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## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Moonlite (Pak) Limited** as at December 31, 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2008 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

### Scope of Review

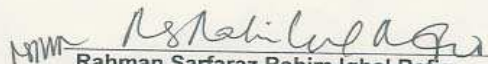
We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of interim financial information Performed by the Independent Auditor of the Entity". A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi  
Dated:

26 FEB 2010

  
**Rahman Sarfaraz Rahim Iqbal Rafiq**  
Chartered Accountants  
Engagement Partner: Muhammad Rafiq Dossani

**MOONLITE (PAK) LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2009**

	UN-AUDITED DECEMBER 31, 2009	AUDITED JUNE 30, 2009
Note	Rupees	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	100,664,947	104,253,737
Long-term investment	1,815,000	1,815,000
Long-term deposits	1,159,330	1,159,330
<b>CURRENT ASSETS</b>		
Stores and spares	3,228,860	3,413,681
Stock in trade	110,922,735	108,652,073
Trade debts - unsecured	33,018,065	44,967,605
Loans and advances	636,502	945,234
Taxes refundable		
Other receivables	2,043,175	2,285,052
Cash and bank balances	684,751	421,257
	<b>150,534,088</b>	<b>160,684,902</b>
<b>TOTAL ASSETS</b>	<b>254,173,365</b>	<b>267,912,969</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL &amp; RESERVES</b>		
<b>Authorized capital</b>		
4,000,000 (June 2009: 4,000,000) ordinary shares of Rs.10/- each	<b>40,000,000</b>	<b>40,000,000</b>
Issued, subscribed and paid-up capital		
2,159,586 (June 2009: 2,159,586) ordinary shares of Rs.10/- each	<b>21,595,860</b>	21,595,860
Reserves	<b>399,305</b>	399,305
Unappropriated profit	<b>180,256,051</b>	193,070,621
	<b>202,251,216</b>	215,065,786
<b>CURRENT LIABILITIES</b>		
Director's loan	<b>4,716,331</b>	4,716,331
Short-term borrowings	<b>16,499,809</b>	16,499,447
Trade and other payables	<b>29,769,567</b>	30,902,733
Accrued mark up on short term borrowings	<b>778,083</b>	728,672
Taxation	<b>158,359</b>	-
	<b>51,922,149</b>	52,847,183
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>5</b>	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>254,173,365</b>	<b>267,912,969</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

<b>Muhammad Sohail</b>			<b>Ghulam Akbar</b>
Chief Executive Officer		Director	Chief Financial Officer

**MOONLITE (PAK) LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009 (Un-audited)**

	Note	FOR THE HALF YEAR ENDED		FOR THE QUARTER ENDED	
		DECEMBER 31, 2009	DECEMBER 31, 2008	DECEMBER 31, 2009	DECEMBER 31, 2008
Rupees					
Sales		31,671,766	58,808,247	20,370,589	25,630,099
Cost of sales	8	(35,590,218)	(55,081,052)	(21,252,732)	(25,241,908)
<b>Gross profit / (loss)</b>		<b>(3,918,452)</b>	3,727,195	<b>(882,143)</b>	388,191
<b>Operating expenses</b>					
Administration & general		(4,899,037)	(5,294,635)	(2,583,901)	(2,449,815)
Selling & distribution		(2,317,103)	(2,872,283)	(1,177,355)	(1,569,458)
		<b>(7,216,140)</b>	<b>(8,166,918)</b>	<b>(3,761,256)</b>	<b>(4,019,273)</b>
<b>Operating loss</b>		<b>(11,134,592)</b>	(4,439,723)	<b>(4,643,399)</b>	(3,631,082)
Finance costs		(1,521,619)	(550,506)	(800,139)	(514,796)
Other income		-	114,808	-	-
Loss on write down of inventory to net realisable values		-	(9,913,584)	-	(9,913,584)
		<b>(1,521,619)</b>	<b>(10,349,282)</b>	<b>(800,139)</b>	<b>(10,428,380)</b>
<b>Loss before taxation</b>		<b>(12,656,211)</b>	(14,789,005)	<b>(5,443,538)</b>	(14,059,462)
<b>Taxation - current</b>		<b>(158,359)</b>	-	<b>(101,853)</b>	-
<b>Loss after taxation</b>		<b>(12,814,570)</b>	(14,789,005)	<b>(5,545,391)</b>	(14,059,462)
<b>Loss per share</b>		<b>Rs. (5.93)</b>	Rs. (6.85)	<b>Rs. (2.57)</b>	Rs. (6.51)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

<b>Muhammad Sohail</b>				<b>Ghulam Akbar</b>
Chief Executive Officer		Director		Chief Financial Officer

**MOONLITE (PAK) LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009 (Un-audited)**

	<b>FOR THE HALF YEAR ENDED</b>		<b>FOR THE QUARTER ENDED</b>	
	<b>DECEMBER 31,</b>	<b>DECEMBER 31,</b>	<b>DECEMBER 31,</b>	<b>DECEMBER 31,</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Rupees</b>			
Loss for the period	<b>(12,814,570)</b>	(14,789,005)	<b>(5,545,391)</b>	(14,059,462)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period transferred to equity	<u><b>(12,814,570)</b></u>	<u>(14,789,005)</u>	<u><b>(5,545,391)</b></u>	<u>(14,059,462)</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

<b>Muhammad Sohail</b>			<b>Ghulam Akbar</b>
Chief Executive Officer		Director	Chief Financial Officer

**MOONLITE (PAK) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009 (Un-audited)**

	SHARE CAPITAL	CAPITAL RESERV	UNAPPROPRIATED PROFIT	TOTAL
	Rupees			
<b>Balance as at July 1, 2008 (Audited)</b>	21,595,860	399,305	223,470,750	<b>245,465,915</b>
Total comprehensive loss for the half year	-	-	(14,789,005)	<b>(14,789,005)</b>
<b>Balance as at December 31, 2008 (Unaudited)</b>	<u>21,595,860</u>	<u>399,305</u>	<u>208,681,745</u>	<u><b>230,676,910</b></u>
Balance as at January 1, 2009	21,595,860	399,305	208,681,745	<b>230,676,910</b>
Total comprehensive loss for the half year	-	-	(15,381,124)	<b>(15,381,124)</b>
Issuance of cash dividend	-	-	(230,000)	<b>(230,000)</b>
<b>Balance as at June 30, 2009 ( Audited )</b>	<u>21,595,860</u>	<u>399,305</u>	<u>193,070,621</u>	<u><b>215,065,786</b></u>
Balance as at July 1, 2009	21,595,860	399,305	193,070,621	<b>215,065,786</b>
Total comprehensive loss for the half year	-	-	(12,814,570)	<b>(12,814,570)</b>
<b>Balance as at December 31, 2009 (Unaudited)</b>	<u>21,595,860</u>	<u>399,305</u>	<u>180,256,051</u>	<u><b>202,251,216</b></u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

<b>Muhammad Sohail</b>		
Chief Executive Officer	Director	<b>Ghulam Akbar</b> Chief Financial Officer

**MOONLITE (PAK) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009 (Un-audited)**

**FOR THE HALF YEAR ENDED**  
**DECEMBER 31,      DECEMBER 31,**  
**2009                      2008**  
**————— Rupees —————**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Loss before taxation	(12,656,211)	(14,789,005)
<i>Adjustments for non-cash items:</i>		
Depreciation	3,597,590	3,964,648
Finance costs	1,521,619	550,506
Gain on disposal of property, plant and equipment	-	(79,382)
	<b>5,119,209</b>	<b>4,435,772</b>
<b>Cash flow from operating activities before working capital changes</b>	<b>(7,537,002)</b>	<b>(10,353,233)</b>

**CHANGES IN WORKING CAPITAL**

**(Increase) / decrease in current assets**

Stores and spares	184,821	306,098
Stock in trade	(2,270,662)	(4,966,290)
Trade debts	11,949,540	(2,741,542)
Loans & advances	308,732	785,291
Other receivables	510,919	82,056

**Increase / (decrease) in current liabilities**

Trade and other payables	(1,125,073)	1,535,950
	<b>9,558,277</b>	<b>(4,998,437)</b>

**Cash (used in) / generated from operations**

	<b>2,021,275</b>	<b>(15,351,670)</b>
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Taxes paid

	(269,042)	-
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Finance costs paid

	(1,472,208)	(51,409)
	<b>(1,741,250)</b>	<b>(51,409)</b>

**Net cash generated from / (used in) operating activities**

	<b>280,025</b>	<b>(15,403,079)</b>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceed from sale of property, plant and equipment	-	800,000
Purchase of Property, Plant & Equipment	(8,800)	-

**Net cash (used in) / generated from investing activities**

	<b>(8,800)</b>	<b>800,000</b>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Long term deposit	-	(3,500)
Dividend paid	(8,093)	-

**Net cash used in financing activities**

	<b>(8,093)</b>	<b>(3,500)</b>
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Net increase/(decrease) in cash and cash equivalents

	<b>263,132</b>	<b>(14,606,579)</b>
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Cash and cash equivalents as at the beginning of the period	(16,078,190)	990,347
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<b>Cash and cash equivalents at the end of the period</b>	<b>(15,815,058)</b>	<b>(13,616,232)</b>
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The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

<b>Muhammad Sohail</b>		<b>Ghulam Akbar</b>
Chief Executive Officer	Director	Chief Financial Officer

**MOONLITE (PAK) LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

**1 STATUS AND ACTIVITIES**

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

**2 BASIS OF PREPARATION**

The condensed interim financial information are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Lahore Stock Exchange. The condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan. The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2009. The figures for the half year ended December 31, 2009 have been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2009, whereas the comparative profit and loss account, statement of changes in equity, statement of comprehensive income and cash flow statement have been extracted from the unaudited condensed interim financial information for the half year ended December 31, 2008.

**3 ACCOUNTING POLICIES**

The accounting policies adopted and method of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the preceding published annual financial statements of the Company.

**3.1 Standards, amendments to standards and interpretations effective from July 1, 2009**

- a) IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has applied IAS 1 (revised) from July 1, 2009, and has elected to present two statements (i.e. the income statement and statement of comprehensive income).
- b) IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, which would be detailed in the financial statements for the year ending June 30, 2010, but does not have an impact on the Company's financial position or performance.

Certain interpretations to the approved accounting standards are mandatory for accounting periods beginning on or before July 1, 2009 but are considered not to be relevant or have any significant effect on the Company's operations and are therefore not disclosed in this condensed interim financial information.

**3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2009 but are considered not to be relevant or have any significant effect on the Company's operations and are therefore not detailed in this condensed interim financial information.

**4 ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended June 30, 2009.

**5 CONTINGENCIES AND COMMITMENTS**

**5.1 Contingency**

Continuing guarantee to the Utility Company (S.S.G.C.) amounting to Rs. 1.815 million exists as on December 31, 2009 (June 30, 2009:1.815 million).

**5.2 Commitments**

No commitments exist as on December 31, 2009 (June 30, 2009: Nil).

**6 TRADE DEBTS - UNSECURED**

	<b>December 31, 2009</b>	<b>June 30, 2009</b>
	<b>Rupees</b>	
Considered good	<b>33,018,065</b>	44,967,605
Considered Doubtful	<b>2,883,113</b>	4,557,408
	<b>35,901,178</b>	49,525,013
Less:		
Written off during the period/year	-	(1,674,295)
Provision for doubtful debt	<b>(2,883,113)</b>	(2,883,113)
	<b>(2,883,113)</b>	(4,557,408)
	<b>33,018,065</b>	44,967,605

	December 31, 2009	June 30, 2009
	Rupees	
<b>7 CASH AND BANK BALANCES</b>		
Cash in hand	573,536	217,281
Balances with banks	111,215	203,976
	<u>684,751</u>	<u>421,257</u>

	Half Year Ended December 31,		Quarter Ended December 31,	
	2009	2008	2009	2008
	Rupees			
<b>8 COST OF GOODS SOLD</b>				
Raw & Packing Material Consumed	16,829,309	48,248,247	11,324,323	20,488,597

**MANUFACTURING EXPENSES**

Stores & spares consumed	565,207	1,318,613	76,290	627,369
Fuel & power	2,212,292	3,450,135	1,373,944	1,780,932
Salaries, wages & benefits	9,022,529	10,623,346	4,682,300	5,064,486
Repairs & maintenance	405,402	403,206	155,210	225,466
Insurance	155,000	325,880	155,000	169,599
Rent, rates, & taxes	17,945	10,899	15,945	8,087
Depreciation	3,520,725	3,872,477	1,760,472	1,892,937
	<u>15,899,100</u>	<u>20,004,556</u>	<u>8,219,161</u>	<u>9,768,876</u>
	<u>32,728,409</u>	<u>68,252,803</u>	<u>19,543,484</u>	<u>30,257,473</u>

**Work in Process**

- Opening	24,074,834	19,573,929	23,768,412	21,605,650
- Closing	(23,029,479)	(20,759,629)	(23,029,479)	(20,759,629)
	<u>1,045,355</u>	<u>(1,185,700)</u>	<u>738,933</u>	<u>846,021</u>
Cost of goods manufactured	<u>33,773,764</u>	<u>67,067,103</u>	<u>20,282,417</u>	<u>31,103,494</u>

**Finished goods**

- Opening	21,160,390	5,941,291	20,314,251	12,065,756
- Closing	(19,343,936)	(17,927,342)	(19,343,936)	(17,927,342)
	<u>1,816,454</u>	<u>(11,986,051)</u>	<u>970,315</u>	<u>(5,861,586)</u>
Cost of goods sold	<u>35,590,218</u>	<u>55,081,052</u>	<u>21,252,732</u>	<u>25,241,908</u>

	DECEMBER 31, 2009	DECEMBER 31, 2008
	Rupees	
<b>9 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	684,751	1,380,505
Short term borrowings	(16,499,809)	(14,996,737)
	<u>(15,815,058)</u>	<u>(13,616,232)</u>

## 10 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of directors, key management personnel and retirement benefits plan established for the benefits of the employees. There have been no transactions with related parties except for the following:

	<b>JULY TO DECEMBER <u>2009</u></b>	<b>JULY TO DECEMBER <u>2008</u></b>
<b>Significant transactions with the related parties during the half year ended are as follows:</b>		
Remuneration of Chief Executive	<b>540,000</b>	<b>540,000</b>
Remuneration of key management personnel	<b>720,108</b>	<b>720,000</b>
Contribution to staff provident fund	<b>171,638</b>	<b>163,665</b>
<b>Balances with related parties at the end of the period are as follows:</b>		
Remuneration of key management personnel	<b>200,296</b>	<b>300,000</b>

## 11 AUTHORIZATION FOR ISSUE

The condensed interim financial information have been authorized for issue on February 26, 2010 by the Board of Directors of the Company.

## 12 GENERAL

Figures have been rounded off to the nearest rupee.

<b>Muhammad Sohail</b>				<b>Ghulam Akbar</b>
Chief Executive Officer		Director		Chief Financial Officer

## **HALF YEARLY REVIEW**

The Directors' take pleasure to present half-yearly unaudited accounts for the period ended December 31, 2009.

### **1. OPERATING RESULTS**

- 1.1 The half year under review witnessed declined in sales of woollen yarn as compared to average sales in preceding years. This declined in sales is attributed mainly due to recession. Consequently, Company incurred losses in the first half year 2009-2010.
- 1.2 Other factors contributed to the losses are depreciation of Pak Rupees, increased in utilities charges and reduced no of units produced due to low demand during the period.
- 1.3 Loss per share for the half year computes Rs.5.93 (2008: Loss Rs. 6.85).

### **2. FUTURE PROSPECTS**

The Company's progress is dependent on hand knotted carpet industry, which is facing difficulty to maintain its production and sales due to financial and depressed economic conditions. However, with effect from January 2010 the company sales started to increased and we are hopeful that sales increasing trend will continue in times to come.

On Behalf of the Board

**Muhammad Sohail**  
Chief Executive

Karachi: February 26, 2010