Vision

A Leader Company maintaining

an excellent Level of ethical and

Professional standards

Mission Statement

To become a top quality

Manufacturer of textile products

In the International

&

Local markets

CORPORATE INFORMATION

Board of Directors	Mr. Mohammad Shaheen	Chief Executive / Director
	Mr. Mohammad Salim	Director
	Mr. Mohammad Sharif	Director
	Mr. Mohammad Shakeel	Director
	Mr. Khurram Salim	Director
	Mr. Bilal Sharif	Director
	Mr. Mohammad Amin	Director
	Mr. Adil Shakeel	Director
Company Secretary	Syed Asshraf Ali FCA, AAIM(Aus)	
Chief Financial Officer	Mr. Anwar Hussain FCA	
Audit Committee	Mr. Khurram Salim	Chairman
	Mr. Bilal Sharif	Member
	Mr. Adil Shakeel	Member
Auditors	M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants Suite # 4, Block-B, 90-Canal Park, Gulberg II, Lahore.	
Legal Advisor	Mr. Shahid Pervaiz Jami	
Bankers	MCB Bank Limited HSBC Middle East Bank Limited Bank Al Habib Limited Bank of Punjab	
Share Registrar	Hameed Majeed Associates (Private) Limited 5th Floor Karachi Chamber Hasrat Mohani Road Karachi.	
Registered Office	Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi-74900, Pakistan Tel : 021 - 5115177 - 80 Fax : 021 - 5115190 - 91 Email : khioff@umergroup.com Website : www.umergroup.com	
Liason / Correspondence Office	9th Floor, City Towers, 6-K, Main Boulevard, Gulberg II, Lahore Tel: (042) 111 130 130 Fax: (042) 5770015 Email: lhroff@umergroup.com Website: www.umergroup.com	
Mills At:	Spinning and Weaving units are situated at Feroz Watwan, Sheikhupura, Punjab. Tel: (0496) 731724	

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 21st Annual General Meeting of the members of **Blessed Textiles Limited** will be held on Friday 24th October 2008 at 4:00 PM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

1 To confirm the minutes of the Annual General Meeting held on 24th October 2007.

2 To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2008 together with the Auditors' and Directors' Report thereon.

3 To approve the cash dividend @ 7.5 % for the year ended 30th June, 2008, as recommended by the Board of Directors.

4 To appoint the auditors for the next term i.e. year 2008-2009 and fix their remuneration. The retiring auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, being eligible, offer themselves for reappointment.

5 To transact any other business with the permission of the chairman.

(by the order of the Board)

Syed Asshraf Ali
FCA, AAIM (Aus)
Company Secretary

KARACHI:
Dated: 20th September, 2008

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 22nd October 2008 to 1st November, 2008 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 21st October 2008 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2008.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/ her. No person other than a member shall act as proxy.

3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.

4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.

5. Members are requested to immediately inform of any change in their addresses to our share Registrar, Hameed Majeed Associates (Private) Limited.

DIRECTORS' REPORT TO THE SHARE HOLDERS

The directors of the company have the pleasure in submitting their report together with audited financial statements of the company for the year ended 30th June 2008.

Overview

The financial year ended June 30, 2008 was a great milestone for the company. Your Company has made a land mark achievement by making a record sale of PKR 2.961 billion during the year ended June 30, 2008 against the last year sales of PKR 2.676 billion and registered a growth rate of 10.65%.

By the grace of Al-Mighty Allah your company remained among dominant in the Pakistan Textile Industries during the financial year ended 30th June 2008 and maintained the position among the market leaders both in domestic and international markets.

Textile Industry Current Scenario

The Pakistan textile industry contributes more than **60 percent** to the country's total exports that sum around **5.2 billion** US dollars. The industry contributes approximately **46 percent** to the total output produced in the country. In Asia, Pakistan is the 8th largest exporter of textile products. The contribution of this industry to the total GDP is **8.5 percent.** Moreover, it provides employment to **38 percent** of the work force in the country, which amounts to a figure of **15 million.**

However, the textile industry currently faces massive challenges. Industry suffers from 'severe technological obsolescence,' insufficient R&D, falling cotton crop, and an unclear path forward. The lack of R&D in the cotton sector of Pakistan has resulted in low quality of cotton in comparison to rest of Asia. Because of the subsequent low profitability in cotton crops, farmers are shifting to other cash crops, such as sugar cane and rice. In Punjab alone, the cotton area sown this season was less by 17 percent as compared to the last year. Textile owners argue that although the **Cotton Vision 2015** targets **20 million** bales till 2015, it is an ambitious target as in reality cotton production is decreasing each year. It is the lack of proper R&D that has led to such a state. They further accuse cartels, especially the pesticide sector, for hindering proper R&D. The pesticide sector stands to benefit from stunting local R&D as higher yield cotton is more pesticide resistant.

Moreover, Pakistan textile industry faces tough competition from the Indian, Bangladeshi and Chinese textile industries and local policies have resulted in Pakistani textiles facing a critical condition.

For instance, **Bangladesh, India** and **China** enjoy comparatively low interest rates than Pakistan. The prevailing rates are as follows

Bangladesh	8.5 to 9.0 per cent
India	5.25 per cent (market rate is 10.25 per cent, however exemption of 5 percent is provided to the textile industry)
China	5.58 per cent

Meanwhile, in Pakistan, the last three to four years interest rates have been raised more than 150 percent, to 13.25 percent. The increase has essentially crippled the units. This has led to textile industry accusing the government and banks for maintaining detrimental policies. A coherent plan should be devised by the Pakistani government that allows some sort of exemption/concession such as in India; the Export-Import Bank was set up for the purpose of financing and facilitating the industries, especially textile.

Non-guaranteed supply of power by **WAPDA** and irregular supply of gas in the months of December, January and February are another problem that negatively affects the textile industry.

Pakistani Textile Industry is facing an uncertain environment. The increase in input cost of minimum wage by 50 percent, increasing interest rates, non-guaranteed energy supplies, lack of R&D and reduction in cotton production has had a negative impact on the industry's competitiveness internationally.

In order to sustain the Textile Industry, the new Pakistani government has a tough task ahead and needs to urgently implement a suitable long-term strategy that provides a level-playing field against their regional competitors.

Operating Results

Financial results of the company are summarized as under:

	2008 RUPEES	2007 RUPEES
Sales	2,961,744,117	2,676,741,739
Gross profit	365,722.595	395,663,228
Profit before taxation	115,680,347	125,130,525
Taxation	(51,052,743)	(18,801,307)
Profit after taxation	64,627,604	106,329,218
Un-appropriated profit brought forward	9,295,943	7,790,725
Profit available for appropriation	73,923,547	114,119,943
Appropriations:		
Dividend paid	(6,432,000)	(4,824,000)
Transferred to General Reserve	(60,000,000)	(100,000,000)
Un-appropriated profit carried forward	7,491,547	9,295,943
Basic and diluted earning per share	10.05	16.53

During the year under review, net sales revenue registered a growth of 10.65% over the last year. The increase in turnover is mainly due to addition of 3,120 spindles which started production in mid of current year.

The cost of production of your company increased during the year under review because of increase in cost of fuel and power, salaries and wages, interest rates and other consumables due to cost push inflation.

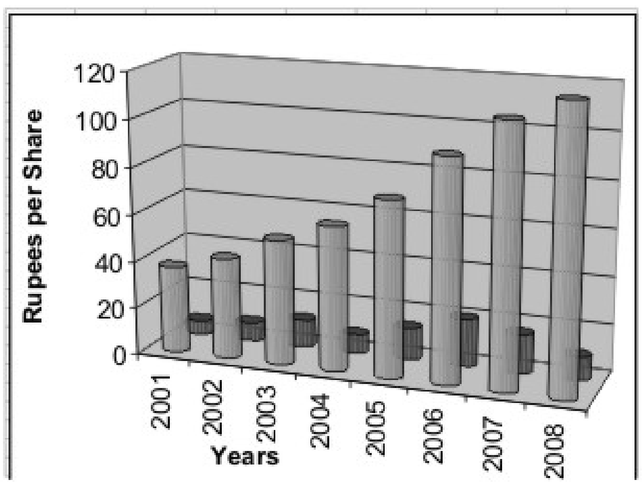
During the year under review production of cotton was lower by 9.3% which resulted in increase in cotton prices in local market. Whereas in international market cotton prices were also at all time high. Increases in cotton cost could not be reflected in yarn prices which affected the profitability of company.

Dividend

The board of directors is pleased to recommend a final cash dividend of 7.5% i.e PKR 0.75 per share (June 2007: 10% i.e. PKR 1 per share) for the approval of shareholders at the forthcoming annul general meeting.

Breakup Value and Earning per Share

The breakup value of your share as on 30th June 2008 is PKR 118.44 (30th June 2007: PKR 109.39). The Earning per Share (EPS) of your company for the year ended 30th June 2008 is PKR 10.05 (30th June 2007: PKR 16.53).



Statement on Corporate and Financial Reporting Framework

The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in your Company as required by the Code. As a part of the compliance of the Code, we confirm the following:

- 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.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Statement of Ethics and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- As required by the Code of Corporate Governance, we have included the following information in this report:
    - Statement of pattern of shareholding has been given separately.
    - Statement of shares held by associated undertakings and related persons.
    - Statement of the Board meetings held during the year and attendance by each director has been given separately.
    - Key operating and financial statistics for last six years.
- Information about taxes and levies is given in the notes to the financial statements.

Changes in the Board of Directors

Since the last report there has been no change in the board of directors of the company and subsequent to the year. Currently the company has eight directors on its board.

Audit Committee

The audit committee of the company is working as required by the code of corporate governance. The audit committee has established internal audit system to monitor and review the adequacy and implementation of internal control at each level. The meetings of audit committee were held in compliance of the requirements of Code of Corporate Governance. Interim and annual financial statements were reviewed by the audit committee before the approval of board of directors.

Financial statements

The financial statements of the company have been duly audited by the auditors of the company, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2008 and clean review report on Statement of Code of Corporate Governance. These reports are attached with the financial statements.

No material changes in contingencies and commitments, affecting the financial position of your company, have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

Related Party transaction and Transfer Pricing

It is the policy of the company to ensure that all transactions entered with related parties must be at arms length. The company has adopted comparable uncontrolled price method for pricing of transaction with related parties.

Pattern of Shareholding

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

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

Auditors

The present auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants shall retire on the conclusion of the 21st annual general meeting. Being eligible, they offer themselves for re-appointment as auditor of the company to hold office from the conclusion of 21st annual general meeting until the conclusion of 22nd annual general meeting. The audit committee has recommended the appointment of aforesaid M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, as external auditor for the year ended 30th June 2008. The external auditors, M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

Safety, Health and Environment

We maintain our commitment to higher standard of Safety, Health and Environment. All our employees undergo continuous training on all aspects of safety especially with regards to the safe production, delivery, storage and handling of the materials. In addition we have initiated a rotation exercise at the mill whereby our aim is to ensure that all supervisors are also safety managers and are fully cognizant of all aspects of safety training. Due to these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

Expansion Plan

In view of the current economic scenario where the cost of financing and production is rapidly increasing and due to non supportive behavior of government for textile industry, no further expansion is under consideration in near future.

However, normal BMR will continue as and when required.

Risks, Challenges and Future Outlook

The cotton situation for 2008-2009 seems not good. The high price of cotton is expected during the coming year 2008-2009, which would affect badly the cost of manufacturing of yarn. Government has set the cotton target for the year 2008-2009 as 14.1 million bales. Due to damage caused to crop by heavy rains, floods and pest attack in Punjab and less in Sindh province official estimate for crop size stands at 12.0 million local weight bales against initial production target of 14.11 million bales. Domestic cotton consumption is expected to be around 14.5 to 16.0 million bales and Pakistan will have to import some 2.0 to 3.0 million 170-Kg bales in this season. International cotton market is also at high tune. Due to lower estimated production in USA this year and negative trend of ending world stock, it is expected the New York will remain high.

Increases in cost of raw material will also enhance the working capital requirement and with the rise in SBP discount rates and KIBOR rates, the financing cost may also go up drastically. In case the cotton yarn prices do not move in proportion to the production cost, this will affect the profitability of company drastically.

The management is aware of the challenges and will do everything possible to mitigate the adverse impact of such events. But in the absence of government support toward textile industry particularly spinning sector, we are not sure to have good results in the coming year.

Acknowledgement

Your directors' record with appreciation, the efforts of the company's executives, managers, technicians and workers who have worked vigorously to meet the targets set before them. Your directors also extended their appreciation to the company's bankers, valued customers, suppliers, shareholders and government authorities for the cooperation extended by them during this period.

By the Order of the Board

KARACHI:
Dated: 20th September, 2008

Mohammad Shaheen
Chief Executive / Director

YEAR WISE OPERATING DATA

	June 30				September 30	
SPINNING UNIT	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Spindles Installed	47,616	44,496	44,496	23,376	23,040	23,040
Spindles Worked	47,616	44,496	44,496	23,376	23,040	23,040
No. Of Shifts worked per day.	3	3	3	3	3	3
Installed Capacity after conversion into 20/s Count. (Kgs.)	20,413,000	19,081,000	13,457,000	5,899,000	7,152,000	7,152,000
Actual Production after conversion into 20/s Count (Kgs.)	18,229,000	18,049,000	14,380,000	5,930,000	7,240,000	7,690,000
WEAVING UNIT						
Air Jet Looms Installed	131	131	131	131	111	111
Air Jet Looms Worked	131	131	131	131	111	111
Installed Capacity after conversion into 50 picks - sq. Meter	17,483076	17,483076	17,483,076	13,469,017	14,693,440	14,693,440
Actual Production after conversion into 50 picks - sq. Meter	23,892,170	28,556,778	29,552,819	17,530,200	22,719,848	17,813,143

YEAR WISE FINANCIAL DATA	June 30				September 30	
	2008	2007	2006	2005	2004	2003
	Rupees In Thousands					
Fixed Assets	1,624,082	1,640,014	1,658,154	1,079,064	837,140	805,463
Investments Long term Loans & Deposits	7,688	7,132	19,866	16,939	16,104	8,966
Current Assets	1,163,347	917,700	762,605	669,453	484,771	421,684
Share Holders Equity	761,811	703,616	602,110	477,115	394,415	341,962
Long Term Liabilities	531,156	541,038	871,921	613,295	514,805	554,901
Deferred Liabilities	68,644	22,270	20,889	14,605	12,232	14,308
Current Liabilities	1,353,786	1,197,923	945,704	660,440	416,562	324,942
Turnover (Net)	2,961,744	2,676,741	2,927,425	1,511,120	2,028,798	1,343,645
Gross Profit	365,722	395,663	416,810	202,890	161,483	182,391
Operating Profit	275,028	305,099	321,983	152,544	111,482	134,584
Financial Charges	159,347	179,969	151,466	48,601	31,811	41,602
Profit Before Taxation	115,680	125,130	170,517	103,942	76,877	91,815
Profit After Taxation	64,627	106,329	129,818	87,524	54,452	76,068
Cash Dividend Paid	6,432	4,824	4,824	4,824	-	9,648
Transfer To Reserves	60,000	100,000	180,000	50000	88,800	-
Profit C/F	7,491	9,296	7,791	62,795	30,095	66,443

NUMBER OF MEETINGS OF BOARD OF DIRECTORS ATTENDED BY CHIEF EXECUTIVE, DIRECTORS, CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY:

Directors	2007		2008		TOTAL
	27th Sep	29th Oct.	26th Feb	26th Apr	
Mr. Mohammad Salim	✓	✓	✓	✓	**4/4**
Mr. Mohammad Sharif	✓	✓	✓	✓	**4/4**
Mr. Mohammad Shaheen	✓	✓	✓	✓	**4/4**
Mr. Mohammad Shakeel	✓	✓	✓	✓	**4/4**
Mr. Khurram Salim	✓	✓	✓	✓	**4/4**
Mr. Bilal Sharif	✓	✓	✓	✓	**4/4**
Mr. Mohammad Amin	✓	✓	✓	✓	**4/4**
Mr. Adil Shakeel	✓	✓	✓	✓	**4/4**
CHIEF FINANCIAL OFFICER:					
Mr. Anwar Hussain	✓	✓	✓	✓	**4/4**
COMPANY SECRETARY:					
Mr. Syed Asshraf Ali	✓	✓	✓	✓	**4/4**
	10/10	10/10	10/10	10/10	**40/40**

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE YEAR ENDED 30th JUNE, 2008

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

The company applies the principles contained in the Code in the following manner.

1. The company encourages representation of independent non executive directors and directors representing minority interest on its Board of Directors. The Board of directors of the Company has always supported implementation of the highest standards of Corporate Governance at all times.

2. The directors have confirmed that none of the directors of the company are serving as a director in more than ten listed companies, including this company.

3. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors, non workmen employees and has been communicated formally to workmen employees of the Company.

4. The Board has developed a vision/mission statement, overall corporate strategy 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.

5. There was no casual vacancy occurred during the year.

6. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

7. All the directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFI. No director in the board is a member of any Stock exchange in Pakistan.

8. The Board arranged one orientation course for its directors during the year apprised them of their duties and responsibilities and briefed them regarding amendment in the Companies Ordinance 1984 and other corporate laws, including the changes made in income tax ordinance 2001 through Finance Act.

9. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.

10. The director's report has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.

11. The meetings of the audit committee were held 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.

12. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors.

13. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors have been taken by the Board.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. All material information as described in clause (Xiii) of the Code of Corporate Governance is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in time.

16. 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.

17. The Board has set up effective internal audit function with suitable qualified and experienced personnel, which are involved in the internal audit function on full time basis.

18. 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 are not aware of any instances where shares of the company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are compliant with International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP)

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the code have been complied with.

KARACHI:
Dated: 20th September, 2008

Mohammad Shaheen
Chief Executive / Director

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Apt. # 4, Block B
90-Canal Park,
Gulberg II,
Lahore.
Phones : 92-42-5756440
: 92-42-5757022
Fax: : 92-42-5757335
E-mail : wisemen@magic.net.pk

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practice contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2008 prepared by the Board of Directors of **Blessed Textiles Limited** to comply with the Listing Regulation of the Stock Exchanges where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.
Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2008.

LAHORE
Dated: 20th September, 2008

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Apt. # 4, Block B
90-Canal Park,
Gulberg II,
Lahore.
Phones : 92-42-5756440
: 92-42-5757022
Fax: : 92-42-5757335
E-mail : wisemen@magic.net.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Bleased Textiles Limited** as at June 30, 2008 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 the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(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 June 30, 2008 and of the profit, 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 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

LAHORE
Dated: 20th September, 2008

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

BALANCE SHEET

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	5	**64,320,000**	64,320,000
General reserve	6	**690,000,000**	630,000,000
Unappropriated profit		**7,491,547**	9,295,943
		761,811,547	703,615,943
Loan from associates - Unsecured	7	**79,719,388**	100,000,000
Non-current liabilities			
Long term finances - Secured	8	**436,726,642**	512,903,140
Liabilities against assets subject to finance lease	9	**94,429,665**	21,000,000
Employees retirement benefits	10	**25,686,445**	22,270,325
Long term payables	11	**12,083,551**	7,135,136
Deferred taxation	12	**30,874,831**	-
		599,801,134	563,308,601
Current liabilities			
Trade and other payables	13	**128,264,643**	132,000,363
Mark up accrued on borrowings	14	**17,550,500**	11,615,561
Short term borrowings - Secured	15	**921,037,010**	718,054,063
Current portion of non-current liabilities	16	**286,934,708**	336,252,515
		1,353,786,861	1,197,922,502
Contingencies and commitments	17	**-**	-
		2,795,118,930	2,564,847,046

Mohammad Shaheen
Chief Executive / Director

KARACHI:
Dated: 20th September, 2008

AS AT JUNE 30, 2008

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	*18*	**1,619,642,644**	1,639,762,429
Capital work in progress	*19*	**4,440,130**	251,380
Long term advances - Secured	*20*	**3,985,365**	3,645,627
Long term deposits	*21*	**3,702,925**	3,486,925
		1,631,771,064	1,647,146,361
Current assets			
Stores, spares and loose tools	*22*	**26,729,037**	24,513,274
Stock in trade	*23*	**846,296,675**	532,383,106
Trade receivables	*24*	**178,207,713**	244,751,576
Advances, deposits, prepayments and other receivables	*25*	**26,359,966**	53,979,102
Derivative financial asset	*26*	**9,927,980**	-
Current tax asset	*27*	**41,931,351**	21,240,633
Cash and bank balances	*28*	**33,895,144**	40,832,994
		1,163,347,866	917,700,685
		2,795,118,930	2,564,847,046

The annexed notes 1 to 46 form an integral part of these financial statements.

Mohammad Salim
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2008

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Sales - Net	29	**2,961,744,117**	2,676,741,739
Cost of sales	30	**2,596,021,522**	2,281,078,511
Gross Profit		**365,722,595**	395,663,228
Other operating income	31	**10,242,297**	596,283
		375,964,892	396,259,511
Distribution cost	32	**60,326,056**	50,351,479
Administrative expenses	33	**35,691,064**	33,763,929
Other operating expenses	34	**4,919,429**	7,044,755
Finance cost	35	**159,347,996**	179,968,823
		260,284,545	271,128,986
Profit before taxation		**115,680,347**	125,130,525
Provision for taxation			
Current			
for the year	36	**20,177,912**	18,792,824
prior years	36	**-**	8,483
Deferred	36	**30,874,831**	-
		51,052,743	18,801,307
Profit after tax		**64,627,604**	106,329,218
Earnings per share - basic and diluted	37	**10.05**	16.53

The annexed notes 1 to 46 form an integral part of these financial statements.

Mohammad Shaheen
Chief Executive / Director

Mohammad Salim
Director

KARACHI:
Dated: 20th September, 2008

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2008

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	38	**232,234,546**	377,472,220
Finance cost paid		**(172,547,075)**	(181,361,325)
Taxes paid		**(40,517,221)**	(34,375,747)
Employees retirement benefits paid		**(5,756,380)**	(3,472,544)
Paid to Workers' Profit Participation Fund		**(7,737,747)**	(10,171,522)
Dividend paid		**(6,402,271)**	(4,809,708)
Net cash (used in)/flow from operating activities		**(726,148)**	143,281,374
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		**(157,935,009)**	(156,261,331)
Proceeds from disposal of property, plant and equipment		**1,785,000**	1,192,228
Net cash used in investing activities		**(156,150,009)**	(155,069,103)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		**(27,246,061)**	(28,583,155)
Repayment of long term finances		**(309,220,780)**	(287,792,208)
Proceeds from sale and lease back transaction		**83,422,201**	31,500,000
Net increase in short term borrowings		**202,982,947**	177,291,220
Loan obtained from associates		**-**	100,000,000
Long term finances obtained		**200,000,000**	41,734,309
Net cash flow from financing activities		**149,938,307**	34,150,166
Net (decrease)/increase in cash and cash equivalents		**(6,937,850)**	22,362,437
Cash and cash equivalents at the beginning of the year		**31,207,094**	14,070,557
Deposits placed under lien during the year		**(1,574,100)**	(5,225,900)
Cash and cash equivalents at the end of the year	39	**22,695,144**	31,207,094

The annexed notes 1 to 46 form an integral part of these financial statements.

Mohammad Shaheen
Chief Executive / Director

Mohammad Salim
Director

KARACHI:
Dated: 20th September, 2008

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2008

	SHARE CAPITAL	GENERAL RESERVE	UN-APPROPRIATED PROFIT	TOTAL
	RUPEES			
As at 30 June 2006	64,320,000	530,000,000	7,790,725	602,110,725
Net profit for the year ended 30 June 2007	-	-	106,329,218	106,329,218
Transferred to general reserve		100,000,000	(100,000,000)	-
Final dividend @ Rs. 0.75 per ordinary share for the year ended 30 June 2006	-	-	(4,824,000)	(4,824,000)
As at 30 June 2007	64,320,000	630,000,000	9,295,943	703,615,943
Net profit for the year ended 30 June 2008	-	-	64,627,604	64,627,604
Final dividend @ Rs. 1 per ordinary share for the year ended 30 June 2007	-	-	(6,432,000)	(6,432,000)
Transferred to general reserve	-	60,000,000	(60,000,000)	-
As at 30 June 2008	**64,320,000**	**690,000,000**	**7,491,547**	**761,811,547**

The annexed notes 1 to 46 form an integral part of these financial statements.

Mohammad Shaheen
Chief Executive / Director

Mohammad Salim
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1 REPORTING ENTITY

Blessed Textiles Limited ("the Company") was incorporated in Pakistan on 29 September 1987 as a Public Limited Company under the Companies Ordinance, 1984. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M Farooq Road, Korangi Industrial Area, Karachi. The Company is currently listed on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is manufacturing and sale of yarn and woven fabric. The production facility is located at Feroze Watwan, District Sheikhupura in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for items of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 Recoverable amount of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.3.3 Employees retirement benefits

The present value of defined benefit obligation is based assumptions of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discounts rate used to derive present value of defined benefit obligation.

2.3.4 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.3.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4 Functional currency

These financial statements are prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses with the exception of freehold land which is carried at cost less identified impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the item.
Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Depreciation

Depreciation is recognized in profit or loss by applying reducing balance method over the useful life of each item of property, plant and equipment using the rates specified in note 18 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Depreciation method, useful lives and residual values are reviewed at each reporting date.

De-recognition

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

3.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the project. These costs are transferred to property, plant and equipment as and when assets are available for use.

3.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of moving weighted average except for items in transit, which are valued at invoice price plus related expenses incurred up to the reporting date. For items identified as slow moving or obsolete the carrying amount is written down to nil.

3.4 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Raw materials	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Packing Material	Weighted average cost
Waste	Net realizable value
Stock in transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3.5 Non-derivative financial instruments

Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged, cancelled or transferred to another party without retaining any obligation. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in the profit or loss.

Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

Off-setting

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

3.6 Derivative financial instruments

The Company uses derivatives such as interest rate swaps to hedge its risk associated with interest rate fluctuations. These are initially recognized and subsequently measured at fair value, with changes in fair value recognized in profit or loss. Derivatives that are designated as hedging instruments and which qualify for hedge accounting are recognized initially at cost. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as follows:

Cash flow hedge

Changes in fair value of the derivative financial instrument classified as a cash flow hedge are recognized directly in equity to the extent the hedge is effective. To the extent the hedge is ineffective, changes in fair value are recognized in profit or loss.

Fair value hedge

Changes in fair value of the derivative financial instrument classified as a fair value hedge are recognized in profit or loss.

Attributable transaction costs are recognized in profit or loss when incurred.

3.7 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as deduction from equity.

3.8 Borrowing

These are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit or loss over the period of the borrowing on an effective interest basis.

3.9 Leased assets

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated over their useful lives by applying the reducing balance method using the rates specified in note 18 to the financial statements.

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

3.10 Employees retirement benefits

Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.
The amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Actuarial gains and losses are recognized in profit or loss for the period in which these arise.

Details of scheme are referred to in the note 10 to the financial statements.

3.11 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost.

3.12 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment loss, if any.

3.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Revenue from sale of goods is recognized when risk and rewards incidental to the ownership of goods are transferred, i.e. on dispatch of goods to customers.

Export rebate is recognized when received.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

3.15 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 0.5% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.16 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.17 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and in current accounts with various banks after deducting balances under lien, if any. Cash and cash equivalents are carried at cost.

3.18 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate at the date that fair value was determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate at the date of transaction. Gain or loss arising on translation of foreign currency transactions and balances is recognied in profit or loss.

3.19 Impairment

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses are reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.20 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions is determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.21 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.22 Dividend to shareholders

Dividend paid to shareholders is recognized in the year in which it is approved by share holders.

3.23 New Standards, interpretations and amendments to published approved International Financial Reporting Standards not yet effective

The International Accounting Standards Board has published following standards, interpretations and amendments that are not yet effective and have not been applied in preparing these financial statements.

IFRS 8 - Operating Segments

This standard introduces the "management approach" to segment reporting. IFRS 8 is effective for periods beginning on or after 01 January 2009, however, it is not expected to have any impact on the Company's financial statements.

IAS 23 - Borrowing Costs (Revised 2007)

The revised standard removes the option to expense borrowing costs and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of qualifying asset as part of the cost of that asset. The revised IAS 23 is effective for periods beginning on or after 01 January 2009, However, it is not expected to have any impact on the Company's financial statements, since the Company already has the policy of capitalizing such borrowing costs under the allowed alternative treatment of superseded standard.

IAS 1 - Presentation of Financial Statements (Revised 2007)

The revised standard introduces the term "Total Comprehensive Income", which represents changes in equity during a period other than those resulting from transactions with owners in their capacity as owners. The revised standard is effective for periods beginning on or after 01 January 2009. The standard will have a significant impact on the presentation of Company's financial statements.

Amendments to IAS 32 - Financial Instruments: *Presentation* and IAS - Presentation of Financial Statements, regarding Puttable Financial Instruments and Obligations Arising on Liquidation

These amendments require puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. These amendments are effective for periods beginning on or after 01 January 2009 with retrospective application required. However these are not expected to have any impact on the Company's Financial Statements.

Amendments to IFRS 2 - Share Based Payments regarding vesting conditions and cancellations.

These amendments clarify the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. These amendments are effective for periods beginning on or after 01 January 2009 with retrospective application. No impact is expected on the financial statements of the Company.

IFRIC 11 *IFRS 2 - Group and Treasury Share Transactions*
This interpretation requires share-based payment arrangements in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. The interpretation is effective for the periods beginning on or after 01 January 2008, with retrospective application required. However, it is not expected to have any impact on the Company's financial statements.

IFRIC 12 *Service Concession Arrangements*

This interpretation provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. The interpretation is effective for the periods beginning on or after 01 January 2008, with retrospective application required. However, it is not expected to have any impact on the Company's financial statements.

IFRIC 13 Customer Loyalty Programmes

This interpretation addresses accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13 is effective for the periods beginning on or after 01 January 2009. However, it is not expected to have any impact on the Company's financial statements.

IFRIC 14 *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction*

This interpretation clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. The interpretation is effective for the periods beginning on or after 01 January 2008, with retrospective application required. However, it is not expected to have any impact on the Company's financial statements.

IFRS 3 - Business Combinations (Revised 2008) and Amendments IAS 27 - Consolidated and Separate Financial Statements.

The revised standards and amendments are not relevant to the Company's operations since the Company does hold investments in or control of any other Company.

3.24 Adoption of new standards, interpretations and amendments to published approved accounting standards

The Company has adopted during the year the amendments to IAS 1 - Presentation of Financial Statements regarding "Capital Disclosures" issued in August 2005 which require an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. These amendments were effective for periods beginning on or after 01 January 2007.

The Company has not adopted IFRS 7 - Financial Instruments *Disclosures* which is effective for the current period, since as per circular 08 of 2008 of the Institute of Chartered Accountants of Pakistan the standard will be effective for accounting periods beginning on or after the date of relevant notification (i.e. 28 April 2008) of the Securities and Exchange Commission of Pakistan vide which the IFRS 7 was adopted. The adoption of this standard would impact the financial statements of the Company to the extent of disclosures only.

IAS 29 - Financial Reporting in Hyper inflationary Economies has been notified by the Securities and Exchange Commission of Pakistan under section 234(3) of the Companies Ordinance, 1984, but th standard would not have any impact on the Company's financial statements in view of the fact that the primary economic environment in which the Company operates is not hyper inflationary

4 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Company's approach to capital management during the year. Further the Company is not subject to externally imposed capital requirements.

5 SHARE CAPITAL

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Authorized shared capital			
6,500,000 (2007: 6,500,000) ordinary shares of Rs. 10 each.		**65,000,000**	65,000,000
Issued, subscribed and paid-up capital			
6,432,000 (2007: 6,432,000) ordinary shares of Rs. 10 each fully paid in cash		**64,320,000**	64,320,000

6 GENERAL RESERVE

General reserve is primarily being maintained to have adequate resources for future requirements and business operations.

7 LOAN FROM ASSOCIATES - UNSECURED

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Face value of loan	7.1	**100,000,000**	100,000,000
Less: imputed interest income		**(20,280,612)**	-
		79,719,388	100,000,000

7.1 This loan has been obtained from sponsors of the Company and their relatives, and is interest free. The loan is repayable by 30 June 2010, however there is no fixed schedule for repayment of this loan. The loan has been carried at amortized cost which has been computed using a discount rate of 12% per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

8 LONG TERM FINANCES - SECURED

These represent long term finances utilized under mark up arrangements from banking companies:

		30 JUNE 2008			30 JUNE 2007
		LTF-EOP	Non LTF-EOP	Total	Total
		RUPEES			
Term Finance	8.1	-	40,000,000	40,000,000	120,000,000
Term Finance	8.2	85,714,284	-	85,714,284	128,571,428
Term Finance	8.3	-	300,000,000	300,000,000	450,000,000
Term Finance	8.4	41,734,309	-	41,734,309	41,734,309
Term Finance	8.5	45,454,547	-	45,454,547	81,818,183
Term Finance	8.6	-	200,000,000	200,000,000	-
		172,903,140	540,000,000	712,903,140	822,123,920
Current portion shown under current liabilities	16	(86,176,498)	(190,000,000)	(276,176,498)	(309,220,780)
		86,726,642	350,000,000	436,726,642	512,903,140

	Security and Repayment	Markup Rate on LTF-EOP	Markup up rate on Non-LTF-EOP
8.1	The finance has been obtained to finance capital expansion and is secured by equitable mortgage charge of Rs. 652.871 million on all present and future fixed assets, comprising land, building, plant and machinery of the Company. The finance is repayable in 10 equal semi annual installments with first installment due on 26 June 2004.		Six months T-bill plus 2.25% (2007: six months T-bill plus 2.25%) per annum.
8.2	The finance has been obtained to finance capital expansion and is secured by first pari passu charge of Rs. 176.471 million on all present and future fixed assets, comprising land, building, plant and machinery of the Company. The finance is repayable in 14 equal quarterly installments with first installment due on 15 January 2007.	7%.	
8.3	The finance has been obtained to finance capital expansion and is secured by first pari passu charge of Rs. 706 million on all current and future fixed assets, comprising land, building, plant and machinery of the Company. The finance is repayable in 16 equal quarterly installments with first installment due on 18 September 2006.		Three months KIBOR plus 1% (2007: three months KIBOR plus 1 %) per annum.
8.4	The finance has been obtained by the Company under SBP Long Term Finance for Export Oriented Project (LTF-EOP) scheme and is secured by hypothecation charge over the Company's plant, machinery and equipment. The loan is repayable in twelve equal half yearly installments with first installment due on 19 October 2008.	7%.	

NOTES TO THE FINANCIAL STATEMENTS
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	Security and Repayment	Markup Rate on LTF-EOP	Markup up rate on Non-LTF-EOP
8.5	The finance has been obtained for making payments of purchase price of goods acquired by the Company and is secured by pari passu charge on present and future fixed assets comprising land, building, plant and machinery for Rs. 300 million. The finance is repayable in twenty two equal quarterly installments with first installment due on 11 May 2004. This finance was originally availed under a morabaha facility which was later transferred to an LTF-EOP line.	6%	
8.6	The finance has been obtained for balance sheet restructuring and is secured by mortgage charge of Rs. 1,165 million on all fixed assets, comprising land, building, plant and machinery of the Company. The finance is repayable after 20 months in full after being disbursed on 7 December 2007.		Three months KIBOR plus 0.20% per annum.

		NOTE	30 June 2008 Rupees	30 June 2007 Rupees
9	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Present value of minimum lease payments		**105,187,875**	48,031,735
	Current portion shown under current liabilities	*16*	**(10,758,210)**	(27,031,735)
			94,429,665	21,000,000

9.1 These represent assets acquired under finance lease arrangements. Interest rate used as the discounting factor ranges from 7% to 12.43% (2007: 7% to 12.43%) per annum. Taxes, repairs, replacements and insurance costs are to be borne by the Company. Under the terms of agreement, the Company has an option to acquire the assets at the end of the respective lease terms and intends to exercise the option.

9.2 The amount of future payments under the lease and the period in which these payments will become due are as follows:

Not later than one year		**24,115,162**	30,458,256
Later than one year but not later than five years		**116,490,352**	23,515,924
Total future minimum lease payments		**140,605,514**	53,974,180
Less: finance charge allocated to future periods		**(35,417,639)**	(5,942,445)
Present value of future minimum lease payments		**105,187,875**	48,031,735
Not later than one year		**(10,758,210)**	(27,031,735)
Later than one year but not later than five years		**94,429,665**	21,000,000

10 EMPLOYEES RETIREMENT BENEFITS

The amounts recognized in the balance sheet are as follows

Present value of defined benefit obligation	*10.1*	**25,686,445**	22,270,325
Unrecognized actuarial gains or losses		**-**	-
		25,686,445	22,270,325

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

		NOTE	30 June 2008 Rupees	30 June 2007 Rupees
10.1	**Movement in present value of defined benefit obligation**			
	As at beginning of the year		**22,270,325**	16,812,890
	Charged to profit or loss during the year	*10.2*	**9,172,500**	8,929,979
	Benefits paid during the year		**(5,756,380)**	(3,472,544)
	As at end of the year		**25,686,445**	22,270,325

The present value of defined benefit obligation has been computed using the following assumptions:

	30 June 2008	30 June 2007
Discount rate	12%	9%
Expected rates of increase in salary	12%	9%
Expected average remaining working lives of employees	10 years	11 years

10.2 Salaries, wages and other benefits include the following in respect of retirement and other benefits:

	30 June 2008	30 June 2007
Current service cost	**5,784,295**	5,718,870
Interest cost for the year	**2,048,761**	1,374,722
Actuarial losses recognized during the year	**1,339,444**	1,836,387
	9,172,500	8,929,979

Historical information	**30 June 2008**	**30 June 2007**	**30 June 2006**	**30 June 2005**	**30 Sep 2004**
			RUPEES		
Present value of defined benefit obligation	**25,686,445**	22,270,325	16,812,890	13,052,615	12,232,212
Actuarial adjustment arising the year	**5.21%**	8.25%	9.86%	2.10%	13.99%

The experience adjustment component of the actuarial adjustment is impracticable to determine and thus has not been disclosed.

		30 June 2008 Rupees	30 June 2007 Rupees
11	**LONG TERM PAYABLES**	12,083,551	7,135,136

This represents infrastructure cess levied by Excise and Taxation Officer ("ETO") Government of Sindh on imports of the Company. The Company has filed suit with the Honourable Sindh High Court ("SHC") against this. On the instructions of SHC, the merchandise was released against bank guarantees furnished in favour of the ETO. The Company has classified this as a long term payable since the payment is subject to the decision by SHC which is still pending.

12 DEFERRED TAXATION

	30 June 2008 Rupees	30 June 2007 Rupees
Deferred tax liability on taxable temporary differences		
Accelerated tax depreciation	**38,878,838**	-
Deferred tax asset on deductible temporary differences	**(3,755,692)**	-
Employees retirement benefits	**(482,225)**	
Provision for doubtful debts	**(3,766,090)**	-
Assets subject to finance lease	**(8,004,007)**	-
	30,874,831	-

Refer to note 36.4 for the basis of provision for deferred taxation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

13 TRADE AND OTHER PAYABLES

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Trade creditors		**71,526,650**	69,374,751
Accrued liabilities		**43,541,908**	47,038,700
Advances from customers		**313,518**	1,280,131
Workers' Profit Participation Fund	*13.1*	**10,331,194**	12,423,818
Workers' Welfare Fund		**410,901**	59,492
Unclaimed dividend		**1,438,661**	1,408,932
Other payables		**701,811**	414,539
		128,264,643	132,000,363

13.1 Workers' Profit Participation Fund ("WPPF")

As at the beginning of the year		**12,423,818**	14,779,568
Interest on funds used by the Company	*13.2*	**1,146,594**	1,168,457
Charged to profit or loss during the year	*34*	**4,498,529**	6,647,315
Paid during the year		**(7,737,747)**	(10,171,522)
		10,331,194	12,423,818

13.2 Interest on WPPF is provided at 13% (2007: 11.5%) per annum.

14 MARK UP ACCRUED ON BORROWINGS

Long term finances		**6,059,545**	5,795,206
Liabilities against assets subject to finance lease		**1,094,841**	660,421
Short term borrowings		**10,396,114**	5,159,934
		17,550,500	11,615,561

15 SHORT TERM BORROWINGS - SECURED

These represent short term finances utilized under mark up arrangements from banking companies.

Running finance	*15.1*	**921,037,010**	718,054,063

15.1 These facilities have been obtained from various commercial banks for working capital requirements and are secured by promissory notes and first pari passu charge over the Company's present and future current assets. These facilities carry mark up at rates ranging from 9.72% to 13.81% (2007: 9.12% to 11.38%) per annum. These rates are based on floating KIBOR. These facilities are expiring on different dates and are renewable on expiry.

15.2 The aggregate available short term borrowing facilities amounts to Rs. 1,695 million (2007: 1,450 million) out of which Rs. 774 million (2007: Rs. 732 million) remained unavailed as at the reporting date.

16 CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term finances	8	**276,176,498**	309,220,780
Liabilities against assets subject to finance lease	9	**10,758,210**	27,031,735
		286,934,708	336,252,515

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

17 CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has issued indemnity bonds and post dated cheques collectively amounting to Rs. 12,905,575 (2007: Rs.24,740,307) in favour of Collector of Customs and Sales Tax department in lieu of levies under various statutory notifications and these are likely to be released after the fulfillment of the terms of related notifications.

Guarantees issued by banks on behalf of the Company as at the reporting date amounted to Rs. 56 million (2007: Rs. 56 million)

Bills discounted	**49,966,331**	14,921,000

Commitments

Irrevocable letters of credit for:		
import of machinery	**48,401,540**	56,243,225
import of stores, spare and loose tools	**654,720**	7,386,600
	49,056,260	63,629,825
Fixed capital expenditure	**5,000,000**	-

18 PROPERTY, PLANT AND EQUIPMENT

YEAR ENDED 30 JUNE 2008

DESCRIPTION	COST						DEPRECIATION				Net book value as at 30 June 08
	As at 01 July 07	Additions	Disposals	Transfers	As at 30 June 08	Rate	As at 01 July 07	Adjustment	For the year	As at 30 June 08	
	RUPEES										
Assets owned by the Company											
Freehold land	21,199,917	4,232,932	-	-	25,432,849		-	-	-	-	25,432,849
Buildings on freehold land											
Factory	342,091,686	-	-	8,286,251	350,377,937	10%	111,525,655	-	23,801,199	135,326,854	215,051,083
Non- factory	49,959,311	-	-	11,976,789	61,936,100	5%	11,200,116	-	2,536,799	13,736,915	48,199,185
Plant and machinery	1,780,801,587	91,000,000	(7,347,381)	105,383,867 (83,422,201)	1,886,415,872	10%	572,470,074	16,924,493	128,686,226	718,080,793	1,168,335,079
Equipment and other assets	12,514,880	-	-	13,732,737	26,247,617	35%	5,963,892	-	5,761,190	11,725,082	14,522,535
Electric installations	26,816,448	-	-	-	26,816,448	10%	6,707,562	-	2,010,888	8,718,450	18,097,998
Office equipment - office	4,585,504	-	-	216,210	4,801,714	10%	2,877,086	-	175,799	3,052,885	1,748,829
Office equipment - factory	1,127,809	-	-	-	1,127,809	10%	698,382	-	42,943	741,325	386,484
Furniture and fixtures - office	199,098	-	-	-	199,098	10%	98,070	-	10,103	108,173	90,925
Furniture and fixtures - factory	5,566,949	-	-	567,174	6,134,123	10%	2,310,503	-	335,101	2,645,604	3,488,519
Vehicles	21,104,646	1,826,155	(343,590)	-	22,587,211	20%	11,324,227	(326,531)	2,148,310	13,146,006	9,441,205
	2,265,967,835	97,059,087	(7,690,971)	140,163,028 (83,422,201)	2,412,076,778		725,175,567	16,597,962	165,508,558	907,282,087	1,504,794,691
Assets subject to finance lease											
Plant and machinery	122,500,000	90,924,545	-	(91,000,000)	122,424,545		23,529,839	(22,818,250)	7,683,140	8,394,729	114,029,816
Vehicles	-	1,001,800	-	-	1,001,800		-	-	183,663	183,663	818,137
	2,388,467,835	188,985,432	(7,690,971)	140,163,028 (174,422,201)	2,535,503,123		748,705,406	(6,220,288)	173,375,361	915,860,479	1,619,642,644

YEAR ENDED 30 JUNE 2007

DESCRIPTION	COST						DEPRECIATION				Net book value as at 30 June 07
	As at 01 July 06	Additions	Disposals	Transfers	As at 30 June 07	Rate	As at 01 July 06	Adjustment	For the year	As at 30 June 07	
	RUPEES										
Assets owned by the Company											
Freehold land	21,199,917	-	-	-	21,199,917		-	-	-	-	21,199,917
Buildings on freehold land											
Factory	339,620,464	-	-	2,471,222	342,091,686	10%	86,041,877	-	25,483,778	111,525,655	230,566,031
Non- factory	48,913,465	-	-	1,045,846	49,959,311	5%	9,169,280	-	2,030,836	11,200,116	38,759,195
Plant and machinery	1,669,280,311	-	(547,280)	143,568,556 (31,500,000)	1,780,801,587	10%	441,925,504	(103,060)	130,647,630	572,470,074	1,208,331,513
Equipment and other assets	7,249,698	-	-	5,265,182	12,514,880	35%	3,497,747	-	2,466,145	5,963,892	6,550,988
Electric installations	26,816,448	-	-	-	26,816,448	10%	4,473,241	-	2,234,321	6,707,562	20,108,886
Office equipment - office	4,418,664	-	-	166,840	4,585,504	10%	2,691,896	-	185,190	2,877,086	1,708,418
Office equipment - factory	1,127,809	-	-	-	1,127,809	10%	650,668	-	47,714	698,382	429,427
Furniture and fixtures - office	199,098	-	-	-	199,098	10%	86,845	-	11,225	98,070	101,028
Furniture and fixtures - factory	5,005,509	-	-	561,440	5,566,949	10%	1,971,901	-	338,602	2,310,503	3,256,446
Vehicles	19,441,884	2,930,865	(1,268,103)	-	21,104,646	20%	10,367,575	(1,116,378)	2,073,030	11,324,227	9,780,419
	2,143,273,267	2,930,865	(1,815,383)	153,079,086 (31,500,000)	2,265,967,835		560,876,534	(1,219,438)	165,518,471	725,175,567	1,540,792,268
Assets subject to finance lease											
Plant and machinery	91,000,000	31,500,000	-	-	122,500,000		15,242,500	-	8,287,339	23,529,839	98,970,161
	2,234,273,267	34,430,865	(1,815,383)	153,079,086 (31,500,000)	2,388,467,835		576,119,034	(1,219,438)	173,805,810	748,705,406	1,639,762,429

NOTES TO THE FINANCIAL STATEMENTS
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18.1 Transfers to owned assets represent transfers from capital work in progress on the related assets becoming available for use (note 19) and from assets subject to finance lease on expiry or termination of lease term. Transfers from owned assets represent assets sold and leased back.

18.2 The depreciation charge for the year has been allocated as follows:

		30 June 2008 Rupees	30 June2007 Rupees
Cost of sales	30	**170,652,517**	171,303,936
Administrative expenses	33	**2,722,844**	2,501,874
		173,375,361	173,805,810

18.3 Disposal of property, plant and equipment

YEAR ENDED 30 JUNE 2008

Description	Cost	Accumulated Depreciation	Book value	Proceeds from disposal of property, plant and equipment	Gain on disposal of property, plant and equipment	Mode of disposal	Particular of buyer
	RUPEES						
Machinery							
Ring frames	**3,130,538**	**2,479,059**	**651,479**	**700,000**	**48,521**	**Negotiation**	**Bhanero Textile Mills Limited, Kotri.**
Air compressor	**689,098**	**496,601**	**192,497**	**225,000**	**32,503**	**Negotiation**	**Bhanero Textile Mills Limited, Kotri.**
Generator	**3,527,745**	**2,918,097**	**609,648**	**700,000**	**90,352**	**Negotiation**	**Power Link Services and Trading, Faisalabad**
Vehicle							
Suzuki LOX - 6143	**343,590**	**326,531**	**17,059**	**160,000**	**142,941**	**Negotiation**	**Muhammad Ilyas, Chunigi Amar Sadu Lahore.**
30 June 2008	**7,690,971**	**6,220,288**	**1,470,683**	**1,785,000**	**314,317**		

YEAR ENDED 30 JUNE 2007

Description	Cost	Accumulated Depreciation	Book value	Proceeds from disposal of property, plant and equipment	Gain on disposal of property, plant and equipment	Mode of disposal	Particular of buyer
	RUPEES						
Machinery							
Yarn optica	547,280	103,060	444,220	618,160	173,940	Negotiation	Capio Automazio IND SRL Italy.
Vehicle							
Suzuki LXL-3312	302,313	250,220	52,093	162,536	110,443	Negotiation	Mubeen Akhtar - 321 G, Mode Town, Lahore
Suzuki LOZ-6419	486,000	445,340	40,660	160,000	119,340	Negotiation	Anjum Iqbal - House 23, Street 2, Raj Gang, Lahore
Motorcycle KAR-4206	58,000	42,653	15,347	16,155	808	Negotiation	Baber John - Faiz House 1406, Block Q Nazimabad, Karachi
Suzuki LOX-7715	371,790	342,382	29,408	220,000	190,592	Negotiation	M.Amir - 2 A Sanda Road, Lahore
Motorcycle KAV-947	50,000	35,783	14,217	15,377	1,160	Negotiation	Mohsin Khan - D 9/34 Federal Capital Area, Karachi
30 June 2007	**1,815,383**	**1,219,438**	**595,945**	**1,192,228**	**596,283**		

19 CAPITAL WORK IN PROGRESS

Year ended June 30, 2008

	As at 01 July 2007	Additions	Transfers	As at 30 June 2008
	RUPEES			
Building	**55,973**	**21,344,871**	**(20,263,040)**	**1,137,804**
Plant and machinery	**1,189**	**108,685,004**	**(105,383,867)**	**3,302,326**
Equipment and other assets	**194,218**	**13,538,519**	**(13,732,737)**	**-**
Office equipment	**-**	**216,210**	**(216,210)**	**-**
Furniture and fixtures	**-**	**567,174**	**(567,174)**	**-**
	251,380	**144,351,778**	**(140,163,028)**	**4,440,130**

Year ended June 30, 2007

	As at 01 July 2006	Additions	Transfers	As at 30 June 2007
	RUPEES			
Building	-	3,573,041	(3,517,068)	55,973
Plant and machinery	-	143,569,745	(143,568,556)	1,189
Equipment and other assets	-	5,459,400	(5,265,182)	194,218
Office equipment	-	166,840	(166,840)	-
Furniture and fixtures	-	561,440	(561,440)	-
	-	153,330,466	(153,079,086)	251,380

NOTES TO THE FINANCIAL STATEMENTS
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	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
20 LONG TERM ADVANCES - SECURED			
Due from employees	*20.1*	**5,354,065**	5,308,357
Current portion shown under current assets	*25*	**(1,368,700)**	(1,662,730)
		3,985,365	3,645,627

20.1 These are interest free loans advanced to employees against future salaries and retirement benefits as per terms of employment and are repayable over a period of two to five years.

21 LONG TERM DEPOSITS			
With leasing companies	*21.1*	**196,000**	-
Others	*21.2*	**3,506,925**	3,486,925
		3,702,925	3,486,925

21.1 This represents security deposits with leasing companies in respect of liabilities against assets subject to finance lease.

21.2 This represents security deposits with various utility companies.

22 STORES, SPARES AND LOOSE TOOLS

Stores, spares and loose tools	**26,729,037**	24,513,274

22.1 It is impracticable to distinguish stores, spares and loose tools, each from the other.

22.2 Stores, spares and loose tools are generally held for internal use only.

22.3 No item of stores, spares and loose tools is pledged as security as at the reporting date.

23 STOCK IN TRADE

Raw material	**622,764,290**	337,121,919
Work in process	**39,723,436**	38,031,538
Finished goods	**178,463,208**	152,223,923
Packing material	**5,237,296**	4,976,606
Waste	**108,445**	29,120
	846,296,675	532,383,106

23.1 No item of stock in trade except waste is carried at net realizable value as at the reporting date.

23.2 No item of stock in trade is pledged as security as at the reporting date.

24 TRADE RECEIVABLES

Local - Unsecured		
considered good	**164,617,784**	228,590,955
considered doubtful	**3,298,101**	3,563,560
	167,915,885	232,154,515
Foreign - Secured	**13,589,929**	16,160,621
Provision for doubtful debts	**(3,298,101)**	(3,563,560)
	178,207,713	244,751,576

24.1 These are secured against letters of credit.

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
24.2 Particulars of provision for doubtful receivables			
As at beginning of the year		**3,563,560**	3,563,560
Provided during the year	24.1	**-**	-
Written off during the year	24.2	**(265,459)**	-
As at end of the year		**3,298,101**	3,563,560

25 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Advances to suppliers - Unsecured, considered good		**6,694,847**	14,461,108
Advances to employees - Secured	20	**1,368,700**	1,662,730
Letters of credit		**1,514,891**	8,257,846
Prepayments		**2,173,671**	963,795
Deposit with financial institutions		**3,508,874**	12,588,493
Refundable trade deposits		**1,810,968**	2,936,941
Sales tax refundable	25.1	**9,151,088**	12,826,306
Others receivables- Unsecured, considered good		**136,927**	281,883
		26,359,966	53,979,102

25.1 This represents excess of input tax on purchases over sales tax payable.

		30 June 2008 Rupees	30 June 2007 Rupees
26 DERIVATIVE FINANCIAL ASSET		**9,927,980**	-

The Company has entered into an interest rate swap agreement with a bank for a notional amount of Rs. 600 million, maturing on 18 June 2010. The outstanding balance of these arrangements is Rs. 300 million (2007: Rs. 450 million) as at the reporting date. Under the swap arrangement, the Company receives mark up at floating rate of three months KIBOR plus 1% per annum and pays mark-up at fixed rate of 11.6 % per annum as per the respective arrangements, which is settled quarterly.

As at 30 June 2007, the interest rate swap had negative fair value of Rs. 322,313, which was not recognized in the Company's balance sheet as the same was considered immaterial in relation to the instrument as a whole.

27 CURRENT TAX ASSET

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Advance income tax		**40,496,765**	39,188,630
Income tax refundable		**21,201,597**	804,345
Provision for taxation		**(19,767,011)**	(18,752,342)
		41,931,351	21,240,633

28 CASH AND BANK BALANCES

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Cash in hand		**-**	-
Cash at banks in current accounts			
Local currency	28.1	**33,630,771**	40,614,761
Foreign currency - US$ 3,618 (2007: US$ 3,618)		**264,373**	218,233
		33,895,144	40,832,994
		33,895,144	40,832,994

28.1 These include balances amounting to Rs. 11,200,000 (2007: Rs. 9,625,900) under lien with banks against guarantees and letters of credit issued by them.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

29 SALES - NET

	Year ended June 30, 2008 Local	Export	Total	Year ended 30 June 2007
	RUPEES			
Yarn	**691,522,700**	**840,222,927**	**1,531,745,627**	1,294,929,550
Fabric	**931,351,140**	**429,562,972**	**1,360,914,112**	1,375,312,721
Cotton	**55,085,673**	**-**	**55,085,673**	-
Processing	**2,785,201**	**-**	**2,785,201**	1,260,598
Waste	**43,494,146**	**-**	**43,494,146**	32,232,171
	1,724,238,860	**1,269,785,899**	**2,994,024,759**	2,703,735,040
Commission and brokerage	**(11,640,466)**	**(20,944,711)**	**(32,585,177)**	(27,682,399)
Export rebate	**-**	**304,535**	**304,535**	689,098
Sales tax	**-**	**-**	**-**	-
	1,712,598,394	**1,249,145,723**	**2,961,744,117**	2,676,741,739

30 COST OF SALES

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Raw material consumed	*30.1*	**1,857,916,646**	1,635,612,410
Packing material consumed		**36,488,463**	33,841,212
Stores, spares and loose tools consumed		**59,446,255**	54,338,315
Cost of cotton sold	*30.2*	**53,233,027**	-
Salaries, wages and benefits	*30.3*	**140,148,636**	126,201,840
Processing charges		**16,412,629**	10,297,192
Fee and subscription		**94,310**	86,305
Fuel, power and water charges		**195,915,715**	187,786,035
Electricity duty		**1,425,794**	1,515,531
Insurance		**6,401,541**	7,334,661
Vehicle running and maintenance		**2,655,514**	2,589,950
Rent, rates and taxes		**203,756**	208,136
Repair and maintenance		**4,716,708**	2,313,399
Communication		**481,889**	512,280
Traveling, conveyance and entertainment		**555,041**	497,361
Depreciation	*18.2*	**170,652,517**	171,303,936
Others		**1,556,676**	2,217,869
		2,548,305,117	2,236,656,432
Work in process			
Opening stock		**38,031,538**	33,613,740
Closing stock		**(39,723,436)**	(38,031,538)
		(1,691,898)	(4,417,798)
Cost of goods manufactured		**2,546,613,219**	2,232,238,634

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

		NOTE	30 June 2008 Rupees	30 June 2007 Rupees
	Finished goods			
	Opening stock		**152,223,923**	146,490,333
	Finished goods purchased		**75,726,913**	54,543,425
	Closing stock		**(178,463,208)**	(152,223,923)
			49,487,628	48,809,835
	Waste			
	Opening stock		**29,120**	59,162
	Closing stock		**(108,445)**	(29,120)
			(79,325)	30,042
	Cost of sales		**2,596,021,522**	2,281,078,511
	Raw material consumed			
30.1	Opening stock		**337,121,919**	216,540,230
	Purchases		**2,207,172,625**	1,815,696,540
			2,544,294,544	2,032,236,770
	Sales of raw material		**(63,613,608)**	(59,502,441)
	Closing stock		**(622,764,290)**	(337,121,919)
			1,857,916,646	1,635,612,410
30.2	**Cost of cotton sold**			
	Cost of purchase			-
	Salaries, wages and benefits		**49,947,293**	-
	Loading and unloading		**765,735**	-
	Insurance		**39,360**	-
	Commission		**499,644**	-
	Finance cost		**38,924**	-
			1,942,071	-
			53,233,027	

30.3 These include charge in respect of employees retirement benefits amounting to Rs. 6,798,005 (2007: Rs. 7,872,939).

31 OTHER OPERATING INCOME

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Income from financial assets			
Unrealized gain on interest rate swap	*26*		-
		9,927,980	
Income from non-financial assets			
Gain on disposal of property plant and equipment	*18.3*		596,283
		314,317	596,283
		10,242,297	

32 DISTRIBUTION COST

		30 June 2008 Rupees	30 June 2007 Rupees
Export			
Ocean freight and forwarding		**37,788,300**	28,692,942
Export development surcharge		**3,002,103**	3,105,062
Export sales promotion expense		**7,897,040**	8,968,753
Others		**1,557,214**	1,518,710
		50,244,657	42,285,467

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Local			
Inland transportation		**7,104,700**	6,658,752
Salaries, wages and benefits		**918,959**	424,604
Others	*32.1*	**2,057,740**	982,656
		10,081,399	8,066,012
		60,326,056	50,351,479

32.1 These include charge in respect of employees retirement benefits amounting to Rs. 32,500 (2007: Rs. 23,335)

33 ADMINISTRATIVE EXPENSES

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Directors' remuneration		**2,880,000**	2,880,000
Salaries, wages and benefits	*33.1*	**19,321,281**	17,585,909
Traveling, conveyance and entertainment		**1,581,989**	1,653,202
Printing and stationery		**402,226**	663,734
Communication		**1,824,467**	2,079,753
Vehicles running and maintenance		**1,835,122**	1,504,948
Legal and professional		**49,000**	167,628
Auditors' remuneration	*33.2*	**250,000**	250,000
Fee and subscription		**846,029**	475,024
Repair and maintenance		**227,120**	688,195
Depreciation	*18.2*	**2,722,844**	2,501,874
Rent, rates and utilities		**2,985,745**	2,254,421
Others		**765,241**	1,059,241
		35,691,064	33,763,929

33.1 These include charge in respect of employees retirement benefits amounting to Rs. 2,341,995 (2007: Rs. 1,033,705)

33.2 Auditors' remuneration

	30 June 2008 Rupees	30 June 2007 Rupees
Annual statutory audit	**145,000**	145,000
Half yearly review	**50,000**	50,000
Review report on code of corporate governance	**45,000**	45,000
Out of pocket expenses	**10,000**	10,000
	250,000	250,000

34 OTHER OPERATING EXPENSES

	NOTE	30 June 2008 Rupees	30 June 2007 Rupees
Workers' profit participation fund	*13.1*	**4,498,529**	6,647,315
Donations	*34.1*	**420,900**	397,440
		4,919,429	7,044,755

34.1 None of the directors or their spouses had any interest in respect of donations made by the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

		30 June 2008 Rupees	30 June 2007 Rupees
35 FINANCE COST			
Mark-up on:			
long term finances		**74,541,695**	100,733,010
short term borrowings		**85,714,083**	63,796,780
liabilities against assets subject to finance lease		**8,178,921**	3,355,529
workers' profit participation fund		**1,146,594**	1,168,457
		169,581,293	169,053,776
Bank charges and commission		**7,083,254**	7,302,472
Loss on derivative financial instruments		**2,964,061**	3,612,575
Imputed interest income on interest free loan		**(20,280,612)**	-
		159,347,996	179,968,823
36 TAXATION			
Current			
for the year	*36.1*	**20,177,912**	18,792,824
for prior years		**-**	8,483
		20,177,912	18,801,307
Deferred	*36.4*	**30,874,831**	-
		51,052,743	18,801,307

36.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001.

36.2 Provision for current tax for the year includes Rs. 410,901 (2007: Rs. 59,492) in respect of Workers' Welfare Fund (WWF). Provision for WWF has been made as required under section 4 (1) of the Workers' Welfare Fund Ordinance 1971 as amended on 01 July 2006 and has been provided at the rate of 2 % of total income as is assessable under the Income Tax Ordinance 2001.

36.3 Assessments for the tax year 2007, 2006 and 2005, and transitional tax year 2005 are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filed by the Company.

36.4 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated as that proportion of total timing differences that the local sales, other than the indirect exports, bear to the total sales revenue. Deferred tax has been calculated at 35% (2007: 35%) of the timing differences so determined. During the previous years, no deferred tax liability was recognised as the Company was being taxed under the final tax regime.

	Percentage of profit before tax	
36.5 Relationship between tax expense and accounting profit	**30 June 2008**	**30 June 2007**
Average tax rate	**44.13**	15.03
Tax effects of:		
adjustments for prior years	**-**	(0.01)
income chargeable to tax at different rates	**(9.12)**	1.49
items not included in determination of provision for taxation	**(0.01)**	18.49
	(9.13)	19.97
Applicable tax rate	**35.00**	35.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

		30 June 2008 Rupees	30 June 2007 Rupees
37	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit attributable to ordinary shareholders	**64,627,604**	106,329,218
	Weighted average number of ordinary shares outstanding during the year	**6,432,000**	6,432,000
	Earnings per share	**10.05**	16.53

There was no dilutive effect on basic earnings per share of the Company.

		Note	30 June 2008 Rupees	30 June 2007 Rupees
38	**CASH GENERATED FROM OPERATIONS**			
	Profit before tax		**115,680,347**	125,130,525
	Adjustments for non-cash items			
	Finance cost		**179,628,608**	179,968,823
	Gain on sale of property, plant and equipment		**(314,317)**	(596,283)
	Imputed interested income on interest free loan		**(20,280,612)**	-
	Unrealized gain on interest rate swap		**(9,927,980)**	-
	Provision for Workers' Profit Participation Fund		**4,498,529**	6,647,315
	Depreciation		**173,375,361**	173,805,810
	Provision for employees retirement benefits		**9,172,500**	8,929,979
			336,152,089	368,755,644
	Operating profit/(loss) before changes in working capital		**451,832,436**	493,886,169
	Changes in working capital			
	Increase in stores, spares and loose tools		**(2,215,763)**	(1,476,405)
	Increase in stock in trade		**(313,913,569)**	(65,790,193)
	Decrease/(increase) in trade receivables		**66,543,863**	(104,998,161)
	Decrease in advances, prepayments and other receivables		**27,619,136**	14,393,527
	(Increase)/decrease in long term deposits		**(216,000)**	12,596,493
	(Increase)/decrease in long term advances		**(339,738)**	137,992
	(Decrease)/increase in trade and other payables		**(2,024,234)**	25,664,754
	Increase in long term payables		**4,948,415**	3,058,044
	Cash generated from operations		**232,234,546**	377,472,220
39	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	*28*	**33,895,144**	40,832,994
	Balances under lien	*28*	**(11,200,000)**	(9,625,900)
			22,695,144	31,207,094

40 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 20 September 2008 has proposed to pay cash dividend @ 7.5% i.e. Rs. 0.75 per ordinary share of Rs.10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

41 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

	30 June 2008 Rupees	30 June 2007 Rupees
Irrevocable letters of credit for:		
import of machinery	**48,401,540**	56,243,225
import of stores, spare and loose tools	**654,720**	7,386,600
	49,056,260	63,629,825
Commitments for fixed capital expenditure	**5,000,000**	-

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including effects of changes in foreign exchange rates, market interest rates, credit and liquidity risk associated with various financial assets and liabilities. The Company manages its exposure to these financial risks in the following manner:

42.1 Interest rate risk exposure

Information about the Company's exposure to interest rate risk is as follows:

AS AT 30 JUNE 2008

		Interest / Markup bearing				Non Interest / Markup bearing				Total
Financial assets	Note	Maturity Upto One year Rupees	Maturity After One year Rupees	Maturity After Five year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year upto Five Rupees	Maturity After Five year Rupees	Subtotal Rupees	30 June 2008
Long term advances	20	-	-	-	-	1,368,700	3,985,365	-	5,354,065	5,354,065
Long term deposits	21	-	-	-	-	-	3,702,925	-	3,702,925	3,702,925
Trade receivables	24	-	-	-	-	178,207,713	-	-	178,207,713	178,207,713
Advances and other receivables	25	-	-	-	-	5,456,769	-	-	5,456,769	5,456,769
Cash and bank balances	28	-	-	-	-	33,895,144	-	-	33,895,144	33,895,144
		-	-	-	-	218,928,326	7,688,290	-	226,616,616	226,616,616
Financial liabilities										
Loan from associates	7	-	79,719,388	-	79,719,388	-	-	-	-	79,719,388
Long term finances	8	276,176,498	436,726,642	-	712,903,140	-	-	-	-	712,903,140
Liabilities against assets subject to finance lease	9	10,758,210	94,429,665	-	105,187,875	-	-	-	-	105,187,875
Trade and other payables	13	-	-	-	-	117,209,030	-	-	117,209,030	117,209,030
Mark up accrued on borrowings	14	-	-	-	-	17,550,500	-	-	17,550,500	17,550,500
Short term borrowings	15	921,037,010	-	-	921,037,010	-	-	-	-	921,037,010
		1,207,971,718	610,875,695	-	1,818,847,413	134,759,530	-	-	134,759,530	1,953,606,943
On balance sheet gap		(1,207,971,718)	(610,875,695)	-	(1,818,847,413)	84,168,796	7,688,290	-	91,857,08[illegible]	(1,726,990,327)

AS AT 30 JUNE 2007

		Interest / Markup bearing				Non Interest / Markup bearing				Total
Financial assets	Note	Maturity Upto One year Rupees	Maturity After One year Rupees	Maturity After Five year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year upto Five Rupees	Maturity After Five year Rupees	Subtotal Rupees	30 June 2007
Long term advances	18	-	-	-	-	-	3,645,627	-	3,645,627	3,645,627
Long term deposits	19	-	-	-		-	3,486,925	-	3,486,925	3,486,925
Trade receivables	22	-	-	-	-	244,751,576	-	-	244,751,576	244,751,576
Advances and other receivables	23	-	-	-	-	53,979,102	-	-	53,979,102	53,979,102
Advance taxation	24	-	-	-		21,240,633	-	-	21,240,633	21,240,633
Cash and bank balances	25	-	-	-	-	40,832,994	-	-	40,832,994	40,832,994
		-	-	-	-	360,804,305	7,132,552	-	367,936,857	367,936,857
Financial liabilities										
Long term finances	7	309,220,780	505,947,421	6,955,719	822,123,920	-	-	-	-	822,123,920
Liabilities against assets subject to finance lease	8	27,031,735	21,000,000	-	48,031,735	-	-	-	-	48,031,735
Loan from associates		-	-	-	-	-	-	100,000,000	100,000,000	100,000,000
Trade and other payables	11	12,423,818	-	-	12,423,818	119,576,545	-	-	119,576,545	132,000,363
Mark up accrued on borrowings	12	-	-	-	-	11,615,561	-	-	11,615,561	11,615,561
Short term borrowings	13	718,054,063	-	-	718,054,063	-	-	-	-	718,054,063
		1,066,730,396	526,947,421	6,955,719	1,600,633,536	131,192,106	-	100,000,000	231,192,106	1,831,825,642
On balance sheet gap - 2007		**(1,066,730,396)**	**(526,947,421)**	**(6,955,719)**	**(1,600,633,536)**	**229,612,199**	**7,132,552**	**(100,000,000)**	**136,744,751**	**(1,463,888,785)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Although adverse movements in floating interest rates are partially hedged, the Company is exposed to interest rate risk since it has un-capped floating interest rate arrangements in respect of some of its borrowings. The effective interest / mark-up rates for the interest / mark up bearing financial instruments are mentioned in relevant notes to the financial statements.

42.2 Currency risk exposure

Currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currency. The Company incurs currency risk on sales and purchases that are denominated in a currency other than functional currency. Financial assets amounting to Rs. 13,589,929 (2007: Rs. 16,160,621) are exposed to currency risk. The Company is not exposed to currency risk in respect of its financial liabilities.

42.3 Concentration of credit risk and credit risk exposure

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. Out of total financial assets of Rs. 226,616,616 (2007: Rs. 367,936,857), financial assets which are subject to credit risk amount to Rs. 164,617,784 (2007: Rs. 228,590,955). The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. The Company manages credit risk by limiting significant exposure to individual customers, and obtaining advances against sales.

42.4 Liquidity risk exposure

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer.

42.5 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability be settled between knowledgeable willing parties, in an arm's length transaction. As at the reporting date, the fair values of all financial instruments are considered to approximate their book values.

43 RELATED PARTY TRANSACTIONS

Related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, key management personnel including chief executive, directors and executives and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties.

43.1 Details of related party transactions are as follows:	**30 June 2008 Rupees**	**30 June 2007 Rupees**
43.1.1 Transactions with Associates		
Services received	**15,879,715**	7,715,964
Services rendered	**363,000**	-
Electricity purchased	**30,382,751**	5,263,458
Dividend paid	**1,189,160**	891,870
Purchase of yarn, fabric and stores	**82,457,297**	202,348,763
Sale of yarn and fabrics	**268,238,752**	14,100,379
Purchase of cotton	**8,339,722**	293,925,307
Sale of cotton	**28,750,591**	56,936,299
Purchase of property, plant and equipment	**-**	16,500,000
Sale of property, plant and equipment	**925,000**	-
Loan received	**-**	100,000,000

43.1.2 Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director. The Company's key management personnel comprise the Chief Executive and Directors. Total compensation for key management personnel was as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

	Year ended 30 June 2008		
	Chief Executive	Director	Executive
Short-term employee benefits		Rupees	
Remuneration	662,000	1,324,000	-
Housing	298,000	596,000	-
Post employment benefits	960,000	1,920,000	-
Retirement benefits	-	-	-
	960,000	1,920,000	-
No. of persons	1	2	0

	Year ended 30 June 2007		
	Chief Executive	Director	Executive
Short-term employee benefits		Rupees	
Remuneration	662,000	1,324,000	-
Housing	298,000	596,000	-
Post employment benefits	960,000	1,920,000	-
Retirement benefits	-	-	-
	960,000	1,920,000	-
No. of persons	1	2	-

Additionally, the Chief Executive and all Directors are provided with free use of Company maintained cars.

		30 June 2008	30 June 2007
43.2	**Details of related party balances are as follows:**	**Rupees**	**Rupees**
43.2.1	**Balances with Associates**		
	Long term loans	**79,719,388**	100,000,000

43.2.2 Shares in the Company held by associates

Faisal Spinning Mills Limited, an associated undertaking, holds 1,189,160 ordinary shares of Rs. 10 each (2007: 1,189,160 ordinary shares of Rs. 10 each) in the Company.

44 PLANT CAPACITY AND ACTUAL PRODUCTION

	2008	2007
Number of spindles installed	47,616	44,496
Number of spindles worked	47,616	44,496
Number of looms installed	131	131
Number of looms worked	131	131
Number of shifts per day	3	3
Installed capacity after conversion into 20/s counts (in thousand)	20,413	19,081
Actual production of yarn after conversion into 20/s counts (in thousand)	18,229	18,049
All counts production (in thousand)	9,437	9,555
Installed capacity after conversion into 50 picks fabrics (Mtr)	17,483,076	17,483,076
Actual production after conversion into 50 picks fabrics (Mtr)	23,892,170	28,556,778
All picks production (Mtr)	14,622,539	15,337,593

It is difficult to precisely describe production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary accordingly to the pattern of production adopted in a particular year.

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 20 September 2008 by the Board of Directors of the Company.

46 GENERAL

Figures have been rounded off to the nearest rupee.

PATTERN OF SHAREHOLDING AS AT 30-06-2008

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM - TO	TOTAL SHARES HELD
163	1 - 100	15,800
177	101 - 500	71,800
27	501 - 1000	25,800
60	1001 - 5000	144,900
5	5001 - 10000	31,900
2	10001 - 15000	25,400
3	20001 - 25000	67,000
2	25001 - 30000	58,500
1	35001 - 40000	35,500
3	40001 - 45000	127,600
1	45001 - 50000	50,000
2	50001 - 55000	102,400
2	55001 - 60000	112,000
1	60001 - 65000	63,900
2	65001 - 70000	134,500
3	90001 - 95000	276,200
1	100001 - 105000	103,000
1	125001 - 130000	126,100
1	130001 - 135000	135,000
1	135001 - 140000	138,200
1	160001 - 165000	163,200
3	265001 - 270000	803,400
1	280001 - 285000	282,400
1	330001 - 335000	330,400
1	390001 - 395000	393,900
2	440001 - 445000	888,040
1	535001 - 540000	536,000
1	1185001 - 1190000	1,189,160
469		**6,432,000**

CATEGORYWISE SUMMARY OF SHAREHOLDERS AS AT 30-06-2008

	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARE HELD	PERCENTAGE %
1.	Individual	454	4,368,440	67.92
2.	Investment Companies	-	-	-
3.	Insurance Companies	1	393,900	6.12
4.	Joint Stock Companies	12	1,557,660	24.22
5.	Financial Institutions	2	112,000	1.74
6.	Modaraba Companies	-	-	-
7.	Foreign Investors	-	-	-
8.	Co-Operative Society	-	-	-
9.	Charitable Institutions	-	-	-
10.	Others	-	-	-
	TOTAL	**469**	**6,432,000**	**100.00**

The above two statements include 158 shareholders holding 1,179,200 shares through the Central Depository Company of Pakistan Limited (CDC)

PATTERN OF SHAREHOLDING
AS AT 30-06-2008

S. No.	Shareholders Category	PERCENTAGE	NO. OF SHARES
1	Associated companies undertaking and related parties		
	Faisal Spinning Mills Limited	-	1,189,160
2	NIT / ICP		-
	National bank of Pakistan		112,000
3	CEO, Directors and their spouse and minor children		
	Mr. Mohammad Shaheen		69,000
	Mr. Mohammad Salim		50,000
	Mr. Mohammad Sharif		45,000
	Mr. Mohammad Shakeel		30,000
	Mr. Khurram Salim		63,900
	Mr. Bilal Sharif		90,500
	Mr. Mohammad Amin		282,400
	Mr. Adil Shakeel		444,300
	Mrs. Yasmeen Begum		42,000
	Mrs. Anjum Begum		269,500
	Mrs. Seema Begum		40,600
	Mrs. Nazli Begum		65,500
	Mrs Amna Khurram		163,200
	Mrs. Samia Bilal		536,000
	Mrs. Fatima Amin		330,400
	Master Abdullah Bilal		25,000
	Master Umer Khurram		2,500
	Master Hamza Shakeel		2,000
	Master Noor Shakeel		2,000
4	Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds		
	State Life Insurance Corporation of Pakistan		393,900
	First Dawood Investment Bank		12,000
5	Details of Trading in the Shares by the Directors, CEO, CFO, Company Secretary and their spouse and minor children		-
6	Shareholders Holding Ten Percent or more Voting Interest		
	Faisal Spinning Mills Limited	18.49%	1,189,160

PROXY FORM

I/We ____

of ____

being a member of BLESSED TEXTILES LIMITED and holder of ____________________

ordinary shares as per Share Register Folio No. ________________ and/or CDC Participant

ID No. ________________ and Sub Account No. ________________ hereby appoint

Mr./Mrs./Miss ______________________________ of ______________ or failing

him/her ______________________________ of ____________________ as my / our

proxy to act on my/our behalf at the 21st Annual General Meeting of the Company to be held on Friday October 24, 2008 at 4:00 p.m at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

WITNESS

Signature ____________________

Name ____________________

Address ____________________

____

CNIC/Passport # ______________

Affix
Rs. 5/-
Revenue
Stamp

(Signature should agree with the specimen signature registered with the Company)

Signed this __________ day of ________ 2008

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, BLESSED TEXTILES LIMITED, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

(i) The Proxy form shall be witnessed by a person whose name, address and NIC/Passport number should be stated on the form.
(ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the proxy form should also be submitted.
(iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
(iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.