Husein Industries Limited

Annual Report
2008 - 2009

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Aziz L. Jamal	Chairman/Chief Executive
Mr. Rashid L. Jamal	Director
Mr. Husein Jamal	Director
Mrs. Aisha Bai Suleman	Director
Mr. Akhtar Wasim Dar	Director
Mr. Ahsan Jamal	Director
Miss. Hina Abdul Rashid	Director

BOARD OF AUDIT COMMITTEE

Mr. Akhtar Wasim Dar	Chairman
Mr. Rashid L. Jamal	Member
Mr. Husein Jamal	Member
Mr. Mahmood-ul-Hassan Malik	Secretary

COMPANY SECRETARY

Mr. M. Anwar Kaludi

REGISTERED & HEAD OFFICE

HT-8, Landhi Industrial & Trading Estate,
Landhi, Karachi-75120.
Tel: (9221) 5018536-8
Fax: (9221) 5018545
E-mail: sales@husein.com

BANKERS

Habib Metropolitan Bank Limited
Habib Bank Limited

AUDITORS

Hyder Bhimji & Co.
Chartered Accountants

MILLS

Landhi Industrial & Trading Estate,
Landhi, Karachi-75120.

HUSEIN

NOTICE OF MEETING

Notice is hereby given that the 56th Annual General Meeting of the shareholders of Husein Industries Limited will be held at the Registered Office of the Company at Plot No. HT-8, Landhi Industrial & Trading Estate, Landhi, Karachi, on Saturday 31, October 2009 at 03:30 p.m to transact the following business.

Ordinary Business

1. To confirm the minutes of the 55th Annual General Meeting held on October 31, 2008.
2. To receive, consider and adopt the Financial Statement of the Company for the year ended 30 June, 2008 together with the Directors and auditors Report thereon.
3. To appoint auditors and fix their remuneration for the year ending 30 June 2010. The retiring auditor M/s Hyder Bhimji & Co., Chartered Accountants, retire and offer themselves for reappointment.

To transact any other business as may be placed before the Meeting with the permission of the Chair.

By order of the Board
Mohammad Anwar Kaludi
Company Secretary

Karachi :

NOTES :

1. The Register of Members of the Company will remain closed from 28th October 2009 to 3rd November 2009 (both days inclusive).
2. Members are requested to notify immediately changes, if any, in their registered addresses.
3. Non-Muslim shareholders are advised to submit application on plain paper for non-deduction of Zakat.
4. Central Depository Company account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A . For attending the Meeting:

1. 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 uploaded as per the Regulations, shall authenticate his/her identity by showing his/her Original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
2. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For appointing proxies:

1. 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 uploaded as per the Regulations shall submit the proxy form as per the above requirements.
2. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

VISION

To earn the reputation of reliable manufacturer of top quality textile made-ups to the target market.

MISSION :

To achieve market leadership through technological innovation, distinguished by quality, services, customer satisfaction and an adequate return to share holders.

DIRECTORS' REPORT TO THE SHARE HOLDERS

DIRECTORS' REPORT

In the name of Allah the Most Merciful and the Most Benevolent.

Your Directors take pleasure in presenting 56th Annual Report and the Audited Financial Statements for the year ended June 30, 2009.

OPERATING AND FINANCIAL RESULTS

Operating results of the company are noted below.

	Rupees
Sales-Net	1,395,273,266
Cost of sales	1,167,447,346
Gross Profit	227,825,920
Selling & Distribution Cost	27,444,640
Administrative Expenses	26,908,671
	54,353,311
Operating profit	173,472,609
Finance Costs	160,852,042
Other Operating Expenses	1,026,858
	161,878,900
Other Operating Income	2,048,821
Profit before taxation	13,642,530
Taxation	(25,793,914)
Loss after Taxation	(12,151,384)
Loss per share (Basic and diluted)	(1.14)

The year under review remained very difficult year for the textile industry. The all time high inflation due to increase in Raw Material prices adversely affected the economy globally. The profit before taxation was Rs. 13,642,530 for the year under review.

During the year under review, financial costs increased due to higher interest rates in this difficult environment all efforts are being made to control costs.

FUTURE PROSPECTS

The management of your company is striving very hard to control the situation by efficient and economical operations. It is hoped that favourable movement in exchange rate, reduction in mark up rates and cost cutting measures would considerably improve the bottom line in future.

DIVIDEND

Due to loss after taxation the company has not declared any Dividend.

EXTERNAL AUDITORS

The present Auditors M/s. Hyder Bhimji & Company, Chartered Accountants, retire and offer themselves for reappointment.

RELATED PARTY TRANSACTIONS

There were no transactions with related parties and with key management personnel. Remuneration of the key management personnel is disclosed in note 36. All the remuneration were reviewed and approved by the audit committee as well as the Board of Directors of the Company.

EARNING PER SHARE

The Loss per share of the company stood at Rs.(1.14) 2008: Rs. (1.70).

Your Directors are pleased to record their appreciation for the continued dedication, commitment and loyalty of the employees of your company.

Your Directors also appreciate the assistance and continued support of the various Government Departments and Bankers.

STATEMENT ON CORPORATE AND FINANCIAL FRAME WORK

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the stock exchanges where the Company is listed. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required by the Code.

a) The Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

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 there has no material departure there from.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) We have an Audit Committee, majority of the members of which are amongst non-executive directors of Board.

g) There are no significant doubts upon the Company's ability to continue as a going concern.

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

i) The Board of Directors has adopted a mission statement and statement of overall corporate strategy.

j) We have prepared and circulated a Statement of Ethics and Business Practices among directors and employees.

k) There are no overdue taxes, duties, levies and charges as on 30th June, 2009.

l) There are no funds based provident, gratuity and pension fund schemes.

m) KEY OPERATING AND FINANCIAL DATA
Key operating and financial data for last six years is summarized on page No. 46.

n) BOARD MEETING HELD DURING THE YEAR
During the year meetings of the Board of Directors were held. Attendance by each Director is given on page No. 45.

ACKNOWLEDGEMENT

I would like to thanks Company's shareholders, financial institutions and customers for their continued co-operation and support. I would like to share my deepest appreciation for our employees for the dedication and hardwork.

for and On behalf of the Board
Aziz L. Jamal
Chairman & Chief Executive

Karachi: October 10, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of HUSEIN INDUSTRIES LIMITED as at June 30, 2009 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a). in our opinion, proper books of 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 account and are further in accordance with the 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 and 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 (XVIII of 1980).

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

ENGAGEMENT PARTNER: MOHAMMAD HANIF RAZZAK

Karachi: October 10, 2009

STATEMENT OF COMPLIANCE WITH THE CODE 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 and directors representing minority interests on its Board of 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 a banking company,a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred in the Board during the year.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive, 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 this 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 minutes of the meetings were appropriately recorded and circulated.

9. The directors of the Husein Industries Limited are professionally qualified and experienced persons and are well aware of their duties and responsibilities. Further the director have also attend talks, workshops and seminars on the subject of Corporate governance.

10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, have been duly approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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 of three members, including the Chairman of the Committee, two of whom are non-executive directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are 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 programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

20. We confirm that all other material principles contained in the Code including the requirements of newly inserted clause (xiii a) relating to related party transacions have duly been complied with.

Aziz L. Jamal
Chairman & Chief Executive

Karachi :October 10, 2009

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2009 prepared by the Board of Directors of **HUSEIN INDUSTRIES LIMITED** 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.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 (Previously Regulation No.37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the board of directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Karachi : October 10, 2009

HYDER BHIMJI & CO.
Chartered Accountants

BALANCE SHEET

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
SHARE CAPITAL AND RESERVES:			
Authorised capital 15,000,000 ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid-up capital	4	106,258,520	106,258,520
Reserves	5	278,539,358	291,145,815
		384,797,878	397,404,335
Long term loans	6	248,817,578	133,878,270
Deferred liabilities	7	28,317,655	11,058,360
CURRENT LIABILITIES:			
Trade and other payables	8	316,842,221	609,827,074
Accrued Mark-up	9	35,491,232	12,238,337
Short-term borrowings	10	899,683,135	707,844,686
Current maturity of long-term loans	11	99,754,692	84,448,692
Taxation		13,310,036	14,073,975
		1,365,081,316	1,428,432,764
Contingencies & Commitments	12	-	-
		2,027,014,427	1,970,773,729

Impairment loss on listed equity security classified as available for sale aggregating to Rs.455,073 has not been recognized in the profit & loss account using the option provided in S.R.O.150(1)/2009 dated February 13,2009.Had the impariment loss been recognized in the profit & loss account,the loss would have been higher by Rs.455,073

The annexed notes (1 to 42) form an integral part of these financial statements.

AS AT JUNE 30, 2009

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
NON CURRENT ASSETS:			
Property, plant and equipment	13	442,834,248	465,285,028
Deferred Tax	14	-	2,326,039
Long Term Investments	15	475,929	931,002
Long Term Deposits	16	9,313,681	9,973,108
CURRENT ASSETS:			
Stores, spare parts and loose tools	17	51,807,962	49,597,078
Stock-in-trade	18	797,817,277	801,381,180
Trade debts	19	614,060,208	554,540,463
Loans & Advances	20	50,692,436	38,908,665
Trade Deposits & Short Term Prepayments	21	2,337,224	917,207
Other Receivables	22	13,496,394	8,165,652
Tax refunds due from government	23	42,873,051	34,511,465
Cash and bank balances	24	1,306,017	4,236,842
		1,574,390,569	1,492,258,552
		2,027,014,427	1,970,773,729

Aziz L. Jamal
Chairman & Chief Executive

Akhtar Wasim Dar
Director

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

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
Sales-Net	25	1,395,273,266	1,089,447,335
Cost of sales	26	1,167,447,346	939,386,563
Gross profit		227,825,920	150,060,772
Selling & distribution Cost	27	27,444,640	32,754,488
Administrative expenses	28	26,908,671	23,171,745
		54,353,311	55,926,233
Operating profit		173,472,609	94,134,539
Finance cost	29	160,852,042	110,632,894
Other Operating Expenses	30	1,026,858	-
		161,878,900	110,632,894
Other operating income	31	2,048,821	198,442
Profit / (Loss) before taxation		13,642,530	(16,299,913)
Taxation	32	(25,793,914)	(1,777,412)
Loss after taxation		(12,151,384)	(18,077,325)
Loss per share (basic and diluted)	33	(1.14)	(1.70)

Impairment loss on listed equity security classified as available for sale aggregating to Rs.455,073 has not been recognized in the profit & loss account using the option provided in S.R.O.150(1)/2009 dated February 13, 2009.Had the impariment loss been recognized in the profit & loss account,the loss would have been higher by Rs.455,073

The annexed notes (1 to 42) form an integral part of these financial statements.

Aziz L. Jamal
Chairman & Chief Executive

Akhtar Wasim Dar
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash generated from operations	34	(146,484,940)	229,376,231
Staff gratuity paid		(1,042,114)	(3,024,026)
Financial charges paid		(137,599,147)	(109,766,925)
Taxes paid		(7,520,748)	(6,525,724)
Long-term deposits		659,427	104,800
Net cash (outflow)/inflow from operating activities		(291,987,522)	110,164,356
CASH FLOW FROM INVESTING ACTIVITIES:			
Fixed capital expenditure		(46,015,604)	(28,629,055)
Proceeds from disposal of fixed assets		12,959,000	450,000
Dividend received		29,544	25,433
Net cash outflow from investing activities		(33,027,060)	(28,153,622)
CASH FLOW FROM FINANCING ACTIVITIES:			
Short-term borrowings less repayments		200,772,453	(49,089,123)
Long-term loan less repayments		130,245,308	(69,448,692)
Dividends paid		-	(431,643)
Net cash inflow from financing activities		331,017,761	(118,969,458)
Net (decrease)/increase in cash and cash equivalents		6,003,179	(36,958,724)
Cash and cash equivalents at beginning of the year		(169,859,511)	(132,900,787)
Cash and cash equivalents at end of the year	35	(163,856,332)	(169,859,511)

The annexed notes (1 to 42) form an integral part of these financial statements.

Aziz L. Jamal
Chairman & Chief Executive

Akhtar Wasim Dar
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2009

	Share Capital	Capital reserves: Tax holiday	Capital reserves: Share premium	Revenue reserve - general	Accumulated profit/(loss)	Unrealised gain / (loss) on long-term investments	Total
	Rupees						
Balance at July 01, 2006	106,258,520	7,040,000	26,817,517	292,142,483	1,079,816	469,844	433,808,180
Net loss for the year ended June 30, 2007	-	-	-	-	(18,758,154)	-	(18,758,154)
Unrealized gain due to change in fair value of investments	-	-	-	-	-	478,596	478,596
Balance as at June 30, 2006	106,258,520	7,040,000	26,817,517	292,142,483	(17,678,338)	948,440	415,528,622
Net loss for the year ended June 30, 2008	-	-	-	-	(18,077,325)	-	(18,077,325)
Unrealized loss due to change in fair value of investments	-	-	-	-	-	(46,962)	(46,962)
Balance as at June 30, 2008	**106,258,520**	**7,040,000**	**26,817,517**	**292,142,483**	**(35,755,663)**	**901,478**	**397,404,335**
Balance as at July 01, 2008	**106,258,520**	**7,040,000**	**26,817,517**	**292,142,483**	**(35,755,663)**	**901,478**	**397,404,335**
Net Loss for the year ended June 30, 2009	-	-	-	-	(12,151,384)	-	(12,151,384)
Unrealized loss due to change in fair value of investments	-	-	-	-	-	(455,073)	(455,073)
Balance at June 30, 2009	**106,258,520**	**7,040,000**	**26,817,517**	**292,142,483**	**(47,907,047)**	**446,405**	**384,797,878**

The annexed notes (1 to 42) form an integral part of these financial statements.

Aziz L. Jamal
Chairman & Chief Executive

Akhtar Wasim Dar
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1. LEGAL STATUS AND OPERATIONS:

The Company was incorporated in Pakistan on May 25, 1953 as a public limited company under the name of Husein Textile Mills Limited, which was changed to Husein Industries Limited in 1964. Its shares are listed on Karachi Stock Exchange in Pakistan. The major activities of the Company are textile manufacturing, producing cotton and polyester yarn, cloth and garments which are marketed within and outside Pakistan. Its registered office is situated in HT-8, Landhi Industrial & Trading Estate, Karachi, Sindh.

2. Statement of compliance:

These financial statements have been prepared in accordance with the accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards (IASs) & IFRS as notified under the provisions of the Companies Ordinance,1984. Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.1 The preparation of financial statements in conformity with International Accounting Standards requires the use of certain accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 38 to these financial statements.

2.2 Standards, amendments to published approved accounting standards and interpretations becoming effective in the year ended June 30, 2009:

The following standards, interpretations and amendments to existing standards have been published that are mandatory and relevant for the company's accounting period beginning on July 1, 2008. IFRS 7, 'Financial instruments: Disclosures' introduces new disclosures relating to financial instruments and does not have any significant impact on the classification and valuation of the financial instruments other then disclosures.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after January 1, 2009:

IAS 1 (Revised), 'Presentation of financial statements'	Effect from accounting period beginning on or after January 01, 2009
IAS 7 (Ammendments), 'Statements of cash flows'	Effect from accounting period beginning on or after January 01, 2009
IAS 12 Income taxes (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IAS 16 Property,plant equipment (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IAS 18 Revenue (Ammendments)	Effect from accounting period beginning on or after January 01, 2009

IAS 19 (Amendments), 'Employee benefits'	Effect from accounting period beginning on or after January 01, 2009
IAS 20 Government grants and disclosure of government assistance	Effect from accounting period beginning on or after January 01, 2009
IAS 21 The effects of changes in foreign exchange rate (Amendmente)	Effect from accounting period beginning on or after January 01, 2009
IAS-23 (Amendment) Borrowing Cost	Effect from accounting period beginning on or after January 01, 2009
IAS-27 Consolidated and separate financial statements (Amendments)	Effect from accounting period beginning on or after July 01, 2009
IAS-28 (Amendments), ' Investments in associates'	Effect from accounting period beginning on or after January 01, 2009
IAS-31 Interest in joint ventures (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IAS-32 Financial Instruments : Presentation (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IAS-33 Earnings per share (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IAS-34 Interim financial reporting (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IAS 36 (Amendment), 'Impairment of assets'	Effect from accounting period beginning on or after January 01, 2009
IAS 38 (Amendment) 'Intangible assets'	Effect from accounting period beginning on or after January 01, 2009
IAS 39 Financial Instuments : Recognition and measurment (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IAS 40 Investnebts property (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IAS 41 Agriculture (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IFRS-1 First time adoption of IFRS (Revised)	Effect from accounting period beginning on or after July 01, 2009
IFRS-2 Share based Payment (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IFRS-2 Group Cash Settled Share-based Payment	Effect from accounting period beginning on or after January 01, 2009

3. SIGNIFICANT ACCOUNTING POLICIES:

3.1 *Basis of preparation:*

These financial statements have been prepared on the basis of 'historical cost' convention, except for available for sale investments which have been recognized at fair value and recognition of staff retirement benefits at present value.

3.2 *Retirement benefits:*

The Company operates an unfunded gratuity scheme covering all its employees who have completed one year of service with the Company. Gratuity is based on employees' last drawn salary.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out as of June 30, 2009 using the "Projected Unit Credit Method".

3.3 *Empolyee compensated absences*

The Company provides for compensated absences for all eligible employees in the year in which these are earned in accordance with the rules of the Company.

3.4 *Taxation:*

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary 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 recognised for all taxable temporary differences and deferred tax assets 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 utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences are reversed based on tax rates that have been enacted or substantively enacted by the balance sheet date.

The change in deferred tax liability/assets is charged or credited in the profit for the current period.

IFRS-3 Business combinations (Revised)	Effect from accounting period beginning on or after July 01, 2009
IFRS-4 Insurance contracts (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IFRS-5 Non-current assets held-for-sale and discontinued operations (Ammendments)	Effect from accounting period beginning on or after January 01, 2009
IFRS-7 Financial instruments : Disclosure (Ammendments)	Effect from accounting period beginning on or after January 01, 2009
IFRS-8 Operating segments	Effect from accounting period beginning on or after January 01, 2009
IFRIC-1 Change in existing decommissioning restoration and similar liablities (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IFRIC-2 Member's share in corporate entities and similar liabilities (Amendments)	Effect from accounting period beginning on or after January 01, 2009
IFRIC-4 Determing whether an Arrangment contain	Effect from accounting period beginning on or after July 01, 2009
IFRIC-12 Services concession arrangements	Effect from accounting period beginning on or after July 01, 2009
IFRIC-13 Customer loyalty programmes	Effect from accounting period beginning on or after January 01, 2009
IFRIC-14 The limit on defined benefit asset, minimum funding requirments and their interaction (Amendments)	Effect from accounting period beginning on or after July 01, 2009
IFRIC-15 Accounting for agreements for the construction of real estate	Effect from accounting period beginning on or after January 01, 2009
IFRIC-16 Hedges of net investment in a foreign operation	Effect from accounting period beginning on or after January 01, 2009
IFRIC-17 Distribution of non-cash assets to owners	Effect from accounting period beginning on or after July 01, 2009
IFRIC-18 Transfer of Assets from Customer	Effect from accounting period beginning on or after July 01, 2009

The company expects that the adoption of the above standards, amendments and interpretations will have no impact on its Financial Statements except disclosures.

3.5 *Provisions:*

Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.6 *Property, plant & equipment and depreciation:*

3.6.1 *Owned*

Operating fixed assets except freehold land are stated at cost less accumulated depreciation. Freehold land and capital stores are stated at cost.

Depreciation is charged to income applying the diminishing balance method except leasehold land on which depreciation is charged to income applying the straight line method. Depreciation on additions during the year is charged at half the applicable rate while no depreciation is charged on deletions during the year. Gains and losses on disposal of assets are included in income currently.Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

3.7 *Long term investments:*

Available for sale

Long term investments are classified as "Available for Sale" which represent investments which are not held for trading. All investments are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, for investments traded in active market, fair value is determined by reference to quoted market price.

Any gain or loss from a change in the fair value of investments available for sale is recognised directly in equity as unrealised, unless sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously recognised in equity is included in the profit and loss account for the year.

3.8 *Stores, spare parts and loose tools:*

These are valued at average cost except items in transit which are stated at invoice value plus other charges paid thereon. Obsolete and used items are recorded at nil value. Value of items are reviewed at each balance sheet date to record provision for any slow moving.

3.9 *Stock-in-trade:*

Stock-in-trade is valued at the lower of annual average cost and net realisable value except goods in transit which are stated at invoice values plus other charges paid thereon. Average cost in relation to semi-finished and finished goods represents direct cost of materials, direct wages and appropriate manufacturing overheads.

Raw materials are valued at lower of weighted average cost and net realisable value.

Net realisable value signifies the selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale. Obsolete items are recorded at nil value. Provision is made for slow moving stocks where necessary.

3.10 *Trade debts:*

Trade debts are stated at original invoice amount except export receivables are translated into Pak Rupee at the rates ruling on the balance sheet date or as fixed under contractual agreements. Provision for debts considered to be doubtful is reviewed on each balance sheet date. Bad debts are written off when identified.

3.11 *Impairment:*

The carrying amounts of the Company's assets except for inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets' recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in profit and loss account.

3.12 *Foreign currency translation:*

All assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currency are translated into rupees at the rate of exchange prevailing at the date of transaction. Exchange gains and losses are included in income currently.

3.13 *Revenue recognition:*

Sale of goods and services are recognised on despatch of goods or on the performance of services.Dividend from Investments available for sale are recorded when right to receive has been established. Returns on deposits are recognised on accrual basis.

3.14 *Trade and other payables*

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

3.15 *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 balances with banks on current accounts and short term running finances under mark-up arrangements.

3.16 *Borrowings*

Borrowings are recognised initially at fair value, net of transaction cost incurred and are subsequently stated at amortised cost.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of borrowings using the effective interest method.

3.17 *Related Party Transactions:*

The Company Enters into the related party transactions, if any, at arm's length prices determined in accordance with Comparable uncontrolled price method.

3.18 *Financial assets and liabilities:*

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

3.19 *Borrowing Costs:*

Borrowing costs are recognised as expense in the period in which they are incurred except to the extant that they are directly attributable to the assets acquired from the proceeds of such borrowings are capitalized up to the date of commissioning of respective fixed asset acquired.

3.20 *Off setting*

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

3.21 *Dividend and appropriation to reserves:*

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.22 *Provisions:*

Provisions are recognized when the company has a present obligation legal or constructive as a result of post event and it is probable that a out folow of recourse will be required to settle the obligation and reliable estimate of the amount can be made.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:

2009	2008		2009	2008
Number of Shares			Rupees	Rupees
4,119,366	4,119,366	ordinary shares of Rs. 10 each allotted for consideration paid in cash	41,193,660	41,193,660
6,506,486	6,506,486	ordinary shares of Rs. 10 each allotted as fully paid bonus shares	65,064,860	65,064,860
10,625,852	10,625,852		106,258,520	106,258,520

Reserves

	2009	2008
Capital reserve - note 5.1	33,857,517	33,857,517
Unrealised gain on long-term investments	446,405	901,478
Reserves-revenue - note 5.2	292,142,483	292,142,483
Accumulated loss	(47,907,047)	(35,755,663)
	244,235,436	256,386,820
	278,539,358	291,145,815

5.1 This represents appropriation of Profit in past year against Share premium

5.2 This represents appropriation of Profit in past year to meet future exigency

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
6. LONG TERM LOANS: (Secured)			
Long term finances utilized under mark-up arrangments from banking companies are as under			
Habib Metropolitan Bank Limited			
Long Term Finance - Export Oriented projects (LTF - EOP) I	6.1	33,858,000	42,326,000
Habib Metropolitan Bank Limited LTF-EOP II	6.2	64,901,000	81,127,000
Habib Metropolitan Bank Limited - Term Finance I	6.3	15,555,558	24,444,446
Habib Metropolitan Bank Limited - Term Finance II	6.4	9,257,712	15,429,516
Habib Metropolitan Bank Limited-Term Finance III	6.5	225,000,000	55,000,000
		348,572,270	218,326,962
Less Current maturity of long-term loan finance	11	99,754,692	84,448,692
		248,817,578	133,878,270

6.1 The above financing facility is secured against the equtable mortgage over property of factory in the Landhi Industrial Area, karachi. The charge over property and machinery is registered.The markup on these facilities is charged as per SBP rate + 2% bank rate. The principal amount is repayable in 14 quarterly installments of Rs. 4.234 million in each quarter. Markup is charged on quarterly basis. During the year the State bank of Pakistan allows a grace period of one year on LTF - EOP financing scheme.

6.2 The above financing facility is secured against the equtable mortgage over property of factory in the Landhi Industrial Area, karachi. The charge over property and machinery is registered. The markup on these facilities is charged as per SBP rate + 2% bank rate. The principal amount is repayable in 14 quarterly installments of Rs. 8.113 million in each quarter. Markup is charged on quarterly basis. During the year the State bank of Pakistan allows a grace period of one year on LTF - EOP financing scheme.

6.3 The above financing facility is secured against the equtable mortgage over property of factory in the Landhi Industrial Area, karachi. The charge over property and machinery is registered. The markup on these facilities is charged as per 3 months KIBOR + 2%. The principal amount is repayable in 15 quarterly installments of Rs. 2.222 million in each quarter. Markup is charged on quarterly basis.

6.4 The above financing facility is secured against the equtable mortgage over property of factory in the Landhi Industrial Area, karachi. The charge over property and machinery is registered. The markup on these facilities is charged as per 3 months KIBOR + 2%. The principal amount is repayable in 15 quarterly installments of Rs. 1.543 million in each quarter. Markup is charged on quarterly basis.

6.5 The above financing facility is secured against the equtable mortgage over property of factory in the Landhi Industrial Area, karachi. The charge over property and machinery is registered. The markup on these facilities is charged as per 3 months KIBOR + 3%. The principal amount is repayable in 52 monthly installments of Rs. 5 million in each month. Markup is charged on quarterly basis.

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
7. DEFERRED LIABILITIES:			
Staff gratuity	7.1	11,636,140	11,058,360
Deferred taxation	7.2	16,681,515	-
		28,317,655	11,058,360
7.1 Staff gratuity:			
Present value of defined benefit obligation		12,768,946	13,410,028
Unrecognised actuarial losses/gains		(1,132,806)	(2,351,668)
Net liability at the end of the year		11,636,140	11,058,360
Net liability at the beginning of the year		11,058,360	13,410,028
Charge for the year		1,619,897	672,358
		12,678,257	14,082,386
Benefits paid during the year		1,042,117	3,024,026
Net liability at the end of the year		11,636,140	11,058,360

7.1.1 Following significant assumptions have been made for the purpose of actuarial valuation:

- Expected rate of increase in salary	13% p.a.
- Discount rate	13% p.a.
- Mortality rate	EFU 61-66 mortality table
- Withdrawal rate	Age dependant

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
7.2 Deferred taxation:			
Credit balance arising due to:			
- accrelated tax depreciation allowance		17,778,113	-
- Provision for staff gratuity		(566,964)	-
- Provision for slow moving items		(529,634)	-
Net deferred tax		16,681,515	-
8. TRADE AND OTHER PAYABLES:			
Trade Creditors		143,146,978	484,839,721
Accrued liabilities		13,658,012	11,814,127
Advances from customer			
Local		99,622,649	69,043,808
Foreign		15,551,694	-
		115,174,343	69,043,808
Workers profit participation fund	8.1	733,470	-
Unclaimed dividend		44,129,418	44,129,418
		316,842,221	609,827,074

		Note	June 30, 2009 Rupees	June 30, 2008 Rupees
8.1	**Workers' Profit Participation Fund**			
	The movement in provision is as follows:			
	Balance at the beginning of the year		-	-
	Add: Charge for the year		733,470	-
	Balance at the end of the year		733,470	-
9.	**ACCRUED MARK-UP:**			
	Local Currency			
	Mark-up accrued on long term loans		12,126,538	5,101,806
	Mark-up accrued on short term borrowings		23,198,456	6,975,579
			35,324,994	12,077,385
	Foreign Currency			
	Mark-up accrued on short term borrowings		166,238	160,952
			35,491,232	12,238,337
10.	SHORT-TERM BORROWINGS: -			
	Secured:			
	From banking companies			
	In local currency:			
	Running finance - under mark up arrangements	10.1	165,162,349	174,096,353
	Export Refinance - preshipment	10.2	461,000,000	461,000,000
	Finance against foreign bills	10.3	263,984,000	65,873,000
			890,146,349	700,969,353
	In foreign currency:			
	Commercial loan	10.4	9,536,786	6,875,333
			899,683,135	707,844,686

10.1 Short term running finances are secured by hypothecation of stock / receivables duly insured with usual Bank mortgage clause markup is paid on quarterly basis at the rate of 3 months KIBOR + 2%. The expiry of above finance is 31.03.2010

10.2 Export refinance preshipment is secured by receivables and lien on export documents.Markup is paid at the State Bank of Pakistan rate + 1% bank rate.The expiry of above finance is 31.03.2010

10.3 Finance against foreign bills is secured by export documents.Markup is paid at the rate of 3 months KIBOR+2%.The expiry of above finance is 31.03.2010

10.4 This represents outstanding balance against foreign currency finance equivalent to Rs.9.536 million Markup is paid quarterly @ BASE for US$ 9.5% + 0.75% per annum.

10.5 The aggregate amount of the financing facilities availed as at the balance sheet date were Rs. 899,683,135 against the financing facilities approved by the bank amounting to Rs. 1,038,750,000.

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
11. CURRENT MATURITY OF LONG-TERM LOANS:			
Long-term loans utilised under markup arrangement		99,754,692	84,448,692
		99,754,692	84,448,692

12. CONTINGENCIES AND COMMITMENTS

Contingencies:

The Company has no contingent liabilities in respect of any legal claims in the ordinary course of business.

Commitments:

Bank guarantee outstanding amounting to Rs. 55,317,770 (2008:55,317,770) in favour of Karachi Electric Supply Corporation & Sui Southeran Gas Company Limited.

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Gross carrying value basis for the year 2009:

	COST			DEPRECIATION			Net book value as at June 30, 2009	Annual rate of deprecia-tion %
	As at July 1, 2008	Additions/ (deletions)	As at June 2009	As at July 1, 2008	For the year (deletions)	As at June 30, 2009		
	Rupees							
Freehold land	5,791,867	-	5,791,867	-	-	-	5,791,867	
Leasehold land	23,538,355	-	23,538,355	2,197,598	235,384	2,432,982	21,105,373	1
Buildings on leasehold land	98,198,625	31,144,089	129,342,714	44,627,634	3,457,152	48,084,786	81,257,928	5
Plant, machinery and ancillary equipments	1,072,256,746	14,871,515 (82,695,449)	1,004,432,812	696,575,803	52,234,266	677,165,730	327,267,082	10-15
Furniture, fixture and office equipments	13,302,676	-	13,302,676	9,294,462	501,603	9,796,065	3,506,611	6-15
Vehicles	18,563,302	-	18,563,302	13,671,046	986,869	14,657,915	3,905,387	20-25
Total 2009	**1,231,651,571**	**46,015,604**	**1,194,971,726**	**766,366,543**	**57,415,274 (71,644,339)**	**752,137,478**	**442,834,248**	

13.2 Gross carrying value basis for the year 2008:

	COST			DEPRECIATION			Net book value as at June 30, 2009	Annual rate of deprecia-tion %
	As at July 1, 2007	Additions/ (deletions)	As at June 2008	As at July 1, 2007	For the year (deletions)	As at June 30, 2008		
	Rupees							
Freehold land	5,791,867	-	5,791,867	-	-	-	5,791,867	
Leasehold land	23,538,355	-	23,538,355	1,962,214	235,384	2,197,598	21,340,757	1
Buildings on leasehold land	98,198,625	-	98,198,625	41,808,108	2,819,526	44,627,634	53,570,991	5
Plant, machinery and ancillary equipments	1,042,296,485	29,960,261	1,072,256,746	654,802,333	41,773,470	696,575,803	375,680,943	10-15
Furniture, fixture and office equipments	13,220,376	82,300	13,302,676	8,726,220	568,242	9,294,462	4,008,214	6-15
Vehicles	18,544,167	859,135 (840,000)	18,563,302	12,994,272	1,129,702	14,123,974	4,439,328	20-25
Total 2008	**1,201,589,875**	**30,061,696**	**1,231,651,571**	**720,293,147**	**46,526,324 (452,928)**	**766,366,543**	**465,285,028**	

13.3 Net carrying value basis for the year 2009:

	Net Book Valve as at July 1, 2008	Additions at Cost	Net Book Valve Deletions	Depreciation charge	Net Book Valve as at June 30, 2009
	Rupees				
Freehold land	5,791,867	-	-	-	5,791,867
Leasehold land	21,340,757	-	-	235,384	21,105,373
Buildings on leasehold land	53,570,991	31,144,089	-	3,457,152	81,257,928
Plant, machinery and ancillary equipments	375,680,943	14,871,515	11,051,110	52,234,266	327,267,082
Furniture, fixture and office equipments	4,008,214	-	-	501,603	3,506,611
Vehicles	4,892,256	-	-	986,869	3,905,387
Total 2009	**465,285,028**	**46,015,604**	**11,051,110**	**57,415,274**	**442,834,248**

13.4 Net carrying value basis for the year 2008:

	Net Book Valve as at July 1, 2007	Additions at Cost	Net Book Valve Deletions	Depreciation charge	Net Book Valve as at June 30, 2008
	Rupees				
Freehold land	5,791,867	-	-	-	5,791,867
Leasehold land	21,576,141	-	-	235,384	21,340,757
Buildings on leasehold land	56,390,517	-	-	2,819,526	53,570,991
Plant, machinery and ancillary equipments	387,494,152	29,960,261	-	41,773,470	375,680,943
Furniture, fixture and office equipments	4,494,156	82,300	-	568,242	4,008,214
Vehicles	5,549,895	859,135	387,072	1,129,702	4,892,256
Total 2008	**481,296,728**	**30,901,696**	**387,072**	**46,526,324**	**465,285,028**

13.5 Deletions of property, plant and equipment during the year:

	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Mode of Disposal	Particulars
	Rupees					
Machinery	5,912,492	5,205,744	706,748	976,000	Tender	Abdul Majeed Sons D-126 Bawany Challi S.I.T.E. Karachi.
Machinery	62,740,789	54,074,953	8,665,836	9,665,000	Tender	Masoor Alam H.No.136,Area-F,Korangi No.5 Karachi.
Machinery	14,042,168	12,363,642	1,678,526	2,318,000	Tender	Muhammad Anwar
2009	**82,695,449**	**71,644,339**	**11,051,110**	**12,959,000**		
Vehicles	840,000	452,928	387,072	450,000		
2008	**840,000**	**452,928**	**387,072**	**450,000**		

	June 30, 2009 Rupees	June 30, 2008 Rupees
13.6 The allocation of depreciation is as follows:		
Cost of Sales	55,932,289	44,828,376
Administrative expenses	1,482,985	1,697,948
	57,415,274	46,526,324

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
14. DEFERRED TAX			
(Debit)/credit balance arising due to:			
- accumulated tax losses		-	(8,431,849)
- staff gratuity		-	(272,091)
- accelerated tax depreciation		-	6,377,901
Net deferred tax		-	(2,326,039)
15. LONG-TERM INVESTMENTS - Available for sale			
Quoted Companies - fair value			
Pakistan Tobacco Company Limited 5,138 (2008: 5,138) ordinary shares of Rs. 10 each		226,843	601,146
Dawood Lawrencepur Limited 2,329 (2008: 2,329) ordinary shares of Rs. 10 each		249,086	329,856
		475,929	931,002

15.1 These Investments are shown at fair values being market values as against cost of Rs. 29,525 (2008: Rs. 29,525).

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
16. LONG TERM DEPOSITS			
Trade Deposits in statutory authorities - export		684,481	684,481
Security deposits		3,902,627	4,687,509
Margin deposit on bank guarantee		4,726,573	4,601,118
		9,313,681	9,973,108
17 STORES, SPARE PARTS AND LOOSE TOOLS:			
Stores		42,776,083	40,117,206
Spare parts and loose tools		10,545,120	9,479,872
		53,321,203	49,597,078
Less: Provision for obsolete and slow moving items	17.1	1,513,241	-
		51,807,962	49,597,078
17.1 The movement in provision is as follows:			
Balance at the beginning of the year		-	-
Add: Charge during the year		1,513,241	-
Balance at the end of the year		1,513,241	-

		Note	June 30, 2009 Rupees	June 30, 2008 Rupees
18.	**STOCK-IN-TRADE**			
	Raw materials		9,358,580	12,929,263
	Semi-finished goods		374,703,120	465,379,729
	Finished goods		413,755,577	323,072,188
			788,458,697	788,451,917
			797,817,277	801,381,180
19.	**TRADE DEBTS**			
	Considered good			
	Export (Secured - by way of letter of credit)		273,171,929	191,247,664
	Local (Un-Secured)		340,888,279	363,292,799
			614,060,208	554,540,463
20.	**LOANS & ADVANCES: secured**			
	Considered good - Interest free			
	Loans			
	- to executive	20.1	370,000	-
	- to employees other than executives	20.1	2,459,221	1,708,858
	- to contractors	20.2	188,273	181,443
			3,017,494	1,890,301
	Advances			
	- against expenses		1,154,394	227,371
	- to employees	20.1	1,704,478	326,800
	- to contractors	20.2	3,150,000	-
	- to suppliers		40,224,629	36,464,193
	- against equipment	20.3	1,441,441	-
			47,674,942	37,018,364
			50,692,436	38,908,665

20.1 Loans and advances to employees have been given for the purchase of household equipment and housing assistance in acordance with the terms of employement and are repayable in monthly installment and for a period of not more than twelve months. These are secured against the outstanding balance of gratuity, end of service dues and guarantees by two other employees.

20.2 Loans and advances to contractors are secured against the outstanding bills of the contractors and guarantees by the two other employees of the Company.

20.3 These are secured against the letter of credit.

20.4 The maximum aggregate amount due from the executive at the end of any month was Rs. 370,000 (2008: Nil)

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
21. TRADE DEPOSITS & SHORT TERM PREPAYMENTS:			
Trade Deposits in statutory authorities - export		699,488	47,171
Other deposits		825,628	85,928
Short Term Prepayments		812,108	784,108
		2,337,224	917,207
22. OTHER RECEIVABLES: (considered good)			
Receivable from government authority		6,247,707	119,409
Insurance claim receivable		1,808,122	1,812,982
Fair price shop		490,373	691,236
Others		4,950,192	5,542,025
		13,496,394	8,165,652
23. TAX REFUND DUE FROM GOVERNMENT:			
Duty drawback		6,133,306	4,699,737
Sales tax		21,811,540	16,469,107
Export quota premium		7,190,063	7,190,062
Research and development		4,045,593	2,460,010
Income Tax compensation		3,692,549	3,692,549
		42,873,051	34,511,465
24. CASH AND BANK BALANCES:			
Cash in hand		26,653	-
Cash at bank in current account			
- in local currency		1,209,173	4,166,598
- in foreign currency		70,191	70,244
		1,279,364	4,236,842
		1,306,017	4,236,842
25. SALES:			
Local		241,911,649	468,003,675
Exports			
Direct export		678,635,999	450,792,027
Indirect export		468,582,023	167,128,254
		1,147,218,022	617,920,281
Add: Duty drawback		6,143,595	3,523,379
		1,395,273,266	1,089,447,335

25.1 Export sales include net exchange gain amounting to Rs.9,533,644 (2008: Rs. 31,796,865).

		Note	June 30, 2009 Rupees	June 30, 2008 Rupees
26.	**COST OF SALES:**			
	Opening stock of semi-finished and finished.goods		788,451,917	786,768,403
	Raw materials consumed	26.1	718,538,703	521,115,187
	Processing charges		24,790,073	29,252,770
	Fuel and power		183,049,314	140,904,495
	Salaries, wages and allowances		98,012,575	114,619,396
	Staff benefits	26.2	9,881,352	13,127,996
	Store and spare parts consumed		61,534,338	60,538,190
	Repairs and maintenance		10,256,607	13,057,865
	Insurance		5,458,876	3,625,802
	Depreciation	13.6	55,932,288	44,828,376
			1,955,906,043	1,727,838,480
	Closing stock of semi-finished and finished goods		(788,458,697)	(788,451,917)
			1,167,447,346	939,386,563
26.1.	**RAW MATERIALS CONSUMED:**			
	Opening stock		12,929,263	11,710,993
	Purchases		714,968,020	522,333,457
			727,897,283	534,044,450
	Closing stock		(9,358,580)	(12,929,263)
			718,538,703	521,115,187

26.2 This includes Rs.392,615 (2008: Rs. 1,065,661) in respect of staff retirement benefits.

26.3 The break-up of cost of sales attributable to sales is as follows:

	2009 Rupees	2008 Rupees
Local	662,123,067	487,736,528
Export	505,324,279	451,650,035
	1,167,447,346	939,386,563

27. SELLING & DISTRIBUTION COST:

	2009 Rupees	2008 Rupees
Carriage and transport	5,056,726	5,054,947
Export expenses including shipping and other charges	6,344,567	6,854,268
Commission	5,373,192	10,819,355
Freight and Insurance	8,649,984	8,703,595
Advertisement and subscriptions	820,411	455,548
Professional charges	656,846	634,700
Other expenses	542,914	232,075
	27,444,640	32,754,488

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
28. ADMINISTRATIVE EXPENSES:			
Staff salaries, wages and allowances		12,223,100	12,323,988
Staff benefits	28.1	1,737,999	406,036
Rent, rates and taxes		1,321,322	889,439
Travelling and conveyance		4,056,311	4,259,723
Stationery, postage and telephone		2,597,565	2,503,016
Depreciation	13.6	1,482,985	1,697,948
Insurance		845,148	454,895
Legal & professional charges		485,800	410,200
Directors' fees		11,500	10,500
Auditors' remuneration	28.2	633,700	216,000
Provision for slow moving/obsolete items		1,513,241	-
		26,908,671	23,171,745

28.1 This includes Rs.1,227,282 (2008: Rs.393,303) in respect of staff retirement benefits.

		June 30, 2009 Rupees	June 30, 2008 Rupees
28.2 AUDITORS' REMUNERATION:			
Audit fee		500,000	125,000
Half yearly review		75,000	40,000
Corporate governence review		20,000	10,000
Out of pocket expenses		31,200	41,000
Others		7,500	-
		633,700	216,000
29 FINANCE COST:			
Mark-up on short term borrowings in local currency		112,217,083	81,107,976
Mark-up on short term borrowings in foreign currency		647,502	505,060
Mark-up on long term loans in local currency		42,298,712	23,770,346
Bank charges		5,688,745	5,249,512
		160,852,042	110,632,894
30 OTHER OPERATING EXPENSES:			
Workers' profit participation fund		733,470	-
Workers' welfare fund		293,388	-
		1,026,858	-

		Note	June 30, 2009 Rupees	June 30, 2008 Rupees
31	**OTHER INCOME:**			
	Income from financial assets			
	Dividend		29,544	25,433
	Income from assets other than financial assets			
	Profit on disposal of property, plant & equipment	13.5	1,907,890	62,928
	Income from others			
	Miscellaneous		111,387	110,081
			2,048,821	198,442
32	**Taxation**			
	Current		6,786,360	6,800,000
	Deferred - current		16,681,515	(5,022,588)
	Deferred - prior		2,326,039	-
			25,793,914	1,777,412
32.1	**Relationship between tax expenses and accounting loss**			
	Accounting Profit / (loss)		13,642,530	(16,299,913)
	Income tax at the applicable tax rate of 35% (2008: 35%)		4,774,886	(5,704,970)
	Tax effect of expenses that are not deductible in determining taxable profit		1,096,598	1,324,747
	Tax charge - turnover/presumptive		6,786,360	6,800,000
	Adjustment attributable to presumptive tax, lower tax rates and other tax credits		13,136,070	(642,365)
			25,793,914	1,777,412

33 EARNINGS PER SHARE: BASIC & DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	June 30, 2009	June 30, 2008
Loss after taxation	(12,151,384)	(18,077,325)
	(Number of shares)	
Weighted average number of Ordinary shares	10,625,852	10,625,852
	(Rupees)	
Loss per share - Basic & diluted	(1.14)	(1.70)

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
34 CASH GENERATED FROM OPERATIONS:			
Profit / (loss)before taxation		13,642,530	(16,299,913)
Adjustment for non cash charges and other items:			
Depreciation		57,415,273	46,526,324
Profit on disposal of fixed assets		(1,907,890)	(62,928)
Provision for staff gratuity		1,619,897	672,358
Dividend income		(29,544)	(25,433)
Financial charges		160,852,042	110,632,894
Working capital changes	34.1	(378,077,248)	87,932,929
		(160,127,470)	245,676,144
		(146,484,940)	229,376,231

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
34.1 Working Capital Changes			
(Increase)/decrease in current assets			
Stores, spares and loose tools		(2,210,884)	(5,533,644)
Stock-in-trade		3,563,903	(1,317,784)
Trade debts		(59,519,745)	(16,134,429)
Loans, advances		(11,783,771)	(144,334)
Trade deposits and short term prepayments		(1,420,017)	(393,030)
Other receivables		(5,330,742)	6,492,163
Refunds due from government		(8,361,586)	-
		(85,062,842)	(17,031,058)
Increase/(decrease) in current liabilities			
Trade and other payables (net)		(293,014,406)	104,963,987
		(378,077,248)	87,932,929

35 CASH AND CASH EQUIVALENTS:

Cash and cash equivalents comprise of the following items as included in the balance sheet:

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
Cash and bank balances	24	1,306,017	4,236,842
Short-term borrowings	10	(165,162,349)	(174,096,353)
		(163,856,332)	(169,859,511)

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES & TRANSACTIONS WITH RELATED PARTIES:

36.1 The aggregate amounts charged in the accounts for the year, for remuneration including benefits, to the Chief Executive, Directors and Executives of the Company were as follows:

	2009			2008		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees			Rupees		
Fees	-	11,500	-	-	10,500	-
Managerial remuneration	268,765		1,227,600	268,765	-	1,227,600
Housing	96,000		1,184,355	96,000	-	1,184,355
Utilities	345,740		1,490,790	345,740	-	1,490,790
	710,505	11,500	3,902,745	710,505	10,500	3,902,745
Number	1	6	5	1	6	5

In addition, the Chief Executive and Directors are provided with free use of the Company's cars.

36.2 TRANSACTIONS WITH RELATED PARTIES:

There are no transactions with related parties. Furthermore, there are no transactions with key management personnels other than under the terms of employeement as disclosed in note 36.1 and 20.1.

37 FINANCIAL INSTRUMENTS AND DISCLOSURE:

I Financial Assets and Liabilities:

	Interest/Mark-up/Profit Bearing			Non-Interest/Non Mark-up/Profit Bearing				
	Maturity upto one year	Maturity after one year	Subtotal	Maturity upto one year	Maturity after one year	Subtotal	Total	Effective Rate of Interest/ Mark-up rate
	2009							
	Rupees							
Financial Assets								
Investments	-	-	-	-	475,929	475,929	475,929	-
Deposits	-	-	-	1,525,116	9,313,681	10,838,797	10,838,797	-
Trade debts	-	-	-	614,060,208	-	614,060,208	614,060,208	-
Loans & Advances	-	-	-	50,692,436	-	50,692,436	50,692,436	-
Other Receivables	-	-	-	490,373	-	490,373	490,373	-
Tax refunds due from government	-	-	-	42,873,051	-	-	42,873,051	-
Cash and bank balances	-	-	-	1,306,017	-	1,306,017	1,306,017	-
	-	-	-	95,361,877	-	666,549,034	709,422,085	
Financial Liabilities								
Long term finance	248,817,578	99,754,692	348,572,270	-	-	-	348,572,270	7% to
Short term borrowings	899,683,135	-	899,683,135	-	-	-	899,683,135	3 Months KIBOR + 1%
Trade and Other payables	733,470	-	-	316,108,751	-	316,108,751	316,108,751	-
Accrued Mark-up	-	-	-	35,491,232	-	35,491,232	35,491,232	-
	1,148,500,713	99,754,692	1,248,255,405	351,599,983	-	351,599,983	1,599,855,388	

II Financial Assets and Liabilities:

	Interest/Mark-up/Profit Bearing			Non-Interest/Non Mark-up/Profit Bearing				
	Maturity upto one year	Maturity after one year	Subtotal	Maturity upto one year	Maturity after one year	Subtotal	Total	Effective Rate of Interest/ Mark-up rate
	2008							
	Rupees							
Financial Assets								
Investments	-	-	-	-	931,002	931,002	931,002	-
Deposits	-	-	-	133,099	9,973,108	10,106,207	10,106,207	-
Trade debts	-	-	-	554,540,463	-	554,540,463	554,540,463	-
Loans & Advances	-	-	-	38,908,665	-	38,908,665	38,908,665	-
Other Receivables	-	-	-	691,236	-	691,236	691,236	-
Tax refunds due from government	-	-	-	34,511,465	-	-	34,511,465	
Cash and bank balances	-	-	-	4,236,842	-	4,236,842	4,236,842	-
	-	-	-	598,510,305	10,904,110	11,037,209	643,925,880	
Financial Liabilities								
Long term finance	133,878,270	84,448,692	218,326,962	-	-	-	218,326,962	7% to
Short term borrowings	707,844,686	-	707,844,686	-	-	-	707,844,686	12.75%
Trade and Other payables	-	-	-	609,827,074	-	609,827,074	609,827,074	-
Accrued Mark-up	-	-	-	12,238,337	-	12,238,337	12,238,337	-
	841,722,956	84,448,692	926,171,648	622,065,411	-	622,065,411	1,548,237,059	

37.1 Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

Risk Management is carried out under policies and principles approved by the Board. All treasury related transactions are carried out within the parameters of these policies and principles.

37.2 Market risks

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The company manages market risk as follows:

a Foreign exchange risk management

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange.

The Company's exposure denominated in foreign currency is given below:

	June 30, 2009 Rupees	June 30, 2008 Rupees
Trade debts	273,171,929	191,247,664
Advance from customers	15,551,694	-
Bank Balances	70,191	70,244
Short term borrowings	9,536,786	6,875,333
Markup there on	166,238	160,952

The Company exposed to foreign exchange risk arising from currency value fluctuations primarily with respect to the United States Dollar (US$), Euro, Pounds and Canadian Dollar (C$) currently, the Company's foreign exchange risk exposure in relation to foreign trade transactions.

b **Price risk**

Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is presently not exposed to any significant price risk.

The Company is exposed to price risk from its operating and certain other activities and the Company's price risk exposures are evaluated under the following headings:

* **FOR PURCHASES**

i **Cotton**

If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 850,000 (2008: 950,000) higher/lower.

ii **Cotton Yarn**

If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 1,075,000 (2008: 1,275,000) higher/lower.

iii **Polyester Yarn**

If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 75,000 (2008: 75,000) higher/lower.

iv **Polystaple Fibre**

If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 4,000,000 (2008: 2,700,000) higher/lower.

v **Polyester Cloth**

If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 638,000 (2008: 258,000) higher/lower.

vi **Cotton Cloth**

If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 611,000 (2008: 122,000) higher/lower.

vii **Furnance oil**
If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 10,000 (2008: 10,000) higher/lower.

viii **Fuel and Power**
If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 1,830,493 (2008: 1,409,045) higher/lower.

* FOR SALES - LOCAL

i **Yarn**
If the price is fluctuated by + 1 % with all other variables held constant,.profit after tax for the year would have been Rs. 6,580,000 (2008: 5,900,000) higher/lower.

ii **Cloth - Cotton**
If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 47,000 (2008: 12,500) higher/lower.

iii **Cutting Range & Rags**
If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs.7,002 (2008: 2,323) higher/lower.

iv **Cotton Softwaste**
If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 3,648 (2008: 2,342) higher/lower.

v **Polyester Cotton Softwaste**
If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs.3,779 (2008: 4,020) higher/lower.

vi **Services-Pritning**
If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 15,637 (2008:12,462) higher/lower.

vii **Services-Dyeing**
If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 12,244 (2008: 3,578) higher/lower.

* FOR SALES - EXPORT

i **Textile Madeups**
If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 6,470,000 (2008: 3,760,000) higher/lower.

ii **ReadyMade Garment**
If the price is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 380,000 (2008: 780,000) higher/lower.

c **Interest / markup rate risk management**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in the interest / markup rates. The Company has long term finance and short term borrowings at fixed and variable rates. The Company is exposed to interest / markup rate risk on long term financing and short term borrowings.

Financial assets include balances of Rs.Nil (2008:Nil) which are subject to interest rate risk.Financial liabilities include balances of Rs. 1,248,255,405 (2008:926,171,648) which are subject to interest rate risk. Applicable interest rates for liabilities are given in respective notes.

Financial Liabilities:

If interest rate is fluctuated by + 1 % with all other variables held constant, profit after tax for the year would have been Rs. 1,551,633 (2008: 1,053,833) higher/lower.

37.3 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk interalia by setting out credit limits in relation to individual customers and / or by obtaining advance against sales and / or through letter of credits and/or by making providing for against doubtful debts. Also the company doesn't have significant exposure in relation to individual customer. Consequently the company believes that it is not exposed to any major concentration of credit risk.

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

37.3.1 Trade debts

Trade debts are essentially due from local and foreign companies and the company does not expect that these companies will fail to meet their obligations.

37.3.2 Bank Balances

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

37.3.3 Exposure to credit risk:

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

	June 30, 2009 Rupees	June 30, 2008 Rupees
Long term Investments	475,929	931,002
Long Term Deposits	9,313,681	9,973,108
Trade debts	614,060,208	554,540,463
Loans & Advances	50,692,436	38,908,665
Trade Deposits	2,337,224	917,207
Other Receivables	13,496,394	8,165,652
Tax refunds due from government	42,873,051	34,511,645
Bank balances	1,279,364	4,236,842

A **Financial Assets That Are Neither Past Due nor Impaired**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information and external ratings or to historical about counter party default rates:

		June 30, 2009 Rupees	June 30, 2008 Rupees
i	Long term deposits Customer with no default in the past one year	9,313,681	9,973,108
ii	Trade debts Customer with no default in the past one year	614,060,208	554,540,463
iii	Loans and advances Customer with no default in the past one year	50,692,436	38,908,665
iv	Trade deposits Customer with no default in the past one year	2,337,224	917,207
v	Other receivables Customer with no default in the past one year	13,496,394	8,165,652
vi	Tax refund due from government Customer with no default in the past one year	42,873,051	34,511,465
vii	Bank Balances Customer with no default in the past one year	1,279,364	4,236,842

B **Financial Assets That Are Either Past Due or Impaired**

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical about counter party default rates:

i **Long term Investments**

The impirment of long term investments at the reporting date was:

Opening Balance	931,002	977,964
Less:Impirment (as disclosed in changes in equity)	455,073	46,962
	475,929	931,002

37.4 **Liquidity risk**

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At June 30, 2009, the Company has Rs. 1,038,750,000 available borrowing limit from financial institution.Unutilized borrowing facilities of Rs. 899,683,135 and also has Rs. 1,279,364 being balances at banks. Based on the above, management believes the liquidity risk to be insignificant.

37.5 Fair value of Financial instruments

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

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values except those which are described in respective policy notes.

37.6 Capital risk management

The primary objective of the Company when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During the year the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2009 and 2008 were as follows:

	June 30, 2009 Rupees	June 30, 2008 Rupees
Total borrowings	899,683,135	707,844,686
Less : cash and bank balances	1,306,656	4,236,842
Net debt	898,376,479	703,607,844
Total equity	384,797,878	397,404,335
Capital Gearing ratio	42.83%	56.48%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

38 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS:

The preparation of Financial Statements in conformity with approved accounting standards requires the use of certain critical accounting estimates.

It also requires management to exercise its judgment in the process of applying the company's accounting policies.
Estimates and judgments are continually evaluat and are based on historic experience and other factors, including expectations of fu events that are believed to be reasonable under the circumstances. Revision to accounting estimate is recognized in the year in which the estimate is revised and in any future year efffected.

In the process of applying the company's accounting policies, management has made the estimates and judgment which are significant to the Financial Statements.

38.1 **Property,Plant and Equipment :**
The company has made certain estimation with respect to residual value, depreciation method and depreciable lives of property,plant and equipment .Further,the company reviews the value of assets for possible impairment on each financial year end.Any the estimates in future years might effect the remainning amounts of respective items property,plant and equipments with a corresponding effect on the depreciation charge and impairment.

38.2 **Income Taxes :**
In making the estimates for the income taxes payable by the Company, the management considers current income tax law and the decisions of appellate authorities on certa cases issued in past.

38.3 **Future Estimation of Export Sales:**
Deferred tax calculation has been made based on estimate of future ration of export based on past history and local sales.

38.4 **Provision of obsolescence:**
Provision of Obsolescence and slow moving spare is based on parameters set out by management.

38.5 **Contingencies:**
Contingencies are evaluated based on the element of issue involved and opinion of legal counsel.

38.6 **Stock in Trade:**
Net realizable value of stock in trade is obtained from prevailling rates and estimate of expenses to be incurred thereon.

39 CAPACITY AND PRODUCTION:

	June 30, 2009 Rupees	June 30, 2008 Rupees
39.1 Yarn		
Number of spindles installed	50,808	50,808
Number of spindles worked	39,421	41,665
Production capacity - kgs	10,444,684	10,444,684
Production of yarn after conversion into 20 count - kgs	8,213,988	7,900,679
Number of shifts worked per day	Three	Three

39.2 **Cloth**
Against the production capacity of 7,154,025 square metres of cloth, the actual production during the year (2009) was 7,693,847 (2008: 7,627,748) square metres.

The production capacity as stated above was assessed by the management.

The shortfall in production of yarn is mainly due to non-availability of qualitiy cotton.

40 **CORRESPONDING FIGURES:**
For better presentation reclassification / rearrangements made in the financial statements are as follows:

Trade and other payables

Reclassification from component	Reclassification to component	Amount
Trade and other payables		
Workers welfare fund	Accrued liabilities	3,329,824
Trade creditors	Advances from customers	1,766,880
Trade creditors - others	Advances from customers	48,955,612
Trade deposits & short term prepayments	Long term deposits	684,481
Loan to employees	Loan to contractors	181,443
Long term deposits		
Deposits	Margin deposit on bank guarantee	4,601,118
	Security deposits	4,687,509
Advances against expenses to employees	Advance against expenses	227,371
Trade deposits & short term prepayments		
Deposits	Trade deposits with statutory authorities	47,171
Other receivable	Tax refund due from government	34,511,465
Cash and bank balances		
In local currency current account	In foreign currency current account	70,244
Other operating expenses	Administrative expenses	226,500
Long term loans		
LTF - EOP	LTF - EOP II	81,127,000
TF - I/II	TF II	15,429,516
Accrued Mark up		
Markup accrued on foreign currency short term borrowings	Markup accrued on foreign currency short term borrowings	160,952
Short term borrowings		
Short term borrowings local currency	Running finance	174,096,353
	Export refinance	461,000,000
	Finance against foreign bills	95,873,000
Sales		
Direct export	Duty draw back	6,143,595
Finance cost		
Mark up on foreign and local currency term financing	Mark-up on short term borrowings in local currency	112,217,083
Mark-up on short term borrowings in foreign currency		647,502
Mark-up on long term loans in local currency		42,298,712
Bank charges	Mark-up on short term borrowings in local currency	419,200
Other operating expenses	Directors fees and Auditors' remuneration	226,500

41 **DATE OF AUTHORIZATION FOR ISSUE:**
These financial statements were authorized for issue on October 10, 2009 by the Board of Directors of the Company.

42 **GENERAL:**

42.1 Figures have been rounded off to the nearest rupees.

Aziz L. Jamal
Chairman & Chief Executive

Akhtar Wasim Dar
Director

PATTERN OF HOLDINGS OF THE SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2009

NO. OF SHAREHOLDERS	SHAREHOLDING			TOTAL SHARES HELD
530	1	to	100	11,795
222	101	to	500	56,110
49	501	to	1000	33,982
65	1001	to	5000	150,271
15	5001	to	10000	98,065
5	10001	to	15000	56,888
2	15001	to	20000	37,325
2	20001	to	25000	46,589
1	25001	to	30000	25,302
2	40001	to	45000	87,173
1	45001	to	50000	50,000
1	50001	to	55000	50,500
3	55001	to	60000	172,089
6	60001	to	65000	373,883
1	75001	to	80000	75,824
1	85001	to	90000	88,018
1	130001	to	135000	134,773
1	160001	to	165000	161,638
1	240001	to	245000	243,424
1	300001	to	305000	304,887
1	380001	to	385000	381,331
1	405001	to	410000	408,541
1	615001	to	620000	616,496
1	1220001	to	1225000	1,223,693
1	1280001	to	1285000	1,280,832
1	2185001	to	2190000	2,185,964
1	2270001	to	2275000	2,270,459
917				10,625,852

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2009

CATEGORIES OF SHAREHOLDERS	*NOS*	*2009*	*SH_HELD*		*PERTG.*
Assocated Companies Undertaking and related parties	-		-		-
NIT AND ICP	2		211		0.00
National Bank of Pakistan trustee deptt.		37		-	
Inv.Corporation of Pakistan		174		-	
CEO	1	1,272,193			11.97
Mr. Aziz.L.Jamal			1,272,193		
DIRECTOR	6		1,668,675		15.70
Mr.Rashid.L.Jamal		1,343,879		12.65	
Mr.Husein Jamal		154,489		1.45	
Mr.Ahsan Jamal		71,354		0.67	
Mr.Akhtar Wasim Dar		4,791		0.05	
Mrs. Aisha Bai Sulaman		75,824		0.71	
Miss. Hina Abdul Rashid		18,338		0.17	
EXECUTIVES	-		-		-
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS:					
Banks	6	979,444			9.22
Insurance Companies	3	867,017			8.16
Modarabas	2	42,025			0.40
Investment Companies	2	1,006,892			9.48
Business Institutions	4	1,729			0.02
Joint Stock Companies	11	106,784			1.00
Charitable Institutions	2	624,763			5.88
Abandoned Properties	1	1,560			0.01
Trade Association	1	1,839			0.02
trust	4	345,939			3.26
SHAREHOLDERS HOLDING TEN PERCENT OF MORE VOTING INTEREST IN THE COMPANY					
Husein Ebrahim Foundation	1	2,185,964			20.57
INDIVIDUALS	871	1,520,817			14.31
	917	10,625,852			100.00

ATTENDANCE AT THE BOARD MEETINGS DURING THE YEAR 2008-2009

Name of Director	Total No. of Board Meetings	No. of Meetings attended
Mr. Aziz L. Jamal	4	3
Mr. Rashid L. Jamal	4	3
Mr. Husein Jamal	4	4
Mrs. Aisha Bai Suleman	4	4
Mr. Ahsan Jamal	4	3
Mr. Akhtar Wasim Dar	4	4
Miss. Hina Abdul Rashid	4	3

HUSEIN

KEY OPERATING & FINANCIAL DATA FROM 2003-2004 TO 2008-2009

Description	July-June 2008-2009	July-June 2007-2008	July-June 2006-2007	Oct-June 2005-2006	Oct-Sep. 2004-2005	Oct-Sep. 2003-2004
Sales - Net	**1,395,273,266**	**1,089,447,335**	**1,159,056,352**	**1,028,202,043**	**908,435,563**	**1,628,588,233**
Cost of Sales	**1,167,447,346**	**939,386,563**	**996,015,808**	**905,672,410**	**776,795,011**	**1,422,830,133**
Gross Profit	**227,825,920**	**150,060,772**	**163,040,544**	**122,529,633**	**131,640,552**	**205,758,100**
Operating profit/(loss)	**173,472,609**	**(16,498,355)**	**(8,576,128)**	**(9,796,872)**	**35,361,021**	**52,512,116**
Profit/(loss) before Tax	**4,609,986**	**(16,299,913)**	**(8,395,804)**	**(8,984,278)**	**36,909,754**	**54,929,064**
(Loss)/profit After Tax	**(12,151,384)**	**(18,077,325)**	**(18,758,154)**	**1,029,925**	**21,793,889**	**48,438,793**
Paid up Capital	**106,258,520**	**106,258,520**	**106,258,520**	**106,258,520**	**106,258,520**	**106,258,520**
Current Assets	**1,574,390,569**	**1,492,943,033**	**1,476,489,928**	**1,197,447,311**	**1,292,814,889**	**1,196,272,693**
Current Liabilities	**1,365,081,316**	**1,428,432,764**	**1,320,464,279**	**1,019,323,803**	**1,354,845,081**	**1,231,102,110**
Dividend	-	-	-	-	**10,625,852**	**21,251,704**

HUSEIN

PROXY FORM

I / We ____

of____

being member(s) of Husein Industries Limited and holder(s) of ____________ ordinary shares vide

Members L.F. No. ____________ hereby appoint Mr. / Mrs. / Miss. ____________________

Members L.F. No. ____ or failing

him or her Mr. / Mrs. / Miss ______________ Members L.F. No. ____________________

as my proxy in my absence to attend and vote for me and on my behalf at the 56th Annual General Meeting of the Company to be held on October 31, 2009 and at any adjournment thereof.

As witness my hand this ______________ day of ____________2009.

Revenue Stamp

____

Signature

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

Note :

A proxy in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the meeting.

HUSEIN