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ANNUAL REPORT 2009



**MIAN TEXTILE
INDUSTRIES LIMITED**



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COMPANY INFORMATION

BOARD OF DIRECTORS:

CHAIRMAN & CHIEF EXECUTIVE : MIAN MUHAMMAD JEHangIR

DIRECTORS : MIAN KHURSHID AHMAD
: MIAN WAHEED AHMAD
: MIAN MUHAMMAD NAWAZ
: MIAN WAQAR AHMAD
: MIAN KHURRAM JEHangIR
: MRS. NARGIS JEHangIR
NOMINEE DIRECTOR – NIT : MR. MUHAMMAD ASIF

COMPANY SECRETARY : MR. MUHAMMAD MASUD MUFTI

CHIEF FINANCIAL OFFICER : MR. MUHAMMAD IRFAN

AUDITORS : NAVEED ZAFAR HUSAIN JAFFERY & COMPANY
Chartered Accountants

AUDIT COMMITTEE : MIAN WAHEED AHMAD CHAIRMAN
: MRS. NARGIS JEHangIR MEMBER
: MIAN KHURRAM JEHangIR MEMBER

BANKERS : HABIB BANK LIMITED
: NIB (Formerly PICIC)
: INDUSTRIAL DEVELOPMENT BANK
OF PAKISTAN
: NATIONAL BANK OF PAKISTAN
: THE BANK OF PUNJAB

**HEAD OFFICE &
REGISTERED OFFICE** : 29-B/7, MODEL TOWN, LAHORE.
PHONE: 5831804-5 (2 lines)
FAX: 5830844
E-Mail: info@miantextile.com

MILLS : 48.5 K.M. MULTAN ROAD,
BHAJ PHERU, TEHSIL CHUNIAN,
DISTRICT KASUR.
PHONE: (04943) 540384, 042-5834029

SHARES REGISTRAR : HAMEED MAJEED ASSOCIATES (PVT) LTD.
H.M HOUSE 7-BANK SQUARE, LAHORE.
TEL: 7235081-82 FAX: 7358817



MISSION STATEMENT

To provide quality products to customers and explore new markets to promote / expand sale of the company through good governance and foster a sound and dynamic team, so as to achieve optimum price of products of the Company for sustainable and equitable growth and prosperity of the company.

VISION STATEMENT

To transform the Company into a modern and dynamic yarn & cloth manufacturing Company with highly professional and fully equipped to play meaningful role on sustainable basis in the economy of Pakistan.



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate governance contained in the Regulation No.37 of Listing Regulation of Karachi Stock Exchange and Clause 49 (Chapter VIII) of the Listing Regulation of Lahore 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 the Board includes six (6) independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to any banking company, a DFI or an NBFIs or, being a member of a stock exchange, has never been declared as defaulter by that stock exchange.
4. The board has developed a 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 is being maintained.
5. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.
6. The meetings of the Board were presided over by the Chairman and the Board met at least once every quarter. Written notices of the Board meetings along-with the requirements of the Code and fully describes the salient matters required to be disclosed.
7. The Directors report for this year has been prepared in compliance with the requirements of the Code fully describes the salient matters required to be disclosed.
8. The CEO and CFO dully endorsed the financial statements of the Company before approval of the Board.
9. The Company has complied with all the corporate and financial reporting requirements of the Code.
10. The Board has formed an audit committee comprising three members, of whom all are non-executive directors including the Chairman of the committee.
11. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
12. The Board has set-up an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is fully conversant with the policies and procedures of the company.
13. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programmed if the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company.



14. The statutory auditors or the persons associated with them have not been appointed to provide the other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
15. We confirm that all other material principles contained in the Code have been complied with.

ON BEHALF OF THE BOARD

Lahore:
October 07, 2009

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

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 **MIAN TEXTILE INDUSTRIES LIMITED** ("the Company") for the year ended June 30, 2009 to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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

Date: October 07, 2009

Place: Lahore.

NAVEED ZAFAR HUSAIN JAFFERY & CO.
Chartered Accountants
S. Zafar ullah Shah



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23rd Annual General Meeting of the Shareholders of Mian Textile Industries Limited will be held on Saturday October 31, 2009 at 11:00 A.M at the Registered Office of the Company at 29-B/7, Model Town, Lahore to transact the following business: -

1. To confirm the minutes of the last Extra Ordinary General Meeting of the Shareholders of the Company held on March 31, 2009.
2. To receive, consider and adopt the audited financial statements of the company together with the Directors and Auditors reports thereon for the year ended June 30, 2009.
3. To appoint Auditors and fix their remuneration for the accounting period ending on June 30th, 2010.
4. To transact any other business with the permission of the Chairman.

By order of the Board

Muhammad Masud Mufti
Company Secretary

Lahore:

Dated: October 07, 2009

NOTES:

- a). The share transfer books of the Company will remain closed from October 23, 2009 to October 31, 2009 (both days inclusive). Transfers received in order at the Registered Office of the Company upto the close of business on October 23, 2009 will be in time to effect the voting rights at the Annual General Meeting.
- b). A member of the company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by attorney or in case of Corporation by a representative duly authorized. The instrument of proxy duly executed should be lodged at the registered office of the Company not later than 48 hours before the time of meeting.
- c). Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her CNIC with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. Representatives of corporate members should bring the usual documents required for such purpose
- d). The Shareholders are requested to notify the Company, the change in their address, if any, immediately to the Company's Registrar Hameed Majeed Associates (Pvt.) Ltd. – H. M. House 7, Bank Square, Lahore.



DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of Mian Textile Mills Limited, I am pleased to welcome you to the 23rd Annual General Meeting of the Company and submit their report together with audited financial statements of the Company and Auditor's Report thereon for the year ended June 30, 2009.

The year under review remained very tough for the textile industry. Textile Industry has suffered further material losses due to very high price of cotton because of shortfall in domestic cotton crop, higher electricity and gas tariff, exorbitant financial charges, low production due to intermittent plant shut down because of regular electricity and gas load shedding, and the prevailing law and order situation contributed in high costs of production directly affecting your Company's performance also both in terms of production and sales which resulted in a loss and cash flow problem. Even with such continuous losses, the Directors of your Company have committed to continue with its operations in the coming years.

The Financial results of the Company are summarized below:

	2009 (Rs. in '000')	2008 (Rs. in '000') Restated
Sales	261,679	534,086
Gross Loss	(24,715)	(92,592)
Operating Loss	(39,451)	(113,972)
Financial Charges	(38,321)	(40,258)
Loss Before Taxation	(76,127)	(172,313)
Provision for Taxation	-	(2,670)
Loss after Taxation	(76,127)	(174,983)
E.P.S	(3.44)	(7.92)

The APTMA have approached the government and suggested course of action for relief in these troubled times. The government is fully aware of the critical situation of the Industry and the 'Textile Policy 2009-14' has recently been announced by the Federal Minister for Textile Industry. The policy provides relief to the existing units in terms of export refinance at 5%; loan restructuring; interest rate relief; relaxation of prudential regulation; additional financing; investment tax credit, etc. These measures are designed to rescue the ailing textile sector and continuity of millions of workers in their jobs and further enhancing export earnings. The sponsoring directors will continue to support the Company's operations by providing temporary funding for the operations.

Future outlook

Textile sector is facing tough economic conditions both in the country and as well as abroad. Rising prices of raw cotton, fuel, labor and increasing financial costs have adversely effect the textile sector. Your management is aware of the situation and striving hard to face the challenges. Meetings were recently held with the Company's bankers for restructuring long terms loans and restoration of working capital facilities including release of pledged stocks. In particular both National Bank of Pakistan and Habib Bank Limited have shown positive response while other banks have also been approached to provide facilities to the Company as envisaged in the Textile Policy 2009-14. In view of the expected benefits accruing to the Company under the Textile Policy, the management is determined to achieve more improved results in the days to come with the continued Company's operation.

**Dividend**

In view of the losses sustained, the directors have not recommended any dividend for the period ended as at June 30, 2009.

Notes

We give hereunder note wise comments on the observations recorded by the Auditors in their report.

- I) The reclassification of certain short-term borrowings from HBL has made on the basis of positive indication given by the Bank and the Bank has verbally agreed for the conversion of these loans to Long Term Facilities. The management is hopeful that this will be done soon according to the classification made by the Company.
- II) The Company applied to the NIB Bank Limited (formerly PICIC) for rescheduling but they filed a suit against Company, which is pending before the Lahore High Court. The liability is not at all ascertainable at this stage. The liability, if any, arising on the judgment by the Honorable High Court would be provided at the material time. However, no mark up is payable at this stage.

The Company has also filed a suit against NIB Bank Limited (formerly PICIC) for recovery of Rs. 567.627 million.

CORPORATE AND FINANCIAL REPORTING FRAME WORK

The directors also confirm compliance with Corporate and Financial Reporting Framework of the SECP's Code of Corporate Governance for the following:

- a) The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- b) Proper books of accounts have been maintained by the Company;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from (if any) has been adequately disclosed;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;
- f) There are no doubts upon the company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
- h) Operating and financial data and key ratios of six years are annexed.
- i) A statement showing pattern of shareholding is annexed.
- j) During the year, no trading in the shares of the Company was carried out by the CFO, Company Secretary, their spouses and minor children.

BOARD MEETING

During the financial year under consideration, four meetings were held and the attendance by the respective directors was as follows:

<u>S.No.</u>	<u>Name of Directors</u>	<u>No. of meetings attended</u>
1	Mian Muhammad Jehangir	4
2	Mian Khurshid Ahmed	-



3	Mian Waheed Ahmed	4
4	Mian Muhammad Nawaz	-
5	Mian Waqar Ahmed	-
6	Mian Khurram Jehangir	4
7	Mrs. Nargis Jehangir	-
8	Mr. Muhamamd Asif (NIT)	4

Leave of absence was granted to Directors who could not attend some of the Board meetings.

AUDIT COMMITTEE

The Board constituted an Audit Committee comprising the following Directors:

1.	Mian Waheed Ahmed	Chairman
2.	Mrs. Nargis Jehangir	Member
3.	Mian Khurram Jehangir	Member

AUDITORS

The present auditors M/s Naveed Zafar Husain Jaffery & Co. Chartered Accountants will retire at the conclusion of the Annual General Meeting. Being eligible, offer themselves for re-appointment.

PATTERN OF SHAREHOLDINGS

A statement-showing pattern of shareholding as on June 30, 2009 is annexed.

ACKNOWLEDGMENT

We like to place on record our gratitude to the valued clients, regulatory authorities, banks and financial institutions and also the shareholders for their continued support. We also appreciate the efforts and dedication shown by the staff for managing the company's affairs successfully during this tough time.

On Behalf of The Board

Lahore:
October 07, 2009

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive



PERFORMANCE OF LAST SIX YEARS AT GLANCE (RUPEES IN '000')

	2009	2008 (Restated)	2007	2006	2005	2004
FINANCIAL DATA						
PROFIT & LOSS ACCOUNT						
Sales	261,679	534,086	741,069	918,656	697,292	882,707
Cost of sales	286,394	626,677	739,377	892,501	651,591	825,006
Gross profit	(24,715)	(92,592)	1,692	26,155	45,701	57,701
Operating profit/(loss)	(39,451)	(113,972)	(33,786)	(9,704)	16,278	12,354
Profit/(loss) before taxation	(76,127)	(172,313)	(145,659)	(87,461)	(30,398)	11,707
Net profit/(loss) after taxation	(76,127)	(174,983)	(107,940)	(74,938)	(20,115)	6,640
BALANCE SHEET						
Paid up capital	221,052	221,052	221,052	221,052	221,052	221,052
Fixed assets	723,526	765,745	626,870	700,449	722,753	650,470
Current assets	159,358	168,193	345,889	386,472	399,753	418,718
Current liabilities	309,311	300,807	509,277	502,010	511,211	452,653
KEY RATIOS						
Gross profit ratio	-9.44%	-17.34%	0.23%	2.85%	6.55%	6.53%
Operating profit ratio	-15.08%	-21.34%	-4.56%	-1.06%	2.33%	1.39%
Net profit/(loss) ratio	-29.09%	-32.76%	-14.57%	-8.16%	-2.88%	1.32%
Current ratio	1 : 0.52	1 : 0.56	1 : 0.68	1 : 0.77	1 : 0.78	1 : 0.93
Earning per share (Rupees)	(3.44)	(7.92)	(4.88)	(3.39)	(0.91)	0.30

**PATTERN OF SHAREHOLDING (AS AT JUNE 30, 2009)**

Number Of Shareholders	Categories of Share having Nos.		Total Shares Held
	From	To	
1,020	1	500	360,812
223	501	1,000	206,700
263	1,001	5,000	683,400
64	5,001	10,000	487,600
16	10,001	15,000	191,989
11	15,001	20,000	199,700
4	20,001	25,000	91,700
6	25,001	30,000	65,900
2	30,001	35,000	36,000
1	35,001	40,000	261,100
6	40,001	45,000	129,100
27	45,001	50,000	1,329,100
9	50,001	55,000	211,200
8	55,001	60,000	210,410
3	60,001	65,000	189,299
2	65,001	70,000	135,600
4	75,001	80,000	312,200
16	80,001	85,000	626,000
1	85,001	90,000	93,000
7	90,001	95,000	695,200
19	95,001	100,000	794,500
3	100,001	125,000	3,538,500
2	125,001	150,000	154,000
3	150,001	175,000	162,000
3	175,001	200,000	1,937,000
3	200,001	225,000	168,000
1	275,001	300,000	225,500
1	300,001	325,000	308,800
1	400,001	425,000	600,000
1	625,001	650,000	202,868
1	825,001	850,000	758,222
1	975,001	1,000,000	1,000,000
1	1,355,001	1,360,000	1,356,400
1	2,180,001	2,185,000	2,185,000
1	2,195,001	2,200,000	2,198,400
1,735			22,105,200

Categories of Share Holders	Numbers	Shares Held	%
- Individuals	1695	12,965,809	58.66
- Investment Companies	4	123,200	0.56
- Insurance Companies	1	420,900	1.90
- Financial Institution	4	1,552,100	7.02
- Joint Stock Companies	16	1,502,189	6.80
- Modaraba Companies	4	34,000	0.15
- Directors, Chief Executive Officer	7	5,497,802	24.87
- Others	4	9,200	0.04
TOTAL:	1,735	22,105,200	100.00



CATEGORIES OF SHAREHOLDERS AS ON JUNE 30, 2009

		% of Total Capital
1	ASSOCIATED COMPANY	NIL
2	NIT AND ICP	
	a) National Bank Of Pakistan, Trustee Department	1,552,100
	b) Investment Corporation of Pakistan	25,300
		1,577,400
		7.14
3	DIRECTORS	
	a) Mian Muhammad Jehangir	2,198,400
	b) Mian Khurshid Ahmad	215,734
	c) Mian Muhammad Nawaz	202,868
	d) Mian Waheed Ahmad	2,185,000
	e) Mian Waqar Ahmad	154,000
	f) Mian Khurram Jehangir	334,500
	g) Mrs. Nargis Jehangir	207,300
		5,497,802
		9.95
		0.98
		0.92
		9.88
		0.70
		1.51
		0.94
4	DIRECTORS' SPOUSES & MINOR CHILDRENS	1,691,800
		7.65
5	DIRECTORS RELATIVES	7,369,498
		33.34
6	PUBLIC SECTOR COMPANIES AND CORPORATIONS	22,700
		0.10
7	BANKS DEVELOPMENT FINANCIAL INSTITUTIONS NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	1,514,789
		6.85
8	GENERAL PUBLIC	4,431,211
		20.05
		22,105,200
		100.00
9	SHAREHOLDERS HOLDING 10% OR MORE	NIL
10	TRADE DONE BY CEO AND DIRECTORS ETC.	NIL



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of MIAN TEXTILE INDUSTRIES 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 purposes of our audit.

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

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

- (I) as disclosed in Notes 8.6 and 8.7 to these financial statements, the Company has reclassified its short term borrowings amounting to Rs. 104.422 million and related mark up of Rs. 18.375 million as long term and deferred liability respectively. Had this accounting treatment not been done, the current liabilities would have increased by Rs 122.797 million and long term financing and deferred liabilities would have been decreased by Rs 104.422 million and Rs 18.375 million respectively.
- (II) as disclosed in Note 8.8 to these financial statements the Company has not classified its long term financing amounting to Rs 97.011 million (principal) as current and overdue portion of loan as required under Fourth Schedule to the Companies Ordinance, 1984. Moreover, the Company has not accrued the markup related to the said loan which amounts to Rs. 15.661 million. Had this mark up been accrued the loss for the year ended June 30, 2009 and current liabilities would have been increased by Rs 15.661 million and Rs. 112.672 million respectively.

Except for the effects on the financial statements of the matters stated above, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;



- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.
- (e) without qualifying our opinion, we draw attention to the fact that the accompanying financial statements have been prepared assuming that the Company will continue as a going concern as indicated in Note 3 to these financial statements as the management is committed to continue the operations of the Company for a foreseeable future.

The financial statements of the Company for the year ended June 30, 2008 were audited by another firm of auditors; whose report dated October, 09, 2008 expressed adverse opinion. The issues highlighted in that report which remained unresolved to our satisfaction are included in (I) and (II) reported above. However, as indicated in Note 3 to these financial statements, the management has demonstrated its commitment for the operations of the Company, whereas matters related to treatment of realized surplus on property, plant and equipment and overvaluation of finished goods stocks reported in last year's report have been corrected by the management during the current year as disclosed in Note 42 to these financial statements.

Lahore.
October 07, 2009

NAVEED ZAFAR HUSAIN JAFFERY & CO.
Chartered Accountants
S. Zafar ullah Shah

**BALANCE SHEET**

EQUITY AND LIABILITIES	Note	2009 Rupees	2008 Rupees (Restated)
SHARE CAPITAL AND RESERVES			
Share capital	5	221,052,000	221,052,000
Accumulated loss		(533,395,527)	(472,237,692)
		<u>(312,343,527)</u>	<u>(251,185,692)</u>
Surplus on revaluation of Property Plant and Equipment	6	349,389,159	364,358,293
NON-CURRENT LIABILITIES			
Director's bridge finance	7	38,563,713	38,563,713
Long term financing	8	416,843,127	391,532,948
Liabilities against assets subject to finance lease	9	26,612,828	51,761,636
Deferred liabilities	10	65,002,611	51,094,952
CURRENT LIABILITIES			
Trade and other payables	11	120,776,678	100,876,149
Accrued mark-up	12	45,732,767	37,516,740
Short term borrowings	13	115,292,098	138,651,109
Current and overdue portion of non-current liabilities	14	27,509,528	21,092,762
Provision for taxation	15	-	2,670,428
		309,311,071	300,807,188
CONTINGENCIES AND COMMITMENTS	16	-	-
TOTAL EQUITY AND LIABILITIES		<u>893,378,982</u>	<u>946,933,038</u>

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

Lahore:
October 07, 2009

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive



AS AT JUNE 30, 2009

PROPERTIES AND ASSETS	Note	2009 Rupees	2008 Rupees (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	17	723,525,738	765,744,671
Capital work in progress	18	-	-
		723,525,738	765,744,671
Long term deposits		10,495,148	12,995,148
CURRENT ASSETS			
Stores and spares	19	16,312,621	18,642,893
Stock in trade	20	74,851,678	92,076,812
Trade debts	21	26,222,898	14,683,835
Loans and advances	22	2,112,604	2,433,333
Trade deposits, prepayments and other receivables	23	34,330,071	31,802,036
Tax refunds due from Government	24	5,064,974	6,858,193
Cash and bank balances	25	463,250	1,696,117
		159,358,096	168,193,219
TOTAL ASSETS		893,378,982	946,933,038

Lahore:
October 07, 2009

MIAN WAHEED AHMED
Director



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

	Note	2009 Rupees	2008 Rupees (Restated)
Sales	26	261,679,392	534,085,673
Cost of sales	27	<u>286,393,906</u>	<u>626,677,271</u>
GROSS LOSS		(24,714,514)	(92,591,598)
OPERATING EXPENSES			
Distribution cost	28	<u>4,917,720</u>	<u>10,257,764</u>
Administrative expenses	29	<u>9,818,385</u>	<u>11,122,835</u>
		<u>14,736,105</u>	<u>21,380,599</u>
OPERATING LOSS		(39,450,619)	(113,972,197)
Other operating charges	30	150,000	18,082,082
Other income	31	(1,794,461)	-
Finance cost	32	<u>38,320,811</u>	<u>40,258,243</u>
LOSS BEFORE TAXATION		(76,126,969)	(172,312,522)
Provision for :	33		
- Current tax		<u>-</u>	<u>2,670,428</u>
- Deferred tax		<u>-</u>	<u>-</u>
		<u>-</u>	<u>2,670,428</u>
LOSS FOR THE YEAR		<u>(76,126,969)</u>	<u>(174,982,950)</u>
LOSS PER SHARE - BASIC & DILUTED	34	<u>(3.44)</u>	<u>(7.92)</u>

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

Lahore:
October 07, 2009

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

MIAN WAHEED AHMED
Director



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	2009 Rupees	2008 Rupees (Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(76,126,969)	(172,312,522)
Adjustments for non-cash and other items:		
Depreciation	40,885,349	41,483,481
Gratuity	1,715,611	879,267
Gain/(loss) on disposal of property, plant and equipment	(1,789,816)	17,691,790
Finance cost	38,319,958	40,258,243
	79,131,102	100,312,781
Operating loss before working capital changes	3,004,133	(71,999,741)
Adjustments for Working Capital Changes		
(Increase) / decrease in current assets:		
Stores and spares	2,330,292	2,373,375
Stock in trade	17,225,134	159,240,711
Trade debts	(11,539,063)	5,369,844
Loans and advances	327,066	1,564,681
Trade deposits, prepayments and other receivables	(2,528,035)	2,341,022
Tax refunds due from Government	(22,189)	860,707
(Decrease) / increase in current liabilities:		
Trade and other payables	19,894,190	(238,327)
Net working capital changes	25,687,395	171,512,013
Finance cost paid	(16,397,611)	(28,401,688)
Gratuity paid	(1,514,289)	(1,042,166)
Workers'(profit) participation fund paid	-	(60,004)
Income tax paid	(855,020)	(1,692,943)
	(18,766,920)	(31,196,801)
Net cash generated from operating activities	9,924,608	68,315,471
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(1,503,600)	(3,634,998)
Capital work in progress	-	3,185,537
Proceeds from disposal of property, plant and equipment	4,627,000	22,975,000
Long term deposits	2,500,000	(1,001,666)
Net cash generated from Investing activities	5,623,400	21,523,873
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	7,556,166	162,302
Liabilities against assets subject to finance lease	(978,029)	(15,261,989)
Short term borrowings	(23,359,012)	(78,673,149)
Net cash used in financing activities	(16,780,875)	(93,772,836)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,232,867)	(3,933,492)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,696,117	5,629,609
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	463,250	1,696,117

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

Lahore:
October 07, 2009

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

MIAN WAHEED AHMED
Director



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

Particulars	Share Capital	Accumulated Loss	Shareholders' Equity
	Rupees		
Balance as at June 30, 2007	221,052,000	(326,967,709)	(105,915,709)
Loss for the year ended June 30, 2008 (restated)	-	(174,982,950)	(174,982,950)
Surplus on revaluation of property, plant and equipment transferred to retained earnings :			
- Incremental depreciation charged during the current year	-	12,135,513	12,135,513
- Realized on disposal of property, plant and equipment	-	17,577,454	17,577,454
Balance as at June 30, 2008	221,052,000	(472,237,692)	(251,185,692)
Loss for the year ended June 30, 2009	-	(76,126,969)	(76,126,969)
Surplus on revaluation of property, plant and equipment transferred to retained earnings :			
- Incremental depreciation charged during the current year	-	13,644,518	13,644,518
- Realized on disposal of property, plant and equipment	-	1,324,616	1,324,616
Balance as at June 30, 2009	221,052,000	(533,395,527)	(312,343,527)

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

Lahore:
October 07, 2009

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

MIAN WAHEED AHMED
Director



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

Mian Textile Industries Limited, "the Company", was incorporated in Pakistan on December 01, 1986 as a Public Limited Company under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 29-B/7, Model Town, Lahore and its manufacturing facilities are located at 48.5 K.M. Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur. The Company is principally engaged in the business of manufacturing, sale and export of textile products.

2. STATEMENT OF COMPLIANCE

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

2.1 Amendments to published standards and new interpretations effective in current year

The following standards, interpretations and amendments in approved accounting standards are effective from current accounting period:

IFRS 7 – "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 – "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and the disclosure requirements of IAS 32 – "Financial Instruments: Disclosure and Presentation". The application of the standard did not have significant impact on the Company's financial statements other than increase in disclosures.

IAS 29 – "Financial Reporting in Hyperinflationary Economies" (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in hyperinflationary economies and therefore the application of the standard is not likely to have an effect on the Company's financial statements.

IFRIC 4 – "Determining whether an Arrangement contains a Lease" (effective for annual periods beginning on or after 1 January 2006) and IFRIC 12 – "Service Concession Arrangements" (effective for annual periods beginning on or after 1 January 2008). However, the application of these interpretations have been deferred by the Securities and Exchange Commission of Pakistan (SECP), through circular 21 of 2009 dated 22 June 2009, for all companies till 30 June 2010. However, the companies are encouraged to comply with the said interpretations but the fact of compliance shall be disclosed in their financial statements.

IFRIC 12 – "Service Concession Arrangements" applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Since the Company is not involved in public sector services, the implementation of this interpretation does not affect its financial statements.



IFRIC 13 – “Customer Loyalty Programmes” (effective for annual periods beginning on or after 1 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 is not likely to have an effect on the Company’s financial statements.

IFRIC 14 – “IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction” (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The interpretation has no effect on Company’s financial statements for the year ended June 30, 2009.

2.2 **New accounting standards, interpretations and amendments which are not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2009. These standards, interpretations and the amendments are either not relevant to the Company’s operations or are not expected to have significant impact on the Company’s financial statements other than increase in disclosures in certain cases.

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

IAS 27 – “Consolidated and Separate Financial Statements” (effective for annual periods beginning on or after 1 January 2009). The amendment removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor.

IAS 27 – “Consolidated and Separate Financial Statements” (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of subsidiary, any interest retained in the former a subsidiary will be measured at fair value with gain or loss recognised in the profit or loss.



Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met.

Amendments to IAS 39 and IFRIC 9 – “Embedded derivatives” (effective for annual periods beginning on or after 1 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value.

Amendments to IAS 39 – “Financial Instruments: Recognition and measurement - Eligible hedged items” (effective for annual periods beginning on or after 1 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations.

Amendment to IFRS 2 – “Share-based Payment - Group Cash-settled Share-based Payment Transactions” (effective for annual periods beginning on or after 1 January 2010). Currently effective IFRS requires attribution of group share-based payment transactions only if they are equity-settled. The amendment resolves diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

IFRS 4 – “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires the entity issuing insurance contracts (an insurer) to disclose information about those contracts.



IFRS 5 (Amendment) – “Non-current assets held-for-sale and discontinued operations” (effective from 1 July 2009). The amendment clarifies that all of a subsidiary’s assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control.

Amendment to IFRS 7 – “Improving disclosures about Financial Instruments” (effective for annual periods beginning on or after 1 January 2009). These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.

IFRS 8 – “Operating segments” (effective for annual periods beginning on or after 1 January 2009) ‘introduces the management approach’ to segment reporting. IFRS 8 will require a change in 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 them. Currently the Group presents segment information in respect of its business segments.

IFRIC 15 – “Agreement for Construction of Real Estate” (effective for annual periods beginning on or after 1 October 2009) clarifies the recognition of revenues by real estate developers for sale of units, such as apartments or houses, ‘off-plan’, that is, before construction is complete.

IFRIC 16 – “Hedge of Net Investment in a Foreign Operation” (effective for annual periods beginning on or after 1 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity’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. The Interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used.

IFRIC 17 – “Distributions of Non-cash Assets to Owners” 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. As the Company does not distribute non-cash assets to its shareholders, this interpretation has no impact on these financial statements.



IFRIC 18 – "Transfers of Assets from Customers" clarifies the requirements of IFRSs for agreements in which an entity receives from a customer 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, gas or water). The interpretation is not relevant to the Company's operations.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS ON GOING CONCERN ASSUMPTION

These financial statements have been prepared under the historical cost convention, except certain property, plant and equipment that have been shown at revalued amounts as stated in Note 17.

These financial statements have been prepared on the assumption that the Company will continue as a going concern for a foreseeable future. Although the Company has suffered a loss of Rs. 76.127 million during the year ended June 30, 2009 (2008: Rs. 174.983 million) and has accumulated losses of Rs. 533.395 million (2008: Rs.472.238 million) The current liabilities of the Company exceeded over current assets by Rs. 149.953 million (2008: Rs.132.614 million) as at the balance sheet date. These factors appear to have an impact on the Company's ability to continue as a going concern yet the management is of the view that the restructuring of Company's loans likely to be obtained together with the benefits accruing under the Textile Policy 2009-14 recently announced by the Government of Pakistan would sustain its operations to a larger extent by achieving rated production capacity as envisaged by the management. In view of the continued support and commitment from the sponsoring directors and lenders, the management has no intention to close down Company's operations.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional and presentation currency

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

4.2 Significant estimates and judgments

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

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Useful life of depreciable assets
- Provisions for doubtful receivables
- Slow moving inventory
- Taxation

However, the management believes that the change in outcome of the estimates would not have a significant effect on the amount disclosed in the financial statements.

**4.3 Provisions**

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

4.4 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all its employees according to the terms of their employment. Under this scheme, gratuity is paid to the retiring employees on the basis of their last drawn basic salary for each completed year of service.

4.5 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in the future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

4.6 Contingencies

The Company has disclosed significant contingent liabilities for the pending litigation and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognise any liability at the balance sheet date.

4.7 Taxation**Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax at the rate of 0.5% of the turnover under section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

**4.8 Property, plant and equipment****Operating fixed assets**

Property, plant and equipment are stated at cost / revalued amounts less accumulated depreciation and identified impairment losses, if any, except freehold land which is stated at revalued amount. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets to working condition.

Depreciation is charged to income by applying reducing balance method without taking into account any residual value at the rates specified in Note 17. The remaining useful life of the depreciable assets and depreciation method are reviewed periodically to ensure that the depreciation method and periods of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Full month's depreciation is charged on additions to fixed assets during the month, whereas no depreciation is charged on the assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Gains or losses on disposal of property, plant and equipment are included in current year's income.

Normal repairs and maintenance are charged to income 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

Capital work in progress is stated at cost less any identified impairment losses. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged on the basis similar to operating fixed assets applying reducing balance method at the rates specified in Note 17 to write off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of the lease periods.

Insurance and other maintenance costs are borne by the Company.

Finance cost and depreciation on leased assets are charged to current year's income.

Operating leases

Lease rentals payable under the operating leases are charged to profit and loss account on a straight line basis over the term of the relevant leases.

**4.9 Impairment**

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

4.10 Stores and spares

These are valued at lower of moving average cost and net realizable value except for items in transit that are valued at cost comprising the invoice value plus incidental charges paid thereon till the balance sheet date. Provision is made against obsolete and slow moving items.

4.11 Stock in trade

Basis of valuation are as follows:

Particulars	Mode of valuation
Raw materials	At lower of moving average cost and net realizable value.
Stocks in transit	At cost comprising the invoice value plus incidental charges paid thereon.
Work-in-process	At estimated average manufacturing cost.
Finished goods	At lower of average manufacturing cost and net realizable value.
Wastes	At net realizable value.

Cost in relation to work in process consists of prime cost and attributable production overheads.

Net realizable value signifies the selling price in the ordinary course of business less completion cost and cost necessary to be incurred to effect such sale.

4.12 Trade debts and other receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of outstanding amounts at year end. Bad debts are written off when identified.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

4.14 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on the accrual basis. 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. All other borrowing costs are charged to income in the period in which these are incurred.

**4.15 Foreign currency translations**

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the balance sheet date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to income.

4.16 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments and are remeasured at fair value. Any gain/loss on de-recognition and on remeasurement of such financial instruments other than investments available for sale, is charged to income for the period in which it arises.

4.17 Related party transactions

All transactions with related parties are measured at arm's length prices determined in accordance with the Comparable Un-controlled Price Method except in circumstances where it is not in the interest of the Company to do so.

4.18 Revenue recognition

- (i) Local sales are recorded when goods are delivered to customers and invoices raised.
- (ii) Export sales are booked on shipment basis on receipt of bill of lading.
- (iii) Processing charges are recorded when goods are delivered to customers and invoices raised.
- (iv) Gain on 'sale and lease-back' transactions that result in finance lease, is deferred and amortized over the lease term.
- (v) Dividend income is recognized when the right to receive payment is established.
- (vi) Profits on short term deposits is accounted for on time apportioned basis on the principal outstanding and at the rate applicable.

4.19 Off setting of financial assets and liabilities

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



	Note	2009 Rupees	2008 Rupees
5. SHARE CAPITAL			
Authorized capital			
22,500,000 (2008: 22,500,000) ordinary shares of Rupees 10 each		<u>225,000,000</u>	<u>225,000,000</u>
Issued, subscribed and paid up share capital			
22,105,200 (2008: 22,105,200) ordinary shares of Rupees 10 each fully paid up in cash		<u>221,052,000</u>	<u>221,052,000</u>
6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Opening balance		364,358,293	177,997,330
Surplus on further revaluation made during the year		-	216,073,930
		<u>364,358,293</u>	<u>394,071,260</u>
Surplus transferred to accumulated loss:			
- Incremental depreciation charged during the year		(13,644,518)	(12,135,513)
- Realized on disposal of property, plant and equipment		(1,324,616)	(17,577,454)
		<u>(14,969,134)</u>	<u>(29,712,967)</u>
		<u>349,389,159</u>	<u>364,358,293</u>
6.1 Revaluations of property, plant and equipment carried out in May 2008, April 2004 and September 1995 produced surplus of Rs. 762.469 million, which was credited to 'surplus on revaluation of property, plant and equipment' to comply with the requirements of Section 235 of the Companies Ordinance, 1984.			
		2009	2008
		Rupees	Rupees
7. DIRECTOR'S BRIDGE FINANCE			
Director's loan		<u>38,563,713</u>	<u>38,563,713</u>
This represents interest-free, unsecured loan obtained from the directors of the Company. The repayment terms of the loan have yet not been finalized.			
8. LONG TERM FINANCING - Secured		2009	2008
Finances from banking companies:		Rupees	Rupees
The Bank of Punjab	8.1	38,827,229	38,827,229
Faysal Bank Limited	8.2	19,000,000	19,000,000
National Bank of Pakistan	8.3	45,000,000	45,000,000
National Bank of Pakistan	8.4	8,000,000	-
Allied Bank Limited	8.5	19,299,862	-
Habib Bank Limited	8.6	45,000,000	45,000,000
Habib Bank Limited	8.7	59,422,468	59,866,302
NIB Bank Limited	8.8	190,888,807	190,888,807
		<u>425,438,366</u>	<u>398,582,338</u>
Less: current portion shown under current liabilities	14	<u>8,595,239</u>	<u>7,049,390</u>
		<u>416,843,127</u>	<u>391,532,948.00</u>
8.1 This represents Demand Finance obtained from The Bank of Punjab. It is repayable in 17 equal quarterly installments commencing from July 2010 and carries mark-up at 3 Months KIBOR + 100 bps with no floor to be paid quarterly. It is secured against collatrels and equitable mortgage on industrial land in the name of directors of the Company, personal guarantees of the owners of the property and directors of the Company and ranking charge of Rs. 53.773 million over all the present and future current and fixed assets of the Company.			
8.2 This represents Forced Term Facility of Rs. 19 million. It is repayable in 42 equal monthly installments commencing from December 2008 and carries mark up at 3 Months KIBOR to be paid monthly. The finance facility secured against registered mortgage on the Company's head office and personal guarantees of directors.			



- 8.3** This represents Demand Finance sanctioned by the National Bank of Pakistan. It is repayable in 16 equal quarterly installments commencing from February 2011 and carries mark-up at 3 Months KIBOR + 3.5% p.a. with no floor / cap to be paid quarterly. It is secured against ranking charge of Rs. 75 million on fixed assets of the Company including 40% margin and personal guarantees of all sponsoring directors.
- 8.4** This represents Demand Finance sanctioned by the National Bank of Pakistan. It is repayable in 4 equal quarterly installments of Rs. 2 million each commencing from February 2015 and carries no mark-up. It is secured against ranking charge of Rs. 13.333 million on fixed assets of the Company and personal guarantees of all sponsoring directors.
- 8.5** This represents Demand Finance sanctioned by the bank vide its letter dated June 10, 2009 in pursuant to request of the Company for rescheduling of its lease finance facility. It is repayable in 45 monthly installments commencing from April 2009 and it carries mark up @ 10% to be paid monthly.
- 8.6** This represents certain utilized portion of short term cash finance facility of Rs. 54.24 million from Habib Bank Limited that carries mark up at 3 Months KIBOR plus 2% subject to a floor rate of 12% per annum. The company has requested the bank to convert its short term borrowing into long term financing to the extent of Rs. 45 million, however, this proposal is under process by the bank as at the balance sheet date (Refer to Note 13.1)
- 8.7** This represents short term facility (FAPC / FCF - Hypo) of Rs. 59.422 million (utilized), obtained from the bank that carries mark up at 3 Months KIBOR plus 2% with floor of 12% per annum (LIBOR plus 2.5% per annum with floor 5.5% per annum in case of foreign finance). The company has requested the bank to convert this facility into long term financing and that proposal is still under process. The loan is secured against ranking hypothecation and 1st pari passu/ranking charges on current and fixed assets of the company.
- 8.8** The Company swapped its entire loan liability towards UBL (except Rs. 5.1 million) in pursuance of new loan agreement arrived at between the Company and NIB Bank Limited (formerly PICIC) in August 2004 for Rs. 210 million against which PICIC disbursed Rs. 195.976 million to the Company. This loan was repayable in 24 equal quarterly installments of Rs. 13.331 million each commencing from December 2006, after a grace period of one and a half year, and carries mark up at 3 Months KIBOR plus 4.75% per annum subject to floor of 10.5% per annum. Currently the Company is in litigation with the bank due to non-repayment of loan installments (refer note 16.1.6).

The management is of the view that this loan will be restructured and therefore has not classified it under current liabilities as current and overdue portion amounting to Rs 97.011 million. Furthermore, the Company has not accrued the mark up related to the loan amounting to Rs 15.661 million.

The Company has also filed a suit against NIB Bank Limited for recovery of Rs. 567.627 million (refer note 16.1.7).

		2009	2008
		Rupees	Rupees
9.	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	Note	
9.1	Movement in finance lease liability is as follows:		
	Opening balance	65,805,008	81,066,997
	Payments made during the year	(978,029)	(15,261,989)
		<u>64,826,979</u>	<u>65,805,008</u>
	Current portion shown under current liabilities	14 (18,914,289)	(14,043,372)
		45,912,690	51,761,636
	Transfer to long term financing	8.5 (19,299,862)	-
		<u>26,612,828</u>	<u>51,761,636</u>



9.2 The future minimum lease payments and their present value, to which the company is committed under lease agreements are as follows:

	Due not later than one year	Due over one year and upto five years	Due over five years	2009	2008
Rupees					
Minimum lease payments	12,676,879	32,763,010	2,404,106	47,843,995	74,177,196
Security deposits adjustable on expiry of lease term	4,655,988	1,100,000	2,866,667	8,622,655	8,622,655
Gross minimum lease payments	17,332,867	33,863,010	5,270,773	56,466,650	82,799,851
Financial charges allocated to future periods	(4,474,394)	(6,346,441)	(118,698)	(10,939,533)	(16,994,843)
Present value of minimum lease payments	12,858,473	27,516,569	5,152,075	45,527,117	65,805,008
Current portion shown under current liabilities				(18,914,289)	(14,043,372)
				26,612,828	51,761,636

The company has executed finance lease agreements with various leasing companies and financial institutions to acquire plant and machinery. The liabilities under these lease agreements are payable in monthly installments by February 2015 and were originally subject to finance cost at the rates ranging from 6% to 13.93% (2008: 6% to 12%) (approximately) per annum which are used as discounting factors. Taxes, repairs, replacements and insurance costs are borne by the Company. The security deposits shall be adjusted against the residual value along with the last installment as the management of the Company intends to exercise its option to purchase the assets upon completion of their respective lease terms.

These are secured against security deposits, titles of ownership of leased assets and personal guarantees of directors of the Company.

	Note	2009 Rupees	2008 Rupees
10. DEFERRED LIABILITIES			
Deferred mark-up	10.1	59,778,950	46,072,613
Staff retirement benefits - unfunded gratuity scheme	10.2	5,223,661	5,022,339
		65,002,611	51,094,952
10.1 Deferred mark up:			
Industrial Development Bank of Pakistan	10.1.1	23,458,000	23,458,000
The Bank of Punjab	10.1.2	14,195,638	5,234,476
Faysal Bank Limited		-	1,367,749
Habib Bank Limited - Running and cash finance		18,375,331	7,767,403
National Bank of Pakistan		-	6,483,320
Allied Bank Limited	10.1.3	3,454,925	-
First National Bank Modaraba	10.1.4	295,056	1,761,665
		59,778,950	46,072,613



- 10.1.1 This represents the mark up forzen by financial institution. Its repayment is deferred in 60 equal monthly installments of Rs. 0.391 million each commencing from November 2010. The loan is secured against mortgage / hypothecation of fixed assets of the Company.
- 10.1.2 This represents overdue mark up relating to the period from October 2006 to June 2009 as a result of rescheduling vide letter dated July 04, 2009 from the Bank of Punjab. The overdue deferred mark up shall be paid after the last installment of Demand Finance liability as on July 01, 2014.
- 10.1.3 This represents unpaid mark up for the period from September 2006 till March 2009 kept forzen by the bank and shall be paid immediately after expiry of extended period of lease i.e. December 2012.
- 10.1.4 Pursuant to rescheduling of the lease liability, the payment of certain mark up payable has been spread over a period of 24 months. This mark up shall be payable in 24 equal monthly installments of Rs. 98,352 each commencing from October 2008.

	Note	2009 Rupees	2008 Rupees
10.2 Staff retirement benefits - unfunded gratuity scheme			
Reconciliation of payable to defined benefit plan:			
The amount recognized in balance sheet are as follows:			
Present value of defined benefit obligation		5,292,724	5,091,402
Unrecognized net actuarial gains/(losses)		(69,063)	(69,063)
		5,223,661	5,022,339
Movement in net liability recognized is as follows:			
Opening balance at July 01, 2008		5,022,339	5,185,238
Service cost recognized during the year		1,715,611	879,267
Benefits paid during the year		(1,514,289)	(1,042,166)
Liabilities extinguished on settlements		-	-
Closing balance as at June 30, 2009		5,223,661	5,022,339
As per actuarial valuation carried out as at June 30, 2009 under the ' Projected Unit Credit Method'. The significant assumptions used for actuarial valuation are as follows:			
Discount rate		13%	13%
Expected rate of salary increase		11%	11%
Expense recognized in the income statement			
Current service cost		849,234	504,472
Interest cost		630,934	374,795
Expected return on plan assets		-	-
Actuarial losses		-	-
Recognised transitional liability		235,443	-
		1,715,611	879,267



	Note	2009 Rupees	2008 Rupees
11. TRADE AND OTHER PAYABLES			
Creditors		78,368,151	63,141,768
Accrued expenses		19,019,819	15,847,468
Advances from customers		15,820,593	14,346,381
Income tax deducted at source		6,865,787	7,107,180
Unclaimed dividend		415,333	415,333
Others		286,995	18,019
		<u>120,776,678</u>	<u>100,876,149</u>
12. ACCRUED MARK UP			
Mark up accrued on:			
Long term financing		32,660,393	30,379,776
Liabilities against assets subject to finance lease		4,279,076	3,411,720
Short term borrowings		8,793,298	3,725,244
		<u>45,732,767</u>	<u>37,516,740</u>
13. SHORT TERM BORROWINGS			
From banking companies - secured			
Habib bank limited	13.1		
- Cash finance		9,244,032	31,330,672
- Foreign currency/ packing credit finance		74,571,585	71,526,642
- Running finance		5,000,000	5,000,000
National bank of pakistan	13.2	24,138,918	27,248,468
		<u>112,954,535</u>	<u>135,105,782</u>
From related parties - unsecured			
Loan from director	13.3	2,337,563	3,545,327
		<u>115,292,098</u>	<u>138,651,109</u>

13.1 These facilities represent the utilised portion of limit of Rs. 275 million sanctioned by the bank for meeting the working capital requirements of the Company. These facilities carry mark-up at 3 Months KIBOR plus 2% per annum with floor of 12% per annum (LIBOR plus 2.5% per annum with floor of 5.50% per annum in case of foreign finance) payable quarterly. These facilities are secured against pledge of raw materials and finished goods lien on L/C confirmed orders, ranking hypothecation and 1st. pari passu/ranking charges on current and fixed assets of the Company, exclusive EM charge on land and building and personal guarantees of the directors. These facilities have expired on September 30, 2009 and are under the process of renewal.

The company has proposed to convert Rs. 45 million out of utilised amount of Cash Finance facility and utilised amount of Rs. 59.422 million of FAPC/FCF - Hypo facility into long term financing and shown the same amounts in long term financing (refer to note 8.6 and 8.7). This proposal is still under process.

13.2 This represents Cash Finance facility of Rs.75 million (reduced from 150 million) sanctioned by the bank for meeting the working capital requirements of the Company. This facility carries mark-up at 3 Months KIBOR plus 2% per annum without floor/cap payable quarterly. It is secured against pledge of raw materials and personal guarantees of all the sponsoring directors of the Company. This facility has expired on September 30, 2009 and is under the process of renewal.



13.3 This represents interest-free, unsecured loan obtained from the director to meet the working capital requirements of the Company. Terms of repayment of loan have yet not been finalized.

	Note	2009 Rupees	2008 Rupees
14. CURRENT AND OVERDUE PORTION OF NON-CURRENT LIABILITIES			
Long term financing	8	8,595,239	7,049,390
Liabilities against assets subject to finance lease	9	18,914,289	14,043,372
		<u>27,509,528</u>	<u>21,092,762</u>
15. PROVISION FOR TAXATION			
Opening balance		2,670,428	3,705,345
Provision made for the current year		-	2,670,428
		<u>2,670,428</u>	<u>6,375,773</u>
Provision adjusted during the year		<u>2,670,428</u>	<u>3,705,345</u>
		<u>-</u>	<u>2,670,428</u>
16. CONTINGENCIES AND COMMITMENTS			

16.1 Contingencies

- 16.1.1** Cotton claims of Rs.29.851 million (US \$ 500,186) are lodged against foreign cotton suppliers and their agents in the Pakistan (Ralli Brothers) for weight shortage, bad quality supplied and late shipments. The suit is filed in the court of Civil Judge, Lahore and is still subjudiced.
- 16.1.2** Claims filed by M/s Cargill and others for Rs. 7.873 million have been awarded in exparte arbitration proceedings. These claims have not been admitted by the Company, and in view of various legal and procedural objections raised by the consultant, the management is hopeful that no loss is expected to arise. The application filed in the court of Civil Judge, Lahore and is still pending adjudication.
- 16.1.3** Writ petition filed against WAPDA on refusal of request for reduction of load was disposed off by the court with the direction to approach WAPDA authorities.
- 16.1.4** Electricity duty case is pending with Honorable High Court.
- 16.1.5** IDBP agreed to write off mark up of Rs. 18.109 million on liquidation of its entire restructured loan(refer to Note. 10.1.1) and the said mark up relating to prior years was not recognised as liability in the financial statements.
- 16.1.6** A suit, filed by the NIB Bank Limited (formerly PICIC) for recovery of Rs. 263.768 million against the Company is still pending adjudication before the Honourable Lahore High Court.
- 16.1.7** The Company has also filed a suit against the NIB Bank Limited before the same court for recovery of Rs. 567.627 million and the same is also pending adjudication.
- 16.1.8** Bank gurantee amounting to Rs. 7.431 million (2008: 7.659 million) in favour of Sui Northern Gas Pipelines Limited.
- 16.1.9** The Company has filed appeals before various Income Tax authorities in respect of tax years 2003, 2005 and 2006 and are pending before the learned Appellate Tribunal, Lahore, and estimated tax liability is Rs. 5.5 million. Appeals of the Company on the issue of minimum tax u/s 113 of the income tax Ordinance, 2001 due to the recent judgement of the Honorable Lahore High Court on the issue, would succeed resulting in substantial tax relief to the Company.

No provision has been made in respect of the above matters as the management believes that the above cases shall be decided in favour of the Company.

16.2 Commitments

Irrevocable letters of credit outstanding for fixed capital expenditure and others	-	-
Bills negotiated with the banks	-	10,343,000



17. PROPERTY, PLANT AND EQUIPMENT

Particulars	COST / FAIR VALUE				Rate	DEPRECIATION				Written Down Value as at June 30, 2009
	As at 01-07-2008	Additions during the year	Disposals / Transfers	As at 30-06-2009		Accumulated as at 01-07-2008	Charge for the year	Adjustments on disposals/ transfer	Accumulated as at 30-06-2009	
	Rupees					%	Rupees			

Owned assets:

Freehold land	100,000,000	-	-	100,000,000	-	-	-	-	-	100,000,000
Factory building on freehold land	215,915,367	-	-	215,915,367	3	1,085,217	6,444,904	-	7,530,121	208,385,246
Plant and Machinery	334,302,516	205,500	4,350,821	330,157,195	7.5	4,469,718	24,687,262	2,703,373	26,453,607	303,703,588
Generator	21,830,913	346,802	-	22,177,715	7.5	4,290,096	1,330,734	-	5,620,830	16,556,885
Office equipment	3,511,681	91,865	15,000	3,588,546	10	1,985,626	158,269	5,055	2,138,840	1,449,706
Furniture and fixtures	5,915,059	243,353	-	6,158,412	10	3,267,402	278,961	-	3,546,363	2,612,049
Vehicles	12,925,728	616,080	2,727,100	10,814,708	20	8,456,169	867,897	1,547,309	7,776,757	3,037,951
	694,401,264	1,503,600	7,092,921	688,811,943		23,554,228	33,768,027	4,255,737	53,066,518	635,745,425

Assets held under finance lease:

Plant and Machinery	99,208,674	-	-	99,208,674	7.5	27,534,665	5,375,550	-	32,910,215	66,298,459
Gas generators	28,666,667	-	-	28,666,667	7.5	5,443,041	1,741,772	-	7,184,813	21,481,854
	127,875,341	-	-	127,875,341		32,977,706	7,117,322	-	40,095,028	87,780,313
2009	822,276,605	1,503,600	7,092,921	816,687,284		56,531,934	40,885,349	4,255,737	93,161,546	723,525,738
2008	1,336,827,684	221,025,296	735,576,375	822,276,605		709,958,038	41,483,481	694,909,585	56,531,934	765,744,671

2009 **2008**
Note **Rupees** **Rupees**

17.1 Depreciation for the year has been allocated as under:-

Cost of goods sold	27	39,580,223	39,912,343
Administrative expenses	29	1,305,126	1,571,138
		40,885,349	41,483,481

17.2 Revaluations of land, buildings, plant and machinery was carried out in May 2008, April 2004 and September 1995 by an independent valuers. Had there been no revaluations, the cost, accumulated depreciation and book values of the revalued assets as on June 30, 2009 would have been as follows:

	Cost	Accumulated depreciation	Book value
	Rupees		
Land - freehold	10,165,625	-	10,165,625
Buildings on freehold land	101,821,568	36,161,643	65,659,925
Plant and machinery	533,494,496	342,553,950	190,940,546



17.3 Detail of property, plant and equipment disposed off during the year:

Particulars	Quantity Sold	Cost/Revalued Amount	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (loss)	Mode of Disposal	Sold To
Diesel Generator	1 No.	4,350,821	2,703,373	1,647,448	2,940,000	1,292,552	Negotiation	Shehzor Feeds (Pvt) Limited
Mobile phones	1 No.	15,000	5,054	9,946	-	(9,946)	Destroyed	-
Vehicles:								
Toyota Corolla LZN - 2196	1 No.	1,222,600	687,221	535,379	707,000	171,621	Negotiation	Shahzad Motors, Samnabad, Lahore.
Suzuki Cultas	1 No.	281,900	101,484	180,416	255,000	74,584	Negotiation	Shahzad Motors, Samnabad, Lahore.
Toyota Corolla LZN - 7314	1 No.	1,222,600	758,605	463,995	725,000	261,005	Insurance Claim	New Jubilee Insurance Company
	2009	7,092,921	4,255,737	2,837,184	4,627,000	1,789,816		

18. CAPITAL WORK IN PROGRESS

Factory building:

Opening balance

Additions during the year

Transferred to Property, plant and equipment

Closing balance

19. STORES AND SPARES

Stores

Spares

20. STOCK IN TRADE

Raw materials

Work in process

Finished goods

21. TRADE DEBTS

Local

Considered good - unsecured

Considered doubtful

Less: Provision for doubtful debts

Foreign

Considered good - secured

Considered doubtful

Less: Provision for doubtful debts

	2009 Rupees	2008 Rupees
Opening balance	-	1,183,925
Additions during the year	-	132,443
Transferred to Property, plant and equipment	-	1,316,368
Closing balance	-	(1,316,368)
Stores	3,755,625	4,057,908
Spares	12,556,996	14,584,985
	16,312,621	18,642,893
Raw materials	48,345,857	28,406,724
Work in process	510,688	9,658,829
Finished goods	25,995,133	54,011,259
	74,851,678	92,076,812
Considered good - unsecured	26,222,898	14,136,243
Considered doubtful	1,995,581	876,675
	28,218,479	15,012,918
Less: Provision for doubtful debts	(1,995,581)	(876,675)
	26,222,898	14,136,243
Considered good - secured	-	547,592
Considered doubtful	-	1,018,906
	-	1,566,498
Less: Provision for doubtful debts	-	(1,018,906)
	-	547,592
	26,222,898	14,683,835



22. LOANS AND ADVANCES

	Note	2009 Rupees	2008 Rupees
Advances to suppliers and contractors:			
- Considered good	22.1	1,286,296	1,484,084
- Considered doubtful		504,871	504,871
		1,791,167	1,988,955
Less: Provision for doubtful advances		(504,871)	(504,871)
		1,286,296	1,484,084
Advances to employees		811,282	934,223
		2,097,578	2,418,307
Considered doubtful			116,195
Less: Provision for doubtful letters of credit		-	(116,195)
Excise duty		15,026	15,026
		2,112,604	2,433,333

22.1 Amount due from chief executive officer, directors, executives of the Company and other related parties is NIL (2008: Nil).

23. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits		655,988	1,312,494
Gurantee margin		3,156,506	228,000
Prepayments		278,406	144,348
Claims receivables	23.1	30,239,171	30,117,194
		34,330,071	31,802,036

23.1 Claims receivables

Considered good		30,239,171	30,117,194
Considered doubtful		3,879,907	3,897,907
		34,119,078	34,015,101
Less: provision for doubtful claims		(3,879,907)	(3,897,907)
		30,239,171	30,117,194

24. TAX REFUNDS DUE FROM GOVERNMENT

Income tax refundable		3,108,772	4,924,180
Sales tax refundable		1,956,202	1,934,013
		5,064,974	6,858,193

25. CASH AND BANK BALANCES

Cash in hand		13,389	92,669
Cash with banks:			
In current accounts		148,907	722,533
In saving accounts	25.1	300,954	880,915
		449,861	1,603,448
		463,250	1,696,117

25.1 Rate of profit on bank deposits @ 7% (2008: 6 %) per annum.



26. SALES	Note	2009 Rupees	2008 Rupees
Sales			
- Local		242,408,526	468,827,615
- Export		21,521,447	71,733,835
		263,929,973	540,561,450
Commission on sales		(2,272,563)	(6,472,942)
Export rebate		4,447	50,314
Currency fluctuation		17,535	(53,149)
		261,679,392	534,085,673
27. COST OF SALES			(Restated)
Raw materials consumed	27.1	63,353,524	347,424,351
Fuel, power and gas		52,802,786	46,365,820
Salaries, wages and benefits	27.2	52,745,068	47,430,548
Chemicals and sizing		12,322,698	14,417,907
Stores and spares consumed		12,564,869	10,324,975
Packing materials		8,003,947	6,955,571
Other manufacturing expenses		7,856,524	9,235,792
Depreciation	17.1	39,580,223	39,912,343
		249,229,639	522,067,307
Work in process:			
Opening - Spinning		2,344,104	5,250,122
Weaving		7,314,725	32,923,504
		9,658,829	38,173,626
Closing - Spinning		-	(2,344,104)
Weaving		(510,688)	(7,314,725)
		(510,688)	(9,658,829)
		9,148,141	28,514,797
		258,377,780	550,582,104
Finished goods:			
Opening - Spinning		12,345,800	23,260,454
Weaving		41,665,459	106,845,972
		54,011,259	130,106,426
Closing - Spinning		(8,857,907)	(14,640,104)
Weaving		(17,137,226)	(39,371,155)
		(25,995,133)	(54,011,259)
		28,016,126	76,095,167
		286,393,906	626,677,271



27.1 Raw materials consumed	Note	2009 Rupees	2008 Rupees
Opening stock		28,406,724	83,037,471
Add: Purchases		83,292,657	292,793,604
		<u>111,699,381</u>	<u>375,831,075</u>
Closing stock		48,345,857	28,406,724
		<u>63,353,524</u>	<u>347,424,351</u>

27.2 These include Rupees 1.383 million (2008: Rupees 0.564 million) in respect of staff retirement benefits.

28. DISTRIBUTION COST

Staff salaries and benefits	28.1	1,994,262	2,407,621
Freight and forwarding		1,470,183	5,520,682
Bank Charges		305,114	780,581
Travelling and conveyance		28,420	354,991
Printing and stationery		94,768	70,042
Postage and telegram		17,484	25,679
Papers and periodicals		-	9,700
Sampling		65,474	114,076
Insurance		197,918	84,147
Vehicles running and maintenance		452,588	433,090
Telecommunication		156,255	157,562
Entertainment		44,405	47,134
Miscellaneous		90,849	252,459
		<u>4,917,720</u>	<u>10,257,764</u>

28.1 These include Rupees 0.065 million (2008: Rupees 0.054 million) in respect of staff retirement benefits.

29. ADMINISTRATIVE EXPENSES

Staff salaries and benefits	29.1	4,817,760	5,069,082
Travelling and conveyance		20,853	36,289
Rent, rate and taxes		437,030	531,811
Repair and maintenance		136,208	140,814
Insurance		158,207	143,392
Utilities		780,036	962,962
Printing and stationery		193,757	184,596
Fee and subscription		279,901	310,990
Vehicles running and maintenance		702,342	621,346
Entertainment		152,139	184,357
Newspapers and journals		14,672	12,846
Postage and telegram		38,236	62,517
Telecommunication		197,125	280,818
Press advertisements		68,760	28,900
Legal and professional charges		429,415	955,214
Depreciation	17.1	1,305,126	1,571,138
Miscellaneous		86,818	25,763
		<u>9,818,385</u>	<u>11,122,835</u>



29.1 These include Rupees 0.207 million (2008: Rupees 0.267 million) in respect of staff retirement benefits.

	Note	2009 Rupees	2008 Rupees
30. OTHER OPERATING CHARGES			
Auditors' remuneration:			
- Statutory audit fee		125,000	125,000
- Review, corporate advisory and certification fee		75,000	75,000
		200,000	200,000
- Adjustment made in previous year's audit fee		(50,000)	-
		150,000	200,000
Loss on disposal of property, plant and equipment		-	17,691,790
Exchange loss		-	190,292
		150,000	18,082,082
31. OTHER INCOME			
Profit on deposits with banks		4,645	-
Profit on disposal of property, plant and equipment		1,789,816	-
		1,794,461	-
32. FINANCE COST			
Mark up on:			
Long term financing		12,065,359	9,844,414
Finance leases		5,536,383	6,516,233
		17,601,742	16,360,647
Mark up on short term borrowings		19,717,946	21,892,561
Bank charges		1,001,123	2,005,035
		38,320,811	40,258,243
33. PROVISION FOR TAXATION			
33.1 Current year		-	2,670,428

Income tax return for tax year 2008 was filed within prescribed time limit. Income tax assessments have been completed up to income year ended June 30, 2008 (tax year 2008) as deemed assessment. Losses available for carry forward and set off against profits of tax year 2009 are amounting to Rs. 271.125 million (2008: Rs. 146.788 million).

In view of loss for the year made by the Company, available tax losses of Rs. 271.125 million and as the minimum tax under section 113 of the Income Tax Ordinance, 2001 was withdrawn in the Finance Act, 2008, tax provision for current year has not been made in these financial statements.



33.2 Deferred tax asset amounting Rs. 46.693 million (2008: Rs. 3.348 million) is not recognized in these financial statements as the Company is sustaining heavy losses and is assessed under the deeming section 113 of the Income Tax Ordinance. Major timing differences are not expected to reverse for a foreseeable future and there is no assurance that future taxable profits would be sufficient to realize the benefit of brought forward losses.

34. LOSS PER SHARE - Basic & Diluted

		2009	2008
Loss for the year	Rupees	(76,126,969)	(174,982,950)
Weighted average number of ordinary shares	Number	22,105,200	22,105,200
Loss per share	Rupees	<u>(3.44)</u>	<u>(7.92)</u>

34.1. There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE OFFICERS

Particulars	2009			2008		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
	Rupees					
Managerial remuneration	600,000	936,000	-	600,000	936,000	-
House rent allowance	240,000	374,400	-	240,000	374,400	-
Medical	60,000	93,600	-	60,000	93,600	-
	900,000	1,404,000	-	900,000	1,404,000	-
Number of persons	1	2	-	1	2	-

35.1 In addition to above , meeting fee of Rs. 8 thousand (2008: Rs. 8 thousand) was paid to one (2008: one) nominee director during the year.

35.2 The Chief Executive Officer and directors are provided with free use of the Company maintained vehicles. Executive is defined as employee with basic salary exceeding Rs. 500,000. No employee meets the criteria of executive.

36. RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise of related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Transactions with related parties undertaken during the year are as follows:	2009	2008
	Rupees	Rupees
- Lease rent paid to	414,000	414,000
- Loan from a director repaid	7,599,659	5,370,398



37. FINANCIAL INSTRUMENTS

The Company's financial instruments are as follows:

Effective rates of markup / profit	2009							
	Total	Markup bearing			Non-Markup bearing			
		Maturity within one year	Maturity after one year	Sub.Total	Maturity within one year	Maturity after one year	Sub. Total	
%	Rupees							
Financial Assets:								
Long term deposits	-	10,495,148	-	-	-	10,495,148	10,495,148	
Trade debts	-	26,222,898	-	-	26,222,898	-	26,222,898	
Trade deposits, prepayments and other receivables	-	34,330,071	-	-	34,330,071	-	34,330,071	
Cash and bank balances	7%	463,250	300,954	-	300,954	162,296	162,296	
		71,511,367	300,954	-	300,954	60,715,285	71,210,413	
Financial Liabilities:								
Long term financing and directors' bridge finance	3 months KIBOR plus 2 - 4.75%	464,002,079	8,595,239	408,843,127	417,438,366	-	46,563,713	46,563,713
Liabilities against assets subject to finance lease	6% - 13.93%	36,904,462	18,914,289	17,990,173	36,904,462	-	-	-
Deferred liability	-	59,778,950	-	59,778,950	59,778,950	-	-	-
Trade and other payables	-	98,090,298	-	-	-	98,090,298	-	98,090,298
Accrued mark up	-	45,732,767	-	-	-	45,732,767	-	45,732,767
Short term borrowings	3 months K + 2%	115,292,098	115,292,098	-	115,292,098	-	-	-
		819,800,654	142,801,626	486,612,250	629,413,876	143,823,065	46,563,713	190,386,778
On balance sheet gap		(748,289,287)	(142,500,672)	(486,612,250)	(629,112,922)	(83,107,800)	(36,068,565)	(119,176,365)
Commitments								
Letter of credit and bills negotiated with banks	-	-	-	-	-	-	-	-
Guarantees	-	7,431,000	-	-	-	7,431,000	-	7,431,000
Off balance sheet gap		(755,720,287)	(142,500,672)	(486,612,250)	(629,112,922)	(90,538,800)	(36,068,565)	(126,607,365)

Effective rates of markup / profit	2008							
	Total	Interest / markup bearing			Non-Interest / markup bearing			
		Maturity within one year	Maturity after one year	Sub.Total	Maturity within one year	Maturity after one year	Sub. Total	
%	Rupees							
Financial Assets:								
Long term deposits	-	3,216,577	-	-	-	3,216,577	3,216,577	
Trade debts	-	14,683,835	-	-	14,683,835	-	14,683,835	
Trade deposits, prepayments and other receivables	-	31,001,700	-	-	31,001,700	-	31,001,700	
Cash and bank balances	5%	1,696,117	880,915	-	880,915	815,202	815,202	
		50,598,229	880,915	-	880,915	46,500,737	49,717,314	
Financial Liabilities:								
Long term financing and directors' bridge finance	3 months KIBOR plus 1.5 - 4.75%	437,146,051	7,049,390	391,532,948	398,582,338	-	38,563,713	38,563,713
Liabilities against assets subject to finance lease	6% - 12%	57,182,353	14,043,382	43,138,971	57,182,353	-	-	-
Deferred liability	-	46,072,613	-	-	-	-	46,072,613	46,072,613
Trade and other payables	-	79,422,588	-	-	-	79,422,588	-	79,422,588
Accrued mark up	-	37,516,740	-	-	-	37,516,740	-	37,516,740
Short term borrowings	3 months K + 2%	138,651,109	138,651,109	-	138,651,109	-	-	-
		795,991,454	159,743,881	434,671,919	594,415,800	116,939,328	84,636,326	201,575,654
On balance sheet gap		(745,393,225)	(158,862,966)	(434,671,919)	(593,534,885)	(70,438,591)	(81,419,749)	(151,858,340)
Commitments								
Letter of credit and bills negotiated with banks	-	10,343,000	-	-	-	10,343,000	-	10,343,000
Guarantees	-	7,659,000	-	-	-	7,659,000	-	7,659,000
Off balance sheet gap		(763,395,225)	(158,862,966)	(434,671,919)	(593,534,885)	(88,440,591)	(81,419,749)	(169,860,340)

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

The Company has devised policies for risk areas where it could be subjected to a financial loss or where it expects to make market gains. The Company takes exposure to expand its business, obtain sufficient funds to fulfill the demands, meet working capital requirements and to gain benefit of markup rate spread available in the money market. Due to the nature of business of the Company, it is inherent that the Company liabilities will remain sensitive to external factors beyond the control of management. Therefore, the management secures the financial liabilities of the Company through collateralization of its property, plant and equipment, stores and stock-in-trade. Such collateralization are disclosed in relevant notes to these financial statements.

**38.1 Market Risk**

Market risk is the risk where parties to the financial instruments are subjected to risk of changes in fair values of their financial assets and liabilities due to circumstances reasonably beyond their control. The carrying value of all the financial instruments reflected in these financial statements approximates to their fair values.

38.2 Currency Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is subjected to currency risk on export sales and purchases that are entered in a currency other than Pak Rupees that is a functional and presentation currency. The Company is not exposed to any material foreign currency risk.

38.3 Credit Risk and Credit Exposures

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss that would be recognized at the reporting date. Out of total financial assets of Rs.71.512 million (2008: 50.598 million) the financial assets which are subject to credit risk amount to Rs.71.499 million (2008: 50.506 million).

The Company has a well-defined Credit Policy through which credit risk exposure is managed by monitoring the credit exposures, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties. The Company believes that it is not exposed to major concentration of credit risk.

38.4 Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instruments will vary due to changes in market interest rates such as a change in floating rate debt instruments. The Company is subjected to cash flow interest rate risk in respect of long term financing, lease liability and short term borrowings under mark up arrangements. Effective interest rates for monetary financial assets and financial liabilities are mentioned in respective notes to the financial statements.

39. CAPITAL RISK MANAGEMENT

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets shareholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with others in the textile industry, the Company monitors its capital on the basis of the gearing ration. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings from the banks and financial institutions (including current and non-current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt. As on the reporting date , the gearing ratio of the Company was as under:



	Note	2009 Rupees	2008 Rupees (Restated)
Total borrowings		586,257,581	603,038,455
Cash and bank balances		(463,250)	(1,696,117)
Net Debt		586,720,831	604,734,572
Equity		(312,343,527)	(251,185,692)
Total Capital		<u>274,377,303</u>	<u>353,548,880</u>
Gearing Ratio		213.84%	171.05%

40. SEGMENT INFORMATION

The entire revenue and expenses of the Company are due to manufacturing and sales yarn and cloth. There are no reportable segments of the Company and therefore, segment information has not been prepared.

41. PLANT CAPACITY AND PRODUCTION

Spinning

	2009	2008
Number of spindles installed and worked	18,456	18,456
Rated capacity in thousands of kilograms	5,845	5,845
Actual production in thousands of kilograms converted into 20/1 count:		
- Own	122	2,536
- Conversion	2,652	508
	2,774	3,044

Weaving

Number of looms installed and worked	71	71
Rated capacity in thousands of sq. meters	9,293	9,293
Actual production in thousands of sq. meters converted into 50 picks:		
- Own	1,306	7,089
- Conversion	3,089	-
	4,395	7,089

41.1 Under-utilization of rated capacity was due to normal maintenance, labour problems and power shutdowns.

42. CORRECTION OF A PRIOR YEAR ERROR

42.1 Finished goods stocks as at 30 June 2008 were overvalued by an amount of Rs. 22.396 million (approx). For the purpose of determining net realizable value of stocks the management used selling prices as applicable on 30 September 2008 instead of using the prices prevailing at year end. This has resulted into overvaluation of the stocks and had the management applied correct rates value of finished goods stocks would have been reduced and accumulated loss would have been increased by Rs. 22.396 million (approx). The financial statements for that year have been restated to correct this error by eliminating its effect from stocks and including its effect in accumulated loss. The effect on those financial statements is summarized below:



	Rs in Million
Increase in cost of sales	22.396
Increase in loss for the year	22.396
Decrease in finished goods	22.396
Increase in accumulated loss	22.396

- 42.2** Realized surplus on property, plant and equipment was incorrectly included in the profit and loss account for the year ended June 30, 2008 instead of including the same in statement of changes in equity. This represented violation of the requirements of section 235 of the Companies Ordinance, 1984 and IAS-16. However, the management has corrected this error and the financial statements for that year have been restated to this effect as follows:

	Rs in million
Increase in loss for the year	29.713

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue by the Board of Directors of the company in its meeting held on October 07, 2009.

44. CORRESPONDING FIGURES

- Figures have been rounded off to the nearest Rupee,
- Corresponding figures have been rearranged / reclassified, wherever necessary, to facilitate comparison.
- No material reclassification / rearrangements in corresponding figures have been made in these financial statements except the reclassification / rearrangements made in Note nos. 8, 9, 13, 20 & 27.

Lahore:
October 07, 2009

MIAN MUHAMMAD JEHANGIR
Chairman & Chief Executive

MIAN WAHEED AHMED
Director



**PROXY FORM
(23rd ANNUAL GENERAL MEETING)**

I/We _____ son/daughter/wife
of _____ of _____ being member (s) of
MIAN TEXTILE INDUSTRIES LTD, holder of _____ ordinary shares of
the Company, under Folio No./Participant's ID/CDC sub account No. _____ hereby appoint
_____ of _____ failing him/her _____ of
_____ who is/are member(s) of MIAN TEXTILE INDUSTRIES LTD. under
Folio No./Participant's ID/CDC sub account No. _____ respectively, as my/our proxy in my/our absence
to attend and vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to
be held on October 31st, 2009 and/or any adjournment thereof.

As witness my/our hand this _____ day of October, 2009.

Signed in the presence of;

Witness _____

Name _____

Occupation _____

Address _____

Signature of
Shareholder (s) on
revenue stamp
worth Rupees 5/-

The signature should agree with the
specimen registered with the Company.

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, 29-B/7 Model Town, Lahore. Not less than 48 hours before the time of holding the meeting.
2. No person shall act as Proxy unless he/she is a member of the Company, except that a Corporation/Company may appoint a person who is not a member.
3. If a member appoints more than one Proxy and more than one instruments of Proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. In case of Proxy for an individual beneficial Owner of CDC, attested copies of beneficial Owner's NIC or passport, Account and Participant's I.D. Nos. must be deposited along with the Form of Proxy. In case proxy for corporate member, he/she should bring the usual documents required of such purpose.
5. Shareholders are requested to notify change in their address, if any.

