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COMPANY INFORMATION

Board of Directors

Chief Executive	Faisal Ahmed
Chairperson	Maliha Faisal
Directors	Muhammad Yousuf Ahmed Muhammad Ali Ahmed Mrs. Hajra Ahmed Muhammad Iqbal-ur-Rahim Sarah Ahmed

Audit Committee

Chairman	Muhammad Yousuf Ahmed
Members	Muhammad Iqbal-ur-Rahim Sarah Ahmed

Chief Financial Officer	Nadeem Ahmed Mazari
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Chief Internal Auditor	Sagheer Ahmed
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Company Secretary	S. D. Siddiqui
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Auditors	M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
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Legal Advisor	Monawwer Ghani Advocate
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Share Registrar	M/s Technology Trade (Pvt.) Ltd. Dagia House, 241-C, Block-2, PECHS Karachi. Phone No. 3439 1316-7
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Bankers	Bank Al-Habib Limited Allied Bank Limited National Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited Citi Bank Limited
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Registered Office and Factory	Plot No. 5-9, 23-26, Sector 16, Korangi Industrial Area, Karachi. 111 236 236 , Fax No. 3505 4652 www.admdenim.com
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DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company have the pleasure in presenting the review of the performance together with the un-audited condensed interim financial statements of the Company for the quarter ended September 30, 2010.

PERIOD UNDER REVIEW

The performance of the Company is as follows

	September 30, 2010	September 30, 2009
	------(Rupees in million)-----	
Sales	859	899
Gross profit	181	175
Financial costs	50	35
Net profit	75	91
EPS (Rs. per share)	0.90	1.08

During the period, your Company manages to maintain the momentum of sales and controlled cost of production despite the inflationary trend in the prices of raw cotton resulting in increase in gross profit by 3% as compared to the gross profit in the same period last year. Prices of cotton rose to Rs.8,500/- per maunds, which badly affected projections and pricing. The Company operations in all segments remained smooth and stable keeping in view current economic scenario.

FUTURE OUTLOOK

The management of the Company has been constantly engaged in the process of BMR to enhance the efficiency and maximize the productivity. The demand for quality denim products is on the rise with the pick in the economic activities in the international markets which was deterred due to recession. It is expected that by keeping core strategies of the company's management and improvement of law and order situation will help international buyers to come to the country and provide Company an edge to more penetrate in the target market.

ACKNOWLEDGEMENT

We wish to express our sincere thanks to our shareholders and financial institutions for their continued support and cooperation. We would also like to thank all our valued customers and suppliers for rendering their patronage to the Company.

We are confident that with the untiring efforts and dedication of management and employees, your Company will Inshallah continue to grow and prosper.

ON BEHALF OF THE BOARD



FAISAL AHMED
Chief Executive

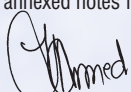
Karachi: October 29, 2010

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2010 (UN-AUDITED)

ASSETS	Note	September 30, 2010 ----- <small>(Rupees in '000)</small> ----- Un-audited	June 30, 2010 ----- <small>(Rupees in '000)</small> ----- Audited
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	3,368,896	3,420,290
Long term loans		4,081	4,467
Long term deposits		777	777
CURRENT ASSETS			
Stores and spares		111,828	94,518
Stock-in-trade		1,045,393	901,334
Trade debts		504,718	579,728
Loans and advances		42,217	14,118
Trade deposits and prepayments		5,181	843
Other receivables		69,280	54,045
Short-term Investments	5	14,464	14,623
Taxation - net		16,334	11,643
Cash and bank balances		46,803	34,965
		1,856,218	1,705,817
TOTAL ASSETS		5,229,972	5,131,351
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital	6	840,000	840,000
Reserves		2,083,018	2,007,793
		2,923,018	2,847,793
NON-CURRENT LIABILITIES			
Long term financing		433,628	348,293
Deferred liability		26,277	24,747
CURRENT LIABILITIES			
Trade and other payables		233,559	230,549
Accrued mark-up		46,433	40,666
Short term borrowings		1,386,000	1,463,296
Current maturity of long term financing		181,057	176,007
		1,847,049	1,910,518
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		5,229,972	5,131,351

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.


Faisal Ahmed
 Chief Executive


Muhammad Yousuf Ahmed
 Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)**

	September 30, 2010	September 30, 2009
	------(Rupees in '000)-----	
NET SALES	858,903	898,541
Cost of sales	(677,581)	(723,483)
GROSS PROFIT	181,322	175,058
Distribution costs	(32,458)	(28,134)
Administrative expenses	(14,451)	(14,218)
Other operating expenses	(4,364)	(5,263)
Other operating income	3,637	8,010
	(47,636)	(39,605)
OPERATING PROFIT	133,686	135,453
Finance costs	(49,622)	(35,457)
PROFIT BEFORE TAXATION	84,064	99,996
Taxation	(8,839)	(9,203)
NET PROFIT FOR THE PERIOD	75,225	90,793
EARNINGS PER SHARE - Basic and Diluted (Rs. Per share)	0.90	1.08

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

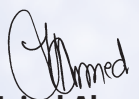

Faisal Ahmed
Chief Executive


Muhammad Yousuf Ahmed
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	September 30, 2010	September 30, 2009
	------(Rupees in '000)-----	
Net profit for the period	75,225	90,793
Other comprehensive income	-	-
Total comprehensive income for the period	<u>75,225</u>	<u>90,793</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.


Faisal Ahmed
Chief Executive



Muhammad Yousuf Ahmed
Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	September 30, 2010	September 30, 2009
------(Rupees in '000)-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	84,069	99,996
Adjustments for non cash charges and other items:		
Depreciation	61,154	59,276
Provision for gratuity	1,609	1,609
Finance costs	49,622	35,457
Loss on revaluation of short term investments	159	3,015
Loss on disposal of operating fixed assets	5	-
	112,549	99,357
Profit before working capital changes	196,618	199,353
Working capital changes		
(Increase) / Decrease in current assets		
Stores and spares	(17,310)	(1,163)
Stock-in-trade	(144,059)	51,641
Trade debts	75,010	(170,944)
Loans and advances	(28,099)	(813)
Trade deposits and prepayments	(4,338)	4,461
Other receivables	(15,235)	(46,680)
	(134,031)	(163,498)
Increase in current liabilities	3,010	16,800
Cash generated from operations	65,597	52,655
Taxes paid	(13,544)	(6,747)
Gratuity paid	(78)	(195)
Finance costs paid	(43,855)	(39,846)
Long term deposits	-	44
	(57,477)	(46,744)
Net cash generated from operating activities	8,120	5,911
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(9,793)	(15,429)
Long term loans	386	(840)
Sale proceeds of operating fixed assets	37	161
Net cash used in investing activities	(9,370)	(16,108)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing repaid	(9,616)	(210,643)
Long term financing acquired	100,000	-
Short term borrowings repaid	-	(49,727)
Short term borrowings acquired	100,000	368,000
Net cash flow from financing activities	190,384	107,630
NET INCREASE IN CASH AND CASH EQUIVALENTS	189,134	97,433
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	(142,331)	(52,061)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	46,803	45,372

The annexed notes form 1 to 9 form an integral part of these condensed interim financial statements.



Faisal Ahmed
Chief Executive


Muhammad Yousuf Ahmed
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)**

	Share Capital	Revenue Reserve	Total
	Issued, subscribed and paid-up	Unappropriated profit	
(Rupees in 000)			
Balance as at July 01, 2009	840,000	1,841,257	2,681,257
Net profit for the period ended September 30, 2009	-	90,793	90,793
Other comprehensive income	-	-	-
Total comprehensive income	-	90,793	90,793
Balance as at September 30, 2009	840,000	1,932,050	2,772,050
Balance as at July 01, 2010	840,000	2,007,793	2,847,793
Net profit for the period ended September 30, 2010	-	75,225	75,225
Other comprehensive income	-	-	-
Total comprehensive income	-	75,225	75,225
Balance as at September 30, 2010	840,000	2,083,018	2,923,018

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.


Faisal Ahmed
 Chief Executive


Muhammad Yousuf Ahmed
 Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

Artistic Denim Mills Limited (the Company) was incorporated in Pakistan on May 18, 1992 under the Companies Ordinance, 1984 and is currently listed on the Karachi Stock Exchange. The principal activity of the company is to manufacture and sell rope dyed denim fabric and yarn.

The registered office of the company is located at Plot No. 5-9, 23-26, Sector 16, Korangi Industrial Area, Karachi.

2 BASIS OF PREPARATION

These condensed interim financial statements are un-audited and are being submitted to shareholders in accordance with Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's financial statements as at June 30, 2010.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2010.

	Notes	September 30, 2010	June 30, 2010
		Un-audited	Audited
------(Rupees in '000)-----			
4 PROPERTY PLANT AND EQUIPMENT			
Operating Fixed assets	4.1	3,332,571	3,393,330
Capital work in progress	4.2	36,325	26,960
		<u>3,368,896</u>	<u>3,420,290</u>
4.1 The additions and disposals in properly, plant and equipment are as follows:			
Opening book value		3,393,330	3,341,198
Additions during the period/year	4.1.1	429	309,155
Disposal, at their written down value during the the period/year		(32)	(16,589)
Depreciation charge during the period/year		(61,156)	(240,434)
		<u>(61,188)</u>	<u>(257,023)</u>
		<u>3,332,571</u>	<u>3,393,330</u>
4.1.1 The following additions were made during the period/year			
Building on leasehold land		-	101,306
Plant & machinery		-	191,233
Factory equipment		317	4,137
Furniture & Fixtures		-	50
Office equipment, including computers		73	1,606
Vehicles		39	10,823
		<u>429</u>	<u>309,155</u>

		September 30, 2010	June 30, 2010
	Notes	------(Rupees in '000)-----	
		Un-audited	Audited
4.2 Capital work-in-progress			
Balances at the beginning of the period/year		26,960	84,401
Additions during the period/year			
Civil works on building on leasehold land		140	51,192
Plant and Machinery		4,452	183,856
Factory equipment		317	4,137
Advances to suppliers		4,773	50
		9,682	239,235
Transfer to operating fixed assets		(317)	(296,676)
		36,325	26,960
5 SHORT TERM INVESTMENTS			
At fair value through profit and loss			
Investments in shares		14,623	12,200
Increase / (Decrease) in the value of shares		(159)	2,423
		14,464	14,623
6 SHARE CAPITAL			
No. of shares		September 30, 2010	June 30, 2010
		------(Rupees in '000)-----	
		Un-audited	Audited
100,000,000	100,000,000	1,000,000	1,000,000
Authorised share capital Ordinary shares of Rs.10 each			
14,000,000	14,000,000	140,000	140,000
Issued, subscribed and paid-up capital Ordinary shares of Rs.10 each fully paid in cash			
70,000,000	70,000,000	700,000	700,000
Ordinary shares of Rs.10 each fully paid bonus shares			
84,000,000	84,000,000	840,000	840,000
7 CONTINGENCIES AND COMMITMENTS			
Contingencies			
7.1	Bills discounted	265,630	393,927
7.2	Outstanding counter guarantee	63,325	63,325

Commitments

- 7.3 Commitments in respect of Building on leasehold land at the end of the period amounted to Rs.6.5 (June 30, 2010:8.0) million.
- 7.4 Outstanding letters of credit at the end of the period amounted to Rs.34.596 (June 30, 2010: Rs.395.753) million.
- 7.5 Post dated cheques issued in favour of Custom Authorities aggregating to Rs.8.393 (June 30, 2010: Rs.6.93) million, against zero rated supplies for export purpose.

8 TRANSACTION WITH RELATED PARTIES

Related parties of the company comprise associated undertakings, directors and key management personnel. Material transactions with related parties, other than remuneration and benefits to the directors and key management personnel under the terms of their employments, are given below:

	September 30, 2010 (Un-audited)	September 30, 2009 (Un-audited)
	------(Rupees in '000)-----	
Aggregate amount in respect of:		
Sales of goods and services provided	58,670	64,105
Purchases of goods and services received	58,193	48,149
The above transactions are at arm's length using admissible valuation methods.		

9 GENERAL

- 9.1 These condensed interim financial statements were authorised for issue on **October 29, 2010** by the Board of Directors of the Company.
- 9.2 Figures have been rounded-off to the nearest thousand rupees.


Faisal Ahmed
Chief Executive


Muhammad Yousuf Ahmed
Director

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Email: sales@admdenim.com Web : www.admdenim.com

CORPORATE