ANNUAL REPORT

39th

ANNUAL REPORT 2008-2009

moonlite®

MOONLITE (PAK) LIMITED

CONTENTS

MOONLITE (PAK) LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	**MR. MUHAMMAD ASHRAF**	*(Chairman)*
	MR. MUHAMMAD SOHAIL	*(Chief Executive)*
	MR. SHAHID UMER	
	MR. ABDUL AZIZ	
	MRS. PARSA SOHAIL	
	MRS. NASREEN ASHRAF	
	MR. ABDULLAH GHULAM ALI	*(N.I.T. Nominee)*
AUDIT COMMITTEE	**MRS. PARSA SOHAIL**	*(Chairman)*
	MRS. NASREEN ASHRAF	*(Member)*
	MR. ABDUL AZIZ	*(Member)*
COMPANY SECRETARY	**MR. GHULAM AKBAR**	
AUDITORS	**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ** **Chartered Accountants**	
BANKERS	**MCB BANK LIMITED** **ASKARI COMMERCIAL BANK LIMITED** **BANK AL-HABIB LIMITED** **SONERI BANK LIMITED** **MEEZAN BANK LIMITED.**	
SHARE REGISTRAR	**M/S YOURS SECRETARY** **OFFICE NO. 1020, UNI PLAZA, I.I. CHUNDRIGAR ROAD, KARACHI.**	
HEAD OFFICE	**301, ANUM BLESSING, NEAR DUTY FREE SHOP, K.C.H.S., BLOCK 7/8, P.E.C.H.S., KARACHI.**	
FACTORY ADDRESS	**C-126 TO C-135, H.I.T.E.,** **HUB BALOCHISTAN.**	
E-MAIL	**moonlt@cyber.net.pk**	
WEBSITE	**www.moonlitepak.com**	

VISION STATEMENT

Moonlite to remain market leader in woollen yarn industry by producing quality woollen yarn for customers.

MISSION STATEMENT

A growth oriented company through market leadership in woollen yarn and tufted products dedicated to achieve excellence in performance, aiming and enhancing customer satisfaction.

MOONLITE (PAK) LIMITED

NOTICE OF MEETING

Notice is hereby given that the 39th Annual General Meeting of the Shareholders of **MOONLITE (PAK) LIMITED** will be held at Head Office 301, Anum Blessing, K.C.H.S., Block 7/8, Near Duty Free Shop, Karachi on Monday October 26, 2009 at 7.00 P.M. to transact the following business:-

ORDINARY BUSINESS

1. To confirm the minutes of 38th Annual General Meeting held on October 24, 2008.
2. To receive, consider and adopt the annual audited accounts of the company for the year ended June 30, 2009 together with the Director's and Auditors reports thereon.
3. To appoint auditors for the year 2009-2010 and fix their remuneration.
4. To consider any other business with the permission of the Chairman.

On behalf of the Board

Muhammad Sohail
(Chief Executive)

Karachi: September 30, 2009.

NOTES

1. The Share Transfer Books of the company will be closed from October 24, 2009 to October 30, 2008 (both days inclusive).
2. A member of the company entitled to attend and vote in meeting may appoint a proxy and vote for him/her. A proxy must be a member of the company and in order to be effective must be received by the company not less than 48 hours before the time of holding the meeting.
3. Members who have not yet submitted copy of their CNIC to the Company are requested to send the same at earliest.
4. The Shareholders are requested to communicate change in their mailing address, if any, immediately to the Share Register.
5. CDC account holders will further have to follow the under-mentioned guidelines as laid down in circular I dated January 26, 2000 issued by the SECP.

A. For attending the Meeting:

i. In case of individuals, the account holder on sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticates identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii. In case o f corporate entity, the Board of Director's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B.

i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are upload as per the Regulations, shall submit the proxy form as per the above requirement.

ii. Attested copies of CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.

iii. The proxy shall produce his original passport at the time of the meeting.

iv. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

DIRECTORS' REPORT

On behalf of the Board of Directors I welcome you to the 39th Annual General Meeting of the Company and take pleasure to present the Annual Report together with the Audited Accounts for the year ended June 30, 2009.

1. FINANCIAL HIGHLIGHTS

		2009 Rupees
	Operating Loss	(30,437,958)
	Other income	134,997
	Loss Before Taxation	(30,302,961)
Less:	Taxation	
	Prior (reverse)	132,832
	Loss After Taxation	(30,170,129)

2. OPERATING RESULTS

2.1 During the period the Company sales still remained stagnant due to slum in global economic conditions.

2.2 During the period raw material inventory were written down as a result of damage caused to it by heavy rains in December 2008. The stock was lying in the factory. The insurance company has rejected company's claim for the loss on the same grounds. The written down of inventory loss charged to cost of sales.

2.3 Earning per share at the year end computes negative Rs.13.97 (2008 : negative Rs.9.24) mainly as a result of matter mentioned in 2.1 & 2.2 above.

2.4 Pattern of Shareholdings is annexed to the report.

3. DIVIDEND

During the period the Company paid interim cash dividend @5% to its minority share holders.

4. CAPITALIZATION OF WORK IN PROGRESS

After satisfactorily completion of shifting and installation of machinery for woolen yarn the company capitalized the work in progress account into relevant capital accounts. The Company also has Knitting and Tufting production machinery which was not in operation during the year and in the comparative year 2008. This is due to the reason that current blanket manufacturing is not feasible for operations under current market situation. The raw material is more expensive than the imported blankets from other countries i.e. Chine etc.

5. DIRECTORS

The present Board of Directors other than Mr. Tar H. Ismail, who was elected on 24th October, 2007 will continue to hold the office upto 24th October, 2010.

Mr. Tar H. Ismail has retired due to his health and Board's appoint Mrs. Nasreen Ashraf as a Director of the Company. Further Board's appointed Directors of the Company Mr. Muhammad Sohail and Mr. Muhammad Ashraf as Chief Executive and Chairman of the Company respectively.

Due to continue losses and short fall of working capital one Director of the company injected interest free loan.

6. FUTURE OUTLOOK

The management of the Company hopeful that the sales will be improved in 2nd quarter of financial year 2009-2010 due to expected improvement in the world economy.

7. AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants retire and offer themselves for reappointment as auditors for the ensuing year.

8. CORPORATE GOVERNANCE

The Board has started to regularly review Company's strategic directions. The Board periodically reviews these targets in the light of Company overall objectives and performance. The Company has complied with the provisions of Code of Corporate Governance implemented through listing rules of the Karachi Stock Exchange (Guarantee) Ltd.

The Board is pleased to inform the stakeholders that there has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations. The Board hereby further declares that for the year ended June 30, 2009.

a) the financial statements, prepared by the management of the Company, present fair state of affairs, the result of its operations, cash flow and changes in equity.

b) proper books of account of the Company have been maintained.

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 therefrom has been adequately disclosed.

e) the system of internal control has been effectively implemented and is being continuously reviewed.

f) there is no doubt about the Company 's ability to continue as a going concern.

g) Significant variations from last year's operating results are disclosed in notes and future prospects are also disclosed in directors' report.

h) key operating and financial data for last six years in summarised form in.annexed to this report.

i) all major government levies in the normal course of business, payable as at 30-06-2009, have been cleared subseq-uent to the year end.

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

k) value of investments in employees' provident funds maintained by trustees based on audited accounts for the year ended June 30, 2009 :-

Staff Provident Fund Investment	Rs.658,659

l) during the year the Board of Directors held four meetings. Attendance of each director are as follows:

Mr. Tar Mohammed Ismail	01
Mr. Mohammed Sohail	03
Mr. Mohammed Ashraf	04
Mr. Shahid Umer	04
Mr. Abdul Aziz	04
Mrs.Parsa Sohail	00
Mr. Abdullah Ghulam Ali (N.I.T. Nominee)	04

during the year the audit committee held four meetings. Attendance of each director is as follows:

Mrs. Parsa Sohail	04
Mr. Abdul Aziz	04
Mr. Mohammed Sohail	04

9. ACKNOWLEDGMENT

The board appreciated the long services of Mr. Tar H. Ismail. During his illustrious carrier with the company he sagaciously handled company affairs. We wish him the best for his future endeavors and pray for his good health and well being.

Under the slum economic conditions we appreciate the efforts of our workforce at all levels. The response of our esteemed clients and dealers never let us down despite sluggish market conditions

On behalf of the Board

Muhammed Sohail
(Chief Executive)

Karachi: September 30, 2009

SEVEN YEARS AT A GLANCE

(Rupees in ' 000)

	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
PROFIT & LOSS SUMMARY							
Sales	105,340	104,193	156,863	250,167	292,757	240,375	239,487
Processing Income	-	-	-	2,826	1,086	1,674	4,816
Cost of goods sold	114,726	105,773	152,387	222,251	244,579	205,855	203,830
Financial charges	2,007	99	4,681	16,393	11,718	8,719	13,875
Profit/(Loss) after tax	(30,170)	(19,947)	211,720	(20,082)	4,860	4,256	8,485
BALANCE SHEET SUMMARY							
Paid-up capital	21,596	21,596	21,596	21,596	21,596	21,596	21,596
Reserve	399	399	399	399	399	399	399
Unappropriate profit/(loss)	215,066	223,471	243,418	(22,444)	(5,052)	(9,912)	(14,167)
Long term loans	-	-	-	99,324	124,434	150,869	167,346
Long term deposits	1,159	1,156	317	322	332	307	307
Fixed Assets (W.D.V)	104,254	112,904	82,878	101,706	109,471	48,659	52,434
MISCELLANEOUS							
Contribution to national exchequer	-	900	1,000	2,500	30,775	35,000	34,060
Earning per share	(13.97)	(9.24)	98.04	(9.30)	2.25	1.97	3.93

MOONLITE (PAK) LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited 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 encourage representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes one independent non-executive director and none of the director representing minority shareholders.
2. The directors have confirmed that:
   a. They are not directors in more than ten listed Companies, including this Company;
   b. They have not been convicted by a court of competent jurisdiction as a defaulter in payment;
   c. They and their spouses are not engaged in the business of stock exchange.
3. All the resident working directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The directors filled up a casual vacancy occurring in the Board on September 01, 2009 within 30 days thereof.
5. The Company has prepared a Statement of Ethics and Business Practices, which have been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies, along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for the purpose and the Board met at least once in every quarter. Written notices of the Board meetings along with agenda and working papers, were circulated at least seven days before the meetings, the minuses of the meetings were appropriately recorded and circulated to the members.
9. The Board arranged Nil orientation courses for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and head of internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors report for this year has been prepared with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CFO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee; it comprises three members, of whom two are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of quarterly, interim and final results of the company and as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function and the employees working therein are considered suitably qualified and experienced for the conversant with the policies and procedures of the company and they are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children of not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by institute of Chartered Accountant of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

By order of the board

Muhammad Sohail
(Chief Executive)

Karachi: September 30, 2009

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Moonlite (Pak) Limited.** ("the company") to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited, 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 personal and review of various documents prepared by the Company to comply with the Code.

As part of the 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 effictive audit approach. We are not required to whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company corporte governance procedures and risks and the effectiveness os such internal controls.

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

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

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi: September 30, 2009

AUDITORS' REPORT TO THE MEMBERS

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

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

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

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

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

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Muhammad Rafiq Dosani

Karachi: September 30, 2009

MOONLITE (PAK) LIMITED

BALANCE SHEET AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital	5.1	**40,000,000**	40,000,000
Issued, subscribed and paid-up share capital	5.2	**21,595,860**	21,595,860
Reserves	6	**399,305**	399,305
Unappropriatd profit		**193,070,621**	223,470,750
		215,065,786	245,465,915
CURRENT LIABILITIES			
Director's loan	7	**4,716,331**	-
Short term borrowings	8	**16,499,447**	-
Trade & other payable	9	**30,902,733**	17,448,389
Accrued mark up on short term borrowings		**728,672**	-
Taxation		**-**	1,444,463
		52,847,183	18,892,852
CONTINGENCIES AND COMMITMENTS	10		
		267,912,969	264,358,767

The annexed notes from 1 to 37 form an integral part of these financial statements.

Karachi: September 30, 2009

	Note	2009 Rupees	2008 Rupees
NON - CURRENT ASSETS			
Property, Plant and Equipment	11	**104,253,737**	112,903,651
Long term investment	12	**1,815,000**	1,815,000
Long term deposits	13	**1,159,330**	1,155,830
CURRENT ASSETS			
Stores and spares	14	**3,413,681**	3,456,098
Stock in trade	15	**108,652,073**	101,449,503
Trade debts	16	**44,967,605**	35,243,527
Loans and advances	17	**945,234**	3,932,256
Other receivables	18	**2,285,052**	3,412,555
Cash and bank balances	19	**421,257**	990,347
		160,684,902	148,484,286
		267,912,969	264,358,767

CHIEF EXECUTIVE **DIRECTOR**

MOONLITE (PAK) LIMITED

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

	Note	2009 Rupees	2008 Rupees
Sales	20	**105,339,630**	104,193,276
Cost of sales	21	**(114,726,455)**	(107,207,343)
		(9,386,825)	(3,014,067)
Operating expenses:			
Administrative expenses	22	**(13,913,088)**	(12,428,288)
Distribution cost	23	**(5,130,974)**	(4,583,777)
Loss from operations		**(28,430,887)**	(20,026,132)
Finance cost	24	**(2,007,071)**	(98,873)
		(30,437,958)	(20,125,005)
Other income	25	**134,997**	721,244
(Loss) before taxation		**(30,302,961)**	(19,403,761)
Taxation:			
- Current	26	**-**	(543,438)
- Prior		**132,832**	-
		132,832	(543,438)
(Loss) after taxation		**(30,170,129)**	(19,947,199)
(Loss) per share	27	**(13.97)**	(9.24)

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

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	Note	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before taxation		**(30,302,961)**	(19,403,761)
Adjustment:			
Depreciation		**7,929,295**	4,093,553
Gain on disposal of operating fixed assets		**(79,382)**	(99,954)
Finance cost		**2,007,071**	98,873
		(20,445,977)	(15,311,289)
Decrease / (Increase) in working capital	29	**(37,577)**	50,693,180
Cash (used in) / generated from operations		**(20,483,554)**	35,381,891
Finance cost paid		**(1,278,398)**	(98,873)
Taxes paid		**(631,728)**	(561,997)
Net cash (used in) / generated from operating activities		**(22,393,680)**	34,721,021
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**-**	(34,161,439)
Long term deposits		**(3,500)**	(839,000)
Proceeds from disposal		**800,000**	142,000
Net cash generated from / (used in) from investing activities		**796,500**	(34,858,439)
CASH FLOW FROM FINANCING ACTIVITIES			
Director's loan		**4,716,331**	-
Dividend paid		**(187,688)**	-
Long term investment		**-**	(1,815,000)
		4,528,643	(1,815,000)
(Decrease) / increase in cash and cash equivalents during year		**(17,068,537)**	(1,952,418)
Cash and cash equivalents at beginning of the year		**990,347**	2,942,765
Cash and cash equivalents at end of the year	30	**(16,078,190)**	990,347

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

MOONLITE (PAK) LIMITED

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

	Issued, Subscribed And Paid Up Capital	Reserve Capital	Unappropriated Profit Rupees	Total Rupees
Balance as at July 01, 2007	21,595,860	399,305	243,417,949	**265,413,114**
Transferred from profit & loss account	-	-	(19,947,199)	**(19,947,199)**
Balance as at June 30, 2008	21,595,860	399,305	223,470,750	**245,465,915**
Transferred from profit & loss account	-	-	(30,170,129)	**(30,170,129)**
Cash dividend for the year to the minority shareholders @ 5%	-	-	(230,000)	**(230,000)**
Balance as at June 30, 2009	**21,595,860**	**399,305**	**193,070,621**	**215,065,786**

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

1 Legal status and nature of business

1.1 Moonlite (Pak) Limited ("the Company") was incorporated in Pakistan in April 10, 1964 as a public limited Company under the Companies Act, 1913, (now Companies Ordinance, 1984) and converted into public listed Company in September 1970. The Company is listed on the Karachi Stock Exchange and principally engaged in the business of manufacturing of Woollen Yarn. The manufacturing facility of the Company is located at C-126 to C-135, H.I.T.E, Hub, Balochistan. The registered office of the Company is situated at 301, Anum Blessing, Near Duty Free Shop, K.C.H.S., Block 7/8, P.E.C.H.S., Karachi. The Company is domiciled in the province of Sindh.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

3 Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention.The Company's significant accounting polices are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Provision for taxation

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

(b) Useful life of residual values of Property, Plant and Equipment

The Company reviews the useful lives of Property, Plant and Equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective itemsof Property, Plant and Equipment with a corresponding effect on the depreciation charge and impairment.

3.2 Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements

Initial application

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 on certain disclosures.

IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have operations in Hyperinflationary Economies and therefore the application of the standard did not affect the Company's financial statements.

IFRIC 13 – Customer Loyalty Programmes (effective for annual periods beginning on or after 01 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 did not affect 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) 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.

Forthcoming requirements

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after 1 July 2009:

- 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. The application of the standard is not likely to have an effect on the Company's financial statements.

- 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. The amendments, which require retrospective application, are not expected to have any impact on the Company's financial statements.

- 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. The application of this standard is not likely to have any effect on the Company's 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 an acquiree to be measured at fair value, with the related gain or loss recognized 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 anacquiree, on a transaction-by-transaction basis. The application of this standard will not effect the Company's financial statements.

- Amended 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 recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of this standard is not likely to have an effect on the Company's financial statements.

- 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 the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them. Currently, the Company does not presents segment information in respect of its business and geographical segments.This standard will have no effect on the Company's reported total profit or loss or equity.

- IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Company's operations.

- 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. The amendment is not relevant to the Company's operations.

The Accounting Standards Board made certain amendments to existing standards as part of its annual improvement project.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged items.
- IFRS 5 (Amendment) - Non-current assets held-for-sale and discontinued operations.
- IAS 23 (Amendment) - Borrowing costs - definition of borrowing costs and use of effective interest method. has been amended.
- IAS 36 (Amendment) - Impairment of assets. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.
- IAS 38 (Amendment) - Intangible assets. A prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.
- IAS 19 (Amendment) - Employee benefits. The amendment among other things clarifies treatments in case of plan amendments and modifies definition of return on plan assets.
- IAS 28 (Amendment) - Investments in associates (and consequential amendments to IAS 32
- Financial Instruments: Presentation and IFRS 7 - Financial instruments: Disclosures).
- IAS 31 (Amendment) - Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7).
- IAS 40 (Amendment) - Investment property (and consequential amendments to IAS 16).
- IAS 41 (Amendment) - Agriculture.
- Amendment to IFRS 7 - Improving disclosures about financial instruments.
- IFRIC Interpretation 17 – Distribution of non-cash assets to owners.

4 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

4.1 Taxation

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

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years from assessments framed during the years for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary difference arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available 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 differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.2 Property, Plant and Equipment

These are stated at cost or revalued amounts less accumulated depreciation and impairment losses, if any, except for Capital work-in-progress which is stated at cost less identified impairment losses, if any. All expenditures incurred, advances made connected to the specific assets, incurred during the installation and construction period, are carried under Capital work-in-progress. These are transferred to specified assets as and when assets are available for intended use. Cost of Property, Plant and Equipment includes expenditure that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the assest's carrying amounts or recognized as a separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the entity and the cost can be measured reliably. Cost incurred to replace a component of an item of Property, Plant and Equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

An assets carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the recoverable amount.

Depreciation on all Property, Plant and Equipment is charged to profit and loss account using the reducing balance method over the asset's useful life at the rates stated in note 11 after taking into account residual value, if any. Depreciation on additions to Property, Plant and Equipment is charged from the quarter in which the assets become available for intended use, While, on disposals, depreciation is charged upto the quarter in which assets is disposed.

Any surplus arising from the revaluation of Property, Plant and Equipment is credited to the surplus on revaluation on Property, Plant and Equipment account. Revaluation is carried out with sufficient regularity in order to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation, charged on the revalued assets, the related surplus on revaluation of Property, Plant and Equipment - net of deferred taxation is transferred directly to equity.

Gains or losses on disposal of an item of Property, Plant and equipment are recognized in the profit and loss account currently.

The assets' residual value and useful life are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of residual value of Property, Plant and Equipment as at June 30, 2009 did not require any adjustment as its impact is considered insignificant.

4.3 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

The carrying amount of the Company's non-financial assets carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.4 Investments - Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

4.5 Employee retirement benefits - Defined contribution plan

The company operates a defined contribution plan, "Recognized Provident Fund" for all its regular permanent employees. Contributions are made equally by the Company and the employees as per the rules of the Fund at the rate of 8.33% of basic salary.

4.6 Stores, spares and loose tools

These are valued by the using of moving average cost method, less impairment loss, if any, other than stores and spares in transit, which are valued at cost comprising invoice value plus other charges paid thereon less impairment loss, if any.

Provision is made in the financial statements for obsolete and slow moving stores and spares on management estimate.

4.7 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined by applying the followingbasis.

a. Raw and packing material	:	at weighted average cost.
b. Work-in-process	:	at weighted average cost of direct materials, labor and appropriate manufacturing overheads
c. Finished goods	:	at weighted average manufacturing cost.
d. Raw material in bonded warehouse	:	at actual cost.
e. Raw material in transit	:	at actual cost.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.8 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to the cash flow from the financial assets expire or is transferred. Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. All financial liabilities are initially recognized at cost, which is the fair value of the consideration received at initial recognition. After initial recognition financial liabilities are carried at fair value and all other financial liabilities are measured at amortized cost. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account currently. Financial instruments carried on the balance sheet include investments, long term deposits, trade debts and other receivables, loans and advances, trade deposits, cash and bank balances, borrowings and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.9 Offsetting of financial assets and liabilities

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

4.10 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, demand deposits and finances under mark up arrangement. In balance sheet, finances under mark up arrangement are included in current liabilities.

4.12 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted (if any) for on an accrual basis and are included in trade and other payables to the extent of the amount remaining unpaid.

4.13 Trade and other payables

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

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

4.14 Revenue recognition

- Sales are recorded on dispatch of goods.
- Export rebates are recorded when received.
- Processing income recognized on accrual bases.

4.15 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.16 Borrowing cost

Mark up, interest and other charges on borrowings are capitalized up to the date of commissioning of the related Property, Plant and Equipment, acquired and constructed out of the proceeds of such borrowings. All other mark up, interest and other charges are charged to profit and loss account.

4.17 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.18 Short term borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

5 Share Capital

5.1 Authorized share capital

2009	2008		Note	2009	2008
Number of Shares				Rupees	Rupees
4,000,000	4,000,000	Ordinary shares of Rs, 10/- each.		**4,000,000**	4,000,000

5.2 Issued, subscribed and paid up capital

2009	2008		2009	2008
Number of Shares			Rupees	Rupees
1,234,050	1,234,050	Ordinary shares of Rs. 10/- each fully paid in cash	**12,340,500**	12,340,500
925,536	925,536	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	**9,255,360**	9,255,360
2,159,586	2,159,586		**21,595,860**	21,595,860

	Note	2009	2008
6 Reserves			
Capital reserves		**399,305**	399,305
7 Director's loan	7.1	**4,716,331**	-

7.1 It represents the interest free loan from the director of the Company repayable with in one year.

8 Finances under mark up arrangements - secured

	Note	2009	2008
Short term borrowings	8.1	**16,499,447**	-

8.1 Short term borrowings facility is available from Soneri Bank Limited under mark-up arrangement, amounting to Rs.16.5 million (2008: NIL). This facility has maturity date upto 31 December 2009.This arrangement are secured against the first charge of Rs. 30 million on current assets, Rs. 60 million on fixed assets (Land & Building) of the Company including, personal guarantees of directors and outstanding amount to be repaid in full on demand. This short term borrowing facility carries mark-up 6 months KIBOR + 3% per annum (2008: NIL) calculated on a daily product basis that is payable quarterly. The total amount of this facility which have not been availed as at the balance sheet date amounted to Rs.553 (2008: NIL).

9 Trade and other payable	Note	2009 Rupees	2008 Rupees
Trade creditor		**20,888,484**	12,175,174
Accrued expenses		**9,144,662**	4,934,274
Workers' welfare fund		**29,352**	29,352
Unclaimed dividend		**158,424**	116,112
Provident fund payable		**658,659**	-
Tax deducted at source		**11,022**	181,347
Others		**12,130**	12,130
		30,902,733	17,448,389

10 Contingencies and commitments

Contingencies

Guarantee issued by Soneri Bank Limited on behalf of the Company to Sui Southern Gas Company Limited amounted to Rs.1.815 million (2008 : 1.815 million).

Commitments

In respect of outstanding letter of credit of Rs. NIL (2008: NIL) established for import of raw material.

	Note	2009 Rupees	2008 Rupees
11 Property, plant and equipment			
Operating fixed assets	11.1	104,253,737	35,659,029
Capital work-in-progress	11.3	-	77,244,622
		104,253,737	112,903,651

11.1 Property, Plant and Equipment

	Leasehold land	Factory building on leasehold land	Plant & machinery	Electric and gas fittings	Factory and office equipment	Furniture & fixture	Vehicles	Total
COST								
Balance as at 01 July 2007	-	-	151,195,819	-	3,011,485	817,171	3,069,920	158,094,395
Additions during the year	-	-	53,000	-	40,950	-	335,000	428,950
Disposals / transfers	-	-	(57,000)	-	-	-	(135,000)	(192,000)
Balance as at 30 June 2008	-	-	151,191,819	-	3,052,435	817,171	3,269,920	158,331,345
Balance as at 01 July 2008	-	-	151,191,819	-	3,052,435	817,171	3,269,920	158,331,345
Additions during the year	18,464,158	30,744,552	16,539,419	11,304,893	-	191,600	-	77,244,622
Disposals / transfers	-	-	(3,500,000)	-	-	-	-	(3,500,000)
Balance as at 30 June 2009	**18,464,158**	**30,744,552**	**164,231,238**	**11,304,893**	**3,052,435**	**1,008,771**	**3,269,920**	**232,075,967**
DEPRECIATION								
Balance as at 01 July 2007	-	-	113,720,319	-	2,086,909	703,124	2,218,366	118,728,718
Charge for the year	-	-	3,749,006	-	96,553	11,405	236,589	4,093,553
Disposals / transfers	-	-	(18,564)	-	-	-	(131,390)	(149,954)
Balance as at 30 June 2008	-	-	117,450,761	-	2,183,462	714,529	2,323,565	122,672,317
Balance as at 01 July 2008	-	-	117,450,761	-	2,183,462	714,529	2,323,565	122,672,317
Charge for the year	-	1,537,228	4,955,986	1,130,489	86,897	29,424	189,271	7,929,295
Disposals / transfers	-	-	(2,779,382)	-	-	-	-	(2,779,382)
Balance as at 30 June 2009	-	**1,537,228**	**119,627,365**	**1,130,489**	**2,270,359**	**743,953**	**2,512,836**	**127,822,230**
Written down value as *at 30 June 2008* *Rupees*	-	-	33,741,058	-	868,973	102,642	946,355	35,659,029
Written down value as at 30 June 2009 *Rupees*	**18,464,158**	**29,207,324**	**44,603,873**	**10,174,404**	**782,076**	**264,818**	**757,084**	**104,253,737**
Annual rates of depreciation	-	**5%**	**10%**	**10%**	**10%**	**10%**	**20%**	-

	Note	2009 Rupees	2008 Rupees
11.1.1 The depreciation charge for the year has been allocated as follows:			
Cost of sales	21	7,744,954	3,881,848
Administrative expenses	22	121,251	132,842
Distribution cost	23	63,090	78,863
		7,929,295	4,093,553

11.2 Detail of disposal of Property, plant & equipment

Fixed assets	Cost/ Revaluation Rs.	Accumulated Depreciation Rs.	Carrying amount Rs.	Sales Proceeds Rs.	Gain/(loss) Rs.	Mode of disposal	Sold to
Plant & Machinery	3,500,000	2,779,382	720,618	800,000	79,382	By Negotiation	Mr. A. Razzaq
Rupees - 2009	**3,500,000**	**2,779,382**	720,618	800,000	79,382		
Suzuki Bolan CG-9369	135,000	131,390	3,610	120,000	116,390	By Negotiation	Mr. Nisar Qureshi
Stitching Machines & cutter	57,000	18,564	38,436	22,000	(16,436)	By Negotiation	Mr.Fahad
Rupees - 2008	**192,000**	**149,954**	**42,046**	**142,000**	**99,954**		

		2009 Rupees	2008 Rupees
11.3	**Capital work-in-progress**		
	Land and building	-	49,208,710
	Machinery parts and installations	-	16,539,419
	Electric and gas fittings	-	11,304,893
	Furniture and fixtures	-	191,600
		-	77,244,622

11.3 The Capital work-in-progress has been capitalized by the Company during first quarter ended September 30, 2009.

		2009	2008
12	**Long term investment - Held to maturity**		
	PLS Term deposit - Soneri Bank Limited	**1,815,000**	1,815,000

12.1 This term deposits have the maturity on 27-02-2013.

12.2 The effective yield on this term deposits is 7 % per annum.

12.3 The Soneri Bank Limited has given a guarantee to Sui Southern Gas Company Limited on behalf of the Company amounted to Rs.1.815 million (2008 : 1.815 million).

		Note	2009 Rupees	2008 Rupees
13	**Long term deposits**			
	Utilities		**889,005**	889,005
	Others		**270,325**	266,825
			1,159,330	1,155,830
14	**Stores and spares**			
	Stores		**158,143**	172,982
	Spares		**3,255,538**	3,283,116
			3,413,681	3,456,098
15	**Stock-in-trade**			
	Raw material	15.1	**63,086,585**	75,612,765
	Packing material		**330,264**	321,518
	Work-in-process		**24,074,834**	19,573,929
	Finished goods	15.2	**21,160,390**	5,941,291
			108,652,073	101,449,503

15.1 It includes the raw material inventory carried at fair value.

15.2 Finished goods are being carried at net realizable value.

		2009 Rupees	2008 Rupees
16.	**Trade debts - unsecured**		
	Considered good	**44,967,605**	33,543,527
	Considered doubtful	**4,557,408**	5,200,000
		49,525,013	38,743,527
	Less:		
	Bad debts written-off	**1,674,295**	1,942,592
	Provision against doubtful debts	**2,883,113**	1,557,408
		4,557,408	3,500,000
		44,967,605	35,243,527

16.1 Trade debts includes old outstanding balances of Rs. 4.557 million (2008: 5.2 million). The management of the Company has made a provision against Rs. 2.883 million (2008 Rs: 1.557million) on prudent basis. Whereas, the Company has written off balance amount of these old outstanding trade debts of some debtors upon receipts of lump-sum payments. The aggregate amount written off during the year amounted to Rs. 1.674 million (2008 Rs: 1.942 million).

		2009 Rupees	2008 Rupees
17.	**Loans and advances**		
	Considered good		
	Loan to employees	**108,932**	87,463
	Advances to suppliers	**752,905**	3,538,090
	Advances to others	**83,397**	306,703
		945,234	3,932,256
18.	**Other receivables**		
	Advance income tax	**758,261**	1,438,164
	Sales tax refundable	**1,015,232**	1,589,882
	Other receivable	**511,559**	384,509
		2,285,052	3,412,555
19	**Cash and bank balances**		
	Cash in hand	**217,281**	493,411
	Cash at banks:		
	- Current accounts	**203,976**	496,936
		421,257	990,347
20	**Sales**		
	Local sales	**105,339,630**	104,193,276

21 Cost of sales

	NOTE	2009 Rupees	2008 Rupees
Raw material and packing material consumed	21.1	**87,097,799**	59,806,732
Stores and spares consumed	21.2	**1,646,170**	2,351,401
Fuel, water and power		**6,196,739**	6,982,476
Salaries, wages and other benefits	21.4	**19,456,307**	17,842,955
Repairs and maintenance		**1,252,067**	607,207
Write down of inventory to net realizable value	21.3	**9,913,584**	1,434,228
Insurance		**642,262**	425,739
Rent, rates and taxes		**496,577**	400,453
Depreciation	11.1.1	**7,744,954**	3,881,848
		134,446,459	93,733,039
Work-in-process			
Opening		**19,573,929**	17,674,621
Closing		**(24,074,834)**	(19,573,929)
		(4,500,905)	(1,899,308)
Cost of goods manufactured		**129,945,554**	91,833,731
Finished goods			
Opening		**5,941,291**	21,314,903
Closing		**(21,160,390)**	(5,941,291)
		(15,219,099)	15,373,612
		114,726,455	107,207,343

21.1 Raw and packing material consumed

	Raw Materials Rupees	Packing Materials Rupees	2009 Rupees	2008 Rupees
Opening stock	75,612,765	321,518	75,934,283	87,773,158
Add: Purchases	83,627,425	866,524	84,493,949	52,668,601
	159,240,190	1,188,042	160,428,232	140,441,759
Less: Cost of material transferred (Refer note 25)	(9,913,584)	-	(9,913,584)	(4,700,744)
Cost of raw material available for use	149,326,606	1,188,042	150,514,648	135,741,015
Closing stock	(63,086,585)	(330,264)	(63,416,849)	(75,934,283)
	86,240,021	857,778	87,097,799	59,806,732

21.2 Stores and spares consumed

	2009	2008
Opening stores and spares	**3,456,098**	3,703,571
Add: stores and spares purchases	**1,603,753**	2,103,928
	5,059,851	5,807,499
Closing stores and spares	**(3,413,681)**	(3,456,098)
Stores and spares consumed	**1,646,170**	2,351,401

21.3 It includes the cost of inventory being written down during the year.

21.4 Salaries, wages and benefits include Rs.131,777/- (2008: Rs.64,539/-) on account of defined provided fund contribution.

	NOTE	2009 Rupees	2008 Rupees
22 Administrative expenses			
Directors' remuneration	28	**3,245,000**	3,242,000
Salaries and other benefits	22.1	**3,922,936**	3,630,265
Traveling and vehicles running		**1,463,685**	1,863,158
Repair and maintenance		**154,758**	204,438
Postage, telegram, telephone and telex		**422,353**	290,424
Printing and stationery		**162,331**	161,792
Entertainment		**282,637**	469,483
Electricity, gas & water		**59,775**	175,711
Fees and subscription		**303,510**	122,147
Newspaper and periodicals		**38,767**	15,068
Provision for doubtful debts	16.1	**3,000,000**	1,500,000
General expenses		**319,585**	270,660
Legal & professional		**159,500**	90,000
Auditors' remuneration	22.2	**257,000**	260,300
Depreciation	11.1.1	**121,251**	132,842
		13,913,088	12,428,288

22.1 Salaries and benefits include Rs. 188,920/- (2008: Rs.67,700/-) on account of defined provided fund contribution.

22.2 Auditors' remuneration	2009 Rupees	2008 Rupees
- Statutory audit	**200,000**	175,000
- Half yearly review & certification charges	**50,000**	75,000
- Out of Pocket expenses	**7,000**	10,300
	257,000	260,300

23 Distribution cost			
Salaries and other benefits	23.1	**893,532**	708,478
Handling, storage and transportation		**2,809,406**	2,347,597
Postage, telegram and telephone		**162,338**	214,472
Rent, rates and taxes		**226,820**	141,084
Advertisement and publicity		**-**	50,500
Depreciation	11.1.1	**63,090**	78,863
Security services		**975,788**	1,042,783
		5,130,974	4,583,777

23.1 Salaries and benefits includes Rs. 26,988/- (2008: Rs. 8,290) on account of defined provided fund contribution.

24 Finance cost

	2009 Rupees	2008 Rupees
- On finance under mark uparrangement	1,900,872	-
- Bank charges	106,199	98,873
	2,007,071	98,873

25 Other income

	2009	2008
Gain on disposal of fixed assets	79,382	99,954
Loss on disposal of poly jersey	(71,435)	-
Interest income	127,050	621,290
	134,997	721,244

26 Taxation.

Current

26.1 The tax assessment of the Company have been finalized upto and including the tax year 2008. The Company has assessed tax losses amounting to Rs.88.494 million (2008: 74.683 million) are available to the Company.

26.2 In view of the amendment in the clause "c" of sub section "3" of section 113 of Income Tax Ordinance, 2001 through Finance Act, 2008, no provision for current tax has been made due to tax loss.

26.3 The reconciliation between the average effective tax rate and the application tax rate is not presented here for current year in view of no provision for current tax in these financial statements. Similarly, in corresponding year 2008, this reconciliation has also not been presented in view of Company was liable to pay minimum tax. Therefore, no numerical tax reconciliation is prepared.

Deferred

26.4 There is no deferred tax liability of the Company as at June 30, 2009 NIL (2008: NIL) as Company's unused tax losses Rs. 85.370 million (2008: Rs. 71.596 million) are higher than deferred credit against accelerated tax depreciation adjusted by deferred debits in respect of other assets and liabilities. The remaining loss is not recognized as their utilization against future taxable profit is not presently ascertainable.

27 Loss per share - Basic & diluted

27.1 Basic (loss) per share

		2009 Rupees	2008 Rupees
(Loss) after taxation	Rupees	(30,170,129)	(19,947,199)
Weighted average number of ordinary shares	Numbers	2,159,586	2,159,586
(Loss) per share - Basic and diluted	Rupees	(13.97)	(9.24)

27.2 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2009 and 30 June 2008 which would have any effect on the earnings per share if the option to convert is exercised.

28 Remuneration of Chief Executive, Directors and other Executives

Particulars	Chief Executive		Director		Executives		Total	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Managerial remuneration	1,080,000	1,080,000	2,165,000	2,162,000	1,440,000	1,200,000	4,685,000	4,442,000
Contribution to provident fund	-	-	-	-	86,447	42,022	86,447	42,022
Other perquisites and benefits	59,850	56,000	290,120	282,580	42,000	36,500	391,970	375,080
	1,139,850	1,136,000	2,455,120	2,444,580	1,568,447	1,278,522	5,163,417	4,859,102
Number	1	1	3	3	1	1	5	5

	2009 Rupees	2008 Rupees
29 Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	42,417	247,473
Stock in trade	(7,202,570)	25,313,179
Trade debts	(9,724,078)	23,067,355
Loans and advances	2,987,022	4,373,675
Trade deposits and short term prepayments	-	328,417
Other receivables	447,600	87,735
	(13,449,609)	53,417,834
Increase / (decrease) in current liabilities		
Trade & other payable	13,412,032	(2,724,654)
	(37,577)	50,693,180
30 Cash and cash equivalents		
Cash and bank balances	421,257	990,347
Running finance under mark up arrangement	(16,499,447)	-
	(16,078,190)	990,347

31 Transactions with related party

Parties are considered to be related if one party has the ability to control the other party a exercise of significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, directors of the company and key management personnel and Provident fund. Remuneration and benefits to executives of the company are in accordance with the terms of the employment while contribution to the provident fund are in accordance with staff service rules.

	2009 Rupees	2008 Rupees
Details of transactions with related parties are as follows:		
Transactions during the year		
Contribution to staff provident fund	329,330	161,665
Payable as on balance sheet date with:		
Employees' provident fund trust	658,659	-

The remunerations of Chief Executive, Directors and Executives are disclosed in Note 28 to theses financial statements.

32 PRODUCTION AND CAPACITY

Purticulars	Wool Spinning Unit (Based on Three Shifts) Kilograms	
	2009	**2008**
Annual capacity	**1,700,000**	1,700,000
Actual production	**451,333**	362,492
Percentage %	**26.5**	21.3

32.1 The Company also have Knitting and Tufting production plant which was not in operation during the year and in the comparative year 2008. This is due to the reason that currently blanket manufacturing is not feasible for operations under current market situation. The raw material for blanket manufacturing is more expensive than the imported blanket from other countries i.e China etc.

33 FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

This note present information about the Company's exposure to each of the above risks, the Company's objectives, policies & processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosure are included throughout these financial statements.

The Board of Directors has overall responsibility of the establishment and oversight of the Company's risks Management framework. The Board is responsible developing and monitoring the Company's risk management policies.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

33.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk in respect of trade debts of Rs. 44.967 million (2007: 35.244 million) as disclosed in note 16 to these financial statements. To manage exposure to credit risk, the Company applies credit limits, maintains procedures covering the application for credit approvals, deal with credit worthy parties, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposure are categorized under the following headings:

33.1.1 Counterparties

The Company conducts transaction with the following major types of counterparties:

Trade debts

Trade debts of the Company comprise due from Woollen Yarn, Fabrics and Bed Sheets parties.Due to slum economic activity / condition and current financial crunch, the Company has extended the credit period for its regular Woolen Yarn parties from 90 days to 180 days. Due to the Company's long standing business relationships with these counterparties and giving due consideration to their financial standing, management of the Company does not expect non performance by these counter parties on their obligation to the Company. Majority sales of the Company's to the customers are made on 90 days credit terms during the year. The Company makes full provision against those balances considered doubtful, as disclosed in the note 16 to these financial statements.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts. This allowance is based on the management's assessment of a specific loss component that relates to individually significant exposures.

Banks

The Company limits its exposure to credit risk by maintaining bank accounts only with counterparties that have a satisfactory credit rating upon this management does not expect any counterparty to fail to meet its obligations.

33.1.2 **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximumexposure to credit risk at the reporting date was:

	Note	2009 Rupees	2008 Rupees
Long term investments		**1,815,000**	1,815,000
Long term deposits		**1,159,330**	1,155,830
Trade debts		**44,967,605**	35,243,527
Loans and advances		**945,234**	3,932,256
Other receivables		**511,559**	384,509
Bank balances		**421,257**	990,347
		49,819,985	43,521,469

The maximum exposure to credit risk for trade debts at the reporting date by type of product was:

	2009	2008
Woollen Yarn	**33,906,277**	15,550,870
Bed spreads & fabrics	**11,061,328**	11,106,171
Others	**-**	8,586,486
	44,967,605	35,243,527

33.1.3 **Impairment Losses**

The aging of trade debts at the reporting date was:

	2009		2008	
	Gross value Rupees	Impaired Rupees	Gross value Rupees	Impaired Rupees
Not past due	28,906,277	-	1,550,870	-
Past due upto 180 -365 days	866,170	-	17,441,130	-
Over 1 years	19,752,566	(4,557,408)	19,751,527	(3,500,000)
	49,525,013	(4,557,408)	38,743,527	(3,500,000)

The Company believes that no impairment allowance is necessary in respect of trade debts past due other than of amount provided. The Company is actively pursuing for recovery of debts and the Company does not expect these parties to fail to meet their obligations.

33.2 **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage the liquidity, through the effective cash management and planning policy, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The following are the contractual maturity of financial liabilities of the Company, including estimated interest payments are as follows:

	Weakening of the PKR by -20%	-10%	-5%	0%	Strenghtening of the PKR by +5%	+10%	+20%
June 2009 (Rupees in '000)	**12,318**	**12,905**	**14,078**	-	**14,078**	**12,905**	**12,318**
June 2008 (Rupees in '000)	-	-	-	-	-	-	-

33.3.2 **Interest rate risk management**

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest/mark up rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2009 %	2008 %	2009 (Rupees)	2008 (Rupees)
Fixed rate instruments				
Long term investments - Held to maturity	**7%**	-	**1,815,000**	**1,815,000**
Variable rate instruments				
Short term borrowings	**16% to 18%**		**16,499,447**	-
			18,314,447	**1,815,000**

Sensitivity analysis of interest rate risk

The Company does not have any fixed rate liabilities at fair value through profit or loss, and any derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rate at reporting date would not effect the fair value of any financial instrument.

A change of 100 basis points in interest rate would have had increased loss by Rs. 165,000 (2008: Rs.NIL).

33.4 **Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investors and creditors confidence, sustain uture development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to shareholders. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

34 **Fair values of financial assets and liabilities**

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties at arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

35 **Date of authorization for issue**

These financial statements have been authorized for issue on September 30, 2009 by the Board of Directors of the Company.

36 **Corresponding figures**

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison. However, no significant re-arrangement or re-classification has been made in these financial statements except for the as disclosed in the note 21.3 to these financial statements for better presentation.

37 **General**

Figures have been rounded off to the nearest Pak. rupee.

CHIEF EXECUTIVE **DIRECTOR**

	Carrying value Rupees	Contractual cash flows Rupees	Upto one year Rupees	More than one year Rupees
Directors loan	4,716,331	4,716,331	4,716,331	-
Short term borrowings	16,499,447	16,499,447	16,499,447	-
Trade and other payables	30,902,733	30,902,733	30,902,733	-
Accrued mark up	728,672	728,672	728,672	
June 30, 2009	52,847,183	52,847,183	52,847,183	-
Directors loan	-	-	-	-
Short term borrowings	-	-	-	-
Trade and other payables	17,448,389	17,448,389	17,448,389	-
June 30, 2008	17,448,389	17,448,389	17,448,389	-

33.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Company's market risk comprises of two types of risk: foreign exchange or currency risk and interest/mark up rate risk. The market risks associated with the Company's business activities are discussed as under:

33.3.1 Foreign currency risk management

PKR is the functional currency of the Company as a result currency exposures arise from transactions and balances in currencies other than PKR. Currently, the Company is potentially exposed to foreign currency risk exposures on account of import of raw material "Wool", which is mitigated through the efficient handling of import transactions that is made from Dubai, U.A.E and New Zealand. The related exposure of foreign currency denominated in currencies other than functional currency of the Company are periodically restated to PKR equivalents, and the associated gain or loss, if any, is taken to the profit and loss account. The foreign currency risk related to monetary items is managed through as part of the risk management strategy.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

Trade and other payable (in US Dollars)	144,105	-

In respect of commitments outstanding letter of credit of Rs. NIL (2008: NIL) established for import of raw material.

The following significant exchange rates applied during the year.

	Average rate		Balance sheet date rate	
	2009	2008	2009	2008
USD 1	79.73	63.35	81.41	68.20

Foreign currency sensitivity analysis

The table summarizes the financial assets / liabilities as of 30 June 2009 and 2008 that are subject to foreign currency risk and shows the estimated changes in the value of financial assets (and the resulting change in profit and loss account and equity) assuming changes in the underlying exchange rates applied immediately and uniformly across all currencies. The changes in value do not necessarily reflect the best or worst case scenarios and actual results may differ. The analysis assumes that all other variables, in particular interest rate, remain constant.

Change of the Rupees against foreign currencies as at balance sheet date would have had the following effect on profit and loss account and equity.

Change of the Rupees against foreign currencies as at balance sheet date would have had the following effect on profit and loss account and equity.

SIZE OF HOLDING OF SHARES

NUMBER OF SHAREHOLDERS	FROM	TO	TOTAL SHARES HELD
2,000	1	100	61,215
190	101	500	37,376
17	501	1000	12,553
21	1001	5000	43,391
1	15001	20000	17,325
4	30001	35000	127,242
1	45001	50000	48,500
2	115001	120000	234,429
1	120001	125000	123,793
3	125001	130000	381,288
2	130001	135000	263,393
1	145001	150000	147,687
1	185001	190000	189,829
1	230001	235000	234,318
1	235001	240000	237,247
2,246			2,159,586

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Indivisual	2,242	1,920,580	88.93
Investment Companies	-	-	-
Insurance Companies	-	-	-
Joint Stock Companies	5	852	0.04
Financial Institutions	3	236,929	10.97
Modaraba Companies	-	-	-
* Others	1	1,225	0.06
	2,246	2,159,586	100.00

* Administrator Abandoned Properties Government of Pakistan.

MOONLITE (PAK) LIMITED

DISCLOSURE TO PATTERN OF SHARE HOLDING AS AT JUNE 30, 2009

S. No.	CATAGORIES	NUMBER OF SHARES HELD	PERCENTAGE
1.	**N.I.T. & I.C.P**		
	National Investment (Unit) Trust	236,929	10.97
2.	**Directors, CEO and their spouses and minor children**		
	Mr. Tar H. Ismail	189,829	8.79
	Mr. M. Sohail Umer	237,247	10.99
	Mr. Ashraf T. Ismail	133,282	6.17
	Mr. Shahid Umer	234,318	10.85
	Mr. Abdul Aziz	147,687	6.84
	Mrs. Parsa Sohail	128,443	5.95
	Mrs. Nasreen Ashraf	130,111	6.02
	Mrs. Afshan Shahid	123,793	5.73
	Mrs. Quratul-Ain-Aziz	127,125	5.89
		1,451,835	67.23
3.	**Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, modarabas and Mutual Funds;**		
	M/s. A.Sattar Mottiwala Securities (Pvt) Ltd.	150	0.01
	M/s. Sarfraz Mehmood (Pvt) Ltd.	17	0.00
	M/s. Capital Vision Securities (Pvt) Ltd.	500	0.02
	M/s. ZHV Securities (Pvt) Ltd.	100	0.00
	M/s. Durvesh Securities (Pvt) Ltd.	85	0.00
		852	0.04
4.	**Government Department**		
	Administrator Abandoned	1,225	0.06
	Individuals (2,228)	468,745	21.71
	GRAND TOTAL	**2,159,586**	**100.00**