	More than one year	Sub total	non interest/mark up bearing Within one year	More than one year	Sub total	TOTAL
		RUPEES						
FINANCIAL ASSETS								
Loan to employees		-	-	-	1,906,841	20,997,247	22,906,088	22,906,088
Trade deposits		-	-	-	9,841,793	-	9,841,793	9,841,793
Trade debts		-	-	-	715,101,697	-	715,101,697	715,101,697
Loan and advance & other receivables		-	-	-	162,115,447	-	162,115,447	162,115,447
Cash and bank balances	5 percent	153,368	-	153,368	50,538,578	-	50,538,578	50,691,946
		153,368	-	153,368	939,506,356	20,997,247	960,503,603	960,656,971
FINANCIAL LIABILITIES								
Long term finance	Sbp rate & 6 months kibor plus premium	77,693,048	260,969,415	338,662,463	-	-		338,662,463
Liabilities against asset subject to finance lease	6 months kibor plus premium	17,374,705	6,470,451	23,845,156	-	-	-	23,845,156
Short term borrowings	Sbp rate plus 2 to 2.5%	1,658,319,694	-	1,658,319,694	-	-	-	1,658,319,694
Trade and others payables					432,875,232	-	432,875,232	432,875,232
Interest / mark-up on loans	Sbp rate & 6,3 months kibor plus premium	-	-	-	15,981,316	-	15,981,316	15,981,316
		1,753,387,447	267,439,866	2,020,827,313	448,856,548	-	448,856,548	2,469,683,860
On balance sheet gap		(1,753,234,079)	(267,439,866)	(2,020,673,945)	490,649,808	20,997,247	511,647,055	(1,509,026,889)

	Effected interest rate%	June 30,2008 interest/mark up bearing Within one year	More than one year	Sub total	non interest/mark up bearing Within one year	More than one year	Sub total	TOTAL
FINANCIAL ASSETS		RUPEES						
Loan to employees		-	-	-	1,235,934	13,595,270	14,831,204	14,831,204
Trade deposits		-	-	-	9,949,546	-	9,949,546	9,949,546
Trade debts		-	-	-	636,141,180	-	636,141,180	636,141,180
Loan and advance & other receivables		-	-	-	136,260,837	-	136,260,837	136,260,837
Cash and bank balances	5 percent	238,062	-	238,062	31,959,855	-	31,959,855	32,197,917
		238,062	-	238,062	815,547,351	13,595,270	829,142,622	829,380,684
FINANCIAL LIABILITIES								
Long term loan	Sbp rate & 6 months kibor plus premium	59,583,333	337,912,816	397,496,149	-	-	-	397,496,149
Liabilities against asset subject to finance lease	6 months kibor plus premium	14,372,901	22,614,576	36,987,477	-		-	36,987,477
Short term borrowings	Sbp rate plus 2 to 2.5%	1,552,901,499	-	1,552,901,499	-	-	-	1,552,901,499
Trade and others payables		-	-	-	487,402,786	-	487,402,786	487,402,786
Interest / mark-up on loans	Sbp rate & 6 to 3 months kibor plus premium	-	-	-	10,046,077	-	10,046,077	10,046,077
		1,626,857,733	360,527,392	1,987,385,125	497,448,863	-	497,448,863	2,484,833,988
		(1,626,619,671)	(360,527,392)	(1,987,147,063)	318,098,488	13,595,270	331,693,758	(1,655,453,305)

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
35.2 **On balance sheet gap**		
Effective yield / mark up rate was mentioned in the relevant notes.		
OFF BALANCE SHEET ITEMS		
Contingencies		
Claim by the Sale Tax Department pending with High Court	2,457,903	2,952,795
Commitments		
Letters of credit for raw material	87,825,000	54,654,000
	87,825,000	54,654,00

36. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATION & PERQUISITE

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	RUPEES					
Managerial remuneration	600,000	600,000	3,306,000	3,521,176	15,075,828	9,545,688
	600,000	600,000	3,306,000	3,521,176	15,075,828	9,545,688
No. of persons1	1	1	6	6	14	11

36.1 The chief executive and directors are provided with free use of company's maintained car, reimbursement of medical and utility bills at their residence.

36.2 The Chief executive and the directors have not waived their meeting fees.

36. PLANT CAPACITY AND ACTUAL PRODUCTION

Capacity of company production cannot be determined accurately due to the fact that different textile made ups are made ready to the orders of customers, production is rearranged on each order. Therefore exact capacity cannot be determined.

37. RECLASSIFICATION

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

From	To	Nature	Amount
Financial charges	Other operating expenses	Exchange loss on F.C loans	**7,778,230**

38. PRESENTATION

Figures in these financial statements have been rounded off to the nearest rupee.

39. DATE OF AUTHORIZATION FOR ISSUE

The Board of directors of the company authorized these financial statements for issue on__________

SHAIKH MUHAMMAD OBAID
Director

TARIQ MUHAMMAD KHAN
Director

Karachi. October 01, 2009

PROXY FORM

I/We ____ of ____________ ____ being Member(s) of TOWELLERS LIMITED holding ____________________ Ordinary shares as per Share Register Folio No. ______________ and/or CDC Participant I.D. No. ______________ and Sub Account No. ______________ hereby appoint ______________________ of ____________ or failing him/her ______________________ of ____________ who is also a member of TOWELLERS LIMITED as my / our proxy in my/our absence to attend and vote for me/us behalf at the 36th Annual General Meeting of the Company to be held on October 26, 2009 and/or any adjournment thereof.

Signed by ______________________ day of October, 2009

Witnesses:

1. Signature: ______________________
   Name: ______________________
   Address: ______________________
   CNIC No.: ______________________
2. Signature: ______________________
   Name: ______________________
   Address: ______________________
   CNIC No.: ______________________

Signature on
Rs. 5/-
Revenue Stamp

Signature of members should match with the specimen signature registered with the company

IMPORTANT:

1. In order to be effective, this from of proxy duly completed, stamped, signed and witnessed alongwith Power of Attorney, or other instruments (if any), must be deposited at the Registered Office of the Company at WSA 30, 31 F. B. Area, Karachi.
2. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with be Company, all such forms of proxy shall be rendered invalid.
3. In case of Proxy for an individual beneficial owner of shares form CDC, attested copies of beneficial owner's National Identify Card or Passport, Account and Participant's ID number must be deposited alongwith the from of proxy. In case of proxy for representative of corporate members from CDC, Board of Directors' resolution and/or Power of Attorney with the specimen signature of the nominee must be deposited alongwith the form of proxy. The proxy shall produce his/her original National Identity Card or Passport at the time of the meeting