

Director's Report

Dear Shakarganj Shareholder:

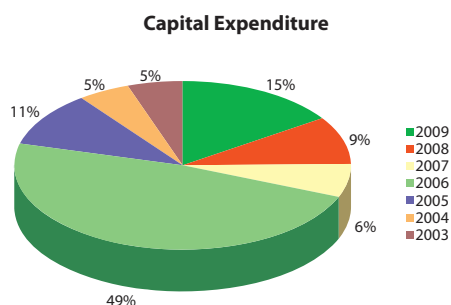
The directors of your company are pleased to submit their report together with the audited accounts of the company for the year ended September 30, 2009:

Financial Results

The financial results of the company are summarized below:

	2009	2008
	(Rupees in Thousand)	
Profit/ (Loss) before Tax	(1,534,697)	(721,871)
Taxation	<u>(17,010)</u>	<u>(11,121)</u>
Profit/(Loss) for the year from continuing operations	(1,551,707)	(732,992)
Profit/(Loss) for the year from discontinued operations	<u>19,590</u>	<u>(73,033)</u>
(Loss) for the year	(1,532,117)	(806,025)
 (Loss) per share from continuing operations		
- basic (Rupees)	(22.32)	(10.54)
- diluted (Rupees)	(22.32)	(10.54)
 (Loss)/earnings per share from discontinued operations		
- basic (Rupees)	0.28	(1.05)
- diluted (Rupees)	0.28	(1.05)

Due to losses, the directors do not recommend any dividend for the year ended September 30, 2009.



BALANCE SHEET

As at September 30, 2009

	Note	2009 (Rupees in thousand)	2008
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
80,000,000 (2008: 80,000,000) ordinary shares of Rs 10 each		800,000	800,000
50,000,000 (2008: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		1,300,000	1,300,000
Issued, subscribed and paid up capital 69,523,798 (2008: 69,523,798) ordinary shares of Rs 10 each	5	695,238	695,238
Reserves		963,215	1,084,562
Accumulated loss		(1,650,770)	(159,546)
		7,683	1,620,254
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	1,699,444	2,043,827
NON-CURRENT LIABILITIES			
Long term finances	7	1,283,446	2,062,440
Liabilities against assets subject to finance lease	8	153,775	285,427
Employees' retirement benefits	9	12,314	11,029
Deferred income	10	5,312	8,799
		1,454,847	2,367,695
CURRENT LIABILITIES			
Current portion of long term liabilities	11	1,763,566	1,026,316
Short term borrowings - secured	12	4,054,535	4,110,840
Trade and other payables	13	936,374	884,510
Accrued finance cost	14	610,572	315,482
		7,365,047	6,337,148
Liabilities directly associated with non current assets classified as held-for-sale	30	-	37,864
		7,365,047	6,375,012
CONTINGENCIES AND COMMITMENTS	15		
		10,527,021	12,406,788

The annexed notes 1 to 49 form an integral part of these financial statements.



	Note	2009 (Rupees in thousand)	2008
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	6,385,995	5,304,266
Intangible assets	17	1,001	1,994
Assets subject to finance lease	18	535,630	335,078
Capital work-in-progress	19	350,667	1,284,215
Biological assets	20	10,781	6,248
Investments - related parties	21	906,896	917,771
Long term loans, advances, deposits and prepayments	22	99,784	287,246
Deferred taxation	23	-	-
		8,290,754	8,136,818
CURRENT ASSETS			
Biological assets	20	25,708	-
Stores, spares and loose tools	24	112,774	96,873
Stock-in-trade	25	1,022,608	1,271,798
Trade debts	26	13,696	120,258
Investments	27	260,322	407,578
Loans, advances, deposits, prepayments and other receivables	28	140,929	187,575
Cash and bank balances	29	24,508	346,394
		1,600,545	2,430,476
Non-current assets held for sale	30	635,722	1,839,494
		2,236,267	4,269,970
		10,527,021	12,406,788

The annexed notes 1 to 49 form an integral part of these financial statements.


Chief Executive


Chairman

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Shakarganj Mills Limited as at September 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 purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.
- (e) Without qualifying our opinion, we draw attention to note 1.2 to the financial statements which indicates the company could not meet its obligations in respect of repayments of long term loans, finance lease rentals and finance costs due during the year ended September 30, 2009. The company has incurred net loss of Rs 1,532 million during the year, its current liabilities have exceeded its current assets by Rs 5,129 million and the equity has almost been wiped off.

These conditions along with other matters as set forth in note 1.2 indicate the existence of material uncertainty which may cast doubt about the company's ability to continue as a going concern.

These financial statements do not include any adjustments relating to the realisation of the company's assets and liquidation of any liabilities that may be necessary should the company be unable to continue as a going concern.

Chartered Accountants



Lahore.
March 4, 2010.

Name of engagement partner: Muhammad Masood

Review Report to the Members On Statement of Compliance with Best Practices of Code of Corporate Governance

A. F. Ferguson & Co.
Chartered Accountants
23-C, Aziz Avenue, Canal Bank
Gulberg V, P.O. Box 39,
Lahore - 54660, Pakistan.
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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 Shakarganj Mills Limited to comply with the Listing Regulation No. 35 and 36 of the Karachi Stock Exchange, Lahore Stock Exchange and the Islamabad Stock Exchange, where the company is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended September 30, 2009.

Chartered Accountants



Lahore
March 4, 2010

Statement of Compliance with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance as contained in Regulation No. 35 and 36 of the Listing Regulations of the Karachi Stock Exchange and Chapter XIII of Listing Regulations of Lahore Stock Exchange and Chapter XI of Listing Regulations of Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive. At present six Directors are independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company a DFI or an NBFIs, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring in the Board on January 6, 2009 and May 29, 2009 was filled up by the directors within 30 days thereof.
5. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the company.
6. The Board has developed a vision/mission statement and significant policies of the company. A Complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. Significant policies are formally approved by the Board. However, the overall corporate strategy is in the process of being formulated for Board's.
8. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of CEO and other executive directors, have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the year ended September 30, 2009. Written notices of the Board Meetings, along with the agenda, were circulated at least seven days before the meetings. The Minutes of the meetings were appropriately recorded and circulated.
10. The members of Board have attended orientation course to apprise them of their duties and responsibilities.
11. The board has approved appointment of CFO, Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by CEO.
12. The Director's Report for the year ended September 30, 2009 has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

13. The financial statements of the company were duly endorsed by the CEO and CFO before approval by the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the company, other than that disclosed in the pattern of shareholding.
15. The company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the Chairman of the Committee. The Audit Charter of the Company requires that at least two members of the Audit Committee must be financially literate.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has set-up an effective internal audit function by appointing a full-time Head of Internal Audit. The day to day operations of this function have been outsourced to Ms. Riaz Ahmad & Company, Chartered Accountants who is considered suitably qualified and experienced.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. 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.
21. The related party transactions have been placed before the audit committee and approved by the board of directors, along with pricing methods for such transactions.
22. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board



Ahsan M. Saleem
Chief Executive Officer

March 4, 2010



Horizontal Analysis

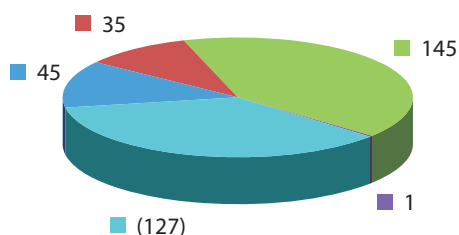
	(Rupees in million)						
	2009	Variance vs Last Year Increase / (Decrease) %	2008	Variance vs Last Year Increase / (Decrease) %	2007	Variance vs Last Year Increase / (Decrease) %	2006
Operating Results							
Net sales	4,942	(27.2)	6,790	29.0	5,263	(2.7)	5,411
Cost of sales	(4,476)	(26.8)	(6,111)	20.0	(5,093)	(1.0)	(5,144)
Gross profit	467	(31.2)	679	299.8	170	(36.3)	267
Administrative expenses	(221)	4.1	(212)	12.9	(188)	(11.2)	(212)
Distribution and selling expenses	(117)	(28.6)	(164)	75.8	(93)	26.9	(74)
Other operating expenses	(489)	184.8	(172)	110.5	(82)	(55.4)	(183)
Other operating income	86	10.3	78	(96.5)	2,234	267.6	608
Profit from operations	(275)	(231.9)	208	(89.8)	2,040	402.7	406
Finance costs	(1,260)	35.4	(930)	8.3	(859)	22.4	(702)
Profit / (loss) before taxation	(1,535)	112.6	(722)	(161.1)	1,181	(499.3)	(296)
Taxation	(17)	53.0	(11)	(97.4)	(425)	(217.4)	362
Loss from discontinued operations	20	(126.8)	(73)	(45.7)	(135)	-	-
Net profit / (loss) after taxation	(1,532)	90.1	(806)	(229.8)	621	832.2	67
Balance Sheet							
Non-Current Assets							
Property, plant and equipment	6,386	20.4	5,304	(11.3)	5,982	43.5	4,169
Intangible assets	1	(49.8)	2	46.6	1	-	-
Assets subject to finance lease	536	59.9	335	50.4	223	(19.7)	277
Capital work-in-progress	351	(72.7)	1,284	61.8	794	25.2	634
Biological assets	11	72.6	6	(79.0)	30	300.4	7
Investments - related parties	907	(1.2)	918	24.9	735	(12.9)	844
Long term loans, advances, deposits and prepayments	100	(65.3)	287	161.0	110	(28.3)	154
Deferred taxation	-	-	-	-	-	-	390
Total Non-Current Assets	8,291	1.9	8,137	3.3	7,875	21.6	6,475
Current Assets							
Biological assets	26	-	-	(100.0)	90	(51.4)	185
Stores, spares and loose tools	113	16.4	97	6.2	91	(8.5)	100
Stock-in-trade	1,023	(19.6)	1,272	18.9	1,070	(41.3)	1,824
Trade debts	14	(88.6)	120	69.2	71	(67.3)	217
Investments	260	(36.1)	408	(62.0)	1,072	(56.2)	2,446
Loan, advances, deposits and prepayments and other receivables	141	(24.9)	188	26.0	149	(47.3)	282
Cash and bank balances	25	(92.9)	346	(29.8)	493	159.1	190
Non-current assets held for sale	636	-	1,839	-	-	-	-
Total Current Assets	2,236	(47.6)	4,270	40.6	3,036	(42.1)	5,244
Total assets	10,527	(15.2)	12,407	13.7	10,911	(6.9)	11,719
Share capital and reserves							
Paid up capital	695	-	695	20.0	579	-	579
Reserves	963	(11.2)	1,085	(16.7)	1,301	(51.7)	2,694
Accumulated (loss) / profit	(1,651)	934.7	(160)	(122.7)	704	746.7	83
Share holders' equity	8	(99.5)	1,620	(37.3)	2,585	(23.0)	3,357
Surplus on revaluation of property plant and equipment	1,699	(16.8)	2,044	11.1	1,840	58,190.3	3
Non-Current Liabilities							
Long term finance	1,283	(37.8)	2,062	15.7	1,782	22.1	1,459
Long term advances	-	-	-	-	1	-	-
Liabilities against assets subject to finance lease	154	(46.1)	285	92.6	148	12.5	132
Employees' retirement benefits	12	11.7	11	113.8	5	119.2	2
Deferred taxation	5	(39.6)	9	145.4	4	(25.7)	-
Total Non-Current Liabilities	1,455	(38.6)	2,368	22.0	1,940	21.4	1,
Current Liabilities							
Current portion of long term liabilities	1,764	71.8	1,026	83.4	560	(3.4)	579
Short term borrowings - secured	4,055	(1.4)	4,111	22.9	3,344	(40.1)	5,581
Trade and other payables	936	5.9	885	97.7	447	30.9	342
Accrued finance cost	611	93.5	315	62.7	194	(25.3)	259
Liabilities directly associated with non current assets classified as held for sale	-	-	38	-	-	-	-
Total Current Liabilities	7,365	15.5	6,375	40.3	4,545	(32.8)	6,761
Total Liabilities	10,527	(15.2)	12,407	13.7	10,911	(6.9)	11,719



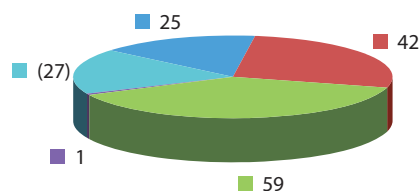
Statement of Value Added

	(Rupees in Million)			
	2009		2008	
Wealth Generated				
Sales Revenue (Gross)	4,943		6,790	
Other Receipts	86		78	
	<u>5,029</u>		<u>6,868</u>	
Less: Materials & Services	<u>(4,164)</u>		<u>(5,328)</u>	
Value Added	<u>865</u>	100	<u>1,540</u>	100
Wealth Distributed	(Rs in Million)	%AGE	(Rs in Million)	%AGE
To Employees:				
Salaries, Benefits and Other Costs	390	45	382	25
To Government:				
Income Tax, Sales Tax and Other Taxes	307	35	644	42
To Providers of Capital				
Dividend to Shareholders	1,260	145	930	59
Mark up/interest expenses on borrowed funds	<u>1,957</u>	225	<u>1,956</u>	126
To Society				
Donation towards education, health and environments	4	1	7	1
To Provide for Maintenance & Expansion of Assets				
Depreciation / Amortization	436	50	383	25
Loss Sustained	<u>(1,532)</u>	<u>(177)</u>	<u>(806)</u>	<u>(52)</u>
	<u>(1,096)</u>	<u>(127)</u>	<u>(423)</u>	<u>(27)</u>
	<u>865</u>	100	<u>1,540</u>	100

Wealth Distribution 2009



Wealth Distribution 2008

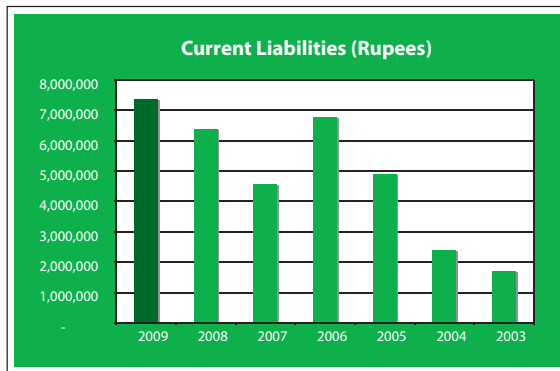
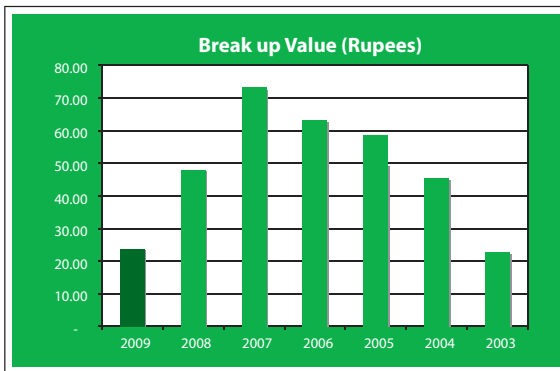
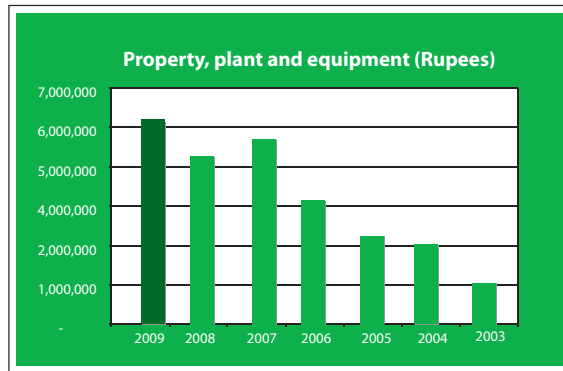
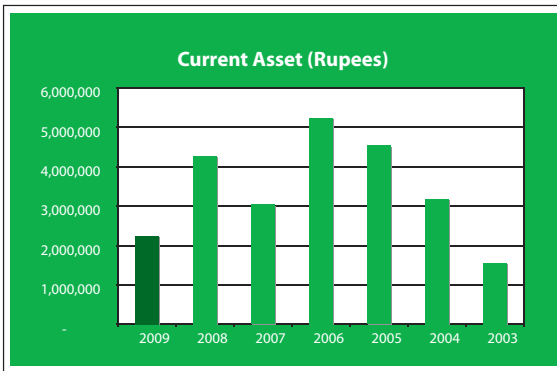
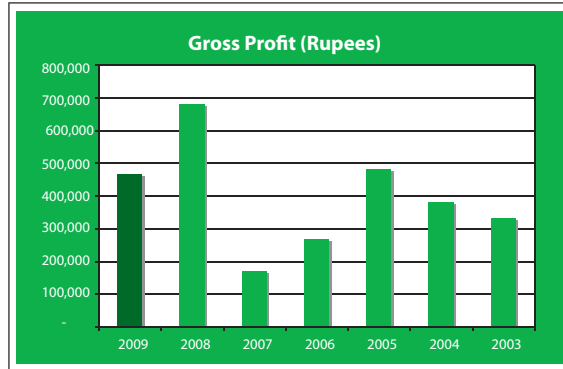
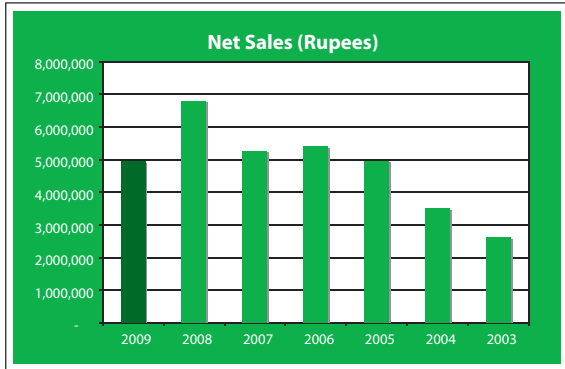


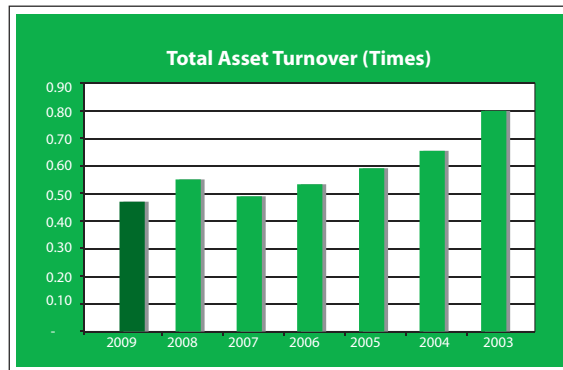
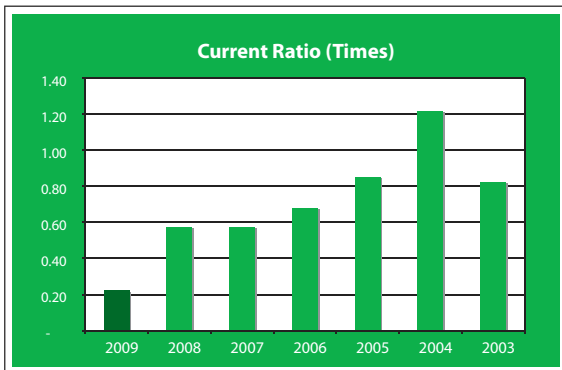
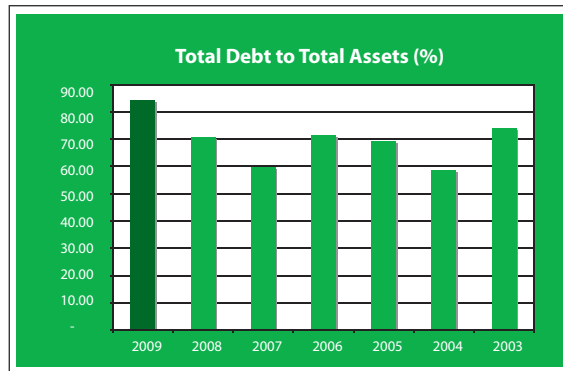
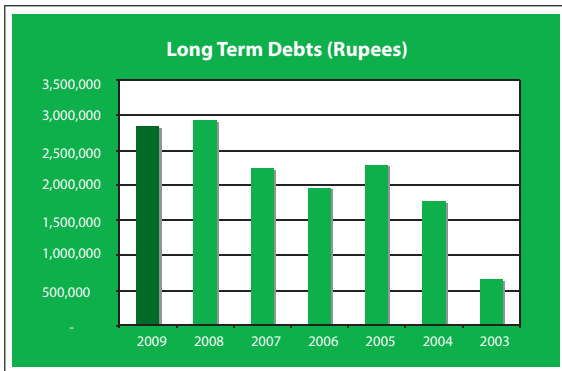
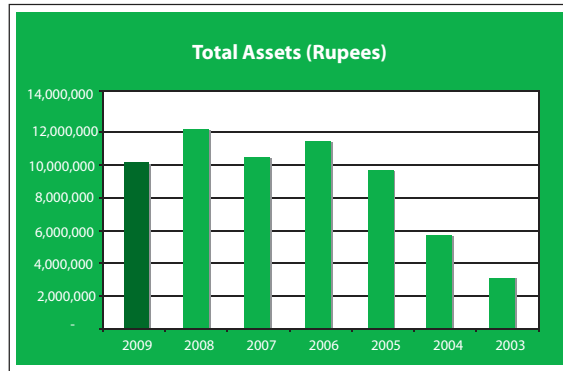
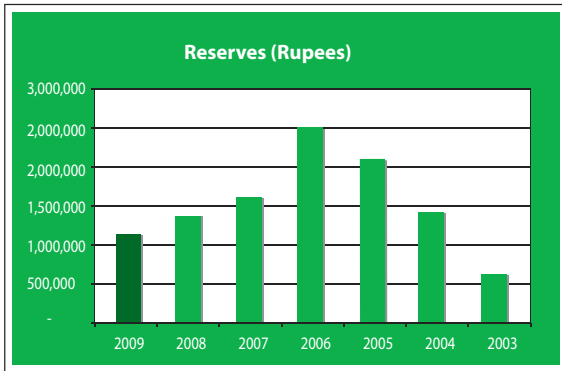
■ To Employees
 ■ To Government
 ■ To Providers of Capital
■ To Charitable Institutions
 ■ To Provide for Maintenance & Expansion of Assets

Financial Highlights

Operating Results:		2009	2008	2007	2006	2005	2004	2003
Net Sales	(Rs 000)	4,942,466	6,789,572	5,262,787	5,410,521	4,962,460	3,498,163	2,612,999
Cost of Sales	(Rs 000)	4,475,834	6,110,885	5,093,014	5,143,938	4,481,071	3,117,624	2,282,487
Gross Profit	(Rs 000)	466,632	678,687	169,773	266,583	481,389	380,539	330,512
Operating Profit	(Rs 000)	(274,929)	208,468	2,040,283	405,853	459,144	345,076	210,899
Profit / (Loss) Before Tax (after continue & discontinuing operations)	(Rs 000)	(1,515,107)	(794,904)	1,046,624	(295,836)	179,697	214,569	159,286
Profit after tax (both continuing & discontinuing operations)	(Rs 000)	(1,532,117)	(806,025)	621,179	66,639	207,381	155,495	129,578
Dividends	(Rs 000)	-	-	57,936	-	-	67,975	43,929
Earnings before interest, taxes, depreciation & amortization	(Rs 000)	136,491	591,974	2,432,661	719,087	628,275	480,384	311,867
Per Share Results and Return:								
Earning Per Share	(Rupees)	(22.04)	(11.59)	8.94	0.96	2.98	2.24	1.86
Cash Dividend per Share	(Rupees)	-	-	1.00	-	-	1.75	1.50
Dividend yield ratio	(%)	-	-	2.13	-	-	3.36	4.76
Dividend pay out ratio	(%)	-	-	9.33	-	-	43.72	33.90
Market Price Per Share at the end of the year (KSE 100 Index)	(Rupees)	8.12	11.84	47.00	25.65	47.50	52.10	31.50
Price Earning Ratio	(Times)	(0.37)	(1.02)	4.38	20.52	11.00	13.01	9.44
Financial Position								
Reserves	(Rs 000)	963,215	1,084,562	1,301,388	2,694,008	2,405,203	1,604,083	390,426
Current Assets	(Rs 000)	2,236,267	4,269,970	3,036,408	5,244,222	4,541,391	3,172,014	1,559,353
Current Liabilities	(Rs 000)	7,365,047	6,375,012	4,545,163	6,761,064	4,897,890	2,400,159	1,707,407
Net Current Assets / (Liabilities)	(Rs 000)	(5,128,780)	(2,105,042)	(1,508,755)	(1,516,842)	(356,499)	771,855	(148,054)
Property, plant and equipment	(Rs 000)	6,385,995	5,304,266	5,982,153	4,168,832	1,744,787	1,287,761	1,140,175
Total Assets	(Rs 000)	9,782,728	12,406,788	10,910,513	11,718,890	10,086,660	6,193,218	3,196,491
Long-Term Debt	(Rs 000)	2,849,736	2,930,753	2,245,822	1,966,387	2,291,537	1,772,257	660,233
Shareholders' Equity	(Rs 000)	7,683	1,620,254	2,585,146	3,356,562	3,102,264	2,009,602	835,233
Share Capital	(Rs 000)	695,238	695,238	579,365	579,365	540,537	388,430	388,430
Break-up Value per Share	(Rupees)	0.11	23.31	44.62	62.77	76.00	51.74	21.50
Break-up value per share including Surplus on Revaluation of Fixed Assets	(Rupees)	24.55	52.70	76.38	57.99	57.45	51.82	21.59
Financial Ratios:								
Current Ratio	(Times)	0.30	0.67	0.67	0.78	0.93	1.32	0.91
Long-Term Debt to Capitalization	(%)	73.73	64.40	46.49	36.94	42.48	46.86	44.15
Total Debt to Total Assets	(%)	83.77	70.47	59.44	71.36	69.24	58.44	73.87
Return on Average Assets Employed	(%)	(2.40)	6.91	18.42	4.42	6.77	3.67	5.17
Return on Average Equity	(%)	(188)	38.38	95.07	26.50	37.55	16.46	19.03
Return on capital employed	(%)	(89.74)	2.25	29.94	8.19	8.85	9.10	14.16
Weighted Average cost of debt	(%)	17.09	14.27	11.90	11.67	7.77	4.32	13.38
Quick / Acid test ratio	(Times)	0.06	0.17	0.43	0.51	0.73	1.13	0.50
Earnings before interest, taxes, depreciation & amortization margin (EBITDA)	(%)	2.76	7.64	46.22	13.29	12.66	13.73	11.94
Dividend yield ratio	(%)	-	-	2.13	-	-	3.36	4.76
Dividend cover ratio	(%)	-	-	10.72	-	-	2.35	2.22
Bonus Shares issued	(Rs 000)	-	115,873	-	62,074	-	-	-
Long-Term Debt to Equity Ratio	(Times)	370.91	1.81	0.87	0.59	0.74	0.89	0.79
Profitability Ratios:								
Gross Profit Ratio	(%)	9.44	10.00	3.23	4.93	9.70	10.88	12.65
Net Profit Margin	(%)	(31.00)	(11.87)	11.80	1.23	4.18	4.45	4.96
Interest Coverage	(Times)	(0.20)	0.33	2.46	0.84	1.78	2.55	1.97
Average Collection Period	(Days)	4.95	6.46	5	15	24	12	9
Debtor turnover ratio	(%)	73.79	70.97	36.51	19.85	22.32	29.95	31.53
Inventory Turnover	(Times)	3.57	4.96	4.53	2.82	4.76	6.71	3.43
Fixed Assets Turnover	(Times)	0.71	1.20	0.85	1.22	2.45	2.71	1.75
Total Assets Turnover	(Times)	0.47	0.55	0.49	0.54	0.60	0.66	0.82
Operating Cycle	(Days)	93.65	88.21	88.15	151.35	107.28	72.22	130.90
Other Data:								
Depreciation & Amortization	(Rs 000)	436,099	383,133	392,038	313,234	169,131	135,308	100,968
Capital Expenditure	(Rs 000)	880,730	530,551	365,944	2,732,941	602,993	288,071	294,850





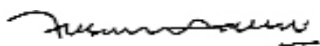


PROFIT AND LOSS ACCOUNT

For the year ended September 30, 2009

	Note	2009 (Rupees in thousand)	2008	
Continuing operations:				
Sales	31	4,942,466	6,789,572	
Cost of sales	32	(4,475,834)	(6,110,885)	
Gross profit		466,632	678,687	
Administrative expenses	33	(221,243)	(212,433)	
Distribution and selling costs	34	(117,110)	(164,080)	
Other operating expenses	35	(489,410)	(171,832)	
Other operating income	36	86,202	78,126	
(Loss)/profit from operations		(274,929)	208,468	
Finance cost	37	(1,259,768)	(930,339)	
Loss before taxation		(1,534,697)	(721,871)	
Taxation	38	(17,010)	(11,121)	
Loss for the year from continuing operations		(1,551,707)	(732,992)	
Discontinued operations:				
Profit/(loss) for the year from discontinued operations	29	19,590	(73,033)	
Loss for the year		(1,532,117)	(806,025)	
Loss per share from continuing operations				
- basic	Rupees	39	(22.32)	(10.54)
- diluted	Rupees	39	(22.32)	(10.54)
Earnings/(loss) per share from discontinued operations				
- basic	Rupees	39	0.28	(1.05)
- diluted	Rupees	39	0.28	(1.05)

The annexed notes 1 to 49 form an integral part of these financial statements.



Chief Executive

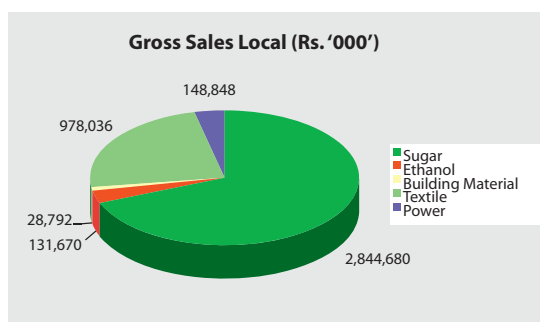


Chairman



Statement on Corporate and Financial Reporting Framework

1. These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.



5. The system of internal control and other such procedures, which are in place, are being continuously reviewed by the internal audit function. The process of review will continue and any weakness in controls will be removed.
6. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
7. The auditors of the Company have given an emphasis paragraph in their report without any qualification concerning existence of material uncertainty which may cast doubt about the ability of the Company to continue as a going concern. The fullest information and explanation in regard to these remarks

have been provided in the Chief Executive's Review.

8. The significant deviations from last year in operating results have been explained in detail together with the reason thereof in the Chief Executive's Review.
9. Key operating and financial data for the last seven years in summarized form is shown on Page 42.
10. The outstanding statutory duties, taxes, charges and levies, if any have been fully disclosed in the financial statements.
11. The significant plans and decisions particularly corporate restructuring of the Company along with future prospects have been outlined in the Chief Executive's Review.
12. Total number of employees at the end of the year was 2,813 (2008: 3,686).
13. Following is the value of investments based on audited accounts for the year ended 30 September 2009:

Gratuity fund	Rupees 52.50 million
Pension fund	Rupees 140.86 million
Provident fund (Un-audited Account)	Rupees 86.67 million

Auditors

The auditors M/s A. F. Ferguson & Co., Chartered Accountants, will retire and are eligible for re-appointment as auditors of the company for the next year. The Audit Committee of the Board has recommended the re-appointment of M/s A. F. Ferguson & Co., Chartered Accountants for the year ending September 30, 2010.

Meetings of the Board of Directors

During the year four (4) meetings of the Board of Directors were held. Leave of absence was granted to directors who could not attend the board meetings. Attendance by each director was as follows:



Directors	136th	137th	138th	139th
Mr. Mazhar Karim	P	P	P	P
Mr. Ahsan M. Saleem	P	P	P	P

Name in alphabetic order				
Mr. Jamal Nasim	P	P	N/A	N/A
Mr. Kaleem-Uddeen Ahmad	N/A	N/A	P	P
Mr. Khalid Bashir	P	P	L	L
Mr. Muhammad Anwar	P	P	P	L
Mr. Muhammad Arshad	P	P	P	P
Mr. Muhammad Asif	P	P	P	P

P = Present L = Leave of absence N/A = Not Applicable

Pattern of Shareholding

A statement of pattern of shareholding is placed on Page 193.

No trade in the shares of the company was carried out by CEO, CFO, Company Secretary, their spouses and minor children except those that have been duly reported as per the law except following:

Name of Director	Shares purchased
Mr. Muhammad Arshad	361

Financial Statements

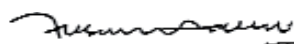
The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, M/s. A. F. Ferguson & Co., Chartered Accountants and their report is attached with the financial statements. The auditors have, however given an emphasis of the matter paragraph in their report to the members. The management is confident that through the restructuring of borrowings and generation of adequate liquidity through disposal of identified assets, your company will be able to continue its operations for the foreseeable future and we will also be able to post positive results from the next financial year. The quarterly accounts for the period ended December 31, 2009 have already posted positive bottom line. This issue has also been dealt more elaborately in the Chief Executive's Review.

No material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors Report.

Chief Executive's Review

The directors endorse the contents of the Chief Executive's Review for the year ended September 30, 2009 which contains the state of company's affairs, reasons for incurring losses and a reasonable indication of the future prospects. The contents of the report shall be read along with this report and shall form an integral part of the Directors Report in terms of Section 236 of the Companies Ordinance, 1984 and requirements of Code of Corporate Governance under Listing Regulations of the Stock Exchanges.

By Order of the Board



Ahsan M. Saleem
Chief Executive

March 4, 2010

Spring is one of the four temperate seasons, the transition period between winter and summer. Its days are close to twelve hours long with increasing day length, as it occurs near the time of an equinox. In the Northern Hemisphere, spring runs from March into May, and in the Southern Hemisphere it runs from September into November. Spring is also the

tropical cyclone season in both hemispheres, although it is more delayed in the north Atlantic Ocean than the other ocean basins.

Spring in Pakistan brings a lot of joys and festivals as the crops are harvested. "Basant" is one of the famous festivals celebrated in which people wear yellow-colored cloths and kite flying is done all over the country.

SPRING

