CONTENTS

COMPANY INFORMATION

Board of Directors	: Mr. Nadeem Ellahi Shaikh	Chief Executive
	Mr. Naveed Ellahi Shaikh	
	Mst. Marium Humayun	
	Mr. Salman Masood	
	Mr. Raja Ghanzafar Ali	
	Mr. Sultan Mehmood	
	Mr. Muhammad Azad Khan	
Audit Committee	: Mst. Marium Humayun	Chairperson
	Mr. Naveed Ellahi Shaikh	Member
	Mr. Sultan Mehmood	Member
Chief Financial Officer	: Mr. Aftab Ahmad	
Chief Internal Auditor	: Mr. Muhammad Altaf Qadir	
Company Secretary	: Mr. Rizwan Haseeb	
Auditors	: M/s. Mushtaq & Co. Chartered Accountants	
Bankers	: Habib Bank Limited Habib Metropolitan Bank Limited National Bank of Pakistan	
Shares Registrar	: C.& K. Management Associates (Pvt)Ltd. 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530. Phone: 5687839, 5685930	
Registered Office	: 306-308, Uni Tower, I.I. Chundrigar Road, Karachi. 74000.	
Website	: www.aatml.com.pk	
Mills at	: Plot 2 & 6, Sector No. 25, Korangi Industrial Area, Karachi-74900.	

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37, Chapter XIII and Chapter XI of regulation of KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED for th purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principle contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes one independent non-executive director, but no director representing minority shareholders.

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or Non-banking Financial Institution, being a member of Stock Exchange, has been declared as a defaulter by that Stock Exchange.

4. Casual vacancy of Director occurred during the year.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman / Chairperson and in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. No specific orientation course was held during the period. However, the management continues to appraise and familiarize with changes in law to discharge their duties and responsibilities.

10. The Board has approved appointment of CFO and head of internal audit during the period. including their remuneration and terms and conditions of employment, as determined by th CEO.

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

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

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

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

15. The Board has formed an Audit Committee. It comprises of 3 members including the Chairperson, two of them are non-executive directors.

16. The meetings of the audit committee were held prior to approval of interim and final results of the company as required by the Code. The terms of reference of the committee have been determined and approved by the Board of Directors and advised to the committee for compliance.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm. their spouses and minor children do not hold shares of the Company and that the firm, and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

18. The statutory auditors or the persons associated with them have not been appointed to provide other service and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all other material principles contained in the Code have been complied with.

On Behalf of the Board of Directors

NADEEM E. SHAIKH
Chief Executive

Karachi: October 08, 2009

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

407-Commerce Centre
Hasrat Mohani Road
Karachi 74200
Tel: 2638521-4
Fax: 2639843

Branch Office
20-B, Block-G
Gulberg-III, Lahore
Tel: 5884926,5865618
Fax: 5843360

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

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors **ALI ASGHAR TEXTILE MILLS LIMITED** to comply with the Listing Regulation No. 35 (Previously Regulation No. 37) of the Karachi 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 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 system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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

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

Karachi:
Date: October 08, 2009

MUSHTAQ& COMPANY
Chartered Accountants
Engagement Partner
Shahabuddin A. Siddique

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 43rd Annual General Meeting of shareholders of ALI ASGHAR TEXTILE MILLS LIMITED will be held on October 29, 2009 at 05:00 p.m. at Plot No 2 & 6, Sector No.25, Korangi, Karachi to transact the following business :

1. To confirm the minutes General Meeting of the Company held on October 29, 2008.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2009 together with the Directors and Auditors Reports thereon.

3. To appoint Auditors for the year ended June 30, 2010 and fix their remuneration. The present auditors, M/s. Mushtaq & Co. Chartered Accountants retire and being eligible offers themselves for re-appointment.

4. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi : October 08, 2009

RIZWAN HASEEB
(Company Secretary)

Notes:

I. The shares transfer books of the company will remain closed form October 18, 2009 to October 29, 2009 (Both days inclusive)

II. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her.Proxies, in order to be effective, must be received at the Registered office of the Company not less than 48 hours before the time of meeting.

III. C.D.C shareholders who wish to attend the Annual General Meeting are required to bring Original I.D Card with copy thereof along - with the Participant ID Number, their account number at the time of meeting in order to authenticate their identity.

IV. Shareholders are requested to promptly notify the Company of any changes in their address.

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

407-Commerce Centre
Hasrat Mohani Road
Karachi 74200
Tel: 2638521-4
Fax: 2639843

Branch Office
20-B, Block-G
Gulberg-III, Lahore
Tel: 5884926,5865618
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AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ALI ASGHAR TEXTILE MILLS LIMITED** as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with notes forming part thereof, for the year then ended and we state that wi have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis. evidence supporting the amounts and disclosures in the above said statements, An audit also includes assessing the accounting policies and significant estimates made by the 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 verifications, we report that;

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance 1984;

(b) in our opinion;

- (i) the balance sheet and profit and loss account together with the notes thereon in conformity with the Companies Ordinance, 1984, and are in agreement with books of accounts and are further in accordance with accounting policies applied.

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us and its effect in the financial statements the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

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

(e) without qualifying our opinion, we draw attention to note 1.2 to the financial statements that describes the adverse financial condition of the Company and steps taken by the management including expected support form the directors and the financial institutions to to address the going concern issue.

Dated: October 08, 2009

Mushtaq & Company
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui, F.C.A

BALANCE SHEET

	Note	JUNE 2009 Rupees	JUNE 2008 Rupees
EQUITIES AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised		250,000,00	250,000,00
500,000,000 ordinary shares Rs 5/- each			
Issued, subscribed and paid-up capital	3	222,133,470	222,133,470
Accumulated loss		(567,383,078)	(376,233,110)
		(345,249,608)	(154,099,640)
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT	4	568,780,747	573,230,330
NON-CURRENT LIABILITIES			
LONG TERM LOANS	5	270,383,366	254,665,580
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	6	43,861,154	76,983,754
DEFERRED LIABILITIES	7	7,121,180	4,622,038
CURRENT LIABILITIES			
Trade and other payables	8	93,056,493	84,342,656
Short term borrowings	9	205,630,184	218,026,251
Current portion of Long term finance	10	149,301,759	119,188,362
Interest / make-up payable		106,244,233	52,421,959
Provision for Taxation		682,071	5,238,922
		554,914,740	479,218,150
CONTINGENCIES AND COMMITMENTS	11		
		1,099,811,579	1,234,620,213

NADEEM E. SHAIKH
Chief Executive Officer

NAVEED E. SHAIKH
Director

AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
NON - CURRENT ASSETS			
PROPERTY PLANT AND EQUIPMENT	12	829,167,234	864,345,323
DEFERRED COSTS	13	905,602	5,201,422
DEFERRED TAXATION	14	-	-
LONG TERM DEPOSITS		14,416,552	14,642,926
CURRENT ASSETS			
Stores and spares	15	4,835,926	5,469,869
Stock in trade	16	110,227,632	184,950,462
Trade debts	17	103,325,733	138,795,060
Loans and advances	18	9,573,830	7,949,622
Trade deposits and short term prepayments	19	16,132,174	5,316,343
Other receivables	20	9,924,446	4,500,000
Tax refundable due from Government	21	728,059	1,907,794
Cash and bank balances	22	574,391	1,541,393
		255,322,191	350,430,543
		1,099,811,579	**1,234,620,213**

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

NADEEM E. SHAIKH
Chief Executive Officer

NAVEED E. SHAIKH
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2008

	Note	2009 Rupees	2008 Rupees
Sales - net	23	505,457,647	484,555,008
Cost of sales	24	(574,640,840)	(432,462,215
Gross (Loss) / Profit		(69,183,193)	52,092,793
Other operating income	25	657,695	6,300,753
		(68,525,498	58,393,546
Operating expense			
Distribution cost	26	(7,656,009)	(7,336,664)
Administrative expenses	27	(17,815,977)	(17,604,833)
		(25,471,986)	(24,941,497)
(Loss) / Profit from operations		(93,997,484)	33,452,049
Amortization of deferred cost	13	(4,295,820)	(4,010,100)
Finance cost	28	(97,203,634)	(67,177,693)
(Loss) before taxation		(195,496,938)	(37,735,744)
Taxation	29	(102,613)	(2,429,311)
(Loss) for the year		(195,599,551)	(40,165,055)
Loss per share - basic and diluted	30	(4.40)	(0.90)

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

NADEEM E. SHAIKH
Chief Executive Officer

NAVEED E. SHAIKH
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

		2009 Rupees	2008 Rupees
A.	**Cash flows form operating activities**		
	(Loss) Profit before taxation	(195,496,938)	(37,735,744)
	Adjustments for:		
	Depreciation	25,656,359	26,885,381
	Amortization of deferred cost	4,295,820	4,010,100
	Provision for gratuity	4,330,711	2,808,330
	Provision against doubtful trade receivables	(1,503,135)	(173,291)
	Gain on sale of property plant and equipment	387,225	34,825
	Finance cost	97,203,634	67,177,693
		130,370,614	100,743,038
		(65,126,324)	63,007,294
	Decrease / (increase) in current assets		
	Store and spares	633943	(142,918)
	Stock in trade	74,722,830	(49,440,221)
	Trade debts	35,469,327	18,912,958
	Loan and Advance	(3,413,755)	12,313,257
	Trade deposits and short term prepayments	(10,815,831)	(29,965)
	Other receivables	(5,424,446)	(1,736,524)
	Tax refundable	(474,570)	1,881,018
		90,697,498	(18,242,395)
	(Decrease) . Increase in current liabilities		
	Trade and other payable	8,713,837	(55,896,776)
		34,285,011	(11,131,877)
	Cash from operating activities		
	Finance cost paid	(43,381,360)	(51,175,982)
	Gratuity paid	(1,831,569)	(1,269,438)
	Tax paid	(2,869,917)	(3,000,969)
		(48,082,846)	(55,446,389)
	Net cash (used in) / form operating activities	(13,797,835)	(66,578,266)

NADEEM E. SHAIKH
Chief Executive Officer

NAVEED E. SHAIKH
Director

	2009 Rupees	2008 Rupees
Cash flows form investing activities		
Fixed capital expenditure	(15,881,879)	(9,139,983)
Sale proceeds from disposal of fixed assets	5,435,800	37,000
Long term deposits	226,374	(452,232)
Net cash used in investing activities	(10,219,705)	(9,555,215)
Cash flows from financing activities		
Long term loans-net	15,180,821,	73,997,627
Repayment of liabilities against assets subject to finance lease	(2,472,238)	(2,941,792)
Deferred cost	-	(40.871,884)
Short term finance	22,738,022	(35,545,047)
Net cash form financing activities	35,446,605	(5,361,096)
Net decrease in cash and cash equivalents (A +B+C)	11,429,065	(81,494,577)
Cash and cash equivalent at eh beginning of the year	(216,484,858)	(134,990,281)
Cash and cash equivalent at the end of the year	(205,055,793)	(216,484,858)
Cash and cash equivalents		
Cash and bank balances	574,391,	1,541,393
Running finance	(205,630,184)	(218,026,251)
	(205,055,793)	(216,484,858)

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

NADEEM E. SHAIKH
Chief Executive Officer

NAVEED E. SHAIKH
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Issued, subscribed and paid up capital	Accumulated Loss	Total Equity
	..............................Rupess	....	
Balance at September 30, 2007	191,494,370	(340,852,554)	(149,358,184)
Issue of Right Shares	30,639,100		30,639,100
Loss for the year	-	(40,165,055)	(40,165,055)
Transfer from surplus on revaluation of property, plant & equipment - increment depreciation	-	4,784,499	4,784,499
Balance as at June 30, 2008	222,133,470	(376,233,110)	(154,099,640)
Loss for the year	-	(195,599,551)	(195,599,551)
Transfer from surplus on revaluation of property, plant & equipment - increment depreciation	-	4,449,583	4,449,583
Balance as at June 30, 2009	222,133,470	(567,383,078)	(345,249,608)

The annexed notes form an integral part of these financial statements

NADEEM E. SHAIKH
Chief Executive Officer

NAVEED E. SHAIKH
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1.GENERAL INFORMATION

1.1 The Ali Asghar Textile Mills Limited (the Company) was incorporated in Pakistan on February 9, 1967 as public limited company having its registered office at Uni Towers, I.I.Chundrigar Road, Karachi in the province of Sindh. Its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The principal activity of the Company is to manufacture and sale of yarn. The manufacturing facilities of the Company are located at Korangi Industrial Area, Karachi in the province of Sindh.

1.2 The Company has accumulated losses of Rs. 567.0 million as at June 30, 2009. Current exceeds its current assets by Rs. 299 million However, Company has continuous financial support from banks, financial institution and its sponsors.

Management is confident that with better manufacturing facilities and the continuous financial support from institutions and the directors, they would further improve the financial position and restore its profitability Accordingly, these financial statements have been prepared on a going concern assumption.

2.SIGNIFICANT ACCOUNTING POLICIES

2.1 These financial statement have been prepared in accordance with approved accounting standard as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance. 1984 provision of and directives issued under the Companies Ordinance, 1984. In case requirement differ ,the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of Preparation

These financial statements have been prepared on the historical cost basis except for derivative financial instruments that are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee.

2.4 Use of Estimates and Judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment are disclosed in financial statement.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

*IFRS - 7 Financial Instruments : Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS - 30 Disclosures in the Financial Statements of Bank and Similar Financial Institutions and the disclosures requirements of IAS - 32 Financial Instruments : Disclosure and Presentation. The application of the standard did not have significant impact on the company's financial statements other than increase in disclosures.

*IAS - 29 Financial Reporting in Hyper inflationary Economies (effective for annual periods beginning on or after 28 April 2008). The company does not have any operations in hyper inflationary economies and therefore the application of the standard did not affect the company's financial statements.

*IFRIC - 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operates or otherwise participate in customer loyalty programmes under which the customer can redeem credit for award such as free or discounted goods or services. The application of IFRIC - 13 did not affect the company's financial statements.

*IFRIC - 14, JAS - 19 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 01 January 01 2008). IFRIC - 14 clarifies when refunds or reductions in future contributions in relation to defined benefit benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The interpretation no effect on company's financial statements.

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

The following standards. interpretations and amendments of approved accounting standard are only effective for accounting periods begginning from the. Thses standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements disclosures in certain cases.

- Revised IAS - 1 Presentation of Financial Statements (effective for annual periods beginning on or afer 01 January 2009) introduces the term total com which represents changes in equity a period other than those change resulting from transactions with owners in their capacity as owners. Total cost may be presented in either a single statement of comprehensive income (effectively combining both th income statement and all non-owner changes in.

- Revised IAS - 23 Borrowing Cost (effective for annual periods beginning on or afer 01 January 2009)renoves the option to expense borrowing costs entity capitalize borrowing costs directly attributably to the acquisition, construction or production of a qualifying assets as part of the cost of that asset, standard is not likely to have an effect on the company's financial statements.

- Amended IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or afer 01 July 2009) requires accountant ownership interest the group in a subsidiary, while maintaining control, to be recognized as an equity transactions. When the group losses controls of retained in the former a subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is effect to the company's financial statements.

- IAS - 27 Consolidated and Separate Financial Statements (effective fo t annual periods beginning on or after 01 January 2009) . The amendment remove cost methods form IAS - 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The a have an effect on company's financial statements.

- Amendments to IAS - 32 Financial Instruments: Presentation and IAS - 1 Presentation of Financial Statements (effective for annual period beginning of Puttable Financial Instruments and Obligations Arising on Liquidations requires puttable instruments, and instruments that impose on the entity an oblig another party pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments of retropective application, or not expected to have any impact on the company's financial statements.

- Amendment to IAS - 39 Financial Instruments : Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship likely to have an effect on the company's financial statements.

- Amendment to IAS - 39 and IFRIC - 9 Embedded derivatives (effective for annual periods beginning on or after 01 January 2009) Amendments requit whether they need to separate an embedded derivative form a hybrid (combined) financial instrument when financial assets are reclassified out of the amendments are not likely to have an effect on company's financial statements.

- Amendment to IFRS - 2 Share-based Payment - Vesting Conditions and Cancellation (effective for annual period beginning on or after 01 January 2008 definition of vesting conditions, introduces the concept of non-vesting conditions, requires non- vesting conditions to be reflected in grant -date fair value accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on the company's financial statements.

- Amendment to IFRS - 2 Share -based Payment - Group Cash-settled Share-based payment Transactions (effective for annual periods beginning on or after Currently effective IFRS requirement attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversit attribution of cash-settled share -based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled account for the transaction in its separate or individual financial statements.

- Revised IFRS - 3 Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and of expensed . any pre-existing interest in an acquire to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-contr to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquire, on a transaction -by-tranasaction b this standard is not likely to have an effect on the company's financial statements.

- IFRS - 4 Insurance Contracts (effective fo annual periods beginning on or after 01 January 2009). The IFRS makes limited improvements to accounting until the Board completes the second phase of its project on insurance contracts. The standard also require that an entity issuing insurance contracts (at information about those contracts. The standard is not applicable to the company's operations.

- Amendment to IFRS - 7 Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 01 January 2009). These made to bring the disclosure requirements of IFRS - 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fain disclosures and require entities to provide additional disclosures about the reliability of fair value measurements.

- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effect amendments very by standard and most will be applicable to the company's 2010 financial statements. These amendments are unlikely to have an impact financial statements.

- The International Accounting Standards Board made certain amendments to existing standards as part of its second annual improvements project. The amendments very by standard and most will be applicable to the company's 2010 financial statements .These amendments are unlikely to have an impact financial statements.

- IFRS - 8 Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment require a change in the presentation and disclosure of segment information based on the internal reports that a regularly reviewed by the company's "chi maker" in order to assets each segments performance and to allocate resources to them.

- IFRIC - 15 Agreement for the Constructions of Real Estate (effective fo annual periods beginning on or after 01 October 2009).clarifies the recognition developers for sale of units, such as apartments or houses, 'off-paln' that is, before construction is complete. The IFRIC is not relevant to the company's.

- IFRIC 16 Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 01 October 2008). clarifies that net inves applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency at equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operat and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to p interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency tran: reclassified to profit or loss on disposal of a investment as if the direct method of consolidation had been used. The IFRIC is not relevant to the com.

- IFRIC - 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 01 July 2009) states that when a company di to its shareholders as dividend, the liability for the dividend is measured at fair value before the liabilities recognized in equity. When the non cash asset it is distributed, the difference between the carrying amount and fair value is recognized in the income state does not distribute non-cash assets to its shareholders, this interpretation has no impact on the company's financial statements.

- IFRIC - 18 Transfers of Assets form Customers (to be applied prospectively to transfers of assets form customers received on or 01 July 2009). TI the requirements of IFRSs for agreements in which an entity receives form a customer an item of property, plant and equipment that the entity must their the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water not relevant to the company's operations.

Staff Retirements Benefits

Defined benefit plan

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualification period for Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2009 using the Projected Unit Credit Method.
Actuarial gains and losses are recognized as income or expenses when the net cumulative unrecognized actuarial gains and losses for the plan at the end of previous reporting period exceeds 10 percent of the present value of defined benefit obligation at that date.

2.6 Taxation

Current
Provision for current taxation is based on taxable income at current tax rates after taking into account tax credits, tax rebates and exemptions available, if any, or half percent of turnover whichever is higher in accordance with the provisions of income tax laws and under the provisions of presumptive tax regime.

Deferred
Deferred tax is provided, using the balance sheet livability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against .

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to asset to be utilized.
Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2.7 Property plant and equipment

Operating Assets

Property, plant and equipment except leasehold land. are stated at cost/ revalued amount less accumulate depreciation and impairment loss, if any lease hold land is stated at revalued amount.

Depreciation is charged to income applying the reducing balance method at the rates specified in Property, plant and equipment note: In respect of additions and disposal during the year depreciation is charged form the month of addition and up to the month preceding the disposal Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.
Gains and losses on disposal of assets are included in current income as and when incurred.

Capital work in progress

All cost/ expenditure connected with specific assets incurred during the implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

2.8 Accounting for leases

The Company accounts for assets acquired under finance leases by recording the assets and the related liability. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The outstanding obligation under the lease less finance charges allocated to future period is shown as a liability. The financial charges are allocated to accounting period in a manner so as to provide constant periodic rate of charge on the outstanding liability. Depreciation is charged at the same rate as Company owned assets.

2.9 Deferred costs

These are amortized on straight line basis over the period of sixty months.

2.10 Stores and spares

These are valued at lower of weighted average cost or net realizable value. Items in transit are valued at coast comprising invoice value plus other charges incurred thereon. Provision, if required, is made for slow moving and obsolete stock.

2.11 Stock in trade

These are valued at lower of cost and net realizable value applying the following basis:-

Raw material	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Realizable value

Average cost in relation to work in process and finished goods signifies average manufacturing cost including a portion of related direct overheads. Net realizable value signifies the selling prices prevailing in the market less cost completion and selling expenses incidental to sales. Stock in transit are valued at cost comprising invoice values plus other charges incurred thereon.

2.12 Trade debts and other receivables

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

2.13 Trade and other payable

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

2.14 Provisions

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

2.15 Revenue recognition

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

•Sale are recorded on dispatch of goods
•Profit on bank deposits is recognized on accrual basis.
•Rental income is recognized on accrual basis.

2.16 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date except for those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Exchanges differences are included in income currently.

2.17 Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered and impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is higher of fair value less cost to sell and value in use.

If the recoverable amount of an asset is estimated to be less than is carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss recognized as income immediately.

2.18 Financial instruments

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

2.19 Offsetting of financial assets and financial liabilities

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

2.20 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks and short term running finances.

2.21 Critical judgment and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies is retirement benefits.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2009	2008		2009	2008
No. of shares			No. of shares	
21,222,201	21,222,201	Ordinary shares of Rs.5/- each fully paid	106,111,005	106,111,005
17,076,673	17,076,673	Ordinary shares of Rs.5/- each issued for consideration other than cash (note 3.1)	85,383,365	85,383,365
6,127,820	6,127,820	Ordinary shares of Rs.5/- issued as right shares for consideration other than cash(note 3.2)	30,639,100	30,639,100
44,426,694	44,426,694		222,133,470	222,133,470

3.1 This includes 16,095,372 shares issued to Habib Bank Limited (HBL) in accordance with restructuring agreements dated 14, 1986 against their deferred loan converted into ordinary shares. These shares do not quality for any dividends unless minimum of 10% is paid to the ordinary shareholders and also do not carry voting rights.

3.2 This represents right share issue during the year ended June 30, 2008 against conversion of directors loan.

4. SURPLUS ON REVALUATION OF PROPERTY PLANT OF EQUIPMENT

		Building		2009	2008
	Land	Mills	Other	Rupees	Rupees
Opening Balance	484,885,978	69,708,841	18,635,511	573,230,330	578,014,829
Add: Revaluation during the year	-	-	-	-	-
	484,885,978	69,708,841	18,635,511	573,230,330	578,014,829
Transferred to equity in respect of incremental deprecation charged during the year	-	(2,518,583)	(1,,931,000)	(4,449,583)	(4,784,499)
Balance at June 30, 2009	484,885,978	67,190,258	16,704,511	568,780,747	573,230,330

Revaluation of mills and other building was carried out on June 30, 2006 by an independent valuer M/s Consultancy Support and Services. The valuation has been performed on the basis of current market value. Previous revaluation was carried out on September 7, 1993 by Eastern Surveyors. Revaluation of Land was carried out on March 14, 2005 by Consultancy Support and Services, and revaluation was carried out on April 1, 1994 on the basis of market value determined by Eastern Surveyors.

5 LONG TERM LOANS

From banking companies and other financial	5.1	265,534,448	249,816,662
institutions - secured and interest bearing	5.2	2,464,610	2,464,610
Form directors - unsecured			
from other - unsecured	5.2	2,384,308	2,384,308
		270,383,366	254,665,580

5.2 The above loans are unsecured and interest free and not repayable in the next twelve months. These are subordinated to Bank Loans.

5.1 Long term loans

	Demand finance	Demand finance Frozen mark up	Term loan	Demand finance	Demand finance	Term loan	Term loan	Term loan	Term loan	2009 Rupees	2008 Rupees
	---------- Banking Companies ----------					---------- Banking Companies ----------					
	HBL I	HBL II	MPBL	NBP	NBP	FIRST DAWOOD INVESTMENT BANK LTD	AL-ZAMIN LEASING CORPORATION	Orix Investment Bank Pak Ltd.	Orix Investment Bank Pak Ltd.		
Opening balance	32,301,102	77,806,200	80,000,000	39,113,908	-	33,129,734	21,191,491	30,000,000	-	313,542,435	239,828,919
Obtained during the year	-			-	9,000,000	-	-	-	10,000,000	19,000,000	75,519,117
Adjusted / transferred during the year due on restructuring	-	-	-	-	-		-	-		-	117,800
Paid during the year	(3,102,500)		-	(432,571)	-	-			-	(3,535,071)	(1,639,293)
	29,198,602	77,806,200	80,000,000	38,681,337	9,000,000	33,129,734	21,191,491	30,000,000	10,000,000	329,007364	313,826,543
Overdue portions	-	-	-	(3,781,337)	(6,000,000)	(9,249,584)	(6,516,568)	(1,764,706)	(833,333)	(28,145,528)	(25,003,018)
Adjusted / transferred during the year due on restructuring	-	-	-	-	-	-	-	-	-	-	-
Amount due and payable under current liabilities	-	-	-	(11,785,337)	(3,000,000)	(6,142,883)	(4,007,012)	(7,058,824)	(3,333,332)	(35,327,388)	(39,006,863)
	-	-	-	(15,566,674)	(9,000,000)	(15,392,467)	(10,523,580)	(8,823,530)	(4,166,865)	(63,472,916)	(64,009,881)
	29,198,602	77,806,200	80,000,000	23,114,663	-	17,737,267	10,667,911	21,176,470	5,833,335	265,534,448	249,816,662
	5.1.1	5.1.1	5.1.2	5.1.3	5.1.4	5.1.5	5.1.6	5.1.7	5.1.8		
Confirmed	Not Confirmed	Not Confirmed	Confirmed	Not Confirmed	Not Confirmed	Not Confirmed	Not Confirmed	Not Confirmed	Not Confirmed		
Principal amount	34,912,000	78,284,000	80,000,000	40,000,000	9,000,000	33,129,734	22,000,000	40,000,000	10,000,000		
Repayment period	January 2006 to September 2010	January 2006 to December 2013	Lump sum payable in December 2010	January 2007 to October 2012	November 2008 to Oct-09	November 2007 to Oct-2012	August 2007 to May 2012	June 2009 to June 2007	June 2009 to March 2012		
Rate of mark-up	Six Month KIBOR + 3% with floor of 12.25%	Nil	1 Month KIBOR + 2.5% excess 3% Extra	1 Month KIBOR + 2.75%	1 Month KIBOR + 2.75%	Six Month KIBOR = 550 bps	Six Month KIBOR = 450 bps	1 Month KIBOR + 450 bps	1 Month KIBOR 4.50%		
Installment interval	Monthly	Monthly		Monthly	Monthly	Monthly	Quarterly	Quarterly	Quarterly		
No. of installments	57	96		60	12	60	20	20	12		

5.1.1 These are secured against 1st part passu charge over fixed assets of the Company by way of legal mortgage of Rs.6.3 million, equitable mortgage of Rs.352.9 million over mills property equitable mortgage Rs.4.282 million over head office, pledge of sponsor's shares in the company and personal guarantee of Directors.

5.1.2 It is secured by pari passu charges over fixed assets of the extent of Rs. 85.0 milion.

5.1.3 It is secured by pari passu charges over fixed assets of the extent of Rs. 62.0 mil'ion.

5.1.4 It is secured by charge over fixed land assets and building of the company to the event of PKR 12 million and personal guarantee of all sponsors and directors.

5.1.5 It is secured by pari passu charge amounting to Rs. 45.0 million over plot no.2 & 6 sector 25 measuring 60.694 square yards in Koarangi Industrial Area and personal guarantee of directors.

5.1.6 It is secured by pari passu charge over fixed assets of the company to the exten of Rs.32.0 million, personal guarantee of Directors and post dated cheques.

5.17. It is secured by first pari passu charge on fixed assets land and building amounting to Rs. 40.00 million.

5.1.8 This is secured by first pari passu charge of fixed assets to the extent Rs.13.334 million and personal guarantee of Directors.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents property plant and equipment acquired under finance leases form companies / banks. The financing rate used as discounting factor ranges form 8.37% to 19.00% (2008: 8.37% to 18.34%).

Taxes, repairs, replacement and insurance costs are born by the company.

The Company intends to exercise its option to purchase the above assets upon completion of the period.

The amount of future payments and the periods in which these will be due are as follows:-

	2009		2008	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	----------------- Rupees -----------------			
Not later than one year	102,568,131	85,828,843	55,178,481	55,178,481
later than one year and not later five years	63,175,410	43,861,154	115,509,536	76,983,754
later than five years				
Total minimum lease payments	165,743,541	129,689,997	170,688,017	132,162,235
Financial charges	(36,053,544)	-	(38,525,782)	-
Present value of minimum lease payments	129,689,997	129,689,997	132,162,235	132,162,235
	-	-	-	-
	129,689,997	129,689,997	132,162,235	132,162,235
Payable within one year shown under Current liabilities (6.1)	(85,828,843)	(85,828,843)	(55,178,481)	(55,178,481)
	43,861,154	43,861,154	76,983,754	76,983,754

6.1 Its isclude over due installment Rs. 58.45(M)

7. DEFERRED LIABILITIES

	NOTE	2009 Rupees	2008 Rupees
Staff retirement benefits - gratuity		7,121,180	4,622,038

7.1 Staff retirement benefits

The amount recognized in the profit and loss account unfunded gratuity scheme is as follows:-

	2009	2008
Current service cost	1,290,402	1,757,122
Interest cost	1,217,120	840,874
Actuarial gain / loss charge	1,823,189	210,333
	4,330,711	2,808,329

Movement in the liability recognized in the balance sheet is as follows:-

	2009	2008
Opening balance	4,622,038	3,083,146
Charge for the year	4,330,711	2,808,330
Payment made during the year	(1,831,569)	(1,269,438)
	7,121,180	4,622,038

The amount recognized in the balance sheet against unfunded gratuity scheme is as follows:-

	2009	2008
Present value of defined benefit obligation	11,869,981	9,605,282
Actuarial (loss) to be recognized in later periods	(4,748,801)	(4,983,244)
Unrecognized additional liability to be recognized in later periods	7,121,180	4,622,038
Discount rate per annum	13.0%	12.0%
Expected rate of increase in salary per annum	10.0%	10.0%
Average expected remaining working life of employees	10 Years	10 Years

Comparisons for five years:-

	2009	2008	2007	2006	2005
As at June 30					
Present value of defined benefit obligation	11,869,981	9,605,282	4,296,346	4,844,279	3,728,805

	NOTE	2009 Rupees	2008 Rupees
8. TRADE AND OTHER PAYABLES			
Trade creditors		27,388,256	23,594,691
Accrued liabilities		41,722,133	22,243,495
Bills payable		3,899,120	13,921,909
Advance form customers		9,760,201	14,008,515
Other Payables:			
Advance against sale of land	11.2	8,020,837	8,020,837
Withholding taxes		2,026,357	994,114
Unclaimed dividend		239,589	239,589
Worker's profit participation fund	8.1	-	1,319,506
		93,056,493	84,342,656
8.1 WORKERS' PROFIT PARTICIPATION FUND			
Opening balance		1,319,506	1,137,505
Interest on fund		326,003	182,001
		1,645,509	1,319,506
Paid during the year		(1,645,509)	-
		-	1,319,506

9. SHORT TERM BANK BORROWING

	NOTE	2009	2008
Under mark-up arrangements - secured			
Finance against trust receipt (Habib Bank Limited)	9.1	36,403,538	36,403,537
Running finance			
- Local bank Ltd.	9.2		
Habib Bank Ltd.		27,245,226	11,074,922
Habib Metropolitan bank		58,818,409	40,363,120
National Bank of Pakistan		51,671,793	55,385,979
		137,735,428	106,824,021
- Foreign currency (Habib Bank Ltd)	9.3	18,363,008	73,148,694
Book overdraft	9.4	13,128,210	1,649,999
		205,630,184	218,026,251

9.1 This represents facility against inland of credit and is subject to mark-up at the rate of 6 months KIBOR + 3%)(2008: 6 months KIBOR +3%). It is secured against signed trust receipts. Balance not confirmed by bank, confirmation sent .

9.2 The Company is availing short term finance facilities form various banks under mark-up arrangements. These are subject to mark-up ranging between 3 months KIBOR plus 2.5% to 3% (2008 :3 to 6 Month KIBOR + 2.5% to 3.0%) and are secured against pledge of stock and local bills purchased and discounted in addition to securities against fixed assets as mentioned in note 5.1.1 mark up is payable quarterly. Balance with HBL and NBP remains unconfirmed. Confirmation was sent.

9.3 It is a sub-limit of running facility against finance for imports and export shipments. It is subject to mark-up of 6 months LIBOR + 2% (2008: 6 months LIBOR + 2%), and is secured against lien on imported cotton on receipt of shipment in a addition to securities mentioned in note 5.1.1. Balance remains unconfirmed by bank, confirmation was sent.

9.4 This represents cheques issued by the company in excess of balance at bank which remained un presented till June 30, 2009.

10. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term loans (Over due)	5.1	28,145,528	25,003,018
Long term loans (Current due)	5.1	35,327,388	39,006,863
Liabilities against assets subject to finance lease	6	85,828,843	55,178,481
		149,301,759	119,188,362

11. CONTINGENCIES AND COMMITMENTS

11.1 The Excise and taxation authorities imposed cess of Rs. 2,569,267 on certain imports. The company has filed an appeal in the High Court and have deposited bank guarantee of Rs. 3,798,967 as per the Court's Order. The ultimate outcome fo the case cannot be determined at this stage, however management is confident is confident of a favorable decision and accordingly no provision has been made in these accounts.

11.2 In the year 2004 the Company had entered into a sale agreement of a portion of factory land and received an amount of Rs. 8 million as an advance. However th said transaction was not completed by the buyers in stiputable time and agreement stand void, accordingly Company offered refund of advance of Rs.8 million to the counter party in the previous years and served various legal notices in this regard. During the year the counter party has served a public notice and filed a suit against the company claiming the title of the said land in their name and restraining the company from sale of such land to any other party and also claimed damages of Rs. 500 million. The case is currently pending in the High Court of Sindh at Karachi. The management is confident of a favorable decision and accordingly no provision against the said claim is required to be made in these accounts.

11.3 The Company filed appeal before Electric Inspector Karachi in 2004 against KESC for billing fixed charges on the basis of original sanctioned load of 1924 KW which was reduced to 500 KW due to shifting to self power generation. The appeal was decided in favour of the Company in August 08,2005 however KESC kept on charging on the basis of 1924 KW Capacity and claiming approximately Rs. 1 million against which the Company has filed appeal before the Secretary Irrigation and Power Generation of Sindh (SIP) which is pending. The management is confident of a favorable decision and accordingly no provision against the said claim has been made in these accounts.

12 PROPERTY, PLANT AND EQUIPMENT

Operating assets	12.1	829,167,234	844,056,244
Capital work in progress	12.2	-	20,289,079
		829,167,234	864,345,323

12.1 PROPERTY , PLANT & EQUIPMENT AS ON 30-06-2009

	Cost / Revaluation					Depreciation					
Particulars	**At July 01,2008**	**Addition / (Deletion)**	**Transfer In/(Out)**	**Revolution**	**At June 30, 2009**	**At July 1, 2008**	**For the year / (on disposals)**	**Adjustment**	**At June 30, 2009**	**Written down value at June 30, 2009**	**Rate %**
Own Assets:											
Leasehold land	485,552,000	-	-	-	4875,552,000	-	-	-	-	485,552,000	-
Building on Leasehold Land					-						
Mills	92,259,792	640,923	-	-	92,900,715	14,093,024	5,516,538	-	19,609,562	73,291,147	7%
Other	31,905,056	-	-	-	31,905,056	3,110,743	1,439,716	-	4,550,459	27,354,596	5%
	124,164,848	-	-	-	124,164,848	17,203,767	6,956,254		24,160,021	100,645,743	
Plant & machinery	240,807,235	15,147,156	-	-	248,522,284	94,224,457	10,978,343		102,667,149	145,855,134	7%
							(2,535,651)			-	
Electric Fitting	1,390,757	-	-	-	1,390,757	1,221,983	11,814	-	1,233,797	156,954	7%
Generator	292,565	-	-	-	292,565	150,398	9,952	-	160,350	132,219	7%
Office Equipment's	5,448,816	93,800	-	-	5,542,616	2,613,000	205,212	-	2,818,212	2,724,404	7%
Furniture & Fixture	2,085,264	-	-	-	2,085,264	1,663,767	29,505	-	1,693,272	391,989	7%
Vehicle	877,371	-	496,000	-	877,371	691,413	37,192	343,911	728,605	148,766	20%
			(496,00)				-	(343,911)			
Totals	**860,618,856**	**15,881,879**	-	-	**876,500,735**	**117,768,785**	18,228,272	-	**133,461,406**	**735,607,209**	
		(7,432,107)					(2,535,651)				
Lease Assets											
Plant and Machinery	138,173,171	-	-	-	138,173,171	39,945,985	6,875,903	-	46,821,888	91,351,281	7%
Vehicles	4,136,000	-	(496,000)	-	3,640,000	1,222,988	552,185	(343,911)	1,431,262	2,208,743	20%
	-										
Total Lease	**142,309,171**	-	**(496,000)**	-	**141,813,171**	**41,168,973**	**7,428,088**	**(343,911)**	**48,253,150**	**93,560,024**	
2009 Rupees	**1,002,928,027**	**15,881,879**	**(496,000)**	-	**1,018,313,906**	**158,937,758**	**25,656,359**	**(343,911)**	**181,714,555**	**829,167,234**	
		(7,432,107)					**(2,535,651)**				
2008 Rupees	998,768,655	4,297,172	-	-	1,002,928,027	132,052,377	26,885,381	-	158,871,783	844,056,244	
		(137,800)					(65,975)				

12.1 PROPERTY , PLANT & EQUIPMENT AS ON 30-06-2008

	Cost / Revaluation					Depreciation					
Particulars	At July 01,2007	Addition / (Deletion)	Transfer In/(Out)	Revolution	At June 30, 2008	At July 1, 2007	For the year / (on Disposals)	Adjustment	At June 30, 2008	Written down value at June 30, 2008	Rate %
Leasehold land	485,552,000	-	-	-	485,552,000	-	-	-	-	485,552,000	
Building on Leasehold Land											
Mills	92,259,792	-	-	-	92,259,792	8,209,504	5,883,520	-	14,093,024	78,166,768	7%
Other	31,905,056	-	-	-	31,905,056	1,595,253	1,515,490	-	3,110,743	28,794,313	5%
	124,164,848	-	-	-	124,164,848	9,804,757	7,399,010	-	17,203,767	106,961,080	
Plant & machinery	237,004,978	3,802,257	-	-	240,807,235	83,191,345	11,033,112	-	94,224,457	146,582,778	7%
Electric Fitting	1,390,757	-	-	-	1,390,757	1,209,280	12,703	-	1,221,983	168.774	7%
Generator	292,565	-	-	-	292,565	139,697	10,701	-	150,398	142,167	7%
Office Equipment's	5,074,881	373,935	-	-	5,448,816	2,399,551	213,449	-	2,613,000	2,835,816	7%
Furniture & Fixture	2,085,264	-	-	-	2,085,264	1,632,041	31,726	-	1,663,767	421,497	7%
Vehicle	894,191	120,980	-	-	877,371	628,430	62,983	-	691,413	185,958	20%
		(137,800)					(65,975)	-			
Totals	**856,459,484**	**4,297,172**	-	-	**860,618,856**	99,005,101	18,763,684	-	117,768,785	742,850,071	
Under Lease											
Vehicle											
Plant and Machinery	138,173,171	-	-	-	138,173,171	32,552,541	7,393,444	-	39,945,985	98,227,186	7%
Vehicles	4,136,000	-	-	-	4,136,000	494,735	728,253	-	1,222,988	2,913,021	20%
	-				-						
Total Lease	**142,309,171**	-	-	-	**142,309,171**	33,047,276	8,121,697	-	41,168,973	101,140,198	
2008 Rupees	**998,768,655**	**4,297,172**	-	-	**1,002,928,027**	132,052,377	26,885,381	-	158,871,783	844,056,244	
							(65,975)				
2007 Rupees	908,929,262	98,970,561	-	-	998,768,655	106,376,800	34,635,818		132,052,377	866,716,278	
		(9,131,168)					(8,960,241)				

		NOTE	2009 Rupees	2008 Rupees
12.1.1	**Depreciation for the year has been allocated as under**			
	Cost fo goods manufactured	24.1	24,832,272	25,848,971
	Administrative expenses	27	824,087	1,036,410
			25,656,359	26,885,381

12.1.2. Had there been no revaluation, the related figures of land and building at June 30, 2009 would have been as follows

	2009			2008		
	Cost	Accumulated depreciation	Written down value	Cost	Accumulated depreciation	Written down value
	....Rupees....					
Land	666,022	-	666,022	666,022	-	666,022
Building						
Mills	23,191,874	12,565,567	10,626,307	21,918,708	11,384,866	10,533,842
Others	13,269,545	5,591,213	7,678,332	10,906,084	5,187,090	5,718,994
	36,461,419	18,156,781	18,304,638	32,824,792	16,571,956	16,252,836
	37,127,441	18,156,781	18,970,660	33,490,814	16,571,956	16,918,858

12.1.3 Details of property, plant and equipment disposed off during the year:

Particulars/ Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale Proceed
	....Rupees....			
Machinery	7,432,107	2,535,651	4,896,456	5,170,800
Vehicles	496,000	343,911	152,089	265,000
Negotiation				
2009	7,928,107	2,879,562	5,048,545	5,435,800
2008	137,800	65,975	71,825	37,000

		2009 Rupees	2008 Rupees
12.2	**Capital work in Progress**		
	Buildings	-	3,150,923
	Plant and machinery	-	17,138,156
		-	20,289,079

	2009 Rupees	2008 Rupees
The movement in capital work in Progress is as follows		
Balance at the begning of the year	20,289,079	15,371,057
Addition during the year:		
Building	-	1,211,948,
Plant & Machinery	-	7,508,331
	-	8,720,279
Less:		
Transferred to property, plant and equipment :		
Building	640,923	-
Plant & Machinery	15,147,156	3,802,257
	15,788,079	3,802,257
Materials returned:		
Building	2,510,000	-
Plant & Machinery	1,991,000	-
	4,501,000	-
Closing balance	-	20,289,079

13. DEFERRED COSTS

	2009 Rupees	2008 Rupees
Un-amortized balance at the begnning of the year	5,201,422	8,354,382
Addition during the year	-	857,140
Less: amortization for the year	(4,295,820)	(4,010,100)
	905,602	5,201,422

13.1 These represent discount on issue of right shares and other related expenses.

14. DEFERRED TAXATION

As a matter of a prudence Company has not recognized the deferred tax asset.

15. STORES AND SPARES

	2009 Rupees	2008 Rupees
	2,494,539	3,049,167
Stores	2,341,387	2,420,702
spare	4,835926	5,469,869

16. STOCK IN TRADE

	2009 Rupees	2008 Rupees
Raw material	51,594,907	84,893,149
- in hand	-	
- in transit	51,594,907	84,893,149
	5,778,337	6,322,548
Work in process	51,445,771	93,173,537
Finished goods	1,408,617	561,228
Waste	110,227,632	184,950,462

16.1 Stock pledged as at June 30, 2009 was Rs./-60,955,538/- (2008 : Rs.75,221,884-).

17. TRADE DEBTS

	2009 Rupees	2008 Rupees
Trade debts- unsecured	103,873,630	140,846,092
Less: Provision against doubtful debts	(547,897)	2,051,032,
Considered good	103,325,733	138,796,060

			2009 Rupees	2008 Rupees
18.	**ADVANCES**			
	-Considered good			
	Advance to :			
	Staff		1,214,937	1,352,725
	Supplies and contractors		9,386,536	5,834,993
	Less: Provision against doubtful advances		(2,239,065)	(2,239,065)
			7,147,471	3,595,928
			1,211,422	3,000,969
	Income tax		9,573,830	7,949,622
19.	**DEPOSITS AND PREPAYMENTS**			
	Margin deposit on letters of credit	19.1	16,132,174	5,316,343
			16,132,174	5,316,343

19.1 This represents margin against bank guarantee in favour of excise and taxation officer:

20.	**OTHER RECEIVABLES**			
	Quality Claim Receivable	20.1	9,104,865	5,000,000
	Other receivables		1,319,581	-
	Less: Provision against doubtful receivable		(500,000)	(500,000)
			9,924,446	4,500,000

20.1 This represents quality claim on imported cotton.

21.	**TAX REFUNDABLE**			
				1,654,305
	Income tax		728,59	253,489
	Sales tax		728,059	1,907,794
22.	**CASH AND BANK BALANCES**			
	Cash in hand		321,833	1,220,987
	- current accounts		252,558	320,406
			574,391	1,541,393
23.	**SALES - NET**			
	Yarn		468,203,507	448,558,020
	- Local		10,261,321	4,784,569
	- Export		478,464,828	453,342,589
			27,752,302	32,459,458
	Waste - Local		506,217,130	485,802,047
			(759,483)	(1,247,039)
			505,457,647	484,555,008
	Brokerage and commission			
24.	**COST OF GOODS SOLD**			
	Finished stock - opening	24.1	93,734,765	68,648,716
	Purchase of finished goods		196,993	2,040,721
	Cost of goods manufactured		533,563,470	455,507,543
			627,495,228	526,196,980
			(52,854,388)	(93,734,765)
	Finished stock - closing *		574,640,840	432,462,215

* It includes waste or Rs 1,408,617/- (2008: Rs.561,228)

		2009 Rupees	2008 Rupees

24.1 Cost of goods manufactured

Raw material consumed	24.1.1	345,925,819	295,678,874
Salaries ,wages and benefits	24.1.2	66,854,225	55,876,627
Store and spares		16,517,589	17,798,837
Packing material		4,799,182	5,423,356
Doubling		1,050,787	27,830
Power		66,564,611	48,484,929
Rent, rates and taxes		1,267,637	952,768
Insurance		3,182,045	2,682,927
Repairs and maintenance		700,232	2,069,652
Deprecation		24,832,272	25,848,971
Other overheads		1,324,860	1,082,883
		533,019,259	455,927,654
Work in process			
Opening stock		6,322,548	5,902,437
Closing stock		(5,778,337)	(6,322,548)
		544,211	(420,111)
		533,563,470	455,507,543

24.1.1 Raw material consumed

Opening stock	84,893,149	45,571,150
Purchases and related expenses-net of quality claims and sale of raw material	312,627,577	335,000,873
	397,520,726	380,572,023
	(51,594,907)	(84,893,149)
Closing stock	345,925,819	295,678,874

24.1.2 Salaries, wages and benefits include Rs.3,247,024 (2008:Rs. 2,381,045) in respect of staff retirement benefits.

25. OTHER OPERATING INCOME

Rent	-	1,145,620
Gain on sale of fixed assets	387,225	(34,825)
Scrap sale	270,470	282,606
creditors balance written off.	-	4,907,352
	657,695	6,300,753

26. DISTRIBUTION COST

Freight	5,969,044	6,551,940
Clearing and forwarding	119,055	113,258
Others	1,567,910	671466
	7,656,009	7,336,664

27. ADMINISTRATIVE EXPENSES

Director's remuneration		2,880,000	2,640,000
Staff salaries and benefits	27.1	7,349,081	7,037,876
Travailing and conveyance		795,705	857,242
Rent, rates and taxes		516,000	616,000
Utilities		1,058,333	763,585
Postage and telephone		901,072	913,821
Printing and stationery		164,392	333,891
Vehicles running and maintenance		627,493	792,049
Fees and subscription		418,239	319,270
Entertainment		759,462	398,362
Legal and professional		194,000	378,067
Auditor's remuneration	27.2	244,000	292,500

	Note	2009 Rupees	2008 Rupees
Repairs and maintenance		225,787	289,320
Insurance		203,525	327,523
Depreciation	12.1.1	824,087	1,036,410
Donation		45,000	58,111
Advertisement		31,802	76,683
Others		577,999	474,123
		17,815,977	17,604,833

27.1 Staff salaries and benefits includes Rs.1,083,687/- (2008:Rs.427,285/-) in respect of staff retirement benefits.

27.2 Auditors' remuneration

	2009	2008
Annual audit		
Half yearly review	200,000	150,000
Corporate services	44,000	40,000
Tax services	-	25,000
Out of pocket expenses	-	60,000
	-	17,500
	244,000	292,500

28. FINANCE COST

	2009	2008
Mark-up/interest on :		
Long term loans	29,952,562	16,293,903
Short term borrowings	26,952,231	22,966,375
Finance lease	26,261,350	22,112,698
Exchanges loss/ (gain)	10,747,333	(2,013,845)
Interest on Worker's profit participation fund	326,003	182,001
	94,239,479	59,541,152
Bank charges and guarantee commission	2,964,155	7,636,541
	97,203,634	67,177,693

29. TAXATION

	2009	2008
Current	102,613	2,429,311
	102,613	2,429,311

30. EARNINGS PER SHARE

There is no dilute effect on the basic earnings per share of the Company which is based on :-

		2009	2008
(Loss)/ profit after taxation	Rs.	(195,599,551)	(40,165,055)
Average number of ordinary shares		44,426,694	44,426,694
Earnings per share-basic and diluted	Rs.	(4.40)	(0.90)

31. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

	Chief Executive		Director	
	2009	2008	2009	2008
	Rupees			
Remuneration	960,000	800,000	960,000	800,000
House rent other allowances	480,000	400,000	480,000	400,000
	1,440,000	1,200,000	1,440,000	1,200,000
Number of persons	1	1	1	1

The Chief Executive and Director were Provided with free use of company maintained cars and were reimbursed for entertainment expenses, the monetary value of which is Rs. 740,840/- (2008 : Rs. 528,979/-) approximately. Chief Executive is also entitled for reimbursement of residential telephone and utility bills and reimbursement of some other expenses, the moneatary value of which is Rs. 582,410/- (2008: 487,320/-).

		2009 Rupees	2008 Rupees

32. TRANSACTIONS WITH RELATED PARTIES

Name of related parties	Name of Transaction		
Directors of the Company	Long term loan obtained	-	1,400,000
	Long term loan paid	-	
	Rent (office premises)	516,000	616,00
	Right Share Issued	-	30,639,100

33. PLANT CAPACITY AND ACTUAL PRODUCTION

It is difficult to determine precisely the production capacity n the textile Industry since it fluctuate widely depending on various factors such as count of yarn spun, raw material used. spindle speed and twist. It would also very according to the pattern of production adopted in a particular year. However the capacity of th project has been estimated at 7.795 million Kgs. based on 20/s count.

	2009	2008
Total number of spindles installed	32,684	32,684
Total number of spindles worked	32,684	32,684
Number of shifts per day	3	3
Installed capacity converted into 20/s count, Kgs.	8,116,941	8,116,941
Actual production converted into 20/s count, Kgs.	10,262,473	8,634,616

34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

34.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets, the financial assets which are subject to credit risk amounted to Rs. 141,813,171/-. The Company believes that it is exposed to major concentration of credit risk in the textile sector. The management monitors and limited the Company 's exposure of credit risk by limiting transactions with specific counter parties and continually assessing their worthiness.

34.2 Interest rate / mark-up rate risk

Interest / mark-up rate risk arises form the possibility that changes in interest rates will effect the value of financial instruments. The Company is however exposed to interest rate risk in case of bank borrowing. The rate of interest/mark-up and their maturities are given in the respective notes.

The analysis of interest rate / mark-up rate risk is as under:-

	Interest Bearing					
	Maturity up to one year	Maturity after one year	Sub Total	Non-interest Bearing	2009	2008
	....	....	Rupees	....	....	
Financial assets						
Long term deposits	-	-	-	14,416,552	14,416,552	14,416,552
Trade debts	-	-	-	103,325,733	103,325,733	138,795,060
Advances	-	-	-	9,573,830	9,573,830	7,949,622
Short term deposits	-	-	-	16,132,174	16,132,174	5,316343
Other receivables	-	-	-	9,924,446	9,924,446	4,500,000
Cash and bank	-	-	-			
Balances	-	-	-	574,391	574,391	1,541,393
	-	-	-	153,947,126	153,947,126	172,745,344

DIRECTOR'S REPORT

The Directors have the honor to present 43rd Annual Report along with audited financial statements for the year ended June 30, 2009.

OPERATING RESULT

A comparative summary of financial results is as follows.

	Rupees in Million	
	2009	**2008**
Sales	505.46	484.56
Gross Profit / (Loss)	(69.18)	52.09
Operating Profit / (Loss)	(93.99)	35.47
(Loss) / Profit before taxation	(195.50)	(37.74)
(Loss) / Profit after taxation	(195.60)	(40.17)
Earning / (Loss) per share	(4.40)	(0.90)

The company has incurred a loss of Rs. 195.59 million due to factors beyond the control of the management.

The year 2008 stated with a huge devaluation of the Pak Rupee against the dollar and this lead to an incredible loss in all foreign currency denominated import liabilities. After come the biggest crisis the world has ever seen since the 1930 great depression. A huge commodity bubble burst taking down with it 300 years old firms like Lehman Brothers with $ 800 billion in assets and 200 year old cotton trading houses like Paul Reinhart. The consequences of this was a huge fall in cotton and yarn prices compounding losses caused by external factors. Other major factors were rise in energy cost and increase in wages. Lack of demand in the local market in wake of global recession, power shortages further aggravated an already horrendous situation.

No major incentive in the textile package was given by the government . Support is needed to mitigate the crises. The year 2008 has lead the spinning industry into a massive crises for which government intervention is needed.

In order to put the company back on track of profitability, the management is leaving no stone unturned. We are concentrating in exports market to increase the sales volume and cash flow. Recently demand for Pakistani yarn from China has increased tremendously. This has lead to higher yarn prices and better working for spinning mills. Additional back process has been purchased to enable coarse count production for export. The management is negotiating with key financial institutions for a restructuring of long term loan and initial response is favorable. Some have also gone forward and agreed to Ali Asghar Textile Mills Limited proposal and revised repayment schedules. Further success will lead massive improvement in current ratio. Major improvement in yarn prices and continuous support by directors leave no doubt about the company ability to operate as a going concern.

DIVIDEND:

No dividend has been declared in view of loss.

	Interest Bearing: Maturity up to one year	Interest Bearing: Maturity after one year	Sub Total	Non-interest Bearing	2009	2008
	....	....	Rupees	....	....	
Financial liabilites						
Long term loans	25,916,047	187,728,248	213,644,295	82,655,118	296,299,413	318,675,461
Liabilities against assets subject to finance lease	85,828,843	43,861,154	129,689,997,	-	129,689,997	132,162,235
Deferred liabilities	-	7,121,180	7,121,180		7,121,180	
Short term bank borrowings	205,630,184	-	205,630,184	-	205,630,184	218,026,251
Trade and other payable	81,269,935	-	81,269,935	11,786,558	93,056,493	84,342,656
Mark-up accrued on secured loans	-	-	-	106,244,233	106,244,233	52,421,959
	398,645,009	238,710,582	637,355,591	200,685,909	838,041,500	805,628,562
On Balance Sheet gap	**(398,645,009**	**(238,710,582)**	**(637,355,591)**	**(46,738,783)**	**(684,094,374)**	**(632,883,218)**

34.3 Fair values of financials instruments

The fair value of all the financial instruments reported in the financial statements approximates their fair value

34.4 Liquidity risk

Liquidity risk reflects an enterprises inability in raising to meet commitments. The company's management closely monitors the company's liquidity and cash flow position.

34.5 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertaking. As at June 30, 2009, the total foreign currency risk exposure was Rs. 18,363,008/- (2008: Rs. 73,148,694/-) in respect of foreign currency finance.

35. NON-CASH TRANSACTIONS

Additions to plant and machinery during the year amounting Nil (2008 Rs. Nil) were financed by new finance lease.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 07 October 2009 by the Board of Directors of Company.

37. RECLASSIFICATION AND CHANGE OF NOMENCLATURE

Following reclassification / rearrangements have been made in the financial statements for better presentation:-

From	To	Nature	Amount
Other Income	Finance cost	Exchange loss/gain	(2,013,845)
Finance cost (Short term borrowing)	Finance cost (Interest on WPPF)	Proper allocation	182.001

38 GENERAL

38.1 Figures have been rounded off nearest to Rupee.

38.2 The Financial statements are presented in Pak Rupees. which is the company's functional and presentation currency.

NADEEM E. SHAIKH
Chief Executive Officer

NAVEED E. SHAIKH
Director

The directors are pleased to report that your company has taken necessary steps to comply with the provisions of the code of Corporate Governance as incorporated in the listing regulations of stock exchange .

In light of the company's overall objective, the Board of Director regularly reviews the company's strategic direction. Annual plans and performance targets set for the business the Board is committed to maintain the high standards, of good corporate governance. Given below is the statement of Corporate and financial Report Framework. .

These financial statements present fairly the state of affairs of the company , the results of its operations, cash flows and changes in equity. .

The Company has maintained proper books of accounts. .

Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgement.

International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there form has been adequately disclosed.

The system of internal control, which was in place, is being continuously reviewed by the management. The process of review and monitoring will continue with the object to improve it further. Hiring of appropriate staff to strengthen the internal audit function is under consideration.

The management of your company is leaving no stone unturned to improve the financial and operational performance. .

All liabilities in regard to the payment on account of taxes, duties, levies, and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same is disclosed as contingent liabilities in the notes to the accounts. .

There is no doubt about the company's ability to continue as going concern.

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

Key operating and financial data of last six years is annexed to the financial statements.

The company operates un-funded gratuity scheme for its employees and provision has been made in the account accordingly. .

No trades in the shares of the company were carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children. .

During the year four Borad Meeting were held, the attendance by each Directors given below:-

S. No.	Name of Director	Number of meetings attended
1.	Mr. Nadeem Ellahi Shaikh	4
2.	Mr. Naveed Ellahi Seaikh	4
3.	Mst. Marium Humayun	2
4.	Mr. Salman Massod	2
5.	Mr. Raja Ghazanfar Ali	4
6.	Mr. Sultan Mehmood	4
7.	Mr. Muhammad Azad Khan	4

Leave of absence was granted to the directors who could not attend some of the Board meetings.

Code of Ethics and Business practice has been developed and are now being communicated and acknowledged by each director and employee of the company.

The pattern of holding of the shares as on June 30, 2009 is annexed.

Retiring Auditors M/s. Mushtaq & Co. Chartered Accountants retire and being eligible offers themselves for re-appointment for the financial year ending June 30, 2010.

The Directors wish to place on record the highly dedicated services rendered by the employees and convey thanks to bankers, and leasing companies for their valuable services.

By Order of the Board

NADEEM ELLAHI SHAIKH
Chief Executive

Karachi: October 08, 2009

KEY OPERATING AND FINANCIAL RESULTS

FORM 2003-2004 TO 2008-2009

ACCOUNTING YEAR	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
OPERATING RESULTS:-						
Sales - Net	505,457	484,555	549,246	586,638	375,005	460,868
Gross Profit (Loss)	(69,183)	52,092	61,336	79.309	54,859	45,987
Net Profit (Loss) After Tax	(195,599)	(40,165)	(31,495)	14,082	3,900	3,124
FINANCIAL POSITION						
Assets Employed:						
Operating Assets	829,167	864,345	882,090	871,880	638,969	191,470
Current Assets	255,322	350,431	338,012	306,125	330,609	225,538
Other Assets	14,416	14,643	14,190	10,338	5,933	7,088
Deferred Costs	0.905	5,201	8,354	14,479	18,698	22,556
	1,099,811	1,234,620	1,242,646	1,202,822	994,209	446,652
Assets Financed By:						
Shareholders Equity	(345,249)	(154,099)	(149,358)	(123,694)	(137,977)	(142,039)
Director Loan	2,464	2,464	31,703	35,504	33.504	6,867
Surplus on revaluation of Fixed Assets	568,780	573,230	578,014	583,847	490,439	80,431
Long Term Loan	311,780	329,185	336,765	301,931	164,529	132,483
Other Deferred Liabilities	7,121	4,622	3,084	3,965	3,463	3,499
Current Maturity	149,301	119,188	81,125	31,681	58,711	41,952
Other Current Liabilities	405,612	360,030	361,313	369,588	381,540	323,459
	1,099,811	1,234,620	1,242,646	1,202,822	994,209	446,652
Key Ratios:						
Gross Profit to Sales %	-13.68%	10.75%	11.17%	13.52%	14.63%	9.98%
Net Profit (Loss)to Sales %	-38.70%	-8.29%	-5.73%	2.40%	1.04%	0.68%
E.P.S.	-4.40%	-0.90%	-0.82%	0.37%	0.10%	0.08%
Current Ratio / Less Current Maturity	0.62%	0.97%	0.93%	0.82%	0.86%	0.70%

PATTERN OF HOLDING OF SHARES

HELD BY THE SHARE HOLDERS
AS AT JUNE 30, 2009

SHARES		SHARES HOLDERS	TOTAL SHARES
FROM	TO		
1	100	459	44,991
101	500	315	99,385
501	1000	120	103,708
1001	5000	152	386,900
5001	10000	24	191,700
10001	15000	10	129,299
15001	20000	5	89,700
25001	70000	7	255,440
70001	150000	2	174,200
450001	982000	1	981,301
982001	16097000	4	41,970,070
TOTAL		**1099**	**44,426,694**

S.NO.	CATEGORY OF SHARE HOLDERS	NO.	SHARES HELD	%
1	INDIVIDUALS	1083	28,215,922	63.51
2	INVESTMENT COMPANIES	2	200	0.00
3	INSURANCE COMPANIES	1	3,100	0.01
4	JOINT STOCK COMPANIES	2	17,200	0.04
5	FINANCIAL INSTITUTIONS	5	16,181,571	36.42
6	OTHERS	6	8,701	0.02
	TOTAL	**1099**	**44,426,694**	**100%**

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2009

Name of Shareholders	No.	Shares Held	Percentage
1. Associated Company	-	-	-
2. N.I.T. & I.C.P			
Investment Corporation of Pakistan	3	14,999	0.034
3. Director CEO and Executive	7		
1. Mr. Nadeem Ellahi Shaikh - Chief Executive		10,247,903	23.067
2. Mr Naveed Ellahi Shaikh - Director		11,925,331	26.843
3. Mst. Marium Humayun - Director		40,940	0.092
4. Mr. Salman Masood - Director		2,000	0.005
5. Mr. Abdul Aziz - Director		1,000	0.002
6. Mr. Sultan Mehmood - Director		1,000	0.002
7. Mr. Muhammad Azad Khan - Director		1,000	0.002
4. Banks, Development Finance Institutions. Non Banking Finance Institutions Insurance Companies, Modaraba and Mutual Funds	5		
P.I.C.I.C. Limited		71,200	0.162
Adamjee Insurance Co. Ltd.		3,100	0.007
Habib Investment Co. Ltd.		100	0.000
Shirazi Investment Co.		100	0.000
Habib Bank Limited.		16,095,372	36.229
5. Individuals	1076	5,996,748	13.497
		25,901	0.058
6. Other	8		
SHARE HOLDERS OF THE COMPANY	1099	44,426,694	100.00
7. Share Holders holding 10% or more.		10,247,903	23.07
		11,925,331	26.84
		16,095,372	36.23