

Annual Report 2009

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Asim Textile Mills Ltd.

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COMPANY INFORMATION

CHIEF EXECUTIVE	MR. ZAHID ANWAR
DIRECTORS:	MRS. RUKHSANA BEGUM CH. GHULAM MURTAZA BUTTAR MR. UMER FAROOQ MR. AFTAB YOUNIS MR. ALI RAZA ZAFAR MR. WASEEM ABBAS
AUDIT COMMITTEE:	
CHAIRMAN	MR. ZAHID ANWAR
MEMBER	MR. AFTAB YOUNIS
MEMBER	MR. WASEEM ABBAS
COMPANY SECRETARY	MR. KHALID JABBAR
CHIEF FINANCIAL OFFICER	MR. ALLAH DITTAH
AUDITORS	M/S ARSHAD RAHEEM & CO. CHARTERED ACCOUNTANTS
BANKERS:	UNITED BANK LIMITED ALBARAKA ISLAMIC BANK B.S.C.(E.C) NATIONAL BANK OF PAKISTAN KASB BANK LIMITED SILK BANK LIMITED
LEGAL ADVISOR	MR. ZIA-UL-HAQ (ADVOCATE)
REGISTERED OFFICE	16-C PEOPLES COLONY, FAISALABAD.
SHARES REGISTRAR	NATIONAL BIZ MANAGEMENT (PVT) LTD. 318- A CLIFTON CENTRE, CLIFTON KARACHI.
MILLS	32-KM, SHEIKHUPURA ROAD, FAISALABAD.
WEBSITE	www.asimtextile.com

VISION

TO TURN AROUND THE COMPANY INTO A PROFITABLE UNDERTAKING THROUGHOUT ITS LIFE AND TO BE A MARKET LEADER BY BEING THE BEST LEADER BY BEING THE BEST.

MISSION

TO PROVIDE FINE QUALITY PRODUCTS TO ITS CUSTOMERS AND BRING THE COMPANY INTO PROFIT TO INCREASE SHAREHOLDERS' WEALTH.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 20th annual general meeting of the members of **Asim Textile Mills Limited** will be held at registered office, 16-C, Peoples Colony, Faisalabad at 9:30 am on 31.10.2009 to transact the following business:-

1. To confirm the minutes of the extra ordinary general meeting held on 31.03.2009.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2009 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending June 30, 2010 and fix their remuneration. The retiring auditors M/S. Arshad Raheem & Co, Chartered Accountants being eligible offer themselves for re-appointment.
4. To transact any other business with the permission of the chair.

FOR AND ON BEHALF OF THE BOARD

Dated: 08.10.2009
Faisalabad

KHALID JABBAR
(Company Secretary)

NOTES:

1. The share transfer books of the company will remain closed from 26.10.2009 to 01.11.2009 (both days inclusive).
2. A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time for the meeting.
3. Members are requested to immediately notify the change in their addresses, if any.

DIRECTORS' REPORT TO THE MEMBERS

Your directors feel pleasure in presenting the 20th annual report with audited accounts of the company for the year ended June 30, 2009

OPERATING RESULTS:

	(Rupees in thousand)	
	Year ended June 30, 2009	Year ended June 30, 2008
Operating (loss)/ profit	(33,854)	2,447
Finance cost	(23)	(21)
(Loss)/ profit before taxation	(33,877)	2,426
Taxation	4,025	1,429
(Loss)/ profit after taxation	<u>(29,852)</u>	<u>3,855</u>
(Loss)/ earning per share - basic	<u>(1.97)</u>	<u>0.25</u>

REVIEW OF OPERATING RESULTS:

During the year under review company has made a gross loss of Rs. (27.364) million as compare to gross profit of Rs. 9.960 million in the previous year and incurred a net loss after taxation of Rs.(29.852) million as compare with Rs.3.855 million for the pervious year.

The reasons of losses are increase cost of production due to increase in minimum wages , FESCO tariff, and also increase in the prices of stores and spares, packing and raw material. The prices of yarn did not increase as compared to increase in cost of production due to low demand of yarn in local as well as international market due to economic recession all over the world.

COURT CASES:

The company has filed a suit in the Honourable Lahore High Court, Lahore against Faysal Bank Limited for compensation of loss suffered on acquisition of unremunerative agricultural land and disposal of the same, for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking in contravention of the objective clause of its Memorandum of Association. The amount claimed for the first two counts is Rs 141.831 million (including claims of central excise duty) and for the last count has been left for the court to determine. In the opinion of directors and company's lawyers the case is based on strong legal grounds and is likely to be decided in company's favour. If so happened, the amount of long term loan and related financial charges would decrease by an amount decided by the court. After filing our suit, Faysal Bank Limited has also filed a counter suit against the company. The cases are continuing and are at argument stage.

AUDITOR'S REPORT:

Auditors have qualified the report that long term financing, short term borrowing and interest accrued on long term financing could not directly verified due to which current portion of such long term loan can not be ascertained also mark up aggregating to Rs. 2.594 million on financial institution's lending as referred in note 7, 10 & 26.1 of the financial statements has not been accrued in the financial statements. Due to which current liabilities and accumulated losses are understated and loss for the year is understated by that amount.

As the matter of long term financing, short term financing and markup payable are in litigation, due to this balances could not be confirmed directly from Faysal Bank Limited and due to the same reason management has not transferred current portion of long term liabilities and did not account for financial charges.

Further, auditors have drawn attention to note 1.2 of the financial statements which indicate that the company has accumulated losses of Rs. (546.367) million as at June 30, 2009. Its total liabilities exceed its total assets by Rs. 245.519 million and its current liabilities exceed current assets by Rs. 147.398 million as at balance sheet date. These conditions along with the matter stated in notes 7.4, 11.1, and 12 to the financial statements indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The fact is that accumulated losses/capital deficiency is due to financial charges, which were booked up till 30.06.2006 despite the fact that company has filed a suit against bank. In directors' as well as company's lawyer's opinion, case is based on strong legal grounds and is likely to be decided in company's favour. So management is confident that accumulated losses of company will be recovered and capital will be restored. Accordingly these financial statements have been prepared on going concern basis.

OUTSTANDING STATUTORY PAYMENT:

There is no outstanding statutory payment due on account of taxes, duties, levies and charges except of normal and routine nature.

FUTURE PROSPECTS:

Future prospects of company are seems to be good as economic indicators are showing signals of recovery from the recession period e.g decrease in markup rates, recovery of stock exchanges, stability of oil prices in the world. The company has also made investment on gas generators. The benefit of gas generators will also support the company to become competitive and profitable in future. The management is also trying their best to improve the performance of the company.

TRANSACTIONS WITH RELATED PARTIES:

Transactions with related parties are carried out at arms length. The prices are determined in accordance with comparable un-controlled price method. The power if purchased from related parties is at WAPDA power tariff.

AUDITORS:

The present auditors M/s. Arshad Raheem & Co., Chartered Accountants retire and being eligible offer themselves for reappointment for the next year. The audit committee has also recommended their name for reappointment.

PATTERN OF SHAREHOLDING:

Pattern of shareholding as on June 30, 2009 is annexed.

NUMBER OF BOARD MEETINGS HELD:

Four board meetings were held during the year ended on 30.06.2009. Attendance by each director is given below:-

Name of Director	No of Meetings Attended
Mr. Zahid Anwar (CEO)	5
Mrs. Rukhsana Begum	5
Mr. Ghulam Murtaza Buttar	5
Mr. Umer Farooq	5
Mr. Aftab Younis	2
Mr. Ali Raza Zafar	2
Mr. Waseem Abbas	2

AUDIT COMMITTEE:

The Board in compliance with the Code of Corporate Governance has established an audit committee comprising of the following members:

Mr. Zahid Anwar	Chairman
Mr. Aftab Younis	Member
Mr. Waseem Abbas	Member

CORPORATE AND FINANCIAL REPORTING FRAME WORK:

In compliance to listing regulations of Stock Exchanges and as required under the Companies Ordinance, 1984, your directors are pleased to report as under:

- 1 The Financial Statements prepared by the management of your company present fairly state of its affairs, the result of its operations, cash flow and changes in equity.
- 2 Proper books of account of the company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4 International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- 5 The system of internal control is sound in design and has been effectively implemented and monitored.
- 6 Going concern assumption has already been explained in preceding paragraphs.
- 7 There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- 8 Key operating and financial data of last six years in summarized form is annexed.

DIRECTORS' REMUNERATION:

As in previous years, the directors did not draw any remuneration during the current year due to financial position of the company.

DIVIDEND:

Due to losses incurred by the company, directors do not recommend payment of dividend.

ACKNOWLEDGEMENT:

The management would like to place on record its deep appreciation for the continuous support of its shareholders, customers and employees and expect to get the same cooperation in the future.

Dated: October 08, 2009
Faisalabad.

On behalf of the Board

Zahid Anwar
Chief Executive

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE TO THE MEMBERS

This statement is being presented to comply with the code of corporate governance contained in the Regulation No.37, chapter No. XIII of the listing regulations of Karachi and Lahore Stock Exchanges and chapter XI of Islamabad Stock Exchange for the purpose of establishing a frame work 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 interest on its board of directors. At present board includes five independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. No director has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The company has prepared a 'statement of Ethics and Business Practices' to establish a standard of conduct which is signed by directors and employees of the company.
5. The board has developed a 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 and amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms & conditions of employment of the CEO and other executive directors are taken by the board.
7. The meeting of the board were presided over by the chairman 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 meeting, along with agenda and working papers, are circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The board of directors of the company are aware of their responsibilities and fully conversant with the provisions of Companies Ordinance, 1984 and all other business regulatory laws and the provisions of the Memorandum and Articles of Association required for managing the affairs of the company on behalf of the share holders.
9. The directors' report for this year has been prepared in compliance with the requirement of the code and fully describes the salient matters required to be disclosed.
10. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
11. 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.
12. The company has complied with all the corporate and financial reporting requirements of the code.
13. The board has formed an audit committee. It comprises of three members, of whom two are non executive directors.
14. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the company and as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
15. The board has set-up an effective internal audit function. The audit staff is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they (or their representative) are involved in the internal audit function on a full time basis.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme 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) guidance on code of ethics as adopted by Institute of Chartered of Accountants of Pakistan.
17. The statutory auditors or the person associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

Dated: 08.10.2009
Faisalabad

ZAHID ANWAR
Chief Executive

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

(RUPEES IN THOUSAND)

PARTICULARS	2009	2008	2007	2006	2005	2004	2003
FINANCIAL POSITION							
Paid up capital	151,770	151,770	151,770	151,770	151,770	151,770	151,770
Fixed assets at cost	594,997	594,728	593,607	585,433	576,819	574,218	572,908
Accumulated Depreciation	212,158	191,911	170,611	148,585	125,968	110,152	85,761
Current assets	82,109	122,804	76,919	82,278	67,321	54,954	58,836
Current liabilities	229,507	247,016	222,128	235,767	212,974	168,709	156,991
INCOME							
Sales-net	650,364	629,924	535,836	515,069	285,534	432,905	403,719
Other income	1,455	-	-	-	133	122	117
Pre tax profit/(loss)	(33,877)	2,426	(2,692)	(17,743)	(39,436)	(35,356)	(50,944)
Taxation credit/(charge)	4,025	1,429	1,819	2,161	2,265	1,993	3,432
STATISTICS AND RATIOS							
Pre tax profit/(loss) to sale %	(5.21)	0.39	(0.50)	(3.44)	(13.81)	(8.17)	(12.62)
Pre tax profit/(loss) to capital%	(22.32)	1.60	(1.77)	(11.69)	(25.98)	(21.98)	(35.57)
Current ratio	0.36:1	0.50:1	0.35:1	0.35:1	0.32:1	0.33:1	0.37:1
Paid up value per share (Rs.)	10	10	10	10	10	10	10
Earning after tax per share (Rs.)	(1.97)	0.25	(0.06)	(1.03)	(2.45)	(2.20)	(3.13)
Cash dividend %	-	-	-	-	-	-	-
Break up value per share (Rs.)	(26.00)	(24.53)	(25.31)	(25.80)	(25.35)	(23.36)	(21.43)

REVIEW REPORT TO THE MEMBERS ON 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 **Asim Textile Mills Limited** (the Company) to comply with the Listing Regulations of the respective Stock Exchanges 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.

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, 2009.

LAHORE:
Dated: 08.10.2009

ARSHAD RAHEEM & CO
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Asim Textile Mills Limited** as at **JUNE 30, 2009** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material 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 management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) In the absence of direct confirmations from the third parties, we could not verify the following balances as on June 30, 2009 and any movement their in during the year due to which current portion of such long term loan can not be ascertained:

	Notes to the accounts	Amount (Rupees in Million)
i. Long term financing	7	415.047
ii. Short term borrowing	11	2.544
iii. Interest accrued on long term financing	10	194.161

- (b) Mark up aggregating to Rs. 2.594 million on financial institutions' lending as referred in Note 7, 10 & 26.1 of the financial statements has not been accrued in the financial statements. Due to which current liabilities and accumulated losses are understated and loss for the year is understated by that amount.

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

- (d) in our opinion:
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (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) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and except for the remarks of foregoing paragraph (a) to (b) and to the extent to which this may affect the financial statements, respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and
- (f) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without qualifying our opinion, we draw attention to Note 1.2 to the financial statements, which indicate that the Company has incurred a net loss of Rs. 29.852 million during the year and has accumulated losses of Rs. 546.367 million as at June 30, 2009. Its total liabilities exceed its total assets by Rs. 245.519 million and its current liabilities exceed its current assets by Rs. 147.398 million as at balance sheet date. These conditions along with the matter stated in Notes 7.4, 11.1 and 12 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The management of the Company, however believes that it has sufficient assets and resources to meet its current liabilities including the expectation of continued financial support of its directors through interest free loans. Management expectation including future trends and profitability in regard to this matter are also discussed in the said note to the financial statements. In view of the above, these financial statements have been prepared on going concern basis.

LAHORE:
Dated: 08.10.2009

ARSHAD RAHEEM & CO
Chartered Accountants
Arshad Raheem

BALANCE SHEET

		2009	2008
EQUITY AND LIABILITIES		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 (2008: 17,500,000) ordinary shares of Rs. 10 each		175,000	175,000
Issued, subscribed and paid up capital	5	151,770	151,770
Accumulated losses		(546,367)	(524,059)
		(394,597)	(372,289)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	149,078	156,622
NON CURRENT LIABILITIES			
Long term finances	7	415,047	415,047
Deferred liabilities	8	80,673	86,653
		495,720	501,700
CURRENT LIABILITIES			
Trade and other payables	9	32,802	50,311
Interest accrued on long term financing	10	194,161	194,161
Short term borrowing	11	2,544	2,544
		229,507	247,016
CONTINGENCIES AND COMMITMENTS	12	-	-
		479,708	533,049

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

AS AT JUNE 30, 2009

ASSETS	Note	2009 (Rupees in thousand)	2008
NON CURRENT ASSETS			
Property, plant and equipment	13	390,138	402,817
Security deposits	14	7,461	7,428
		<u>397,599</u>	<u>410,245</u>
CURRENT ASSETS			
Stores and spares	15	3,594	4,441
Stock in trade	16	19,567	90,790
Trade debts	17	-	20
Advances	18	8,120	9,559
Balance with statutory authorities	19	4,177	3,218
Cash and bank balances	20	46,711	14,776
		<u>82,109</u>	<u>122,804</u>
		<u>479,708</u>	<u>533,049</u>

DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2009

			2009 (Rupees in thousand)	2008
		Note		
Sales - net		21	650,364	629,924
Cost of sales		22	<u>(677,728)</u>	<u>(619,964)</u>
Gross (loss)/profit			(27,364)	9,960
Operating expenses				
Administrative and general		23	(7,945)	(7,333)
Other operating expenses		24	-	(180)
			<u>(7,945)</u>	<u>(7,513)</u>
Operating (loss)/profit			<u>(35,309)</u>	<u>2,447</u>
Other operating income		25	<u>1,455</u>	-
			<u>(33,854)</u>	<u>2,447</u>
Finance cost		26	<u>(23)</u>	<u>(21)</u>
(Loss)/profit before taxation			<u>(33,877)</u>	<u>2,426</u>
Taxation		27	<u>4,025</u>	<u>1,429</u>
(Loss)/profit after taxation			<u>(29,852)</u>	<u>3,855</u>
(Loss)/earnings per share - basic (Rupees per share)		28	<u>(1.97)</u>	<u>0.25</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES	(Rupees in thousand)	
(Loss)/profit before taxation	(33,877)	2,426
Add/(less): Adjustments for non-cash charges and other items		
Depreciation	20,247	21,300
Provision for gratuity	-	3,147
Finance cost	23	21
	<u>20,270</u>	<u>24,468</u>
Profit before working capital changes	(13,607)	26,894
Decrease/(Increase) in current assets		
Stores and spares	847	(1,664)
Stock in trade	71,223	(44,260)
Trade debts	20	13
Advances	1,439	2,670
Balance with statutory authorities	(479)	415
(Increase)/decrease in current liabilities		
Trade and other payables	(17,509)	24,888
	<u>55,541</u>	<u>(17,938)</u>
Cash generated from operations	41,934	8,956
Less:		
Finance cost paid	(23)	(21)
Income tax paid	(457)	(946)
Gratuity paid	(1,918)	(1,908)
	<u>(2,398)</u>	<u>(2,875)</u>
Net cash from operating activities	39,536	6,081
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,568)	(1,121)
Security deposits	(33)	-
Net cash used in investing activities	(7,601)	(1,121)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase in cash and cash equivalents	31,935	4,960
Cash and cash equivalents at the beginning of the year	14,776	9,816
Cash and cash equivalents at the end of the year	<u>46,711</u>	<u>14,776</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2009

	Share Capital	Accumulated Losses	Total
.....(Rupees in thousand).....			
Balance as at July 01 , 2007	151,770	(535,855)	(384,085)
Net profit for the year	-	3,855	3,855
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period- net of deferred tax	-	7,941	7,941
Balance as at June 30, 2008	151,770	(524,059)	(372,289)
Net loss for the year	-	(29,852)	(29,852)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period- net of deferred tax	-	7,544	7,544
Balance as at June 30, 2009	<u>151,770</u>	<u>(546,367)</u>	<u>(394,597)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is limited by shares and incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are listed at Karachi, Islamabad and Lahore stock exchanges. The principal business of the Company is manufacturing and sale of yarn. The Mill is located at Tehsil Jaranwala, District Faisalabad in the Province of Punjab and the registered office of the Company is located at 16-C, Peoples Colony, Faisalabad.

1.2 Going concern assumption

The Company has incurred net loss of Rs. 29.852 million during the year and has accumulated losses of Rs. 546.367 million as at June 30, 2009. Its total liabilities exceed its total assets by Rs. 245.519 million and its current liabilities exceed current assets by Rs. 147.398 million as at the balance sheet date. These factors in addition to the factors as described in notes 7.4, 11.1 and 12 of the financial statements raise doubts about the Company being a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, any adjustment relating to the recoverability of recorded assets and liabilities have not been incorporated in these financial statements as the management is also making efforts for improvement in the production, quality and marketing of its products. Subsequent to balance sheet date, management has installed gas generator to generate power at reduced rates as compared to power rates from the Wapde, which will significantly reduce its cost of production and resulting in future profits. Therefore, the management believes that the going concern assumption is valid and these financial statements have been prepared on going concern basis without considering any adjustment relating to the recoverability of recorded assets and settlement of liabilities.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for its employees. Liability is provided annually on the basis of the last drawn gross salary and the length of service of the employee in accordance with the Company's rules. The Company carried out actuarial valuations to determine the present value of the obligation as at June 30, 2007. The following principal assumptions have been used:

During the previous year, the company has seized the Gratuity, and started Provident fund for its permanent employees as discussed in Note 4.2, due to this no actuarial gain / loss has been recognized in these financial statements.

Average expected remaining working life time of employees	14 Years
Actuarial valuation method	Projected Unit Credit Method

4.2 Employment retirement benefits

The company operates a recognized provident fund for all its permanent employees. Equal monthly contributions are made to the fund both by the company and the employees at the rate of 8.3 percent of the basic pay. Obligations for contributions to defined contribution plan is recognized as an expenses in the profit and loss account as and when incurred. Employees are eligible under the scheme on completion of prescribed qualifying period of service.

4.3 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4.4 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.

4.5 Taxation

Current

The change for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any, and tax paid on presumptive basis.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets, as required by IAS-12 (Income Taxes), are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

4.6 Foreign currency translation

Assets and liabilities in foreign currency are translated in Pak Rupees at the rates of exchange ruling on the balance sheet date or rate of exchange fixed under contractual agreements. Transactions in foreign currency are translated at the exchange rates prevailing at the date of transaction. All exchange differences are included in the profit and loss account.

4.7 Property, plant and equipment

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation. Land is stated at revalued amount. Depreciation is charged to income applying the reducing balance method at the rates specified in note 13 to write off the cost / revalued amount of an asset over its estimated useful life. Full month's depreciation is charged on additions, while no depreciation is charged in the month of disposal or deletion.

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

Gains or losses on disposal of property, plant and equipment, if any, are shown in profit and loss account. Surplus on revaluation of property, plant and equipment relating to disposal of revalued property, plant and equipment and depreciation related to incremental value arising out of revaluation of property, plant and equipment is charged to retained earnings through statement of changes in equity.

4.8 Capital work in progress

All costs / expenditures connected with specific assets are collected under this head until completion of assets. These are transferred to specific assets as and when assets are available for use.

4.9 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

4.10 Stores and spares

These are valued at lower of moving average cost and net realizable value. Items in transit are valued at cost comprising invoice value plus incidental charges paid thereon.

4.11 Stock in trade

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

Raw materials	-	Weighted average cost
Work in process	-	Average manufacturing cost
Finished goods	-	Average manufacturing cost
Wastes	-	Net realizable value

Net realizable value signifies the estimated selling price at which goods in stock could be currently sold less any further costs that would be incurred to complete the sale.

Raw material in transit are valued at cost comprising invoice value plus incidental charges paid thereon.

Cost in relation to work in process and finished goods represents annual average cost which consists of prime cost and appropriate manufacturing overheads.

4.12 Trade debts

Trade debts considered irrecoverable are written off and provision is made for debts considered doubtful.

4.13 Related party transactions

Transactions with related parties are at arm's length prices under the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

4.14 Borrowing cost

Borrowing costs are charged to income as and when incurred except to the extent that cost directly attributable to the acquisition, construction or production of a qualifying asset that are capitalized as part of the cost of asset.

4.15 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

4.16 Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instruments. It ceases to recognize financial assets when it loses control of contractual rights and in case of financial liability when liability is extinguished. Any gain or loss on subsequent remeasurement / derecognizing is charged to income.

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

4.17 Revenue recognition

- Revenue from local sales is recognized on dispatch of goods to customers.
- Export sales are recorded at the time of receipt of bill of lading.
- Profit on bank deposits is recognized on a time proportion basis that takes into account the effective yield on the deposits.

LONG TERM FINANCES

Loan from banking company - Secured

	2009	2008
At the beginning of the year	34,443	34,443
At the end of the year	34,443	34,443
	34,443	34,443

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2009 (Number of shares)	2008 (Number of shares)	Note	2009 (Rupees in thousand)	2008 (Rupees in thousand)
<u>15,177,000</u>	<u>15,177,000</u>	Ordinary shares of Rs.10 each fully paid in cash	<u>151,770</u>	<u>151,770</u>

6. SURPLUS ON REVALUATION OF PROPERTY,
PLANT AND EQUIPMENT

Land - freehold			5,740	5,740
Building on freehold land			14,993	15,782
Plant and machinery			<u>135,889</u>	<u>143,041</u>
			156,622	164,563
Incremental depreciation charged on revalued property, plant and equipment in current period net of deferred taxation transferred to retained earnings	(6.2)		<u>(7,544)</u>	<u>(7,941)</u>
			<u>149,078</u>	<u>156,622</u>

6.1 First revaluation of building on freehold land and plant and machinery was carried out as on September 30, 1995 by an independent valuer M/s Iqbal A. Nanjee & Co. Lahore on the basis of depreciated replacement values.

Second revaluation of free hold land, building on freehold land and plant and machinery has been carried out on September 30, 2000 by an independent valuer Inspectorates Corporation International (Pvt) Ltd., Lahore and the same has been verified by SBP's approved auditors on the basis of depreciated replacement values.

6.2 The incremental depreciation charged on revalued assets during the period has been transferred to retained earnings to record realization of surplus to the extent of incremental depreciation to comply with the amendment in section-235 of the Companies Ordinance, 1984 and further notification of SECP to clarify the treatment of surplus arising on revaluation of property, plant and equipment.

7. LONG TERM FINANCES

Loan from banking company- Secured

Morabaha finance				
Morabaha-I	(7.1)		340,902	340,902
Morabaha-II	(7.2)		<u>74,145</u>	<u>74,145</u>
			<u>415,047</u>	<u>415,047</u>

7.1 It represents morabaha finance created by Faysal Bank Limited by converting various morabaha finances into long term morabaha-I at an interest rate of 13% per annum.

7.2 It represents an interest free morabaha finance by Faysal Bank Limited by converting various unpaid markups into long term non-profit morabaha-II.

7.3 The above mentioned morabaha finances are secured against the first charge of Rs. 505 million on fixed assets and personal guarantees of directors and Chief Executive of the Company.

7.4 The Company is not repaying the morabaha finances as it has filed a case against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 12. Accordingly, the current portion of these morabaha finances has not been transferred to current liabilities as the amount of liability and related current portion is dependent on the decision of the case.

8. DEFERRED LIABILITIES	Note	2009 (Rupees in thousand)	2008
Deferred tax - net	(8.1)	77,182	81,244
Gratuity payable	(8.2)	3,491	5,409
		<u>80,673</u>	<u>86,653</u>

8.1 *Deferred tax- Net*

Credit balance arising in respect of surplus on revaluation of fixed assets

77,182	81,244
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8.1.1 Provision for deferred taxation is based on temporary differences arising on surplus on revaluation of property, plant and equipment. The Company being prudent has not accounted for net deferred tax asset on net deductible temporary differences amounting to Rs. 159 million (2008: Rs. 122 million) comprising accelerated tax depreciation, recognized losses and staff retirement benefits, due to the uncertainty with regard to availability of future taxable profits of the Company against which the unused tax losses and unused tax credits can be utilized.

8.2 *Gratuity payable*

Company's liability

Opening balance	5,409	4,170
Cost recognized during the year	-	3,147
	<u>5,409</u>	<u>7,317</u>
Benefits paid during the year	(1,918)	(1,908)
Closing balance	<u>3,491</u>	<u>5,409</u>

During the previous year, the company has seized the Gratuity, and started Provident fund for its permanent employees as discussed in note 4.2, due to this no actuarial gain/(loss) has been recognized in these financial statements.

	Note	2009 (Rupees in thousand)	2008
9. TRADE AND OTHER PAYABLES			
Creditors		19,481	30,644
Accrued expenses		8,410	6,237
Income tax deducted at source		460	156
Due to directors	(9.1)	4,080	12,558
Workers' profit participation fund		-	130
Others		371	586
		<u>32,802</u>	<u>50,311</u>

9.1 This represents interest free funds obtained from directors to meet working capital requirements. The funds provided are interest free and unsecured and shall be repaid subject to the availability of funds with the Company.

10. INTEREST ACCRUED ON LONG TERM FINANCING

Accrued markup on secured morabaha finance	(10.1)	<u>194,161</u>	<u>194,161</u>
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10.1 The Company has ceased the payment of mark up as it has filed a case against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 12.

11. SHORT TERM BORROWING

Banking company

Interest free bank overdraft - unsecured	(11.1)	<u>2,544</u>	<u>2,544</u>
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11.1 The Company has ceased repaying the overdraft as it has filed a case against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 12.

12. CONTINGENCIES AND COMMITMENTS

12.1 The Company has instituted a suit in the Honourable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of unremunerative agricultural land on the advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by State Bank of Pakistan. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty) and for the last count has been left for the Court to determine. As per Company's legal advisor the case is based on strong legal grounds and is likely to be decided in Company's favour. If so decided the amount of morabaha finances would decrease by the amount decided by the Court.

12.2 The Faysal Bank Limited has filed a counter suit for the recovery of Rs. 454.502 million in the Honourable Lahore High Court along with the late payment charges which is pending adjudication.

	Note	2009	2008
(Rupees in thousand)			
13 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets-tangible	(13.1)	382,839	402,817
Capital work in progress	(13.5)	7,299	-
		<u>390,138</u>	<u>402,817</u>

13.1 Operating fixed assets-tangible

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION			BOOK VALUE	Rate %
	As at July 01, 2008	Additions during the Year	As at June 30, 2009	As at July 01, 2008	For the Year	As at June 30, 2009	As at June 30, 2009	
Rupees in thousand								
Owned								
Land - freehold	9,802	-	9,802	-	-	-	9,802	-
Building on freehold land	52,264	-	52,264	17,135	1,756	18,891	33,373	5%
Plant and machinery	514,283	-	514,283	165,088	17,460	182,548	331,735	5%
Furniture, fixture and office equipment	1,843	57	1,900	1,060	82	1,142	758	10%
Vehicles	3,094	-	3,094	1,693	280	1,973	1,121	20%
Factory equipment	356	-	356	288	7	295	61	10%
Electric installation	13,086	212	13,298	6,647	662	7,309	5,989	10%
Total: 2009	<u>594,728</u>	<u>269</u>	<u>594,997</u>	<u>191,911</u>	<u>20,247</u>	<u>212,158</u>	<u>382,839</u>	
Total: 2008	<u>593,607</u>	<u>1,121</u>	<u>594,728</u>	<u>170,611</u>	<u>21,300</u>	<u>191,911</u>	<u>402,817</u>	

13.2 Had there been no revaluation, the cost, accumulated depreciation and book values of the revalued assets would have been as follows:

	As at June 30, 2009		
	Cost	Accumulated depreciation	Book value
(Rupees in thousand)			
Land - freehold	4,062	-	4,062
Building on freehold land	40,631	29,170	11,461
Plant and machinery	362,764	232,404	130,360

13.3 The depreciation charged for the year has been allocated as under:-

	Note	2009	2008
(Rupees in thousand)			
Cost of sales	(22)	19,885	20,875
Administrative and general	(23)	362	425
		<u>20,247</u>	<u>21,300</u>

13.4 Disclosure relating to surplus on revaluation of fixed assets is given in note 6 to these financial statements.

13.5 This represent cost of civil work and gas generator witch is installation process.

14. Security deposits

	Note	2009	2008
Security deposit (sui gas)	(14.1)	5,175	5,175
Security deposit (wapda)		2,286	2,253
		<u>7,461</u>	<u>7,428</u>

14.1 It represents refundable deposit with Sui Northern Gas Pipeline Limited against the gas connection planned for captive power generation plant and carries markup at the rate of 2% (2008: 2%) per annum.

	Note	2009	2008
15. STORES AND SPARES		(Rupees in thousand)	
Stores		1,403	1,258
Spares		2,191	3,183
		<u>3,594</u>	<u>4,441</u>
There were no stores and spares held for capitalization as at the balance sheet date.			
16. STOCK IN TRADE			
Raw materials		2,371	66,591
Work in process		4,661	3,340
Finished goods		12,227	20,511
Waste		308	348
		<u>12,535</u>	<u>20,859</u>
		<u>19,567</u>	<u>90,790</u>
17. TRADE DEBTS			
These are unsecured but considered good by the management of the company.			
18. ADVANCES			
Advances - considered good			
Employees-secured		939	1,092
Suppliers-unsecured		7,123	5,071
Electric Power	(18.1)	-	2,854
Letter of credit		-	502
Other advances		58	40
		<u>8,120</u>	<u>9,559</u>
18.1	This represents advance to Zeeshan Energy Limited an associated undertaking against supply of electricity and is adjusted during the year.		
19. BALANCE WITH STATUTORY AUTHORITIES			
Income tax		556	136
Sales tax refundable		3,561	3,082
		<u>4,117</u>	<u>3,218</u>
20. CASH AND BANK BALANCES			
Cash in hand		195	47
With bank in:			
Current accounts		15,772	14,653
PLS accounts			
Foreign currency	(20.1)	29,356	61
Local currency	(20.1)	1,388	15
		<u>30,744</u>	<u>76</u>
		<u>46,711</u>	<u>14,776</u>
20.1	Deposit with commercial banks yield profit at the rate of 1% to 11% (2008: 2% to 3%) per annum.		

	Note	2009	2008
21. SALES - net		(Rupees in thousand)	
Local			
Yarn		643,410	622,753
Waste		7,306	7,260
		<u>650,716</u>	<u>630,013</u>
Less: Commission to selling agents		(352)	(89)
		<u>650,364</u>	<u>629,924</u>
22. COST OF SALES			
Raw materials consumed - cotton	(22.1)	242,252	230,257
Raw materials consumed - polyester	(22.2)	259,212	250,600
		501,464	480,857
Salaries, wages and other benefits	(22.3)	50,004	44,477
Stores and spares consumed		11,747	9,615
Packing material consumed		10,805	9,530
Fuel and power		73,914	63,551
Repairs and maintenance		427	214
Insurance		1,803	1,595
Depreciation	(13.2)	19,885	20,875
Goods handling charges		-	79
General expenses		676	585
		<u>670,725</u>	<u>631,378</u>
Inventory effect of work in process			
Opening		3,340	3,418
Closing		(4,661)	(3,340)
		<u>(1,321)</u>	<u>78</u>
Cost of goods manufactured		669,404	631,456
Inventory effect of finished goods			
Opening		20,859	9,367
Closing		(12,535)	(20,859)
		<u>8,324</u>	<u>(11,492)</u>
Cost of goods sold		<u>677,728</u>	<u>619,964</u>

	Note	2009	2008
22.1 Raw materials consumed - Cotton		(Rupees in thousand)	
Opening stock		58,800	32,484
Purchases including direct expenses		<u>184,976</u>	<u>256,573</u>
		243,776	289,057
Closing stock		<u>(1,524)</u>	<u>(58,800)</u>
		<u>242,252</u>	<u>230,257</u>
22.2 Raw material consumed - polyester			
Opening stock		7,791	1,261
Purchases including direct expenses		<u>252,269</u>	<u>257,130</u>
		260,060	258,391
Closing stock		<u>(848)</u>	<u>(7,791)</u>
		<u>259,212</u>	<u>250,600</u>
22.3 Salaries, wages and other benefits			
Salaries and wages		42,179	34,714
Gratuity		-	2,923
Other benefits		<u>7,825</u>	<u>6,840</u>
		<u>50,004</u>	<u>44,477</u>
23. ADMINISTRATIVE AND GENERAL			
Salaries, wages and other benefits	(23.1)	3,707	3,822
Rent rates and taxes		160	75
Insurance		82	80
Traveling and conveyance		1,052	805
Entertainment		39	42
Vehicle running and maintenance		824	632
Communication cost		437	402
Printing and stationery		63	82
Electricity		207	245
Auditors' remuneration	(23.2)	300	300
Legal and professional charges		461	126
Fees and subscription		157	193
Advertisement		34	37
Depreciation	(13.2)	362	425
General expenses		<u>60</u>	<u>67</u>
		<u>7,945</u>	<u>7,333</u>

	Note	2009	2008
23.1 Salaries, wages and other benefits		(Rupees in thousand)	
Salaries and wages		3,368	3,421
Gratuity		-	224
Other benefits		339	177
		<u>3,707</u>	<u>3,822</u>
23.2 Auditors' remuneration			
Statutory audit		250	250
Half yearly review		50	50
		<u>300</u>	<u>300</u>
24. OTHER OPERATING EXPENSES			
Workers' profit participation fund			130
Workers' welfare fund			50
			<u>180</u>
25. OTHER OPERATING INCOME			
Income from financing assets			
Profit on saving account		934	-
Exchange gain on foreign account		521	-
		<u>1,455</u>	<u>-</u>
26. FINANCE COST			
Interest / mark up on long term finance	26.1	-	-
Bank charges and commission		23	21
		<u>23</u>	<u>21</u>
26.1			
Markup on morabaha finances amounting to Rs. 2.594 million (2008: Rs. 10.179 million) has not been accounted for in these financial statements.			
27. TAXATION			
Provision for taxation- Current	27.1	-	3,150
Prior		37	(303)
Deferred		(4,062)	(4,276)
		<u>(4,025)</u>	<u>(1,429)</u>
27.1			
The company has incurred a taxable loss for the current year and accordingly no tax has been provided for the current year. Therefore no numeric tax rate reconciliation has been given in these financial statements.			

	Note	2009	2008
28. EARNING PER SHARE- Basic		(Rupees in thousand)	
(Loss)/profit after taxation	Rupees	(29,852)	3,855
		Number of shares (In thousand)	
Weighted average number of ordinary share outstanding during the year		15,177	15,177
Earning per share - basic	Rupees	<u>(1.97)</u>	<u>0.25</u>

28.1 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earning of the Company.

29. CHIEF EXECUTIVE'S, DIRECTORS' AND EXECUTIVES' REMUNERATION

29.1 No remuneration has been paid to the chief executive and directors during the year.

29.2 No meeting fee has been paid to any director of the Company for attending the board meetings.

29.3 Chief Executive is provided with free use of Company maintained car.

29.4 Executives are defined as employees with basic salary exceeding Rs. 500,000. No employee of the Company qualifies as an executive in 2009.

30. TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings and other related parties through directorship of close family members of the directors of the Company.

Transactions with related parties undertaken during the year were as follows:-

	Note	2009	2008
		(Rupees in thousand)	
Purchases:			
- Electricity (net of sales tax)		830	-
Post employment benefit		3,036	253
Repayment to directors - net		<u>(8,478)</u>	<u>(616)</u>

There were no transactions with key management personnel except those covered under their terms of employment.

31. PLANT CAPACITY AND PRODUCTION

	Note	2009	2008
No. of spindles installed		21,312	21,312
No. of spindles worked		21,312	21,312
No. of shifts		3	3
Total shifts worked		1,053	1,095
Capacity after conversation into 20/S count	Kgs	9,218,467	9,586,155
Actual production of yarn after conversation into 20/S count	Kgs	8,677,141	9,106,020

32.1 Reason for short fall

The reason for short fall is attributed to normal repair and maintenance of plant during the period.

(Figures in thousands)		2009		2008	
	2009	2008		2008	2007
Capacity after conversation into 20/S count	9,218,467	9,586,155			
Actual production of yarn after conversation into 20/S count	8,677,141	9,106,020			

32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

32.1 Financial assets and liabilities

Financial assets and liabilities of the company are as follows:-

(Rupees in thousand)							
June 30, 2009							
Interest/mark-up bearing			Non Interest/mark-up bearing				
Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total	
Financial assets							
Security deposits	-	5,175	5,175	-	2,286	2,286	7,461
Trade debts	-	-	-	-	-	-	-
Advances and tax refunds	-	-	-	8,120	-	8,120	8,120
Cash and bank balances	30,744	-	30,744	15,967	-	15,967	46,711
	30,744	5,175	35,919	24,087	2,286	26,373	62,292
Financial liabilities							
Long term finances	-	340,902	340,902	-	74,145	74,145	415,047
Trade and other payables	-	-	-	32,802	-	32,802	32,802
Interest accrued on long term financing	-	-	-	194,161	-	194,161	194,161
Short term borrowing	-	-	-	2,544	-	2,544	2,544
	-	340,902	340,902	229,507	74,145	303,652	644,554
Excess of financial assets over financial liabilities	30,744	(335,727)	(304,983)	(205,420)	(71,859)	(277,279)	(582,262)
(Rupees in thousand)							
June 30, 2008							
Interest/mark-up bearing			Non Interest/mark-up bearing				
Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total	
Financial assets							
Security deposits	-	5,175	5,175	-	2,253	2,253	7,428
Trade debts	-	-	-	20	-	20	20
Advances, prepayment	-	-	-	2,854	-	2,854	2,854
Cash and bank balances	15	-	15	14,761	-	14,761	14,776
	15	5,175	5,190	17,635	2,253	19,888	25,078
Financial liabilities							
Long term finances	-	340,902	340,902	-	74,145	74,145	415,047
Trade and other payables	-	-	-	50,155	-	50,155	50,155
Interest accrued on long term financing	-	-	-	194,161	-	194,161	194,161
Short term borrowing	-	-	-	2,544	-	2,544	2,544
	-	340,902	340,902	246,860	74,145	321,005	661,907
Excess of financial assets over financial liabilities	15	(335,727)	(335,712)	(229,225)	(71,892)	(301,117)	(636,829)

32.2 Risk management policies

32.2.1 Interest / mark up rate risk

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments. The Company is exposed to interest rate risk in respect of long term loans and cash with banks in PLS accounts. Effective interest rates for financial liabilities are mentioned in the respective notes to the accounts.

32.2.2 Concentration of credit risk and credit exposures of the financial statements.

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 of Rs. 62.292 million (2008: Rs. 25.078 million) the financial assets that are subject to credit risk amount to Rs. 62.097 million (2008: Rs. 25.031 million). The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the Company applies credit limits to its customers.

32.2.3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to sale and purchase transactions with foreign undertakings. The Company is not materially exposed to foreign currency risk on its assets and liabilities.

32.2.4 Fair value of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

33. AUTHORIZATION OF FINANCIAL STATEMENTS

These accounts have been authorized for issue by the Board of Directors of the Company on October 08, 2009.

34. GENERAL

- Figures have been rounded off to the nearest thousand rupees.
- Previous figures have been rearranged, where necessary for the purpose of comparison.
- No significant re-classification / rearrangements made during the year.

CHIEF EXECUTIVE

DIRECTOR

Form - 34

PATTERN OF SHARE HOLDING

AS AT June 30, 2009

No. of Shareholders	Shareholding		Total Shares held
	From	To	
76	1	100	7,600
2,541	101	500	1,225,500
36	501	1,000	34,100
37	1,001	5,000	96,100
7	5,001	10,000	59,400
1	15,001	20,000	16,100
1	60,001	65,000	62,500
1	115,001	120,000	119,800
1	230,001	235,000	234,500
2	245,001	250,000	500,000
2	755,001	760,000	1,517,700
2	1,500,001	1,505,000	3,005,800
1	2,085,001	2,090,000	2,088,100
1	2,315,001	2,320,000	2,315,900
1	3,890,001	3,895,000	3,893,900
2,710			15,177,000

NOTE: The slabs not applicable have not been shown
 (*) The shareholder holds 10% or more shares.

Categories of Shareholders	Number of Shareholders	Shares Held	Holding Percentage
Individuals.	2,697	6,504,700	42.859
(*) N. I. T.	1	2,315,900	15.259
I. C. P.	1	119,800	0.789
(*) Mr. Zahid Anwar (CEO/Director)	1	3,893,900	25.657
(*) Mrs. Rukhsana Begum (Director)	1	2,088,100	13.758
Ch. Ghulam Murtaza Buttar (Director)	1	500	0.003
Mr. Umer Farooq (Director)	1	500	0.003
Mr Aftab Younis (Director)	1	500	0.003
Mr. Ali Raza Zafar (Director)	1	500	0.003
Mr. Waseem Abbas (Director)	1	500	0.003
Inkaja consultants (Pvt)Ltd.	1	500	0.003
N.H. Holding (Pvt)Ltd.	1	1,000	0.007
Faysal Bank Limited	1	234,500	1.545
Saudi Pak Ind & Inv (Pvt)Ltd.	1	16,100	0.106
	2,710	15,177,000	100.00

STATEMENT SHOWING SHARES BOUGHT AND SOLD BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSE AND MINOR CHILDREN FROM 1.07.2008 TO 30.06.2009

NAME	DESIGNATION	SHARES BOUGHT	SHARES SOLD
Mr. Zahid Anwar	C.E.O.	813,000	NIL
Mrs. Rukhsana Begum	Director	819,000	NIL

ANNUAL GENERAL MEETING

FORM OF PROXY

IMPORTANT

This Form of Proxy, in order to be effective, must be deposited duly completed at the Company's Registered Office 16-C, Peoples Colony, Faisalabad, not less than 48 hours before the time of holding the meeting.

A proxy must be a member of the Company. Signature should agree with the specimen registered with the company.

Please quote Registered Folio Number

I/We _____

of _____

being a member of the Asim Textile Mills Limited _____ and holder

of _____ ordinary shares, hereby appoint

_____ of _____

who is also a member of the company as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at registered office of the Company, 16-C, Peoples Colony, Faisalabad on 31.10.2009 at 9:30 a.m. or at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2009

Signed by the said _____ in the presence of _____

Date:

(Member's Signature)

Place

(Witness's Signature)

Affix Rs. 5/-
revenue stamp which
must be cancelled
either by signature
over it or by some
other means

ANNUAL GENERAL MEETING

FORM OF PROXY

IMPORTANT

The Form of Proxy is given to be effective when it is deposited in the hands of the Company's Registered Office, 15-C, Park Lane, London, W.1, and it must be deposited not less than 48 hours before the date of holding the meeting.

A proxy must be a member of the Company. Signatures should agree with the signature registered with the Company.

Please attach Registered Falls Number

of _____

of _____

being a member of the Park Lane Milk Limited

of _____

who is also a member of the company as shown in the register of members and who will attend and vote at the meeting of the Annual General Meeting of the Company to be held at registered office of the Company, 15-C, Park Lane, London, W.1, at 10.30 a.m. on the day of the meeting.

to attend and vote at the meeting of the Company to be held at _____

at the address of _____

(Witness's signature)

(Witness's signature)

ALL PROXIES MUST BE DEPOSITED IN THE HANDS OF THE COMPANY'S REGISTERED OFFICE, 15-C, PARK LANE, LONDON, W.1, NOT LESS THAN 48 HOURS BEFORE THE DATE OF THE MEETING.