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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **AHMED HASSAN TEXTILE MILLS LIMITED** (the company) as at June 30, 2010 and the related profit and loss account, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatements. 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, except for the changes as stated in note 2.2 to annexed the financial statements, with which we concur;

(ii) the expenditure incurred during the year was for the purpose of 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 parts thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and, respectively give a true and fair view of the state of the Company's affairs as at June 30, 2010 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants

MYASCo

Engagement Partner
Mushtaq Ali Hirani

Karachi
Dated:

Deloitte.

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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 **AHMED HASSAN TEXTILE MILLS LIMTED** to comply with the Listing Regulations of the Karachi and Islamabad Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's 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 the internal control covers all controls and the effectiveness of such internal controls.

The Code of Corporate Governance requires Board of Directors to approve related party transactions bifurcating 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. In this connection we are only required and have ensured compliance of requirement to the extent of Board of Directors approving the related party transactions in the aforesaid manner. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out 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 as applicable to the Company for the year ended June 30, 2010.

Chartered Accountants

MYAS

Karachi
Date:

AHMAD HASSAN TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2010

	Note	2010	2009 Restated	2008 Restated
ASSETS	*Note*	------- Rupees --------		
NON-CURRENT ASSETS				
Property, plant and equipment	**3**	1,665,879,959	1,949,986,594	2,017,040,206
Long term investment	**4.**	259,584	259,688	259,792
Long term deposits		4,582,497	4,582,497	4,582,497
		1,670,722,040	1,954,828,779	2,021,882,495
CURRENT ASSETS				
Stores, spares and loose tools	**5.**	48,119,305	53,704,769	51,493,295
Stock in trade	**6.**	614,809,359	688,558,847	582,794,991
Trade debts	**7.**	199,997,799	233,831,344	161,739,614
Loans and advances	**8.**	29,165,801	13,585,565	31,891,156
Tax refunds due from government	**9.**	7,190,068	9,900,838	10,011,745
Other receivables	**10.**	1,904,045	4,500,618	744,612
Current portion of long term investments	**4.**	104	104	8,427,813
Cash and bank balances	**11.**	1,080,356	1,780,703	1,036,840
		902,266,837	1,005,862,788	848,140,066
Assets classified as held for sale	**12.**	258,835,446	-	-
		2,831,824,323	2,960,691,567	2,870,022,561
EQUITIES AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital				
20,000,000 Ordinary shares of Rs. 10 each		200,000,000	200,000,000	200,000,000
Issued, subscribed and paid up capital				
14,408,248.8 (2009: 14,408,248.8) ordinary shares				
of Rs. 10 each fully paid in cash	**13.**	144,082,488	144,082,488	144,082,488
Share premium	**14.**	32,746,284	32,746,284	32,746,284
Unappropriated profit		119,076,578	37,093,063	75,945,723
		295,905,350	213,921,835	252,774,495
Surplus on revaluation of property, plant and equipment	**15.**	544,014,548	527,859,828	552,715,105
NON-CURRENT LIABILITIES				
Long term financing	**16**	528,669,489	494,791,294	429,635,358
Subordinated loan	**17.**	105,000,000	105,000,000	90,000,000
Liabilities against assets subject to finance lease	**18.**	19,142,525	34,099,671	32,548,952
Long term morabaha	**19.**	-	107,552,249	94,218,916
Deferred liabilities	**20.**	104,257,744	114,916,674	150,322,448
		757,069,758	856,359,888	796,725,674
CURRENT LIABILITIES				
Trade and other payables	**21.**	217,777,647	180,775,917	130,751,623
Interest / mark-up accrued	**22.**	52,825,354	65,383,710	58,414,938
Short term borrowings	**23.**	774,492,145	1,003,870,736	897,128,670
Current portion of non current liabilities	**24.**	169,310,070	99,216,423	168,329,082
Provision for taxation	**25.**	20,429,451	13,303,230	13,182,974
		1,234,834,667	1,362,550,016	1,267,807,287
CONTINGENCIES AND COMMITMENTS	**26.**			
		2,831,824,323	2,960,691,567	2,870,022,561

The annexed notes form an integral part of these financial statements

CHAIRMAN ***CHIEF EXECUTIVE OFFICER*** ***DIRECTOR*** ***CHIEF FINANCIAL OFFICER***

AHMAD HASSAN TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	*2010*	*2009 Restated*
		------- Rupees	*--------*
Sales - net	**27.**	3,392,152,617	2,736,385,752
Cost of goods sold	**28.**	(2,972,175,648)	(2,437,948,486)
Gross profit		419,976,969	298,437,266
Other operating income	**29.**	4,342,182	5,908,824
		424,319,151	304,346,090
Distribution cost	**30.**	(111,597,898)	(68,646,548)
Administrative expenses	**31.**	(24,153,472)	(24,150,530)
Other operating expenses	**32.**	(4,174,800)	(1,276,860)
Finance cost	**33.**	(226,557,855)	(296,766,775)
Profit / (loss) before taxation		57,835,126	(86,494,623)
Provision for taxation	**34.**	877,352	22,786,686
Profit / (loss) after taxation		58,712,478	(63,707,937)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		**58,712,478**	**(63,707,937)**
Earnings per share - Basic and diluted	**35.**	4.07	(4.42)

The annexed notes form an integral part of these financial statements

CHAIRMAN ***CHIEF EXECUTIVE OFFICER*** ***DIRECTOR*** ***CHIEF FINANCIAL OFFICER***

AHMAD HASSAN TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	2010	2009 Restated
	------- Rupees	--------
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	57,835,126	(86,494,623)
Adjustments for:		
Depreciation on property, plant and equipment	101,271,074	103,501,505
Loss / (gain) on sale of property, plant and equipment	260	(248,211)
Provision for gratuity	5,400,000	4,797,388
Finance cost	226,557,855	296,766,775
	333,229,189	404,817,457
Operating cash flows before movement in working capital	391,064,315	318,322,834
(Increase) / decrease in current assets		
Stores, spares and loose tools	5,585,464	(2,211,474)
Stock in trade	73,749,488	(105,763,856)
Trade debts	33,833,545	(72,091,730)
Loans and advances	(3,196,546)	4,473,302
Tax refunds due from government	3,786,715	2,767,500
Other receivables	2,596,573	(3,756,006)
Current portion of long term loans	-	8,427,709
Increase / (decrease) in current liabilities		
Trade and other payables	45,252,171	49,331,622
	161,607,410	(118,822,933)
Cash generated from operations	552,671,725	199,499,901
Gratuity paid	(13,650,441)	(4,104,716)
Income taxes paid	(26,237,157)	(1,323,136)
Net cash from operating activities	512,784,127	194,072,049
CASH FLOWS FROM INVESTING ACTIVITIES		
		-
Purchase of property, plant and equipment	(26,473,823)	(43,532,670)
Proceeds from disposal of property, plant and equipment	21,600	7,332,988
Redemption of long term investment	104	104
Net cash used in investing activities	(26,452,119)	(36,199,578)

	2010	2009 Restated
	------- Rupees --------	
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing raised	50,000,000	85,000,000
Repayment of long term finances	(49,909,151)	(38,426,747)
Subordinated loans obtained	-	15,000,000
Repayment of long term morabaha	-	(18,072,972)
Repayment of principal portion of finance lease	(18,628,402)	(17,572,952)
Short term borrowings - net	(229,378,591)	106,742,066
Finance cost paid	(239,116,211)	(289,798,003)
Net cash used in financing activities	(487,032,355)	(157,128,608)
Net (decrease) / increase in cash and bank balances during the year	(700,347)	743,863
Cash and bank balances at the beginning of the year	1,780,703	1,036,840
Cash and bank balances at the end of the year	1,080,356	1,780,703

The annexed notes form an integral part of these financial statements

CHAIRMAN ***CHIEF EXECUTIVE OFFICER*** ***DIRECTOR*** ***CHIEF FINANCIAL OFFICER***

AHMAD HASSAN TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010

	Share Capital	Reserves		
		Capital	Revenue	
	Issued, subscribed and paid up capital	Share premium	Unappropriated profits	Total
	<------------------ (R u p e e s) ------------------>			
Balance at July 01, 2008	144,082,488	32,746,284	106,063,245	282,892,017
Effect of prior period error (note 42)			(30,117,522)	(30,117,522)
Balance at July 01, 2008 - restated	144,082,488	32,746,284	75,945,723	252,774,495
Total comprehensive income for the year ended June 30, 2009	-	-	(63,707,937)	(63,707,937)
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	24,855,277	24,855,277
Balance at June 30, 2009 - restated	144,082,488	32,746,284	37,093,063	213,921,835
Total comprehensive income for the year ended June 30, 2010	-	-	58,712,478	58,712,478
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax			23,271,037	23,271,037
Balance at June 30, 2010	144,082,488	32,746,284	119,076,578	295,905,350

The annexed notes form an integral part of these financial statements

CHAIRMAN ***CHIEF EXECUTIVE OFFICER*** ***DIRECTOR*** ***CHIEF FINANCIAL OFFICER***

1. STATUS AND ACTIVITIES

1.1 Ahmed Hassan Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as public company limited by shares under Companies Ordinance 1984. Its shares are quoted on all Stock Exchanges in Pakistan. The registered office of the Company is situated in Multan. The Mill is located at District Muzaffargarh. The principal activity of the Company is manufacture and sale of yarn and fabric.

1.2 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under Companies Ordinance, 1984 shall prevail.

2.2 Adoption of new International Financial Reporting Standards

In the current year, the Company has adopted all new Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and as notified by the Securities and Exchange Commission of Pakistan that are relevant to its operations and effective for Company's accounting period beginning on July 01, 2009. The adoption of these new Standards and Interpretations has resulted in changes to the Company's accounting policies in the following areas:

IAS 1 (revised) - Presentation of Financial Statements — January 01, 2009

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, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. Further, under revised standard, an entity may present the components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. The Company has opted to present the components of profit or loss as part of a single statement of comprehensive income (profit and loss account) as permitted under revised IAS 1.

The Company does not have any items of income and expenses representing other comprehensive income. Accordingly, the adoption of the above standard does not have any significant impact on the presentation of the Company's financial statements and does not require the restatement or reclassification of comparative information. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

In addition, the revised Standard has required the presentation of a third statement of financial position at June 30, 2008, because the Company has restated its financial statements retrospectively as reflected in note 42.

IFRS 8 - Operating Segments — January 01, 2009

IFRS 8 replaces IAS 14 and requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. The Company considers itself as a single operating segment company and the Company's performance is evaluated on an overall basis. The adoption of this standard has no impact on the Company's financial statement.

IFRS 7 Financial Instruments: Disclosures	January 01, 2009

The amendments to IFRS 7 expands the disclosures required in respect of fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

2.2.1 *New accounting standards and IFRS interpretations that are not yet effective*

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them :

IFRS 9 - Financial Instruments	January 01, 2013
Amendments to IFRS 2 - Share based Payment	'January 01, 2010
IAS 24 (revised) - Related Party Disclosures	January 01, 2010
Amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	January 01, 2010
Amendments to IAS 7 - Statement of Cash Flows	January 01, 2010
Amendments to IAS 17 - Leases	January 01, 2010

2.2.2 *Interpretations to existing standards that are effective and not relevant for the company's operations*

The following interpretation to existing standards has been published and is mandatory for the company's accounting year beginning on July 01, 2008 but is not relevant for the company's operations:

IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance	January 01, 2009
IAS 40 - Investment Property	January 01, 2009
IFRS 2 - Share-based Payment : Vesting Conditions and Cancellations	January 01, 2009
IFRS 3 - Business Combinations (Revised) and IAS 27 - Consolidated and Separate Financial Statements (Amended) including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39	July 01, 2009
IAS 38 - Intangible Assets	January 01, 2009
IAS 39 - Financial Instruments : Recognition and Measurement - Eligible Hedged Items	July 01, 2009
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	July 01, 2009
IAS 32- Financial Instruments : Presentation and IAS 1 Puttable Financial Instruments and Obligations arising on Liquidation	January 01, 2009
IFRIC 9 - Remeasurement of Embedded derivatives and IAS 39 Financial	

Instruments : Recognition and Measurement	July 01, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 17 - Distributions of Non-cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfer of Assets from Customers	July 01, 2009
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

2.3 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for:

- modification of foreign currency translation adjustments as stated in note 2.6
- operating assets as stated in note 2.7, and
- certain financial statements at fair value

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of operating assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

2.4 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of operating assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

2.5 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits rebates and exemption available, if any, or minimum tax at the rate of 0.5 % of turnover, whichever is higher. However, for income under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

2.6 Foreign currency translations

Translations in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date except for those covered by forward contracts, if any. All exchange fluctuations are charged to profit and loss account.

2.7 Property, plant and equipment

Owned

Property, plant and equipment except land, building, plant and machinery and generator are stated at cost less accumulated depreciation and impairment in value, if any. Land, building, plant and machinery and generator are stated at revalued amount. Borrowings costs pertaining to erection/ construction are capitalized as part of the historical cost as stated in note 2.15.

Depreciation is charged to income applying reducing balance method to write-off the cost over estimated remaining useful life of the assets. The useful life and depreciation method are consistent with the expected pattern to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets. Rates of depreciation are stated in note 3.1. Depreciation is charged on additions from the month in which an asset is acquired or capitalized and no depreciation is charged for the month in which asset is disposed. Gain/ loss on disposal of operating assets are taken to profit and loss account.

Surplus arising on revaluation of operating assets is credited to surplus on revaluation of operating assets account. The surplus on revaluation of operating assets to the extent of incremental depreciation charged on the related assets is transferred by the company to its unappropriated profit.

Minor repairs and maintenance are charged to income, as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, other than those kept as stand-by, are retired.

Leased

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal for each period.

Depreciation is charged to income at the rates stated in note 3.1 applying reducing balance method to write-off the cost of the assets over their estimated useful life in view of certainty of ownership of the assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to current year income.

2.8 Impairment of assets

The management assesses at each balance sheet date whether there is any indication that an asset except deferred tax asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

Where the impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

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 recognized as an income or expense.

2.9 Long term investments

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. These are investments with fixed or determinable receipts and fixed maturity.

2.1 Stores, spares and loose tools

These are valued at cost, determined on basis of moving average cost less allowance for obsolete and slow moving items, except for items-in-transit which are valued at cost accumulated to the balance sheet date.

2.11 Stock in trade

Basis of valuation is as follows:

Raw material at ware house	At lower of weighted average cost and net realizable value.
Work in process	At manufacturing cost
Finished goods	At lower of cost and net realizable value
Waste	At net realizable value

Cost in relation to work in process and finished goods represents the annual average cost which consists of prime cost and appropriate manufacturing overheads. Cost of raw materials consumed is accounted for by applying the annual average cost of both imported and local purchases.

Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost to be incurred to such sale.

2.12 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

2.13 Trade and other payables

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

2.14 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

- Direct local sales are recorded when goods are delivered to customers and invoices are raised.
- Local sales through agents are booked on intimation from the agents.
- Export sales are booked on shipment basis.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.16 Short term investments

Short term investments are designated at fair value through profit or loss at inception. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account. Regular way purchase or sale of held for trading investments is recognized using trade date accounting. A trade date is the date that an enterprise commits to purchase or sell an asset. All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.17 Provisions

Provisions are recognized when the Company has a present, 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 obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.18 Staff retirement benefits

The company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision and payment of gratuity is made annually based on service period completed by an employee.

2.19 Financial assets and liabilities

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

All purchases and sales of financial assets are recognized on the trade date when the Company become the party to the contractual provision.

2.2 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.21 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing 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.

2.22 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 consist of cash in hand and balances with banks.

2.23 Assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition within one year of the date of its classification as assets held for sale.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Gain / loss on sale of assets classified as held for sale is recognized in profit and loss account.

3. Property, plant and equipment

3.1 ***Operating assets***

PARTICULARS	Cost at July 01, 2009	Additions during the Year	Revaluation (loss) / surplus	Disposals / Transfer	Transferred to held for sale	Cost at June 30, 2010	Accumulated depreciation at July 01, 2009	Depreciation for the year	Accumulated depreciation on disposal / transfer	Accumulated depreciation on held for sale assets	Accumulated depreciation at June 30, 2009	Carrying value at June 30, 2010	Depreciation Rate %
	Rupees						Rupees						
Owned assets													
Land - freehold	57,562,500	-	(11,081,998)	-	(5,313,000)	41,167,502	-	-	-	-	-	41,167,502	
Building on freehold Land													
- Factory	394,411,659	-	(66,351,651)	-	(90,616,280)	237,443,728	86,069,488	14,877,047	-	(41,485,460)	59,461,075	177,982,653	5
- Residential	86,028,024	-	(22,325,583)	-	(10,927,750)	52,774,691	18,545,202	3,262,007	-	(9,434,150)	12,373,059	40,401,632	5
	480,439,683	-	(88,677,234)	-	(101,544,030)	290,218,419	104,614,690	18,139,054	-	(50,919,610)	71,834,134	218,384,285	
Plant and machinery	1,943,970,963	25,756,233	149,307,154	129,544,779	(489,677,419)	1,758,901,710	604,677,922	68,007,910	57,656,842	(289,177,419)	441,165,255	1,317,736,455	5
Generator	14,867,784	-	-	-	-	14,867,784	10,255,284	457,727	-	-	10,713,011	4,154,773	10
Electric installations	56,747,010		-	-	(13,048,809)	43,698,201	34,597,737	3,264,367	-	(11,452,405)	26,409,699	17,288,502	15
Factory equipments	479,199	-	-	-	(445,750)	33,449	212,806	24,615	-	(227,269)	10,152	23,297	10
Office equipment	3,331,380	652,990	-	-	-	3,984,370	1,268,945	216,249	-	-	1,485,194	2,499,176	10
Telephone installation	397,224	-	-	-	-	397,224	298,551	9,792	-	-	308,343	88,881	10
Furniture and fixtures	2,716,867	-	-	-	(1,583,031)	1,133,836	1,545,982	112,126	-	(1,094,899)	563,209	570,627	10
Arms and ammunition	27,800	-	-	-	-	27,800	12,325	1,536	-	-	13,861	13,939	10
Weighing scale	643,982	-	-	-	(433,982)	210,000	443,880	19,066	-	(338,972)	123,974	86,026	10
Tube Well	345,649	-	-	-	-	345,649	256,977	8,799	-	-	265,776	79,873	10
Fire extinguishing equipment	263,497	-	-	-	-	263,497	178,650	8,420	-	-	187,070	76,427	10
Vehicles	16,655,849	64,600	-	(36,500)	-	16,683,949	6,415,262	2,020,715	(14,641)	-	8,421,336	8,262,613	20
	2,578,449,387	26,473,823	49,547,922	129,508,279	(612,046,021)	2,171,933,390	764,779,011	92,290,376	57,642,201	(353,210,574)	561,501,014	1,610,432,376	
Leased													
Grid Station	64,747,312	-	-	-	-	64,747,312	3,776,927	6,050,464	-	-	9,827,391	54,919,921	10
Plant and machinery	129,544,779	-	-	(129,544,779)		-	54,856,013	2,800,829	(57,656,842)		-	-	5
Vehicles	1,232,000	-	-	-	-	1,232,000	574,933	129,405	-	-	704,338	527,662	20
	195,524,091	-	-	(129,544,779)	-	65,979,312	59,207,873	8,980,698	(57,656,842)	-	10,531,729	55,447,583	
	2,773,973,478	26,473,823	49,547,922	(36,500)	(612,046,021)	2,237,912,702	823,986,884	101,271,074	(14,641)	(353,210,574)	572,032,743	1,665,879,959	

For comparative period

Particulars	Cost				Depreciation				Carrying value	Rate
	As at July 01, 2008	Additions	Disposals	As at June 30, 2009	As at July 01, 2008	For the year	Adjustment On disposals	As at June 30, 2009	as at June 30, 2009	%
	R u p e e s				R u p e e s					
Owned										
Land-Freehold	57,562,500	-	-	57,562,500	-	-	-	-	57,562,500	-
Buildings on freehold land										
- Factory	375,166,285	19,245,374	-	394,411,659	70,769,010	15,300,478	-	86,069,488	308,342,171	5
- Residential	86,028,024	-	-	86,028,024	14,993,474	3,551,728	-	18,545,202	67,482,822	5
	461,194,309	**19,245,374**	**-**	**480,439,683**	**85,762,484**	**18,852,206**	**-**	**104,614,690**	**375,824,993**	
Plant and machinery	1,904,107,355	46,648,608	(6,785,000)	1,943,970,963	538,754,400	69,512,106	(3,588,584)	604,677,922	1,339,293,041	5
Generator	14,867,784	-	-	14,867,784	9,742,784	512,500	-	10,255,284	4,612,500	10
Electric installation	56,672,010	75,000	-	56,747,010	30,701,174	3,896,563	-	34,597,737	22,149,273	15
Factory equipment	257,199	222,000	-	479,199	185,262	27,544	-	212,806	266,393	10
Office equipment	3,114,280	217,100	-	3,331,380	1,050,137	218,808	-	1,268,945	2,062,435	10
Telephone installation	397,224	-	-	397,224	287,587	10,964	-	298,551	98,673	10
Furniture and fixtures	2,716,867	-	-	2,716,867	1,415,884	130,098	-	1,545,982	1,170,885	10
Arms and ammunition	27,800	-	-	27,800	10,606	1,719	-	12,325	15,475	10
Weighing scales	643,982	-	-	643,982	421,646	22,234	-	443,880	200,102	10
Tube well	345,649	-	-	345,649	247,125	9,852	-	256,977	88,672	10
Fire extinguishing equipment	263,497	-	-	263,497	169,222	9,428	-	178,650	84,847	10
Vehicles	18,511,586	6,416,533	(8,272,270)	16,655,849	8,373,870	2,425,301	(4,383,909)	6,415,262	10,240,587	20
	2,520,682,042	**72,824,615**	**(15,057,270)**	**2,578,449,387**	**677,122,181**	**95,629,323**	**(7,972,493)**	**764,779,011**	**1,813,670,376**	
Leased				-						
Plant and machinery	129,544,779	-	-	129,544,779	50,925,025	3,930,988	-	54,856,013	74,688,766	5
Grid Station	-	64,747,312	-	64,747,312	-	3,776,927	-	3,776,927	60,970,385	10
Vehicles	1,232,000	-	-	1,232,000	410,666	164,267	-	574,933	657,067	20
	130,776,779	**64,747,312**	**-**	**195,524,091**	**51,335,691**	**7,872,182**	**-**	**59,207,873**	**136,316,218**	
				-						
	2,651,458,821	**137,571,927**	**(15,057,270)**	**2,773,973,478**	**728,457,872**	**103,501,505**	**(7,972,493)**	**823,986,884**	**1,949,986,594**	

3.1.1 Depreciation for the year has been allocated as under:

	Note	2010 Rupees	2009 Rupees
Cost of sales	**28**	98,941,605	100,551,883
Administrative expenses	**31**	2,329,469	2,949,622
		101,271,074	**103,501,505**

3.1.2 During the year, Plant & Machinery amounting to Rs. 129,544,779 leased from Faysal bank has been transferred to owned assets upon payment of liability.

3.1.3 Revaluation of freehold land was carried out as on December 31, 2007 by an independent value M/s Consultancy Support & Services, Multan on the basis of market value. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment.

Revaluation of buildings on free hold land and plant and machinery was carried out as on June 30, 2008 by an independent value M/s Consultancy Support & Services, Multan on the basis of evaluated present values. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment.

A new revaluation of land & building and plant & machinery has been carried out on June 22, 2010. Unit 1 has been revalued by M/s Dimen Associates, Multan and Unit 2 & 3 are revalued by M/s Pirsons Associates Multan on the basis of evaluated present values. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment.

3.1.6 Had there been no revaluation the related figures of freehold land, building, plant and machinery and generator at June 30, 2010 would have been as follows:

	Carrying Value	
	2010	**2009**
	Rupees	**Rupees**
Freehold land	2,577,758	2,577,758
Buildings on freehold land	120,211,034	126,537,931
Plant and machinery	1,058,500,258	1,087,413,292
Generator	4,051,055	4,501,172
	1,185,340,105	1,221,030,153

3.1.7 **The following assets were disposed off during the year**

Description	**Cost**	**Accumulated depreciation**	**Carrying value**	**Sale proceed**	**Mode of disposal**	**Particulars of buyer**
	- - - - - - -	- - - - -	**Rupees**	- - - - - - -		
Vehicle	36,500	14,641	21,859	21,600	Negotiation	Mujahid Saleem S/O Muhammad Saleem House # 1636/221, sheikhawal -2, Chungi # 8, Nawab pur road, Multan
2010	36,500	14,641	21,859	21,600		
2009	15,057,270	7,972,493	7,084,777	7,332,988		

	Notes	2010	2009
		------- *Rupees* --------	

4. LONG TERM INVESTMENTS

	Notes	2010	2009
Held to maturity			
Term finance certificates	**4.1**	259,688	259,792
Less: Current maturity		(104)	(104)
		259,584	259,688

4.1 The market value of term finance certificates (TFCs) as at June 30, 2010 was Rs. 263,379 (2009: Rs. 263,483).

The Company during 2007 had purchased second tranche of TFCs of Bank Al Habib Limited amounting to Rs. 260,000 on March 07, 2007 having final maturity date of February 07, 2015. These certificates carry mark up at a rate of KIBOR+1.5% per annum and are redeemable at half yearly basis starting from August 07, 2007. First fourteen certificates are redeemable at a principal amount of Rs. 52 each and the last two Rs. 129,636 each.

5. STORES, SPARES AND LOOSE TOOLS

	Notes	2010	2009
		------- *Rupees* --------	
Stores	**5.1**	44,517,723	48,417,046
Spares	**5.1**	3,601,582	5,287,723
		48,119,305	53,704,769

5.1 This includes stores in transit of Rs. 3,601,582 (2009: NIL) and spares in transit NIL (2009: Rs. 5,287,723).

6. STOCK IN TRADE

		2010	2009
Raw material		194,251,134	411,934,112
Work in process		63,425,408	35,523,496
Finished goods		357,132,817	241,101,239
		614,809,359	688,558,847

7. TRADE DEBTS

	Notes	2010	2009
Considered good			
Foreign - secured	**7.1**	124,404,664	149,498,196
Local-unsecured		75,593,135	84,333,148
		199,997,799	233,831,344
Considered doubtful			
Local-unsecured		1,165,206	-
Provision for doubtful debts		(1,165,206)	-
		-	-
		199,997,799	233,831,344

7.1 These are secured against export bills.

7.2 Trade receivables are non-interest bearing and are generally on 30 to 90 day terms.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, where appropriate.

Trade debts include debtors with a carrying amount of Rs 1.378 million (2009: Rs. 2.066 million) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

	Notes	2010	2009
		------- Rupees	--------
Aging of amounts past due but not impaired			
90-120 days		-	1,609,537
120 days and above		1,378,392	456,876
		1,378,392	2,066,413

8. LOANS AND ADVANCES

Loans - considered good			
to employees		1,076,547	1,423,914
Advances - considered good			
to suppliers and against expenses		14,323,784	10,594,662
Income tax		13,742,531	1,358,841
Letters of credit fee and expenses		22,939	208,148
		28,089,254	12,161,651
		29,165,801	13,585,565

9. TAX REFUNDS DUE FROM GOVERNMENT

- Considered good			
Sales tax refundable		3,457,530	7,244,245
Income tax refundable		3,732,538	2,656,593
		7,190,068	9,900,838

10. OTHER RECEIVABLES

- Considered good			
Minimum tax paid under protest	**26.2**	642,984	642,984
Others		1,261,061	3,857,634
		1,904,045	4,500,618

11. CASH AND BANK BALANCES

Cash in hand		205,949	195,495
Cash at banks in current accounts		874,407	1,585,208
		1,080,356	1,780,703

12. NON-CURRENT ASSETS HELD FOR SALE

The management of the company has decided in the EOGM held as on June 25, 2010 to sell out the spinning unit-1 because of mismatch ratio between input and output prices, load shedding which substantially reduced mills efficiency / profitability in past, an extraordinary increase in electricity tariff structure especially in last two years, higher markup rates.

Moreover the continuous reduction in yeild of the old spinning unit along with inferior quality of yarn has compelled the management to either to go for BMR or dispose off the said unit. After considering all the facts it was decided to dispose off the old spinning unit 1 and classify it as assets held for sale.

During the year the bid along with earnest money Rs. 2,350,000/- has been received from a reputed and well known organization which is under consideration / negotiation would be finalized after clearance from all respective institutions/bodies.

Subsequent to balance sheet date the company has decided to operate the machinery on off & on basis to complete the export orders. Currently due to wear and tear, the management of the company has decided to rent out the said unit, @ Rs. 0.75 per spindle per shift and rental income will be received on lump sum basis, in order to keep the machinery intact / ready for production till the clearance received from related institutions.

	2010	2009
	------- Rupees --------	
Assets classified as held for sale		
Free hold land	5,313,000	-
Buildings on freehold land	50,624,420	-
Plant and machinery	200,500,000	-
Equipment and others	2,398,026	-
	258,835,446	-

13. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

13.1 There were no movements during the reporting years.

13.2 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally.

	Note	2010	2009 *Restated*
		------- Rupees --------	
14. SHARE PREMIUM			
Issue of 2,989,920 ordinary shares of Rs. 10 each at a premium of Rs. 4 per share during the year 2001.		11,959,680	11,959,680
Issue of 1,138,992 ordinary shares of Rs. 10 each at a premium of Rs. 10 per share during the year 2004.		11,389,920	11,389,920
Issue of 1,879,336.8 ordinary shares of Rs. 10 each at a premium of Rs. 5 per share during the year 2007.		9,396,684	9,396,684
		32,746,284	32,746,284

15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OFF DEFERRED TAX

	2010	2009
Surplus on revaluation of operating assets as at July 01	527,859,828	552,715,105
Addition during the year		
Revaluation surplus arising on revaluation of land, building, plant and machinery	49,547,922	-
Defer tax arising on revaluation	(10,122,165)	-
Revaluation surplus net of defer tax	39,425,757	-
Less: Transferred to unappropriated profit on account of:		
Incremental depreciation (net of deferred tax)	(23,271,037)	(24,855,277)
Surplus on revaluation of property plant & equipment as at June 30	544,014,548	527,859,828

16. LONG TERM FINANCING

Banking companies-Secured

Name of the Bank	Type of facility	2010 Rupees	2009 Rupees	No. of installments	Mode of payment	Repayment Commenced from	Rate of markup
Bank Al Habib Limited	TF-3	23,535,466	31,380,622	9	Half yearly	Feb. 14, 2009	6 M-kibor + 1.5%
Habib Bank Limited	DF-3	-	105,000,000	10	Half yearly	Feb. 12, 2005	6 M-kibor + 1.75%
Habib Bank Limited	DF-4	-	127,267,497	10	Half yearly	June 30, 2008	6 M-kibor + 1.75%
Habib Bank Limited	EOP DF-4	1,795,833	2,514,169	10	Half yearly	Feb. 06, 2008	SBP rate + 2%
Habib Bank Limited	DF-5	217,267,497	-	64	Monthly	March 31, 2010	6 M-kibor + 0.75%
Habib Bank Limited	DF-6	50,000,000	-	60	Monthly	March 31, 2011	6 M-kibor + 0.75%
Allied Bank Limited	DF	55,000,000	65,000,000	10	Half yearly	March. 30, 2007	6 M-kibor + 1.75%
Allied Bank Limited	LTF-EOP	100,441,998	109,689,983	12	Half yearly	Dec. 25, 2008	SBP rate + 2%
United Bank Limited	DF	85,000,000	85,000,000	8	Half yearly	July 1, 2010	3 M-kibor + 2.5%
Faysal Bank Limited	TF	14,218,920	-	6	Half yearly	August 1, 2010	6 M-kibor + 2%
Faysal Bank Limited	TF	7,074,119	9,432,159	8	Half yearly	Dec. 31, 2009	6 M-kibor + 2%
Faysal Bank Limited	LTF-EOP	35,458,000	35,458,000	8	Half yearly	Oct. 17, 2009	SBP rate + 2%
Faysal Bank Limited	LTF-EOP	93,333,334	-	8	Half yearly	July 1, 2009	SBP rate + 2%
		683,125,167	570,742,430				
Current portion grouped under current liabilities		(154,455,678)	(75,951,136)				
		528,669,489	**494,791,294**				

Securities

Finance facilities from Bank Al Habib Limited, Habib Bank Limited, Allied Bank Limited, United Bank Limited and Faysal Bank Limited are secured against pari passu charge with each other over land, building and plant and machinery. Finance facility under LTF-EOP Faysal Bank Limited is secured against ownership of leased assets, specific charge over machinery imported and personal guarantees of working directors. Effective rate of markup on long term loans ranges from 5.5% to 15.10% (2009: 7% to 17.10%) per annum.

	2010	2009
	------- *Rupees* --------	

17. SUBORDINATED LOANS- Unsecured

From related parties

	2010	2009
Mian Muhammad Javed Anwar	27,500,000	27,500,000
Mian Muhammad Parvez	27,500,000	27,500,000
Dr. Muhammad Haris	35,000,000	35,000,000
Mrs. Waheeda Parvez	15,000,000	15,000,000
	105,000,000	105,000,000

These interest free subordinated loans were obtained during the year 2009 from the directors of the company.

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE- Secured

	Up to one year	From one year to five years	2010	2009
	----------------R u p e e s		-------------------------	Rupees
Minimum lease payments	19,027,482	21,025,385	40,052,867	64,388,809
Less: Finance cost allocated to future periods	4,173,090	1,882,860	6,055,950	(11,763,490)
Present value of minimum lease payments	14,854,392	19,142,525	33,996,917	52,625,319
Less: Current portion grouped under current liabilities			14,854,392	18,525,648
			19,142,525	34,099,671

The company has entered into lease agreement with Faysal Bank Limited to acquire plant and machinery in the year 2003. This facility matured in the current year.

In 2007, the Company has entered into an lease agreement with Meezan Bank Limited for installation of grid station. The liabilities under the Ijara are payable in monthly installments by July 2012 and are subject to finance charges at the rates 6-M KIBOR plus 2%. During the year mark up was charged at the rates ranging from 14.26% to 16.93% (2009: 12.34% to 16.93%) per annum. The company intends to exercise its option to purchase the leased assets upon completion of lease terms. The said facility is secured against exclusive ownership of leased asset.

The Company has entered into a lease agreement with Bank Al Habib for the purchase of a vehicle in the year 2008. The liabilities under the facility are payable in half-yearly installments by August 2011 and are subject to finance charges at the rates 6-M KIBOR plus 2%. During the year mark up was charged at the rates ranging from 14.45% to 14.77% (2009: 15.73% to 15.75%) per annum. The said facility is secured against exclusive ownership of leased vehicle.

19. LONG TERM MORABAHA- Secured

		2010	2009
		------- *Rupees* --------	
Opening balance		107,552,249	130,364,860
Transferred to long term finance		(107,552,249)	-
Paid during the year		-	(18,072,972)
		-	112,291,888
Current portion grouped under current liabilities	24	-	(4,739,639)
		-	107,552,249

This facility is from Faysal Bank Limited to import textile spinning machinery. The liability under the agreement is payable in half yearly installments by February, 2013 subject to finance charge of 6 month KIBOR+2% per annum. The loan is secured against 1st pari passu charge over the fixed assets of Rs. 215 million including land, building and plant and machinery. It is further secured by the personal guarantees of working directors of the company. This loan has been transferred to Long term finance in the current year due to change in agreement terms making it a *"Conventional loan"* instead of *"Islamic finance"*

The Company has entered into a Morabaha facility with Faysal Bank Limited under LTF-EOP scheme of State Bank of Pakistan for imported machinery for weaving unit and are payable in half yearly installments by December 2011 and is subject to finance charges at the rate of SBP Rate + 2%. The said loan has been secured against first pari passu charge over plant and machinery of the company to the extent of Rs. 51 million and personal guarantees of the working directors of the company. This loan has been transferred to Long term finance in the current year due to change in agreement terms making it a *"Conventional loan"* instead of *"Islamic finance"*

	Note	2010	2009 *Restated*
		------- Rupees	--------
20. DEFERRED LIABILITIES			
Deferred taxation	**20.1**	104,257,744	114,916,674

20.1 Deferred taxation

This comprises the following: -

	2010	2009
Deferred tax liabilities on taxable temporary differences arising in respect of :		
- accelerated tax depreciation allowances	123,670,021	115,388,829
- lease finances	3,581,189	15,085,285
- Surplus on revaluation of fixed assets	102,271,557	103,818,034
Deferred tax assets on deductible temporary difference arising in respect of :		
- Provision for gratuity	(901,530)	(1,725,961)
- Provision for doubtful debts	(194,531)	-
- Unabsorbed tax losses	(124,168,962)	(117,649,513)
	104,257,744	114,916,674

21. TRADE AND OTHER PAYABLES

	Note	2010	2009
Creditors		85,140,019	93,175,148
Accrued liabilities		60,742,193	65,878,746
Due to associated companies	**36.2**	38,693,726	4,477,925
Derivative cross currency swap		5,292,607	9,942,235
Earnest money against bid of held for sale asset		2,350,000	-
Unclaimed dividend		2,450,217	2,451,857
Advance from customers		17,900,963	4,597,919
Workers’ Profit Participation Fund		2,900,000	-
Workers' Welfare Fund		1,200,000	-
Withholding tax payable		1,107,922	252,087
		217,777,647	180,775,917

	Note	2010	2009
		------- Rupees --------	

22. INTEREST / MARK-UP ACCRUED

Interest / markup on:			
Long term financing		16,764,622	14,512,440
Lease finance charges		46,544	91,055
Long term morabaha		3,646,367	7,149,239
Short term borrowings		32,367,821	43,630,976
		52,825,354	65,383,710

23. SHORT TERM BORROWINGS

From banking companies - Secured	**23.1**	774,492,145	1,003,870,736

23.1 Short term finance facilities available from commercial banks under mark-up arrangements aggregate Rs. 1,077 million (2009: Rs. 1,456 million) and US$ 3.24 million (2009: US$ 6.6 million) of which facilities aggregating Rs. 519 million (2009: Rs. 452 million) remained unutilized at the year end. These facilities, during the year, carried markup at the rates ranging from 13.53% to 17% (2009: 13.47% to 16.93%) calculated on daily product basis. The aggregate facilities are secured against pledge, hypothecation of stock in trade, on book debts, lien on export bills, lien on title documents and personal guarantees of all the working directors of the company.

Facilities available for opening letters of credit and guarantee aggregate Rs. 200 million (2009: Rs. 60 million) and are secured against shipping documents and personal guarantees of all the working directors of the company.

These includes foreign currency balances aggregated $ 1.226 million (2009: $ 1.475 million) which have been converted into Pak rupees at the exchange rate of Rs. 85.6 (2009: Rs. 81.3) prevailing on the balance sheet date.

	Note	2010	2009
		------- Rupees --------	

24. CURRENT PORTION OF NON CURRENT LIABILITIES

Long term financing	16	154,455,678	75,951,136
Liabilities against assets subject to finance lease	18.	14,854,392	18,525,648
Long term morabaha	19.	-	4,739,639
		169,310,070	99,216,423

25. PROVISION FOR TAXATION

Opening balance		13,303,230	13,182,974
Add: Provision made during the year		19,903,742	12,619,088
Payments / adjustments against completed assessments		(12,777,521)	(12,498,832)
		20,429,451	13,303,230

26. CONTINGENCIES AND COMMITMENTS

Contingencies

26.1 Excise and Taxation Department Karachi has imposed excise duty of Rs. 3.9 million on account of machinery imported by the company. The company has not accepted it and filed a suit in Sindh High Court Karachi against said levy. The Honorable High Court issued order " Till the next date, the respondent may not recover impugned levy upon the appellants furnishing bank guarantee for the amount demanded" The decision of the court is still pending. The management of the company is very confident that decision will be made in their favor. A bank guarantee amounting to Rs. 3.9 million has been given by a bank on behalf of the company in favor of the Director Excise and Taxation Karachi.

26.2 The Company, in view of the Supreme Court of Pakistan's Judgment dated June 04, 1997, was not liable to pay Minimum Tax under section 80- D of the Repealed Income Tax Ordinance, 1979 up to September 30, 1999. Accordingly, Minimum Tax paid up to September 30, 1999 has been accounted for as receivable from the income tax department (Note 10).

26.3 Foreign bills discounted as at June 30, 2010 aggregated Rs. 37.52 million (2009: Rs. 23.26 million).

	Note	2010	2009
		------- ***Rupees***	--------
27. Sales			
Local			
- Own manufactured goods			
Yarn		798,762,001	829,174,556
Fabric		458,540,365	524,535,126
Waste		110,383,578	84,933,309
		1,367,685,944	1,438,642,991
- Trading goods			
Yarn		34,092,456	19,990,620
		1,401,778,400	1,458,633,611
Export			
- Own manufactured goods			
Yarn		1,044,790,414	512,485,977
Fabric		898,543,304	749,422,773
		1,943,333,718	1,261,908,750
- Trading goods			
Yarn		18,301,237	-
Fabric		28,739,262	15,843,391
		1,990,374,217	1,277,752,141
		3,392,152,617	2,736,385,752

		Note	2010	2009
			------- Rupees --------	
				Restated
28.	**COST OF GOODS SOLD**			
	Raw materials	28.1	2,306,177,438	1,774,982,114
	Salaries, wages and benefits	28.2	156,132,176	132,994,738
	Stores and spares		42,035,890	46,430,857
	Packing materials		40,082,016	35,206,311
	Chemicals		27,635,754	29,693,325
	Processing charges		3,375,795	19,913,012
	Power and fuel		351,170,223	280,693,909
	Repair and maintenance		5,773,171	3,899,707
	Insurance		6,916,617	6,768,886
	Depreciation	3.1.1	98,941,605	100,551,883
	Others		5,819,296	4,413,922
			3,044,059,981	2,435,548,664
	Work in process			
	Opening stock		35,523,496	31,129,157
	Closing stock		(63,425,408)	(35,523,496)
			(27,901,912)	(4,394,339)
	Cost of goods manufactured- Own manufactured		3,016,158,069	2,431,154,325
	Finished goods			
	Opening stock		241,101,239	202,748,370
	Opening stock trial run		-	8,889,836
	Closing stock		(357,132,817)	(241,101,239)
			(116,031,578)	(29,463,033)
	Cost of goods sold - Own manufactured		2,900,126,491	2,401,691,292
	Trading goods purchased during the year		72,049,157	36,257,194
			2,972,175,648	2,437,948,486
	28.1 Raw material consumed			
	Opening stock		411,934,112	340,027,628
	Purchases including direct expenses		2,088,494,460	1,846,888,598
			2,500,428,572	2,186,916,226
	Closing stock		(194,251,134)	(411,934,112)
			2,306,177,438	1,774,982,114

28.2 These include Rs.5,400,000 (2009: Rs. 4,797,388) in respect of staff retirement benefits - gratuity.

		2010	2009
29.	**OTHER OPERATING INCOME**		
	Income from financial assets		
	Profit on bank deposits	39,756	52,021
	Exchange fluctuation gain	3,216,509	4,714,600
	Income from other than financial assets		
	Export rebate on packing materials	1,086,176	838,722
	(Loss) / gain on sales of property, plant and equipment	(259)	248,211
	Liabilities no longer payable written back	-	55,270
		4,342,182	5,908,824

	Note	2010	2009
		------- Rupees --------	

30. DISTRIBUTION COST

Export development surcharge		4,961,674	2,856,411
Export expenses		7,913,210	5,622,726
Freight, forwarding and others		47,530,561	26,619,506
Commission		51,192,453	33,547,905
		111,597,898	68,646,548

31. ADMINISTRATIVE EXPENSES

Directors' meeting fee		4,500	1,000
Staff salaries and benefits		10,353,019	9,746,262
Vehicles running and maintenance		2,365,964	2,583,116
Utilities		494,293	577,346
Traveling and conveyance		1,151,937	1,079,909
Printing and stationery		198,693	325,992
Communication		2,356,935	2,734,572
Legal and professional		92,000	248,100
Rent, rates and taxes		81,567	6,567
Repairs and maintenance		359,767	541,593
Entertainment		832,352	887,267
Fees and subscription		1,182,644	625,453
Advertisement		140,420	84,100
Depreciation	**3.1.1**	2,329,469	2,949,622
Auditors' remuneration			
- statutory audit fee		500,000	375,000
- half yearly review		50,000	50,000
		550,000	425,000
Provision for doubtful debts		1,165,206	-
Others		494,706	1,334,631
		24,153,472	24,150,530

32. OTHER OPERATING EXPENSES

Charity and donation	**32.1**	74,800	265,600
Workers profit participation fund		2,900,000	-
Workers welfare fund		1,200,000	-
Loss on sale of short term investment		-	1,011,260
		4,174,800	1,276,860

32.1 No director or his spouse had any interest in the donee institutions.

33. FINANCE COST

Mark-up on:			
long term financing		58,331,121	50,415,086
lease finance charges		5,693,249	7,179,785
long term morabaha		13,850,341	12,927,271
short term borrowings		135,013,131	172,964,726
Bank charges and commission		13,670,013	8,059,003
Loss on cross currency swap		-	45,220,904
		226,557,855	296,766,775

	Note	2010	2009
		------- Rupees --------	

34. TAXATION

Current		19,903,742	12,619,088
Deferred tax		(20,781,094)	(35,405,774)
		(877,352)	(22,786,686)

34.1 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 or falls under final tax regime and hence tax has been provided under section 154 and 169 of the Income Tax Ordinance, 2001.

35. EARNINGS PER SHARE

- Basic & diluted

There is no dilutive effect on the basic earnings per share of the company which is based on: -

	2010	2009 *Restated*
Profit / (loss) after taxation	58,712,478	(63,707,937)
	No. of shares	
Weighted average of number of ordinary shares	14,408,248.8	14,408,248.8
	Rupees	**Rupees**
Earnings per share	4.07	(4.42)

36. RELATED PARTY TRANSACTIONS

The related parties comprised of an associated company, directors and key management personnel.

36.1 The company, during the year, purchased goods aggregating Rs. 221,892,972 (2009: Rs. 400,742,674).

36.2 Maximum aggregate amount due to the associated company (Ahmad Cotton Industries (Private) Limited) at any month-end during the year was Rs. 38,693,726 (2009: Rs. 4,477,925).

36.3 No interest was charged on the associated Company's balances during the year as these arose due to normal trade dealings.

36.4 Remuneration and benefits to key management personnel under the term of their employment as disclosed in note 40..

36.2 Interest/mark-up rates

The effective interest/mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

37. ***FINANCIAL INSTRUMENTS BY CATEGORY***

The Company finance its operation through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	2010	***2009***
	Rupees	***Rupees***
		Restated
Financial assets as per balance sheet		
Loan and receivable		
Long-term deposits	4,582,497	4,582,497
Trade debts	199,997,799	233,831,344
Loans and advances	15,423,270	12,226,724
Other receivables	1,261,061	3,857,634
Cash and bank balances	1,080,356	1,780,703
Held to maturity Investments		
Long term investment	259,688	259,792
	222,604,671	256,538,694
Financial liabilities as per balance sheet		
Financial liabilities measured at amortized cost		
Long term loans	683,125,167	683,034,318
Liabilites against assets subject to finance lease	33,996,917	52,625,319
Subordinated loans	105,000,000	105,000,000
Trade and other payables	194,668,762	175,925,911
Interest / mark-up accrued	52,825,354	65,383,710
Short-term borrowings	774,492,145	1,003,870,736
	1,844,108,345	2,085,839,994

38. FINANCIAL RISK MANAGEMENT

The Company’s principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company’s operations. The Company has loan and advances, trade and other receivables, and cash that arise directly from its operations. The company also holds held to maturity investment.

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The Board of Directors reviews these policies periodically.

38.1 Credit risk and concentration of credit risk

The Company is exposed to credit risk from its operating activities (primarily for trade receivables, advances and loan) and from its financing activities, including deposits with banks.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fails to perform as contracted. Out of the total financial assets of Rs.222,604,671/- (2009 : Rs.256,538,694/-), the financial assets which are subject to credit risk amounted to Rs.221,524,315/- (2009 : Rs.254,757,991/-). The Company believe that it is not exposed to major concentration of credit risk. The management monitors and limits the Company's exposure to credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

The maximum exposure to credit risk as at June 30, 2010, along with comparative is tabulated below:

Financial assets

	2010 Rupees	2009 Rupees
Long-term deposits	4,582,497	4,582,497
Trade debts	199,997,799	233,831,344
Loans and advances	15,423,270	12,226,724
Other receivables	1,261,061	3,857,634
Cash and bank balances	1,080,356	1,780,703
	222,344,983	**256,278,902**

38.1 .1 Credit risk related to receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit.

At June 30, 2010, the Company has approximately 5 customers (2009: 4 customers) that owed more than Rs. 7 million each and accounted for approximately 69% (2009: 42%) of all trade debt. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned in Note 7.

The Company does not hold collateral as security.

38.1 .2 Credit risk related to financial instruments and cash deposits

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

38.2 Liquidity Risk Management

Liquidity risk reflects the company's inability in raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 18.1 is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Financial Liabilities in accordance with their contractual maturities are presented below

	Interest/markup Bearing			Non-Interest/markup Bearing			Total
	Maturity within one year	Maturity after one year	Sub-total	Maturity within one year	Maturity after one year	Sub-total	
	June 30, 2010						
	----Rupees----						
Financial Liabilities							
Long-term loans	154,455,678	528,669,489	683,125,167	-	-	-	683,125,167
Liabilities against assets subject to finance lease	14,854,392	19,142,525	33,996,917	-	-	-	33,996,917
Subordinated loans	-	-	-	-	105,000,000	105,000,000	105,000,000
Trade and other payables	194,668,762	-	194,668,762	-	-	-	194,668,762
Interest / mark-up accrued	52,825,354	-	52,825,354	-	-	-	52,825,354
Short-term borrowings	774,492,145	-	774,492,145	-	-	-	774,492,145
	1,191,296,331	547,812,014	1,739,108,345	-	105,000,000	105,000,000	1,844,108,345

June 30, 2009

-----------------------------Rupees-----------------------------

Financial Liabilities							
Long-term loans	80,690,775	602,343,543	683,034,318	-	-	-	683,034,318
Liabilities against assets subject to finance lease	18,525,648	34,099,671	52,625,319	-	-	-	52,625,319
Subordinated loans	-	-	-	-	105,000,000	105,000,000	105,000,000
Trade and other payables	175,925,911	-	175,925,911	-	-	-	175,925,911
Interest / mark-up accrued	65,383,710	-	65,383,710	-	-	-	65,383,710
Short-term borrowings	1,003,870,736	-	1,003,870,736	-	-	-	1,003,870,736
	1,344,396,780	636,443,214	1,980,839,994	-	105,000,000	105,000,000	2,085,839,994

38.3 Market Risk Management

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

38.3 .1 Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s short term debt obligations having floating interest rates.

38.3 .2 Interest Rate Sensitivity

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company’s profit / (loss) before taxation for the year ended June 30, 2010 would (decrease) / increase by Rs. 7,458,071 (2009: Rs. 8,697,652). This is mainly attributable to the Company’s exposure to interest rates on its variable rate borrowings.

The Company’s sensitivity to interest rates has decreased during the current year mainly due to the decrease in borrowings and variable rate debts.

38.3 .3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at June 30, 2009, the total foreign currency risk exposure was 124,404,664 (2009: Rs. 149,498,196) in respect of foreign trade debts. However, Rs. 138,274,716 (2009: Rs. 119,932,541) were payable in respect of foreign currency borrowing.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

38.3 .4 Foreign Currency Sensitivity Analysis

At June 30, 2010, if the Rupee had strengthen/weakened by 5% against the US dollar and Euro with all other variables held constant, profit/(loss) before taxation for the year would have been (decrease) / increase by Rs. 693,503 (2009: Rs.1,478,283) mainly as a result of foreign exchange gains on translation of US dollar-denominated trade receivables and foreign exchange losses on translation of US dollar short term borrowings. Profit is less sensitive to movement in Rupee/US dollar and Rupee/Euro exchange rates in 2010 than 2009.

38.3 .5 Equity Price Risk Management

The Company is exposed to equity price risks arising from equity investments. Equity investment are held for trading purpose.

38.4 *Determination of fair values*

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

38.5 *Fair Value estimation*

The Company has adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This amendment requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measured fair value of financial instruments.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company has no items to report in this level.

- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company has only other financial assets at fair value of Rs. 32,181,079 (2009: Rs.112,486,995) which is valued under level 1 valuation method. The Company does not have any investment in level 2 or level 3 category.

39. *CAPITAL DISCLOSURE*

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.

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

- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit).

- The debt-to-adjusted capital ratios at June 30, 2010 and June 30, 2009 were as follows:

	2010 Rupees	***2009 Rupees (Restated)***
Total debt	1,596,614,229	1,736,978,124
Less: Cash and cash equivalents	(1,080,356)	(1,780,703)
Net debt	1,595,533,873	1,735,197,421
Total equity	295,905,350	213,921,835
Adjusted capital	1,891,439,223	1,949,119,256
Debt-to-adjusted capital ratio	0.84	0.89

40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Particulars			Working Directors	
			2010 Rupees	2009 Rupees
	Directors	Executives	2010	2009
	< - - - Rupees - - ->		< - - - - - Rupees - - - - ->	
Remuneration	1,980,000	600,000	2,580,000	2,580,000
Number of persons	3	1	4	4

40.1 Meeting fee amounting to Rs. 4,500 (2009: Rs. 1,000) was paid to one (2009: one) non- working directors. The chief executive officer and the working directors are also provided with the Company maintained cars. The chief executive officer and some of the directors are also provided with telephone at their residence.

41. CAPACITY AND PRODUCTION

		2010	2009
Yarn			
Number of spindles installed		38,400	38,400
Number of spindles worked		38,400	38,400
Number of shifts worked		1,095	1,095
Installed capacity after conversion into 20's count (1095 shifts)	Kgs	12,988,309	12,988,309
Actual production of yarn after conversion into 20's count	Kgs	11,837,245	11,818,351
Fabric			
Number of looms installed		130	130
Number of looms worked		130	130
Installed capacity after conversion into 60 picks	Sq. mtrs	41,538,600	41,538,600
Actual production of fabric after conversion into 60 picks	Sq. mtrs	32,489,499	33,643,883

It is difficult to describe precisely the production capacity in Spinning/ Weaving Mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed twist, the width and construction of fabric woven etc. It also varies according to the pattern of production adopted in a particular year.

42. *RESTATEMENT OF FINANCIAL INFORMATION*

The comparative financial information has been restated due to following reasons: -

a) On October 31, 2009, Multan Electric Power Company charged to the company an arrear amount of Rs.33.625 million on account of change in electricity tariff effective from September 01, 2008. The aforesaid amount of arrears pertaining to financial year ended 2008-2009.

b) There were some errors in calculation of deferred tax asset / liability relating to charge of accelerated tax depreciation, amount of assessed losses and incremental depreciation on revaluation of property, plant and equipment.

	June 30 2009 Rupees	June 30 2008 Rupees
The impact of these adjustments is as follows:		
Net deferred tax liability	3,644,381	(30,117,522)
Surplus on revaluation of property, plant and equipment	(14,109,078)	-
Trade and other payables	(33,625,258)	-
Cost of sales	33,625,258	-
Unappropriated profit	44,089,954	30,117,522

The management has accounted for the above adjustments with retrospective effect and comparative information has been restated in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Error".

42.1 The effect of retrospective restatement on profit and loss account for the year ended June 30, 2009 is given below: -

	June 30 2009 Rupees	*June 30 2009 Rupees*
	As earlier reported	***Restated Amount***
Cost of sales	2,404,323,228	2,437,948,486
Deferred tax charge for the period	(1,643,871)	35,405,774
Loss after taxation for the period	(63,844,582)	(63,707,937)
Earnings per share - Basic and diluted	(4.43)	(4.42)

42.2 The effect of retrospective restatement on Balance sheet for 2009 and 2008 is given below: -

	June 30, 2009 Rupees As earlier reported	***June 30, 2009 Rupees Restated Amount***	***June 30, 2008 Rupees As earlier reported***	***June 30, 2008 Rupees Restated Amount***
Net deferred tax liability	118,561,055	114,916,674	120,204,926	150,322,448
Surplus on revaluation of property, plant and equipment	513,750,750	527,859,828	552,715,105	552,715,105
Trade and other payables	147,150,660	180,775,917	130,751,623	130,751,623
Unappropriated profit	81,183,017	37,093,063	106,063,245	75,945,723

43. RECLASSIFICATION

43.1 Following reclassification has been made in the financial statements to give better presentation:

Previous classification	**Current classification**	**Rupees**
Accrued liabilities	Due to associated companies	4,477,925
Grid station - owned assets	Grid station - leased assets	64,747,312

44. DATE OF AUTHORIZATION

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on ________________.

45. GENERAL

Figures have been rounded off to the nearest Rupee.

CHAIRMAN ***CHIEF EXECUTIVE OFFICER*** ***DIRECTOR*** ***CHIEF FINANCIAL OFFICER***