2009 Annual Report

09

Fatima Group

ISO 9001:2000 SGS

Reliance Weaving Mills Ltd.

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Fawad Ahmad Mukhtar	Chairman
	Mr. Fazal Ahmad Sheikh	CEO
	Mr. Faisal Ahmad Mukhtar	
	Mr. Fahd Mukhtar	
	Mrs. Fatima Fazal	
	Mrs. Farah Faisal	
	Mr. Shahzad Aziz	(NIT Nominee)
AUDIT COMMITTEE	Mr. Fawad Ahmad Mukhtar	Chairman
	Mr. Faisal Ahmad Mukhtar	
	Mrs. Fatima Fazal	
	Mr. Basharat Hashmi	Secretary
CFO	Mr. Waheed Ahmed	
COMPANY SECRETARY	Mr. Amanullah	
AUDITORS	KPMG Taseer Hadi & Co. Chartered Accountant, Lahore	
SHARES OFFICE	Vision Consulting Ltd 3-C, LDA Flates, Lawrance Road Lahore vcl.shares@gmail.com basharat.hashmi@fatima-group.com	
BANKERS	Allied Bank Ltd Habib Bank Ltd MCB Bank Ltd Meezan Bank Ltd National Bank of Pakistan United Bank Ltd Standard Chartered Bank of Pakistan Ltd Atlas Bank Ltd Habib Metropolitan Bank Ltd Arif Habib Bank Ltd First National Bank Mudarba Company Ltd Soneri Bank Ltd Royal Bank of Scotland Dubai Islamic Bank Ltd Askari Bank Ltd Faysal Bank Ltd Bank Al-Habib KASB Bank Ltd NIB Bahk Ltd Silk Bank Ltd JS Bank Ltd	
HEAD OFFICE & REGISTERED OFFICE	2nd Floor Trust Plaza, L.M.Q. Road, Multan Tel. No: 061-4512031-32, 061-4546238 Fax No: 061-4511677, 061-4584288 e-mail: waheed.mushtaq@fatima-group.com	
WEBSITE	www.fatima-group.com	
MILLS ADDRESS (Unit # 1,2 & 4)	Fazalpur Khanewal Road Multan (Pakistan) Tel. No: 061-6740020-3 Fax No: 061-6740039 E-mail : anjum.jamil@fatima-group.com	
MILLS ADDRESS (Unit # 3)	Mukhtarabad, Chak Beli Khan Road Rawt, Rawalpindi (Pakistan) Tel. No: 051-4611579-81 Fax No: 051-4611092 E-mail: imran.malik@fatima-group.com	
CREDIT RATING	JCR VIS, Credit rating Company Ltd.	

VISION, MISSION & VALUES

VISION

To be a Company recognized for its art of Textile and best business practices.

MISSION & VALUES

The mission of company is to operate state of the art Textile plants capable of producing yarn and fabrics.

The company will conduct its operations prudently assuring customer satisfaction and will provide profits and growth to its shareholders through:

- Manufacturing of yarn and fabrics as per the customers' requirements and market demand.
- Exploring the global market with special emphasis on Europe, USA and Fareast.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

COMPANY PROFILE

Reliance Weaving Mills Ltd (RWML) incorporated on April 07, 1990 and obtained certificate of Commencement of Business on May 14,1990. Initially it has started its production as weaving unit but later it also involved in manufacturing of yarn. The principal businesses of the Company is manufacture and sale of cotton yarn and grey woven fabrics. It is one of the companies of FATIMA GROUP which is a prominent part of leading group of Pakistan.

Reliance Weaving Mills Ltd established as a Public Limited Company. The Authorized Capital of the Company is Rs.700 million which has gradually increased and at present subscribed share capital of the company stands at Rs. 308,109,370. RWML listed at Karachi & Lahore Stock Exchanges and also inducted in Central Depository Company of Pakistan (CDC) for its shares transaction procedure. The production capacity was enhanced gradually by establishing Unit # 2, 3 & 4 in different stages with annually 56.50 million meter of Grey Cloth & 11.96 million KGs of yarn (20/S count converted). This excellent performance was due to hard work and dedication of all employees and the progressive approach and support from the top management.

Over the years, the plants have demonstrated an operational excellence which has become a reference for the engineering and advisories companies whose process technologies are used here. Delegations from China and Japan keep visiting the plant site for gaining first hand knowledge for the quality of production and this practice has also been adopted before deciding to purchase a new plant.

Company has developed a special management team and it is managed by a team of highly trained & skilled persons in their fields. Responsibilities that are assigned to special management team monitoring plant performance, development of new projects, handling capital investment projects, advising management on technical matters and development of a technological base along with consultancy functions. Since 1990, special management team has made tremendous progress in the field of Plant Engineering, Project Management, Project Feasibilities and Project Development. The development of special management team was equally supported by the RWML management which has recognized the need to promote research and technological development activities. Nearly half of the strength is located at the plant to provide assistance to the manufacturing units and feeding vital plant data to the Head Office for immediate processing. Special management team is equipped with latest computing facilities along with world famous software ORACLE as well as in house developed software related to general purpose need of the company. This technology enables special management team to provide most valuable assistance to all the departments within the company. The success achieved so far by special management team proves that RWML now possesses requisite in-house capabilities to ensure successful completion of large scale projects within allocated budgets and assigned project schedules.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Members of Reliance Weaving Mills Ltd will be held on October 31, 2009 at 10:00 A.M at the Registered Office of the Company at 2nd Floor Trust Plaza L.M.Q. Road Multan to transact the following business.

1. To confirm the minutes of last Extra Ordinary General Meeting held on March 31, 2009
2. To receive consider & adopt the Audited Accounts of the company for the year ended June 30, 2009 along with Auditor's Report and Directors' Report thereon.
3. To appoint the Auditors for the year ending June 30, 2010 and to fix their remuneration. Present retiring Auditors M/s KPMG Taseer Hadi & Company Chartered Accountants are being eligible offer them selves for re appointment.
4. To discuss any other business with the permission of the Chair.

BY THE ORDER OF THE BOARD

DATED: **10 October 2009**
PLACE : **MULTAN**

AMANULLAH
(COMPANY SECRETARY)

NOTES

1 The Share Transfer Books of the company will remain closed from October 25, 2009 to October 31, 2009 (both days inclusive). Transfers received at the close of business hours on dated 24.10.09 will be treated in time for the purpose of transfer.

2 A member eligible to attend and vote at the Meeting may appoint another member as his / her proxy to attend, and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the meeting in the working hours. Copy of shareholders' CNIC (attested) must be attached with the proxy Form.

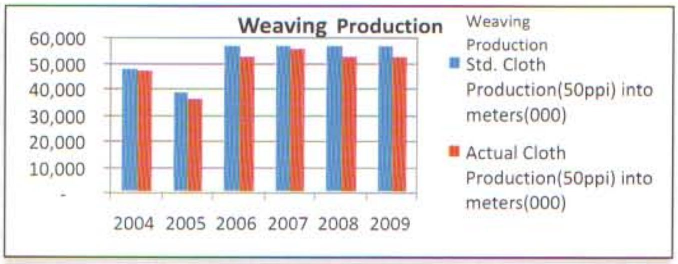
3 Any individual beneficial owner of C.D.C. entitled to attend and vote at this meeting must bring his / her identity and in case of proxy must enclose an attested copy of his / her National Identity Card (NIC) or Passport. Representatives of corporate members should bring the usual documents required for such purposes.

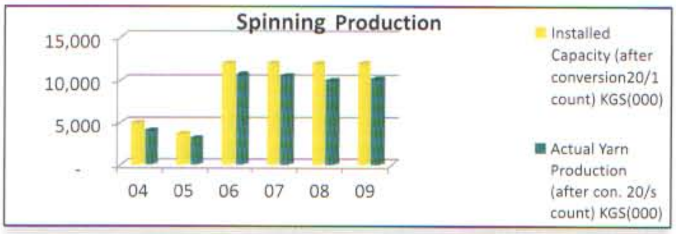
4 Members are requested to notify any changes in their addresses immediately.

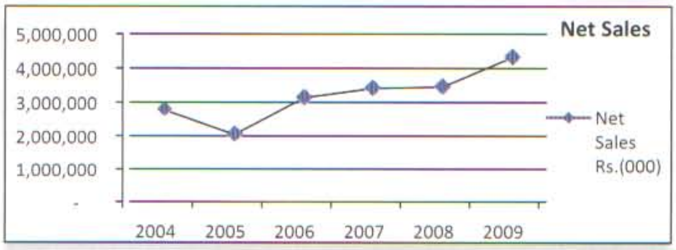
FINANCIAL HIGHLIGHTS
6 YEARS GROWTH AT A GLANCE (2004-2009)

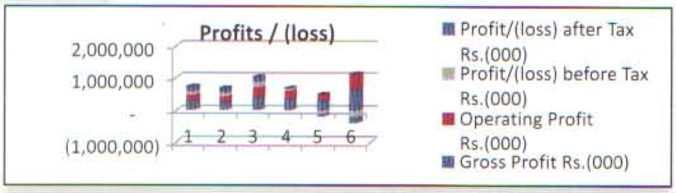
PARTICULARS	2004	2005	2006	2007	2008	2009
WEAVING						
No of Looms Installed	272	320	295	295	295	**295**
No of Looms Worked	272	320	295	295	295	**295**
Std. Cloth Production(50ppi) into meters(000)	47,013	38,351	56,508	56,508	56,508	**56,508**
Actual Cloth Production(50ppi) into meters(000)	46,739	35,908	52,229	55,190	51,845	**52,261**
SPINNING						
No of Spindle Installed	14,400	14,400	35,520	35,520	35,520	**35,520**
No of Spindle Worked	14,400	14,400	35,520	35,520	35,520	**35,520**
Installed Capacity (after conversion20/1 count) KGS(000)	4,850	3,637	11,963	11,963	11,963	11,963
Actual Yarn Production (after con. 20/s count) KGS(000)	4,056	3,055	10,525	10,448	9,894	**10,085**
PROFIT AND LOSS:						
Net Sales Rs.(000)	2,750,398	2,061,672	3,122,414	3,400,998	3,465,709	**4,337,454**
Gross Profit Rs.(000)	287,787	257,915	422,566	346,405	315,768	**672,287**
Operating Profit Rs.(000)	208,184	204,923	343,369	279,747	170,070	**456,748**
Profit/(loss) before Tax Rs.(000)	125,687	111,766	143,962	47,365	(80,843)	**(174,388)**
Profit/(loss) after Tax Rs.(000)	115,790	95,977	123,529	31,918	(100,565)	**(177,039)**
Cash Dividend (%age)	10.00	10.00	-	-	-	-
Stock Dividend (%age)	20.00	10.00	25.00	-	-	-
BALANCE SHEET:						
Share Capital and Reserves Rs.(000)						
Shareholders Funds	621,673	697,109	795,990	827,908	727,342	**550,303**
Capital Reserves	41,081	41,081	41,081	41,081	41,081	**41,081**
	662,754	738,190	837,071	868,989	768,423	591,384
Property Plant and Equipment Rs.(000)	1,128,996	2,036,093	1,963,229	1,906,641	1,807,456	**2,284,500**
Current Assets Rs.(000)	913,926	1,354,249	1,379,689	1,449,914	2,309,154	**1,806,017**
Current Liabilities Rs.(000)	958,330	1,478,110	1,466,364	1,777,143	2,741,102	**2,290,148**
Non current liabilities Rs.(000)	424,259	1,176,464	1,041,905	783,878	610,426	**792,918**
INVESTOR INFORMATION:						
Per Share (Rs.)						
Book Value	32.27	29.94	33.96	28.20	24.94	**19.71**
Cash Dividend	1.00	1.00	-	-	-	-
Earning /(loss) Per Share	4.70	3.89	5.01	1.04	(3.26)	**(5.75)**
Market Value Per Share	24.15	27.05	25.90	20.11	12.64	**5.00**
FINANCIAL RATIOS						
Gross Profit Ratio(%age)	10.46	12.51	13.53	10.19	9.11	**15.50**
Net Profit / (loss) Ratio(%age)	4.21	4.66	3.96	0.94	(2.90)	**(4.08)**
Inventory Turnover(Times)	5.00	2.85	3.72	4.02	2.98	**3.51**
Fixed Asset Turnover(Times)	2.40	1.80	1.98	1.83	1.87	**2.12**
Total Asset Turnover(Times)	1.40	0.76	0.93	1.00	0.92	**1.05**
Price Earning Ratio	5.14	6.95	5.17	19.41	-	-
Debt Equity Ratio	39:61	61:39	55:45	47:53	50:50	**43:57**
Current Ratio	0.96	0.92	0.94	0.82	0.84	**0.79**
Acid Test(Quick) Ratio	0.29	0.37	0.35	0.31	0.30	**0.24**
Interest Cover Ratio(Times)	2.52	2.20	1.72	1.20	0.78	**0.73**

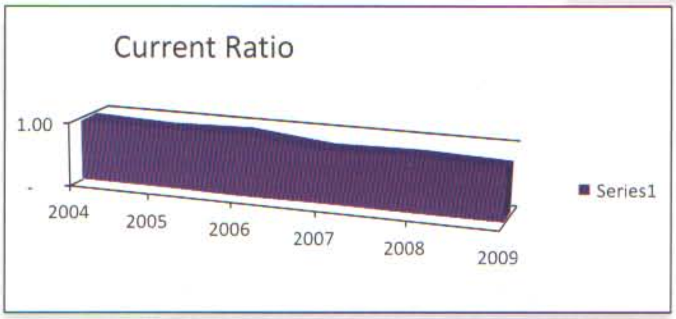
FINANCIAL HIGHLIGHTS
6 YEARS GROWTH AT A GLANCE (2004-2009)

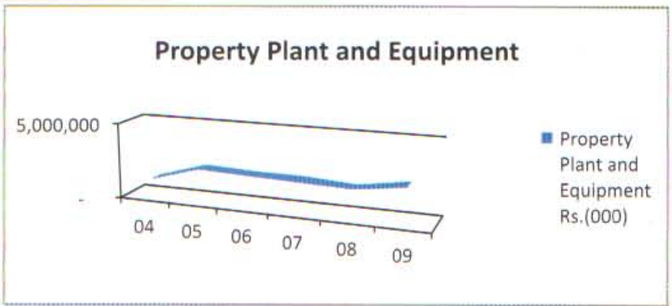












DIRECTORS' REVIEW
For the Year ended June 30, 2009

Dear Members,

We are pleased to report on Financials for the year ended June 30, 2009.

FINANCIAL RESULTS

The Company achieved significant growth in sales and gross profit. Turnover during the period was Rs 4,337 M as compared to Rs 3,465 M, thus showing an increase of 25%. Gross profit has increased to RS. 672 M as compared to Rs. 315 M for the corresponding period, thus showing an increase of 113%. However, the Company ended up with after tax net loss of Rs 177 M as compared to Rs 100 M.

The main reasons of net loss of the company are as follows:

- The exchange loss of Rs 159 M on loans exposed to US dollar financing due to devaluation of Rupee and loss of Rs 63 M on forward rate agreements
- The Company incurred a loss of Rs. 90 million on Cross Currency Swap transaction due to devaluation of Rupee.
- Increase in financial cost, labor and energy cost coupled with shortage of electricity and gas.

Major financial Indicators are as under;

	2009	2008
	(Rs in Million)	
Sales	4,337	3,465
Cost of sales	3,665	3,149
Gross Profit	672	315
Other operating expenses	94	49
Finance cost	646	368
Loss after tax	177	100

OPERATIONAL REVIEW

The all in both demand and prices for textile products is a direct result of the depressed economic conditions in the domestic and export markets. Fall in demand creates tough competition among suppliers. However, devaluation of Rupee against dollar played major role to improve gross profit margin. Gas load shedding had negative impact not only on fuel costs but it also curtailed working days, thus it increased overhead costs due to loss of production.

ECONOMY REVIEW

Several economic reforms that have been taken up in recent year helped Pak economic revival. Presently there has been improvement in foreign exchange reserves of Pakistan, economic indicators look positive in present situation. Export of goods is a major concern for Pakistan economy. However, steps taken by SBP and Government of Pakistan have created positive impact.

FUTURE PROSPECTS

Currently interest rates are at a declining trend; which will have positive impact on future performance of the company. The company is in process to import a 1.75 MW gas fueled engine for Rawat. After adding one new gas engine at Rawat site, company will not only save its energy cost but also gain benefit in production which is being lost due to electricity shut down. We are also concentrating more on enhancement of exports of yarn to improve export sales revenue and margins. Cotton prices will play important role for future profitability of the company which have currently increased by 10.93% (from Rs.3,200/ Md. to Rs.3,550/ Md).

A five year textile policy has been announced by the Government which carries various incentives for the textile sector, the policy itself is very favorable as the entire textile value chain is facilitated if implemented in true spirit.

HUMAN RESOURCE

Reliance Weaving Mills Ltd pays special attention on the training of employees. All new employees have to go through an orientation training program. Training courses are held on a periodic basis and are mandatory. We have introduced internship programs where theoretical and practical training is provided prior to offering confirmed employment to successful candidates.

INFORMATION TECHNOLOGY

The Company has developed and upgraded its management information system to Oracle ERP. IT infrastructure has been installed with the state of the art equipment.

AUDIT COMMITTEE AND INTERNAL AUDIT

The Board of Directors constituted a fully functional Audit Committee comprising of three members. The main function of the committee is to ensure transparent internal Audits, accounting and control systems, reporting structure as well as determine appropriate measures to safe guard the Company's assets.

The Company's internal audit functions operate on a centralized basis. Detailed reports from different departments are submitted directly to the Head of Internal Audit who, in turn, reports functionally to the Audit Committee and administratively to the Chief Executive of the Company. The Internal Audit department carries out regular reviews and reports on these to the executive management. Internal Audit policies are duly approved by the Directors on behalf of the Board of Directors, in line with the guidelines laid down by the Securities and Exchange Commission of Pakistan (SECP).

HEALTH, SAFETY AND ENVIRONMENT

The Company operates and conducts its business activities with respect for the environment while continuing to meet the expectations of shareholders, customers, employees and suppliers. Overall performance of the plant in the field of environment, health and safety remained excellent wherein the Company strictly cared for the compliance on all the standards in Quality and Occupational Health, Safety and Environment measures. The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The directors are not aware of any particular or significant environmental issues, which have been raised in relation to the Company's operations during the period covered by this report

CORPORATE SOCIAL RESPONSIBILITY

RWML is highly committed to fulfillment of its corporate social responsibility and believes that the benefits of the Company's progress and financial gains must flow down to public at large upto the grassroots levels, particularly to the under-privileged and deprived sections.

DIRECTORS' REVIEW
For the Year ended June 30, 2009

ELECTION OF DIRECTORS

During the year election of directors was staged and all the directors were elected unopposed. One of the elected directors Mrs. Ambreen Fawad resigned from directorship and Mr. Fahd Mukhtar co-opted as Director on the vacant seat.

BOARD OF DIRECTORS'S MEETINGS

The present Board comprises seven directors including the Chief Executive Officer and the Chairman. The Board of Directors would like to express their appreciation for the valuable contributions made and services rendered by all the present Directors for the progress of the Company. During the year 2008- 09 following Directors of the Board attended the meetings as under:

Name of Director	Meeting Held	Meeting Attended
Mr. Fawad Ahmad Mukhtar (Chairman)	4	4
Mr. Fazal Ahmad Sheikh (CEO)	4	4
Mr. Faisal Ahmad Mukhtar (Director)	4	4
Mrs. Ambreen Fawad (Director)	4	2
Mrs. Fatima Fazal (Director)	4	2
Mrs. Farah Faisal (Director)	4	3
Mr. Shahid Aziz (Nominee NIT)	4	4

CORPORATE GOVERNANCE

The following specific statements are also being given to comply with the requirements of the Code of Corporate Governance:

1. The financial statements, prepared by management present fairly the state of affairs of the Company, the results of its operations cash flow & statement of changes in equity.

2. Proper books of Accounts of the Company have been maintained.

3. Appropriate Accounting Policies have been consistently applied.

4. International Accounting Standards (IAS) as applicable in Pakistan have been followed in the preparation of the Financial Statements.

5. The system of Internal Control is sound in design and has been effectively implemented and monitored.

6. There is no doubt about the Company to continue as going concern.

7. There has been no material departure from Best practices of corporate governance as detailed in listing regulations.

8. Key operating & financial data of the last six years in summarized form is annexed

LOSS PER SHARE

Loss per share for the year is Rs. (5.75) per share.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company has contributed a sum of Rs. 60.52 Million to the national exchequer in the form of taxes and duties during the year.

SHARE HOLDING

The pattern of the share holding as at 30th June, 2009 as required by Section 236 of the Companies Ordinance, 1984 is annexed here to.

AUDITORS

M/s KPMG Taseer Hadi & company, a reputable Chartered Accountant firm completed its tenure of appointment with the Company and being eligible has offered its services for another term. The Audit Committee and the Board has also recommended their re-appointment as External Auditors of the Company for the next financial year 2010.

GENERAL

We are grateful to our shareholders, customers, suppliers, contractors, and other business partners for their enduring relationship and their continued support towards the prosperity of the Company. We are proud of our work force and appreciate their commitment, diligence and perseverance.

DATED: **08 October, 2009**
PLACE: **MULTAN**

FAZAL AHMED SHEIKH
(CHIEF EXECUTIVE OFFICER)

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of 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 practice of Corporate Governance.

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

1. The Company will encourage the representation of independent non executive Directors and Director's will represent minority interest on its Board.

2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies including this Company.

3. All the resident Directors of the Company are registered as 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. One casual vacancy Occurred, which was filled within thirty days.

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 mission/vision statement, overall Corporate strategy and significant policies of the Company. Acomplete 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 Board has taken decision on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, 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 meeting were appropriately recorded and circulated.

9. The Board arranged one orientation course for its directors during the year to apprise them of their duties and responsibilities.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.

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 Chief Executive Officer and Chief Financial Officer before approval of the Board.

13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholdings.

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

15. The Board has formed an audit committee and the audit committee comprises four members, including the Chairman of the committee.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE

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 as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. Board has set-up an effective internal audit function.

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, and that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are incompliance 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. The Quarterly Un-Audited Financial Statements of the Company are circulated along with the report of Directors. Half Yearly Financial statements of the company were subject to limited review by the statutory auditors. Financial statements for the year ended June 30. 2008 have been audited and will be circulated in accordance with the clause (xxii) of the code.

21. All material information as describe in clause (xxiii) of the code is disseminated to the Stock Exchanges & SECP in a timely fashion.

22. The related party transactions have been placed before the audit committee and approved by the board of director with necessary justifications for non arm's length transactions and pricing method for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated .

23. We confirm that all other material principles contained in the Code have been complied with. On behalf of the Board of Director

DATED: **08 October, 2009**
PLACE: **MULTAN**

FAZAL AHMED SHEIKH
(CHIEF EXECUTIVE OFFICER)

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 Reliance Weaving Mills Limited ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges.

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 Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price.

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.

DATED: **08 October, 2009**
PLACE: **LAHORE**

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Reliance Weaving Mills Limited ("the Company") as at 30 June 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 auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 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.

DATED: **08 October, 2009**
PLACE: **LAHORE**

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

BALANCE SHEET
As at June 30, 2009

	Note	2009 Rupees	2008 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
40,000,000 (2008: 40,000,000) ordinary shares of Rs. 10 each		**400,000,000**	400,000,000
30,000,000 (2008: 30,000,000) preference shares of Rs. 10 each		**300,000,000**	300,000,000
		700,000,000	700,000,000
Issued, subscribed and paid up capital	4	**308,109,370**	308,109,370
Reserves	5	**295,081,250**	395,081,250
Unappropriated profit		**(11,806,609)**	65,232,797
		591,384,011	768,423,417
Surplus on revaluation of fixed assets	14.2	**452,271,382**	-
Non-current liabilities			
Long term finances and other payables	6	**745,979,944**	565,397,390
Loans from related parties - subordinated loan	7	**37,000,000**	37,000,000
Deferred liabilities	8	**9,937,745**	8,028,114
		792,917,689	610,425,504
Current liabilities			
Current portion of non-current liabilities - secured	6	**70,983,894**	235,030,822
Finances under mark up arrangements and other credit facilities - secured	9	**1,949,206,748**	2,261,986,114
Trade and other payables	10	**161,612,965**	131,022,747
Derivative financial liabilities	11	**-**	48,453,602
Markup accrued on loans and other payables	12	**108,344,263**	64,608,293
		2,290,147,870	2,741,101,578
Contingencies and commitments	13		
		4,126,720,952	4,119,950,499

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

Chief Executive Officer

BALANCE SHEET
As at June 30, 2009

	Note	2009 Rupees	2008 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**2,284,500,802**	1,807,455,989
Intangible assets	*15*	**803,905**	918,749
Long term deposits		**6,880,340**	2,421,340
		2,292,185,047	1,810,796,078
Deferred tax asset	*16*	**28,518,318**	-
Current assets			
Stores, spares and loose tools	*17*	**121,409,577**	145,022,670
Stock in trade	*18*	**1,124,587,468**	1,343,145,328
Trade debts	*19*	**198,108,108**	344,840,968
Loans and advances	*20*	**94,332,540**	77,264,004
Trade deposits and prepayments	*21*	**1,295,193**	2,268,482
Other receivables	*22*	**3,034,414**	15,795,667
Short term investments	*23*	**179,681,368**	254,681,368
Tax refunds due from the government	*24*	**65,335,600**	50,464,326
Cash and bank balances	*25*	**18,233,319**	75,671,608
		1,806,017,587	2,309,154,421
		4,126,720,952	4,119,950,499

Director

PROFIT & LOSS ACCOUNT
For the Year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
Sales - net	26	**4,337,454,782**	3,465,708,939
Cost of sales	27	**(3,665,167,446)**	(3,149,940,200)
Gross profit		**672,287,336**	315,768,739
Distribution and marketing expenses	28	**(66,543,510)**	(51,071,663)
Administration expenses	29	**(54,477,363)**	(45,565,343)
Other operating expenses	30	**(94,518,075)**	(49,062,067)
Finance cost	31	**(646,855,152)**	(368,053,996)
Other operating income	32	**15,719,138**	117,141,717
Loss before tax		**(174,387,626)**	(80,842,613)
Taxation	33	**(2,651,780)**	(19,722,657)
Loss after tax		**(177,039,406)**	(100,565,270)
Loss per share	39	**(5.75)**	(3.26)

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

Chief Executive Officer **Director**

CASH FLOW STATEMENT
For the Year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
Cash flows from operating activities			
Cash generated from/(used in) operations	37	**811,343,417**	(493,117,215)
Finance cost paid		**(443,906,083)**	(262,498,841)
Workers' profit participation fund paid		-	(8,886,054)
Taxes paid - net		**(39,531,985)**	(25,613,524)
Staff retirement benefits paid		**(6,156,140)**	(5,164,818)
Net cash generated from/ (used in) operating activities		**321,749,209**	(795,280,452)
Cash flows from investing activities			
Fixed capital expenditure		**(112,623,678)**	(76,290,443)
Proceed from disposal of property plant and equipment		**1,460,568**	1,010,000
Long term deposits		**(4,459,000)**	-
Long term investment		-	121,755,005
Proceeds from disposal of short term investments		**75,000,000**	50,670,069
Net cash generated from/(used in) investing activities		**(40,622,110)**	97,144,631
Cash flows from financing activities			
Proceeds from long term finances		**190,000,000**	58,000,000
Repayment of long term finances		**(173,464,374)**	(224,904,620)
Repayment of loan from director		-	(26,375,000)
Payment on settlement of derivative financial instrument		**(42,321,648)**	-
Dividend paid		-	(46,713)
Net cash used in financing activities		**(25,786,022)**	(193,326,333)
Net increase/(decrease) in cash and cash equivalents		**255,341,077**	(891,462,154)
Cash and cash equivalents at beginning of the year		**(2,186,314,506)**	(1,294,852,352)
Cash and cash equivalents at end of the year	38	**(1,930,973,429)**	(2,186,314,506)

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

Chief Executive Officer

Director

STATEMENT OF CHANGES IN EQUITY
For the Year ended June 30, 2009

		Capital reserve	Revenue reserve		
	Share capital	Share premium	General reserve	Unappropriated profit/(loss)	Total
	-----	-----	Rupees	-----	-----
Balance as at 01 July 2007	308,109,370	41,081,250	354,000,000	165,798,067	868,988,687
Loss for the year	-	-	-	(100,565,270)	(100,565,270)
Balance as at 30 June 2008	308,109,370	41,081,250	354,000,000	65,232,797	768,423,417
Transfer to unappropriated profit	-	-	(100,000,000)	100,000,000	-
Loss for the year	-	-	-	(177,039,406)	(177,039,406)
Balance as at 30 June 2009	**308,109,370**	**41,081,250**	**254,000,000**	**(11,806,609)**	**591,384,011**

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

Chief Executive Officer **Director**

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended June 30, 2009

1 Legal status and nature of business

1.1 Reliance Weaving Mills Limited ("the Company") is incorporated in Pakistan as a public limited company on 7 April 1990 under the Companies Ordinance, 1984 and its shares are quoted on Karachi and Lahore Stock Exchanges. The Company commenced its operations on 14 May 1990 and is principally engaged in the manufacture and sale of yarn and fabric. The registered office of the Company is situated at Second Floor, Trust Plaza, L.M.Q. Road, Multan.

2 Significant accounting policies

2.1 Statement of compliance

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

2.2 Standards, interpretations and amendment to published approved accounting standard

New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after 1 July 2008 are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures:

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

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

Forthcoming requirements

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009).

Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009).

Amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).

IAS 27 'Consolidated and separate financial statements (effective for annual periods beginning on or after 1 January 2009).

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).

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged Items (effective for annual periods beginning on or after 1 July 2009).

Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009).

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009).

IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2009).

Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009).

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009).

IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009).

IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008).

IFRIC 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009).

IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009).

The International Accounting Standards Board made certain amendments to existing standards as part of its first and second annual improvements projects. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statements.

3 Significant accounting judgment and estimates

These accounts have been prepared under the historical cost convention.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting policies. 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. 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
b) Accrued liabilities
c) Provision for doubtful debts
d) Residual values and useful lives of property, plant and equipment
e) Provision for gratuity

During the period the Company reviewed the useful life of some of the operating assets and estimated that it is higher than the existing estimate, consequently depreciation rates of building, plant and machinery, electric installations and factory equipments were reduced from 10% to 5% p.a. This change has been accounted for as change in accounting estimate according to the requirement of IAS-8 "Accounting Policies, Change in Accounting Estimate and Errors". The effect of change has been recognized in the financial statements prospectively.

Had there been no change in accounting estimate, the loss before tax for the year would been higher by Rs 78.768 million and the written down value of these operating assets would have decreased by the same amount.

3.1 Property, plant and equipment

Property, plant and equipment (except freehold land and capital work-in-progress) are stated at cost less accumulated depreciation and any identified impairment losses, if any. Freehold land is stated at revalued amount. Capital work-in-progress is stated at cost. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing cost as reflected in note 3.18.

Depreciation charge is based on the reducing balance method whereby the cost or revalued amount of an asset is written off to profit and loss account over its estimated useful life after taking into account the residual value if material. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month proceeding the disposal respectively.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Surplus on revaluation of land is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Maintenance and normal repairs are charged to income as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and the assets so replaced, if any, are derecognised.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recongnised as an income or expense.

3.2 Intangible assets

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight-line method over a period of ten years.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which that asset is disposed off.

3.3 Borrowings

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

3.4 Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

3.5 Taxation

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

Current

Provision of 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 after taking into account tax credits, rebates and exemptions, if any. 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 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 recognised for all taxable temporary differences and deferred tax assets are recognised 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 assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) 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.

3.6 Employee retirement benefit- gratuity

The main features of the scheme operated by the Company for its employees are as follows:

Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2009. Projected Unit Credit Method, based on the following significant assumptions is used for valuation of the scheme:

	2009	2008
- Discount rate	**12%**	10%
- Expected increase in eligible salary	**11%**	9%
- Mortality rate	EFU (61-66) mortality table	

The Company's policy with regard to actuarial gains/ losses is to follow minimum recommended approach under IAS 19.

3.7 Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.8 Provisions

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

3.9 Derivative financial instruments and hedging activities

These are initially recorded at fair value on the date on which a derivative contract is entered into and subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. Derivatives are carried as asset when the fair value is positive and liabilities when the fair value is negative.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are recognised in profit and loss account in the periods when the hedged item will effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Any gains or losses arising from change in fair value derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

3.10 Investments

Investments in equity instruments of associated companies

Investments in associates where the Company has significant influence are accounted for using the equity method unless otherwise the investment is acquired and held with the view to its disposal within twelve months of its acquisition.

Investment at fair value through profit and loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking, are classified as investments at fair value through profit or loss. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The fair value of such investments are determined on the basis of prevailing market prices.

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss currently. Fair value of quoted investments is their bid price on Karachi Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date which is the date that the company commits to purchase or sell the investment.

At subsequent reporting dates, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment.

3.11 Stores, spares and loose tools

Usable stores, spares and loose tools are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.12 Stock in trade

These are stated at the lower of cost and net realisable value except for waste stock which is valued at net realisable value.

Cost has been determined as follows:

Raw materials	Weighted average cost
Work in process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit comprises of invoice value plus other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

3.13 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.

3.14 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, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.15 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company looses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item of financial instruments.

3.16 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when the risks and rewards of ownership are transferred i.e. on dispatch in case of local sales and on preparation of bill of lading in case of exports and when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and applicable rate of return.

Mark up income is accrued on a time basis, by reference to the principal outstanding and at the agreed mark up rate applicable.

Dividend income is recognized when the right to receive payment is established.

3.17 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

3.18 Borrowing cost

Mark-up, interest and other charges on borrowings are capitalised up to the date of commissioning of the related property, plant and equipment acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit in which they are incurred.

	Note	2009 Rupees	2008 Rupees
4 Issued, subscribed and paid up capital			

2009 Number of shares	2008 Number of shares		2009 Rupees	2008 Rupees
17,801,875	17,801,875	Ordinary shares of Rs. 10/- each fully paid in cash	**178,018,750**	178,018,750
13,009,062	13,009,062	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	**130,090,620**	130,090,620
30,810,937	30,810,937		**308,109,370**	308,109,370

5 Reserves

Composition of reserves is as follows:

	Note	2009 Rupees	2008 Rupees
Capital reserve			
- Share premium	*5.1*	**41,081,250**	41,081,250
Revenue reserve			
- General reserve		**254,000,000**	354,000,000
		295,081,250	395,081,250

5.1 This reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

6 Long term finances and other payables

These are composed of:

	Note	2009 Rupees	2008 Rupees
Loan From banking companies - secured			
Long term loans	*6.1*	**696,356,142**	*779,357,141*
Long term Musharika	*6.2*	**-**	*463,375*
		696,356,142	*779,820,516*
Other payables	*6.3*	**20,607,696**	*20,607,696*
Loan from related party - unsecured			
Reliance Commodities (Pvt) limited	*6.4*	**100,000,000**	-
		816,963,838	*800,428,212*
Less: Current portion		**70,983,894**	*235,030,822*
		745,979,944	*565,397,390*

6.1 Long term loans

Loan #	Lender - Nature	2009 Rupees	2008 Rupees	Rate of interest per annum	Number of remaining installments	Interest payable
1.	United Bank Limited - Demand Finance I	**39,025,000**	55,750,000	3 M KIBOR + 2.25%	7 equal quarterly installments ending December 2011	Quarterly
2.	United Bank Limited - Demand Finance III	**165,000,000**	220,000,000	3 M KIBOR + 1.85%	6 equal half yearly installments ending December 2012	Quarterly
3.	National Bank of Pakistan - Demand Finance - I	-	13,134,882	3 M KIBOR + 1.75%	The loan has been fully paid during the year	Semi annually
4.	National Bank of Pakistan - Demand Finance-II	**252,000,000**	283,500,000	3 M KIBOR + 1.75%	8 equal half yearly installments ending December 2013	Quarterly
5.	Habib Bank Limited - LTF - EOP -I	-	21,977,999	6%	The loan has been fully paid during the year	Quarterly
6.	Habib Bank Limited - LTF - EOP -II	**15,328,000**	18,393,000	7%	5 equal half yearly installments ending January 2012	Quarterly
7.	Habib Bank Limited - LTF - EOP -III	**74,029,500**	88,829,500	7%	5 equal half yearly installments ending January 2012	Quarterly
8.	Habib Bank Limited - Fixed Asset Financing II	**13,848,642**	19,771,760	6 M KIBOR + 1%	4 equal half yearly installments ending December 2010	Quarterly
9.	First National Bank Modaraba	**47,125,000**	58,000,000	3 M KIBOR + 1.25%	13 equal quarterly installments ending June 2012	Quarterly
10.	Standard Chartered Bank Limited	**90,000,000**	-	3 M KIBOR + 2%	8 equal quarterly installments ending July 2011	Quarterly
		696,356,142	779,357,141			

Security

Loan No. 1
This loan is secured by a first charge on fixed assets of the Unit 3 (Spinning) of the Company.

Loan No. 2
This loan is secured by a first pari passu charge on all fixed assets of the Unit 4 (Spinning) of the Company.

Loan No. 3
This loan was secured by a pari passu charge over the assets of Unit 2 (Weaving) of the Company.

Loan No. 4
This loan is secured by a first charge over the assets of Unit 4 (Spinning) of the Company.

Loan No. 5,6, 7 and 8
These are secured by a first pari passu charge on all fixed assets of Unit 2 (Weaving) and Unit 4 (Spinning) of the Company.

Loan No 9.
This loan is secured by a first pari passu charge on all present and future fixed assets and personal guarantees of the directors.

Loan No 10.
This loan is secured by ranking charge on all present and future fixed assets of the Company, however ranking charge will be upgraded to 1st pari passu charge.

6.2 The Company had obtained long term musharika from Meezan Bank Limited carried markup rate of 6 M KIBOR+2.50% per annum and was repayable in 8 half yearly installments. This finance was secured against specific and exclusive charge over the fixed assets of weaving unit -1. This loan has been fully paid during the year.

6.3 This represents the mark up payable by December 2010, under the repayment terms relating to loan no. 1 in note 6.1.

6.4 This is unsecured loan. Interest is payable at the rate of 3M KIBOR + 3% on quarterly basis and principle is repayable by one bullet payment on August 2010.

			2009 Rupees	2008 Rupees
7	**Loans from related parties - subordinated loan**			
	Unsecured			
	Faisal Ahmed Mukhtar		**37,000,000**	37,000,000

This represents interest free subordinated loan obtained from the directors of the Company.

		Note	2009 Rupees	2008 Rupees
8	**Deferred liabilities**			
	Deferred taxation		-	*526,141*
	Staff retirement benefits - gratuity	*8.1*	**9,937,745**	*7,501,973*
			9,937,745	8,028,114

8.1 Staff retirement benefits-gratuity

	2009 Rupees	2008 Rupees
Present value of defined benefit obligation	**11,582,208**	7,453,859
Unrecognised actuarial (loss)/gain	**(1,644,463)**	455,828
Unrecognised part of transitional liability	**-**	(407,714)
Liability as at June 30	**9,937,745**	7,501,973

8.1.1 Change in present value of net staff gratuity

	2009 Rupees	2008 Rupees
Liability as at July 01	**7,501,973**	1,368,216
Charge to profit and loss account	**8,591,912**	11,298,575
Payments made during the year	**(6,156,140)**	(5,164,818)
Liability as at June 30	**9,937,745**	7,501,973

8.1.2 Movement in liability for defined benefit obligation

	2009 Rupees	2008 Rupees
Present value of defined benefit obligations as at 30 June	**7,453,859**	2,909,747
Current service cost for the year	**7,438,812**	9,417,955
Interest cost for the year	**745,386**	290,975
Actuarial gain/loss recognised	**-**	(41,213)
Benefit paid during the period	**(6,156,140)**	(5,164,818)
Actuarial loss on present value of defined benefit obligation	**2,100,291**	41,213
Present value of defined benefit obligations as at 30 June	**11,582,208**	7,453,859

8.1.3 Movement in unrecognised actuarial (losses)/gains

	2009 Rupees	2008 Rupees
Unrecognised actuarial gains/(losses) as at 30 June	**455,828**	497,041
Actuarial losses arising during the year	**(2,100,291)**	(41,213)
Unrecognised actuarial gains/(losses) as at 30 June	**(1,644,463)**	455,828

8.1.4 Charge for the year

	2009 Rupees	2008 Rupees
Additional liability charged for the year	**407,714**	1,630,858
Current service cost for the year	**7,438,812**	9,417,955
Interest cost for the year	**745,386**	290,975
Actuarial gain/loss recognised	**-**	(41,213)
	8,591,912	11,298,575

Historical Information for gratuity plan

	2009 Rupees	2008 Rupees	2007 Rupees	2006 Rupees	2005 Rupees
Present value of defined benefits obligation	**11,582,208**	7,453,859	2,909,747	5,350,043	11,645,406
Experience adjustment arising on plan liabilities	**2,100,291**	41,213	(1,357,871)	*	*

* It is impracticable to determine the amount of experience adjustments during the period.

9 Finances under mark up arrangements and other credit facilities - secured

	Note	2009 Rupees	2008 Rupees
Short term running finances	9.1	**1,731,536,828**	1,112,735,871
Export finances	9.2	**217,669,920**	1,149,250,243
		1,949,206,748	2,261,986,114

9.1 Short term running finances are available from different commercial banks under mark up arrangements amount to Rs. 2,665 million (2008: Rs. 3,385 million). The rates of mark up range from 12.87% to 17.50 % (2008: 10% to 15.3%) on the balance outstanding.

9.2 The Company has obtained export finance facilities from commercial banks aggregating to Rs. 2,590 million (2008: Rs. 2,322 million) being the sub limit of the finance mentioned in note 9.1. The rates of mark up range from 3.85 % to 6.75 % (2008 : 4.28% to 6.92%) on the outstanding balance.

9.3 Of the aggregate facility of Rs. 1155 million (2008: Rs. 405 million) for opening letter of credits and Rs.183 million (2008: Rs. 118 million) for guarantees being the sub limit of finances mentioned in note 9.1, the amount utilized at June 30, 2009 was Rs. 21.38 million (2008: Rs. 17.1 million) and Rs. 52.143 million (2008: Rs. 52.143 million) respectively.

9.4 The aggregate facilities are secured by a hypothecation / pari pasu charge on all present and future current assets of the Company including stock in trade, trade debts and lien on export bills.

10 Trade and other payables

	Note	2009 Rupees	2008 Rupees
Trade creditors		**102,725,880**	73,088,398
Accrued liabilities		**44,337,588**	38,916,037
Advances from customers		-	6,961,358
Due to related parties	10.1	**10,679,607**	8,417,760
Unclaimed dividend		**3,550,285**	3,550,285
Others		**319,605**	88,909
		161,612,965	131,022,747

		Note	2009 Rupees	2008 Rupees
10.1	**Due to related parties**			
	Fatima Sugar Mills Limited		**3,130,194**	2,105,775
	Reliance Cotton (Private) Limited		**1,244,888**	1,340,857
	Reliance Commodities (Private) Limited		**2,383,747**	1,372,092
	Fazal Cloth Mills Limited		**3,920,778**	3,599,036
			10,679,607	8,417,760

These relate to normal business of the Company and are interest free.

11 Derivative financial liabilities

Instruments accounted for as cash flow hedge

Finance obtained from	*Swapped with*	2009 Rupees	2008 Rupees
National Bank of Pakistan	Standard Chartered Bank	-	4,038,753
United Bank Limited	Standard Chartered Bank	-	44,414,849
		-	48,453,602

11.1 The Company entered into derivative cross currency swap arrangement during last year, hedge for the possible adverse movements in interest rates arising on the interest payments due on its local currency finances as mentioned in note 6. The derivative cross currency swap has been closed out during the period and the resulting loss of Rs 90.420 million (Note 30) has been recognized in profit and loss account.

		2009 Rupees	2008 Rupees
12	**Mark up accrued on loans and other payables**		
	Long term finances - secured	**13,801,050**	11,465,943
	Finances under mark-up arrangements and other credit facilities - secured	**94,543,213**	53,142,350
		108,344,263	64,608,293

13 Contingencies and commitments

13.1 Contingencies

(i) The Company has provided bank guarantees in favour of Sui Northern Gas Pipe Line Limited amounting to Rs. 52.143 million (2008: Rs. 52.143 million) on account of payment of dues against gas sales etc.

(ii) Guarantee given on behalf of the Company by Meezan Bank Limited to fulfill the Company's commitment to subscribe the equity of Fatima Fertilizer Company Limited has been released during the year (2008: Rs. 300 million), further 25% margin deposit has also been realized (2008: Rs. 75 million).

(iii) During the year Standard Chartered Bank ("the Bank") claimed US Dollar 489,000 against FE loan obtained by the Company during 2007 despite the fact that the Bank had confirmed nil balance in its confirmation pertaining to year ended 30 June 2008 which was in agreement with accounts of the Company. However, the reconciliation of the loan is in process as on 30 June 2009.

(iv) The Company is contingently liable for Rs. 1.4 million Iqra surcharge on account of non-compliance of the provisions of SRO. 1140(1) 97 in respect of 1,320 bales of raw cotton imported in the year 2001. However, all the contingencies previously attached to the particular case have already been decided in favour of the Company. The management is confident, since Alternate Dispute Resolution Committee recommendations and subsequent decisions by CBR were in favour of the Company, that the liability of Iqra surcharge on account of exportation of goods so manufactured from imported cotton, will be positively waived off.

(v) Foreign bills discounted outstanding as at 30 June 2009 aggregated Rs. 383.32 million (2008: Rs. 188.71 million).

		2009 Rupees	2008 Rupees
13.2	**Commitments**		
	Capital expenditures	**17,249,741**	8,045,599
	Letters of credit other than capital expenditures	**4,130,277**	9,151,251
		21,380,018	17,196,850

14 Property, plant and equipment

	Note	2009 Rupees	2008 Rupees
Operating property, plant and equipment	14.1	2,272,586,223	1,714,059,694
Capital work in progress	14.5	11,914,579	93,396,295
		2,284,500,802	1,807,455,989

14.1 The following is the statement of operating property, plant and equipment:

Particulars	Cost: As at 30 June 2008	Cost: Surplus on revaluation	Cost: Additions during the year	Cost: Deletions during the year	Cost: As at 30 June 2009	Rate %	Depreciation: As at 30 June 2008	Depreciation: For the year	Depreciation: Deletions during the year	Depreciation: As at 30 June 2009	Book value as at 30 June 2009
	(Rupees)						(Rupees)				Rupees
Freehold land	33,380,993	452,271,382	1,320,200	-	486,972,575		-	-	-	-	486,972,575
Buildings	310,130,216	-	92,332,014	-	402,462,230	5	119,756,864	9,714,977	-	129,471,841	272,990,389
Plant and machinery	2,443,592,024	-	54,738,094	-	2,498,330,118	5	1,038,438,488	69,601,561	-	1,108,040,049	1,390,290,069
Electric installations	67,568,695	-	37,631,107	-	105,199,802	5	26,706,150	2,511,689	-	29,217,839	75,981,963
Factory equipment	18,028,377	-	1,218,192	-	19,246,569	5	6,227,409	594,371	-	6,821,780	12,424,789
Office equipment	13,329,780	-	685,474	-	14,015,254	10	3,967,246	912,180	-	4,879,426	9,135,828
Electric appliances	8,267,836	-	928,607	-	9,196,443	10	3,493,719	537,690	-	4,031,409	5,165,034
Furniture and fixtures	9,571,941	-	347,588	-	9,919,529	10	3,090,277	618,389	-	3,708,666	6,210,863
Vehicles	28,578,852	-	4,904,117	(2,165,739)	31,317,230	20	16,708,867	2,569,945	(1,376,295)	17,902,517	13,414,713
2009	**2,932,448,714**	**452,271,382**	**194,105,393**	**(2,165,739)**	**3,576,659,750**		**1,218,389,020**	**87,060,802**	**(1,376,295)**	**1,304,073,527**	**2,272,586,223**

Particulars	Cost: As at 30 June 2007	Cost: Additions during the year	Cost: Deletions during the year	Cost: As at 30 June 2008	Rate %	Depreciation: As at 30 June 2007	Depreciation: For the year	Depreciation: Deletions during the year	Depreciation: As at 30 June 2008	Book value as at 30 June 2008
	(Rupees)					(Rupees)				Rupees
Freehold land	32,832,493	548,500	-	33,380,993		-	-	-	-	33,380,993
Buildings	302,896,748	7,233,468	-	310,130,216	10	100,309,870	19,446,994	-	119,756,864	190,373,352
Plant and machinery	2,391,207,232	52,939,092	(554,300)	2,443,592,024	10	893,615,923	145,104,381	(281,816)	1,038,438,488	1,405,153,536
Electric installations	63,127,751	4,440,944	-	67,568,695	10	22,608,036	4,098,114	-	26,706,150	40,862,545
Factory equipment	14,156,025	3,872,352	-	18,028,377	10	5,167,344	1,060,065	-	6,227,409	11,800,968
Office equipment	12,031,198	1,298,582	-	13,329,780	10	3,183,525	783,721	-	3,967,246	9,362,534
Electric appliances	7,811,922	455,914	-	8,267,836	10	2,574,574	919,145	-	3,493,719	4,774,117
Furniture and fixtures	8,967,093	604,848	-	9,571,941	10	2,655,813	434,464	-	3,090,277	6,481,664
Vehicles	29,599,302	252,380	(1,272,830)	28,578,852	20	14,625,624	2,663,654	(580,411)	16,708,867	11,869,985
2008	2,862,629,764	71,646,080	(1,827,130)	2,932,448,714		1,044,740,709	174,510,538	(862,227)	1,218,389,020	1,714,059,694

14.2 The Company carried out the revaluation of land on 1 December 2008. The valuation was conducted by independent valuer. Land was revalued on the basis of fair value.

Revaluation of land resulted in surplus of Rs. 452.271 million, however, the life of machinery, electric installation and factory equipment was estimated to be higher than the existing estimate by the independent valuer, consequently depreciation rates were reduced from 10% to 5% p.a.

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

	Note	2009 Rupees	2008 Rupees
Cost of sales	27	82,960,288	170,628,699
Administration expenses	29	4,100,514	3,881,839
		87,060,802	174,510,538

Had there been no revaluation, the net book value of land would have been amounting to Rs.34.70 million.

14.4 Disposal schedule of operating property , plant and equipment:

Particulars	Cost	Accumulated depreciation	Book value	Claim/ Sales proceeds	Gain/ (loss)	Mode of disposal	Sold to
	(-----------	-----------	Rupees	-----------	-----------)		
Vehicles							
Vehicle MLG-281 (BALENO)	815,145	489,956	325,189	510,000	184,811	Sale	Aftab Hussain New Town Suraj Miani Multan
Vehicle MLF-8399 (BALENO)	815,605	490,233	325,372	560,000	234,628	Sale	Muhammad Saleem Ahmad Colony Chah Bajay Wala Multan
Vehicle MNT-5775 (Khyber)	367,809	348,219	19,590	250,000	230,410	Insurance claim	EFU General Insurance Limited
HONDA CD 70 MLL-586	56,500	31,911	24,589	45,000	20,411	Insurance claim	EFU General Insurance Limited
HONDA CD 70 MNN-08-3331	56,390	4,545	51,845	43,677	(8,168)	Sale	Shahid Iqbal Muohalla Rasool Pura Lukker Mandi Road Multan
HONDA CD 70 MNM-08-2368	54,290	11,431	42,859	51,890	9,031	Insurance claim	EFU General Insurance Limited
2009	**2,165,739**	**1,376,295**	**789,444**	**1,460,567**	**671,123**		

Particulars	Cost	Accumulated depreciation	Book value	Claim/ Sales proceeds	Gain/ (loss)	Mode of disposal	Sold to
	(-----------	-----------	Rupees	-----------	-----------)		
Plant and machinery							
Bailing Press	554,300	281,816	272,484	160,000	(112,484)	Sale	Shaheen Industries Faisalabad
Vehicles							
Toyota Corolla Xli LZP-66	1,272,830	580,411	692,419	850,000	157,581	Sale	Syed Wajid Ali Shah
2008	1,827,130	862,227	964,903	1,010,000	45,097		

14.5 Capital work in progress

	2009 Rupees	2008 Rupees
Civil works and buildings	**11,914,579**	91,147,320
Plant and machinery	-	16,845
Factory equipment	-	1,910
Office equipment	-	8,650
Electric appliances	-	63,318
Furniture and fixtures	-	57,308
Electric Installation	-	780,744
Advances	-	1,320,200
	11,914,579	93,396,295

		2009 Rupees	2008 Rupees
15	**Intangible assets**		
	Computer software- License fee		
	Net carrying value basis		
	Opening net book value	**918,749**	1,033,593
	Amortization during the year	**(114,844)**	(114,844)
		803,905	918,749
	Gross carrying value basis		
	Cost	**1,148,440**	1,148,440
	Accumulated amortisation	**(344,535)**	(229,691)
		803,905	918,749
	Rate of amortisation	**10%**	10%

The amortisation for the year has been allocated to administration expenses.

		2009 Rupees	2008 Rupees
16	**Deferred tax asset / (liability)**	**28,518,318**	-

16.1 The asset/(liability) for deferred taxation comprises timing differences relating to:

	2009 Rupees	2008 Rupees
Deferred tax (liability)		
Accelerated tax depreciation	**(68,404,969)**	(25,035,759)
Deferred tax assets		
Unabsorbed tax losses	**93,445,076**	21,699,678
Provision for retirement benefit	**3,478,211**	2,809,940
	28,518,318	(526,141)

		2009 Rupees	2008 Rupees
17	**Stores, spares and loose tools**		
	Stores	**68,219,923**	97,976,929
	Spares	**53,347,285**	47,236,370
	Loose tools	**72,391**	39,393
		121,639,599	145,252,692
	Provision for obsolete items	**(230,022)**	(230,022)
		121,409,577	145,022,670

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

		2009 Rupees	2008 Rupees
18	**Stock in trade**		
	Raw materials	**564,463,117**	769,616,326
	Work in process	**71,770,350**	57,445,266
	Finished goods	**469,350,685**	508,461,147
	Waste	**19,003,316**	7,622,589
		1,124,587,468	1,343,145,328

		Note	2009 Rupees	2008 Rupees
19	**Trade debts**			
	Considered good			
	Export - secured		167,550,900	288,526,843
	Local - unsecured		30,557,208	56,314,125
	Considered doubtful		690,748	690,748
			198,798,856	345,531,716
	Provision for doubtful debts		(690,748)	(690,748)
			198,108,108	344,840,968
20	**Loans and advances**			
	Advances - considered good			
	- To employees	20.1	30,223,782	23,538,027
	- To suppliers		46,749,114	29,370,293
	Advances for issue of shares - related party	20.2	8,352,010	8,352,010
	Due from related parties	20.3	8,011,639	5,948,159
	Letters of credit - margins, deposits, opening charges, etc.		995,995	10,055,515
			94,332,540	77,264,004

20.1 Included in advances to employees are amounts due from executives Rs. 60,000 (2008: Rs. 588,000).

20.2 Advance for issuance of shares has been given to Fatima Fertilizer Company Limited.

20.3 Due from related parties

	2009	2008
Fatima Fertilizer Company Limited	3,560,205	3,182,003
Gadoon Packing Limited	749,350	583,750
Reliance Fabrics Limited	19,997	19,997
Pak Arab Fertilizers Limited	2,542,873	1,218,408
Air One (Pvt.) Ltd	8,251	2,905
Multan Cloth Finishing Factory	1,130,963	941,096
	8,011,639	5,948,159

These relate to normal business of the Company and are interest free.

Maximum aggregate amounts due from associated undertakings at any month end during the year were Rs. 8.011 million.(2008: Rs.13.59 million)

		2009 Rupees	2008 Rupees
21	**Trade deposits and prepayments**		
	Security deposits	171,840	156,340
	Prepayments	1,123,353	2,112,142
		1,295,193	2,268,482

		Note	2009 Rupees	2008 Rupees
22	**Other receivables**			
	Profit on short term investment		-	1,130,587
	Others		3,034,414	14,665,080
			3,034,414	15,795,667
23	**Short term investment**			
	Held to maturity			
	Certificate of Islamic Investment		-	75,000,000
	Available for sale			
	Investment in shares (FFCL)	23.1	179,681,368	179,681,368
			179,681,368	254,681,368

23.1 This represents 17,968,136 ordinary shares of Rs 10 each in Fatima Fertilizer Company Ltd (associated undertaking) and represent 2.01 % of share capital of the associated undertaking.

		2009 Rupees	2008 Rupees
24	**Tax refunds due from the government**		
	Export rebate	6,367,972	5,426,272
	Income tax	24,942,307	17,106,561
	Sales tax	32,449,815	27,573,955
	Special Excise duty	1,575,506	357,538
		65,335,600	50,464,326
25	**Cash and bank balances**		
	Balances at banks		
	on current accounts:		
	- Pak rupee	16,470,509	31,399,857
	- Foreign currency - US $ 924.60 (2008: US $ 20871)	74,985	1,419,251
		16,545,494	32,819,108
	on saving accounts		
	- Pak rupee	148,446	41,574,434
	Cash in hand	1,539,379	1,278,066
		18,233,319	75,671,608

25.1 Effective mark up rate in respect of saving accounts ranges from 5% to 5.7% (2008: 4.75 % to 9%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended June 30, 2009

		Note	2009 Rupees	2008 Rupees
26	**Sales - net**			
	Export		3,183,480,248	2,641,751,570
	Local		1,121,883,344	774,678,748
	Waste		88,752,203	89,850,023
			4,394,115,795	3,506,280,341
	Less: Commission		60,557,791	43,881,984
			4,333,558,004	3,462,398,357
	Add: Doubling income		2,248,175	2,667,270
	Export rebate		1,648,603	643,312
			3,896,778	3,310,582
			4,337,454,782	3,465,708,939
27	**Cost of sales**			
	Raw material consumed		2,843,604,425	2,541,029,417
	Stores and spares consumed		104,069,989	109,477,412
	Packing material consumed		36,601,804	30,265,264
	Salaries, wages and other benefits		241,139,595	201,892,841
	Fuel and power		315,427,248	251,499,113
	Insurance		8,982,900	7,066,087
	Repairs and maintenance		5,455,528	5,453,026
	Depreciation on property, plant and equipment	*14.3*	82,960,288	170,628,699
	Utilities		583,551	562,714
	Other expenses		12,937,467	12,947,426
			3,651,762,795	3,330,821,999
	Opening work in process		57,445,266	43,792,449
	Closing work in process		(71,770,350)	(57,445,266)
			(14,325,084)	(13,652,817)
	Cost of goods manufactured		3,637,437,711	3,317,169,182
	Opening stock - Finished goods		508,461,147	335,588,292
	- Waste		7,622,589	13,266,462
			516,083,736	348,854,754
	Closing stock - Finished goods		(469,350,685)	(508,461,147)
	- Waste		(19,003,316)	(7,622,589)
			(488,354,001)	(516,083,736)
			3,665,167,446	3,149,940,200

In addition to above salaries, wages and benefits also include Rs. 14,446,784 million (2008: Rs. 16,239,747 million) in repsect of staff retirement benefits.

		Note	2009 Rupees	2008 Rupees
28	**Distribution and marketing expenses**			
	Ocean freight and shipping		27,418,207	21,113,585
	Local freight		20,341,658	14,578,034
	Export development surcharge		8,616,721	5,953,686
	Forwarding and clearing expenses		7,621,533	6,287,072
	Marketing expenses		613,848	1,159,366
	Other expenses		1,931,543	1,979,920
			66,543,510	51,071,663

	Note	2009 Rupees	2008 Rupees
29 Administration expenses			
Salaries, wages and other benefits		**26,484,762**	21,475,431
Printing and stationery		**1,291,089**	1,233,538
Motor vehicle running		**2,679,924**	2,616,538
Traveling and conveyance		**4,662,076**	5,692,796
Rent, rates and taxes		**2,664,987**	1,870,451
Telephone and postage		**4,064,624**	3,375,015
Fee, subscription and periodicals		**746,522**	1,182,922
Utilities		**1,833,872**	979,365
Insurance		**255,571**	255,510
Repairs and maintenance		**2,041,619**	797,499
Entertainment		**581,331**	647,786
Advertisement		**63,530**	59,010
Depreciation on property, plant and equipment	14.3	**4,100,514**	3,881,839
Amortization of intangible	15	**114,844**	114,844
Professional services	29.1	**2,374,226**	775,096
Other expenses		**517,872**	607,703
		54,477,363	45,565,343

In addition to above salaries, wages and benefits also include Rs. 859,728 million (2008: Rs. 767,255 million) in repsect of staff retirement benefits.

	Note	2009 Rupees	2008 Rupees
29.1 Professional services			
The charges for professional services include the following in respect of auditors' remuneration for:			
KPMG Taseer Hadi & Co.			
Statutory audit		**262,500**	210,000
Half yearly review		**150,000**	150,000
Out of pocket expenses		**84,000**	50,000
		496,500	410,000
30 Other operating expenses			
Loss on derivative financial instruments	11	**90,419,871**	47,189,052
Donations	30.1	**4,098,204**	1,873,015
		94,518,075	49,062,067
30.1 Donations			
Names of donees in which a director or his spouse has an interest:			
Farrukh Mukhtar Girls High school (Mian Faisal, Director is the Trustee)		**669,464**	947,734
Farrukh Mukhtar Hospital, Multan (Mian Faisal, Director is the Trustee)		**404,400**	592,502
Mian Mukhtar Trust, Multan (Mian Faisal, Director is the Trustee)		**850,000**	-
31 Finance cost			
Interest and mark up on			
- Long term finances		**79,100,389**	73,049,867
- Finances under mark up arrangements and other credit facilities		**376,444,413**	162,122,025
- Workers' profit participation fund		**-**	326,340
Exchange loss		**159,213,099**	97,435,615
Bank charges and commission		**32,097,251**	35,120,149
		646,855,152	368,053,996

			2009 Rupees	2008 Rupees
32	**Other operating income**			
	Income from financial assets:			
	Profit on short term investment		**3,360,251**	3,559,011
	Gain on long term investment		**-**	51,755,419
	Specie dividend income		**-**	59,471,788
			3,360,251	114,786,218
	Income from related party:			
	Mark up on associate		**11,413,004**	-
	Income from assets other than financial assets:			
	Gain on sale of operating assets	14.4	**671,123**	45,097
	Others		**274,760**	2,310,402
			945,883	2,355,499
			15,719,138	117,141,717

		2009 Rupees	2008 Rupees
33	**Taxation**		
	For the year		
	- Current	**31,834,802**	26,417,516
	- Deferred	**(29,044,459)**	(6,694,859)
		2,790,343	19,722,657
	Prior years		
	- Current	**(138,563)**	-
		2,651,780	19,722,657

33.1 The provision for current period taxation represents the tax liability under section 169 of the Income Tax Ordinance, 2001. Accordingly tax charge reconciliation has not been prepared and presented.

34 Remuneration of Director and Executives

34.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the director and executives of the Company is as follows:

	Director		Executives	
	2009 Rupees	2008 Rupees	2009 Rupees	2008 Rupees
Managerial remuneration	**1,200,000**	1,200,000	**3,775,800**	5,902,800
House rent allowance	**-**	-	**840,000**	1,617,200
Utility allowance	**-**	-	**540,000**	1,629,828
Leave encashment	**-**	-	**-**	266,886
Bonus	**-**	-	**-**	-
	1,200,000	1,200,000	**5,155,800**	9,416,714
Number of persons	**1**	1	**8**	8

The Company also provides the directors and executives with free use of company maintained cars and allowances for utility bills.

34.2 Remuneration to other directors

Meeting fee amounting to Rs. 15,000 was paid to a director during the year (2008: Rs. 4,000).

35 Transactions with related parties

The related parties comprise associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 34. Other significant transactions with related parties are as follows:

Description	2009 Rupees	2008 Rupees
Purchase of goods and services	87,011,732	4,850,635
Sale of goods and services	9,549,406	2,413,971
Mark up	11,413,004	-
Sale of shares	-	120,209,580
Specie distribution received	-	59,471,788
Laon obtained	100,000,000	-

All transactions with related parties have been carried out on commercial terms and conditions.

36 Capacity and production

	2009	2008
Unit 1 (Weaving)		
Number of looms installed	91	91
Capacity after conversion into 50 picks - Meters	15,175,486	15,175,486
Actual production of fabric after conversion into 50 picks - Meters	12,207,799	12,136,828
Unit 2 (Weaving)		
Number of looms installed	204	204
Capacity after conversion into 50 picks - Meters	41,332,426	41,332,426
Actual production of fabric after conversion into 50 picks - Meters	40,053,434	39,707,701

Under utilisation of available weaving capacity is due to:
- Change of articles required
- Width loss due to specification of the cloth
- Due to normal maintenance

	2009	2008
Unit 3 (Spinning)		
Number of spindles installed	14,400	14,400
Capacity after conversion into 20 count - Kgs	4,849,904	4,849,904
Actual production of yarn after conversion into 20 count - Kgs	3,760,496	3,845,627
Unit 4 (Spinning)		
Number of spindles installed	21,120	21,120
Capacity after conversion into 20 count - Kgs	7,113,193	7,113,193
Actual production of yarn after conversion into 20 count - Kgs	6,324,289	6,048,679

Under utilisation of available spinning capacity is due to:
- Processing mix of coarser and finer counts
- Electricity shut downs

		2009 Rupees	2008 Rupees
37	**Cash generated from operations**		
	Loss before tax	**(174,387,626)**	(80,842,614)
	Adjustments for:		
	Depreciation on property, plant and equipment	**87,060,802**	174,510,538
	Amortization of intangible assets	**114,844**	114,844
	Staff retirement benefits accrued	**8,591,912**	11,298,575
	Profit on disposal of property, plant and equipment	**(671,123)**	(45,097)
	Profit on long term investment	-	(51,755,419)
	Specie dividend income	-	(59,471,788)
	Accrued Loss on derivative financial instruments - net	**(6,131,954)**	47,189,052
	Interest on workers' profit participation fund	-	326,340
	Finance cost (excluding interest on workers' profit participation fund and exchange loss)	**487,642,053**	270,618,381
	Gain on re-measurement of short term investment at fair value	-	(2,485)
	Profit before working capital changes	**402,218,908**	311,940,327
	Effect on cash flow due to working capital changes:		
	(Increase)/ decrease in current assets		
	- Stores, spares and loose tools	**23,613,093**	(41,972,332)
	- Stock in trade	**218,557,860**	(570,747,684)
	- Trade debts	**146,732,860**	(187,086,475)
	- Loans and advances	**(17,068,536)**	(10,284,599)
	- Trade deposits and prepayments	**973,289**	(1,146,441)
	- Mark up accrued on loan	-	7,088,261
	- Tax refunds due from government (excluding income tax)	**(7,035,528)**	(5,707,644)
	- Other receivables	**12,761,253**	(6,241,324)
	Increase in current liabilities		
	- Trade and other payables (excluding unclaimed dividend and workers' profit participation fund)	**30,590,218**	11,040,696
		409,124,509	(805,057,542)
	Cash generated from / (used in) operations	**811,343,417**	(493,117,215)

		Note	2009 Rupees	2008 Rupees
38	**Cash and cash equivalents**			
	Cash and bank balances	*25*	**18,233,319**	75,671,608
	Finances under mark up arrangements and other credit facilities	*9*	**(1,949,206,748)**	(2,261,986,114)
	Cash and cash equivalent		**(1,930,973,429)**	(2,186,314,506)

39 Loss per share

39.1 Basic loss per share

		2009	2008
Loss for the year	*Rupees*	**(177,039,406)**	(100,565,270)
Weighted average number of ordinary shares	*Number*	**30,810,937**	30,810,937
Basic loss per share	*Rupees*	**(5.75)**	(3.26)

39.2 Diluted loss per share

There is no dilution effect on the basic loss per share as the Company has no such commitments.

40 Financial Instruments

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

40.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables and investment in debt securities. Out of the total financial assets of Rs. 499.57 million (2008: Rs.772.94 million), the financial assets which are subject to credit risk amounted to Rs. 492.69 million (2008: Rs. 770.52 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of yarn and fabric parties to reduce the credit risk.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2009 Rupees	2008 Rupees
Investments	179,681,368	254,681,368
Loans and advances	94,332,540	77,264,004
Trade debts	198,108,108	344,840,968
Deposits and prepayments	1,295,193	2,268,482
Other receivables	3,034,414	15,795,667
Bank balances	18,233,319	75,671,608
	494,684,942	770,522,097

The Company believes that it is not exposed to major concentration of credit risk.

Investments comprise of ordinary shares of non listed public company Fatima Fertilizer Company Limited. The fair value or credit rating of the company is not available as at 30 June 2009, as the company is non-listed.

The trade debts as at the balance sheet date are classified as follows:

	2009 Rupees	2008 Rupees
Foreign	167,550,900	288,526,844
Domestic	30,557,208	56,314,124
	198,108,108	344,840,968

The maximum exposure to credit risk before any credit enhancements for trade receivables at the reporting date by type of customer was:

	2009 Rupees	2008 Rupees
Fabric receivables export	167,550,900	288,526,843
Fabric receivables local	26,400,000	44,504,418
Yarn receivables local	4,157,208	11,809,706
	198,108,108	344,840,967

The aging of trade receivable at the reporting date is:

Past due 1-30 days	**149,318,650**	279,952,859
Past due 30-150 days	**43,493,507**	59,592,157
Past due 150 days	**5,295,952**	5,295,952
	198,108,109	344,840,968

The movement in the allowance for impairment in respect of trade receivables is as follows:

	2009 Rupees	2008 Rupees
Opening balance	**690,748**	690,748
Provision during the year	-	-
	690,748	690,748
Written off	-	-
Closing balance	**690,748**	690,748

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables past due, as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

40.2 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 managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	Rupees					
2009						
Financial Liabilities						
Loan	816,963,838	1,108,596,572	62,114,899	133,074,958	324,014,720	589,391,995
Loan from related parties	37,000,000	37,000,000	-	-	-	37,000,000
Trade and other payables	161,612,965	161,612,965	161,612,965	-	-	-
Interest and mark-up accrued	108,344,263	108,344,263	108,344,263	-	-	-
Short term borrowings	1,949,206,748	2,230,726,376	-	2,230,726,376	-	-
	3,073,127,814	**3,646,280,176**	**332,072,127**	**2,363,801,334**	**324,014,720**	**626,391,995**
2008						
Financial Liabilities						
Loan	800,428,212	1,171,161,335	142,465,041	129,211,986	154,868,529	577,723,174
Loan from related parties	37,000,000	37,000,000	-	-	-	-
Trade and other payables	131,022,747	131,022,747	131,022,747	-	-	-
Interest and mark-up accrued	64,608,293	64,608,293	64,608,293	-	-	-
Short term borrowings	2,261,986,114	2,638,430,527	-	2,638,430,527	-	-
	3,295,045,366	4,042,222,902	338,096,081	2,767,642,513	154,868,529	577,723,174

40.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

40.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2009 Rupees	2008 Rupees
Foreign debtors	**167,550,900**	288,526,843
Foreign currency bank account	**74,985**	1,419,251
Export finances	**(217,669,920)**	(1,149,250,243)
Derivative financial liability	-	(48,453,602)
Gross balance sheet exposure	**(50,044,035)**	(907,757,751)
Outstanding letters of credit	**(21,380,018)**	(17,196,850)
Net exposure	**(71,424,053)**	(924,954,601)

The following significant exchange rate has been applied:
Average rate Reporting date rate

	Average rate		Reporting date rate	
	2009	2008	**2009**	2008
	Rupees	Rupees	**Rupees**	Rupees
USD to PKR	**78.89**	62.77	**81.30**	68.20

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax loss for the year would have been lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

	2009	2008
	Rupees	Rupees
Effect on profit or loss		
US Dollars	**7,142,405**	92,495,460

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax loss / profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

40.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
Financial assets	**2009**	2008	**2009**	2008
	%	%	**Rupees**	Rupees
Fixed rate instruments				
Certificate of Islamic Investment	-	5%	-	75,000,000
Financial liabilities				
Variable rate instruments				
Loan	**6-17.75**	6-15	**816,963,838**	800,428,212
Short term running finance	**12.87-17.50**	10-15.30	**1,731,536,828**	1,112,735,871
Export finances	**3.85-6.75**	4.28-6.92	**217,669,920**	1,149,250,243

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit and loss 100 bp	
	Increase	**Decrease**
	Rupees	**Rupees**
As at 30 June 2009		
Cash flow sensitivity-Variable rate financial liabilities	**(30,789,499)**	30,789,499
As at 30 June 2008		
Cash flow sensitivity-Variable rate financial liabilities	**(30,619,861)**	30,619,861

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

40.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

40.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

41 Date of authorisation

These financial statements are authorised for issue on 08 October 2009 by the board of directors of the company.

42 General

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

Chief Executive Officer **Director**

PATTERN OF SHAREHOLDING
Category Detail as on 30-06-2009

Catagory	DETAIL	Shares Held	Percentage
DIRECTORS	FAWAD AHMAD MUKHTIAR	7,854,550	25.4927
	FAZAL AHMAD SHEIKH	7,911,722	25.6783
	FAISAL AHMAD MUKHTAR	7,886,071	25.5950
	AMBREEN FAWAD	140,625	0.4564
	FARAH FAISAL	112,500	0.3651
	FATIMA FAZAL	140,625	0.4564
	DIRECTORS TOTAL	**24,046,093**	**78.0440**
FINANCIAL INSTITUTIONS	NATIONAL BANK OF PAKISTAN,TRUSTEE DEPTT.	592,645	1.9235
	NBP TRUSTEE - NI(U)T (LOC) FUND	610,475	1.9814
	IDBP (ICP UNIT)	730	0.0024
	NATIONAL DEVELOPMENT FINANCE	984	0.0032
	FINANCIAL INSTITUTIONS TOTAL	**1,204,834**	**3.9104**
FUNDS	PAKISTAN PREMIER FUND LIMITED	109,875	0.3566
	CDC-TRUSTEE PAK STRATEGIC ALLOC. FUND	840,000	2.7263
	FUNDS TOTAL	**949,875**	**3.0829**
ICP & NiT	NATIONAL BANK OF PAKISTAN	276	0.0009
	INVESTMENT CORP. OF PAKISTAN	1,460	0.0047
	ICP & NiT TOTAL	**1,736**	**0.0056**
INVESTMENT COMPANIES	M/S PYRAMID INVESTMENT(PVT)LTD	3,900	0.0127
	ESCORTS INVESTMENT BANK LIMITED	300	0.0010
	INVESTMENT COMPANIES TOTAL	**4,200**	**0.0136**
JOINT STOCK COMPANIES	AFIC SECURITIES (PRIVATE) LIMITED	500	0.0016
	H M INVESTMENTS (PVT) LIMITED	540	0.0018
	PYRAMID INVESTMENTS (PVT) LTD.	2,850	0.0092
	DURVESH SECURITIES (PVT) LTD	5,701	0.0185
	AWJ SECURITIES (SMC-PRIVATE) LIMITED.	800	0.0026
	EXCEL SECURITIES (PVT.) LTD.	220	0.0007
	AMIR FINE EXPORTS (PVT) LTD.	24,250	0.0787
	MAZHAR HUSSAIN SECURITIES (PVT) LIMITED	16,000	0.0519
	PRUDENTIAL SECURITIES LIMITED	400	0.0013
	S.H. BUKHARI SECURITIES (PVT) LIMITED	150	0.0005
	BAWA SECURITIES (PVT.) LTD.	2,175	0.0071
	MOOSANI SECURITIES (PVT) LTD.	2,500	0.0081
	Y.S. SECURITIES & SERVICES (PVT) LTD.	875	0.0028
	ISMAIL IQBAL SECURITIES (PVT) LTD.	2,000	0.0065
	ARIF HABIB SECURITIES LIMITED	165,000	0.5355
	DARSON SECURITIES (PRIVATE) LIMITED	52	0.0002
	GENERAL INVEST. & SECURITIES (PVT) LTD.	375	0.0012
	ISMAIL ABDUL SHAKOOR SECURITIES (PVT) LTD	400	0.0013
	ARIF HABIB SECURITES LIMITED (P)	363,000	1.1782
	JOINT STOCK COMPANIES TOTAL	**587,788**	**1.9077**
MODARABA COS.	B.F.MODARABA	9,000	0.0292
	MODARABA COS. TOTAL	**9,000**	**0.0292**
STOCK EXCHANGE	ISLAMABAD STOCK EXCHANGE (G) LIMITED	625	0.0020
	KARACHI,LAHORE STOCK EXCHANGES	2	0.0000
	STOCK EXCHANGE TOTAL	**627**	**0.0020**
INDIVIDUAL	**INDIVIDUAL TOTAL**	**4,006,784**	**13.0044**
	Grand Total:	**30,810,937**	**100**

Persons having 10% or above as on 30-06-2009

		Shares Held	Percentage
DIRECTORS	FAWAD AHMAD MUKHTIAR	7,854,550	25.4927
	FAZAL AHMAD SHEIKH	7,911,722	25.6783
	FAISAL AHMAD MUKHTAR	7,886,071	25.5950

Change in the holding of CEO, Chairman, Directors, Spouse, CFO, Company Secretary as on 30-06-2009

		Opening Balance	Acquired/ (Disposed off)	Closing Balance
Chairman	FAWAD AHMAD MUKHTIAR	7,736,550	118,000	7,854,550
Director	FAISAL AHMAD MUKHTAR	7,768,071	118,000	7,886,071

FORM 34
Category Detail as on 30-06-2009

Number of ShareHolders	Shareholding From	To	Total Number of Share Held	Percentage of Total Capital
134	1 -	100	5,169	0.02
731	101 -	500	163,055	0.53
592	501 -	1000	509,586	1.65
220	1001 -	5000	528,458	1.72
31	5001 -	10000	228,578	0.74
15	10001 -	15000	179,525	0.58
9	15001 -	20000	160,307	0.52
6	20001 -	25000	139,930	0.45
5	25001 -	30000	134,150	0.44
1	30001 -	35000	32,550	0.11
2	35001 -	40000	73,050	0.24
2	40001 -	45000	86,500	0.28
5	45001 -	50000	242,583	0.79
2	50001 -	55000	103,500	0.34
1	70001 -	75000	74,500	0.24
2	75001 -	80000	154,000	0.50
1	80001 -	85000	82,100	0.27
2	100001 -	105000	203,000	0.66
1	105001 -	110000	109,875	0.36
2	110001 -	115000	225,125	0.73
2	140001 -	145000	281,250	0.91
1	145001 -	150000	145,500	0.47
1	160001 -	165000	165,000	0.54
1	185001 -	190000	185,925	0.60
1	200001 -	205000	203,758	0.66
1	335001 -	340000	335,500	1.09
1	360001 -	365000	363,000	1.18
1	590001 -	595000	592,645	1.92
1	610001 -	615000	610,475	1.98
1	835001 -	840000	840,000	2.73
1	7850001 -	7855000	7,854,550	25.49
1	7885001 -	7890000	7,886,071	25.60
1	7910001 -	7915000	7,911,722	25.68
1,778			**30,810,937**	**100.00**

Code	Category	No. of Shareholders	Shares Held	Percentage
1	INDIVIDUAL	1,740	4,006,784	13.0044
2	INVESTMENT COMPANIES	2	4,200	0.0136
4	FINANCIAL INSTITUTIONS	4	1,204,834	3.9104
5	JOINT STOCK COMPANIES	19	587,788	1.9077
7	MODARABA COS.	1	9,000	0.0292
9	FUNDS	2	949,875	3.0829
10	STOCK EXCHANGE	2	627	0.0020
11	DIRECTORS	6	24,046,093	78.0440
12	ICP & NiT	2	1,736	0.0056
	TOTAL:	**1,778**	**30,810,937**	**100.00**

FORM OF PROXY

I/We ____

of ____

in the District or ______________ being a member of RELIANCE WEAVING MILLS LIMTIED and

a holder of ______________ ______________

Hereby appoint ____

of ____ another member of the

Company failing him ____

of ____ another member of

the Company as my / our proxy to vote for me / us and on my our behlaf at the 19th Annual General Meeting of the Company to be held on Friday October 31, 2008 at 10:00 A.M. adjournment thereof.

Affix Revenue Stamps of Rs. 5/-

1. Witness: ______________

Signature ______________

Name ______________

Address ______________

Signature of Member ______________

1. Witness: ______________

Signature ______________

Name ______________

Address ______________

Shareholders' Folio No. ______________

CDC A/c No. ______________

NIC No. ______________

Notes:

1. Proxies, in order to be effective, mus be received at the Company's Registered Office 2nd Flood Trust Plaza, L.M.Q. Road, Multan not later that 48 hours before the time for the meeting and must be duly stamped signer and witnessed.

2. Amu individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring/his her NIC or Passport, to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC or Passport, Representative of corporate members should bring the usual document required for such purpose.

RELAINCE WEAVING MILLS LTD.