بسم الله الرحمن الرحيم

VISION STATEMENT

To be recognized internationally and locally as dynamic, quality conscious and ever progressive Textile Product manufacturer in the Textile Industry of Pakistan

MISSION STATEMENT

Mahmood Group is committed to:

- Be ethical in its practices.
- Excel through continuous improvement by adopting most modernized technology in production.
- Operate through professional Team work.
- Retain our position as leading and innovative in the Textile Industry.
- Achieve Excellence in the quality of our product.
- Be a part of country's economic development and social Prosperity.

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CORPORATE INFORMATION

BOARD OF DIRECTORS:

KHAWAJA MUHAMMAD MASOOD	Chairman
KHAWAJA MUHAMMAD IQBAL	Chief Executive Officer
KHAWAJA MUHAMMAD ILYAS KHAWAJA MUHAMMAD YOUNUS JALAL-UD-DIN ROOMI MRS. MEHR FATIMA MUHAMMAD MUZAFAR IQBAL	Directors
GHULAM MOHAYUDDIN	Company Secretary
MUHAMMAD AMIN PAL F.C.A.	Chief Financial Officer
M. YOUSUF ADIL SALEEM & CO. Chartered Accountants Abdali Tower 3rd Floor, 77 Abdali Road, Multan.	Auditors
MCB BANK LTD. UNITED BANK LIMITED HABIB BANK LIMITED ALLIED BANK LIMITED	Bankers
MEHR MANZIL, LOHARI GATE, MULTAN. Tel.: 061-111-181-181 Fax: 061-4511262 E-mail: info@mahmoodgroup.com URL : www.mahmoodgroup.com	Registered Office
MAHMOODABAD, MULTAN ROAD, MUZAFFARGARH.	Mills
MASOODABAD, D.G. KHAN ROAD, MUZAFFARGARH.	

NOTICE OF MEETING

Notice is hereby given that 39th Annual General Meeting of the Company will be held on Saturday, 31st October, 2009,at 11.00 A.M., at its Registered Office, Mehr Manzil, O/s Lohari Gate, Multan to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of Annual General Meeting held on 31st October, 2008.
2. To receive consider and adopt the Audited Accounts for the year ended 30st June, 2009 together with Director's and Auditor's Reports thereon.
3. To approve payment of Cash Dividend @ 40% (Rs.4.00 per ordinary Share of Rs. 10/- each) for the year ended 30th June, 2009 as recommended by the Board of Directors.
4. To approve issuance of 50.2257% Bonus Shares in the proportion of 5.02 ordinary shares for every 10 ordinary shares to the Shareholders for the year ended 30th June,2009 as recommended by the Board of Directors.
5. To appoint Auditors for the year 2009-2010 and to fix their remuneration. The present Auditors M/s. M.Yousaf Adil Saleem &Company, Chartered Accountants being eligible have offered themselves for re-appointment.
6. To transact any other business with the permission of the Chair.

SPECIAL BUSINESS

7. To consider and if thought fit to pass with or without modifications the following resolution:

"Resolved that consent and approval of the Company be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for provision of short term loan/advances aggregated amount of Rs. 100.000(M) each to Associated Companies @ one month KIBOR Plus 1.5 % markup. It is further resolved that the Chief Executive of the Company be and is hereby authorized to negotiate and take any action on behalf of the Company as may be deemed necessary In this regard".

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
GHULAM MOHAYUDDIN
COMPANY SECRETARY

Multan.
Date: 06th October, 2009.

Notes:-

i) The Share Transfer Books of the Company will remain Closed from 20th October to 31st October, 2009 (Both days inclusive).

ii) A Member entitled to attend and vote at the meeting may appoint another Member of the Company as a proxy to attend and vote instead of him/her. Proxy Form duly completed should reach the Registered Office of the Company at least 48 hours before the time of Meeting.

iii) Any individual beneficial owner of CDC entitled to attend and vote at this Meeting must bring his/her CNIC or Passport. Representative of Corporate Member should bring the usual documents required for such purpose.

iv) Members are requested to notify immediately any Change in their addresses.

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

1) Name of Investee Company together with the amount and purpose of loan or advance in case any loan had already been provided or loan has been written off to the said Investee company, the complete detail of said loan:

2) A brief about the financial position of the Investee Company on the basis of last published financial Statements:

3) Rate of mark up to be charged:

4) Particulars of collateral security to be obtained from borrower and, if not needed, justification thereof:

5) Source of funds from where loan or advance will be given:

6) Repayment Schedule:

7) Purpose of loans and advances:

8) Benefits likely to accrue to the Company and the Shareholders from loans and advances.

1) Masood Fabrics Ltd. 2) Masood Spinning Mills Ltd.

3) Roomi Fabrics Ltd. 4) Roomi Enterprises(Pvt) Ltd. Last year average Loan amount of Rs. 45.000(M) was given to Roomi Enterprises(Pvt) Limited, which has been fully recovered along with interest during the year.

As per details annexed. (Accounts have not been published as investee Companies are not listed on any Stock Exchange)

@ one month KIBOR Plus 1.5% markup.

No needed. It is temporary transaction, which will be adjusted within short period.

From surplus reserve / funds of the Company.

Temporary short term loan / advance adjustable within one year on revolving basis.

To facilitate and expedite commercial transaction of the Company amongst the Associated Companies.

The Company profitability will increase by providing surplus and idle funds to the Associated Companies At about 13-15% interest rate instead of investing this fund temporarily at 6.8% with Commercial Banks.

FINANCIAL POSITION OF INVESTEE COMPANIES

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

	MASOOD FABRICS LTD.	MASOOD SPINNING MILLS LTD.	ROOMI FABRICS LTD.	ROOMI ENTERPRISES (PVT) LTD.
Sales - Net	1,938,722,925	2,635,342,259	2,966,481,242	48,043,486
Cost of Sales	1,579,946,092	2,214,308,424	2,474,090,504	28,043,299
Gross Profit	358,776,833	421,033,835	492,390,738	20,000,187
Admis. Exp.	27,018,723	11,284,527	22,157,284	3,984,768
Distribution Cost	103,737,472	75,263,318	108,405,867	658,000
Other operating Exp.	20,792,862	4,200,000	48,442,234	-
	151,549,057	90,747,845	179,005,385	4,642,768
	207,227,776	330,285,990	313,385,353	15,357,419
Other operating income/(Loss)	25,538,621	12,645,517	5,496,277	(2,343,763)
	232,766,397	342,931,507	318,881,630	13,013,656
Finance Cost	99,457,189	254,295,069	177,113,511	43,911,543
Profit(Loss) before taxation	133,309,208	88,636,438	141,768,119	(30,897,887)
Taxation	21,317,830	18,569,298	17,349,998	2,346,480
Profit/(Loss) after Taxation	111,991,378	70,067,140	124,418,121	(33,244,367)
Earning per share	10.18	2.34	5.66	(33.24)
<u>BALANCE SHEET AS AT 30-06-2009</u>				
Fixed Assets	797,295,246	1,073,876,398	1,167,234,487	297,903,512
Long term investment/Depos	142,894,955	3,717,300	4,401,000	346,000
	940,190,201	1,077,593,698	1,171,635,487	298,249,512
Current Assets	1,228,603,000	1,168,464,502	1,368,569,871	538,866,801
Total Assets	2,168,793,201	2,246,058,200	2,540,205,358	837,116,313
Less Current Liabilities	1,208,724,194	1,215,224,183	1,217,844,913	567,897,513
Less long term loan/other liab.	213,116,915	474,151,068	672,004,834	8,950,201
	1,421,841,109	1,689,375,251	1,889,849,747	576,847,714
Net represented by	746,952,092	556,682,949	650,355,611	260,268,599
Paid up Capital	110,000,000	300,000,000	220,000,000	100,000,000
Un-appropriated Profit	636,952,092	256,682,949	430,355,611	160,268,599
	746,952,092	556,682,949	650,355,611	260,268,599

SGS

Certificate SG07/1431

Mahmood Textile Mills Limited

ISO 9001:2000

Manufacturing and Export of Yarn and Grey Fabric

USTER®

Uster Technologies AG
CH-8610 Uster / Switzerland

Certificate

Is granting authorization to use the Trademark USTERIZED®

USTERIZED®

According to
Audit Report Number 131 / Registration Number 200812
to following company:

Mahmood Textile Mills Ltd., Unit No. 5
2 km D.G. Khan Road
Muzaffargarh
Punjab
Pakistan

Mahmood Textile Mills Ltd. Unit No. 5, Muzaffargarh / Pakistan fulfills all conditions for using the brand USTERIZED® and will be checked regularly at a once per year basis.

CH-8610 Uster, May 7, 2008

Dr. Geoffrey Scott
Chief Executive Officer

Richard Furter
Executive Vice President
Textile Technology

CERTIFICATE

CERTIFICATE No: CB10548GOTS-01.2009
REGISTRATION N°: CU 810548

Field of attention:

Textile
Global Organic Textile Standard (GOTS)

Issued to:

Mahmood Textile Mills Ltd.
Multan 60000, PAKISTAN
Project in: PAKISTAN

Standard:

"Global Organic Textile Standard - GOTS" standards for the processing of fibres from certified organic agriculture.

Valid until: 13 December 2009

Control Union Certifications declares to have inspected the unit(s), and/or product(s) of the above mentioned client, and have found them in accordance with the standards mentioned above. This certificate covers the unit(s), and/or product(s) as mentioned in the authenticated annex of this certificate.

This certificate is in force until further notice, provided that the above-mentioned client continues meeting the conditions as laid down in the client contract with Control Union Certifications. Based on the annual inspections that Control Union Certifications performs, this certificate is updated and kept into force.

Date of certification:
12 February 2009
Place and date of issue:
Colombo-07, 12 February 2009

Declared by:

On behalf of the Managing Director

Mr. S.K. Patkunge

Certifier
Control Union Certifications
P.O. Box 161
8000 AD Zwolle
The Netherlands
http://www.controlunion.com
tel.: +31(0)38-4260100

CONTROL UNION CERTIFICATIONS

CERTIFICATE

citeve

Centro Tecnológico das Indústrias Têxtil e do Vestuário de Portugal

The company

Mahmood Group (Masood Spining Mills Limited)

Mehr Manzil, Lohari Gate - P.O.Box n°. 28

60000 Multan - Pakistan

is granted authorization according to Oeko-Tex Standard 100 to use the Oeko-Tex mark, based on our test report 7930/2008

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Öko-Tex Standard 100
Test-No. 2514CIT CITEVE

for the following articles:

100% Raw Cotton yarns (carded and combed) for weaving and knitting (Pakistan and US Cotton sources).

The results of the inspection made according to Oeko-Tex Standard 100, **product class** I have shown that the above mentioned goods, which have to undergo a wet processing step during further production stages, meet the human-ecological requirements of the standard presently established for baby articles.

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the Oeko-Tex mark only in conjunction with products that conform with the sample initially tested.

This authorisation is valid until 31.07.2009

V. N. de Famalicão, 12.11.2008

The Director of the Laboratories
Maria Antónia Lopes

COTTON USA

Cotton Council International

certifies that

Mahmood Group of Industries

is a verified

COTTON USA Licensee

This licensee has complied with the necessary licensing requirements and has been granted the right to use CCI's registered trademark on all qualifying labels, prints and promotional materials for one calendar year from the date of the certificate.

Issued this **10th** *day of* **July 2007**

Executive Director
Cotton Council International

Supima® WORLD'S FINEST COTTONS

This is to certify that

Mahmood Group of Industries

is authorized to use the Supima® trademark and name as governed by Supima. The company is a member and licensee of Supima and has agreed to uphold the highest standards of quality and distribution of all Supima cotton textile products.

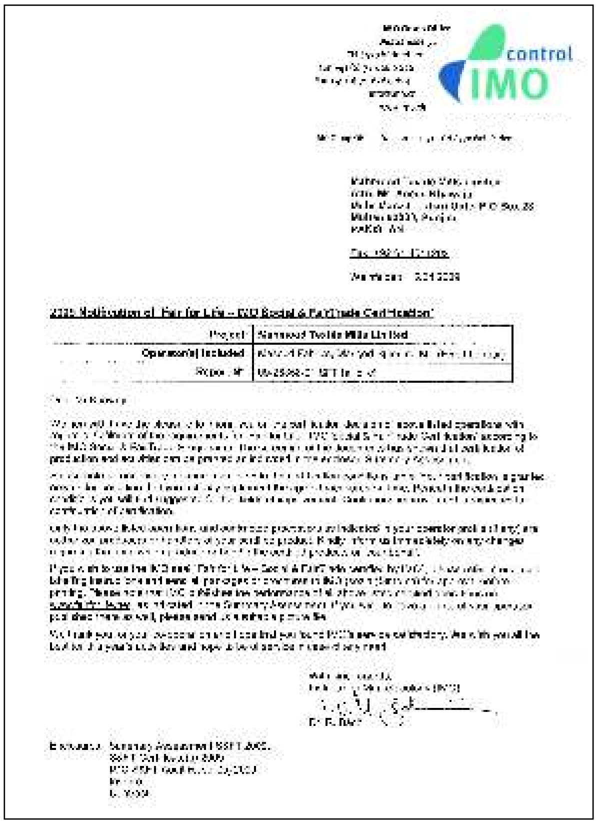
This also certifies that said licensee is purchasing, consuming or using yarn or fabric made from American Pima cotton that is grown in the United States of America, specifically in the states of California, Arizona, New Mexico and the El Paso region of Texas, and that the cotton is grown by a member in good-standing of Supima.

Effective: January 1, 2008 – December 31, 2009
Licensed Product: Yarns and Woven Fabrics
License No: Pakistan-20
Member Since: 2005

Jesse W. Curlee, President
Supima


RIETER
Competence in Compacting
CERTIFICATE
Mahmood Textile Mills Ltd.
LICENSEE
yarn makes the difference!
your systems supplier
Rieter Textile Systems
www.rieter.com


CERTIFICATE
Mahmood Textile Mills Ltd.
Valid until: 13 December 2009
CONTROL UNION CERTIFICATIONS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IMO

DIRECTORS' REPORT TO THE SHAREHOLDERS

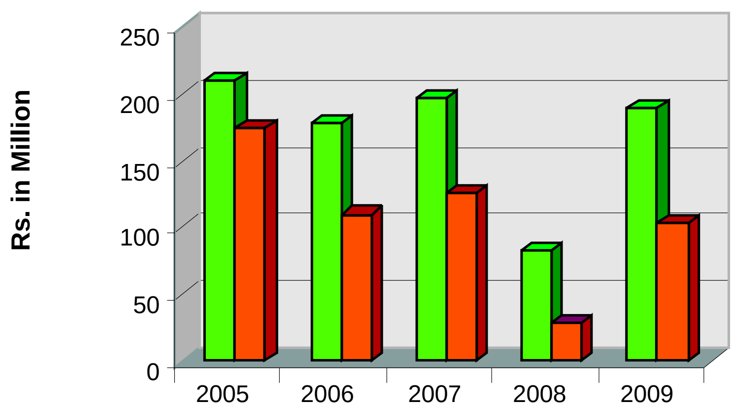
IN THE NAME OF ALLAH, THE MOST BENEFICENT, THE MOST MERCIFUL

Your Directors take pleasure in presenting to you the 39th Annual Report of the Company together with audited accounts for the year ended 30th June, 2009.

The operating results along with the appropriations are summarized as under:-

	2009 Rupees	(Restated) 2008 Rupees
Profit after taxation	102,843,981	(4,979,641)
Un-appropriated profit B/F (Restated)	1,516,619,375	1,561,538,972
	1,619,463,356	1,556,593,331
Proposed cash dividend @ Rs. 4 per share (2008 @ Rs. 1.5/- per share)	(39,939,960)	(14,977,484)
Proposed stock Dividend @ 52.2257% (2008-Nil)	(52,147,304)	-
Balance retained earning.	1,527,376,092	1,541,615,847
Earning per share	10.30	(0.50)

Profit Before and After Tax



	2005	2006	2007	2008	2009
Profit Before Tax	210	178	197	83	190
Profit After Tax	174	110	126	28	103

In the reporting period different political and economical challenges were witnessed at local as well as in the foreign market. Global Financial melt down was so severe that top performing economies of the developed countries paralised all of a sudden and it was felt that crises are moving fastly toward severe panic and crash out. In this horrible situation Western and American countries injected billions of dollars from their treasuries to support this worst ever economic condition. During the year IDP issues, law & order problem due to war on terrorism also prevailed, all these internal and external circumstances led to trickle down economic activities in the country.

It is worth mentioning that raw material, cotton is back bone of Textile Industry. The availability of quality cotton at rational price is absolutely essential for smooth operation of Textile Industry. At present about 15.000 million bales are required to meet demand of spinning sector. But unfortunately since many years our production remained under 12.000 million bales. There is sufficient gap between demand and supply of cotton in the country. Hence, cotton is imported at expensive rate and further precious foreign exchange is utilized in this activity.

The prices of cotton never stayed at stable position due to shortage of cotton in the country. Moreover, speculators further aggregated the situation and price of cotton remained under volatile condition during the whole season. It is imperative that this fundamental problem should be properly redressed by the Government and drastic measures should be taken to increase production of quality cotton. Our neighbour India with same soil and atmosphere is producing much better quality cotton and exporting too many countries including Pakistan & China.

Constant electrical & gas shut down is another burning issue which is being faced by the whole business community in the country. The wheel of industry cannot be kept operative without the smooth and regular supply of utilities. There is acute shortage of electricity as compared to current demand of industry. Heavy investments have been made in Textile Industry and its performance is based on working round the clock throughout the year. A single hour stoppage is causing huge production and financial loss to this sector. At economic front this industry is employing major work force and is earning more than 60% foreign exchange of the country. Therefore, priorities should be determined by the Government to exempt this sector from load shedding.

It is also essential to highlight that during the current financial turmoil interest rates have decreased tremendously all over the world with exception of Pakistan. In our country these rates are at much higher side ranging between 14 to 18%, resultantly all business sector is under severe pressure of high debt service ratio.

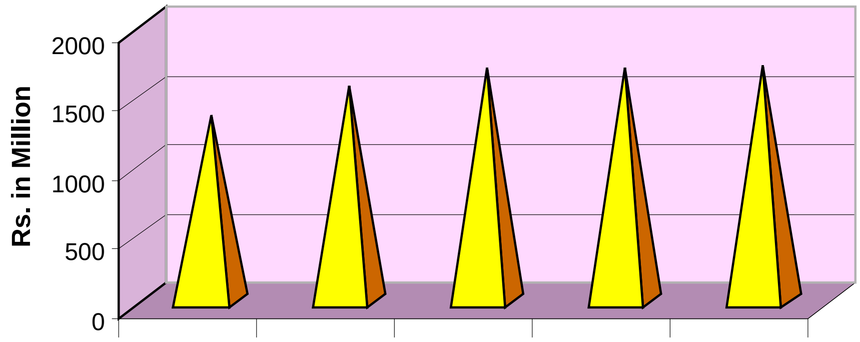
In the current year, the company has born financial cost amounting to Rs. 381.000 million as compared to Rs. 221.160 million incurred last year. The business community would not feel comfort unless financial facilities are available at viable rate.

Due to hyper inflation in the country cost of other input e.g. wages, salary, Stores Spares, repairs. maintenance & administrative expenses has also increased as compared to previous year. Despite all these adverse circumstances with the blessing of Allah the Company has earned net profit Rs. 102.844 million during the year after providing depreciation amounting to Rs. 180.122 million.

Back in year 2007-08 made investment in system and purchased modules for the highly efficient 'Oracle'. With the 'Grace of Allah' the group is now 100% running on 'Oracle' with some minor adjustments. The successful implementation of 'Oracle' means quicker information and better reporting for Board of Director and stack holders decision making.

The graphical view of the Company's Financial Strength as of to date is presented as under:-

Equity

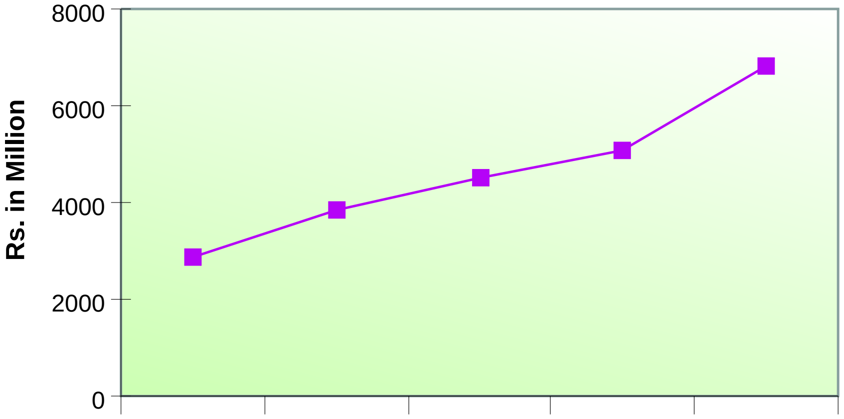


2005	2006	2007	2008	2009
1348	1552	1694	1681	1711

The detail of export and local sales made during the year under report is given below:

	2009 Rupees	(Restated) 2008 Rupees
Export Sale	3,525,357,847	2,640,249,898
Local Sale	3,285,909,984	2,432,918,769
	6,811,267,831	5,073,168,667

Net Turnover



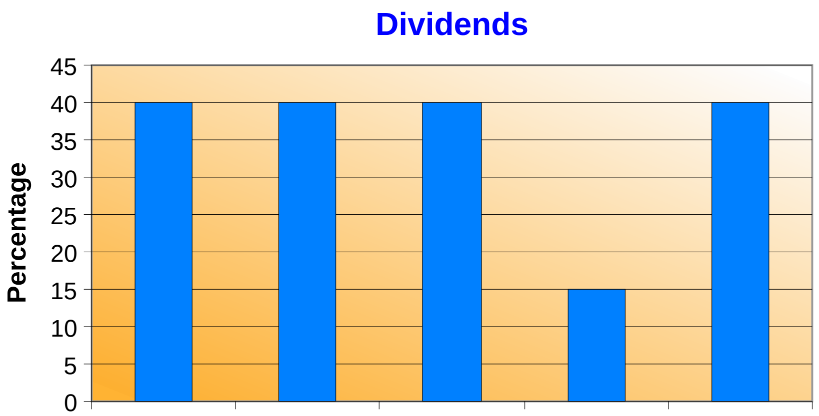
2005	2006	2007	2008	2009
2878	3839	4519	5073	6811

The detail of yarn and cloth produced during the year under review is given below:-

		2009 Rupees	(Restated) 2008 Rupees
I) Yarn	Actual production converted into 20/S count Kgs.	31,003,601	29,245,027
ii) Grey Cloth	Actual production converted into 60 picks Sq Meters.	17,856,211	14,540,633

Dividends pay out.

Management always considers to pay good return regularly to valued shareholders in line with profitability of the company. This year directors propose 40 % cash dividend and 50.2275% stock dividend which will be put up in the Annual General meeting for final approval.



2005	2006	2007	2008	2009
40	40	40	15	40

FUTURE OUTLOOK

As mentioned in previous para that Textile Industry is contributing significantly towards economic achievements of the country. If grievances of this Industry are not redressed properly then not only this sector would suffer but overall economy of the country would also be derailed . The recently announced Textile Package by the Government has provided a hope to overcome the prevailing crises. We expect that this package would be implemented in letter & spirit.

PATTERN

Pattern of share holding is annexed and details have been submitted according to the requirement of Code of Corporate, Governance and Section 236 of the Companies Ordinance 1984.

AUDITORS

The present Auditors M/S Yousuf Adil Saleem and Company, Chartered Accountants retire and being eligible offer themselves for reappointment.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its listing Rules, relevant for the year ended 30th June 2009 have been duly complied with. A statement to this effect is annexed with the report.

CORPORATE GOVERNANCE

The various information and statements as required by the Code are given below:

a) Proper books of accounts have been maintained by the Company

b) Financial statement prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.

c) Appropriate accounting policies have consistently been applied in preparation of financial statement.

d) 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. The process of review will continue and any weaknesses in control will be overcome.

e) The company is confident to continue as a progressive concern.

t) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

g) Key financial data for last six years is annexed.

h) There are no outstanding statutory payments due on account of taxes, duties, levies charges except for those discussed in the financial statements.

i) During the year, there is no trade reported in the shares of the company. carried out by Directors, CEO, CFO, Company Secretary and their spouses and minor children.

j) Audit Committee has been established and is working satisfactorily.

ACKNOWLEDGMENT

Your Directors would like to thank the workers, staff and officers of your Company for their efficient work and dedication and hope that with their wholehearted support better results will be achieved during the next year.

For and on behalf of the Board

Sd/-
(KHAWAJA MUHAMMAD MASOOD)
CHAIRMAN

Multan
Dated: 5th October, 2009

DIRECTORS ATTENDANCE AT BOARD MEETINGS

From July 1st 2008 to June 30, 2009

Sr. No.	Name	Designation	Meeting Held	Meeting Attended
1.	Khawaja Muhammad Masood	Chairman	4	4
2.	Khawaja Muhammad Iqbal	CEO	4	4
3.	Khawaja Muhammad Ilyas	Director	4	4
4.	Khawaja Muhammad Younus	Director	4	4
5.	Jalal-ud-Din Roomi	Director	4	4
6.	Muhammad Muzaffar Iqbal	Director	4	4
7.	Mrs. Mehr Fatima	Director	4	4

YEAR WISE STATISTICAL SUMMARY

Rupees in million

	2009	2008	2007	2006	2005 (Nine months)	2004
ASSETS : FIXED ASSETS	1,632	1,756	1,736	1,666	1,182	712
INVESTMENT AND LONG TERM ADVANCES & DEPOSITS	345	277	257	138	178	149
CURRENT ASSETS	2,441	2,264	1,750	1,387	1,261	696
TOTAL ASSETS	4,418	4,297	3,743	3,191	2,621	1,557
FINANCED BY:						
EQUITY	1,711	1,624	1,694	1,552	1,348	1,192
LONG TERM LIABILITIES	595	656	602	550	366	40
DEFFERED LIABILITIES	140	93	63	33	19	18
CURRENT LIABILITIES	1,972	1,924	1,384	1,056	888	307
TOTAL FUNDS INVESTED	4,418	4,297	3,743	3,191	2,621	1,557
TURNOVER AND PROFIT :						
TURNOVER - NET	6,811	5,073	4,583	3,839	2,878	3,909
OPERATING PROFIT	523	254	411	280	245	129
PROFIT BEFORE TAXATION	190	50	247	178	210	98
PROFIT AFTER TAXATION	103	(5)	177	110	174	56
DIVIDENDS	40%	15%	40%	40%	40%	25%
PROFIT c/f	1,604	1,517	1,587	1,445	1,249	1,093

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance Contained in Listing Regulation No. 37 of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors. At present there is no independent non executive director in the Board.

2. The directors have confirmed that none of them is serving as a director in more than ten listed Companies including this Company.

3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DF1 or an NBF1.

4. No casual vacancies were occurred in the Board during the year.

5. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees of the Company.

6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8 The meeting of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. There were no new appointments of CFO, Company Secretary or head of internal Audit Department during the year.

10. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be.

11. The financial statement of the Company were duly endorsed by the CEO and the CFO before approval by the Board.

12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share-holding.

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

14. The Board has formed an Audit Committee, which comprises of 3 members.
15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.

16. The Board has set-up an effective internal audit function.

17. 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics a adopted by ICAP.

18. The statutory auditors or the persons associated with them have not been appointed to provide other service, except in accordance with the Listing Regulations and the auditors have confirmed that they have observed (IFA) guidelines in this regard.

19. We confirm that all other material principles contained in the Code have been complied.

For and on behalf ofthe Board of Directors.

Multan:
Dated: 5th October, 2009

Sd/
CHAIRMAN

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Mahmood Textile Mills Limited ("the Company") to comply with the Listing Regulations of the Karachi Stock Exchange where the Company is listed.

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

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

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE / N-269 dated 19 January 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Sd/
M. YOUSUF ADIL SALEEM & CO.
CHARTERED ACCOUNTANTS.

Islamabad:
Dated: 5th October, 2009

AUDITORS' REPORT TO THE MEMBERS OF MAHMOOD TEXTILE MILLS LIMITED

We have audited the annexed balance sheet of MAHMOOD TEXTILE MILLS LIMITED ("the Company") as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

(b) in our opinion

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change referred in note 2.3.7 with which we concur;

  (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 Company's affairs as at 30 June 2009 and of the profit, its cashflows and changes in equity for the year then ended: and

(d) in our opinion, Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Sd/
M. YOUSUF ADIL SALEEM & CO.
CHARTERED ACCOUNTANTS.

MUHAMMAD SALEEM
(ENGAGEMENT PARTNER)

Islamabad:
Dated: 5th October, 2009

BALANCE SHEET

AS AT JUNE 30, 2009

	Note	2009 Rupees	(Restated) 2008 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,632,292,921	1,755,924,188
Long term investments	4	338,387,900	273,105,921
Long term deposits		6,478,119	3,866,043
		1,977,158,940	2,032,896,152
CURRENT ASSETS			
Stores, spares and loose tools	5	116,426,182	166,162,912
Stock-in trade	6	1,443,806,234	1,589,307,570
Trade debts	7	387,579,261	145,330,859
Short term investments	8	262,280,190	170,420,643
Loans and advances	9	92,107,525	97,294,991
Other receivables	10	106,585,076	56,278,559
Tax due from Government	11	23,198,189	31,350,252
Cash and bank balances	12	9,226,439	7,611,631
		2,441,209,096	2,263,757,417
		4,418,368,036	4,296,653,569
SHARE CAPITAL AND RESERVES			
Authorized			
30,000,000 Ordinary shares of Rs. 10 each		300,000,000	300,000,000
Issued, subscribed and paid up capital	13	99,849,890	99,849,890
Reserves		7,120,600	7,120,600
Un-appropriate profits		1,604,486,021	1,516,619,375
		1,711,456,511	1,623,589,865
NON-CURRENT LIABILITIES			
Long term financing	14	595,030,192	656,022,181
Deferred liabilities	15	139,723,932	92,536,734
		734,754,124	748,558,915
CURRENT LIABILITIES			
Trade and other payables	16	253,561,948	175,725,155
Interest/mark up accrued on loans	17	92,557,299	42,989,299
Short term borrowings	18	1,492,049,444	1,549,880,031
Current portion of:			
Long term financing	14	100,297,408	127,693,166
Provision for taxation	19	33,691,302	28,217,138
		1,972,157,401	1,924,504,789
CONTINGENCIES AND COMMITMENTS	20	-	-
		4,418,368,036	4,296,653,569

The annexed notes 1 to 39 form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	(Restated) 2008 Rupees
Sales - net	21	6,811,267,831	5,073,168,667
Cost of goods sold	22	(5,727,024,986)	(4,510,880,519)
Gross profit		1,084,242,845	562,288,148
Other Operating income	23	23,681,740	23,315,928
		1,107,924,585	585,604,076
Distribution cost	24	(227,972,445)	(178,321,913)
Administrative expenses	25	(80,472,843)	(62,222,756)
Other operating expenses	26	(276,936,277)	(92,381,565)
Finance cost	27	(381,249,583)	(221,160,302)
Share of profits of associates		48,910,844	18,570,982
Profit before taxation		190,204,281	50,088,522
Provision for taxation	28	(87,360,300)	(55,068,163)
Profit for the year		102,843,981	(4,979,641)
Earnings per share	31	10.30	(0.50)

The annexed notes 1 to 39 form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	(Restated) 2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used in) from operations	32	615,767,365	(129,280,698)
Income tax paid		(42,948,540)	(30,755,978)
Net cash from / (used in) operating activities		572,818,825	(160,036,676)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(65,809,205)	(268,966,022)
Proceeds on disposal of property, plant and equipment		6,400,000	68,452,400
Long term deposits		(2,612,076)	25,000
Long term Investments		(16,371,135)	(1,766,791)
Income on bank deposits received		62,774	82,132
Net cash used in investing activities		(78,329,642)	(202,173,281)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained		-	182,096,840
Repayments of long term finances		(88,387,747)	(95,583,307)
Short term borrowings-net		(57,830,587)	519,110,433
Dividend paid		(14,974,458)	(39,791,147)
Finance cost paid		(331,681,583)	(204,860,183)
Net cash (used in) / from financing activities		(492,874,375)	360,972,636
Net increase / (decrease) in cash and cash equivalents		1,614,808	(1,237,321)
Cash and cash equivalents at beginning of the year		7,611,631	8,848,952
Cash and cash equivalents at end of the year		9,226,439	7,611,631

The annexed notes 1 to 39 form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2009

	Note	Issued, subscribed and paid up capital	Capital Reserve	Unappropriated Profit	Total
		------------------------ Rupees	--------------------		
Balance as at June 30, 2007 as previously reported		99,849,890	7,120,600	1,586,563,478	1,693,533,968
Change in accounting policy for valuation of raw material stock:	2.3.7			(25,024,506)	(25,024,506)
Balance as at June 30, 2007 - Restated		99,849,890	7,120,600	1,561,538,972	1,668,509,462
(Loss) for the year (Restated)		-	-	(4,979,641)	(4,979,641)
Final cash dividend for the year ended June 30, 2007 @ Rs. 4 per share		-	-	(39,939,956)	(39,939,956)
Balance as at June 30, 2008 (Restated)		99,849,890	7,120,600	1,516,619,375	1,623,589,865
Profit for the year		-	-	102,843,981	102,843,981
Final cash dividend for the year ended June 30, 2008 @ Rs. 1.5 per share		-	-	(14,977,335)	(14,977,335)
Balance as at June 30, 2009		99,849,890	7,120,600	1,604,486,021	1,711,456,511

The annexed notes 1 to 39 form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

1. GENERAL INFORMATION

Mahmood Textile Mills Limited (the company) was incorporated in Pakistan on February 25, 1970 as a Public Company and its shares are quoted on Karachi Stock Exchange.

The company is principally engaged in manufacture and sale of yarn, grey cloth and electricity.

The registered office of the company is situated at Multan. The Mills are located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

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

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 Statement of compliance

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

Adoption of New International Financial Reporting Standards

The company adopt all new Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and as notified by the Securitas and Exchange Commission of Pakistan that are relevant to its operations and effective for company's accounting period beginning on July 01, 2008. The adoption of these new Standards and Interpretations has resulted in no changes to the Company's accounting policies in the following areas:

IFRS 7 -	Financial Instruments: Disclosures	Effective from annual period beginning on or after April 28, 2008

During current year, the Company adopted IFRS 7 "Financial Instruments" which is applicable for annual periods beginning on or after 01 July 2008. IFRS 7 requires extensive disclosures about the significance of financial instruments for the Company's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks. These requirements include many disclosures previously required by International Accounting Standard (IAS) 32. "Financial Instruments: Presentation". The Company has adopted this standard from the financial year beginning 01 July 2008 and its initial application has led to extensive disclosures in the Company's financial statements.

New accounting standards and IFRS interpretations that are not yet effective

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them.

IFRS - 8 Effective from accounting period beginning on or after January 01, 2009
IFRS 8 - Operating Segments introduces the "management approach" to segment reporting. IFRS 8 will require a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to

IFRS - 15 Effective from accounting period beginning on or after January 01, 2009
IFRS 15 - Agreement for the Construction of Real Estate clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete.

IFRS - 16 Effective from accounting period beginning on or after October 01, 2008
IFRIC 16 - Hedge of Net Investment in a Foreign Operation clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss.

IFRS - 17 Effective from accounting period beginning on or after July 01, 2009
IFRIC 17 - Distribution of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009) states that when a Company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement.

IFRS - 18 Effective from accounting period beginning on or after July 01, 2009
IFRIC 18 - Transfer of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customers an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity).

Interpretations to existing standards that are effective and not relevant for the company's operations

IFRIC 12 - Service Concession Agreements	January 01, 2008
IFRIC 13 - Customer Loyalty Programs	July 01, 2008
IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 01, 2008

2.1.1 Significant Estimates

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

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are reviews.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for:
- modification of foreign currency translation adjustments as stated in note 2.3.1; and
- measurement of short term investments at fair value.
- measurement of long term investments under equity method.

2.3 SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Foreign currency translations

Transactions in currencies other than Pakistani Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

2.3.2 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available if any or minimum taxation at the rate of one-half percent of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductable temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credit can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is not recognized in the year, if turnover is subject to tax on presumptive basis. Such provision will be recognized as and when the company's whole or part of the income is taxed on normal income basis.

2.3.3 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment in value, if any, except freehold land and capital work-in-progress which are stated at cost. Cost includes borrowing costs as referred to in note 2.3.10.

Depreciation is charged to income applying reducing balance method to write-off the historical cost and capitalized exchange fluctuations over estimated remaining useful life of the assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 3. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in profit or loss.

Normal repairs and maintenance are taken to profit and loss account as and when incurred.

Major renewals and replacements are capitalized and the assets so replaced, if any, other than those kept as stand-by, are retired.

Capital work in progress is stated at cost less accumulated impairment losses, if any, and are transferred to the respective item of property, plant and equipment when available for intended use.

Impairment of assets

Impairment tests for property, plant and equipment are performed when there is an indication of impairment. At each year end, and assessment is made to determine whether there are any indications of impairment. If any, indication of impairment exists an estimate of the asset's recoverable amount is made. The recoverable amount is determined as the higher of the fair value of the asset less cost to sell and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to the profit and loss account so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use on the property, plant and equipment in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and does not take into account future development.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as cash generating unit. Cash generating units are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extend that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.3.4 Long term investments

a) Investments in the associated companies are accounted for using equity method of accounting under which they are initially recognized at cost and then are subsequently restated to reflect Company's share in the net assets of the associate. Gain / loss on sale of investments is included in income.

b) Bonus shares are accounted for by increase in number of shares without any change in value.

2.3.5 Short term investments

Short term investments are designated at fair value through profit or loss at inception. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account. Regular way purchase or sale of held for trading investments is recognized using trade date accounting. A trade date is the date that an enterprise commits to purchase or sell an asset. All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.3.6 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items except items-in-transit which are valued at cost accumulated to the balance sheet date.

2.3.7 Stock in trade

Basis of valuation are as follows:

Particulars	Mode of valuation
Raw material	
At mills	At lower of cost (Annul Average) and net realizable value
In transit	At cost accumulated to the balance sheet date
Work in process	At manufacturing cost
Finished goods	At lower of cost and net realizable value
Waste	At realizable value

- Cost in relation to work in process and finished goods represents the annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

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

The Company has changed its accounting policy of valuing raw material from lower of FIFO cost of both local and imported purchases and net realizable value to lower of annual average cost of both local and imported stock or net realizable value, as consequent to the installation of Oracle Software in the Company. The management judges that this policy shall result in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

Had there been no change in accounting policy, the closing stock of raw material would have increased by Rs. 57.651 million and profit for year and unappropriated profit would have increased by the same amount.

The Company has applied the policy retrospectively practicable to date and the comparative statement of year ended June 30, 2008 have been restated, the effect of change in accounting policy is tabulated below. Opening balance of unappropriated profit for year ended June 30, 2008 have been reduced by Rs. 25.025 million, which is the amount of adjustment relating to prior period to June 30, 2007.

Effect of change in accounting policy on year ended June 30, 2008	
	Rupees
Decrease in raw material - closing stock	32,626,850
Decrease in profit for the year ended June 30, 2008	**32,626,850**
Effect of change in accounting policy on periods prior to June 30, 2008	
Decrease in profit (Decrease in raw material - closing stock of prior period)	25,024,506
Decrease in unappropriated profit due to change in accounting policy	**57,651,356**

2.3.8 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

2.3.9 Revenue Recognition

- Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.
- Local sales through agents are booked on intimation from agents.
- Direct local sales are accounted for when goods are delivered to customers and invoices raised.
- Export sales are booked on despatch of goods.
- Export rebate is accounted for on accrual basis.
- Dividend income is recognized when right to receive dividend is established.
- Interest / mark up is required as the interest / mark up become due.

2.3.10 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 assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

2.3.12 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for the goods and services received, whether or not billed to the company.

2.3.13 Provisions

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

2.3.14 Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off the balance and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.3.15 Related party transactions

Transactions with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses relating to combined offices shared with the associated companies, which are on actual basis.

2.3.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders.

2.3.17 Government grants

Government grant that compensates the company for expenses incurred is recognised in the profit and loss account on a systematic basis in the same period in which the expenses are recognised. Government grants are deducted in reporting the related expense.

MAHMOOD GROUP

3. PROPERTY, PLANT AND EQUIPMENT

		2009 Rupees	2008 Rupees
Operating assets	3.1	1,632,149,019	1,747,713,655
Capital work in progress	3.2	143,902	8,210,533
		1,632,292,921	1,755,924,188

3.1 Operating Assets

Year ended June 30, 2009

Particulars	COST				DEPRECIATION					
	As at June 30, 2008	Additions during the year	Disposals/ Adjustments	As at June 30, 2009	Rate	Accumulated depreciation as at June 30, 2008	For the Year	Disposals/ Adjustments	Accumulated depreciation as at June 30, 2009	Net Book Value as at June 30, 2009
	----------Rupees----------				%	----------Rupees----------				
Owned										
Freehold land	4,800,725	2,925,000		7,725,725	-	-	-	-	-	7,725,725
Building on freehold land	330,345,674	12,434,149		342,779,823	10	182,888,437	15,758,364	-	198,646,801	144,133,022
Buildings on leasehold land in Industrial Estate	24,714,302	-		24,714,302	10	5,302,051	1,941,225	-	7,243,276	17,471,026
Plant and machinery	2,664,775,958	42,196,075	23,642,877	2,683,329,156	10	1,193,246,514	148,756,719	14,324,878	1,327,678,355	1,355,650,801
Furniture and fittings	6,427,802	163,600		6,591,402	10	3,352,771	315,277	-	3,668,048	2,923,354
Vehicles	41,259,560	10,240,584		51,500,144	20	21,181,046	5,469,438	-	26,650,484	24,849,660
Office equipments	3,334,948	-	-	3,334,948	10	2,120,742	121,420	-	2,242,162	1,092,786
Protective dam	3,631,049	-		3,631,049	5	2,011,901	80,957	-	2,092,858	1,538,191
Electric installations	83,343,509	3,966,932		87,310,441	10	33,914,460	5,197,249	-	39,111,709	48,198,732
Gas installations	2,720,023	-		2,720,023	10	621,357	209,867	-	831,224	1,888,799
Tools and equipment	7,234,204	-		7,234,204	10	4,199,551	303,465	-	4,503,016	2,731,188
Computer and accessories	13,044,265	1,868,996		14,913,261	30	7,851,118	1,855,124	-	9,706,242	5,207,019
Weighing bridge	2,781,372	80,500		2,861,872	10	1,664,643	113,368	-	1,778,011	1,083,861
	3,188,413,391	73,875,836	23,642,877	3,238,646,350		1,458,354,591	180,122,473	14,324,878	1,624,152,186	1,614,494,164
Leased										
Land - Leasehold in Industrial Estate	17,654,855	-		17,654,855	-	-	-	-	-	17,654,855
2009	3,206,068,246	73,875,836	23,642,877	3,256,301,205	-	1,458,354,591	180,122,473	14,324,878	1,624,152,186	1,632,149,019

For comparative period

Particulars	COST As at July 01, 2007	Additions during the year	Disposals	As at June 30, 2008	Rate	DEPRECIATION As at June 01, 2007	For the Year	Disposals	As at June 30, 2008	Net Book Value as at June 30, 2008
	------Rupees------				%	------Rupees------				
Owned										
Freehold land	4,800,725	-	-	4,800,725		-	-	-	-	4,800,725
Building on freehold land	320,333,616	10,012,058	-	330,345,674	10	167,048,474	15,839,963	-	182,888,437	147,457,237
Buildings on leasehold land in Industrial Estate	24,714,302	-	-	24,714,302	10	3,145,134	2,156,917	-	5,302,051	19,412,251
Plant and machinery	2,607,638,548	304,458,641	(247,321,231)	2,664,775,958	10	1,226,780,267	143,758,076	(177,291,829)	1,193,246,514	1,471,529,444
Furniture and fittings	5,957,990	469,812	-	6,427,802	10	3,041,839	310,932	-	3,352,771	3,075,031
Vehicles	43,112,073	7,302,060	(9,154,573)	41,259,560	20	20,806,738	4,874,801	(4,500,493)	21,181,046	20,078,514
Office equipments	3,296,448	38,500	-	3,334,948	10	1,988,546	132,196	-	2,120,742	1,214,206
Protective dam	3,631,049	-	-	3,631,049	5	1,926,683	85,218	-	2,011,901	1,619,148
Electric installations	70,315,101	13,076,208	(47,800)	83,343,509	10	29,292,831	4,622,904	(1,275)	33,914,460	49,429,049
Gas installations	805,023	1,915,000	-	2,720,023	10	515,839	105,518	-	621,357	2,098,666
Tools and equipment	6,869,583	364,621	-	7,234,204	10	3,886,866	312,685	-	4,199,551	3,034,653
Computer and accessories	10,997,266	2,046,999	-	13,044,265	30	6,153,270	1,697,848	-	7,851,118	5,193,147
Weighing bridge	2,747,872	33,500	-	2,781,372	10	1,541,796	122,847	-	1,664,643	1,116,729
	3,105,219,596	339,717,399	(256,523,604)	3,188,413,391		1,466,128,283	174,019,905	(181,793,597)	1,458,354,591	1,730,058,800
Leased										
Land - Leasehold in Industrial Estate	17,654,855	-	-	17,654,855		-	-	-	-	17,654,855
2008	3,122,874,451	339,717,399	(256,523,604)	3,206,068,246		1,466,128,283	174,019,905	(181,793,597)	1,458,354,591	1,747,713,655

3.1.1 Lease hold land and buildings on lease hold land represents the lease assets from Board of Management, Industrial Estate Multan for 99 years.

3.1.2 Depreciation for the year has been apportioned as under:

	Note	2009 Rupees	2008 Rupees
Cost of sale	22	172,361,215	167,004,128
Administrative expenses	25	7,761,258	7,015,777
		180,122,473	174,019,905

3.1.3 Disposal of operating assets

Particulars	Numbers	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/(loss)	Mode of Disposal	Particulars of Buyers
	------Rupees------							
Plant and machinery								
Cloth Inspection Frames & Folding Machines	9	756,971	506,671	250,300	500,000	249,700	Negotiation	Asif Orawala F-75 Site Karachi
Auto Coner Complete	1	10,124,316	8,970,620	1,153,696	1,150,000	(3,696)	Negotiation	H.A. Haq Spinning Mills (Pvt) Ltd. Faisalabad
Leno Attachment Devices & Leno Selvedge Assembly	1	12,761,590	4,847,587	7,914,003	4,750,000	(3,164,003)	Insurance claim	UBL Insurers Ltd. Multan
		23,642,877	14,324,878	9,317,999	6,400,000	(2,917,999)		
	2009	23,642,877	14,324,878	9,317,999	6,400,000	(2,917,999)		
	2008	256,523,604	181,793,597	74,730,007	68,452,400	(6,277,607)		

	Note	2009 Rupees	2008 Rupees
3.2 CAPITAL WORK IN PROGRESS			
Building - advance payments		143,902	8,210,533
		143,902	8,210,533
4 LONG TERM INVESTMENTS			
Associated Companies			
Un-quoted			
Masood Spinning Mills Limited			
4,000,000 fully paid ordinary shares of Rs. 10 each			
Percentage of equity held: 13.33% (2008: 13.33%)			
Cost		40,000,000	40,000,000
Post acquisition profit brought forward		26,734,167	23,238,596
		66,734,167	63,238,596
Shares of profit for the year		9,339,950	3,495,571
		76,074,117	66,734,167
Roomi Fabrics Limited			
4,000,000 fully paid ordinary shares of Rs.10 each			
Percentage of equity held: 18.18% (2008: 18.18%)			
Cost		40,000,000	40,000,000
Post acquisition profit brought forward		60,810,293	49,711,923
		100,810,293	89,711,923
Share of profit for the year		26,396,805	11,098,370
		127,207,098	100,810,293
Quoted			
Askari Leasing Limited			
4,834,165 (2008: 3,372,209) fully paid ordinary shares of Rs. 10 each percentage of equity held: 9.34% (2008: 7.50%)			
Cost		103,956,298	87,585,163
Post acquisition profit brought forward		17,976,298	13,999,257
		121,932,596	101,584,420
Share of profit for the year		13,174,089	3,977,041
		135,106,685	105,561,461
		338,387,900	273,105,921

	Note	2009 Rupees	2008 Rupees

4.1 Following is the summary of financial information of the investee companies.

Masood Spinning Mills Limited		
Total assets	2,246,058,200	2,040,433,923
Total liabilities	1,689,375,251	1,532,688,562
Profit after tax for the year	70,067,140	27,400,992

Roomi Fabrics Limited		
Total assets	2,540,205,357	1,969,651,161
Total liabilities	1,889,849,746	1,393,136,266
Profit after tax for the year	145,196,951	114,260,777

Askari Leasing Limited		
Total Assets	11,843,675,342	12,007,028,280
Total liabilities	10,567,289,612	10,871,692,751
Profit after tax for the period	27,324,607	110,408,693

4.2 The financial information of Roomi Fabrics Limited and Masood Spinning Limited is based on unaudited financial statements for the year ended June 30, 2009.

4.3 The financial information of Askari Leasing Limited is based on unaudited financial statements for the period of nine months ended March 31, 2009.

5 STORES, SPARES AND LOOSE TOOLS

Stores		
- At mills	69,934,561	95,165,664
Spares	46,491,621	70,837,959
Loose tools	-	159,289
	116,426,182	166,162,912

5.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

5.2 Store at mills includes in-transit inventory amounting to Rs. Nil (2008: 4,275,273)

6. STOCK IN TRADE

	Note	2009 Rupees	(Restated) 2008 Rupees
Raw material	6.1	1,062,392,724	1,348,636,634
Work in process		40,745,771	35,602,983
Finished goods			
- Own manufactured	6.2	340,667,739	201,485,153
- Trading		-	3,582,800
		340,667,739	205,067,953
		1,443,806,234	1,589,307,570

6.1 Raw material includes in-transit inventory amounting Rs. Nil (2008: Rs. 109.271 million).

6.2 Finished goods (own manufactured) include in-transit inventory amounting Rs. Nil (2008: Rs. 58.70 million).

7. TRADE DEBTS

	Note	2009 Rupees	2008 Rupees
Secured - Export bills		252,698,911	58,437,471
Unsecured			
- considered good		134,880,350	86,893,388
- considered doubtful		714,602	714,602
		135,594,952	87,607,990
		388,293,863	146,045,461
Provision for doubtful debts		(714,602)	(714,602)
		387,579,261	145,330,859

7.1 Trade receivables are non-interest bearing and are generally on 60 to 90 days terms.

7.2 The Company provides for doubtful debts on the basis of past due balances. Balances considered bad and irrecoverable are written off when identified.

7.3 Trade receivables consist of a large number of diversified customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, provision is made.

7.4 The fair value of trade receivables approximate their carrying amounts.

7.5 As at year end, trade receivables of Rs. 116,042,496 (2008: Rs. 77,485,290) were neither past due nor impaired.

7.6 As at year end, trade receivables of Rs. 18,837,854 (2008: Rs. 9,408,098) were past due but not considered impaired for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The aging of these receivables is as follows:

Less than 3 months	7,818,423	5,400,353
3 to 6 months	2,828,015	3,483,619
Over 6 months	8,191,416	525,126
	18,837,854	9,409,098

7.7 As at year end, trade receivables of Rs. 714,602 (2008: Rs. 714,602) were impaired and provided for as per Company's policy. The amount of the provision was Rs. 714,602 (2008: Rs. 714,602). The aging of these receivables is as follows:

	Note	2009 Rupees	2008 Rupees
3 to 6 months		-	-
Over 6 months		714,602	714,602
		714,602	714,602

7.8 The carrying amounts of the Company's trade receivables are denominated in Pak Rupees.

7.9 The movement in provision for impairment of trade receivables is as follows:

As at July 01,	714,602	714,602
Provision during the year	-	-
As at June 30,	714,602	714,602

8. SHORT TERM INVESTMENTS - Quoted (At fair value)

Askari Bank Limited (2009: 5,000,000) fully paid ordinary shares of Rs. 10 each	76,400,000	-
PIAC (Pakistan International Airlines Corporation) (2009: 529,500) fully paid ordinary shares of Rs. 10 each	1,757,940	-
Allied Bank Limited (2009: 254,200) fully paid ordinary shares of Rs. 10 each	9,557,920	-
Bank Islami Pakistan Limited (2009: 25,190,500) fully paid ordinary shares of Rs. 10 each	160,463,485	34,781,285
United Bank Limited (2008: 250,000) fully paid ordinary shares of Rs. 10 each	-	21,272,500
Soneri Bank Limited (2008: 41,040) fully paid ordinary shares of Rs. 10 each	-	1,019,434
Zephyr Textile Limited (2009: 3,523,500) fully paid ordinary shares of Rs. 10 each	14,094,000	-
Maqbool Textile Mills Limited (2009: 5000) fully paid ordinary shares of Rs. 10 each	6,845	-
Hub Power Company Limited (2008: 2,177,000) fully paid ordinary shares of Rs. 10 each	-	60,546,200
Fuji Cement Company Limited (2008: 61,800) fully paid ordinary shares of Rs. 10 each	-	625,416
Dandot Cement Limited (2008: 2,382,457) fully paid ordinary shares of Rs. 10 each	-	52,175,808
	262,280,190	170,420,643

	Note	2009 Rupees	2008 Rupees
9. LOANS AND ADVANCES			
Considered good			
Advances to employees		2,984,070	3,802,975
Advances to suppliers and contractors		31,323,610	43,484,248
Advance income tax		38,313,378	30,063,775
Letters of credit		19,486,467	19,943,993
		92,107,525	97,294,991
10. OTHER RECEIVABLES			
Export rebate receivable		5,028,751	5,028,751
Cotton claim receivable		400,470	866,158
Export tax receivable		-	1,335,100
Insurance claim receivable		-	8,529,631
Receivable against sale of shares	10.1	83,546,912	39,000,000
Due from associated companies -			
Roomi Enterprises Private Limited		9,562,772	-
Custom Duty Receivable from COC		400,999	-
Containers Deposit		943,332	-
Others		6,701,840	1,518,919
		106,585,076	56,278,559

10.1 This represents amount receivable from M/s Three Star Hosiery Mills (Pvt.) Limited against sale of 4.284 million number of shares of Dandot Cement Limited sold @ Rs. 19.50 per share during the year. The amount will be paid by the buyer as per the terms and conditions defined in agreement made between parties. In case of delay of payments, buyer will be responsible to pay the mark up at the rate of 3 months KIBOR + 2% per annum for the delayed period. Such mark up will be payable on quarterly basis.

	Note	2009 Rupees	2008 Rupees
11. TAX DUE FROM GOVERNMENT			
Income tax refundable		-	2,616,872
Sales tax refundable		23,198,189	28,733,380
		23,198,189	31,350,252
12. CASH AND BANK BALANCES			
Cash in hand		526,168	443,541
Cash at banks on:			
Current accounts		4,913,272	3,291,894
Dividend account		-	9
Saving accounts	12.1	3,786,999	3,876,187
		8,700,271	7,168,090
		9,226,439	7,611,631

12.1 These include foreign currency balance of US $ 39,654.73 (2008: US $ 39,618.57) which has been translated into Pak Rupees at the exchange rate prevailing at the balance sheet date.

			Note	2009 Rupees	2008 Rupees

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2009	2008		2009 Rupees	2008 Rupees
Number of shares				
		Ordinary shares of Rs. 10 fully paid		
6,288,800	6,288,800	In cash	62,888,000	62,888,000
		Other than cash		
11,000	11,000	Against shares of Mamhood Power Generation Limited consequent to merger	110,000	110,000
3,685,189	3,685,189	As bonus shares	36,851,890	36,851,890
9,984,989	9,984,989		99,849,890	99,849,890

13.1 The company has one class of ordinary shares which carry no right to fixed income.

13.2 55 (2008: 55) ordinary shares of Rs. 10 each were held by the Roomi Enterprises (Private) Limited an associated company.

13.3 The company has no reserved shares for issuance under options and sales contracts.

13.4 There were no movements during the reporting year.

14. LONG TERM FINANCING

Secured from Banking companies

	Note	2009 Rupees	2008 Rupees
United Bank Limited	14.1	509,630,289	544,961,662
Habib Bank Limited	14.2	185,697,311	238,753,685
		695,327,600	783,715,347
Less: Current portion grouped under current liabilities			
- United Bank Limited		47,241,033	74,636,791
- Habib Bank Limited		53,056,375	53,056,375
		100,297,408	127,693,166
		595,030,192	656,022,181

	Note	2009 Rupees	2008 Rupees
14.1 United Bank Limited			
Demand Finance - NIDF-III	14.1.1	26,140,428	29,048,548
Demand Finance - NIDF-V	14.1.2	11,674,520	12,735,840
SBP - Export oriented projects			
- Loan no.1	14.1.3	91,033,066	101,147,851
- Loan no. 2	14.1.3	20,254,505	22,505,005
- Loan no. 3	14.1.3	1,148,038	1,275,598
- Loan no. 4	14.1.4	78,935,589	87,706,210
- Loan no. 5	14.1.5	51,627,400	56,320,800
- Loan no. 6	14.1.6	21,087,926	23,005,010
- Loan no. 7	14.1.7	29,366,150	32,035,800
- Loan no. 8	14.1.8	9,001,667	9,820,000
- Loan no. 9	14.1.9	7,248,000	7,248,000
- Loan no. 10	14.1.10	39,845,000	39,845,000
- Loan no. 11	14.1.11	4,364,000	4,364,000
- Loan no. 12	14.1.12	43,904,000	43,904,000
- Loan no. 13	14.1.13	34,000,000	34,000,000
- Loan no. 14	14.1.14	40,000,000	40,000,000
		509,630,289	544,961,662

14.1.1 During the year 2006 the company obtained demand finance facility of Rs. 29.05 million from the available limit. It carries mark-up at 6 month KIBOR + 150bps. During the year mark-up rates ranging from 15.63% to 17.18% per annum (2008: 11.51% to 11.85% per annum). The loan is repayable in 10 semi-annual installments of Rs. 2,904,855 each commencing from 23 February, 2009 and is secured against specific charge for Rs. 178 million created over specific textile machinery of the Company.

14.1.2 During the year 2008 the Company obtained the demand finance facility from the sanctioned limit of Rs. 12.74 million. It carries mark-up at 6month KIBOR + 150bps. During the year mark-up was charged from 15.63% to 17.18% (2008: 7%) per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs. 1,061,320 each commencing from 14 June, 2009 and is secured against specific charge for Rs. 235 million created over specific textile machinery of the Company.

14.1.3 During the year 2006 the Company obtained long term finance facility of the sanctioned limit of Rs. 149.914 million which was converted into three long term loans during the year Loan no.1,2 and 3. These carry mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged @ 7% per annum (2008: 7% per annum) on semi-annual basis. These loans are repayable in 12 semi-annual installments of Rs. 2,250,500 and Rs.127,560 each commencing from 06 December, 2007 for the Loan no.2 and 3 respectively, and of Rs. 10,114,785 from 05 November 2007 for the Loan no.1 and are secured against specific charge for Rs. 200 million over specific textile machinery of the Company. As on current year end the Company has paid off 4 installments of each loan.

14.1.4 This loan was converted from demand finance to long term loan during the year 2006. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged at 7% per annum on semi-annual basis. It is repayable in 12 semi-annual installments of Rs. 8,770,621 each commencing from 14 July, 2007 and is secured against specific charge for Rs. 178 million created over specific textile machinery of the Company. As on current year end the Company has paid off 4 installments of loan.

14.1.5 During the year 2006 the Company obtained the long term facility from the sanctioned limit of Rs. 56.320 million. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged at 7% per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs. 4,693,400 each commencing from 14 November, 2008 and is secured against specific charge for Rs. 180 million created over specific textile machinery of the Company. As on current year end the Company has paid off 2 installments of loan.

14.1.6 During the year 2006 the Company obtained the long term facility from the sanctioned limit of Rs. 23 milion. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged at 7% per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs.1,917,084 each commencing from 28 November, 2008 and is secured against specific charge for Rs. 180 million created over specific textile machinery of the Company. As on current year end the Company has paid off 2 instalments of loan.

14.1.7 During the year 2006 the Company obtained the long term facility from the sanctioned limit of Rs. 32 million. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged at 7% per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs. 2,669,650 each commencing from 12 December, 2008 and is secured against specific charge for Rs. 180 million created over specific textile machinery of the Company. As on current year end the Company has paid off 2 instalments of loan.

14.1.8 During the year 2006 the Company obtained the long term facility from the sanctioned limit of Rs. 9.82 million. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged at 7% per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs.818,333 each commencing from 29 December, 2008 and is secured against specific charge for Rs. 180 million created over specific textile machinery of the Company. As on current year end the Company has paid off 2 instalments of loan.

14.1.9 During the year 2008 the Company has obtained the long term facility from the sanctioned limit of Rs. 7.25 million. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged ranging from 7% per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs. 604,000 each commencing from 04 January, 2009 and is secured against specific charge for Rs. 180 million created over specific textile machinery of the Company. As on current year end the total loan is outstanding.

14.1.10 During the year 2008 the Company has obtained the long term facility from the sanctioned limit of Rs. 39.85 million. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged ranging from 7% per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs. 3,320,417 each commencing from 11 April, 2010 and is secured against specific charge for Rs. 235 million created over specific textile machinery of the Company. As on current year end the total loan is outstanding.

14.1.11 During the year 2008 the Company has obtained the long term facility from the sanctioned limit of Rs. 4.36 million. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged ranging from 7% per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs. 363, 667 each commencing from 24 March, 2010 and is secured against specific charge for Rs. 235 million created over specific textile machinery of the Company. As on current year end the total loan is outstanding.

14.1.12 During the year 2008 the Company has obtained the long term facility from the sanctioned limit of Rs. 43.90 million. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged at 7% per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs. 3,658,666 each commencing from 14 June, 2010 and is secured against specific charge for Rs. 235 million created over specific textile machinery of the Company. As on current year end the total loan is outstanding.

14.1.13 During the year 2008 the Company has obtained the long term facility from the sanctioned limit of Rs. 34 million. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged at 7% per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs. 2,833,333 each commencing from 11 September, 2009 and is secured against specific charge for Rs. 235 million created over specific textile machinery of the Company. As on current year end the total loan is outstanding.

14.1.14 During the year 2008 the Company has obtained the long term facility from the sanctioned limit of Rs. 40 million. It carries mark-up at 2% per annum over the rate of refinance as worked out by State Bank of Pakistan. During the year mark-up was charged at 7% per annum on quarterly basis. It is repayable in 12 semi-annual installments of Rs. 3,333,333 each commencing from 11 September, 2009 and is secured against specific charge for Rs. 235 million created over specific textile machinery of the Company. As on current year end the total loan is outstanding.

14.2 Habib Bank Limited	Note	2009 Rupees	2008 Rupees
Demand finance		185,697,311	238,753,685

This finance was obtained with a sanctioned limit of Rs. 372 million against import of machinery. For the first three years mark up has been charged at the rate of 6 month KIBOR+ 0.45%, which has been paid on quarterly basis. The mark up rate from 01 January 2008 has been changed to 6 month KIBOR + 1.0%. During the year, HBL charged mark-up at the rates ranging from 11.27% to 14.76% (2008:10.54% to 11.27%). The loan is repayable in 14 equal half yearly installments by October 2012 and is secured against first pari passu charge on entire fixed assets of the Company and the personal guarantees of all the directors.

14.3 The exposure of the Company's borrowings to interest rate changes and contractual repicing dates at the balance sheet date are as follows:

	Note	2009 Rupees	2008 Rupees
6 months or less:			
- long-term financings		695,327,600	783,715,347
- short-term financings		1,492,049,444	1,549,880,031
		2,187,377,044	2,333,595,378

15. DEFERRED LIABILITIES

	Note	2009 Rupees	2008 Rupees
Deferred taxation	15.1	139,723,932	92,536,734

15.1 The deferred tax liability comprises of temporary differences arising due to:

Taxable temporary differences		
- accelerated tax depreciation allowances	139,723,932	132,332,328
- Investment in associates	-	4,340,069
- Investment in other than associates	-	(3,054,381)
	139,723,932	133,618,016
Deductible temporary differences		
-brought forward tax losses	-	(41,081,282)
	139,723,932	92,536,734

16. TRADE AND OTHER PAYABLES

	Note	2009 Rupees	2008 Rupees
Creditors		49,491,870	31,065,084
Bill payable		10,715,402	8,569,021
Due to associated undertaking	16.1	70,961,299	45,172,811
Accrued liabilities		91,768,466	67,353,248
Advances from customers		13,681,821	8,858,229
Advances against of sale of machinery		-	3,000,000
Tax deducted at source		233,569	607,892
Workers' profit participation fund	16.2	10,254,195	3,469,039
Workers' welfare fund		3,940,875	5,316,539
Unclaimed dividend		206,115	203,238
Retention money		112,026	
Others		2,196,310	2,110,054
		253,561,948	175,725,155

16.1 This represents amount payable to M/s Khawaja Muzaffar Mahmood Muhammad Masood on account of normal trading transactions.

	Note	2009 Rupees	2008 Rupees
16.2 Workers' profit participation fund			
Opening balance		3,469,039	14,054,061
Add: Interest on funds utilized in the Company's business	27	253,049	1,767,346
Allocation for the year	26	10,254,195	3,469,039
		10,507,244	5,236,385
		13,976,283	19,290,446
Less: Amount paid to the fund		3,719,750	15,817,000
Amount deposited in the Government Treasury		2,338	4,407
		3,722,088	15,821,407
		10,254,195	3,469,039

17. INTEREST / MARK UP ON LOANS

		2009 Rupees	2008 Rupees
Interest / markup accrued on secured:			
- Long term financing		16,229,236	15,833,209
- Short term borrowings		76,328,063	27,156,090
		92,557,299	42,989,299

18. SHORT TERM BORROWINGS - from banking companies

		2009 Rupees	2008 Rupees
Secured			
- Short term borrowings		612,023,018	1,285,403,940
- Short term running finance		880,026,426	264,476,091
		1,492,049,444	1,549,880,031

Short term borrowing facilities available from commercial banks under mark up arrangements aggregate Rs. 2.60 billion (2008: Rs. 2.3 billion) of which facilities aggregating Rs. 1.11 billion (2008:Rs. 0.75 billion) remained unutilized at the year end. These facilities, during the year, carried mark up at rates ranging from 12.87% to 17.50% per annum (2008: 9.90% to 13.31% p.a). The aggregate short term finance facilities are secured against first hypothecation charge on current assets of the Company, lien over export bills, banks' lien on letter of credit, export documents and personal guarantees of all the directors.

Facilities available for opening letters of credit and guarantee are Rs. 1,560 million (2008: Rs. 1,310 million) of which amounts aggregating Rs. 1,367.05 million (2008: Rs. 1,116.73 million) remained unutilized at the year end. These facilities are secured against lien on shipping documents and personal guarantees of all the directors.

These facilities are expiring on various dates by February 28, 2010.

	Note	2009 Rupees	2008 Rupees

19. PROVISION FOR TAXATION

	Note	2009 Rupees	2008 Rupees
Opening balance		28,217,138	40,590,905
Provision made during the year			
- Current	19.2	39,950,093	28,217,138
- Prior		223,009	(2,189,322)
		40,173,102	26,027,816
		68,390,240	66,618,721
Less: Payments / adjustments against finalized assessments		34,698,938	38,401,583
		33,691,302	28,217,138

19.1 Income tax assessments of the company have been finalized up to the income year ended June 30, 2008.

19.2 Provision for taxation represents tax payable under section 154 and 120 of the Income Tax Ordinance, 2001.

20. CONTINGENCIES AND COMMITMENTS

20.1 Guarantees given as at June 30, 2009 on behalf of the company, by the commercial banks, were outstanding for Rs. 139.71 million (2008: Rs. 110.38 million)

20.2 Foreign bills discounted outstanding as at June 30, 2009 aggregated Rs. 419.578 million (2008: Rs. 120.558 million)

20.3 Commitments for irrevocable letters of credit for:

	2009	2008
	(Rupees in million)	
- Capital expenditure	22.394	0.600
- Others	30.876	221.220
	53.270	221.820

	Note	2009 Rupees	2008 Rupees
21. SALES - NET			
Local:	21.1		
- Own manufactured products			
Yarn		2,534,866,659	1,802,901,509
Cloth		104,769,164	224,349,428
Electricity sale to WAPDA		408,055,746	251,537,364
Waste		115,538,030	104,245,915
Doubling / sizing		5,551,480	14,948,152
		3,168,781,079	2,397,982,368
- Purchased products			
Cotton		105,255,318	25,714,731
Yarn		4,600,945	8,598,070
Waste		7,272,642	623,600
		117,128,905	34,936,401
Export:			
- Own manufactured products			
Yarn		2,203,344,886	1,478,390,317
Cloth		1,247,179,370	794,415,512
Waste		74,833,591	50,612,464
		3,525,357,847	2,323,418,293
- Purchased products			
Yarn		-	288,399,757
Cloth	-	25,649,318	
Waste		-	2,782,530
		-	316,831,605
		6,811,267,831	5,073,168,667

21.1 Local sales have been shown after deduction of sales tax aggregating Rs. 67,121,989 (2008: Rs. 38,409,100).

	Note	2009 Rupees	(Restated) 2008 Rupees
22. COST OF GOODS SOLD			
Raw material consumed	22.1	3,897,549,425	3,151,613,429
Stores consumed		137,498,665	96,765,362
Packing material consumed		81,394,254	73,338,251
Salaries, wages and benefits	22.2	290,292,819	231,089,802
Power and fuel		662,893,667	465,259,994
Repair and maintenance		5,885,986	4,425,069
Depreciation	3.1.2	172,361,215	167,004,128
Insurance		32,974,454	20,451,527
		5,280,850,485	4,209,947,562
Adjustment of work-in-process			
Opening		35,602,983	34,855,280
Closing		(40,745,771)	(35,602,983)
		(5,142,788)	(747,703)
Cost of goods manufactured		5,275,707,697	4,209,199,859
Adjustment of finished goods			
Opening stock		201,485,153	192,164,599
Closing stock		(340,667,739)	(201,485,153)
		(139,182,586)	(9,320,554)
Cost of goods sold - Own manufactured		5,136,525,111	4,199,879,305
Cost of good sold - Purchased products			
Opening stock		3,582,800	3,666,989
Purchases		586,917,075	310,917,025
Closing stock		-	(3,582,800)
		590,499,875	311,001,214
		5,727,024,986	4,510,880,519

	2009 Rupees	2008 Rupees
22.1 Raw material consumed		
Opening stock	1,239,365,143	873,614,461
Purchases and purchase expenses	3,717,959,569	3,514,899,573
	4,957,324,712	4,388,514,034
Less: Closing stock	(1,062,392,724)	(1,239,365,143)
	3,894,931,988	3,149,148,891
Cotton cess	2,617,437	2,464,538
	3,897,549,425	3,151,613,429

22.2 Expenses for the year include staff retirement benefit - gratuity amounting Rs. 14.402 million (2008: Rs. 9.978 million).

	Note	2009 Rupees	2008 Rupees
23. OTHER OPERATING INCOME			
Rent		45,900	83,100
Export rebate on packing materials		180,152	6,366
Income on bank deposits		62,774	82,132
Dividend income		6,025,000	23,144,330
Interest income from associates	36.2	11,991,207	-
Fine recovered from employees		60,168	-
Reversal of provision of Workers' Welfare Fund		5,316,539	-
		23,681,740	23,315,928
24. DISTRIBUTION COST			
Advertisement		114,990	138,460
Export expenses		101,256,892	97,709,770
Commission expenses		100,540,461	62,770,601
Export development surcharge		8,424,897	6,038,915
Freight and other expenses		17,635,205	11,664,167
		227,972,445	178,321,913
25. ADMINISTRATIVE EXPENSES			
Salaries and benefits	25.1	21,971,271	19,953,200
Traveling and conveyance	25.2	14,677,554	7,963,985
Rent, rates and taxes		1,754,495	3,870,798
Entertainment		3,476,931	2,952,455
Electricity		109,644	1,679,617
Communication		7,453,506	6,492,839
Printing and stationery		2,028,140	1,317,919
Insurance		2,134,807	1,315,583
Repair and maintenance		4,485,035	1,721,875
Vehicles running and maintenance		9,466,567	5,286,513
Subscription		1,573,382	1,287,883
Auditors' remuneration			
- Statutory audit		797,550	200,000
- Half yearly review		70,000	40,000
		867,550	240,000
Legal and professional charges		439,818	145,100
Depreciation	3.1.2	7,761,258	7,015,777
General		2,272,885	979,212
		80,472,843	62,222,756

25.1 Expenses for the year includes staff benefits amounting Rs. 1.706 million (2008: Rs. 2.198 million.)

25.2 This include directors' traveling amounting Rs. 11.517 million (2008: Rs. 6.137 million).

	Note	2009 Rupees	2008 Rupees

26. OTHER OPERATING EXPENSES

	Note	2009 Rupees	2008 Rupees
Donations (without directors' interest)		688,700	27,000
Loss on sales of property, plant and equipment	3.1.3	2,918,000	6,277,607
Exchange loss		71,434,149	46,360,544
Loss on sale of shares		140,321,647	15,029,767
Loss on re-measurement of short term investments at fair value		45,344,361	21,217,608
Loss on sale of inventory		2,034,350	-
Workers' Profit Participation Fund	16.2	10,254,195	3,469,039
Workers' Welfare Fund		3,940,875	-
		276,936,277	92,381,565

27. FINANCE COST

	Note	2009 Rupees	2008 Rupees
Interest / mark-up on:			
- Long term financing	27.1	59,056,231	60,098,736
- Short term borrowings		295,597,336	139,310,730
- Workers' profit participation fund	16.2	253,049	1,767,346
Bank charges and commission		26,342,967	19,983,490
		381,249,583	221,160,302

27.1 The Company applied for subsidy @ 3% granted for spinning sector as per SBP Circular 6 dated October 30, 2007. During the current year, the Company adjusted the sanctioned amount of Rs. 11.57 million (2008: Rs. 4.72 million) against interest / mark up on long term financing.

28. PROVISION FOR TAXATION

	2009 Rupees	2008 Rupees
Current		
- for the year	39,950,093	28,217,138
- for prior years	223,009	(2,189,322)
	40,173,102	26,027,816
Deferred	47,187,198	29,040,347
	87,360,300	55,068,163

29. RECONCILIATION BETWEEN TAX EXPENSES AND ACCOUNTING PROFIT

	2009 Rupees	2008 Rupees
Major components of tax expenses:		
Current tax	40,173,102	26,027,816
Deferred tax	47,187,198	29,040,347
	87,360,300	55,068,163

	Note	2009 Rupees	2008 Rupees
29.1 Relationship between tax expenses and accounting profit			
Accounting profit before tax		190,204,281	50,088,522
Tax rate		35%	35%
Tax on accounting profit		66,571,498	17,530,983
adjustment in respect of:			
- Deferred tax		47,187,198	29,040,347
Provision relating to section 154 of the income Tax Ordinance 2001		(26,398,396)	8,496,833
Tax charge for the year		87,360,300	55,068,163

30. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The board of directors has proposed issuance of 50.2257% Bonus Shares in its meeting held on 5th October, 2009. Further the board has also proposed to pay final cash dividend for the year ended June 30, 2009 of Rs. 39,939,960 (2008: Rs. 14,977,484) @ Rs.4 (2008: Rs. 1.50) 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 these financial statements. This will be accounted for subsequently in the year of payment.

31. EARNINGS PER SHARE

	2009	2008
31.1 Basic earnings per share		
	Number of Shares	
Number of ordinary shares	9,984,989	9,984,989
	Rupees	
Profit attributable to ordinary shareholders	102,843,981	(4,979,641)
	Rupees	
Earnings per share	10.30	(0.50)

31.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitment.

32. CASH (USED IN) / FROM OPERATION

	2009 Rupees	(Restated) 2008 Rupees
Profit before taxation	190,204,281	50,088,522
Adjustments for:		
Depreciation of property, plant and equipment	180,122,473	174,019,905
Loss on disposal of property, plant and equipment	2,918,000	6,277,607
Loss on sale of shares	140,321,647	15,029,767
Loss on re-measurement of short term investments at fair value	45,344,361	21,217,608
Income on bank deposits	(62,774)	(82,132)
Share of profits of associates	(48,910,844)	(18,570,982)
Finance cost	381,249,583	221,160,302
Operating cash flows before movements in working capital	891,186,727	469,140,597
(Increase) / decrease in current assets		
Stores, spares and loose tools	49,736,730	(64,324,306)
Stock in trade	145,501,336	(484,184,641)
Trade debts	(242,248,402)	(48,092,423)
Short term investment	(277,525,555)	83,830,984
Loans and advance	13,437,068	(29,571,786)
Other receivables	(50,306,517)	(45,709,577)
Tax refunds due from government	8,152,063	4,503,371
Increase / (decrease) in current liabilities		
Trade and other payables	77,833,915	(14,872,917)
	(275,419,362)	(598,421,295)
	615,767,365	(129,280,698)

33. FINANCIAL RISK MANAGEMENT

33.1 The Company's principal financial liabilities comprise long-term financing, short-term borrowing and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has trade debts, loans and advances, other receivables, cash and bank balances and short-term deposits that arrive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and price risk), credit risk and liquidity risk.

33.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 1,110,010,816 (2008: Rs. 656,170,115), the financial assets which are subject to credit risk amounted to Rs. 1,109,484,648 (2008: Rs. 655,726,574). The Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

The Company is exposed to credit risk from its operating activities (primarily for trade debts and loans and advances) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

33.2.1 Credit risk related to receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

33.3 Liquidity Risk Management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. 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 the overall funding mix and avoidance of undue reliance on large individual customer.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts. 14% of the Company's debt will mature in less than one year at June 30, 2009 (2008: 16%) based on the carrying value of borrowings reflected in the financial statements.

33.3.1 Liquidity and Interest Risk Table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

2009	Weighted Average effective rate of interest	Less than 1 month	1 - 3 months	3 months - 1 years	1 -5 years	More than 5 years	Total
				Rupees			
Long term financing	7% to 15%	-	-	100,297,408	595,030,192	-	695,327,600
Short-term borrowings	10% to 16%	-	-	1,584,606,743	-	-	1,584,606,743
Trade and other payables		-	-	253,561,948	-	-	253,561,948
		-	-	1,938,466,099	595,030,192	-	2,533,496,291

2008	Weighted Average effective rate of interest	Less than 1 month	1 - 3 months	3 months - 1 years	1 -5 years	More than 5 years	Total
				Rupees			
Long term financing	7% to 11.85%	-	-	127,693,166	656,022,181	-	783,715,347
Short-term borrowings	9.90% to 13.31%	-	-	1,592,869,330	-	-	1,592,869,330
Trade and other payables		-	-	175,725,155	-	-	175,725,155
		-	-	1,896,287,651	656,022,181	-	2,552,309,832

33.4 Market Risk Management

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

33.4.1 Interest Rate Risk Management

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

33.4.2 Interest Rate Sensitivity

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended June 30, 2009 would decrease by Rs. 21.8 million (2008 : Rs. 23.3 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

33.4.3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is not materially exposed to foreign currency risk on assets and liabilities. As at June 30, 2009, the total foreign currency risk exposure was Rs.41,571,318 (2008: Rs.47,056,868.) in respect of trade debts.

33.4.4 Foreign Currency Sensitivity Analysis

At June 30, 2009, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been lower by Rs. 28.8 million (2008 : Rs.44.8 million), mainly as a result of foreign exchange gains / losses on translation of foreign currency trade debts and US Dollar denominated borrowings. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2008 than 2009 because of the increased amount of foreign currency borrowings.

33.5 Determination of fair values

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

33.6 Financial Instruments by Category

The accounting policies for financial instruments have been applied for line items below:

	Loans and receivables	Held to maturity	Total June 30, 2009
	----------------------------	Rupees	--------------
Assets as per balance sheet			
Deposits		6,478,119	6,478,119
Trade debts		387,579,261	387,579,261
Other Financial Assets		707,253,166	707,253,166
Cash and bank balances		8,700,271	8,700,271

	Financial Liabilities measured at amortized cost	Total June 30, 2009
	--------------------- Rupees	--------------

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	Financial Liabilities measured at amortized cost	Total June 30, 2009
Liabilities as per balance sheet		
Long term Loans	695,327,600	695,327,600
Short Term Borrowings	1,584,606,743	1,584,606,743
Trade and Other Payables	239,133,309	239,133,309

	Loans and receivables	Held to maturity	Total June 30, 2008
	----------------------------	Rupees	--------------
Assets as per balance sheet			
Deposits		3,866,043	3,866,043
Trade debts		145,330,859	145,330,859
Other Financial Asset		499,479,191	499,479,191
Cash and bank balances		7,168,090	7,168,090

	Financial Liabilities measured at amortized cost	Total June 30, 2008
	--------------------- Rupees	--------------

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	Financial Liabilities measured at amortized cost	Total June 30, 2008
Liabilities as per balance sheet		
Long term Loans	783,715,347	783,715,347
Short Term Borrowings	1,592,869,330	1,592,869,330
Trade and Other Payables	163,866,926	163,866,926

34. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

35. REMUNERATION TO EXECUTIVES

Remuneration were paid to executives during the year amounting Rs. 4.6 million (2008: Rs. 2.1 million). Some of the executives, however, have been provided with the Company maintained cars.

36. TRANSACTIONS WITH RELATED PARTIES

36.1 Related parties comprise associated companies, directors and executives. The company in the normal course of business carries out transactions with various related parties. Amounts due to related parties is shown under payables note 16.1

36.2 During the year the Company has extended and received back advance to Roomi Enterprises (Pvt.) Limited (an associated company) not exceeding Rs. 80 million. The Company has charged markup on such advance, in accordance with requirements of section 208 of companies ordinance, 1984, which is included in other operating income. No interest was charged on the balances of related parties which arose due to normal trading transactions.

36.3 Maximum aggregate debit and (credit) balance of related parties, accrued due to trading activities, at any month end during the year was Rs. 418,382,419 and Rs. (70,961,298) (2008: Rs. 27,496,240 and (Rs. 51,324,777)).

36.4 Aggregate transactions made during the year with the associated undertakings were as follows:

	2009 Rupees	2008 Rupees
- Sale of goods	834,571,708	801,629,761
- Sale of shares	356,111,469	50,970,752
- Sale of waste / comber noil	45,676	-
- Purchase of goods	464,901,825	1,147,019,567
- Purchase of shares	44,341,310	34,082,272
- Purchase of waste / comber noil	235,132	-
- Sizing charges	624,257	100,230
- Sizing revenue	-	341,955
- Doubling charges	3,941,831	250,153
- Doubling revenue	5,551,480	511,275
- Conversion revenue	-	14,094,922

37. PLANT CAPACITY AND ACTUAL PRODUCTION

		2009	2008
Yarn			
Number of spindles installed		84,912	84,912
Number of spindles-shifts worked		91,040,076	86,125,545
Production capacity at 20's count 1,093 shifts (2008: 1,089 Shifts)	Kgs.	31,616,586	29,299,452
Actual production converted into 20's count	Kgs.	31,003,601	29,245,027

		2009	2008
Cloth			
Number of looms installed		88	88
Number of looms-Shifts worked		96,184	85,648
Installed capacity at 60 picks 1,093 shifts (2008: 1,063 Shifts)	Sq. mtrs.	19,092,957	25,406,863
Actual production converted into 60 picks	Sq. mtrs.	17,856,211	14,540,633
POWER HOUSE			
No. of generators installed		9	9
No. of shifts worked		1,093	1,089
Generation capacity in Mega Watts		19	18
Actual generation in Mega Watts	12	11	

37.1 It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist, the width and construction of fabric woven etc. It also varies according to the pattern of production adopted in a particular year.

38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 5th October, 2009 by Board of Directors of the Company.

39. FIGURES

In these financial statements figures have been rounded-off to the nearest Rupee except stated otherwise.

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

FORM-34

PATTERN OF SHAREHOLDING

AS AT 30TH JUNE, 2009

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
39	1	100 Shares	2,212
63	101	500 Shares	16,267
31	501	1,000 Shares	24,483
29	1,001	5,000 Shares	57,690
10	5,001	10,000 Shares	74,700
1	10,001	15,000 Shares	10,095
1	15,001	20,000 Shares	20,000
1	30,001	35,000 Shares	30,269
1	60,001	65,000 Shares	63,528
4	70,001	75,000 Shares	287,029
2	105,001	110,000 Shares	215,050
6	110,001	115,000 Shares	683,100
1	125,001	130,000 Shares	126,500
3	140,001	145,000 Shares	432,057
1	160,001	165,000 Shares	163,850
3	185,001	190,000 Shares	567,057
1	190,001	195,000 Shares	194,019
1	210,001	215,000 Shares	213,850
2	215,001	220,000 Shares	432,057
1	275,001	280,000 Shares	276,673
1	355,001	360,000 Shares	358,649
1	450,001	455,000 Shares	451,649
1	460,001	465,000 Shares	464,460
1	490,001	495,000 Shares	494,881
1	525,001	530,000 Shares	527,331
1	535,001	540,000 Shares	536,075
1	550,001	555,000 Shares	553,516
1	575,001	580,000 Shares	576,907
1	670,001	675,000 Shares:	671,715
1	685,001	690,000 Shares	689,484
1	765,001	770,000 Shares	769,836
212			9,984,989

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	PERCENTAGE
Directors, Chief Executive Officer, & their spouse & Minor Children:	12	4,488,851	44.96
Associated Companies, Undertakings & related parties:	-	-	-
NIT & ICP:	2	30,469	0.31
Banks, Development Financial Institutions, Non-Banking Financial Institutions:	-	-	-
Joint Stock Companies:	1	1,279	0.01
Insurance Companies:	-	-	-
Modarabas & Mutual Funds:	-	-	-
Shareholders Holding 10%:	-	-	-
General Public:			
a. Local:	197	5,464,390	54.72
b. Foreign:	-	-	-
Others:	-	-	-
	212	9,984,989	100

N.B:- The above two statements include 79 shareholders Holding 689,484 Share through Central Depository Company of Pakistan Limited.

SHAREHOLDINGS OF DIRECTORS. ALONGWITH SPOUSE AND MINORS

Sr. No.	Name fo Director.	No. of shares Held	TOTAL SHARES
1	Khawaja Muhammad Masood	671,715	
	Mst. Mehr Fatima (Spouse)	536,075	1,207,790
2	Khawaja Muhammad Iqbal	451,649	
	Mst. Khadija Qureshi (Spouse)	63,528	515,177
3	Khawaja Muhammad Ilyas	358,649	
	Mst. Bilquees Akhtar (Spouse)	494,881	853,530
4	Khawaja Muhammad Younus	553,516	
	Mst. RubinaYounus (Spouse)	71,979	625,495
5	Khawaja Muhammad Jalaluddin Roomi	769,836	
	Mrs. Humera Jalaluddin (Spouse)	126,500	896,336
6	Mr. Muhammad Muzaffar Iqbal	276,673	
	Mrs. Attiya Fatima (Spouse)	113,850	390,523
7	Mst. Mehr Fatima (Spouse)	Already given above.	
	Khawaja Muhammad Masood	Already given above.	
		Grand Total:	4,488,851

FORM OF PROXY

I,____

of____

being a member of Mahmood Textile Mills Ltd., hereby appoint______________________________

____

of____

as my proxy in my absence to attend and vote for me and on my behalf at the (Ordinary or/

and extraordinary as the case may be) General Meeting of the Company to be held on the

____

and at any adjournment thereof____

Day of______________________________ 2009.

Signed by the siad

Affix
Revenue Stamp

IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Registered Office at Mehr Manzil, Lohari Gate, Multan not less than 48 hours before the time for holding the meeting.