

annual report 2010



ALI ASGHAR TEXTILE MILLS LTD.



PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2010

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. Raja Ghazanfar Ali - 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	18	16,369,376	36.84
5. Individuals	1066	5,799,145	13.059
6. Other	1	24,000	0.054
SHARE HOLDERS OF THE COMPANY	<u>1099</u>	<u>44,426,694</u>	<u>100.00</u>
7. Share Holders holding 10% or more.			
Mr. Nadeem Ellahi Shaikh		10247,903	23.07
Mr. Naveed Ellahi Shaikh		11,925,331	26.84
Habib Bank Ltd.		16,095,372	36.23



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 the 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 principles 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 directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a 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. No 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 the 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 05, 2010



MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407-Commerce Centre
Hasrat Mohani Road
Karachi 74200
Pakistan.
Tel: +92-21-32638521-4
Fax: +92-21-32639843
Email: mushtaqco@hmiml.com

Branch Office
20-B, Block-G
Gulberg-III, Lahore-54660
Tel: +92-21 35884926,5865618
Fax: +92-21-35843360
Email: mushtaqcolhr@hmiml.com

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, Listing Regulations No.35 of Lahore Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulations of 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 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, 2010.

Karachi:
Date: October 05, 2010

Mushtaq & Co.
 **MUSHTAQ & COMPANY**
Chartered Accountants
Engagement Partner
Shahabuddin A. Siddique



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 44th Annual General Meeting of shareholders of ALI ASGHAR TEXTILE MILLS LIMITED will be held on October 27, 2010 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, 2009.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2010 together with the Directors and Auditors Reports thereon.
3. To appoint Auditors for the year ended June 30, 2011 and fix their remuneration. The present auditors, M/s. Mushtaq & Co. Chartered Accountants retire and being eligible offers themselves for re-appointment.
4. To Consider and Approve the remuneration along with utilities bill on Actual of Chief Executive and Directors.
5. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi : October 05, 2010

RIZWAN HASEEB
(Company Secretary)

Notes:

- I. The shares transfer books of the company will remain closed form October 19, 2009 to October 27, 2010 (Both days inclusive). Shares may be lodged for transfer with our Registrar, C & K Management Associates (Pvt.) Limited, Suite No 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi. Ph No. 35687839. The shareholders are advised to notify the Registrar of any change in their addresses.
- 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
Pakistan.
Tel: +92-21-32638521-4
Fax: +92-21-32639843
Email: mushtaqco@hmiml.com

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Gulberg-III, Lahore-54660
Tel: +92-21 35884926,5865618
Fax: +92-21-35843360
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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, 2010 and the related profit and loss account, statement of comprehensive income, 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 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) Following current liabilities have been declared long term liabilities.
- | | | |
|------------------------------|------------------------|--------------|
| Markup payable | Rs. 50,064,379 | Note # 6.1.a |
| Current Maturity-Lease | Rs. 46,922,991 | Note # 6.1.b |
| Finance Lease | Rs. 21,764,136 | Note # 6.1.c |
| Short term Borrowing | Rs. 37,247,943 | Note # 6.1.d |
| Current portion of long term | Rs. 44,125,806 | Note # 6.1.e |
| Total | <u>Rs. 200,125,255</u> | |
- (b) Bank confirmation letters in respect of balances disclosed in Note Nos. 6.1.1, 6.1.2, 6.1.3, 6.1.5, 6.1.6, 6.1.7, 6.1.8 and 10.3 were sent. No confirmations have been received.
- (c) Finance cost amounting to Rs.59,096,129 has not been charged during the year to profit and loss account. Had this been taken into account the profit of Rs. 26,236,403 would have converted into a loss of Rs.32,859,726. Mark up on mark up due has not been charged in the profit and loss account.
- (d) Except for the effect of paragraph (a) , (b), and (c) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984.
- (e) in our opinion:
- (i) Except for the effect of paragraph (a), (b), and (c) 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 accounts and are further in accordance with accounting policies consistently applied.
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and



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- (i) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.
- (f) Except for the effect of paragraph (a), (b), and (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, statement of comprehensive income, 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, 2010 and of the profit, its cash flows and changes in equity for year then ended; and
- (g) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without further 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 from the directors and the financial institutions to address the going concern issue.

Dated: October 05, 2010

Mushtaq & Co.

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



BALANCE SHEET

	Note	JUNE 2010 Rupees	JUNE 2009 Rupees
EQUITIES AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised		<u>250,000,000</u>	<u>250,000,000</u>
500,00,000 ordinary shares Rs 5/- each			
Issued, subscribed and paid-up capital	4	222,133,470 (535,608,131)	222,133,470 (567,383,078)
Accumulated loss		(313,474,661)	(345,249,608)
 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT	 5	 563,242,203	 568,780,747
NON-CURRENT LIABILITIES			
LONG TERM LOANS	6	446,194,573	270,383,366
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	7	15,189,192	43,861,154
DEFERRED LIABILITIES	8	7,311,776	7,121,180
CURRENT LIABILITIES			
Trade and other payables	9	101,074,050	93,056,493
Short term borrowings	10	166,727,603	205,630,184
Current portion of Long term finance	11	72,847,772	149,301,759
Interest / make-up payable		81,597,084	106,244,233
Provision for Taxation		3,479,073	682,071
		425,725,581	554,914,741
 CONTINGENCIES AND COMMITMENTS	 12	 <u>1,144,188,664</u>	 <u>1,099,811,579</u>

NADEEM E. SHAIKH
Chief Executive Officer


NAVEED E. SHAIKH
Director

**AS AT JUNE 30, 2010**

	Note	2010 Rupees	2009 Rupees
NON - CURRENT ASSETS			
PROPERTY PLANT AND EQUIPMENT	13	817,113,035	829,167,234
DEFERRED COSTS	14	-	905,602
DEFERRED TAXATION	15	-	-
LONG TERM DEPOSITS		14,904,452	14,416,522
CURRENT ASSETS			
Stores and spares	16	4,752,312	4,835,926
Stock in trade	17	134,317,738	110,227,632
Trade debts	18	111,477,100	103,325,733
Loans and advances	19	11,340,214	8,362,408
Trade deposits and short term prepayments	20	31,567,360	16,132,174
Other receivables	21	8,411,534	9,924,446
Tax refundable due from Government	22	8,389,149	1,939,481
Cash and bank balances	23	1,915,770	574,391
		312,171,177	255,322,191
		<u>1,144,188,664</u>	<u>1,099,811,579</u>

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, 2010

	Note	2010 Rupees	2009 Rupees
Sales - net	24	685,088,319	505,457,647
Cost of sales	25	(608,817,656)	(574,640,840)
Gross Profit / (Loss)		76,270,663	(69,183,193)
Other operating income	26	2,032,020	657,695
		78,302,683	(68,525,498)
Operating expense			
Distribution cost	27	(654,910)	(7,656,009)
Administrative expenses	28	(16,512,471)	(17,815,977)
		(17,167,381)	(25,471,986)
Profit / (Loss) from operations		61,135,302	(93,997,484)
Amortization of deferred cost	14	(1,573,952)	(4,295,820)
Finance cost	29	(29,845,874)	(97,203,634)
Profit / (Loss) before taxation		29,715,476	(195,496,938)
Taxation	30	(3,479,073)	(102,613)
Profit / (Loss) for the year		26,236,403	(195,599,551)
Other comprehensive income:			
other comprehensive income for the year		-	-
Total comprehensive income / (Loss) for the year		26,236,403	(195,599,551)
Profit / (Loss) per share - basic and diluted	31	0.59	(4.40)

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


NADEEM E. SHAIKH
 Chief Executive Officer


NAVEED E. SHAIKH
 Director



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CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2010


	2010 Rupees	2009 Rupees
A. Cash flows form operating activities		
Profit / (Loss) before taxation	29,715,476	(195,496,938)
Adjustments for:		
Depreciation	23,953,280	25,656,359
Amortization of deferred cost	1,573,952	4,295,820
Provision for gratuity	2,547,886	4,330,711
Provision against doubtful trade receivables	523,107	(1,503,135)
Gain on sale of property plant and equipment	(352)	387,225
Finance cost	29,845,874	97,203,634
	58,443,747	130,370,614
	88,159,223	(65,126,324)
Decrease / (increase) in current assets		
Store and spares	83,614	633,943
Stock in trade	(24,090,106)	74,722,830
Trade debts	(8,151,367)	35,469,327
Loan and Advance	(2,977,806)	(3,413,755)
Trade deposits and short term prepayments	(15,435,186)	(10,815,831)
Other receivables	1,512,912	(5,424,446)
Tax refundable	(1,916,653)	(474,570)
	(50,974,592)	90,697,498
(Decrease) / Increase in current liabilities		
Trade and other payable	8,017,557	8,713,837
	45,202,188	34,285,011
Cash from operating activities		
Finance cost paid	(4,298,246)	(43,381,360)
Gratuity paid	(2,357,290)	(1,831,569)
Tax paid	(5,215,086)	(2,869,917)
	(11,870,622)	(48,082,846)
Net cash (used in) / form operating activities	33,331,566	(13,797,835)



	2010 Rupees	2009 Rupees
B. Cash flows form investing activities		
Fixed capital expenditure	(11,906,930)	(15,881,879)
Sale proceeds from disposal of fixed assets	7,500	5,435,800
Long term deposits	(487,900)	226,374
Net cash used in investing activities	<u>(12,387,330)</u>	<u>(10,219,705)</u>
C. Cash flows from financing activities		
Long term loans-net	(12,326,000)	15,180,821
Repayment of liabilities against assets subject to finance lease	(3,967,580)	(2,472,238)
Deferred cost	-	-
Short term finance	(1,654,638)	22,738,022
Net cash form financing activities	<u>(17,948,218)</u>	<u>35,446,605</u>
Net decrease in cash and cash equivalentents (A +B+C)	2,996,018	11,429,065
Cash and cash equivalent at the beginning of the year	(205,055,793)	(216,484,858)
Cash and cash equivalent at the end of the year	<u>(202,059,775)</u>	<u>(205,055,793)</u>
Cash and cash equivalentents		
Cash and bank balances	1,915,770	574,391
Running finance	(166,727,603)	(205,630,184)
Less: Transfer to long-term loan	(37,247,943)	-
	<u>(202,059,775)</u>	<u>(205,055,793)</u>

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


NADEEM E. SHAIKH
 Chief Executive Officer


NAVEED E. SHAIKH
 Director

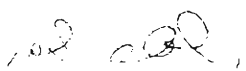



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2010

	Issued, subscribed and paid up capital	Accumulated Loss	Total Equity
Rupess.....		
Balance at September 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	<u>222,133,470</u>	<u>(567,383,078)</u>	<u>(345,249,608)</u>
Profit for the year	-	26,236,403	26,236,403
Transfer from surplus on revaluation of property, plant & equipment - increment depreciation	-	5,538,544	5,538,544
Balance as at June 30, 2010	<u><u>222,133,470</u></u>	<u><u>(535,608,131)</u></u>	<u><u>(313,474,661)</u></u>

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, 2010

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. 535.6 million as at June 30, 2009. Current exceeds its current assets by Rs. 113.5 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. BASIS OF PREPARATION

2.1 Statement of compliance

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 measurement

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 from 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 in the next year are disclosed in note 47 to these 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**

*Revised IAS-1 Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009) introduces the thrm total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. The revised standard requires an entity to presenting such transactions either in a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. There are no items for other comprehensive income, therefore no impact on the company financial statements.

* IAS 23 (Amendment), "Borrowing costs" requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing borrowing costs has been removed. Further, th definition of borrowing costs has been amended so that interest expense is calculated using the effective interst method defined in IAS 39 "financial Instrument: Recognition and measurement". There is no material impact on the company financial statements due to change in the interest calculation method.

* Amended IAS-27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009) requires accounting for changes in ownership interest by the group in subsidiary, while maintaining control, to be recognized as an equity transactions. When the group losses controls of subsidiary, any interest 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 does not to have an effect on the company's financial statements.

*IAS-27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 January 2009). The amendment removes the definition of the cost methods from IAS-27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The application of the standard does not to have an effect on the 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 01 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment does not 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 require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instruments when financial assets are reclassified out of the fair value. The amendments does not have an effect on company's financial statements.

* Amendment to IFRS - 2 Share-based Payment-Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard does not have any effect on the company's financial statements.

*Amendment t IFRS - 2 Share-based Payment -Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 01 January 2010). The amendments resolve diversity in practice regarding 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 payment transactions to account for the transaction in its separate or individual financial statements. The application of this standard does not have any effect on the company's financial statements.



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

*IFRS - 4 Insurance Contracts (effective for annual periods beginning on or after 01 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose 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 amendments have been made to bring the disclosure requirements of IFRS - 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.

*IFRS - 8 Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment reporting. IFRS - 8 requires a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the company's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them. The company determines and presents operating segments based on the information that is internally provided to CEO, who is the company chief operating decision maker. The standard is not applicable to the company's operations.

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

*IFRIC 16 Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 01 October 2008). clarifies that net investment hedging can be 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 operation that is being hedged 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 profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of an investment as if the direct method of consolidation had been used. The IFRIC is not relevant to the company's operations.

*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 distributes non cash assets 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 is distributed, the difference between the carrying amount and fair value is recognized in the income statement. As the company 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 from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect 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)

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 standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increased disclosures in certain cases.



*IFRS -2 (Amendments). "Group cash settled and share based payment transactions". is effective for the accounting period beginning on or after January 1, 2010. In addition to incorporating IFRIC 8, "Scope of IFRS 2" and IFRIC 11, IFRS 2 - "Group and treasury share transaction". the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the company's financial statements.

*IFRS 8 (Amendment), "Disclosure of information about segment assets" (effective for the accounting period beginning on or after January 1, 2010). This amendment clarifies that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker. The new guidance is not expected to have material impact on the company's financial statements.

3. Summary of significant accounting policies

3.1 Staff Retirements Benefits

Defined benefit plan

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

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, 2010 using the Projected Unit Credit Actuarial gains and losses are recognized as income or expense 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.

3.2 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 liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary difference and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting not taxable profits.

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 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 of substantively enacted at the balance sheet date.

3.3 Property, plant and equipment

Operating Assets

Property, plant and equipment except leasehold land, are stated at cost / revalued amount less accumulated 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 from the month of addition and up to the month preceding the disposal respectively.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gain 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 intended use.

3.4 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.

3.5 Deferred costs

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

3.6 Stores and spares

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

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

**3.12 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. Exchange differences are included in income currently.

3.13 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 an 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 its 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 reverses, 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 loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

3.14 Financial instruments

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized 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.

3.15 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 and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.16 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.

3.17 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

2010	2009		2010	2009
No. of shares			No. of shares	
21,222,201	21,222,201	Ordinary shares of Rs.5/- each fully paid in cash.	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 4.1)	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 4.2)	30,639,100	30,639,100
<u>44,426,694</u>	<u>44,426,694</u>		<u>222,133,470</u>	<u>222,133,470</u>

4.1 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 qualify for any dividends unless minimum of 10% is paid to the ordinary shareholders and also do not carry voting rights.

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

5. SURPLUS ON REVALUATION OF PROPERTY PLANT OF EQUIPMENT

	Building			2010 Rupees	2009 Rupees
	Land	Mills	Other		
Opening Balance	484,885,978	67,190,258	16,704,511	568,780,747	573,230,330
Add: Revaluation during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	484,885,978	69,190,258	16,704,511	568,780,747	573,230,330
Transferred to equity in respect of incremental depreciation charged during the year	<u>-</u>	<u>(4,703,318)</u>	<u>(835,226)</u>	<u>(5,538,544)</u>	<u>(4,449,583)</u>
Balance at June 30, 2010	<u>484,885,978</u>	<u>62,486,940</u>	<u>15,869,285</u>	<u>563,242,203</u>	<u>568,780,747</u>

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.

6. LONG TERM LOANS

	Note	2010	2009
From banking companies and other financial institutions - secured and interest bearing	6.1	442,745,655	265,534,448
Form directors - unsecured	6.2	1,064,610	2,464,610
From other - unsecured	6.2	2,384,308	2,384,308
		<u>446,194,573</u>	<u>270,383,366</u>

6.2 The above loans are unsecured and interest free and not repayable in the next twelve months.



COMPANY INFORMATION

Board of Directors	: Mr. Nadeem Ellahi Shaikh Mr. Naveed Ellahi Shaikh Mst. Marium Humayun Mr. Salman Masood Mr. Raja Ghanzafar Ali Mr. Sultan Mehmood Mr. Muhammad Azad Khan	Chief Executive
Audit Committee	: Mst. Marium Humayun Mr. Naveed Ellahi Shaikh Mr. Sultan Mehmood	Chairperson Member Member
Chief Financial Officer	: Mr. Muhammad Zamir	
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.	

6.1 Long term loans

	-----Banking Companies-----				-----NBF-----Leasing Companies				2010 Rupees	2009 Rupees
	Demand finance	Frozen mark up	Term loan	Demand finance	Term loan	Demand finance	Term loan	Term loan		
	HBL	HBL	HBL	MPBL	NBP	FIRST DAWOOD INVESTMENT BANK LTD.	AL-ZAMIN LEASING CORPORATION	Orix Investment Bank Pak Ltd.	Orix Investment Bank Pak Ltd.	
Opening balance	29,198,602	77,806,200	III	80,000,000	47,661,337	33,129,734	21,191,491	10,000,000	10,000,000	313,542,435
Obtained during the year	-	-	-	-	20,280,077	46,922,991	-	-	-	19,000,000
Transfer:	-	29,784,302	-	-	-	21,764,136	-	-	-	50,064,379
6.1.a Transfer from mark up payable	-	-	-	-	-	46,922,991	-	-	-	46,922,991
6.1.b Transfer from lease current maturity	-	-	-	-	-	21,764,136	-	-	-	21,764,136
6.1.c Transfer from finance lease	(9,826,000)	37,247,943	-	-	-	(1,100,000)	-	-	-	37,247,943
6.1.d Transfer from short term loan	-	-	-	-	-	-	-	-	-	(10,926,000)
Payment during the year	19,372,602	77,806,200	67,032,245	80,000,000	67,961,414	100,716,861	21,191,491	10,000,000	474,080,813	
Overdue portions	-	-	-	-	(24,566,674)	(15,392,467)	(10,523,580)	(4,166,665)	(63,472,912)	(28,145,528)
6.1.e Transfer to long term - from current maturity	-	-	-	-	24,566,674	15,392,467	-	-	-	44,125,806
Amount due and payable with one year show under current liabilities	-	-	-	-	-	-	(4,929,228)	(7,058,824)	(11,986,052)	(35,327,388)
	19,372,602	77,806,200	67,032,245	80,000,000	67,961,414	100,716,861	5,738,663	14,117,650	442,745,655	265,534,448
	6.1.1	6.1.1	6.1.2	6.1.3	6.1.4	6.1.5	6.1.6	6.1.7	6.1.8	
Principal amount	34,912,000	78,284,000	67,032,245	80,000,000	67,961,414	100,716,861	22,000,000	40,000,000	10,000,000	
Repayment period	April 2010 to April 2011	January 2006 to December 2013	After Payment to HBL DF and other Facility	Lump sum payable in December 2010	January 2007 to Oct-2012	November 2007 to Oct-2012	August 2007 to May 2012	June 2009 to June 2013	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	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	Monthly	Quarterly	Quarterly	Quarterly	
No. of Installments	12	96	60	60	60	60	20	20	12	

6.1.1 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.

6.1.2 Markup payable Rs. 39,784,302 and Short term loan Rs.37,247,943 transferred to long term loan

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

6.1.4 It is secured by pari passu charge over fixed assets of the company to the extent of Rs.62.0 million and charge over fixed land assets and building of company to the extent of PKR 12M and personal guarantee of all sponsors and directors. Transferred form markup payable Rs. 20,280,077 and transferred form current maturity Rs. 24,566,674 to long term loan.

6.1.5 Transferred form current maturity Rs. 46,922,991. from finance lease Rs. 21,764,136 and Rs. 15,392,467 from current maturity transferred to long term loan.

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

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

6.1.8 This is secured by first pari passu charge of fixed assets to the extent Rs.13.334 million and personal guarantee of Directors. Rs. 4,166,665 transferred from current maturity to long term loan.



7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents property plant and equipment acquired under finance leases from companies / banks. The financing rate used as discounting factor ranges from 8.37% to 19.00% (2009: 8.37% to 19.00%).

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:-

	2010		2009	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees			
Not later than one year	49,241,560	41,512,614	102,568,131	85,828,843
later than one year and not later five years	21,661,915	15,189,192	63,175,410	43,861,154
later than five years				
Total minimum lease payments	70,903,475	56,701,806	165,743,541	129,689,997
Financial charges	(14,201,669)	-	(36,053,544)	-
Present value of minimum lease payments	56,701,806	56,701,806	129,689,997	129,689,997
	56,701,806	56,701,806	129,689,997	129,689,997
Payable within one year shown under Current liabilities	(41,512,614)	(41,512,614)	(85,828,843)	(85,828,843)
	15,189,192	15,189,192	43,861,154	43,861,154

7. DEFERRED LIABILITIES

NOTE

2010
Rupees2009
Rupees

Staff retirement benefits - gratuity

7,311,776

7,121,180

7,311,776

7,121,180

8.1 Staff retirement benefits

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

Current service cost	1,072,862	1,290,402
Interest cost	1,019,911	1,217,120
Actuarial gain / loss charge	455,113	1,823,189
	2,547,886	4,330,711

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

Opening balance	7,121,180	4,622,038
Charge for the year	2,547,886	4,330,711
Payment made during the year	(2,357,290)	(1,831,569)
	7,311,776	7,121,180

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

Present value of defined benefit obligation	9,938,241	11,869,981
Actuarial (loss) to be recognized in later periods	(2,626,465)	(4,748,801)
Unrecognized additional liability to be recognized in later periods	7,311,776	7,121,180

Discount rate per annum	13.0%	13.0%
Expected rate of increase in salary per annum	10.0%	10.0%

Average expected remaining working life of employees	10 Years	10 Years
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Comparisons for five years:-

	2010	2009	2008	2007	2006
As at June 30					
Present value of defined benefit obligation	9,938,241	11,869,981	9,605,282	4,296,346	4,844,279

NOTE

2010
Rupees

2009
Rupees

9. TRADE AND OTHER PAYABLES

Trade creditors				35,280,574	27,388,256
Accrued liabilities				41,973,316	41,722,133
Bills payable				3,899,120	3,899,120
Advance form customers				10,753,968	9,760,201
Other Payables:					
Advance against sale of land			12.2	8,020,837	8,020,837
Advance against sale of Machinery				845,000	-
Withholding taxes				61,646	2,026,357
Unclaimed dividend				239,589	239,589
Worker's profit participation fund			9.1	-	-
				<u>101,074,050</u>	<u>93,056,493</u>

9.1 WORKERS' PROFIT PARTICIPATION FUND

Opening balance				-	1,319,506
Interest on fund utilized in Company's business				-	326,003
				<u>-</u>	<u>1,645,509</u>
Paid during the year				-	(1,645,509)
				<u>-</u>	<u>-</u>

10. SHORT TERM BANK BORROWINGS

Under mark-up arrangements - secured

Finance against trust receipt (Habib Bank Limited)			10.1		36,403,538
Running finance					
- Local currency			10.2		
Habib Bank Ltd.				38,112,382	27,245,226
Habib Metropolitan bank				57,245,473	58,818,409
National Bank of Pakistan				34,734,960	51,671,793
				130,092,815	137,735,428
- Foreign currency (Habib Bank Ltd)			10.3	18,000,000	18,363,008
Book overdraft			10.4	18,634,788	13,128,210
				<u>166,727,603</u>	<u>205,630,184</u>

10.1 This represents facility against inland of credit and is subject to mark-up at the rate of 6 months KIBOR + 3% (2009: 6 months KIBOR +3%). It is secured against signed trust receipts.

10.2 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% (2009 :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.

10.3 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% (2009: 6 months LIBOR + 2%), and is secured against lien on imported documents and exports L/C and contracts with subsequent pledge of imported Cotton on receipt of shipment in addition to securities mentioned in note 5.1.1.

10.4 This represents cheques issued by the company in excess of balance at bank which remained un presented till June 30, 2010.

**11. CURRENT PORTION OF NON-CURRENT LIABILITIES**

Long term loans (Over due)			
Long term loans (Current due)	6.1	19,347,106	28,145,528
Liabilities against assets subject to finance lease	6.1	11,988,052	35,327,388
	7	41,512,614	85,828,843
		<u>72,847,772</u>	<u>149,301,759</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 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 for 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.

12.2 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 the said transaction was not completed by the buyers in stipulated 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.

12.3 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.

12.4 The Company (Ali Asghar Textile Mills Limited) is in litigation with Orix investment Bank Ltd formerly Orix Leasing Pakistan Limited. Bank has filed two suits in Banking Court for recovery of principle amounts of Rs.29.955 million and Rs.10 million respectively along with markup of Rs.2.250 million and Rs.1.032 million respectively. The company has filed suit in banking court for recovery of damages amounting to Rs.20 million sustained by the company because of non disbursement of Rs.10 million out of total amount of Rs.40 million that was to be arranged by bank in accordance with the agreement between the bank and company. In all three cases leave to defend has been granted by the court and cases are being heard at Banking Court IV and V Karachi. Company has provided liabilities of the amounts claimed by the bank but no credit is taken in the account in respect of 'claim of damages' lodged by the company.

13. PROPERTY, PLANT AND EQUIPMENT

	NOTE	2010 Rupees	2009 Rupees
Operating assets	13.1	817,113,035	829,167,234
Capital work in progress	13.2	-	-
		<u>817,113,035</u>	<u>829,167,234</u>

13.1.1 Depreciation for the year has been allocated as under:

Cost of goods manufactured	25.1	23,219,412	24,832,272
Administrative expenses	28	721,284	824,087
		<u>23,940,696</u>	<u>26,656,359</u>

13.1.2 Had there been no revaluation, the related figures of land and buildings at June 30,2010 would have been as follows:

	2010			2009		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
	-----Rupees-----					
Land	666,022	-	666,022	666,022	-	666,022
Building						
Mills	25,710,457	13,880,056	11,830,401	23,191,874	12,565,567	10,626,307
Other	15,200,454	6,071,680	9,128,865	13,269,545	5,591,213	7,678,332
	<u>15,866,567</u>	<u>19,951,737</u>	<u>20,959,265</u>	<u>36,461,419</u>	<u>18,156,780</u>	<u>18,304,639</u>
	<u>31,067,112</u>	<u>19,951,737</u>	<u>21,625,287</u>	<u>37,127,441</u>	<u>18,156,780</u>	<u>18,970,661</u>



**13.1 PROPERTY , PLANT & EQUIPMENT
AS ON 30-06-2010**

Particulars	Cost / Revaluation				Depreciation				Rate %	
	At July 01,2009	Addition/ (Deletion)	Transfer In/(Out)	Revolution	At June 30, 2010	At July 1, 2009	For the year / (on Disposals)	Adjustment		At June 30, 2010
Own Assets:										
Leasehold land	485,552,000	-	-	-	485,552,000	-	-	-	-	485,552,000
Building on Leasehold Land										
Mills	92,900,715	-	-	-	92,900,715	19,609,568	5,130,384	-	24,739,952	68,160,757
Other	31,905,056	-	-	-	31,905,056	4,550,460	1,367,724	-	5,918,184	25,986,872
	124,805,771	-	-	-	124,805,771	24,160,028	6,498,108	-	30,658,136	94,147,629
Plant & machinery	248,522,284	9,680,000	-	-	258,202,284	102,667,150	10,310,120	-	112,977,270	145,225,009
	1,390,757	1,600,000	-	-	2,990,757	1,233,803	10,992	-	1,244,795	1,745,962
Electric Fitting	292,565	-	-	-	292,565	160,346	9,255	-	169,598	122,967
Generator	5,542,616	382,530	-	-	5,925,146	2,818,212	217,488	-	3,035,700	2,889,446
Office Equipment's	2,085,264	116,000	-	-	2,201,264	1,693,275	28,560	-	1,721,835	479,429
Furniture & Fixture	877,371	128,400	-	-	968,971	728,605	42,416	-	732,073	226,898
Vehicle		(46,800)	-	-				(38,948)		
Totals	869,068,628	11,906,930 (46,800)	-	-	880,975,558	133,461,419	17,116,941	-	150,539,412	730,389,346
Lease Assets										
Plant and Machinery	138,173,171	-	-	-	138,173,171	46,821,890	6,394,596	-	53,216,486	84,956,685
Vehicles	3,640,000	-	-	-	3,640,000	1,431,257	441,744	-	1,873,001	1,766,999
Total Lease	141,813,171	-	-	-	141,813,171	48,253,147	6,836,340	-	55,089,487	86,723,684
2010 Rupees	1,010,881,799	11,906,930 (46,800)	-	-	1,002,788,729	181,714,566	23,953,280	-	205,628,898	817,113,035
2009 Rupees	1,002,928,027	15,881,879 (7,432,107)	(496,000)	-	1,018,313,906	158,937,758	25,656,359	(343,911)	181,714,555	829,167,234



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

Particulars	Cost / Revaluation				Depreciation				Rate %		
	At July 01, 2008	Addition / (Deletion)	Transfer In/(Out)	Revolution	At June 30, 2010	At July 1, 2008	For the year / (on disposals)	Adjustment		At June 30, 2009	Written down value at June 30, 2009
Leasehold land	485,552,000	-	-	-	485,552,000	-	-	-	-	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%
Plant & machinery	124,164,848	640,923	-	-	124,805,771	17,203,767	6,956,254	-	24,160,021	100,645,743	7%
	240,807,235	15,147,156	-	-	248,522,284	94,224,457	10,978,343	-	102,667,149	145,855,134	7%
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	681,413	37,192	343,911	728,605	148,766	20%
			(496,000)					(343,911)			
Totals	860,618,856	15,881,879	-	-	869,068,628	117,768,785	18,228,272	-	133,461,406	735,607,209	
		(7,432,107)					(2,535,651)				
Under Lease Vehicle											
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	2,208,738	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	26,865,381	-	158,871,783	844,056,244	
		(137,800)					(65,975)				



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

Particulars/ Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale Proceed
.....Rupees.....				
Vehicles	46,800	38,948	7,852	7,500
Negotiation				
2010	<u>46,800</u>	<u>38,948</u>	<u>7,852</u>	<u>7,500</u>
2009	<u>7,928,107</u>	<u>2,879,562</u>	<u>5,048,545</u>	<u>5,435,800</u>

Mr Kashif Islam
House # A213, Pahlwan Goth
Gulistan-e-Johar
42201-9419119-9

13.2 Capital work in Progress

	2010 Rupees	2009 Rupees
Buildings	-	-
Plant and machinery	-	-
	<u>-</u>	<u>-</u>

The movement in capital work in Progress is as follows

Balance at the begning of the year	-	20,289,079
Addition during the year:		
Building	-	-
Plant & Machinery	-	-
	-	-
Less:		
Transferred to property, plant and equipment :		
Building	-	640,923
Plant & Machinery	-	15,147,156
	-	15,788,079
Materials returned:		
Building	-	2,510,000
Plant & Machinery	-	1,991,000
	-	4,501,000
Closing balance	<u>-</u>	<u>-</u>



		2010 Rupees	2009 Rupees
14. DEFERRED COSTS			
Un-amortized balance at the beginning of the year		905,602	5,201,422
Addition during the year	14.1	668,350	-
Less: amortization for the year		<u>(1,573,952)</u>	<u>(4,295,820)</u>
		<u>-</u>	<u>905,602</u>
14.1	These represent discount on issue of right shares and other related expenses.		
15. DEFERRED TAXATION			
As a matter of a prudence Company has not recognized the deferred tax asset.			
16. STORES AND SPARES	Note		
Stores		2,221,049	2,494,539
spare		<u>2,531,263</u>	<u>2,341,387</u>
		<u>4,752,312</u>	<u>4,835,926</u>
17. STOCK IN TRADE			
Raw material			
- in hand		<u>49,961,509</u>	<u>51,594,907</u>
- in transit		-	-
		49,961,509	51,594,907
Work in process		10,341,494	5,778,337
Finished goods		73,076,222	51,445,771
Waste		<u>938,513</u>	<u>1,408,617</u>
		<u>134,317,738</u>	<u>110,227,632</u>
17.1	Carrying value of Stock pledged as at June 30, 2010 was Rs./-10,777,661/- (2009 :Rs.60,955,538/-).		
18. TRADE DEBTS			
Trade debts- unsecured		112,548,104	103,873,630
Less: Provision against doubtful debts		<u>(1,071,004)</u>	<u>(547,897)</u>
Considered good		<u>111,477,100</u>	<u>103,325,733</u>
19. ADVANCES			
-Considered good			
Advance to :			
Staff		1,586,036	1,214,937
Supplies and contractors		<u>11,993,243</u>	<u>9,386,536</u>
Less: Provision against doubtful advances		<u>(2,239,065)</u>	<u>(2,239,065)</u>
		<u>9,754,178</u>	<u>7,147,471</u>
		<u>11,340,214</u>	<u>8,362,408</u>
Income tax			
20. DEPOSITS AND PREPAYMENTS			
Letters of credit		26,059,325	16,132,174
Guarantee deposit against infrastructure	20.1	<u>5,508,035</u>	-
		<u>31,567,360</u>	<u>16,132,174</u>

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



		2010 Rupees	2009 Rupees
21.	OTHER RECEIVABLES		
	Quality Claim Receivable	7,509,405	9,104,865
	Other receivables	1,402,129	1,319,581
	Less: Provision against doubtful receivable	<u>(500,000)</u>	<u>(500,000)</u>
		<u>8,411,534</u>	<u>9,924,446</u>
21.1	This represents quality claim on imported cotton.		
22.	TAX REFUNDABLE		
	Income tax	5,744,437	1,211,422
	Sales tax	<u>2,644,712</u>	<u>728,059</u>
		<u>8,389,149</u>	<u>1,939,481</u>
23.	CASH AND BANK BALANCES		
	Cash in hand	145,015	321,833
	Cash at bank in current accounts	<u>1,770,755</u>	<u>252,558</u>
		<u>1,915,770</u>	<u>574,391</u>
24.	SALES - NET		
	Yarn		
	- Local	640,821,212	468,203,507
	- Export	<u>10,314,828</u>	<u>10,261,321</u>
		651,136,040	478,464,828
	Waste - Local / Polyester/Viscose	32,922,741	27,752,302
	Raw Cotton Sale	<u>1,441,122</u>	<u>-</u>
		684,058,781	506,217,130
	Brokerage and commission	<u>(411,584)</u>	<u>(759,483)</u>
		<u>685,088,319</u>	<u>505,457,647</u>
25.	COST OF GOODS SOLD		
	Finished stock - opening	52,854,388	93,734,765
	Purchase of finished goods	61,500	196,993
	Cost of raw cotton sold	1,434,996	-
	Cost of goods manufactured	<u>628,481,507</u>	<u>533,563,470</u>
		628,832,391	627,495,228
	Finished stock - closing *	<u>(74,014,735)</u>	<u>(52,854,388)</u>
		<u>608,817,656</u>	<u>574,640,840</u>

* It includes waste or Rs 938,513/- (2009: Rs.1,408,617)



	2010	2009
	Rupees	Rupees
25.1 Cost of goods manufactured		
Raw material consumed	25.1.1 431,665,344	345,925,819
Salaries ,wages and benefits	25.1.2 76,654,634	66,854,225
Store and spares	17,825,412	16,517,589
Packing material	3,863,662	4,799,182
Doubling	1,623,360	1,050,787
Power	71,130,557	66,564,611
Rent, rates and taxes	1,112,834	1,267,637
Insurance	1,764,279	3,182,045
Repairs and maintenance	2,553,896	700,232
Deprecation	23,219,412	24,832,272
Other overheads	<u>1,631,274</u>	<u>1,324,860</u>
	<u>633,044,664</u>	<u>533,019,259</u>
Work in process		
Opening stock	<u>5,778,337</u>	<u>6,322,548</u>
Closing stock	<u>(10,341,494)</u>	<u>(5,778,337)</u>
	<u>(4,563,157)</u>	<u>544,211</u>
	<u>628,481,507</u>	<u>533,563,470</u>
25.1.1 Raw material consumed		
Opening stock	<u>51,594,907</u>	<u>84,893,149</u>
Purchases and related expenses-net of quality claims and sale of raw material	<u>430,031,946</u>	<u>312,627,577</u>
	481,626,853	397,520,726
	<u>(49,961,509)</u>	<u>(51,594,907)</u>
Closing stock	<u>431,665,344</u>	<u>345,925,819</u>
 25.1.2 Salaries, wages and benefits include Rs.5,194,869 (2009:Rs. 3,247,024/-) in respect of staff retirement benefits.		
26. OTHER OPERATING INCOME		
(Loss) / Gain on sale of fixed assets	(352)	387,225
Scrap sale	35,146	270,470
Insurance premium not payable written back	1,997,226	-
	<u>2,032,020</u>	<u>657,695</u>
27. DISTRIBUTION COST		
Freight	219,938	5,969,044
Clearing and forwarding	192,632	119,055
Others	<u>242,340</u>	<u>1,567,910</u>
	<u>654,910</u>	<u>7,656,009</u>
28. ADMINISTRATIVE EXPENSES		
Director's remuneration	2,898,000	2,880,000
Staff salaries and benefits	28.1 4,360,394	7,349,081
Travailing and conveyance	1,261,542	795,705
Rent, rates and taxes	516,000	516,000
Utilities	1,124,268	1,058,333
Postage and telephone	795,431	901,072
Printing and stationery	236,532	164,392
Vehicles running and maintenance	720,503	627,493
Fees and subscription	509,973	418,239
Entertainment	965,626	759,462
Legal and professional	744,099	194,000
Auditor's remuneration	28.2 302,067	244,000

VISION STATEMENT

*To strive for excellence through
Commitment, Integrity,
Honesty and Team work*

MISSION STATEMENT

*Operate state of the art spinning
machinery capable of producing high
quality cotton and blended yarn for
knitting and weaving*



		2010 Rupees	2009 Rupees
Repairs and maintenance		230,949	225,787
Insurance		503,131	203,525
Depreciation	12.1.1	721,284	824,087
Donation		11,500	45,000
Advertisement		26,753	31,802
Others		584,419	577,999
		<u>16,512,471</u>	<u>17,815,977</u>

28.1 Staff salaries and benefits includes Rs.1,351,416/- (2009:Rs.1,083,687/-) in respect of staff retirement benefits.

28.2 Auditors' remuneration

Annual audit	250,000	200,000
Half yearly review	52,067	44,000
	<u>302,067</u>	<u>244,000</u>

29. FINANCE COST

Mark-up/interest on :	8,291,003	29,952,562
Long term loans	13,032,410	26,952,231
Short term borrowing	6,088,316	26,261,350
Finance lease	350,110	10,747,333
Exchanges loss/ (gain)	-	326,003
Interest on Worker's profit participation fund		
	<u>27,761,839</u>	<u>94,239,479</u>

Bank charges and guarantee commission	<u>2,084,035</u>	<u>2,964,155</u>
	<u>29,845,874</u>	<u>97,203,634</u>

30. TAXATION

Current	3,479,073	102,613
	<u>3,479,073</u>	<u>102,613</u>

31. EARNINGS PER SHARE

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

Profit / (Loss) after taxation	Rs.	<u>26,236,403</u>	<u>(195,599,551)</u>
Average number of ordinary shares		<u>44,426,694</u>	<u>44,426,694</u>
Earnings per share-basic and diluted	Rs.	<u>0.59</u>	<u>(4.40)</u>

32. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

	Chief Executive		Director	
	2010	2009	2010	2009
Remuneration				
House rent other allowances	1,440,000	960,000	1,440,000	960,000
	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>
	<u>1,920,000</u>	<u>1,440,000</u>	<u>1,920,000</u>	<u>1,440,000</u>
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. 947,500/- (2009 : Rs. 740,840/-) approximately. Chief Executive is also entitled for reimbursement of residential telephone and utility bills and reimbursement of some other expenses, the monetary value of which is Rs. 724,465/- (2009: 582,410/-).



		2010	2009
		Rupees	Rupees
33.	TRANSACTIONS WITH RELATED PARTIES		
	Name of related parties	Name of Transaction	
	Directors of the Company	Long term loan obtained	-
		Long term loan paid	-
		Rent (office premises)	516,000
		Right Share Issued	-
			516,000

34. PLANT CAPACITY AND ACTUAL PRODUCTION

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

	2010	2009
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.	10,572,520	10,262,473

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 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. 171,349,625/-. 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.

35.2 Interest rate / mark-up rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest rates will affect 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		Sub Total	Non-interest Bearing	2010	2009
	Maturity up to one year	Maturity after one year				
.....Rupees.....						
Financial assets						
Long term deposits	-	-	-	14,904,452	14,904,452	14,416,552
Trade debts	-	-	-	111,477,100	111,477,100	103,325,733
Advances	-	-	-	11,340,214	11,340,214	9,573,830
Short term deposits	-	-	-	26,059,325	26,059,325	16,132,174
Other receivables	-	-	-	8,411,534	8,411,534	9,924,446
Cash and bank	-	-	-	-	-	-
Balances	-	-	-	1,915,770	1,915,770	574,391
	-	-	-	174,108,395	174,108,395	153,947,126



	Interest Bearing		Sub Total	Non-interest Bearing	2010	2009
	Maturity up to one year	Maturity after one year				
.....Rupees.....						
Financial liabilities						
Long term loans	15,452,808	364,939,455	380,392,263	81,255,118	461,647,381	296,299,413
Liabilities against assets subject to finance lease	41,512,614	15,189,192	56,701,806	-	56,701,806	129,689,997
Deferred liabilities	-	7,311,776	7,311,776	-	7,311,776	7,121,180
Short term bank borrowings	166,727,603	-	166,727,603	-	166,727,603	205,630,184
Trade and other payable	89,413,436	-	89,413,436	10,815,614	100,229,050	93,056,493
Mark-up accrued on secured loans	-	-	-	81,597,084	81,597,084	106,244,233
	<u>313,106,461</u>	<u>387,440,423</u>	<u>700,546,883</u>	<u>173,667,816</u>	<u>874,214,699</u>	<u>838,041,500</u>
On Balance Sheet gap	<u>(313,106,461)</u>	<u>(387,440,423)</u>	<u>(700,546,883)</u>	<u>440,580</u>	<u>(700,106,304)</u>	<u>(684,094,374)</u>

35.3 Fair values of financials instruments

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

35.4 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.

35.5 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertaking. As at June 30, 2010, the total foreign currency risk exposure was Rs. 18,000,000,- (2009: Rs. 18,363,008,-) in respect of foreign currency finance.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 05 October 2010 by the Board of Directors of Company.

37. RECLASSIFICATION AND CHANGE OF NOMENCLATURE

Following reclassification have been made in the financial statements:-

From	To	Amount
Mark up payable	Long term loans (Note # 6.1.a)	50,064,379
Current maturity - Lease	Long term loans (Note # 6.1.b)	46,922,991
Finance lease	Long term loans (Note # 6.1.c)	21,764,136
Short term borrowings	Long term loans (Note # 6.1.d)	37,247,943
Current portion of long term loans	Long term loans (Note # 6.1.e)	44,125,806

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



Folio/C.D.C. A/c No.....

PROXY FORM

I/We-----
of -----being a member of
ALI ASGHAR TEXTILE MILLS LIMITED and a holder of -----ordinary shares
as per Share Register Folio No.-----
(in case of Central Depository System Account Holder A/c No.-----
Participant I.D.NO.-----) hereby appoint-----
of ----- another member of the Company as per
Register Folio No.----- or (failing him / her)-----
of ----- another member of the Company) as my / our Proxy
to attend and vote for me/us and on my/our behalf at 44th Annual General Meeting of the Company
to be held on Wednesday, October 27, 2010 at 5:00 p.m. at Plot 2&6 Sector No.25 Korangi Industrial
Area Karachi and at any adjournment thereof.

(Member's Signature)

Witness(1): _____

NIC #. _____

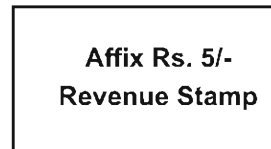
Address _____

Witness(2): _____

NIC #. _____

Address _____

Place _____ Date _____



(Signature should agree with the specimen signature registered in the Company)

NOTE:

1. The Proxy should be deposited at the Registered Office of the Company not later than 48hours before the time for holding the meeting.
2. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and instead of him/her.
3. In case of Central Depository System Account Holder, an attested copy of identity card should be attached to this Proxy Form.
4. Proxies, in order to be effective, must be duly stamped, signed and witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned.



DIRECTOR'S REPORT

The Directors have the honor to present 44th Annual Report along with audited financial statements for the year ended June 30, 2010.

OPERATING RESULT

A comparative summary of financial results is as follows.

Rupees in Million

	2010	2009
Sales	685.08	505.46
Gross Profit / (Loss)	76.27	(69.18)
Operating Profit / (Loss)	61.13	(93.99)
(Profit) / (Loss) before taxation	29.71	(195.50)
(Profit) / (Loss) after taxation	26.23	(195.60)
Earning / (Loss) per share	0.59	(4.40)

After a long period of recession, the textile industry had some thing to cheer about. As the international markets rebounded and product prices started rising the margins drastically improved. As a result after 3 year your company was able to show a nice profit. Working capital was slightly enhanced by the banks and this helped in procuring raw material, which rose by over 100% in price, if a comparison of opening season price is done is done with season closing price.

Going forward management is hopeful of successful negotiation with major lenders so as to put the project on a path of sustainable profitable. Banks are very confident of the management ability to turnaround the project and are extending all cooperation. Due to extremely high profitability that on successful negotiation the financial institution will allow substantial relief on both principal and markup payment, including but not limited to future markup also. Based on this the management has thought it prudent not to provide for markup on certain liabilities that it feels, company will be given relief on.

Regarding auditor note a. in Auditor's Qualification Report of certain financial liabilities classified as long term instead of short term, management feels that in view of the high probability of successful re-profiling, the liabilities will be classified as long term and hence have been shown as long term liabilities. Already one major lender, HBL has agreed on a repayment schedule for the next one year which does not include payment of liabilities pointed out by auditors as short terms. We are very hopeful that like HBL, other lenders will also follow suit, and rescheduling as per Ali Asghar Textile Mills Limited management request will be carried out.

FUTURE OUTLOOK:

In view of unprecedented increase in global cotton prices and increasing prices of yarn and finished products, It is encouraging to note taht margin are improving and price increases have been passed along th chain. Your management team is trying to make sure that the company is able to enjoy the increase in margins and is positioning its products mix accordingly. In view of these factors there is no doubt of the ability of the company to operate as a going concern.



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 Directors 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, 2010 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, 2011.

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



KEY OPERATING AND FINANCIAL RESULTS

FROM 2004-2005 TO 2009-2010

ACCOUNTING YEAR	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
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OPERATING RESULTS:-

Sales - Net	685,088	505,457	484,555	549,246	586,638	375,005
Gross Profit (Loss)	76,270	(69,183)	52,092	61,336	79,309	54,859
Net Profit (Loss) After Tax	26,236	(195,599)	(40,165)	(31,495)	14,082	3,900

FINANCIAL POSITION

Assets Employed:

Operating Assets	817,113	829,167	864,345	882,090	871,880	638,969
Current Assets	312,171	255,322	350,431	338,012	306,125	330,609
Other Assets	14,904	14,416	14,643	14,190	10,338	5,933
Deferred Costs	0	0.905	5,201	8,354	14,479	18,698
	1,144,188	1,099,811	1,234,620	1,242,646	1,202,822	994,209

Assets Financed By:

Shareholders Equity	(313,474)	(345,249)	(154,099)	(149,358)	(123,694)	(137,977)
Director Loan	1,064	2,464	2,464	31,703	35,504	33,504
Surplus on revaluation of Fixed Assets	563,242	568,780	573,230	578,014	583,847	490,439
Long Term Loan	460,319	311,780	329,185	336,765	301,931	164,529
Other Deferred Liabilities	7,311	7,121	4,622	3,084	3,965	3,463
Current Maturity	72,847	149,301	119,188	81,125	31,681	58,711
Other Current Liabilities	352,877	405,612	360,030	361,313	369,588	381,540
	1,144,188	1,099,811	1,234,620	1,242,646	1,202,822	994,209

Key Ratios:

Gross Profit to Sales %	11.13%	-13.68%	10.75%	11.17%	13.52%	14.63%
Net Profit (Loss) to Sales %	3.83%	-38.70%	-8.29%	-5.73%	2.40%	1.04%
E.P.S.	0.59%	-4.40%	-0.90%	-0.82%	0.37%	0.10%
Current Ratio / Less Current Maturity	0.88%	0.62%	0.97%	0.93%	0.82%	0.86%



PATTERN OF HOLDING OF SHARES

HELD BY THE SHARE HOLDERS
AS AT JUNE 30, 2010

SHARES		SHARES HOLDERS	TOTAL SHARES
FROM	TO		
1	100	468	43,788
101	500	312	98,879
501	1000	114	97,705
1001	5000	149	378,846
5001	10000	23	178,549
10001	15000	9	111,012
15001	20000	7	122,400
20001	25000	2	48,500
30001	35000	1	31,500
40001	45000	1	40,940
45001	50000	1	47,500
55001	60000	1	60,000
70001	75000	1	71,200
14001	145000	1	144,504
98001	985000	1	981,301
3700001	3705000	1	3,701,414
10245001	10250000	2	10,247,903
11500001	28500000	2	28,020,703
TOTAL		1095	44,426,694

S.NO.	CATEGORY OF SHARE HOLDERS	NO.	SHARES HELD	%
1	INDIVIDUALS	1073	28,018,319	63.06
2	INVESTMENT COMPANIES	4	4,800	0.02
3	JOINT STOCK COMPANIES	13	200,104	0.45
4	FINANCIAL INSTITUTIONS	4	16,179,471	36.42
5	OTHERS	1	24,000	0.05
	TOTAL	1099	44,426,694	100%