

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-2831

N O T I C E

May 05, 2009

Reproduced hereunder the letter received from **SARGODHA SPINNING MILLS LIMITED** for information of members of the Exchange.

(Copy of the same is also available on our Website www.kse.com.pk).

**Sargodha Spinning Mills Limited**

Registered Office: A-601/B, City Towers, 6-k, Main Boulevard, Gulberg-II, Lahore.
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Ref : SSM/KSE-32/09

Date: 21.04.2009

Haroon Askari,
General Manager Operations,
Karachi Stock Exchange (Guarantee) Ltd.,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Sub: SHOW CAUSE NOTICE

Dear Sir,

Please refer to hearing of Show Cause Notice on 16-04-2009 regarding non compliance of listing regulation No. 32(1) (b) and submissions made by Mr. Mzhar Hussain, Company Secretary on behalf of the Company in the subject matter.

The management was briefed about the proceedings and conveyed views of the hearing committee, and the conclusion was compliance of listing regulation No. 32(1) (b) by making payment of dividend to the shareholders of the Company.

The fact is that the Company is operating at cash losses and payment of installments of loans & markup is not being paid and the operation of Unit No. I consisting of 25632 spindles has been closed due to continuous losses.

However, the management is of the view that it will try at its level best to pay dividend to the minority shareholders of the Company for the year ending June 30, 2009 subject to improvement in the liquidity position of the Company and approval of banks.

Thanks & regards,

Yours truly,
For SARGODHA SPINNING MILLS LIMITED


Chief Executive