Annual Report
2011

ALI ASGHAR TEXTILE MILLS LTD.

CONTENTS

COMPANY INFORMATION

Board of Directors	:	Mr. Nadeem Ellahi Shaikh	Chief Executive
		Mr. Naveed Ellahi Shaikh	
		Mst. Marium Humayun	
		Mr. Muhammad Suleman	
		Mr. Raja GhanzafarAli	
		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. 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: 35687839, 35685930	
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.	

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 your for knitting and weaving

DIRECTOR'S REPORT

The Directors have the honor to present 45th Annual Report along with the audited financial statements for the year ended June 30, 2011.

OPERATING RESULT

A comparative summary of financial results is as follows.

	Rupees in Million	
	2011	**2010**
Sales	930.36	685.08
Gross Profit / (Loss)	(112.06)	76.27
Operating Profit / (Loss)	(132.82)	61.13
Profit / (Loss) before taxation	(1.63)	29.71
Profit / (Loss) after taxation	(10.94)	26.23
Earning / (Loss) per share	(0.25)	0.59

The year 2010-2011 will be remembered by many as one of the volatile periods in the history of textile spinning. Prices of cotton went from Rs. 7,000/- to Rs 13,500/- mound and then dropped back to Rs 8,000/- mound.

In this roller coaster ride, our customer started slowly shutting down capacity and consequently huge stocks piled up in spinning mills of finished good and raw material.

The fall in cotton prices by almost 50% starting from March 2011 lead to heavy inventory losses. This caused a hit on already stretched out working capital and lead to almost 200 mills to closedown. 50% of your mills capacity was also shut in April 2011as the market for yarn shrank. Ali Asghar Textile Mills Limited had to book huge inventory losses.

As stated in previous year report, management is negotiating with major financial institutions for re-profiling of liabilities. Success has been achieved with some financial institutions whereas negotiation is going on with others.

Para wise explanation of auditor qualification is as under,

a) By the grace of Allah three of the Financial Institutions have restructured long term liability whereby restructured liabilities are to be repaid over periods from 4 years to 10 years. These restructured loans are without any markup except one of the loan that carries 5% markup from September 2017 onward, In order to give a fair and true view of the liability and in compliance with the International Accounting Standard 39, restructured liability has been reported as its present value amounting to Rs. 166.009 million.

Since 'Present value impact of restructured loan' is timing difference and is to be reversed over the tenure of loan as 'finance cost'. Therefore management considered it appropriate to classify in 'finance cost'.

The treatment is in accordance with International Accounting Standard 39 and clean reports were issued by the auditors of the 'Bhanero Textile Mills Limited for the year ended on June 30, 2008' and 'Sally Textile Mills Limited for the year ended June 30, 2011' for their similar treatment of financial liabilities.
.

b) Restructuring of liabilities with HBL is at advance stage. The terms have been finalized and now it is in process of formal approval at bank. The liabilities of HBL, that is not payable in next one year 'in accordance with the arrangement are classified as long term loan. Management has held its treatment in accordance with International Accounting Standards 39 till formal documentation with bank'.

FUTURE OUTLOOK:

In view of unprecedented increase in global cotton prices and increasing prices of yarn and finished products, It is encouraging to note that margin are improving and price increases have been passed along the 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. Restructuring approvals by the banks are also very encouraging sign. 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 judgment.

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.utive

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 Board Meeting were held, the attendance by each Directors given below:

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

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, 2011 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, 2012.

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 2005-2006 TO 2010-2011

ACCOUNTING YEAR	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
OPERATING RESULTS:-						
Sales - Net"	930,360	685,088	505,457	484,555	549,246	586,638
Gross Profit (Loss)	(104,242)	76,270	(69,183)	52,092	61,336	79,309
Net Profit (Loss) After Tax	(11,206)	26,236	(195,599)	(40,165)	(31,495)	14,082
FINANCIAL POSITION						
Assets Employed:						
Operating Assets"	796,239	817,113	829,167	864,345	882,090	871,880
Current Assets	204,776	312,171	255,322	350,431	338,012	306,125
Other Assets	6,372	14,904	14,416	14,643	14,190	10,338
Deferred Costs	-	-	0.905	5,201	8,354	14,479
	1,007,387	1,144,188	1,099,811	1,234,620	1,242,646	1,202,822
Assets Financed By:						
Shareholders Equity"	(319,253)	(313,474)	(345,249)	(154,099)	(149,358)	(123,694)
Director Loan	1,064	1,064	2,464	2,464	31,703	35,504
Surplus on revaluation of Fixed Assets	558,075	563,242	568,780	573,230	578,014	583,847
Long Term Loan	419,798	460,319	311,780	329,185	336,765	301,931
Other Deferred Liabilities	7,523	7,311	7,121	4,622	3,084	3,965
Current Maturity	145,471	72,847	149,301	119,188	81,125	31,681
Other Current Liabilities	194,709	352,877	405,612	360,030	361,313	369,588
	1,007,387	1,144,188	1,099,811	1,234,620	1,242,646	1,202,822
Key Ratios:						
Gross Profit to Sales %"	-11.20%	11.13%	-13.68%	10.75%	11.17%	13.52%
Net Profit (Loss)to Sales %	-1.20%	3.83%	-38.70%	-8.29%	-5.73%	2.40%
E.P.S.	-0.25%	0.59%	-4.40%	-0.90%	-0.82%	0.37%
Current Ratio / Less Current Maturity	1.05%	0.88%	0.62%	0.97%	0.93%	0.82%

PATTERN OF HOLDING OF SHARES

HELD BY THE SHARE HOLDERS
AS AT JUNE 30, 2011

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%**

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2011

Name of Shareholders No.		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		11,924,331	26.841
	3. Mst. Marium Humayun - Director		40,940	0.092
	4. Mr. Muhammad Suleman - Director		1,000	0.002
	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**	1070	5,801,145	13.064
6.	**Other**	1	24,000	0.054
	SHARE HOLDERS OF THE COMPANY	1099	44,426,694	100.00
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 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 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 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 t h e 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

Karachi: October 06, 2011

NADEEM ELLAHI SHAIKH
Chief Executive

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521 -4 Fax: 32639843
Branch Office: 20-B, Block-G, Gulberg-III, Lahore. Tel: 35884926 Fax: 35843360
Email Address: mushtaq_vohra@hotmail.com

Leading Edge
Illinois, USA

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 of **Ali Asghar Textile Mills Limited** to comply with the Listing Regulation 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 systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on 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 transactions 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 respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2011.

mushtaq/co.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui
F.C.A

Karachi.

Dated: October 06, 2011

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 45th Annual General Meeting of shareholders of Ali Asghar Textile Mills Limited will be held on October 29, 2011 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 EXTRA-ORDINARY General Meeting of the Company held on May 29, 2011.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2011 together with the Directors' and Auditors' Reports thereon.

3. To appoint Auditors for the year ended June 30, 2012 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

RIZWAN HASEEB
(Company Secretary)

Karachi: October 06, 2011

Notes:

I. The Shares Transfer Books of the Company will remain closed from October 21, 2011 to October 29, 2011 (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. Tel: 32638521 -4 Fax: 32639843

Branch Office: 20-B, Block-G, Gulberg-III, Lahore. Tel: 35884926 Fax: 35843360

Email Address: mushtaq_vohra@hotmail.com

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Ali Asghar Textile Mills Limited** as at June 30, 2011 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) The Financial Institutions have restructured long term loan Liability of Rs. 301.237 Million against actual liability Rs. 311.872 Million. Whereas, the company has discounted Rs. 311.872 Million, by current discounting rate. Whereby Rs. 145.863 Million (Note-29) has been credited to Discounting income. Balance loan liability has been declared at Rs. 166.009 Million (Note-6.1.3, 6.1.5, & 6.1.7). The company contends that the above treatment is in compliance with IAS-39. The Financial Institutions offer of restructuring is, subject to successful compliance to terms and conditions over a period of Four to Ten years.

   We do not agree with the discounted amount of Rs. 145.863 Million out of Long term Loan liability of Rs. 311.872 Million. The Company has also adjusted current year Bank charges and interest expense of Rs. 14.678 Million out of Rs. 145.863 Million.

   The balance discounted income of Rs. 131.185 Million has been incorrectly stated in profit & loss account in Note no.29 of accounts, as Finance Cost Income and in the breakup of note 29, Rs. 145.863 Million has been stated as "Present value impact of restructured loan".

b) Following Short term loan and markup payable has been incorrectly shown as long term loan instead of Short Term Liability:

Short term loan	Rs. 90,902,993	Note 6.1.2
Markup payable	Rs. 11,400,786	Note 6.1.2

c) Except for the effect of paragraph (a) and (b) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

d) in our opinion;

   i) Except for the effect of paragraph (a) and (b) 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.

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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;

e) Except for the effect of paragraph (a), and (b) 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, 2011 and of the loss, its cash flows and changes in equity for the year then ended; and

f) 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.

Mushtaq & Co.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui
F.C.A

Karachi.

Dated: October 06, 2011

BALANCE SHEET

	Note	2011 Rupees	2010 Rupees
EQUITIES AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 50,000,000 ordinary shares Rs 5/- each		250,000,000	250,000,000
Issued, subscribed and paid up capital	4	222,133,470	222,133,470
Accumulated loss		(541,386,536)	(535,608,131)
		(319,253,066)	(313,474,661)
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT	5	558,074,653	563,242,203
NON-CURRENT LIABILITIES			
LONG TERM LOANS	6	414,729,208	446,194,573
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	7	6,133,391	15,189,192
DEFERRED LIABILITIES	8	8,916,042	7,311,776
CURRENT LIABILITIES			
Trade and other payables	9	103,956,670	101,074,050
Short term borrowings	10	37,039,832	166,727,603
Current portion of long term finance	11	145,471,280	72,847,772
Interest / mark-up payable		42,907,339	81,597,084
Provision for taxation		9,411,774	3,479,073
		338,786,895	425,725,582
CONTINGENCIES AND COMMITMENTS	12		
		1,007,387,123	**1,144,188,664**

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

NADEEM E. SHAIKH	**NAVEED E. SHAIKH**
Chief Executive Officer	Director

AS AT JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	13	796,239,119	817,113,035
DEFERRED COSTS	14	-	-
DEFERRED TAXATION	15	-	-
LONG TERM DEPOSITS		6,372,069	14,904,452
CURRENT ASSETS			
Stores and spares	16	6,215,164	4,752,312
Stock in trade	17	77,060,639	134,317,738
Trade debts	18	69,006,671	111,477,100
Loans and advances	19	20,687,883	11,340,214
Trade deposits and short term prepayments	20	7,029,159	31,567,360
Other receivables	21	9,259,158	8,411,534
Tax refundable due from Government	22	15,179,540	8,389,149
Cash and bank balances	23	337,721	1,915,770
		204,775,935	312,171,176
		1,007,387,123	**1,144,188,664**

NADEEM E. SHAIKH
Chief Executive Officer

NAVEED E. SHAIKH
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
Sales - net	24	930,360,003	685,088,319
Cost of sales	25	(1,042,423,770)	(608,817,656)
Gross profit / (loss)		(112,063,767)	76,270,663
Other operating income	26	247,731	2,032,020
		(111,816,036)	78,302,683
Operating expenses			
Distribution cost	27	(2,102,088)	(654,910)
Administrative expenses	28	(18,905,127)	(16,512,471)
		(21,007,215)	(17,167,381)
Profit / (Loss) from operations		(132,823,251)	61,135,302
Amortization of deferred cost	14	-	(1,573,952)
Finance cost	29	131,185,922	(29,845,874)
Profit / (Loss) before taxation		(1,637,329)	29,715,476
Taxation	30	(9,308,626)	(3,479,073)
Profit / (Loss) for the year		(10,945,955)	26,236,403
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		(10,945,955)	26,236,403
Profit / (Loss) per share - basic and diluted	31	(0.25)	0.59

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

NADEEM E. SHAIKH
Chief Executive Officer

NAVEED E. SHAIKH
Director

CASH FLOWS STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	2011 Rupees	2010 Rupees
A. Cash flows from operating activities		
Profit / (Loss) before taxation	(1,637,329)	29,715,476
Adjustments for:		
Depreciation	23,110,716	23,940,696
Amortization of deferred cost	-	1,573,952
Provision for gratuity	2,285,571	2,547,886
Provision against doubtful trade receivables	-	523,107
Gain on sale of property plant and equipment	-	(352)
Finance cost	(131,185,922)	29,845,874
	(105,789,635)	58,431,163
	(107,426,964)	88,146,639
Decrease / (increase) in current assets		
Stores and spares	(1,462,852)	83,614
Stock in trade	57,257,099	(24,090,106)
Trade debts	42,470,429	(8,151,367)
Loan and Advances	(9,347,669)	(2,977,806)
Trade deposits and short term prepayments	24,538,201	(15,435,186)
Other receivables	(847,624)	1,512,912
Tax refundable	210,265	(1,916,653)
	112,817,849	(50,974,592)
(Decrease) / Increase in current liabilities		
Trade and other payables	2,882,620	8,021,221
Cash from operating activities	8,273,505	45,193,268
Finance cost paid - net	(11,783,963)	(4,298,246)
Gratuity paid	(681,305)	(2,357,290)
Tax paid	(10,376,581)	(5,215,086)
	(22,841,849)	(11,870,622)
Net cash (used in)/ from operating activities	(14,568,344)	33,322,646

		2011 Rupees	2010 Rupees
B.	**Cash flows from investing activities**		
	Fixed capital expenditure	(2,236,800)	(11,898,010)
	Sale proceeds from disposal of fixed assets	-	7,500
	Long term deposits	8,532,383	(487,900)
	Net cash used in investing activities	6,295,583	(12,378,410)
C.	**Cash flows from financing activities**		
	Long term loans-net	(5,941,950)	(12,326,000)
	Repayment of liabilities against assets subject to finance lease	(1,633,889)	(3,967,580)
	Short term finance	33,565,800	(1,654,639)
	Net cash from financing activities	25,989,961	(17,948,219)
	Net decrease in cash and cash equivalents	17,717,200	2,996,017
	Cash and cash equivalent at the beginning of the year	(202,059,777)	(205,055,793)
	Cash and cash equivalent at the end of the year	(184,342,577)	(202,059,776)
	Cash and cash equivalents		
	Cash and bank balances	337,721	1,915,770
	Running finance	(37,039,832)	(166,727,603)
	Less: Transfer to long-term loan	(147,640,466)	(37,247,943)
		(184,342,577)	(202,059,776)

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, 2011

	Issued, subscribed and paid-up capital	Accumulated Loss	Total equity
	--------RUPEES--------		
Balance as at June 30, 2009	222,133,470	(567,383,078)	(345,249,608)
Total comprehensive income for the year	-	26,236,403	26,236,403
Transfer from surplus on revaluation of property, plant & equipment - incremental depreciation	-	5,538,544	5,538,544
Balance as at June 30, 2010	222,133,470	(535,608,131)	(313,474,661)
Total comprehensive (loss) for the year	-	(10,945,955)	(10,945,955)
Transfer from surplus on revaluation of property, plant & equipment - incremental depreciation	-	5,167,550	5,167,550
Balance as at June 30, 2011	**222,133,470**	**(541,386,536)**	**(319,253,066)**

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, 2011

1. GENERAL INFORMATION

1.1 The Ali Asghar Textile Mills Limited (the Company) was incorporated in Pakistan on February 9, 1967 as a 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. 541.38 million as at June 30, 2011. Current liabilities exceeds its current assets by Rs. 135.4 million. However, Company has continuous financial support from banks, financial institutions and its sponsors.

Management is confident that with better manufacturing facilities and the continuous financial support from financial 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 statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by 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 expenses. 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 estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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.

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

The following are new and revised approved accounting standards, interpretations and amendments thereto that are effective in the current year. However, these do not effect financial statements of the Company for the current year.

Standards, interpretations and amendments	Description
IFRS 1 - First-time Adoption of International Financial Reporting Standards (Amendments)	The amendments provide certain exemptions to first-time adoptors of International Financial Reporting Standards.
IFRS 2 - Share-based Payments (Amendments)	The standard was amended to provide additional guidance on the accounting for share-based payment transactions among group entities.
IFRS 3 - Business Combinations (Amendments)	The amendments provide guidance on measurement of non-controlling interests and on measurement of un-replaced and voluntary replaced share-based payment awards and transitional requirements for contingent consideration from a business combination.
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations (Amendments)	The amendments provide clarification regarding scope of the standard.
IFRS 8 - Operating Segments (Amendments)	The amendments clarify requirements regarding disclosure of segment assets.
IAS 1 - Presentation of Financial Statements (Amendments)	The amendments provide guidance on current/non-current classification of convertible instruments.
IAS 7 - Statement of Cash Flows (Amendments)	The standard was amended to provide guidance on recognition of certain expenditures as investing activities.
IAS 17 - Leases (Amendments)	The amendments have removed guidance regarding classification of leases of land so as to eliminate inconsistency with the general guidance on lease classification.
IAS 32 - Financial Instruments: Presentation (Amendments)	The amendments provide guidance on classification of right issues.
IAS 36 - Impairment of Assets (Amendments)	The amendments provide guidance on identification of unit of accounting for goodwill impairment test.
IAS 38 - Intangible Assets (Amendments)	The amendments clarify requirements regarding accounting for intangible assets acquired in a business combination.

IAS 39 - Financial Instruments: Recognition and Measurement (Amendments)	The amendments provide clarification regarding treatment of loan prepayment penalties and recognition of gains or losses on certain hedging instruments .
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	The interpretation provides guidance on accounting for debt for equity swaps.

Approved accounting standards, interpretations and amendments thereto issued but not effective as at the reporting date

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date.

Standards, interpretations and amendments	Description
IFRS 7 - Financial Instruments: Disclosures (Amendments)	The amendments emphasize the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment is effective for annual periods beginning on or after January 01, 2011.
IFRS 7 - Financial Instruments: Disclosures (Amendments)	The amendments provide enhanced disclosure requirements pertaining to derecognition of financial assets The amendment is effective for annual periods beginning on or after July 01, 2011.
IFRS 9 - Financial Instruments: Classification and Measurement	The standard introduces new requirements for the classification and measurement of financial instruments and replaces relevant requirements in IAS 39 - Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 10 - Consolidated Financial Statements	The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 11 - Joint Arrangements	The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Ventures. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 12 - Disclosure of Interests in Other Entities	The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 13 - Fair Value Measurement	The standard establishes a single framework for measuring fair value where that is required by other standards. The standard is effective for annual periods beginning on or after January 01, 2013.

Standards, interpretations and amendments	Description
IAS 1 - Presentation of Financial Statements (Amendments)	The amendments clarify that an entity may present the analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment is effective for annual periods beginning on or after January 01, 2011.
IAS 12 - Income Taxes	The amendments provide exception to the general principal of IAS 12 for investment property measured using the fair value model and introduces a rebuttable presumption that the carrying amount of such an asset will recovered entirely through sale. The amendment is effective for annual periods beginning on or after January 01, 2012.
IAS 24 - Related Party Disclosures (Revised 2009)	The revised standard amends the definition of related party and modifies certain related party disclosure requirements for government-related entities. The standard is effective for annual periods beginning on or after January 01, 2011.
IAS 34 - Interim Financial Reporting (Amendments)	The amendments provide clarification about significant events and transactions to be disclosed in interim financial reports. The amendment is effective for annual periods beginning on or after January 01, 2011.
IFRIC 13 - Customer Loyalty Programmes (Amendments)	The amendments clarify the meaning of 'fair value' in the context of measuring award credits under customer loyalty Programmes. The amendment is effective for annual periods beginning on or after January 01, 2011.
IFRIC 14 - IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	The amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement and result in prepayments of contributions being recognized as an asset rather than an expense. The amendment is effective for annual periods beginning on or after January 01, 2011.

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, 2011 using the Projected Unit Credit Method.

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 one 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 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 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 nor 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 or 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 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 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 moving and obsolete stock.

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 of 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 payables

Liabilities for 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 best 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.

- Sales 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 not 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 and liabilities 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, balances 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.

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2011	2010		2011	2010
------ No. of Shares ------			Rupees	Rupees
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/- each issued as right share for consideration other than cash (note 4.2)	30,639,100	30,639,100
44,426,694	44,426,694		222,133,470	222,133,470

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

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

5. SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT

		Building		2011	2010
	Land	Mills	Others	Rupees	Rupees
Opening Balance	484,885,978	62,486,940	15,869,285	563,242,203	568,780,747
Add: Revaluation during the year	-	-	-	-	-
	484,885,978	62,486,940	15,869,285	563,242,203	568,780,747
Transferred to equity in respect of incremental depreciation charged during the year.	-	(4,517,821)	(649,729)	(5,167,550)	(5,538,544)
Balance at June 30, 2011	484,885,978	57,969,119	15,219,556	558,074,653	563,242,203

Revaluation of mills and other buildings 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	2011 Rupees	2010 Rupees
From banking companies and other financial institutions- secured and interest bearing	6.1	411,280,290	442,745,655
From directors - unsecured	6.2	1,064,610	1,064,610
From others - unsecured	6.2	2,384,308	2,384,308
		414,729,208	446,194,573

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

6.1 Long term loans

	Banking Companies					NBFI	Leasing Company			2011	2010
	Demand finance	Demand finance Frozen mark up		Term loan	Demand finance	Term loan	Term Loan	Term Loan	Term Loan	Rupees	Rupees
	HBL I	HBL II	HBL III	HMBL	NBP	FIRST DAWOOD INVESTMENT BANK LTD	Al-Zamin Leasing Corporation	Orix Leasing Pakistan Ltd	Orix Leasing Pakistan Ltd		
Opening balance	19,372,602	77,806,200	67,032,245	80,000,000	67,961,414	100,716,861	21,191,491	30,000,000	10,000,000	474,080,813	329,007,364
Deposit Transfer	-	-	-	-	-	(6,495,089)	-	(1,246,394)	-	(7,741,483)	-
Discounted Income	-	-	-	(69,920,991)	-	(52,790,497)	-	(23,152,501)	-	(145,863,989)	-
Transfer From Short Term Financing	-	-	90,902,993	56,737,473	-	-	-	-	-	147,640,466	87,312,322
Transfer From Markup Payable	-	-	11,400,786	3,650,518	-	28,950,725	-	-	-	44,002,029	-
Transfer-Internal	(13,430,652)	(77,806,200)	91,236,852	-	-	-	-	-	-	-	-
Transfer from lease current maturity	-	-	-	-	-	-	-	9,558,895	-	9,558,895	46,922,991
Transfer from finance lease	-	-	-	-	-	-	-	-	-	-	21,764,136
Payment during the year	(5,941,950)	-	-	-	-	-	-	-	-	(5,941,950)	(10,926,000)
	-	-	260,572,876	70,467,000	67,961,414	70,382,000	21,191,491	15,160,000	10,000,000	515,734,781	474,080,813
Overdue portions	-	-	-	-	-	-	(15,452,808)	-	-	(15,452,808)	(63,472,912)
From Rescheduling	-	-	(43,642,000)	(11,596,000)	-	(15,435,000)	-	(12,590,000)	-	(83,263,000)	-
Transfer to long term - from its current maturity	-	-	-	-	-	-	-	-	-	-	44,125,806
Amount due and payable within one year shown under current liabilities	-	-	-	-	-	-	(5,738,683)	-	-	(5,738,683)	(11,988,052)
Current Maturity-Long Term Loan	-	-	(43,642,000)	(11,596,000)	-	(15,435,000)	(21,191,491)	(12,590,000)	-	(104,454,491)	(31,335,158)
Long Term Loan - 2011	-	-	216,930,876	58,871,000	67,961,414	54,947,000	-	2,570,000	10,000,000	411,280,290	442,745,655
	6.1.1	6.1.1	6.1.2	6.1.3	6.1.4	6.1.5	6.1.6	6.1.7	6.1.7		
Principal amount			260,572,876	70,467,000	67,961,414	70,382,000	22,000,000	15,160,000	10,000,000		
Repayment period			July 2011 to June 2023	Sep2011 to Jun 2021	January 2007 to October 2012	Dec 2011 to Jun 2021	August 2007 to May 2012	Jul 2011 to Jun 2015	Jul 2011 to Jun 2015		
Rate of mark-up					1 Month KIBOR + 2.75 %		Six Month KIBOR + 450 bps				
Installment interval			Monthly	Quarterly	Monthly	Monthly	Quarterly	Monthly	Monthly		
No. of installments			115	40	60	115	20	48	48		

6.1.1 These are secured against 1st pari 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 sponsors' shares in the company and personal guarantee of Directors.

6.1.2 Short-term loan of Rs:90,902,993 and mark up payable of Rs:11,400,786 have been transferred to Long term loan.

6.1.3 The company has entered into Restructuring/Rescheduling agreement with Habib Metropolitan Bank Limited whereby outstanding liabilities of Rs 140.38 Million were settled for Rs 147.16 Million. (Principal Rs:136.74Million & Markup Rs:10.42Million). After down payment of Rs. 8.94 million payments to be made in installments starting from March 2012 to June 2021.Markup @5% is payable from Sept 2017 to June 2021. The Company discounted its Liability by using 12.5% discounting rate and 'Difference between loan and its present value' amounting to Rs:69,920,991 was credited to Finance cost and long term liability was reduced with the same amount as per IAS-39.

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 assets and building of the company to the extent of PKR 12M and personal guarantee of all sponsors and directors. Amount transferred from markup payable Rs. 20,280,077 and from current maturity Rs. 24,566,674 to long term loan in the year 2010.

6.1.5 The company has entered into Restructuring/Rescheduling agreement with First Dawood Investment Bank Limited whereby net outstanding Liability of Rs 129.66 Million (after adjusting security deposit of 6.49 Million) were settled for Rs.134.50 Million . The settlement amount is payable in 10 years with grace period of 6 months and without any future markup. Monthly installment payments start from December 01,2011 and end in June 2021. Company has option of prematured payment at discounted amount with KIBOR-2.5%.The Company discounted its liability by using 11.29% discounting rate and and 'Difference between loan and its present value' amounting to Rs.52,790,497 was credited to Finance cost and Liability was reduced by the same amount as per IAS-39.

6.1.6 It is secured by pari passu charge over fixed assets of the company to the extent of Rs 32 Million. Personal guarantee of Directors and post dated cheques.The loan loan is repayable in 21 Quarterly Installments and carry markup 6Month KIBOR +4.5%.

6.1.7 The company has entered into Restructuring arrangement with Orix Leasing Pakistan Limited whereby net outstanding liability of Rs 48.31 Million (after adjusting security deposit of 1.25 Million) is settled for Rs 30.00 Million. The first payment of Rs:10 Million is to be made on October 31,2011 and remaining Rs:20Million in 4 annual installments of Rs.5 Million each without any markup. The loan liability were discounted by using 12.5% discounting rate 'Difference between loan and its present value' amounting to Rs:23,152,501 was credited to Finance cost and Liability was reduced by the same amount as per IAS-39.

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents property plant and equipment acquired under finance leases from leasing companies / banks. The financing rate used as discounting factor ranges from 8.37% to 19.00% (2010 : 8.37% to 19.00%).

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

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

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

	2011		2010	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	<----------------	Rupees	---------------->	
Not later than one year	43,084,776	41,016,789	49,241,560	41,512,614
Later than one year and not later than five years	7,379,417	6,133,391	21,661,915	15,189,192
Later than five years				
Total minimum lease payments	50,464,193	47,150,180	70,903,475	56,701,806
Financial charges	(3,314,013)	-	(14,201,669)	-
Present value of minimum lease payments	47,150,180	47,150,180	56,701,806	56,701,806
	-	-	-	-
	47,150,180	47,150,180	56,701,806	56,701,806
Payable within one year shown under Current liabilities	(41,016,789)	(41,016,789)	(41,512,614)	(41,512,614)
	6,133,391	6,133,391	15,189,192	15,189,192

	Note	2011 Rupees	2010 Rupees
8 DEFERRED LIABILITIES			
staff retirement benefits- gratuity		8,916,042	7,311,776
			-
		8,916,042	7,311,776

8.1 Staff retirement benefits

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

	2011	2010
Current service cost	866,593	1,072,862
Interest cost	1,211,737	1,019,911
Actuarial gain / loss charge	(601,668)	455,113
	1,476,662	2,547,886

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

	2011	2010
Opening balance	7,311,776	7,121,180
Charge for the year	2,285,571	2,547,886
Payment made during the year	(681,305)	(2,357,290)
	8,916,042	7,311,776

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

	2011	2010
Present value of defined benefit obligation	10,733,598	9,938,241
Actuarial (loss) to be recognized in later periods	(1,817,556)	(2,626,465)
Unrecognized additional liability to be recognized in later periods	8,916,042	14,623,552

	2011	2010
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

Comparisons for five years:	2011	2010	2009	2008	2007
As at June 30					
Present value of defined benefit obligation	10,733,598	9,938,241	11,869,981	9,605,282	4,296,346

9 TRADE AND OTHER PAYABLES

	Note	2011 Rupees	2010 Rupees
Trade creditors		23,145,190	35,280,574
Accrued liabilities		49,457,765	41,973,316
Bills payable		3,899,120	3,899,120
Advance from customers		18,283,218	10,753,968
Other Payables:			
Advance against sale of land	12.2	8,020,837	8,020,837
Advance against sale of Machinery		865,000	845,000
Withholding taxes		45,951	61,646
Unclaimed dividend		239,589	239,589
Workers' profit participation fund	9.1	-	-
		105,350,078	101,074,050

10 SHORT TERM BANK BORROWINGS

Under mark-up arrangements - secured

	Note	2011 Rupees	2010 Rupees
Running finance			
- Local currency	10.1		
Habib bank Ltd		-	38,112,382
Habib Metropolitan bank		-	57,245,473
National Bank of Pakistan		16,864,357	34,734,960
		16,864,357	130,092,815
- Foreign currency (Habib Bank Ltd)	10.2	-	18,000,000
Book overdraft	10.3	20,175,475	18,634,788
		37,039,832	166,727,603

10.1 The Company is availing short term finance facilities from various banks under mark-up arrangements. These are subject to mark-up ranging between 3 months kibor plus 2.5% to 3% (2010 : 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 6.1.1 mark up is payable quarterly. The balance with Habib Bank Limited has been transferred to long term loan (note 6.1.2) and the balance with Habib Metropolitan Bank Limited has been transferred to Restructured loan (note 6.1.3).

10.2 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% (2010: 6 months LIBOR + 2%) and is secured against lien on import documents and exports L/C and contracts with subsequent pledge of imported cotton on receipt of shipment in addition to securities mentioned in note 6.1.1. This loan has been transferred to long term loan as mentioned in note 6.1.1

10.3 This represents cheques issued by the company in excess of balance at bank which remained un presented till June 30, 2011

	Note	2011 Rupees	2010 Rupees
11 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term loans (Over due)	6.1	15,452,808	19,347,106
Long term loans (Current due)	6.1	89,001,683	11,988,052
Liabilities against assets subject to finance lease	7	41,016,789	41,512,614
		145,471,280	72,847,772

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 of the case cannot be determined at this stage, however management 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. The Company during the year ended June 30, 2011 made Restructuring arrangements where by the liability was reduced to Rs:30 Million and payable in 4 years as mentioned in note 6.1.7

However both parties have agreed for settlement and drafting of compromised agreement is under way.

12.5 As per restructuring arrangement with HMBL, markup of Rs.52.218 million will be waived after successful repayment of rescheduled amount. (Note 6.1.3) Management is confident that repayment will be made as per repayment schedule therefore the markup to be waived is not included in the liability. During the year ended June 30, 2011, the Company made Restructuring arrangements as mentioned in 6.1.3

	Note	2011 Rupees	2010 Rupees
13 PROPERTY PLANT AND EQUIPMENT			
Operating assets	13.1	796,239,119	817,113,035
Capital work in progress	13.2	-	-
		796,239,119	817,113,035

13.1.1 Depreciation for the year has been allocated as under:

	Note	2011 Rupees	2010 Rupees
Cost of goods manufactured	25.1	22,454,160	23,219,412
Administrative expenses	28	656,556	721,284
		23,110,716	23,940,696

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

Particulars	Cost / Revaluation			Depreciation					
	As at July 01,2009	Addition / Deletion	As at June 30, 2010	As at July 1,2009	For the year / (on Disposals)	Adjustment	As at June 30,2010	Written down value as at June 30, 2010	Rate %
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	5,130,380	-	24,739,952	68,160,757	7%
Others	31,905,056	-	31,905,056	4,550,460	1,367,730	-	5,918,184	25,986,872	5%
	124,805,771	-	124,805,771	24,160,028	6,498,110	-	30,658,136	94,147,629	
Plant & Machinery	248,522,284	9,680,000	258,202,284	102,667,150	10,306,459	-	112,977,270	145,225,009	7%
								-	
Electric Fittings	1,390,757	1,600,000	2,990,757	1,233,803	10,992	-	1,244,795	1,745,962	7%
Generator	292,565	-	292,565	160,346	9,255	-	169,601	122,967	7%
Office Equipments	5,542,616	373,610	5,916,226	2,818,212	208,564	-	3,026,776	2,889,450	7%
Furniture & Fixture	2,085,264	116,000	2,201,264	1,693,275	28,560	-	1,721,835	479,429	7%
Vehicle	877,371	128,400	958,971	728,605	42,416	-	732,073	226,898	20%
		(46,800)				(38,948)			
Totals	**869,068,628**	**11,898,010**	**880,966,638**	**133,461,419**	17,104,356	-	**150,530,486**	730,389,351	
		(46,800)			-				
Under Lease Vehicle									
Plant and Machinery	138,173,171	-	138,173,171	46,821,890	6,394,596	-	53,216,486	84,956,685	7%
Vehicles	3,640,000	-	3,640,000	1,431,257	441,744	-	1,873,001	1,766,999	20%
	-								
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**	**11,898,010**	**1,002,788,729**	**181,714,566**	**23,940,696**	**(38,948)**	**205,628,898**	**817,113,035**	
		(46,800)			**-**				
2009 Rupees	1,002,928,027	15,881,879	1,018,313,906	158,937,758	25,656,359	-	181,714,555	829,167,234	
		(7,432,107)			(2,535,651)				

13.1 PROPERTY, PLANT & EQUIPMENT
AS ON 30-06-2011

	Cost / Revaluation			Depreciation					
Particulars	At July 01,2010	Addition / (Deletion)	At June 30, 2011	At July 1,2010	For the year / (on Disposals)	Adjustment	At June 30,2011	Written down value at June 30, 2011	Rate %
Own Assets:									
Leasehold land	485,552,000	-	485,552,000	-	-	-	-	485,552,000	-
Building on Leasehold Land			-						
Mills	92,900,715	-	92,900,715	24,739,952	4,771,248	-	29,511,200	63,389,515	7%
Others	31,905,056	-	31,905,056	5,918,184	1,299,348	-	7,217,532	24,687,524	5%
	124,805,771	-	124,805,771	30,658,136	6,070,596	-	36,728,732	88,077,039	
Plant & Machinery	258,202,284	2,000,300	260,202,584	112,977,270	10,305,768		123,283,038	136,919,546	7%
					-			-	
Electric Fittings	2,990,757	-	2,990,757	1,244,795	122,220	-	1,367,015	**1,623,742**	7%
Generator	292,565	-	292,565	169,598	8,604	-	178,202	**114,363**	7%
Office Equipments	5,925,146	162,090	6,087,236	3,035,700	213,612	-	3,249,312	**2,837,924**	7%
Furniture & Fixture	2,201,264	32,910	2,234,174	1,721,835	35,868	-	1,757,707	**476,471**	7%
Vehicle	958,971	41,500	1,000,471	732,073	53,676	-	785,745	214,722	20%
						-			
					-	-			
Totals	**880,928,758**	**2,236,800**	**883,165,558**	**150,539,407**	**16,810,344**	-	**167,349,754**	**715,815,808**	
		-			-				
Lease Assets									
Plant and Machinery	138,173,171	-	138,173,171	53,216,486	5,946,972	-	59,163,458	79,009,713	7%
Vehicles	3,640,000	-	3,640,000	1,873,001	353,401	-	2,226,402	1,413,598	20%
	-								
Total Lease	**141,813,171**	**-**	**141,813,171**	**55,089,487**	**6,300,373**	**-**	**61,389,860**	**80,423,311**	
2011 Rupees	**1,022,741,929**	**2,236,800**	**1,024,978,729**	**205,628,894**	**23,110,716**	**-**	**228,739,611**	**796,239,119**	
		-			-	-			
2010 Rupees	1,010,881,799	11,898,010 (46,800)	1,002,788,729	181,714,566	23,940,696	(38,948)	205,628,898	817,113,035	

13.1.2 Had there been no revaluation, the related figures of land and buildings at June 30, 2011 would have been as follows: -

	2011			2010		
	Cost	*Accumulated depreciation*	*Written down value*	*Cost*	*Accumulated depreciation*	*Written down value*
	………………………………………			*Rupees* ………………………………………		
Land	666,022	-	666,022	666,022	-	666,022
Building						
Mills	30,413,775	15,533,428	14,880,347	25,710,457	13,880,056	11,830,401
Others	16,035,771	6,569,885	9,465,886	15,200,454	6,071,680	9,128,774
	46,449,546	22,103,313	24,346,233	40,910,911	19,951,736	20,959,175
	47,115,568	22,103,313	25,012,255	41,576,933	19,951,736	21,625,197

	Note	2011 Rupees	2010 Rupees

14 DEFERRED COSTS

Un-amortized balance at the beginning of the year		-	905,602
Provision Reversed during the year	14.1	-	668,350
Less : amortization for the year		-	(1,573,952)
		-	-

14.1 This represents excess provision of discount a issue of right shares in 2003-2004 and its related expenses.

15 DEFERRED TAXATION

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

16 STORES AND SPARES

Stores	3,081,768	2,221,049
Spares	3,133,396	2,531,263
	6,215,164	4,752,312

17 STOCK IN TRADE

Raw material		
- in hand	52,066,266	49,961,509
Work in process	12,882,180	10,341,494
Finished goods	11,896,400	73,076,222
Waste	215,793	938,513
	77,060,639	134,317,738

17.1 Carrying value of Stock pledged as at June 30, 2011 was Rs. 51,783,133/- (2010 : Rs.10,777,661/-).

18 TRADE DEBTS

Trade debts - unsecured	70,077,675	112,548,104
Less: Provision against doubtful trade debts	(1,071,004)	(1,071,004)
Considered good	69,006,671	111,477,100

		Note	2011 Rupees	2010 Rupees
19	**ADVANCES**			
	- Considered good			
	Advance to:			
	Staff		1,150,638	1,586,036
	Suppliers and contractors		21,776,310	11,993,243
	Less: Provision against doubtful advances		(2,239,065)	(2,239,065)
			19,537,245	9,754,178
			20,687,883	11,340,214
20	**DEPOSITS AND PREPAYMENTS**			
	Letters of credit		54,124	26,059,325
	Guarantee deposit against infrastructure	20.1	6,975,035	5,508,035
			7,029,159	31,567,360

20.1 This represents margin against bank guarantee infavour of excise and taxation officer.

		Note	2011 Rupees	2010 Rupees
21	**OTHER RECEIVABLES**			
	Quality Claim Receivable	21.1	8,120,781	7,509,405
	Other receivables		1,638,377	1,402,129
	Less: Provision against doubtful receivables		(500,000)	(500,000)
			9,259,158	8,411,534

21.1 This represents quality claim on imported cotton.

		Note	2011 Rupees	2010 Rupees
22	**TAX REFUNDABLE**			
	Income tax		12,745,093	5,744,437
	Sales tax		2,434,447	2,644,712
			15,179,540	8,389,149
23	**CASH AND BANK BALANCES**			
	Cash in hand		25,858	145,015
	Balance with banks in			
	Cash at bank in current accounts		311,863	1,770,755
			337,721	1,915,770
24	**SALES - NET**			
	Yarn			
	- Local		779,980,861	640,821,212
	- Export		79,695,377	10,314,828
			859,676,238	651,136,040
	Waste - local / Polyester / Viscose		57,886,237	32,922,741
	Raw Cotton sale		13,300,022	1,441,122
			930,862,497	685,499,903
	Brokerage and commission		(502,494)	(411,584)
			930,360,003	685,088,319

		Note	2011 Rupees	2010 Rupees
25	**COST OF GOODS SOLD**			
	Finished stock - opening		74,014,735	52,854,388
	Purchase of finished goods		125,595	61,500
	Cost of raw cotton sold		13,249,670	1,434,996
	Cost of goods manufactured	25.1	967,145,963	628,481,507
			1,054,535,963	682,832,391
	Finished stock - closing		(12,112,193)	(74,014,735)
			1,042,423,770	608,817,656
25.1	**Cost of goods manufactured**			
	Raw material consumed	25.1.1	769,882,817	431,665,344
	Salaries, wages and benefits	25.1.2	80,632,692	76,654,634
	Stores and spares		20,941,839	17,825,412
	Packing material		5,023,679	3,863,662
	Doubling		180,364	1,623,360
	Power		64,129,839	71,130,557
	Rent, rates and taxes		1,696,900	1,112,834
	Insurance		1,861,615	1,764,279
	Repairs and maintenance		792,664	2,553,896
	Depreciation		22,454,160	23,219,412
	Other overheads		2,090,080	1,631,274
			969,686,649	633,044,664
	Work in process			
	Opening stock		10,341,494	5,778,337
	Closing stock		(12,882,180)	(10,341,494)
			(2,540,686)	(4,563,157)
			967,145,963	628,481,507
25.1.1	**Raw material consumed**			
	Opening stock		49,961,509	51,594,907
	Raw Material Sold		(13,249,670)	(1,434,996)
	Purchases and related expenses		785,237,244	431,466,942
			821,949,083	481,626,853
	Closing stock		(52,066,266)	(49,961,509)
			769,882,817	431,665,344

25.1.2 Salaries, Wages and Benefits include Rs 1,807,956/- (2010: Rs 1,739,268/-) in respect of staff retirement benefits.

		2011 Rupees	2010 Rupees
26	**OTHER OPERATING INCOME**		
	(Loss) / Gain on sale of fixed assets	-	(352)
	Scrap sales	-	35,146
	Insurance premium not payable written back	247,731	1,997,226
		247,731	2,032,020
27	**DISTRIBUTION COST**		
	Freight	1,807,238	219,938
	Clearing and forwarding	166,585	192,632
	Others	128,265	242,340
		2,102,088	654,910

	Note	2011 Rupees	2010 Rupees
28 ADMINISTRATIVE EXPENSES			
Directors' remuneration		2,906,000	2,898,000
Staff salaries and benefits	28.1	6,774,384	4,360,394
Travelling and conveyance		2,110,316	1,261,542
Rent, rates and taxes		516,000	516,000
Utilities		823,737	1,124,268
Postage and telephone		740,291	795,431
Printing and stationery		303,187	236,532
Vehicles running and maintenance		627,364	720,503
Fees and subscription		949,786	509,973
Entertainment		309,378	965,626
Legal and professional		481,366	744,099
Auditors' remuneration	28.2	353,240	302,067
Repairs and maintenance		253,192	230,949
Insurance		716,485	503,131
Depreciation	13.1.1	656,556	721,284
Donation		5,000	11,500
Advertisement		75,970	26,753
Others		302,875	584,419
		18,905,127	16,512,471

28.1 Salaries, Wages and Benefits include Rs 477,615/- (2010: Rs 808,618/-) in respect of staff retirement benefits.

28.2 Auditors' remuneration

		2011 Rupees	2010 Rupees
Annual audit		300,000	250,000
Half yearly review		53,240	52,067
		353,240	302,067

29 FINANCE COST

	2011 Rupees	2010 Rupees
Present value impact of restructured loans (Note 6.1.3, 6.1.5& 6.1.7)	(145,863,989)	-
Long term loans-Interest	2,222,982	8,291,003
Short term borrowings-Interest	9,962,101	13,032,410
Finance lease -(Interest reversed)/Interest	(6,477,817)	6,088,316
Exchange loss	6,429,984	350,110
Bank charges	2,540,817	2,084,035
	14,678,067	29,845,874
	(131,185,922)	29,845,874

30 TAXATION

	2011 Rupees	2010 Rupees
Current	9,308,626	3,479,073
	9,308,626	3,479,073

31 EARNINGS PER SHARE

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

(Loss) / profit after taxation	Rs.	(10,945,955)	26,236,403
Average number of ordinary shares		44,426,694	44,426,694
Earnings per share - basic and diluted	Rs.	(0.25)	0.59

32 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

	Chief Executive		Director	
	2011	2010	2011	2010
	< - - - - - - - -	Rupees	- - - - - - - - >	
Remuneration	960,000	960,000	960,000	960,000
House rent and other allowances	480,000	480,000	480,000	480,000
	1,440,000	1,440,000	1,440,000	1,440,000
Number of persons	1	1	1	1

The Chief Executive and Directors were provided with free use of company maintained cars and were reimbursed for entertainment expenses, the monetary value of which is Rs.255,407/- (2010 : Rs.947,500/-) 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.813,049/- (2010- 724,465/-).

33 TRANSACTIONS WITH RELATED PARTIES

Name of related parties	Name of Transaction	2011 Rupees	2010 Rupees
Directors of the Company	Rent (office premises)	516,000	516,000

34 PLANT CAPACITY AND ACTUAL PRODUCTION

It is difficult to determine precisely the production capacity in 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 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.

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.	7,042,914	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.105,379,905/- (Rs.172,192,625/-). The Company believes that it is exposed to major concentration of credit risk in the textile sector. The management monitors and limits the Company's exposure of credit risk by limiting transactions with specific counter parties and continually assessing their credit worthiness.

35.2 Interest rate/ mark-up rate risk

Interest/mark-up rate risk arises from 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 borrowings. 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*	*2011*	*2010*
	………………......……………………		*Rupees*	…………………………………………..		
Financial assets						
Long term deposits	-	-	-	6,372,069	6,372,069	14,904,452
Trade debts	-	-	-	69,006,671	69,006,671	111,477,100
Advances	-	-	-	20,687,883	20,687,883	11,340,214
Short term deposits	-	-	-	54,124	54,124	26,059,325
Other receivables	-	-	-	9,259,158	9,259,158	8,411,534
Cash and bank balances	-	-	-	337,721	337,721	1,915,770
	-	-	-	105,717,626	105,717,626	174,108,395
Financial liabilities						
Long term loans	104,454,491	411,280,290	515,734,781	3,448,918	519,183,699	461,647,381
Liabilities against assets subject to finance lease	41,016,789	6,133,391	47,150,180	-	47,150,180	56,701,806
Deferred liabilities	-	7,522,634	7,522,634		7,522,634	7,311,776
Short term bank borrowings	37,039,832	-	37,039,832	-	37,039,832	166,727,603
Trade and other payable	86,155,909	-	86,155,909	18,329,169	104,485,078	100,229,050
Mark-up accrued on secured loans	-	-	-	42,907,339	42,907,339	81,597,084
	268,667,021	424,936,315	693,603,336	64,685,426	758,288,762	874,214,700
On Balance Sheet gap	(268,667,021)	(424,936,315)	(693,603,336)	41,032,200	(652,571,136)	(700,106,305)

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 enterprise's inability in raising funds 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 undertakings. As at June 30, 2011, the total foreign currency risk exposure was Rs.24,500,000/- (2010 : Rs.18,000,000/-) in respect of foreign currency finance.

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06 October 2011 by the Board of Directors of the Company.

37 GENERAL

37.1 Figures have been rounded off nearest to Rupee.

37.2 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