

**CONTENTS**

Company Information	3
Vision / Mission Statement	4
Statement of Ethics and Business Practices	5
Notice of Annual General Meeting	6-7
Directors' Report	8-10
Statement of Compliance with the Code of Corporate Governance	11-12
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	13
Six Year's Financial Data	14
Auditors' Report to the Members	15
Balance Sheet	16-17
Profit and Loss Account	18
Cash Flow Statement	19
Statement of Changes in Equity	20
Notes to and Forming Part of the Financial Statements	21-35
Pattern of Shareholding	36-38
Form of Proxy	

**COMPANY INFORMATION****BOARD OF DIRECTORS**

Mian Amir Naseem
Mian Farrukh Naseem
Mian Shahzad Aslam
Mian Sajjad Aslam
Mst. Nusrat Shamim
Mr. Mazhar Hussain
Syed Arif Hussain

Chief Executive Officer

AUDIT COMMITTEE

Mian Farrukh Naseem
Mian Shahzad Aslam
Syed Arif Hussain

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

Mr. Mazhar Hussain

COMPANY SECRETARY

Mr. Mazhar Hussain

AUDITORS

Fazal Mahmood & Company
Chartered Accountants

BANKERS

National Bank of Pakistan
Bank Al-Falah Limited

SHARE REGISTRAR

Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Tel: 042-5887262, 5839182
Fax: 042-5869037

REGISTERED OFFICE

A-601/A City Towers,
6-K, Main Boulevard,
Gulberg-II, Lahore.
Ph: 042-5788714-16

MILLS

Nasimabad, Shahkot,
District Nankana Sahib.



VISION STATEMENT

To Strive for excellence through commitments, integrity, honesty and team work.

MISSION STATEMENT

To be a model amongst the textile spinning, capable of producing high quality blended and hundred percent cotton yarn both for knitting and weaving.

- Complete satisfaction of Buyers/Consumers is our Motto.
- Manufacturing of blended and hundred percent cotton yarn as per the customer's requirements and market demand.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Betterment of Mills Employees as quality policy.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.



STATEMENT OF ETHICS AND BUSINESS PRACTICES

- Formulate, implement, follow up and monitor the objectives, strategies, policies, procedures and overall business plan of the company.
- Oversee that the affairs of the company are being carried out prudently within the framework of objectives, existing laws/regulations and high business ethics.
- Ensure compliance of the company affairs as per legal and regulatory requirements and guidelines of the statutory authorities.
- Motivate and encourage initiatives and self realization in fellow members.
- Protect the interest and assets of the company.
- Maintain organizational effectiveness for the achievement of the organizational goals.
- Foster the conducive environment through respective policies.
- Company employees will avoid making personal gain (other than approved benefits) at the company's expenses and/or participating in our assisting activities which are against the company's interest.
- Company employees will not engage directly or indirectly without the permission of the company in any other business or paid occupation while in the service of the company.
- The company will not knowingly assist fraudulent activities of others.
- Ensure that the company interest supersedes all other interest.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the Shareholders of SHADAB TEXTILE MILLS LIMITED will be held on Saturday, October 31, 2009 at 10:30 a.m. at the Registered Office of the Company at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

1. To confirm the minutes of Annual General Meeting held on October 31, 2008.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2009 together with Directors' and Auditors' Reports thereon.
3. To appoint auditors for the year 2009-2010 and fix their remuneration.

Special Business:

4. To pass the following special resolutions, to amend following clauses of Articles of Association of the Company.

RESOLVED that the word "five" appearing in 2nd line of clause 54 of Articles be and is hereby replaced with the word "ten".

RESOLVED that the words "six clear" appearing in line 4th of clause 101 of Articles be and is hereby replaced with the word "seven" and the word "two" appearing in the 2nd last line of clause 101 of Articles be and is hereby replaced with the word "four" and the expression "one in each quarter" be and is hereby added after expression "directors" occurring in 2nd last line of clause 101 of Articles.

RESOLVED that the Chief Executive or Company Secretary be and is hereby authorized singly to take all such steps as may be necessary to incorporate the above amendments, in the Articles of Association of the Company.

5. To transact any other business of the Company with the permission of the Chair.

By order of the Board

LAHORE: October 07, 2009

(Mazhar Hussain)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 25, 2009 to October 31, 2009 (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on October 24, 2009 will be treated in time.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member.



3. Any Individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original N.I.C or Passport to prove his/her identity and in case of Proxy must enclose an attested copy of his/her N.I.C or Passport. Representative of corporate members should bring the usual documents required for such purposes.
4. Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.

STATEMENT UNDER SECTION 160 (1)(b) OF THE COMPANIES ORDINANCE, 1984.

Changes in Articles of Association are being proposed to bring in conformity with the Companies Ordinance, 1984 as amended from time to time and certain amendments are also necessary to incorporate the stipulations contained in the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan and the provisions of the Listing Regulations issued by the Stock Exchanges. The directors have no personal interest with the changes. The Articles of Association of the Company with the changes has been kept at the registered Office, which can be inspected from 10:00 a.m. to 11:30 a.m. in all working days.



DIRECTORS' REPORT

Dear Shareholders,

The Directors of the Company welcome you to the 30th Annual General Meeting and pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2009.

Financial Results

The financial results of the company in comparative form are as follows:-

	(RUPEES IN THOUSAND)	
	June 30, 2009	June 30, 2008
Sales	874,380	862,888
Cost of Sales	849,672	811,899
Gross Profit	24,708	50,989
OPERATING EXPENSES:-		
Administrative and general	22,315	21,944
Selling and distribution	778	399
	23,093	22,343
OPERATING PROFIT	1,615	28,646
Financial charges	43,654	32,127
	(42,039)	(3,481)
Other income	172	334
(LOSS) BEFORE TAXATION	(41,867)	(3,147)
Taxation	(13,606)	(2,321)
(LOSS) AFTER TAXATION	(28,261)	(826)
Basic earning per share - (Rupees)	(9.42)	(0.28)

During the year under review, sales were made amounting to Rs. 874.380 million as compared to last year sales of Rs. 862.888 million. The Company suffered after tax loss for the year Rs. 28.261 million as compared to after tax loss of Rs. 0.826 million of last year. Your company produced 12.090 million Kgs of blended yarn based on 20/s count as against production of 13.753 million Kgs during last year.

The textile industry has probably never been in such a dire situation. Many units had to shut down during the year being no longer economically viable under the prevailing circumstances. Performance of industrial sector overall remain depressed. The financial results of the company mainly affected due to the factors beyond any one's control like unprecedented increase in cost of cotton and fibre and all inputs, devaluation in Pak currency, increase in financial cost due to high Kibor rate and increase in electricity tariff. Power disruption due to shut down of Gas during winter and intermittent supply of electricity by Wapda is the major factor. Global economic recession has also affected the financial results of the company.

**Dividend**

The directors have not recommended any dividend for the year due to net loss suffered by the company.

Future Prospects

Chances of the global recovery from recession appear to be bright. We are hopeful for a better year as compared to last year in the wake of strong yarn demand from china and other countries. Textile industry needs a comprehensive relief package that assures finances at reasonable rates, 24 Hours uninterrupted energy supply at reasonable rates, market access to large importing economies. To strengthen the textile sector, banks should bring down mark up rate and there should be cap on gas and electricity tariff for at least next three years. However, the management is trying best to improve the results by the controlling the factors which are in its control.

Corporate and Financial Reporting Framework

- a. The financial statements prepared by the management present fairly its state of affairs, the results of its operation, cash flows and changes in equity.
- b. Proper books of accounts have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented 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. Operating and financial data of last six years is annexed to the annual report.
- i. There are no outstanding statutory payments on account of taxes, duties, levies and charges except routine payments of various levies.
- j. Value of investments of provident fund as on 30-06-2009 was Rs. 24.339 million.
- k. The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.
- l. Directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transaction in the company's shares during the year.

**Board of Directors**

During the period 2008-2009, four meetings of the Board of Directors were held. The attendance position of each Director is as follows:

<u>Sr.No.</u>	<u>Name of Director</u>	<u>No. of Meetings Attended</u>
1	Mian Aamir Naseem	4
2	Mian Farrukh Naseem	4
3	Mian Shahzad Aslam	4
4	Mian Sajjad Aslam	4
5	Mst. Nusrat Shamim	4
6	Mr. Mazhar Hussain	4
7	Syed Arif Hussain	4

Audit Committee

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee. The names of its members are given in the Company profile.

Auditors

The present Auditors M/s Fazal Mehmood & Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment. The audit committee of the board has recommended the re-appointment of M/s Fazal Mehmood & Company, Chartered Accountants, as external auditors of the Company for the year 2009-2010.

Acknowledgements

The board avails the opportunity to appreciate the devoted work done by the executives, officers, staff and workers of the company.

For and on behalf of the Board

MIAN AAMIR NASEEM
(Chief Executive Officer)

Lahore: October 07, 2009



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulation of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors. At present Board of Directors include two executive and five independent non executive directors.
2. The directors have confirmed that none of them is serving as 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the period no casual vacancy occurred in the Board.
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, overall corporate strategy and significant policies of the Company.
7. 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 the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. The Board arranged orientation course for its director(s) to apprise them of their duties and responsibilities.
10. There is no change in the position of CFO, Company Secretary and Head of Internal Audit during the year.
11. The directors’ report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
13. The directors, CEO, their spouse and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee it comprises three members, of whom majority are non-executive directors including the chairman of the committee.



16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function.
18. The statutory auditors of the Company 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.

For and on behalf of the Board

(Mian Aamir Naseem)
Chief Executive Officer

LAHORE: October 7, 2009



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF 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 **SHADAB TEXTILE MILLS LIMITED**, to comply with the listing regulation of the Karachi and Lahore Stock Exchanges respectively 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 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, the listing regulations required 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 transaction 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 place 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 arms 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 June 30, 2009.

LAHORE: October 07, 2009

FAZAL MAHMOOD & COMPANY
Chartered Accountants



FINANCIAL DATA FOR THE LAST SIX YEARS AT A GLANCE

(RUPEES IN MILLION)

PARTICULARS	2009	2008	2007	2006	2005	2004
ASSETS EMPLOYED						
Operating fixed assets	267.925	284.918	271.772	212.528	178.360	139.049
Assets subject to finance lease	-	-	-	-	6.339	6.853
Capital work-in-progress	0.217	2.529	39.049	62.352	12.442	12.120
Long term deposits	1.042	1.037	0.354	0.433	0.571	0.747
Current assets	171.280	120.881	120.881	148.532	129.391	144.279
TOTAL ASSETS EMPLOYED	440.464	409.365	432.056	423.845	327.103	303.048
FINANCE BY						
Share holders' equity	83.620	111.881	112.707	110.753	91.111	78.021
Long term liabilities	74.904	113.470	135.798	162.734	110.760	84.648
Deferred taxation	6.728	20.406	26.830	29.096	24.597	14.819
Current liabilities	275.212	215.179	156.721	121.262	100.635	125.560
TOTAL FUNDS INVESTED	440.464	460.936	432.056	423.845	327.103	303.048
PROFIT & (LOSS)						
Sales	874.380	862.888	705.739	678.830	492.861	605.757
Cost of sales	849.672	811.899	654.903	607.318	442.467	558.928
Gross profit	24.708	50.989	50.836	71.512	50.394	46.829
Administrative & general	22.315	21.944	20.817	19.342	12.865	16.781
Selling & distribution	0.778	0.399	0.474	0.223	0.358	0.263
Operating profit	1.615	28.646	29.545	51.947	37.171	29.785
Other income	0.172	0.334	0.471	0.523	0.251	0.817
	1.787	28.980	30.016	52.470	37.422	30.602
Financial charges	43.654	32.127	26.622	20.307	10.346	9.443
W.P.P.F.	-	-	0.177	1.613	1.356	1.066
(LOSS)/PROFIT BEFORE TAXATION	(41.867)	(3.147)	3.217	30.550	25.720	20.093
Taxation	(13.606)	(2.321)	1.263	7.158	12.630	8.014
(LOSS)/PROFIT AFTER TAXATION	(28.261)	(0.826)	1.954	23.392	13.090	12.079
PREVIOUS YEARS' BALANCE B/F	21.881	22.707	20.753	1.111	3.021	0.942
(Loss)/Profit available for appropriation	(6.380)	21.881	22.707	24.503	16.111	13.021
Dividend	-	-	-	3.750	-	-
Transfer to general reserve	-	-	-	-	15.000	10.000
BALANCE CARRIED TO B/S	(6.380)	21.881	22.707	20.753	1.111	3.021
Dividend Proposed (%)	-	-	-	-	12.50	-
EARNING PER SHARE (Rs.)	(9.42)	(0.28)	0.65	7.80	4.36	4.03
Number of Spindles installed	32640	32640	26880	26400	25920	24000
Number of Spindles worked	27800	30460	26880	26400	25920	24000
Number of Shifts per day	3	3	3	3	3	3
Actual production converted into 20'S count (Kgs. in million)	12.090	13.753	12.099	11.763	8.106	9.735



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SHADAB TEXTILE MILLS LIMITED** as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and 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 30 June 2009 and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

LAHORE: October 07, 2009

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Audit Engagement Partner:
SHEIKH ATIF FAROOQ

**BALANCE SHEET AS**

	NOTE	(RUPEES IN THOUSAND) 2009	2008
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised 6,000,000 ordinary shares of Rs. 10/- each.		60,000	60,000
Issued, subscribed and paid up	2	30,000	30,000
Reserves	3	60,000	60,000
Accumulated (Loss) / Unappropriated profit		(6,380)	21,881
		83,620	111,881
NON CURRENT LIABILITIES			
Long term loans	4	74,904	113,470
Deferred liabilities	5	6,728	20,406
CURRENT LIABILITIES			
Trade and other payables	6	52,020	39,632
Accrued mark up on secured loans	7	28,157	8,460
Short term borrowings	8	119,889	120,291
Current portion of long term loans	9	75,120	42,451
Provision for taxation	10	26	4,345
		275,212	215,179
CONTINGENCIES AND COMMITMENTS	11	-	-
		440,464	460,936

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

(Mian Aamir Naseem)
Chief Executive Officer



AT 30 JUNE 2009

	NOTE	(RUPEES IN THOUSAND)	
		2009	2008
PROPERTY AND ASSETS			
Non Current Assets			
Property Plant and Equipment			
Operating fixed assets	12	267,925	284,918
Capital work in progress	13	217	2,529
LONG TERM DEPOSITS			
	14	1,042	1,037
CURRENT ASSETS			
Stores, spares and loose tools	15	17,956	17,813
Stock in trade	16	118,954	127,325
Trade debts	17	22,819	13,119
Loans and advances	18	2,094	3,244
Deposits, prepayments and Other receivables	19	7,460	10,183
Cash and bank balances	20	1,997	768
		171,280	172,452
		<u>440,464</u>	<u>460,936</u>


(Mian Farrukh Naseem)
Director

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

	NOTE	(RUPEES IN THOUSAND)	
		2009	2008
Sales	21	874,380	862,888
Cost of sales	22	849,672	811,899
GROSS PROFIT		24,708	50,989
OPERATING EXPENSES:			
Administrative and general	23	22,315	21,944
Selling and distribution	24	778	399
		23,093	22,343
OPERATING PROFIT		1,615	28,646
Financial charges	25	43,654	32,127
		(42,039)	(3,481)
Other Income	26	172	334
(LOSS) BEFORE TAXATION		(41,867)	(3,147)
Taxation	27	(13,606)	(2,321)
(LOSS) AFTER TAXATION		(28,261)	(826)
Basic earning per share (Rupees)	31	(9.42)	(0.28)

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

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director



CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	(RUPEES IN THOUSAND)	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(41,867)	(3,147)
Adjustment for:		
Depreciation	29,364	31,233
Financial charges	43,654	32,127
Balances written off	(172)	(73)
Operating profit before working capital changes	30,979	60,140
Adjustments for working capital changes:		
(Increase)/Decrease in Current Assets		
Stores, spares and loose tools	(143)	2,315
Stock in trade	8,371	(59,923)
Trade debts	(9,700)	5,828
Loans and Advances	1,150	(2,532)
Deposits and other receivables	858	2,129
	536	(52,183)
Increase/(Decrease) in Current Liabilities		
Short term finances	(402)	42,407
Trade and other payable	12,560	1,610
	12,158	44,017
Cash Generated from Operations	43,673	51,974
Financial charges paid	(23,957)	(30,736)
Income tax paid	(2,526)	(3,656)
	(26,483)	(34,392)
Net cash in flow from operating activities	17,190	17,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(10,059)	(5,330)
Capital work in progress	-	(2,529)
Long term deposit paid	(5)	(683)
Net Cash (out flow) from investing activities	(10,064)	(8,542)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	(5,897)	(10,020)
Net cash (out flow) from financing activities	(5,897)	(10,020)
NET INFLOW / (OUTFLOW) OF CASH	1,229	(980)
CASH AND CASH EQUIVALENTS AND BEGINNING OF THE YEAR	768	1,748
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,997	768

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director

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

(RUPEES IN THOUSAND)

	Share Capital	Revenue Reserve		
	Paid up ordinary share capital	General Reserve	Accumulated (Loss)/ Un-Appropriated profit	Total
Balance as at 30 June 2007	30,000	60,000	22,707	112,707
After tax loss for the year ended June 30, 2008	-	-	(826)	(826)
Balance as at June 30, 2008	30,000	60,000	21,881	111,881
After tax loss for the year ended June 30, 2009	-	-	(28,261)	(28,261)
Balance as at June 30, 2009	30,000	60,000	(6,380)	83,620

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

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

THE COMPANY AND ITS OPERATIONS

The company is registered as a public limited company in Pakistan and quoted on the Karachi and Lahore Stock Exchanges and engaged in the business of manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 6th Floor, A-601/A, City Towers, Main Boulevard, Gulberg-II, Lahore.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of company's account are as follows:

1.1 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 Standard (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provision of and directives issued under the Companies Ordinance 1984. In case requirement differ, the provision or directives of the Companies Ordinance, 1984, shall prevail.

Following Standards and amendments of approved accounting standards are effective for accounting period beginning on or after July 01, 2009. 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 increase in disclosures in certain cases:

	Effective for periods Beginning on or after
IAS-1 Presentation of Financial Statements (Revised)	January 01, 2009
IAS-23 Borrowing Cost (Revised)	January 01, 2009
IAS-27 Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IAS-32 Financial Instruments (Amended)	January 01, 2009
IAS-39 Financial Instruments: Recognition and Measurement (Amended)	January 01, 2009
IFRS-2 Share Based Payment (Amended)	January 01, 2009
IFRS-3 Business Combinations (Revised)	July 01, 2009
IFRS-8 Operating Segments	January 01, 2009
IFRIC-15 Agreements for the Construction of Real Estate	January 01, 2009
IFRIC-16 Hedges of a Net Investment in a Foreign Operation	October 01, 2009
IFRIC-17 Distributions of Non-Cash Assets to Owners	July 01, 2009
IFRIC-18 Transfer of Assets from Customers	July 01, 2009

1.2 ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention without any adjustment for the effect of inflation or current values except to the extent of exchange gain or loss as stated in Note No. 1.3.

The preparation of financial statements in conformity with International Accounting Standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets and liabilities, income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Significant areas requiring the use of management



estimates in the financial statements relate to provision for doubtful balances, provisions for income taxes, useful life and residual values of property plant and equipment. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in next year.

1.3 FOREIGN CURRENCY

Liabilities in foreign currency are converted into Pak Rupee at the rate of exchange prevailing at the balance sheet date. In past exchange gain or loss on translation of foreign currency loan were adjusted against the cost of fixed assets acquired from the proceeds of loan. Monetary assets and liabilities denominated in foreign currencies are translated into pak rupees at the exchange rates prevailing on the balance sheet date.

1.4 STAFF RETIREMENT BENEFITS

Defined Contribution Plan

The company operates a funded provident fund scheme covering all permanent employees. Monthly contribution @ 6.25% of basic pay of employees is made by the company to the trust.

1.5 TANGIBLE FIXED ASSETS - PROPERTY PLANT AND EQUIPMENT

Company owned assets

These are stated at cost, including exchange differences previously capitalized, less accumulated depreciation except freehold land and capital work in progress which are stated at cost. Depreciation on fixed assets has been provided on reducing balance method at the rates stated in note # 12. Maintenance and normal repairs are charged to income as and when incurred.

Major renewals and improvements are capitalized. Gain or loss on disposal of fixed assets are included in current year's income. Depreciation is calculated on reducing balance method. Depreciation on additions is charged from the date when the assets is available for use and on disposals upto the date when the asset is disposed.

Leased assets

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligation relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are amortized over their expected useful life.

1.6 STORES, SPARES AND LOOSE TOOLS

These are valued at moving average cost.

1.7 STOCK IN TRADE

The basis of valuation are as under:

Raw material	At average cost.
Work in Process	At estimated manufacturing cost.
Finished Goods	At lower of average cost and net realizable value.
Wastes	At net realizable value.



Cost:

Cost of finished goods comprises cost of direct material, labour and appropriate manufacturing overheads.

Net Realizable Value:

It is determined on the basis of selling prices prevailing in the market less selling expenses incidental to sales.

1.8 TRADE DEBTS

Trade debts originated by the company are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

1.9 REVENUE RECOGNITION

Revenue from local sales is recognized at the time of dispatch of goods and export revenue is incorporated at the time of issuance of bill of lading.

1.10 BORROWING COST

Borrowing Cost on long term finances and short term borrowings which are specifically obtained for the acquisition of qualifying assets are capitalized upto the date of commencement of commercial production on the respective assets. All other borrowing cost are charge to profit and loss account in the period in which these are incurred.

1.11 IMPAIRMENT OF ASSETS

The carrying amount of the assets are reviewed at each balance sheet date to identify the circumstances indicating the occurrence of impairment loss or reversal of previous impairment losses. If and such indication exists, the recoverable amount of such assets is estimated and impairment loss is recognized in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of such assets is increased to the revised recoverable amount. Reversal of the impairment loss is recognized in income.

1.12 PROVISIONS

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

1.13 TAXATION

Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account the tax credits and rebates, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes.



A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

1.14 FINANCIAL INSTRUMENTS

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. A financial asset is de-recognized when the company loses control of its contractual rights that comprise the financial asset. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to profit and loss account currently.

1.15 OFF SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

1.16 CASH AND CASH EQUIVALENT

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and deposits in banks.

1.17 RELATED PARTY TRANSACTIONS

All transactions between company and related party are accounted for at arm's length price in accordance with 'Comparable Uncontrolled Price Method'.

1.18 DIVIDEND

Dividend is recognized as liability in the period in which it is approved by the shareholders.

		(RUPEES IN THOUSAND)	
		2009	2008
2.	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
	2,000,000 ordinary shares of Rs. 10/- each fully paid in cash.	20,000	20,000
	1,000,000 ordinary shares of Rs. 10/- each issued as bonus shares	10,000	10,000
		<u>30,000</u>	<u>30,000</u>
2.1	Associated companies holds 450,000 (2008: 450,000) shares of Rs. 10/- each as at June 30, 2009.		
3.	RESERVES		
	Revenue Reserve		
	General Reserve	<u>60,000</u>	<u>60,000</u>



		(RUPEES IN THOUSAND)	
		2009	2008
4. LONG TERM LOANS			
Loan from Banking Companies - Secured		74,904	113,470
National Bank of Pakistan			
Demand Finance III	4.1	2,742	4,115
Demand Finance IV	4.2	14,000	14,000
Demand Finance V	4.3	16,500	16,500
Demand Finance VI	4.4	40,500	40,500
Demand Finance VII	4.5	36,192	40,716
Demand Finance VIII	4.6	40,090	40,090
Balance as at 30th June		150,024	155,921
Less:			
Current portion shown under Current Liabilities		(75,120)	(42,451)
		74,904	113,470

- 4.1** This loan is repayable in 8 equal half yearly installments, without mark-up starting, w.e.f Dec, 2005 and repayable by 30th June, 2009.
- 4.2** This loan carries mark-up @ 8% p.a. During the financial year 2008 this loan was rescheduled. The loan is repayable in four equal biannual installments commencing form October 2008.
- 4.3** This loan carries mark up @ 6 months Kibor plus 3% with floor of 6% p.a. During the financial year 2008 this loan was rescheduled. The loan is repayable in six equal biannual installments commencing form January 2009.
- 4.4** This represents Term Finance Facility obtained for import of Machinery . It carries mark up @ 6 months Kibor plus 3 % with floor of 6 % p.a. During the financial year 2008 this loan was rescheduled. The loan is repayable in nine equal biannual installments commencing form September 2008.
- 4.5** This loan carries mark-up @ 7% p.a. and is repayable in 10 equal half yearly installments, commencing from December 31, 2007.
- 4.6** The approved limit of this loan is Rs. 50.00 Million. The loan carries mark-up @ 3 months Kibor plus 3 % p.a without floor & cap. During the financial year 2008 this loan was rescheduled. The loan is repayable in twenty equal quarterly installments commencing form October 2008.

The finances stated in notes from 4.1 to 4.6 above are secured against first equitable / registered mortgage ranking pari passu over fixed assets of the company, demand promissory note and personal guarantees of the directors of the company.



		(RUPEES IN THOUSAND)	
		2009	2008
5.	DEFERRED LIABILITIES		
	Deferred Taxation	6,728	20,406
	The liability / (assets) for deferred taxation comprises of following temporary differences:		
	Accelerated tax depreciation allowance	48,311	48,369
	Tax Loss	(32,555)	(18,935)
	Minimum tax available for carry forward	(9,028)	(9,028)
		6,728	20,406
		6,728	20,406
6.	TRADE AND OTHER PAYABLES		
	Creditors	20,259	11,595
	Contractors retention money	47	25
	Security deposits - Interest free	6.1 5,710	5,620
	Provident fund trust	513	360
	Accrued charges	20,176	18,313
	Unclaimed dividend	75	75
	Advances from customers	4,440	3,244
	Workers' profit participation fund	6.2 -	-
	Others	800	400
		52,020	39,632
		52,020	39,632
6.1	No interest is payable on the deposits and it can be used for the business.		
6.2	WORKERS' PROFIT PARTICIPATION FUND		
	Balance as Beginning of year	-	177
	Interest accrued	-	17
		-	194
	Less:		
	Paid during the year	-	(194)
		-	-
		-	-
7.	ACCRUED MARK UP ON SECURED LOANS		
	Mark up on long term financing and short term bank borrowings	28,157	8,460
		28,157	8,460
		28,157	8,460
8.	SHORT TERM BORROWINGS		
	From Banking Companies - Secured	119,889	120,291
		119,889	120,291
		119,889	120,291



These have been obtained from banking companies on mark-up basis and are secured by pledge and hypothecation of stocks & stores, charge on stocks, book debts, and other movable assets of the company and against personal guarantee of directors. The borrowing form a part of total credit facilities available to the extent of Rs. 345 million (2008: Rs. 345 million). Unavailed facilities as at balance sheet date is Rs. 225.111 million. Mark-up is paid at the rate ranging from 3 months Kibor plus 1.75% to 3% with floor of 5% to 14% p.a. It includes inland letter of credit for purchase of raw material amounting to Rs. 28.094 million (2008: RS. 11.321) million.

		(RUPEES IN THOUSAND)	
		2009	2008
9.	CURRENT PORTION OF LONG TERM LOANS		
	National Bank of Pakistan	4	75,120
			42,451
		<u>75,120</u>	<u>42,451</u>
10.	PROVISION FOR TAXATION		
	Opening balance	4,345	3,529
	Less:		
	Adjusted during the year	(4,391)	(3,287)
		<u>(46)</u>	<u>242</u>
		26	4,345
	Current	46	(242)
	Prior	<u>72</u>	<u>4,103</u>
		<u>26</u>	<u>4,345</u>

Income tax assessment of the company has been finalized upto tax year 2008.

11. CONTINGENCIES AND COMMITMENT

Commitments for capital expenditure are amounting to Rs. Nil (2008: Rs. 3.012 million) and non capital expenditure are amounting to Rs. 28.691 million (2008: Rs. 18.558 million).


12. Schedule of Tangible Property, Plant & Equipment

	Land Freehold	Building on Freehold Land	Plant and Machinery	Electric Installations	Factory Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Total
(Rupees'000)									
At July 1, 2007									
Cost	3,351	63,998	382,441	2,425	150	3,550	8,824	3,144	467,883
Accumulated depreciation	-	29,235	157,318	1,518	127	1,991	4,356	1,566	196,111
Net book value	3,351	34,763	225,123	907	23	1,559	4,468	1,578	271,772
Year ended June 30, 2008									
Opening Net book value	3,351	34,763	225,123	907	23	1,559	4,468	1,578	271,772
Additions	-	12,866	31,049	-	-	35	405	24	44,379
Disposals									
Cost	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-
Depreciation charged for the year		(4,433)	(25,451)	(91)	(2)	(157)	(939)	(160)	(31,233)
Closing Net book value	3,351	43,196	230,721	816	21	1,437	3,934	1,442	284,918
At June 30, 2008									
Cost	3,351	76,864	413,490	2,425	150	3,585	9,229	3,168	512,262
Accumulated depreciation	-	33,668	182,769	1,609	129	2,148	5,295	1,726	227,344
Net book Value	3,351	43,196	230,721	816	21	1,437	3,934	1,442	284,918
Year ended June 30, 2009									
Opening Net book value	3,351	43,196	230,721	816	21	1,437	3,934	1,442	284,918
Additions	-	920	10,877	-	-	48	460	66	12,371
Disposals									
Cost	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-
Depreciation charged for the year	-	(4,335)	(23,807)	(82)	(2)	(147)	(841)	(150)	(29,364)
Closing Net book value	3,351	39,781	217,791	734	19	1,338	3,553	1,358	267,925
At June 30, 2009									
Cost	3,351	77,784	424,367	2,425	150	3,633	9,689	3,234	524,633
Accumulated depreciation	-	38,003	206,576	1,691	131	2,295	6,136	1,876	256,708
Net book Value	3,351	39,781	217,791	734	19	1,338	3,553	1,358	267,925
Depreciation Rate (%)	-	10	10	10	10	10	20	10	

12.1 Depreciation for the year has been allocated as follows:

	(Rupees in Thousand)	
	<u>2009</u>	<u>2008</u>
Cost of goods sold	28,226	29,977
General and administrative expenses	1,138	1,256
	<u>29,364</u>	<u>31,233</u>



		(RUPEES IN THOUSAND)	
		2009	2008
13.	CAPITAL WORK IN PROGRESS		
	Plant & Machinery	217	2,529
		217	2,529
14.	LONG TERM DEPOSITS		
	Others	1,042	1,037
		1,042	1,037
15.	STORES, SPARES AND LOOSE TOOLS		
	Stores	3,539	2,832
	Spares	14,416	14,979
	Loose tools	1	2
		17,956	17,813
16.	STOCK IN TRADE		
	Raw material	92,106	92,162
	Work in process	12,148	10,093
	Finished goods	14,053	24,915
	Waste	647	155
		118,954	127,325
17.	TRADE DEBTS		
	These are unsecured but considered good.	22,819	13,119
18.	LOANS AND ADVANCES		
	(Unsecured but considered good):-		
	Advances to :		
	Suppliers and contractors	1,812	3,039
	Against expenses	210	169
	Employees	72	36
		2,094	3,244
19.	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Income tax	1,750	3,615
	Letters of credit	759	147
		2,509	3,762
	Deposits:		
	Sales tax	2,373	1,418
	Margin on bank guarantee	1,707	1,939
	Security deposit	213	213
		4,293	3,570
	Prepayments	40	620
	Other receivables	618	2,231
		7,460	10,183



		(RUPEES IN THOUSAND)	
		2009	2008
20.	CASH AND BANK BALANCES		
	Cash in hand	230	129
	Cash with banks:		
	In current accounts	1,767	639
		<u>1,997</u>	<u>768</u>
21.	SALES		
	Local	871,908	863,242
	Export	2,615	-
		<u>874,523</u>	<u>863,242</u>
	Waste	7,135	5,686
		<u>881,658</u>	<u>868,928</u>
	Less:		
	Commission	(7,278)	(6,040)
		<u>(874,380)</u>	<u>862,888</u>
22.	COST OF SALES		
	Raw material consumed	22.1 608,890	617,045
	Salaries, wages and benefits	22.2 70,712	61,729
	Stores and spares	18,872	19,027
	Packing materials	10,568	9,240
	Fuel and power	97,177	87,414
	Repair and maintenance	2,656	3,227
	Insurance	2,815	1,980
	Other factory overhead	1,441	1,414
	Depreciation	28,226	29,977
		<u>232,467</u>	<u>214,008</u>
		841,357	831,053
	Opening stock in process	10,093	6,243
		<u>851,450</u>	<u>837,296</u>
	Closing stock in process	(12,148)	(10,093)
	Cost of goods manufactured	<u>839,302</u>	<u>827,203</u>
	Opening stock of finished goods	25,070	9,766
		<u>864,372</u>	<u>836,969</u>
	Closing stock of finished goods	(14,700)	(25,070)
		<u>849,672</u>	<u>811,899</u>

(RUPEES IN THOUSAND)
2009 2008**22.1 RAW MATERIAL CONSUMED**

Opening stock	92,162	51,393
Purchases - net	608,834	657,814
	<u>700,996</u>	<u>709,207</u>
Less:		
Closing stock	(92,106)	(92,162)
	<u><u>608,890</u></u>	<u><u>617,045</u></u>

22.2 Salaries, wages and other benefits include Rs. 1.964 million (2008: Rs. 1.748 million) in respect of staff retirement benefits.

23. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances and benefits	23.1	15,578	15,737
Traveling and conveyance		214	180
Vehicle running and maintenance		2,260	1,878
Printing and stationery		351	344
Newspaper and periodicals		26	28
Postage, telegram and telephone		445	505
Advertisement		72	57
Rent, rates, and taxes		170	249
Legal and professional		423	141
Auditor's remuneration	23.2	192	165
Subscription and donations	23.3	153	143
Insurance		754	663
Entertainment		171	157
Computerization		84	69
General		141	187
Lighting charges		143	185
Depreciation		1,138	1,256
		<u>22,315</u>	<u>21,944</u>

23.1 Salaries, allowances and benefits include Rs.0.352 million (2008: Rs. 0.340 million) in respect of staff retirement benefits.

23.2 Auditors Remuneration

Statutory audit fee	150	150
Half yearly review fee	20	15
Provident fund audit & other certification fee	22	-
	<u>192</u>	<u>165</u>

23.3 No director or his spouse had any interest in the donee's fund.



		(RUPEES IN THOUSAND)	
		2009	2008
24.	SELLING AND DISTRIBUTION EXPENSES		
	Freight and expenses on local sales	717	359
	Forwarding and export	61	-
	Certification / surveillance audit fee	-	40
		<u>778</u>	<u>399</u>
25.	FINANCIAL CHARGES		
	Mark-up on:		
	Long term loans-secured	20,244	16,764
	Short term bank borrowings - secured	22,040	13,685
	Workers' profit participation fund	-	17
		<u>42,284</u>	<u>30,466</u>
	Bank charges and commission	1,370	1,661
		<u>43,654</u>	<u>32,127</u>
26.	OTHER INCOME		
	Sales of scrap	-	49
	Insurance claim	-	212
	Balances written off	172	73
		<u>172</u>	<u>334</u>
27.	TAXATION		
	Current	26	4,345
	Prior	46	(242)
	Deferred tax	(13,678)	(6,424)
		<u>(13,606)</u>	<u>(2,321)</u>

27.1 Provision for current year taxation represents final tax @ of 1% on export sales during the year, therefore, reconciliation between average effective tax rate and the applicable tax rate is not presented. Provision for minimum tax on local sales have not been made in these financial statements since section 113 of the Income Tax Ordinance, 2001 relating to "minimum tax on the income of certain persons" have been omitted by Finance Act, 2008.

(2008: Provision for taxation has been made on the basis of turnover under section 113 of the Income Tax Ordinance, 2001, as the tax computation results in tax loss.)

**28. CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES' REMUNERATION**

The aggregate amount charged in the accounts during the period for remuneration including benefits to Chief Executive officer, Directors and Executives is as follows:

	(Rupees in Thousand)		
	Chief Executive Officer 2009	Directors 2009	Executives 2009
Managerial Remuneration	576	1,031	1,239
House rent	259	464	558
Medical allowance	60	103	124
Utility allowance	65	120	145
	960	1,718	2,066
Number	1	2	2

	(Rupees in Thousand)		
	Chief Executive Officer 2008	Directors 2008	Executives 2008
Managerial Remuneration	576	1,031	1,211
House rent	259	464	545
Medical allowance	60	103	121
Utility allowance	65	120	143
	960	1,718	2,020
Number	1	2	2

Chief Executive Officer of the company has been provided with a free Company maintained car.

No meeting fee was paid to the directors of the company during the year (June 30, 2008: Rs. Nil).

29. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

Transaction with Related Parties/ Associated Undertakings, other than remuneration and benefits to key management personnel's under the terms of their employment (refer note 28) and other than the payments made to the retirement benefit plans are as under:

The company sold to associated undertaking material of aggregate sum of Rs. Nil (2008: Rs. 5.399 million). There was no purchase transactions with related parties during the year.

The maximum aggregate amount due from associated undertaking at the end of any month during the year was Rs. Nil (2008: Rs. 0.052 million).



30. FINANCIAL ASSETS AND LIABILITIES

	Interest/mark-up bearing		Non Interest/mark-up bearing		(RUPEES IN THOUSAND)	
	Maturity upto one year	Maturity upto one year	Maturity upto one year	Maturity upto one year	June 30, 2009 Total	June 30, 2008 Total
	sub total	sub total	sub total	sub total		
FINANCIAL ASSETS						
Cash and bank balances	-	-	1,997	1,997	1,997	768
Trade debts	-	-	22,819	22,819	22,819	13,119
Deposit, Prepayments & other Receivables	-	-	2,538	2,538	2,538	4,383
Long term deposits	-	-	1,042	1,042	1,042	1,037
	-	-	28,396	28,396	28,396	19,307
FINANCIAL LIABILITIES						
Long term loans	75,120	74,904	-	-	150,024	155,921
Short term borrowings	119,889	-	-	-	119,889	120,291
Trade and other payables	-	-	51,507	51,507	51,507	39,272
Accrued mark-up on secured loans	-	-	28,157	28,157	28,157	8,460
	195,009	74,904	79,664	79,664	349,577	323,944

30.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

The objective of financial risk management is to minimize potential adverse effects on the financial performance of the company. The company finances its operation through equity, borrowings and management of working capital with a view to maintain reasonable mix between the various sources of finance to minimize risk. Cash flow risk is the risk that future cash flows associated with monetary financial instruments will fluctuate in amount. Cash flow risk associated with accrued interest in respect of borrowings is referred to in Note 8. Market risk is the risk that value of financial instrument will fluctuate as the result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Taken as a whole, risk arising from the companies financial instrument is limited as there is no significant exposure to market risk in respect of such instrument.

30.2 INTEREST RATE RISK

Interest rate risk is the risk that the values of financial instruments will fluctuate due to changes in market interest rates. The Company usually manages miss-matches through risk management strategy where significant change in Gap position can be adjusted. The rates of financing and their maturity period has been disclosed in the relevant notes.

30.3 CREDIT RISK & CONCENTRATION OF CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Financial assets worth Rs. 26,399 million (June 30, 2008: Rs. 18,539 million) out of total financial assets of Rs. 28,396 million (June 30, 2008: Rs. 19,307 million) are subject to credit risk. The company's financial assets are not subject to significant concentration of credit risk. The company manage its credit risk exposure by sanction of credit limit and repayment time periods. The company placed its bank balances with banks having favourable credit rating. For trade receivables, internal risk assessments process determine the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limits is regularly monitored. Accordingly the credit risk is minimum and the company also believes that it is not exposed to major concentration of credit risk. The breakup of amount due from debtors is stated in note no. 17. No provision has been made against these debtors as these are considered good.

30.4 FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The company believes that it is not exposed to foreign exchange risk. **CAPITAL RISK MANAGEMENT** The company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders: and to maintain strong capital base to support the development of its business. The company manages its capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the company may adjust amount of dividend paid to shareholders or issue new shares. The company is not subject to externally imposed capital requirements.

30.5 LIQUIDITY RISK

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The company manages its liquidity risk exposure by having diversified funding sources and assets are managed with liquidity in mind. To ensure adequate liquidity, the maturity profile is monitored on continuous basis. Significant balances of financial assets and liabilities shall mature within twelve months, the category of financial assets and liabilities is presented in note no. 30.

30.6 CARRYING VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are carried at approximate fair values.

(RUPEES IN THOUSAND)
2009 2008**31. BASIC EARNING PER SHARE**

There is no dilutive effect on the basic earning per share of the company.

(Loss) after taxation	(28,261)	(826)
Weighted average number of issued shares (in Thousand)	3,000	3,000
Basic earning per share (in Rupees)	<u>(9.42)</u>	<u>(0.28)</u>

32. CASH AND CASH EQUIVALENTS

Cash and bank balances	<u>1,997</u>	<u>768</u>
------------------------	--------------	------------

33. PLANT CAPACITY AND ACTUAL PRODUCTION

Production at normal capacity Converted to 20/s (Kgs.)	12,874,463	14,226,524
Actual production converted to 20/s (Kgs.)	12,089,905	13,753,191
No. of shifts worked per day	3	3

REASON FOR LOW PRODUCTION

Reason for low production is due to normal maintenance, gas and electric shut down / closures.

34. NUMBER OF EMPLOYEES

At the year end number of employees of the company	899	942
--	-----	-----

35. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 07, 2009 by the Board of Directors of the company.

36. GENERAL

- Figures have been rounded off to the nearest thousand rupee.

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director



**THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)**

FORM 34

PATTERN OF SHAREHOLDING

1. Incorporation Number **0007162**
2. Name of the Company **SHADAB TEXTILE MILLS LIMITED**
3. Pattern of holding of the shares held by the shareholders as at **30 06 2009**

4. No. of shareholders	Shareholdings		Total shares held
	From	To	
60	1	100	2,286
74	101	500	14,535
14	501	1,000	10,760
8	1,001	5,000	15,089
3	5,001	10,000	22,950
1	15,001	20,000	16,800
6	25,001	30,000	169,350
2	30,001	35,000	62,025
5	35,001	40,000	183,866
2	40,001	45,000	85,720
1	45,001	50,000	46,550
1	50,001	55,000	52,650
1	55,001	60,000	56,250
2	60,001	65,000	127,540
1	65,001	70,000	68,500
1	70,001	75,000	75,000
1	80,001	85,000	83,050
2	90,001	95,000	185,639
1	95,001	100,000	97,043
2	100,001	105,000	208,491
1	130,001	135,000	132,450
1	190,001	195,000	193,200
1	200,001	205,000	204,300
1	240,001	245,000	243,900
1	265,000	270,000	267,056
1	370,001	375,000	375,000

194

3,000,000



5. Categories of shareholders	Shares Held	Percentage	
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	1,091,578	36.3859%	
5.2 Associated Companies, undertakings and related parties	450,000	15.0000%	
5.3 NIT and ICP	191,850	6.3950%	
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	100	0.0033%	
5.5 Insurance Companies	--	--	
5.6 Modarabas and Mutual Funds	--	--	
5.7 Share holders holding 10%	375,000	12.5000%	
5.8 General Public			
a. Local	1,266,243	42.2081%	
b. Foreign	--	--	
5.9 Others (to be specified)			
1. Joint Stock Companies	200	0.0067%	
2. Investment Company	--	0.0000%	
3. Others	29	0.0010%	
6. Signature of Company Secretary			
7. Name of Signatory	Mazhar Hussain		
8. Designation	Company Secretary		
9. NIC Number	35202-2725576-3		
10. Date	Day	Month	Year
	30	06	2009



**CATEGORIES OF SHAREHOLDERS REQUIRED UNDER C.C.G.
AS ON JUNE 30, 2009**

S.No.	NAME	HOLDING	%AGE
ASSOCIATED COMPANIES			
1.	Husein Sugar Mills Limited	375,000	12.5000%
2.	Sargodha Textile Mills Ltd.	75,000	2.5000%
		<u>450,000</u>	<u>15.0000%</u>
DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN			
1.	Mian Shahzad Aslam	193,200	6.4400%
	Mian Shahzad Aslam (CDC)	41,420	1.3807%
2.	Mian Sajjad Aslam	7,500	0.2500%
	Mian Sajjad Aslam (CDC)	38,320	1.2773%
3.	Mst. Nusrat Shamim	267,056	8.9019%
4.	Mian Farrukh Naseem	132,450	4.4150%
5.	Mian Aamir Naseem	204,300	6.8100%
6.	Syed Arif Hussain	600	0.0200%
7.	Mr. Mazhar Hussain	600	0.0200%
8.	Mst. Seema Sajjad W/o Mian Sajjad Aslam (CDC)	91,432	3.0477%
9.	Mrs. Fatima Aamir W/o Mian Aamir Naseem (CDC)	1,500	0.0500%
	Mrs. Fatima Aamir W/o Mian Aamir Naseem	83,050	2.7683%
10.	Mrs. Hina Farrukh W/o Mian Farrukh Naseem	30,150	1.0050%
		<u>1,091,578</u>	<u>36.3859%</u>
NIT & ICP			
1.	Investment Corporation of Pakistan	600	0.0200%
2.	National Bank of Pakistan Trustee Deptt. (CDC)	94,207	3.1402%
3.	NBP Trustee - NI(U)T (LOC Fund. (CDC)	97,043	3.2348%
		<u>191,850</u>	<u>6.3950%</u>
PUBLIC SECTOR COMPANIES & CORPORATION			
1.	Y.S. Securities & Services (Pvt) Ltd. (CDC)	200	0.0067%
		<u>200</u>	<u>0.0067%</u>
OTHERS			
1.	Punjab Cooperative Board (CDC)	29	0.0010%
		<u>29</u>	<u>0.0010%</u>
FINANCIAL INSTITUTION			
1.	Bank Alfalah Limited (CDC)	100	0.0033%
		<u>100</u>	<u>0.0033%</u>
SHARES HELD BY THE GENERAL PUBLIC			
		<u>1,266,243</u>	<u>42.2081%</u>
TOTAL:		<u>3,000,000</u>	<u>100.0000%</u>
SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL			
1.	Husein Sugar Mills Limited	375,000	12.5000%
		<u>375,000</u>	<u>1.2019%</u>



FORM OF PROXY

I / We _____
 Son / Daughter / Wife of _____
 being a member of SHADAB TEXTILE MILLS LIMITED and holder of _____
 Ordinary Shares as per Registered Folio No. _____
 hereby appoint Mr. _____ of _____
 or failing him Mr. _____ of _____
 who is also a member of SHADAB TEXTILE MILLS LIMITED, Vide Registered Folio No. _____
 as my / our proxy to vote for me / us and on my / our behalf at the 30th Annual General Meeting of the Company
 to be held on Saturday, October 31, 2009 at 10:30 a.m. and at any adjournment thereof.

As witness my / our hand (s) this _____ day of _____ 2009.

1. Witness:

Signature _____
 Name _____
 Address _____

Affix
Revenue
Stamps of
Rs. 5/-

Signature of Member

2. Witness:

Signature _____
 Name _____
 Address _____

Shareholder's Folio No. _____

CDC A/c No. _____

NIC No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

NOTE:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his / her behalf. Proxies in order to be valid must be received at the Registered Office of the Company 48 hours before the time of the meeting. A proxy must be member of the Company.
2. CDC shareholders are requested to bring with them their National Identity Cards alongwith the participants' ID numbers and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.
3. Signature should agree with specimen signature registered with the company.