VISION STATEMENT

To be recognized internationally and locally as dynamic, quality conscious and ever progressive Textile Product manufacturer in the Textile Industry of Pakistan

MISSION

Mahmood Group is committed to:

- Be ethical in its practices.
- Excel through continuous improvement by adopting most modernized technology in production.
- Operate through professional Team work.
- Retain our position as leading and innovative in the Textile Industry.
- Achieve Excellence in the quality of our product.
- Be a part of country's economic development and social Prosperity.

CONTENTS

COMPANY INFORMATION

Board of Directors:

Khawaja Muhammad Masood	Chairman
Khawaja Muhammad Iqbal	Chief Executive Officer
Khawaja Muhammad Ilyas	Director
Khawaja Muhammad Younus	Director
Jalal-ud-Din Roomi	Director
Mrs. Mehr Fatima	Director
Muhammad Muzafar Iqbal	Director

Chief Financial Officer

Muhammad Amin Pal
F.C.A.

Company Secretary

Ghulam Mohayuddin

Auditors

Hameed Chaudhri & Co
Chartered Accountants
H M House, 7-Bank Square,
Lahore.

Audit Committee

Khawaja Muhammad Ilyas	Chairman
Khawaja Muhammad Younus	Member
Muhammad Muzafar Iqbal	Member

Stock Exchange Listing

The Mahmood Textile Mills Limited is a listed Company and its shares are traded on Karachi Stock Exchanges in Pakistan.

Bankers

MCB Bank Ltd.
United Bank Limited
Habib Bank Limited
Allied Bank Limited
Bank Al-Habib Limited
Meezan Bank Ltd.

Mills

Mahmoodabad, Multan Road,
Muzaffargarh.

Masoodabad, D.G. Khan Road,
Muzaffargarh.

Registered Office

Mehr Manzil, Lohari Gate, Multan.
Tel.: 061-111-181-181 Fax: 061-4511262
E-mail: info@mahmoodgroup.com

Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.
H M House, 7-Bank Square,
Lahore.

www.mahmoodgroup.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 40th Annual General Meeting of the Company will be held on Saturday, 30st October, 2010,at 11.00 A.M., at its Registered Office, Mehr Manzil, O/s Lohari Gate, Multan to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of Annual General Meeting held on 31st October, 2009.
2. To receive consider and adopt the Audited Accounts for the year ended 30st June, 2010 together with Director's and Auditor's Reports thereon.
3. To approve payment of Cash Dividend @ 60% (Rs.6.00 per ordinary Share of Rs. 10/- each) for the year ended 30th June, 2010 as recommended by the Board of Directors.
4. To appoint Auditors for the year 2010-2011 and to fix their remuneration. The present Auditors M/s. Hameed Chaudhri & Company, Chartered Accountants, Lahore being eligible have offered themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modifications the following resolution:

"Resolved that consent and approval of the Company be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for provision of short term loan/advances aggregated amount of Rs. 100.000(M) each to Associated Companies @ one month KIBOR Plus 1.5 % markup. It is further resolved that the Chief Executive of the Company be and is hereby authorized to negotiate and take any action on behalf of the Company as may be deemed necessary In this regard".

by order of the board of directors

Sd/-
Ghulam Mohayuddin
Company Secretary

Multan.
Date: 06th October, 2010.

Notes:-

i) The Share Transfer Books of the Company will remain Closed from 20th October to 30th October, 2010 (Both days inclusive).

ii) A Member entitled to attend and vote at the meeting may appoint another Member of the Company as a proxy to attend and vote instead of him/her. Proxy Form duly completed should reach the Registered Office of the Company at least 48 hours before the time of Meeting.

iii) Any individual beneficial owner of CDC entitled to attend and vote at this Meeting must bring his/her CNIC or Passport. Representative of Corporate Member should bring the usual documents required for such purpose.

iv) Members are requested to notify immediately any Change in their addresses.

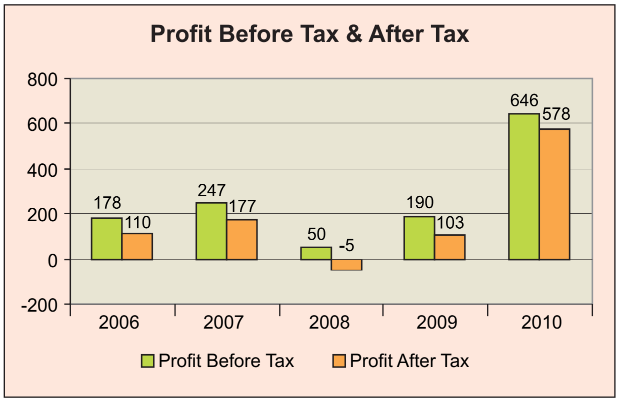
STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE,1984:

1) Name of Investee Company together with the amount and purpose of loan or advance in case any loan had already been provided or loan has been written off to the said Investee company, the complete detail of said loan:	1) Masood Fabrics Ltd. 2) Masood Spinning Mills Ltd. 3) Roomi Fabrics Ltd. 4) Roomi Enterprises(Pvt) Ltd. Last year average Loan amount of Rs. 45.000(M) was given to Roomi Enterprises(Pvt) Limited, which has been fully recovered along with interest during the year.
2) A brief about the financial position of the Investee Company on the basis of last published financial Statements:	Accounts have not been published as investee Companies are not listed on any Stock Exchange. Earning per share is there Rs. 8.81 (RFL) 19.70 (MFL) 7.50 (MSM) and Rs. 52.02 (REL (Pvt.) Ltd. as per latest account.
3) Rate of mark up to be charged:	@ one month KIBOR Plus 1.5% markup.
4) Particulars of collateral security to be obtained from borrower and, if not needed, justification thereof:	No needed. It is temporary transaction, which will be adjusted within short period.
5) Source of funds from where loan or advance will be given:	From surplus reserve/funds of the Company.
6) Repayment Schedule:	Temporary short term loan/advance adjustable within one year on revolving basis.
7) Purpose of loans and advances:	To facilitate and expedite commercial transaction of the Company amongst the Associated Companies.
8) Benefits likely to accrue to the Company and the Shareholders from loans and advances.	The Company profitability will increase by providing surplus and idle funds to the Associated Companies At about 13-15% interest rate instead of investing this fund temporarily at 6.8% with Commercial Banks.

DIRECTORS' REPORT TO THE SHAREHOLDERS

IN THE NAME OF ALLAH, THE MOST BENEFICENT, THE MOST MERCIFUL

Your Directors cordially welcome you to the 40th Annual General Meeting and place before you Annual Report alongwith audited accounts of the Company for the year ended June 30, 2010 which reflects the affairs of the Company.



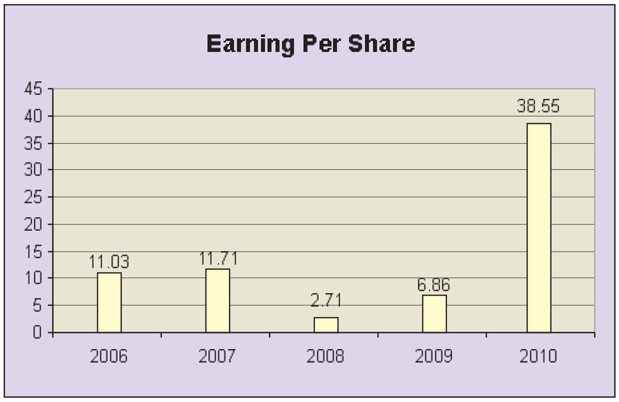
OPERATING PERFORMANCE

With the blessing and grace of ALMIGHTY ALLAH the Company during the year earned appreciable profit of Rs. 578.199 Million against Rs. 102.843 Million earned last year. Earning per share increased to Rs. 38.55 in the current year from Rs. 6.86 earned in previous year.

The operating results alongwith appropriations are summarized as under:-

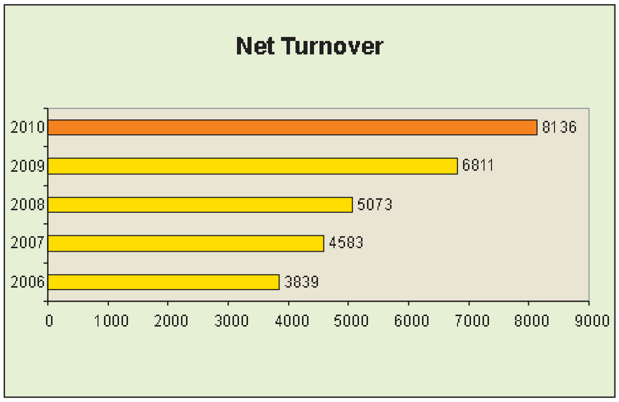
	2010 Rupees	2009 Rupees
Profit after taxation	578,199,790	102,843,981
Unappropriation profit B/F	1,604,486,021	1,516,619,375
	2,182,685,811	1,619,463,356
Proposed cash dividend @ Rs. 6 per share (2009@ 4 per share)	(90,000,000)	(39,939,960)
Proposed stock dividend (2009 52.225%)	-	(52,147,304)
Balance retained earning	2,092,685,811	1,527,376,092
Earning per share	38.55	6.86

The main factor which contributed to achieve encouraging results was due to timely purchase of cotton at good average price for the whole year. The management made good efforts and used all resources to procure quality cotton from local & international markets at competitive prices. Later on cotton prices increased tremendously and the prices of the yarn & fabrics also increased. The scenario overall moved towards achieving better operating results of the Company. Further economies of Europe and America are improving and are gradually overcoming the previous recession & crunch. This situation helped to obtain good prices of the yarn & fabrics in the international market.



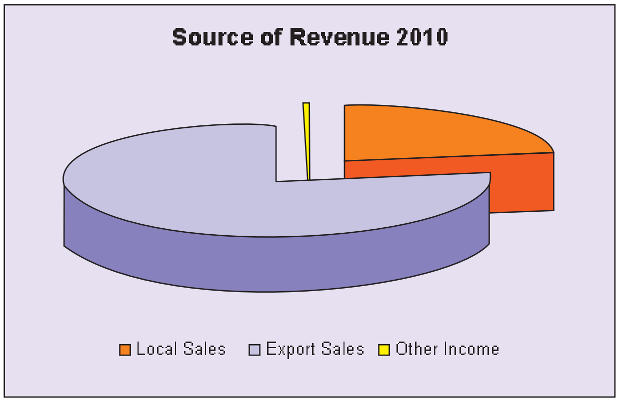
Threats & challenges to the Industry

The availability of good quality cotton play basic and vital role in the entire vertical and horizontal herarcy of the textile products right from ginning/spinning to value added goods. But unfortunately we are still unable to produce cotton to such an extent to meet demand of our industry comfortably. Survival of our Textile industry which is contributing overwhelmingly towards economic activities of the country will remain at stake unless we produce good quality of cotton in abundance. The Government should take every measure on war footing to improve production of cotton in the country.



The recent flood disaster in the country was so severe that all the economic activities of the country have been paralyzed, large area of cotton belt in southern Punjab and Sind has come under the grip of this flood and cotton crops have been damaged, whereas prices of cotton are also un-stable in the international market. This internal and external scenario is creating choas in the cotton market and prices of cotton in local market have reached to alarming high level of Rs. 7500 per maund at the start of the cotton season 2010-2011. Uncertainty is prevailing to a great extent and no direction is available at the moment.

It is worth mentioning that unethical & illogic attitude was adopted by the Govt. during the mid of reporting year by fixing quota and levying 15% duty on yarn export. All of a sudden many containers were stuck up at Karachi Port due to quota imposition. Exporters were disturbed regarding fulfillment of export commitment. This harsh decision in all respect was against all norms of business ethics. We suggest that permanent export policies for spinning, weaving & value added industry should be in place at the start of the cotton season and subsequently no change should be made during the year in any manner.

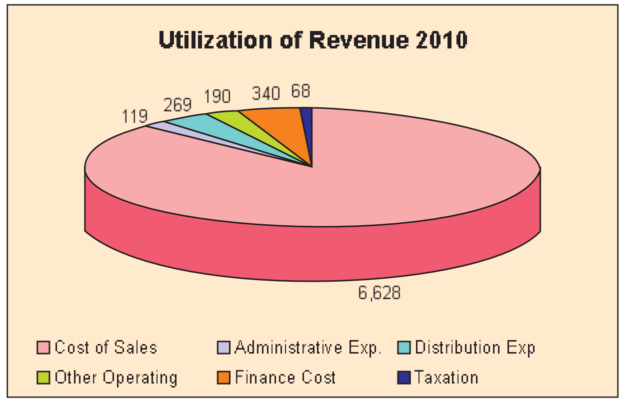


The Textile Sector is observing serious financial threat due to continuous increase in mark up rates. The State Bank has recently enhanced discount rate contrary to the aspirations of business community. Textile industry has to obtain long term & short term financing for their capital investment and cotton procurement for the whole year. If debt servicing are not rationalized, the industry will be unable to produce favourable results.

Another burning issue for the whole community is load shedding of electricity & sui gas. The Textile industry is operating round the clock throughout the year and even one hour load shedding is causing million of rupees loss to the sector. The Govt. should redress this issue on priority basis and resolve load shedding problem in order to keep on running wheel of the industry smoothly.

Inflation rate is constantly rising in the country and it is having severe impact on all input cost alongwith overheads and administrative expenses, resultantly cost of production is becoming uncompetitive in the international market.

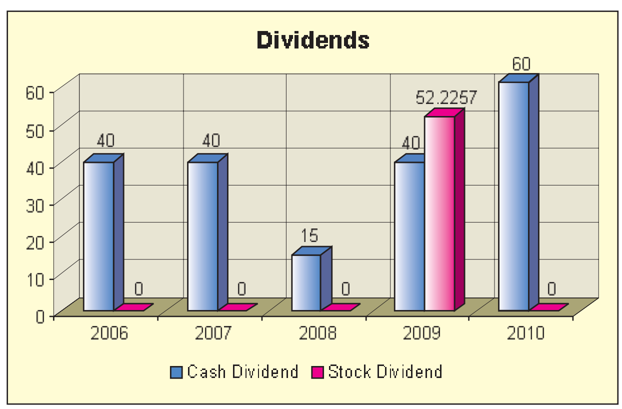
Existing Sales Tax Regime is being replaced by the Reformed General Sales Tax, if zero rating facility available to this industry is withdrawn billion of rupees will be stuck up in the refund and it will promote flying invoices culture resulting in excess refund than actual receipt of sales tax by the department. This situation will open the door of corruption and harassment to genuine sales tax payer. Thus Zero rated regime must continue for Textile industry.



CAPITAL INVESTMENT

It is a part of Company's strategic policy to review technical aspects regularly, we emphasize to run our plant with most modern techniques, BMR and expansion is made to cater the need of our valued customers and to get quality production in economical way, so that we can stand at better edge in the stream of severe competition at local and international market. This year Company has made investment of Rs. 208.300 million in Plant & Machinery to upgrade existing set up.

The Company during the year has also made investment of Rs. 302.500 Million to purchase 27.500 million shares @ Rs 11/- per share(including Rs. 1.00 premium Per share) of Orient Power Company (Pvt) Ltd.. Subsequently Company has further acquired 9.000 million shares at Rs. 11/- per share. Orient Power Company has installed & operating 225 MW gas based Power Plant near Lahore. This is the first most efficient IPP in Pakistan running on natural gas, commercial operation has been started and it is now operating at full capacity. This investment has been made out of surplus earning of the Company and will be expected to yield more than 20% return.



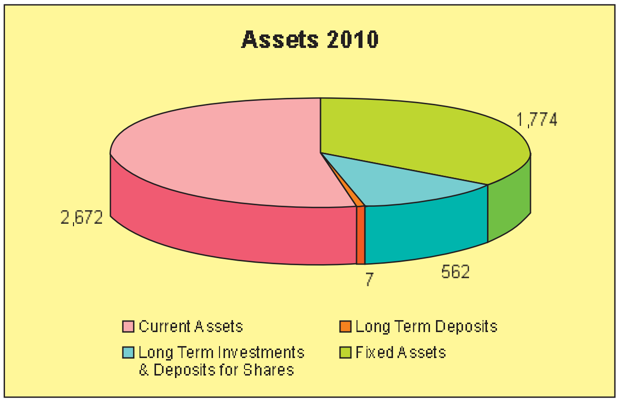
DIVIDEND PAY OUT

According to Dividend pay out strategy the management wish to pay good return to the share holders of the Company keeping in view profitability for the year.

Board has recommended to pay cash dividend @ Rs. 6.00 per share this year which will be put up in the Annual General Meeting for final approval.

FUTURE OUTLOOK

Keeping in view above mentioned submission it is difficult to predict any definite conclusion about the performance of the Company in future. In these circumstances Government should evolve business friendly policies for smooth running of the industry.



PATTERN

Pattern of share holding is annexed and detail have been submitted according to the requirement of Code of Corporate Governance and Section 236 of the Companies Ordinance 1984.

AUDITORS

The present Auditors M/S Hameed Chaudhri & Co, Chartered Accountants retire and being eligible offer themselves for reappointment.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its listing Rules, relevant for the year ended 30th June 2010 have been duly complied with. A statement to this effect is annexed with the report.

CORPORATE GOVERNANCE

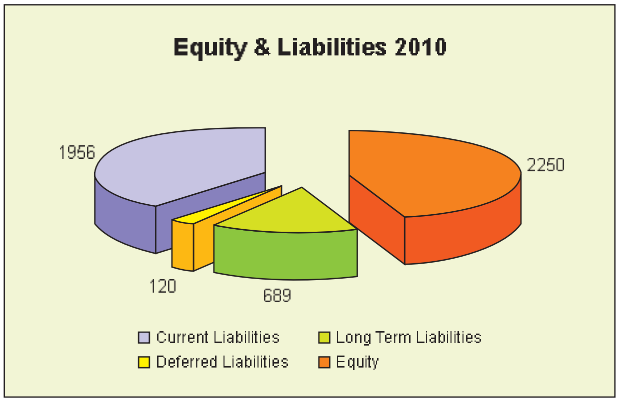
The various information and statements as required by the Code are given below:

a) Proper books of accounts have been maintained by the Company.

b) Financial statement prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.

c) Appropriate accounting policies have consistently been applied in preparation of financial statement.

d) International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements. The



system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weaknesses in control will be overcome.

e) The company is confident to continue as a progressive concern.

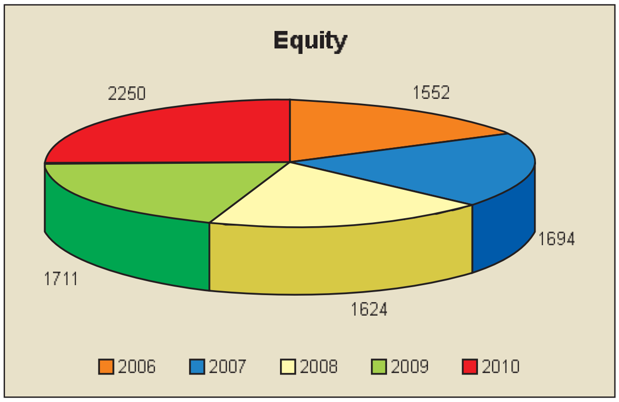
f) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.

g) Key financial data for last six years is annexed.

h) There are no outstanding statutory payments due on account of taxes, duties, charges except for those discussed in the financial statements.

i) During the year, there is no trade reported in the shares of the company, carried out by Directors, CEO, CFO. Company Secretary and their spouses and minor children.

j) Audit Committee has been established and is working satisfactorily.



ACKNOWLEDGMENT

Your Directors would like to thank the workers, staff and officers of your Company for their efficient work and dedicated efforts to achieve such marvelous results of the reporting year and hope their wholehearted support will continue in future with the same spirit and zeal.

For and on behalf of the Board

(Khawaja Muhammad Masood)
Chairman

Multan
Dated: 5th October, 2010

DIRECTORS ATTENDANCE AT BOARD MEETINGS

From July 1st 2009 to June 30, 2010

Sr. No.	Name	Designation	Meeting Held	Meeting Attended
1.	Khawaja Muhammad Masood	Chairman	4	4
2.	Khawaja Muhammad Iqbal	CEO	4	4
3.	Khawaja Muhammad Ilyas	Director	4	4
4.	Khawaja Muhammad Younus	Director	4	4
5.	Jalal-ud-Din Roomi	Director	4	4
6.	Muhammad Muzaffar Iqbal	Director	4	4
7.	Mrs. Mehr Fatima	Director	4	4

KEY OPERATING/FINANCIAL HIGHLIGHTS

Rupees in million

	2010	2009	2008	2007	2006	2005 (Nine months)
BALANCE SHEET						
ASSETS :						
FIXED ASSETS	1,774	1,632	1,756	1,736	1,666	1,182
LONG TERM INVESTMENTS AND DEPOSITS FOR SHARES	562	338	273	253	134	174
LONG TERM DEPOSITS	7	7	4	4	4	4
CURRENT ASSETS	2,672	2,441	2,264	1,750	1,387	1,261
TOTAL ASSETS	**5,015**	**4,418**	**4,297**	**3,743**	**3,191**	**2,621**
FINANCED BY:						
EQUITY	2,250	1,711	1,624	1,694	1,552	1,348
LONG TERM LIABILITIES	689	595	656	602	550	366
DEFFERED LIABILITIES	120	140	93	63	33	19
CURRENT LIABILITIES	1,956	1,972	1,924	1,384	1,056	888
TOTAL FUNDS INVESTED	**5,015**	**4,418**	**4,297**	**3,743**	**3,191**	**2,621**
PROFIT AND LOSS:						
SALES - NET	8,136	6,811	5,073	4,583	3,839	2,878
OPERATING PROFIT	933	523	254	411	280	245
PROFIT BEFORE TAXATION	646	190	50	247	178	210
PROFIT AFTER TAXATION	578	103	(5)	177	110	174
CASH DIVIDENDS	60%	40%	15%	40%	40%	40%
PROFIT C/F	2,093	1,604	1,517	1,587	1,445	1,249

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance Contained in Listing Regulation No. 37 of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors. At present there is no independent non executive director in the Board.

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 tax payers and none of them has defaulted in payment of any loan to a banking company, a DF1 or an NBF1.

4. No casual vacancies were occurred in the Board during the year.

5. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors 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 has been maintained.

7. All the powers of the Board have been duly exercised and decision 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 meeting of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. There were no new appointments of CFO, Company Secretary or head of internal Audit Department during the year.

10. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be.

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

MAHMOOD GROUP

12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share-holding.

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

14. The Board has formed an Audit Committee, which comprises of 3 members.
15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.

16. The Board has set-up an effective internal audit function.

17. 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 (ICAP), 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 a adopted by ICAP.

18. The statutory auditors or the persons associated with them have not been appointed to provide other service, except in accordance with the Listing Regulations and the auditors have confirmed that they have observed (IFA) guidelines in this regard.

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

For and on behalf ofthe Board of Directors.

Multan:
Dated: 5th October, 2010

Sd/
CHAIRMAN

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF 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 Mahmood Textile Mills Limited ("the Company") to comply with the Listing Regulations of the Karachi Stock Exchange, 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 35 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 undertaken at arm's length price or not.

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 30 June, 2010.

Hameed Chaudhri & Co.,
Chartered Accountants.
Engagement Partner Abdul Hameed Chaudhri

Lahore:
Dated: 5th October, 2010

AUDITORS' REPORT TO THE MEMBERS OF MAHMOOD TEXTILE MILLS LIMITED

We have audited the annexed balance sheet of MAHMOOD TEXTILE MILLS LIMITED (the Company) as at 30 June, 2010 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 our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:
   (i) the balance sheet and profit and loss account together with the notes thereon 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, except for the changes as described in note 5.1 to the financial statements with which we concur;
   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, 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 respectively give a true and fair view of the state of the Company's affairs as at 30 June, 2010 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The financial statements of the Company for the year ended 30 June, 2009 were audited by M. Yousaf Adil Saleem & Co., Chartered Accountants, who have expressed an unqualified opinion thereon.

Hameed Chaudhri & Co.,
Chartered Accountants.
Engagement Partner Abdul Hameed Chaudhri

Lahore:
Dated: 5th October, 2010

BALANCE SHEET
AS AT 30 JUNE, 2010

	Note	2010 Rupees	2009 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,774,030,933	1,632,292,921
Long term investments	8	256,658,405	338,387,900
Deposit for shares	9	302,500,000	0
Long term deposits		6,478,119	6,478,119
Loans to employees	10	2,100,000	0
		2,341,767,457	1,977,158,940
Current assets			
Stores, spares and loose tools	11	111,245,589	116,426,182
Stock-in trade	12	1,642,559,568	1,443,806,234
Trade debts	13	420,537,757	387,579,261
Short term investments	14	269,407,993	262,280,190
Loans and advances	15	35,915,979	53,794,147
Other receivables	16	90,002,216	106,585,076
Tax refunds due from the Government	17	87,922,613	61,511,567
Cash and bank balances	18	15,358,305	9,226,439
		2,672,950,020	2,441,209,096
Total Assets		5,014,717,477	4,418,368,036
EQUITY AND LIABILITIES			
Capital and reserves			
Authorized capital			
30,000,000 ordinary shares of Rs. 10 each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	19	150,000,000	99,849,890
Capital reserve		7,120,600	7,120,600
Unappropriated profit		2,092,595,745	1,604,486,021
		2,249,716,345	1,711,456,511
Liabilities			
Non-current liabilities			
Long term financing	20	688,597,010	595,030,192
Deferred taxation	21	120,573,000	139,723,932
		809,170,010	734,754,124
Current liabilities			
Trade and other payables	22	344,875,039	253,561,948
Accrued mark-up	23	62,353,293	92,557,299
Short term borrowings	24	1,299,103,549	1,492,049,444
Current maturity of long term financing	20	164,499,241	100,297,408
Taxation	25	85,000,000	33,691,302
		1,955,831,122	1,972,157,401
Total liabilities		2,765,001,132	2,706,911,525
Total equity and liabilities		5,014,717,477	4,418,368,036
Contingencies and commitments	26		

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

Kh. Muhammad Masood Chairman	Kh. Muhammad Iqbal Chief Executive Officer	Kh. Muhammad Younus Director	Muhammad Amin Pal Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE, 2010

	Note	2010 Rupees	2009 Rupees
Sales - Net	27	8,135,551,381	6,811,267,831
Cost of Sales	28	6,628,423,205	5,727,024,986
Gross Profit		1,507,128,176	1,084,242,845
Distribution Cost	29	269,380,932	227,972,445
Administrative Expenses	30	118,605,811	80,472,843
Other Operating Expenses	31	190,141,321	276,936,277
Other Operating Income	32	(4,129,294)	(23,681,740)
		573,998,770	561,699,825
Profit from Operations		933,129,406	522,543,020
Finance Cost	33	340,466,887	381,249,583
		592,662,519	141,293,437
Share of Profit of Associates	8	53,377,190	48,910,844
Profit before Taxation		646,039,709	190,204,281
Taxation			
Current	25	85,000,000	39,950,093
Prior year	25	1,990,851	223,009
Deferred	21	(19,150,932)	47,187,198
		67,839,919	87,360,300
Profit after Taxation		578,199,790	102,843,981
Other Comprehensive Income		0	0
Total Comprehensive Income		578,199,790	102,843,981
Earnings Per Share	34	38.55	6.86

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

Kh. Muhammad Masood Chairman	Kh. Muhammad Iqbal Chief Executive Officer	Kh. Muhammad Younus Director	Muhammad Amin Pal Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2010

	2010 Rupees	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year - before taxation and share of profit of Associates	592,662,519	141,293,437
Adjustments for non-cash charges and other items:		
Depreciation	167,645,557	180,122,473
(Gain)/loss on sales of plant and machinery	(2,476,847)	2,918,000
Impairment loss on long term investments	62,990,453	0
Loss on sale of shares	2,206,470	140,321,647
Loss on re-measurement of short term investments at fair value	61,320,710	45,344,361
Obsolete/slow moving stores and spares written-off	5,745,893	0
Provision against doubtful sales tax refunds	6,964,373	0
Uncollectible receivable balances written-off	5,675,505	0
Income on bank deposits	(69,158)	(62,774)
Finance cost	340,466,887	381,249,583
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	1,243,132,362	891,186,727
Decrease/(increase) in current assets		
Stores, spares and loose tools	(565,300)	49,736,730
Stock-in-trade	(198,753,334)	145,501,336
Trade debts	(32,958,496)	(242,248,402)
Short term investments - net	1,461,249	(277,525,555)
Loans and advances	15,778,168	13,437,068
Other receivables	10,907,355	(50,306,517)
Tax refunds due from the Government	6,067,930	8,152,063
Increase in trade and other payables	83,089,760	77,833,915
	(114,972,668)	(275,419,362)
CASH INFLOW FROM OPERATING ACTIVITIES - Before taxation	1,128,159,694	615,767,365
Income tax paid	(66,971,238)	(42,948,540)
NET CASH INFLOW FROM OPERATING ACTIVITIES - After taxation	1,061,188,456	572,818,825
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(315,674,157)	(65,809,205)
Sale proceeds of plant and machinery	8,767,435	6,400,000
Long term investments	0	(16,371,135)
Deposit for shares	(302,500,000)	0
Long term deposits	0	(2,612,076)
Income on bank deposits	69,158	62,774
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(609,337,564)	(78,329,642)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing - net	157,768,651	(88,387,747)
Dividend paid	(39,870,889)	(14,974,458)
Short term borrowings - net	(192,945,895)	(57,830,587)
Finance cost paid	(370,670,893)	(331,681,583)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(445,719,026)	(492,874,375)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,131,866	1,614,808
CASH AND CASH EQUIVALENTS - At beginning of the year	9,226,439	7,611,631
CASH AND CASH EQUIVALENTS - At end of the year	15,358,305	9,226,439

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

Kh. Muhammad Masood Chairman	Kh. Muhammad Iqbal Chief Executive Officer	Kh. Muhammad Younus Director	Muhammad Amin Pal Chief Financial Officer

MAHMOOD GROUP

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2010

	Share capital	Capital reserve	Unappropriated profit	Total
	------------------------ Rupees -------------------			
Balance as at 30 June, 2008	99,849,890	7,120,600	1,516,619,375	1,623,589,865
Final cash dividend for the year ended 30 June, 2008 @ Rs. 1.50 per share	0	0	(14,977,335)	(14,977,335)
Profit after taxation for the year ended 30 June, 2009	0	0	102,843,981	102,843,981
Balance as at30 June, 2009	99,849,890	7,120,600	1,604,486,021	1,711,456,511
Final cash dividend for the year ended 30 June, 2009 @ Rs. 4 per share	0	0	(39,939,956)	(39,939,956)
5,015,011 ordinary shares of Rs. 10 each issued as fully paid bonus shares	50,150,110	0	(50,150,110)	0
Profit after taxation for the year ended 30 June, 2010	0	0	578,199,790	578,199,790
Balance as at 30 June, 2010	150,000,000	7,120,600	2,092,595,745	2,249,716,345

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

Kh. Muhammad Masood	Kh. Muhammad Iqbal	Kh. Muhammad Younus	Muhammad Amin Pal
Chairman	Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2010

1. CORPORATE INFORMATION

Mahmood Textile Mills Limited (the Company) was incorporated in Pakistan on 25 February, 1970 as a Public Company and its shares are quoted on Karachi Stock Exchange. The Company is principally engaged in manufacture and sale of yarn, grey cloth and generation & sale of electricity. The registered office of the Company is situated at Multan whereas the mills are located at District Muzaffargarh, Dera Ghazi Khan Division, Punjab.

2. 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, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIC OF MEASUREMENT

3.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for the following:

- modification of foreign currency translation adjustments.
- measurement of long term investments under equity method, and
- measurement of short term investments at fair value

3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company s functional and presentation currency.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company s accounting policies. The estimates/judgments and associated assumptions used in the preparation of financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates/judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

a) useful life of depreciable assets;
b) provision against slow moving inventory;
c) provision for doubtful receivables; and
d) provision for current and deferred taxation.

5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

5.1 Accounting standards, amendments and interpretations, which have been effective and adopted by the Company

(a) IAS 1 (revised) - Presentation of Financial Statements , requires presentation of transactions with owners in Statement of Changes in Equity and with non-owners in the Statement of Comprehensive Income. The revised standard requires an entity to opt for presenting such transactions either in a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. The Company has applied IAS 1 (revised) from 01 July, 2009 and has elected to present one performance statement (i.e. profit and loss account). However, since there are no non-owner changes in equity, there is no impact of such revised standard on these financial statements.

(b) Revised IAS 23 Borrowing Costs (amendment) removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company s current accounting policy is in compliance with this amendment and, therefore, there is no effect of this change on the Company s financial statements.

(c) IFRS 7 (Amendment) Financial Instruments: Disclosures , the amendment requires enhanced disclosures regarding fair value measurement and liquidity risk. As the change only results in additional disclosures, there is no impact on earnings per share.

(d) IFRS 8 Operating Segments introduces the management approach to segment reporting. IFRS 8 requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company s decision makers in order to assess each segment s performance and to allocate resources to them. There is no impact of the new standard on the Company s financial statements; however, certain disclosures as required under IFRS 8 have been included in these financial statements.

5.2 Standards, amendments to published standards and interpretations that are effective for the annual periods beginning on or after 01 July, 2009 but not relevant to the Company s financial statements

Other new standards, interpretations and amendments to existing standards, which are mandatory for accounting periods beginning on or after 01 July, 2009 are considered not to be relevant nor have any significant effect on the Company s operations; therefore are not detailed in these financial statements.

5.3 Standards, interpretations and amendments to published approved accounting standards and interpretations not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations of International Financial Reporting Standards will be effective for accounting periods beginning on or after the dates specified below:

- IAS 1 (Amendments) Presentation of Financial Statements (effective for annual periods beginning on or after 01 January, 2010).
- IAS 7 (Amendments) Statement of Cash Flows (effective for annual periods beginning on or after 01 January, 2010).
- IAS 17 (Amendments) Leases (effective for annual periods beginning on or after 01 January, 2010).

- IAS 24 (Revised) Related Party Disclosures (effective for annual periods beginning on or after 01 February, 2010).
- IAS 32 (Amendments) Financial Instruments: Presentation Classification of Rights Issues (effective for annual periods beginning on or after 01 January, 2010)
- IAS 36 (Amendments) Impairment of Assets (effective for annual periods beginning on or after 01 January, 2010)
- IFRS 2 (Amendment) Share-based Payments - Group Cash-Settled Share-based Payment Transactions (effective for annual periods beginning on or after 01 January, 2010).
- IFRS 5 (Amendments) Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 01 January, 2010)
- IFRS 8 (Amendments) Operating Segments (effective for annual periods beginning on or after 01 January, 2010).
- IFRIC 14 (Amendments) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 01 January, 2011).
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 01 July, 2010)

The International Accounting Standards Board made certain amendments to the exiting standards as part of its second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company s 2011 financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

6.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment in value, if any, except freehold & leasehold land and capital work-in-progress, which are stated at cost.

Depreciation is charged to income applying reducing balance method to write-off the historical cost and capitalised exchange fluctuations over estimated remaining useful life of the assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 7.1. Depreciation is charged on additions from the month the assets is available for use and on disposals upto the month of disposal.

Gains or losses on disposal or retirement of property, plant and equipment are determined as the difference between the sale proceeds and the carrying amount of asset and are included in the profit and loss account.

Normal repairs and maintenance are taken to profit and loss account as and when incurred. Major renewals and replacements are capitalised and the assets so replaced, if any, other than those kept as stand-by, are retired.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

6.2 Long term investments

a) Investments in associated companies are accounted for using equity method of accounting under which these investments are initially recognised at cost and are subsequently restated to reflect the Company s share in the net assets of associated companies. Gain/loss on sale of investment is included in income.

b) Bonus shares are accounted for by increase in number of shares without any change in value.

6.3 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated to the balance sheet date.

6.4 Stock-in-trade

Basis of valuation are as follows:

Particulars	Mode of Valuation
Raw materials:	
- At mills	- At lower of annual average cost of both local and imported stocks and net realisable value
- In transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At manufacturing cost.
Finished goods	- At lower of cost and net realisable value
Waste	- At net realisable value.

- Cost in relation to work-inprocess and finished goods represents the annual average manufacturing cost, which consists or prime cost and appropriate manufacturing overheads.
- Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

6.5 Trade debts and other receivables

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

6.6 Short term investments

Short term investments, at inception, are designated at fair value through profit or loss. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account. Regular way pruchase or sale of held for trading investments is recognised using trade date accounting. A trade date is the date that an enterprise commits to purchase or sell an asset. All investments are de-recognised when the right to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

6.7 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 equivalent consist of cash-in-hand and balances with banks.

6.8 Impairment loss

The carrying amounts of the Company s assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

6.9 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use of sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale. All other borrowing cost are recognised in profit or loss in the period of incurrence.

6.10 Trade and other payables

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

6.11 Provisions

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

6.12 Taxation

Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime.

Deferred

Deferred taxation is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirements of Technical Release - 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax liability is generally recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rated that have been enacted or substantively enacted at the balance sheet date.

6.13 Foreign Currency Translations

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the Company enters into forward exchange contracts. Such transactions are translated at contracted rates. Exchange differences, if any, are taken to profit and loss account.

6.14 Dividend Distribution

Dividend distribution to the Company s shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company s shareholders.

6.15 Government Grants

Government grant that compensates the Company for expenses incurred is recognised in the profit and loss account on a systematic basis in the same period in which the expenses are recognised. Government grants are deducted in reporting the related expenses.

6.16 Financial Assets and Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities are included in the profit and loss for the year. All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial asset and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

6.17 Off-setting of Financial Instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

6.18 Revenue Recognition

- Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.
- Local sales through agents are booked on intimation from agents.
- Direct local sales are accounted for when goods are delivered to customers and invoices raised.
- Export sales are booked on despatch of goods.
- Export rebate is accounted for on accrual basis.

- Dividend income is recognised when the right to receive dividend is established.
- Interest/mark-up is accounted for on accrual basis .

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2010 Rupees	2009 Rupees
Operating fixed assets	7.1	1,681,073,080	1,632,149,019
Capital work-in-progress	7.5	92,957,853	143,902
		1,774,030,933	1,632,292,921

MAHMOOD GROUP

7.1 Operating fixed assets - tangible

Particulars	Leasehold land	Owned													Total
		Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Protective dam	Electric installations	Gas installations	Tools and equipment	Computer and accessories	Weighing bridge	
	------ Rupees ------														
As at 30 June, 2008															
Cost	17,654,855	4,800,725	330,345,674	24,714,302	2,664,775,958	6,427,802	41,259,560	3,334,948	3,631,049	83,343,509	2,720,023	7,234,204	13,044,265	2,781,372	3,206,068,246
Accumulated depreciation	0	0	182,888,437	5,302,051	1,193,246,514	3,352,771	21,181,046	2,120,742	2,011,901	33,914,460	621,357	4,199,551	7,851,118	1,664,643	1,458,354,591
Book Value	17,654,855	4,800,725	147,457,237	19,412,251	1,471,529,444	3,075,031	20,078,514	1,214,206	1,619,148	49,429,049	2,098,666	3,034,653	5,193,147	1,116,729	1,747,713,655
Year ended 30 June, 2009															
Additions	0	2,925,000	12,434,149	0	42,196,075	163,6000	10,240,584	0	0	3,966,932	0	0	1,868,996	80,500	73,875,836
Disposals:															
Cost	0	0	0	0	(23,642,877)	0	0	0	0	0	0	0	0	0	(23,642,877)
Depreciation	0	0	0	0	14,324,878	0	0	0	0	0	0	0	0	0	14,324,878
Depreciation charge	0	0	15,758,364	1,941,225	148,756,719	315,277	5.469,438	121,420	80,957	5,197,249	209,867	303,465	1,855,124	113,368	180,122,473
Book value as at 30 June, 2009	17,654,855	7,725,725	144,133,022	17,471,026	1,355,650,801	2,923,354	24,849,660	1,092,786	1,538,191	48,198,732	1,888,799	2,731,188	5,207,019	1,083,861	1,632,149,019
Year ended 30 June, 2010															
Additions	0	0	3,884,411	0	208,237,700	520,944	2,905,810	0	0	5,574,595	0	0	1,736,746	0	222,860,206
Disposals:															
Cost	0	0	0	0	(45,277,367)	0	(2,173,225)	0	0	0	0	0	0	0	(47,450,592)
Depreciation	0	0	0	0	39,556,761	0	1,603,243	0	0	0	0	0	0	0	41,160,004
Depreciation charge	0	0	14,484,062	1,747,103	138,266,260	328,439	5,277,058	109,278	76,909	4,980,772	188,880	273,118	1,805,292	108,386	167,645,557
Book value as at 30 June, 2010	17,654,855	7,725,725	133,533,371	15,723,923	1,419,901,635	3,115,859	21,908,430	983,508	1,461,282	48,792,555	1,699,919	2,458,070	5,138,473	975,475	1,681,073,080
As at 30 June, 2009															
Cost	17,654,855	7,725,725	342,779,823	24,714,302	2,683,329,156	6,591,402	51,500,144	3,334,948	3,631,049	87,310,441	2,720,023	7,234,204	14,913,261	2,861,872	3,256,301,205
Accumulated depreciation	0	0	198,646,801	7,243,276	1,327,678,355	3,668,048	26,650,484	2,242,162	2,092,858	39,111,709	831,224	4,503,016	9,706,242	1,778,011	1,624,152,186
Book Value	17,654,855	7,725,725	144,133,022	17,471,026	1,355,650,801	2,923,354	24,849,660	1,092,786	1,538,191	48,198,732	1,888,799	2,731,188	5,207,019	1,083,861	1,632,149,019
As at 30 June, 2010															
Cost	17,654,855	7,725,725	346,664,234	24,714,302	2,846,289,489	7,112,346	52,232,729	3,334,948	3,631,049	92,885,036	2,720,023	7,234,204	16,650,007	2,861,872	3,431,710,819
Accumulated depreciation	0	0	213,130,863	8,990,379	1,426,387,854	3,996,487	30,324,299	2,351,440	2,169,767	44,092,481	1,020,104	4,776,134	11,511,534	1,886,397	1,750,637,739
Book value	17,654,855	7,725,725	133,533,371	15,723,923	1,419,901,635	3,115,859	21,908,430	983,508	1,461,282	48,792,555	1,699,919	2,458,070	5,138,473	975,475	1,681,073,080
Annual depreciation rate (%)	0	0	10	10	10	10	20	10	5	10	10	10	30	10	

7.2 Leasehold land and buildings on leasehold land represent the leased assets allotted by the board of Management, Industrial Estate, Multan for a period of 99 years.

7.3 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book Value	Sale proceeds	Gain/ (loss)	Sold through negotiations to:
Plant and machinery:						
- 2 Auto Cone Murata 7-II	17,063,380	14,652,184	2,411,196	,3900,000	1,488,804	Allahwasaya Textile Mills Ltd., Multan
- 2 Auto Cone Murata 7-II	18,221,720	16,190,723	2,030,997	3,212,435	1,181,438	Premium Textile Mills Ltd., Karachi
- Auto Cone Savio Espro	9,992,267	8,713,854	1,278,413	1,035,000	(243,413)	MKM Sons, Faisalabad
	45,277,367	39,556,761	5,720,606	8,147,435	2,426,829	
Vehicles						
- 1Toyota Corolla	867,525	654,085	213,440	220,000	6,560	Anwar Sharif Motors, Multan.
- 1 Honda Civic	1,305,700	949,158	356,542	400,000	43,458	Mr. Osama Jilani, Multan
	2,173,225	1,603,243	569,982	620,000	50,018	
	47,450,592	41,160,004	6,290,588	8,767,435	2,476,847	

	2010 Rupees	2009 Rupees
7.4. Depreciation for the year has been apportioned as under:		
Cost of sales	160,125,490	172,361,215
Administrative expenses	7,520,067	7,761,258
	167,645,557	180,122,473
7.5 Capital work-in-progress		
Plant and machinery		
- cost and expenses	88,519,447	0
Advances to suppliers against:		
- civil works	3,024,406	143,902
- vehicles	1,414,000	0
	92,957,853	143,902

	Note	2010 Rupees	2009 Rupees
8 LONG TERM INVESTMENTS			
Associated Companies			
Un-quoted			
Masood Spinning Mills Limited			
4,000,000 fully paid ordinary shares of Rs. 10 each - Cost		40,000,000	40,000,000
Equity held: 13.33%			
Post acquisition profit brought forward		36,074,117	26,734,167
		76,074,117	66,734,167
Shares of profit for the year		27,827,016	9,339,950
		103,901,133	76,074,117
Roomi Fabrics Limited			
4,000,000 fully paid ordinary shares of Rs.10 each - Cost		40,000,000	40,000,000
Equity held: 18.18%			
Post acquisition profit brought forward		87,207,098	60,810,293
		127,207,098	100,810,293
Share of profit for the year		25,550,174	26,396,805
		152,757,272	127,207,098
Quoted			
Askari Leasing Limited			
4,834,165 fully paid ordinary shares of Rs. 10 each - cost		103,956,298	103,956,298
Equity held: 9.34%			
Post acquisition profit brought forward		31,150,387	17,976,298
Share of profit for the year		0	13,174,089
Less: impairment loss		(62,990,453)	0
		72,116,232	135,106,685
Less: investments classified as short term	8.2	(72,116,232)	0
		0	135,106,685
		256,658,405	338,387,900

8.1 Summarised financial information of Masood Spinning Mills Limited and Roomi Fabrics Limited, based on the un-audited financial statements for the year ended 30 June, 2010, is as follows:

	2010	2009
Masood Spinning Mills Limited		
Total assets	2,115,842,560	2,246,058,200
Total liabilities	1,336,389,199	1,689,375,251
Revenue for the year	3,635,799,509	2,648,072,929
Profit after tax for the year	225,894,783	70,067,140

	Note	2010 Rupees	2009 Rupees
Roomi Fabrics Limited			
Total assets		2,799,178,028	2,540,205,357
Total liabilities		1,958,929,005	1,889,847,746
Revenue for the year		4,344,461,447	2,966,481,242
Profit after tax for the year		189,893,412	145,196,951

8.2 The Securities and Exchange Commission of Pakistan, vide its letter Ref. No. SC/NBFC-I/D/ALL/2010/21 dated 19 January, 2010, has granted approval for the merger of Askar Leasing Ltd. with and into Askari Bank Ltd. in terms of Rule 7(2)(c) of the NBFC Rules 2003. These investments, with effect from 31 December, 2009, are not being accounted for under the requirements of IAS 28 (Investments in Associates); accordingly, the required impairment loss has been recognised during the year.

9. DEPOSIT FOR SHARES

The Company, on 22 June, 2010 has entered into a shares subscription agreement with Orient Power Company (Pvt.) Ltd. (OPCL) whereby the Company has agreed to purchase 27,500,000 shares of OPCL as a price of Rs. 11 per share. OPCL is presently developing and constructing an approximately 225 MW electric generation project located near Balloki, District Kasur, Punjab. These shares have been allotted to the Company during July, 2010.

10. LOANS TO EMPLOYEES - Unsecured

	Note	2010 Rupees	2009 Rupees
Loan to an executive - balance at year end	10.1	2,700,000	0
Less: current portion grouped under current assets		600,000	0
		2,100,000	0

10.1 Movement in the account of loan to an executive is as follows:

	2010 Rupees	2009 Rupees
Opening balance	0	0
Loan advanced during the year	3,000,000	0
Less: deductions made during the year	(300,000)	0
Closing balance	2,700,000	0

This interest free loan to an executive has been advanced for construction of house and is receivable in 36 equal monthly instalments.

10.2 The maximum aggregate amount of loan due from the executive at the end of any month during the year was Rs. 3,000,000 (2009: Rs. Nil).

11. STORES, SPARE PARTS AND LOOSE TOOLS

	2010 Rupees	2009 Rupees
Stores including in-transit inventory valuing Rs. 3,117,181 (2009: Rs. Nil)	68,135,371	69,934,561
Spares	42,911,898	46,491,621
Loose tools	198,320	0
	111,245,589	116,426,182

11.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	Note	2010 Rupees	2009 Rupees
12. STOCK-IN-TRADE			
Raw materials including in-transit inventory valuing Rs. 11,173,685 (2009: Rs. Nil).		1,085,106,540	1,062,392,724
Work-in-process		60,306,212	40,745,771
Finished goods			
- own manufactured		481,702,516	340,667,739
- trading		15,444,300	0
		497,146,816	340,667,739
		1,642,559,568	1,443,806,234
13. TRADE DEBTS			
Unsecured			
- considered good		149,993,369	134,880,350
- considered doubtful		0	714,602
		149,993,369	135,594,952
Less: provision for doubtful debts		0	714,602
		149,993,369	134,880,350
Secured			
- local		16,166,425	0
- export bills		254,377,963	252,698,911
		270,544,388	252,698,911
		420,537,757	387,579,261

	Note	2010 Rupees	2009 Rupees
14. SHORT TERM INVESTMENTS - Quoted (at fair value through profit or loss)			
Askari Bank Limited			
7,784,311 (2009: 5,000,000) fully paid ordinary shares of Rs. 10 each		118,477,213	76,400,000
Pakistan International Airlines Corporation			
Nil shares (2009: 529,500 fully paid ordinary shares of Rs. 10 each)		0	1,757,940
Allied Bank Limited			
Nil shares (2009: 254,200 fully paid ordinary shares of Rs. 10 each)		0	9,557,920
Bank Islami (Pakistan) Limited			
Nil shares (2009: 25,190,500 fully paid ordinary shares of Rs. 10 each)		0	160,463,485
Zephyr Textile Limited			
Nil shares (2009: 3,523,500 fully paid ordinary shares of Rs. 10 each)		0	14,094,000
Maqbool Textile Mills Limited			
Nil shares (2009: 500 fully paid ordinary shares of Rs. 10 each)		0	6,845
Nishat Mills Ltd.			
3,500,250 (2009: Nil shares) fully paid ordinary shares of Rs. 10 each	14.1	150,930,780	0
		269,407,993	262,280,190

14.1 These shares are pledged with Bank Islami (Pakistani) Ltd. as security for short term borrowing facilities.

15. LOAN AND ADVANCES

	2010 Rupees	2009 Rupees
Advances to:		
- employees - considered good	2,841,731	2,984,070
- suppliers and contractors - considered good	31,466,987	31,323,610
Letters of credit	1,607,261	19,486,467
	35,915,979	53,794,147

	Note	2010 Rupees	2009 Rupees
16. OTHER RECEIVABLES			
Export rebate receivable		518,056	5,028,751
Cotton claim receivable		1,747,732	400,470
Receivable against sale of shares	16.1	83,546,912	83,546,912
Due from an Associated Company [Roomi Enterprises (Pvt.) Ltd.]		0	9,562,772
Customs duty refundable		55,537	400,999
Containers' deposits		943,332	943,332
Others		3,190,647	6,701,840
		90,002,216	106,585,076

16.1 a) This represents amount receivable from Three Star Hosiery Mills (Pvt.) Ltd. [TSHM] against sale of 4,284,457 shres of Dandot Cement Company Ltd. (DCCL) sold at the rate of Rs. 19.50 per share vide agreement dated 11 September, 2008. These shares have been sold against post dated cheques of Rs. 83.546 million, which could not be encashed on their due dates.

b) Initially, the Company had transferred one million shares to a director of TSHM on 29 May, 2008 whereas another transfer on one million shares to the same director of TSHM was made on 02 June, 2008. Against both the transfers, the Company received two post dated cheques, which were due on 18 August, 2008 and 16 September, 2008 respectively. Later on, at the request of TSHM, the Company entered into an agreement for sale of all the shares of DCCL including the balance left with it and its Associated Companies. The Company had handed-over to TSHM CDC transfer orders and against them TSHM issued post dated cheques; the aforementioned two cheques were also included in that agreement with new payment date.

c) TSHM had also failed to make payment of mark-up on delayed payments as per terms of the agreement i.e. TSHM was liable to pay mark-up at the rate of 3-months KIBOR plus 2% per annum for the delayed period.

d) The Company, through its legal counsel, has issued legal notices to TSHM for recovery of outstanding amounts and mark-up thereon on 31 March, 2009 and 20 May, 2009; TSHM failed to make payments even in response to the legal notices issued by the Company. Consequently, the Company has filed a suit in the Court of District Judge, Multan for recovery of the outstanding amounts along with mark-up at the rate of 3-months KIBOR +2% per annum to be calculated on daily product basis from date of the cheques till the final realisation of the amount due. The proceedings of the Court are in process.

17. TAX REFUNDS DUE FROM THE GOVERNMENT

	2010 Rupees	2009 Rupees
Income tax refundable, advance tax and tax deducted at souce	77,756,727	38,313,378
Sales tax refundable	17,130,259	23,198,189
Less: provision for doubtful refunds	6,964,373	0
	10,165,886	23,198,189
	87,922,613	61,511,567

18. CASH AND BANK BALANCES

	Note	2010 Rupees	2009 Rupees
Cash-in-hand		1,601,379	526,168
Cash at banks on:			
- current accounts		12,120,621	4,913,272
- saving accounts	18.1	1,636,305	3,786,999
		13,756,926	8,700,271
		15,358,305	9,226,439

18.1 a) These include foreign currency balance of US $ Nil (2009: US $ 39,655, which was translated into Pak Rupees at the exchange rate prevailing on 30 June, 2009).

b) These carry profit at the rates ranging from 5.02% to 5.26% (2009: 5.10% to 5.32%) per annum.

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2010 No. of shares	2009 No. of shares		2010 Rupees	2009 Rupees
6,288,800	6,288,800	Ordinary shares of Rs. 10 each fully paid in cash	62,888,000	62,888,000
11,000	11,000	Ordinary shares of Rs. 10 each issued as fully paid against shares of Mahmood Power Generation Ltd. upto merger	110,000	110,000
8,700,200	3,685,189	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	87,002,000	36,851,890
15,000,000	9,984,989		150,000,000	99,849,890
19.1		**Movement in share capital during the year**		
9,984,989	9,984,989	Balance at beginning	99,849,890	99,849,890
5,015,011	0	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	50,150,110	0
15,000,000	9,984,989		150,000,000	99,849,890

19.1 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

19.2 The Company has one class of ordinary shares, which carry no right to fixed income.

19.3 27 (2009: 55) ordinary shares are held by Roomi Enterprises (Pvt.) Ltd. (an Associated Company).

19.4 The Company has no reserved shares for issuance under options and sale contracts.

	Note	2010 Rupees	2009 Rupees
20. LONG TERM FINANCING - Secured			
From banking companies			
United Bank Limited (UBL)			
Demand Finance -NIDF-III	20.1	20,324,188	26,140,428
Demand Finance -NIDF-V	20.2	9,551,880	11,674,520
Demand Finance -NIDF-VI	20.3	67,088,325	0
Demand Finance -NIDF-VII	20.4	69,654,000	0
Stante Bank of Pakistan -			
Export Oriented Projects			
- Finance No.1	20.5	80,918,281	91,033,066
- Finance No.2	20.5	18,004,005	20,254,505
- Finance No.3	20.5	1,020,478	1,148,038
- Finance No.4	20.6	70,164,968	78,935,589
- Finance No.5	20.7	46,934,000	51,627,400
- Finance No.6	20.8	19,170,842	21,087,926
Balance carried forward		402,830,967	301,901,472
Balance brought forward		402,830,967	301,901,472
- Finance No.7	20.9	26,696,500	29,366,150
- Finance No.8	20.10	8,183,334	9,001,667
- Finance No.9	20.11	6,644,000	7,248,000
- Finance No.10	20.12	36,524,583	39,845,000
- Finance No.11	20.13	4,000,333	4,364,000
- Finance No.12	20.14	40,245,334	43,904,000
- Finance No.13	20.15	34,000,000	34,000,000
- Finance No.14	20.16	40,000,000	40,000,000
		599,125,051	509,630,289
Habib Bank Limited (HBL)			
Demand Finance	20.18	132,640,936	185,697,311
Term Loan	20.19	87,546,800	0
Finance Against Fixed Assets - I	20.20	6,423,732	0
State Bank of Pakistan - II	20.21	10,468,000	0
Export Oriented Projects			
- Finance No.1	20.20	6,423,732	0
- Finance No.2	20.21	10,468,000	0
		253,971,200	185,697,311
		853,096,251	695,327,600
Less: current portion grouped under current liabilities:			
- UBL		98,889,578	47,241,033
- HBL		65,609,663	53,056,375
		164,499,241	100,297,408
		688,597,010	595,030,192

20.1 The Company, during the year 2006, had obtained demand finance facility of Rs. 29.048 million from the available limit carrying mark-up at the rate of 6-months KIBOR + 150bps; the effective mark-up rate charged by UBL during the year ranged between 13.91% to 14.04% (2009: 15.63% to 17.18%) per annum. These finances are repayable in 10 half-yearly instalments of Rs. 2.908 million each commenced from February, 2009.

20.2 The Company, during the year 2008, had obtained demand finance facility of Rs. 12.736 million from the sanctioned limit carrying mark-up at the rate of 6-months KIBOR + 150bps; the effective mark-up rate charged by UBL, during the year ranged between 13.91% to 14.04% (2009: 15.63% to 17.18%) per annum payable on quarterly basis. These finances are repayable in 12 half-yearly instalments of Rs. 1.061 million each commenced from June, 2009.

20.3 The Company, during the current financial year, has obtained demand finance facility of Rs. 67.088 million from the sanctioned limit of Rs. 75 million carrying mark-up at the rate of 6-months KIBOR + 175bps. UBL, during the year, has charged mark-up at the rate of 14.09% per annum. These finances are repayable in 10 half-yearly instalments of Rs. 6.709 million each commencing November, 2012.

20.4 The Company, during the current financial year, has obtained demand fiance facility of Rs. 69.654 million from the sanctioned limit of Rs. 85 million carrying mark-up at the rate of 6-months KIBOR + 175bps. UBL, during the year, has charged mark-up at the rate of 14.03% per annum. These finances are repayable in 16 half-yearly instalments of Rs. 4.353 million each commencing May, 2012.

20.5 The Company, during the year 2006, had obtained long term finance facility from the sanctioned limit of Rs. 149,914 million, which was subsequently converted into three long term finance facilities i.e. Finance No. 1, 2 and 3. These finances carry mark-up at 2% per annum over the rate of refinance as worked-out by State Bank of Pakistan (SBP). UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on half-yearly basis. Finance No.1 is repayable in 12 half-yearly instalments of Rs. 10.115 million each commenced from November, 2007, Finance No.2 is repayable in 12 half-yearly instalments of Rs. 2.251 million each commenced from December, 2007 and Finance No.3 is repayable in 12 half-yearly instalments of Rs. 0.128 million each commenced from December, 2007.

20.6 These finances, during the year 2006, were converted from demand finances carrying mark-up at 2% per annum over the rate of refinance as worked-out by SBP. UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on half-yearly basis. These finances are repayable in 12 half-yearly instalments of Rs. 8.771 million each commenced from July, 2007.

20.7 These finances were obtained during the year 2006 against the sanctioned limit of Rs. 56.320 million carrying mark-up at 2% per annum over the rate of refinance as worked-out by SBP. UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on quarterly basis. These finances are repayable in 12 half-yearly instalments of Rs. 4.693 million each commenced from November, 2008.

20.8 These finances were obtained during the year 2006 against the sanctioned limit of Rs. 23 million carrying mark-up at 2% per annum over the rate of refinance as worked-out by SBP. UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on quarterly basis. These finances are repayable in 12 half-yearly instalments of Rs. 1.917 million each commenced from November, 2008.

20.9 These finances were obtained during the year 2006 against the sanctioned limit of Rs. 32 million carrying mark-up at2% per annum over the rate of refinance as worked-out by SBP. UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on quarterly basis. These finances are repayable in 12 half-yearly instalments of Rs. 2.670 million each commenced from December, 2008.

20.10 These finances were obtained during the year 2006 against the sanctioned limit of Rs. 9.820 million carrying mark-up at 2% per annum over the rate of refinance as worked-out by SBP. UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on quarterly basis. These finances are repayable in 12 half-yearly instalments of Rs. 0.818 million each commenced from December, 2008.

20.11 These finances were obtained during the year 2008 against the sanctioned limit of Rs. 7.248 million carrying mark-up at 2% per annum over the rate of refinance as worked-out by SBP. UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on quarterly basis. These finances are repayable in 12 half-yearly instalments of Rs. 0.604 million each commenced from January, 2009.

20.12 These finances were obtained during the year 2008 against the sanctioned limit of Rs. 39.845 million carrying mark-up at 2% per annum over the rate of refinance as worked-out by SBP. UBL, during he year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on quarterly basis. These finances are repayabe in 12 half-yearly instalments of Rs. 3.320 million each commenced from April, 2010.

20.13 These finance were obtained during the year 2008 against the sanctioned limit of Rs. 4.364 million carrying mark-up at 2% per annum over the rate of refinance as worked-out by SBP. UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on quarterly basis. These finances are repayable in 12 half-yearly instalments of Rs. 0.364 million each commenced from March, 2010.

20.14 These finances were obtained during the year 2008 against the sanctioned limit of Rs. 43.904 million carrying mark-up at 2% per annum over the rate of refinance as worked-out by SBP. UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on quarterly basis. These finances are repayable in 12 half-yearly instalments of Rs. 3.659 million each commenced from June, 2010.

20.15 These finances were obtained during the year 2008 against the sanctioned limit of Rs. 34 million carrying mark-up at 2% per annum over the rate of refinance as worked-out by SBP. UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on quarterly basis. These finances are repayable in 12 half-yearly instalments of Rs. 2.833 million each commencing September, 2010.

20.16 These finances were obtained during the year 2008 against the sanction limit of Rs. 40 million carrying mark-up at 2% per annum over the rate of refinance as worked-out by SBP. UBL, during the year, has charged mark-up at the rate of 7% (2009: 7%) per annum payable on quarterly basis. These finances are repayable in 12 half-yearly instalments of Rs. 3.333 million each commencing September, 2010.

20.17 The finance facilities, as detailed in notes 20.1 to 20.16, are secured against first charge of Rs. 1.088 billion over all the present and future fixed assets including land and buildings of Units 4 and 5 of the Company.

20.18 These finances were obtained against the sanctioned limit of Rs. 372 million for import of plant and machinery. For the first three years mark-up was charged at the rate of 6 - months KIBOR + 0.45%, which was payable on quarterly basis. With effect from 01 January, 2008, the effective mark-up rate is 6-months KIBOR + 1.0%. HBL, during the current year, has charged mark-up at the rates ranging from 13.43% to 14.01% (2009: 11.27% to 14.76%) per annum. The year-end balance is repayable in 5 equal half-yearly instalments by October 2012. These finances are secured against first pari passu charge on entire fixed assets of the Company and personal guarantees of all the directors of the Company.

20.19 The company, during the current financial year, has obtained term loan facility of Rs. 87.547 million from the sanctioned limit of Rs.90 million carrying mark-up at the rate of 6-months KIBOR + 200bps. HBL, during the year, has charged mark-up at the rate of 14.23% per annum. This loan is repayable in 12 half-yearly instalments of Rs. 7.296 million each commencing May, 2011 and is secured against exclusive charge of Rs. 90 million over machinery imported through HBL.

20.20 The Company, during the current financial year, has obtained term loan facility of Rs. 12.847 million from the sanctioned limit of Rs. 13 million carrying mark-up at the rate of 6-months KIBOR + 200bps. HBL, during the year, has charged mark-up at the rate of 14.29% per annum. This loan is repayable in 12 equal half-yearly instalments commencing February, 2011 and is secured against exclusive charge of Rs. 13 million over machinery imported through HBL. As per the State Bank of Pakistan's Circular No. 8 dated 21 April, 2009, HBL has converted 50% of this loan facility into Long Term Finance Facility for Plant & Machinery carrying mark-up at the rate of 10.25% flat. All other terms and conditions including repayment and tenor remain the same.

20.21 The Company, during the current financial year, has obtained term loan facility of Rs. 20.936 million from the sanctioned limit of Rs. 29 million carrying mark-up at the rate of 6- months KIBOR + 200bps. HBL, during the year, has charged mark-up at the rate of 14.37% per annum. This loan is repayable in 10 equal half-yearly instalments commencing December, 2010 and is secured against exclusive charge of Rs. 29 million over machinery imported through HBL. As per the State Bank of Pakistan's Circular No. 8 dated 21 April, 2009, HBL has converted 50% of this loan facility into LOng Term Finance Facility for Plant & Machinery carrying mark-up at the rate of 10.40% flat. All other terms and conditions including repayment and tenor remain the same.

21. DEFERRED TAXATION

The Company's income for the current year is chargeable to tax under presumptive tax regime of the Income Tax Ordinance, 2001; however, deferred taxation is recognised as management is not certain whether income for the subsequent years will be chargeable to tax under presumptive tax regime or normal tax regime.

	Note	2010 Rupees	2009 Rupees
22. TRADE AND OTHER PAYABLES			
Creditors		57,631,082	49,491,870
Bill payable		0	10,715,402
Due to associated undertaking	22.1	126,440,739	70,961,299
Accrued expenses		104,042,202	91,768,466
Advances from customers		10,733,923	13,681,821
Tax deducted at source		282,504	233,569
Workers' (profit) participation fund	22.2	31,829,314	10,254,195
Workers' welfare fund		12,095,139	3,940,875
Unclaimed dividend		275,182	206,115
Retention money		0	112,026
Others		1,544,954	2,196,310
		344,875,039	253,561,948

22.1 This represents amounts payable to M/s Khawaja Muzaffar Mahmood Muhammad Masood on account of normal trading transactions.

	Note	2010 Rupees	2009 Rupees
22.2 Workers' (profit) participation fund - (the Fund)			
Opening balance		10,254,195	3,469,039
Add: - Interest on funds utilized in the Company's business		1,231,627	253,049
- Allocation for the year		31,829,314	10,254,195
		33,060,941	10,507,244
		43,315,136	13,976,283
Less: - Amount paid to the fund		11,482,360	3,719,750
- Amount deposited in the Government Treasury		3,462	2,338
		11,485,822	3,722,088
Closing balance		31,829,314	10,254,195

23. ACCRUED MARK-UP

	Note	2010 Rupees	2009 Rupees
Mark-up accrued on:			
- long term financing		13,578,974	16,229,236
- short term borrowings		48,774,319	76,328,063
		62,353,293	92,557,299

24. SHORT TERM BORROWINGS

	Note	2010 Rupees	2009 Rupees
Secured			
- Short term borrowings	24.1	551,837,198	612,023,018
- Short term running finances	24.1	746,393,514	880,026,426
		1,298,230,712	1,492,049,444
Un-secured			
- Temporary bank overdrafts	24.3	872,837	0
		1,299,103,549	1,492,049,444

24.1 Short term fiance facilities available from various commercial banks under mark-up arrangements aggregate Rs. 4.550 billion (2009: Rs. 2.600 billion) of which facilities aggregating Rs. 3.252 billion (2009: Rs. 1.108 billion) remained unutilised at the year-end. These finance facilities, during the year, carried mark-up at the rates ranging from 12.79% to 14.79% (2009: 12.87% to 17.50%) per annum. The aggregate finance facilities are secured against first hypothecation charge on the Company's current assets, charge on fixed assets, pledge of shares and stock-in-trade, lien over export bills, banks' lien over letters of credit and personal guarantees of sponsor directors of the Company. These facilities are expiring on various dates by 31 May, 2011.

24.2 Facilities available for opening letters of credit and guarantee from various commercial bank aggegate Rs. 1.560 billion (2009: Rs. 1.560 billion) of which the amounts aggregating Rs. 1.401 billion (2009: Rs. 1.367 billion) remained unutilised at the year-end. These facilities are secured against lien over import documents and charge on current assets of the Company. These facilities are expiring on various dates by 31 May, 2011.

24.3 These have arisen due to issuance of cheques for amounts in excess of the balance in the bank accounts.

	2010 Rupees	2009 Rupees
25. TAXATION - Net		
Opening balance	33,691,302	28,217,138
Add: provision made during the year for:		
- current year	85,000,000	39,950,093
- prior year	1,990,851	223,009
	86,990,851	40,173,102
	120,682,153	68,390,240
Less: payments/adjustments against completed assessments	35,682,153	34,698,938
Closing balance	85,000,000	33,691,302

25.1 Income tax assessments of the Company have been completed upto the Tax Year 2009; the return for the said year has not been taken-up for audit till 30 June, 2010.

25.2 No numeric tax rate reconciliation has been presented in these financial statements as provision for the current and preceding years mainly represents tax due under section 154 of the Income Tax Ordinance, 2001.

25. CONTINGENCIES AND COMMITMENTS

26.1 Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs. 159.011 million as at 30 June, 2010 (2009: Rs. 139.710 million).

26.2 Foreign bills discounted outstanding as at 30 June, 2010 aggregated Rs. 708.109 million (2009: Rs. 419.578 million).

26.3 Local bills discounted outstanding as at 30 June, 2010 aggregated Rs. 78.567 million (2009: Rs. Nil).

	2010 (Rupees in million)	2009
26.4 Commitments for irrevocable letters of credit:		
- capital expenditure	134.575	22.394
- others	260.157	30.876
	394.732	53.270

	Note	2010 Rupees	2009 Rupees
27. SALES - Net			
LOCAL			
Own produced			
- yarn		537,540,611	2,534,866,659
- cloth		50,547,909	104,769,164
- electricity sales to Multan Electric Power Company Ltd. (MEPCO)		518,009,427	408,055,746
- waste		125,896,830	115,538,030
-doubling/sizing income		15,012,650	5,551,480
		1,247,007,427	3,168,781,079
Purchased products:			
- cotton		231,318,091	105,255,318
- yarn		346,948,095	4,600,945
- waste		0	7,272,642
		578,266,186	117,128,905
	27.1	1,825,273,613	3,285,909,984
EXPORT			
Own produced:			
- yarn		4,388,276,470	2,203,344,886
- cloth		1,299,996,315	1,247,179,370
- waste		90,300,511	74,833,591
		5,778,573,296	3,525,357,847
Purchased products:			
- yarn		531,704,472	0
		6,310,277,768	3,525,357,847
		8,135,551,381	6,811,267,831

27.1 Local sales have been shown after deduction of sales tax aggregating Rs. 82,306,763 (2009: Rs. 67,121,989).

	Note	2010 Rupees	2009 Rupees
28. COST OF SALES			
Raw materials consumed	28.1	4,367,711,001	3,897,549,425
Stores consumed		154,427,854	137,498,665
Packing materials consumed		82,451,402	81,394,254
Salaries, wages and benefits	28.4	336,763,813	290,292,819
Power and fuel		843,956,771	662,893,667
Repair and maintenance		9,590,096	5,885,986
Depreciation		160,125,490	172,361,215
Insurance		34,031,977	32,974,454
		5,989,058,404	5,280,850,485
Adjustment of work-in-process			
Opening		40,745,771	35,602,983
Closing		(60,306,212)	(40,745,771)
		(19,560,441)	(5,142,788)
Cost of goods manufactured		5,969,497,963	5,275,707,697
Adjustment of finished goods			
Opening stock		340,667,739	201,485,153
Closing stock		(481,702,516)	(340,667,739)
		(141,034,777)	(139,182,586)
Cost of goods sold - Own manufactured		5,828,463,186	5,136,525,111
Cost of goods sold - Purchased products			
Opening stock		0	3,582,800
Purchases		815,404,319	586,917,075
Closing stock		(15,444,300)	0
		799,960,019	590,499,875
		6,628,423,205	5,727,024,986
28.1 Raw material consumed			
Opening stock		1,062,392,724	1,239,365,143
Purchases and purchase expenses		2,996,535,062	2,774,327,340
Transfer from Ginning Section	28.3	1,391,365,905	943,632,229
		4,387,900,967	3,717,959,569
		5,450,293,691	4,957,324,712
Less: closing stock		(1,085,106,540)	(1,062,392,724)
		4,365,187,151	3,894,931,988
Cotton cess		2,523,850	2,617,437
		4,367,711,001	3,897,549,425

28.2 Insurance claims aggregating Rs. 53.414 million, received during the year against loss of raw materials due to fire, have been adjusted against raw materials consumption for the current year.

	2010 Rupees	2009 Rupees
28.3 Production cost of Ginning Section - Net		
Raw materials consumed including local taxes aggregating Rs. 3,910,983 (2009: Rs. 3,460,915)	1,814,256,780	1,242,529,657
Lease charges	1,400,000	1,100,000
Salaries, wages and benefits	21,076,282	24,415,389
Traveling and conveyance	465,014	803,692
Repair and maintenance	4,970,667	7,048,259
Stores consumption	6,706,544	296,163
Utilities	24,139,409	18,381,990
Entertainment	516,892	608,627
Stationery	115,721	122,979
Communication	263,544	732,296
Insurance	2,801,425	1,568,731
Bank charges	7,205,248	7,502,298
Others	945,327	600,048
	1,884,862,853	1,305,710,129
Less: sale of cotton seed	493,496,948	362,077,900
Transferred to Spinning Section	1,391,365,905	943,632,229

The Company has acquired three Cotton Ginning Factories on operating lease, their total cost of production, after adjustment of sale of cotton seed to outsiders, has been transferred to Spinning Section as raw materials cost.

28.4 Expenses for the year includes staff retirement benefit - gratuity amounting Rs. 18.439 million (2009: Rs. 14.402 million).

29. DISTRIBUTION COST

	2010 Rupees	2009 Rupees
Advertisement	129,375	114,990
Export expenses	103,719,090	101,256,892
Commission	122,507,808	100,540,461
Export development surcharge	9,422,368	8,424,897
Freight and other expenses	33,602,291	17,635,205
	269,380,932	227,972,445

	Note	2010 Rupees	2009 Rupees
30. ADMINISTRATIVE EXPENSES			
Salaries and benefits	30.1	27,352,509	21,971,271
Traveling and conveyance	30.2	25,372,001	14,677,554
Rent, rates and taxes		4,397,888	1,754,495
Entertainment		5,916,919	3,476,931
Electricity		3,417,615	109,644
Communication		9,226,066	7,453,506
Printing and stationery		7,190,943	2,028,140
Insurance		2,111,587	2,134,807
Repair and maintenance		7,080,796	4,485,035
Vehicles running and maintenance		8,893,732	9,466,567
Subscription		2,614,847	1,573,382
Advisory fees for acquisition of equity investments in Orient Power Company (Pvt.) Ltd.		3,025,000	0
Auditors remuneration:			
- statutory audit		1,000,000	797,550
- half yearly review		75,000	70,000
		1,075,000	867,550
Legal and professional charges		1,943,332	439,818
Depreciation		7,520,067	7,761,258
General		1,467,509	2,272,885
		118,605,811	80,472,843

30.1 Expenses for the year includes staff retirement benefits - gratuity amounting Rs. 2.568 million (2009: Rs. 1.706 million).

30.2 These include directors traveling expenses amounting Rs. 13.842 million (2009: Rs. 11.517 million).

	2010 Rupees	2009 Rupees
31. OTHER OPERATING EXPENSES		
Donations (without directors interest)	437,000	688,700
Loss on sale of plant and machinery	0	2,918,000
Exchange fluctuation loss	0	71,434,149
Loss on sale of shares - net	2,206,470	140,321,647
Loss on re-measurement of short term investments at fair value	61,320,710	45,344,361
Impairment loss on long term investments	62,990,453	0
Loss on sale of inventory	0	2,034,350
Workers (profit) participation fund	31,829,314	10,254,195
Workers welfare fund	12,095,139	3,940,875
Obsolete/slow moving stores and spares written-off	5,745,893	0
Provision against doubtful sales tax refunds	6,964,373	0
Special excise duty	874,975	0
Uncollectible receivable balances written-off	5,675,505	0
Others	1,489	0
	190,141,321	276,936,277

	Note	2010 Rupees	2009 Rupees
32. OTHER OPERATING INCOME			
Income from financial assets			
Return on bank deposits		69,158	62,774
Dividend		1,400,000	6,025,000
Interest from Associates		0	11,991,207
Income from non-financial assets			
Rent		46,500	45,900
Export rebate on packing materials		0	180,152
Fines recovered from employees		0	60,168
Reversal of excess provision for workers welfare fund		136,789	5,316,539
Gain on sale of operating fixed assets - net	7.3	2,476,847	0
		4,129,294	23,681,740
33. FINANCE COST - Net			
Interest/mark-up on:			
- long term financing [net of mark-up subsidy aggregating Rs. 4.161 million (2009: Rs. 11.570 million)]		58,530,732	59,056,231
- short term borrowings		242,858,685	295,597,336
- workers (profit) participation fund		1,231,627	253,049
Bank charges and commission		37,845,843	26,342,967
		340,466,887	381,249,583
34. EARNINGS PER SHARE			
Profit after taxation attributable to ordinary shareholders		578,199,790	102,843,981

	2010	2009
	No. of shares	(Restated)
Number of ordinary shares issued and subscribed at the end of the year	15,000,000	15,000,000
	Rupees	**Rupees (Restated)**
Earning per share	38.55	6.86

34.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June, 2010 and 30 June, 2009, which would have any effect on the earnings per share if the option to convert is exercised.

35. SEGMENT INFORMATION

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Executive Officer of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organised into the following three operating segments.

- Spinning
- Weaving
- Power

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Finance cost, other operating income & expenses and taxation are managed at the Company level. Unallocated assets mainly include long term investments, deposits for shares, long term deposits, short term investments, tax refunds due from the Government and cash & bank balances.

Segment analysis

	Spinning	Weaving	Power	Total
	Rupees			
Year ended 30 June, 2010				
Revenue	6,216,674,231	1,400,867,723	518,009,427	8,135,551,381
Segment results	1,064,649,883	11,622,139	42,869,411	1,119,141,433
Year ended 30 June, 2009				
Revenue	4,995,222,767	1,407,989,318	408,055,746	6,811,267,831
Segment results	416,020,773	344,531,531	15,245,253	775,797,557

Reconciliation of segment results with profit from operations:

	2010 Rupees	2009 Rupees
Total results for reportable segments	1,119,141,433	775,797,557
Other operating expenses	(190,141,321)	(276,936,277)
Other operating income	4,129,294	23,681,740
Finance cost	(340,466,887)	(381,249,583)
Profit from Associates	53,377,190	48,910,844
Profit from operations	646,039,709	190,204,281

Information on assets and liabilities by segments is as follows:

	Spinning	Weaving	Power	Total
	Rupees			
Year ended 30 June, 2010				
Segment assets	2,754,030,873	1,023,248,606	292,976,130	4,070,255,609
Segment liabilities	550,144,674	470,355,718	5,285,569	1,025,785,961
As at 30 June, 2009				
Segment assets	2,571,760,873	714,064,141	331,150,794	3,616,975,808
Segment liabilities	411,705,437	442,359,730	7,265,587	861,330,754

Reconciliation of segments assets and liabilities with totals in the balance sheet is as follows:

	As at 30 June, 2010		As at 30 June, 2009	
	Assets	Liabilities	Assets	Liabilities
	---------- Rupees ----------			
Total for reportable segments	**4,070,255,609**	**1,025,785,961**	3,616,975,808	861,330,754
Unallocated assets/liabilities	**944,461,868**	**1,739,215,171**	801,392,228	1,845,580,771
Total as per balance sheet	**5,014,717,477**	**2,765,001,132**	4,418,368,036	2,706,911,525

- Sales to domestic customers in Pakistan are 22.44% (2009: 48.24%) and to customers outside Pakistan are 77.56% (2009: 51.76%) of the revenues during the year.

- The Company s customer base is diverse with no single customer accounting for more than 10% of net revenues.

Geographical Segments
All segments of the Company are managed on nation-wide basis and opereate manufacturing facilities and sale offices in Pakistan.

36. FINANCIAL INSTRUMENTS
The Company has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Company s Board of Directors has overall responsibility for the establishment and oversight of the Company s risk management framework. The Board is also responsible for developing and monitoring the Company s risk management policies.

36.1 Credit risk
Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted and primarily arises from deposit for shares, long term deposits, trade debts, short term investments, loans & advances, other receivables and bank balances. Out of the total financial assets of Rs. 1,365,884,526 (2009: Rs. 1,113,521,055), the financial assets which are subject to credit risk aggregate Rs. 1,107,624,742 (2009: Rs. 774,606,987).

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer s financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 60 to 90 days to reduce the credit risk. All the export sales are secured through letters of credit.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The maximum exposure to credit risk as at 30 June, 2010 along with comparative is tabulated below:

	2010 Rupees	2009 Rupees
Deposit for shares	302,500,000	0
Long term deposits	6,478,119	6,478,119
Trade debts	420,537,757	387,579,261
Short term investments	269,407,993	262,280,190
Loans and advances	4,941,731	2,984,070
Other receivables	90,002,216	106,585,076
Bank balances	13,756,926	8,700,271
	1,107,624,742	774,606,987

Trade debts exposure by geographic region is as follows:

Domestic	166,159,794	134,880,350
Export	254,377,963	252,698,911
	420,537,757	387,579,261

The majority of export debts of the Company are situated in Asia.

The ageing of trade debts at the year-end was as follows:

Not past due	417,481,302	368,741,407
Less than 3 months	52,809	7,818,423
3 to 6 months	0	2,828,015
over 6 months	3,003,646	8,191,416
	420,537,757	387,579,261

Based on past experience, the Company s management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs. 351,548,587 have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

36.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company s treasury department maintains flexibility in funding by maintaining availability under committed credit lines.

Financial liabilities in accordance with their contractual maturities are presented below:

	2010				
	Carrying amount	Contractual cash flows	Less than 1 Year	Between 1 to 5 years	5 years and above
	Rupees				
Long term financing	853,096,251	1,129,648,742	240,253,864	756,048,277	133,346,601
Short term borrowings	1,299,103,549	1,399,611,232	1,399,611,232	0	0
Trade and other payables	289,934,159	289,934,159	289,934,159	0	0
Accrued mark-up	62,353,293	62,353,293	62,353,293	0	0
	2,504,487,252	2,881,547,426	1,992,152,548	756,048,277	133,346,601

	2009				
	Carrying amount	Contractual cash flows	Less than 1 Year	Between 1 to 5 years	5 years and above
	------------------------------- Rupees -------------------------------				
Long term financing	695,327,600	862,233,925	159,734,779	635,509,468	66,989,678
Short term borrowings	1,492,049,444	1,616,318,041	1,616,318,041	0	0
Trade and other payables	225,451,488	225,451,488	225,451,488	0	0
Accrued mark-up	92,557,299	92,557,299	92,557,299	0	0
	2,505,385,831	2,796,560,753	2,094,061,607	635,509,468	66,989,678

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective at the respective year-ends. The rates of mark-up have been disclosed in the respective notes to these financial statements.

36.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company s income or the value of its holdings of financial instruments.

a) Currency risk

The Company is exposed to currency risk on import of plant & machinery, raw materials, stores & spares and export of goods mainly denominated in U.S. Dollar, Euro and Japanese Yen. The Company s exposure to foreign currency risk for U.S. Dollar, Euro and Japanese Yen is as follows:

	2010			
	Rupees	**US$**	**Euros**	**Yens**
Trade debts	(254,377,963)	(2,983,906)	0	0
Short term borrowings	21,292,500	250,000	0	0
Gross balance sheet exposure	(233,085,463)	(2,733,906)	0	0
Outstanding letters of credit	394,731,587	4,105,814	169,050	26,490,000
Net exposure	161,646,124	1,371,908	169,050	26,490,000

	2009			
	Rupees	**US$**	**Euros**	**Yens**
Trade debts	(252,698,911)	(2,957,079)	(79,566)	0
Bank balances	(2,697,441)	(39,655)	0	0
Bills payable	10,715,402	0	0	14,578,780
Gross balance sheet exposure	(244,680,950)	(2,996,734)	(79,566)	14,578,780
Outstanding letters of credit	53,270,193	219,733	72,472	31,933,816
Net exposure	(191,410,757)	(2,777,001)	(7,094)	46,512,596

The following significant exchange rates have been applied:

	Average rate		**Balance sheet date rate**	
	2010	**2009**	**2010**	**2009**
U.S. $ to Rupee	85.45	78.36	85.4/85.6	81.30
EURO to Rupee	104.58	106.85	104.58	114.82
Yen to Rupee	0.9700	0.7796	0.9662	0.8475

Sensitivity analysis

At the reporting date, if Rupee had strengthened by 10% against U.S. Dollar, Euro and Yen, with all other variables held constant, profit after taxation for the year would have been higher by the amount shown below mainly as a result of net foreign exchange gain on translation of foreign currency financial assets and liabilities.

	2010 Rupees	2009 Rupees
Effect on profit for the year:		
U.S. $ to Rupee	23,308,547	24,363,447
EURO to Rupee	0	913,577
Yen to Rupee	0	1,235,552

The weakening of Rupee against U.S. Dollar, Euro and Yen would have had an equal but opposite impact on the profit after taxation.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/liabilities of the Company.

b) Interest rate risk

At the reporting date, the profit and mark-up rate profile of the Company s significant financial assets and liabilities is as follows:

	2010	2009	2010	2009
	Effective mark-up rate		Carrying amount -------- (Rupees) --------	
	%	%		
Fixed rate instruments				
Financial assets				
Bank balances at saving accounts	5.02% to 5.26%	5.10% to 5.32%	1,636,305	3,786,999
Variable rate instruments				
Financial liabilities				
Long term financing	7% to 14.37%	7% to 17.18%	853,096,251	695,327,600
Short term borrowings	12.79% to 14.79%	12.87% to 17.5%	1,298,230,712	1,492,049,444

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in mark-up/profit rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in mark-up rates at the balance sheet date would have (decreased)/increased profit for the year by the amounts shown below. The analysis is performed on the same basis for the year 2009.

	Decrease Rupees	Increase Rupees
As at 30 June 2010		
Cash flow sensitivity		
- Variable rate financial liabilities	(21,513,270)	21,513,270
As at 30 June 2009		
Cash flow sensitivity-variable rate financial liabilities	(21,873,770)	21,873,770

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

c) **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company s investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the management diversifies the investments portfolio and continuously monitors developments in equity market. In addition, the Company s management actively monitors the key factors that affect stock price movement.

A 10% increase/decrease in share prices of listed companies at the balance sheet date would have decreased/increased the Company s profit in case of investments through profit or loss as follows.

	2010 Rupees	2009 Rupees
Effect on profit	26,940,799	26,228,019
Effect on investments	26,940,799	26,228,019

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and investments of the Company.

36.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm s length transaction.

37. CAPITAL RISK MANAGEMENT

The Company s prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares.

There was no change to the Company s approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

38. TRANSACTIONS WITH RELATED PARTIES

38.1 Maximum aggregate balance due from Associated Companies, on account of normal trading transactions, at any month-end during the year was Rs. 173.739 million (2009: Rs. 418.382 million).

38.2 The Company has related party relationship with its Associated Companies, its directors and key management personnel. Transactions with related parties are carried-out on arm s length basis. There were no transactions with key management personnel other than under the terms of employment. Amounts due to related parties are shown under payables and remuneration of key management personnel is disclosed in note 39. Other significant transactions with Associated Companies during the year were as follows:

	2010 Rupees	2009 Rupees
- sale of goods	1,496,629,907	834,571,708
- sale of shares	6,845	356,111,469
- sale of waste/comber noil	0	45,676
- purchase of goods	415,725,759	464,901,825
- purchase of shares	0	44,341,310
- purchase of waste/comber noil	0	235,132
- sizing charges	0	624,257
- doubling charges	2,295,100	3,941,831
- doubling revenue	13,327,250	5,551,480
- rent accrued	36,000	0

39. REMUNERATION OF EXECUTIVE

Managerial remuneration	9,149,266	3,680,000
Bonus	838,000	306,667
Retirement benefits - gratuity	838,000	306,667
Other perquisites and benefits	893,867	327,111
	11,719,133	4,620,445
Number of persons	13	4

39.1 Some of the executives have been provided with the Company maintained cars.

40. CAPACITY AND PRODUCTION

Yarn			
Number of spindles installed		84,912	84,912
Number of spindles-shift worked		90,206,856	91,040,076
Production capacity at 20 s count			
1,094 shifts (2009: 1,093 shifts)	Kgs.	30,687,893	31,616,586
Actual production converted into 20 s count	Kgs.	30,802,567	31,003,601
Cloth			
Number of looms installed		100	88
Number of looms-shifts worked		97,904	96,184
Installed capacity at 60 picks			
1,093 shifts (2009: 1,093 shifts)	Sq. mtrs.	19,273,198	19,092,957
Actual production converted into 60 picks	Sq. mtrs.	18,201,608	17,856,211

Power House

Number of generators installed	9	9
Number of shifts worked	1,094	1,093
Generation capacity in Mega Watts	18	19
Actual generation in Mega Watts	13	12

It is difficult to describe precisely the production capacity in spinning/weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist, the width and construction of fabric woven, etc. It also varies according to the pattern of production adopted in a particular year.

41. DATE OF AUTHORISATION OF FINANCIAL STATEMENT

These financial statements were authorised for issue on 5th October, 2010 by the board of directors of the Company

42. GENERAL

- Figures in the financial statements have been rounded-off to the nearest Rupee, except stated otherwise.
- Corresponding year s figures have been reclassified for the purpose of better presentation and comparison; significant classification made during the year is as follows:
  - advance income tax, which was grouped under the head of loan & advances in the preceding year s balance sheet, has been grouped under the head of tax refunds due from the Government (note 17).

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

FORM-34
PATTERN OF SHAREHOLDING
AS AT 30TH JUNE, 2010

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	TOTAL SHARES HELD
18	1	100 Shares	756
65	101	500 Shares	15,791
23	501	1,000 Shares	16,474
49	1,001	5,000 Shares	88,282
6	5,001	10,000 Shares	46,774
4	10,001	15,000 Shares	47,648
1	15,001	20,000 Shares	15,165
1	30,001	35,000 Shares	30,045
1	45,001	50,000 Shares	45,471
1	95,001	100,000 Shares	95,435
4	105,001	110,000 Shares	431,189
2	160,001	165,000 Shares	323,060
6	170,001	175,000 Shares	1,026,186
1	190,001	195,000 Shares	190,035
3	215,001	220,000 Shares	649,059
1	245,001	250,000 Shares	246,144
3	280,001	285,000 Shares	851,865
1	290,001	295,000 Shares	291,466
2	320,001	325,000 Shares	645,788
1	415,001	420,000 Shares	415,633
1	535,001	540,000 Shares	538,782
1	675,001	680,000 Shares	678,492
1	740,001	745,000 Shares	743,438
1	790,001	795,000 Shares	792,186
1	805,001	810,000 Shares	805,322
1	830,001	835,000 Shares	831,523
1	865,001	870,000 Shares	866,662
1	1,005,001	1,010,000 Shares	1,009,088
1	1,020,001	1,025,000 Shares	1,022,267
1	1,080,001	1,085,000 Shares	1,083,483
1	1,155,001	1,160,000 Shares	1,156,491
204			15,000,000

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	PERCENTAGE
Directors, Chief Executive Officer, & their spouse & Minor Children:	12	6,743,400	44.96
Associated Companies, Undertakings & related parties:	-	-	-
NIT & ICP:	2	45,671	0.31
Banks, Development Financial Institutions, Non-Banking Financial Institutions:	-	-	-
Joint Stock Companies:	1	1,921	0.01
Insurance Companies:	-	-	-
Modarabas & Mutual Funds:	-	-	-
Shareholders Holding 10%:	-	-	-
General Public:			
a. Local:	189	8,209,008	54.72
b. Foreign:	-	-	-
Others:	-	-	-
	204	15,000,000	100

N.B:- The above two statements include **(153)** shareholders Holding **1,083,483 Share** through **Central Depository Company of Pakistan Limited.**

SHAREHOLDINGS OF DIRECTORS.
ALONGWITH SPOUSE AND MINORS

Sr. No.	Name fo Director.	No. of shares Held	TOTAL SHARES
1	Khawaja Muhammad Masood	1,009,088	
	Mst. Mehr Fatima (Spouse)	805,322	1,814,410
2	Khawaja Muhammad Iqbal	678,492	
	Mst. Khadija Qureshi (Spouse)	95,435	773,927
3	Khawaja Muhammad Ilyas	538,782	
	Mst. Bilquees Akhtar (Spouse)	743,438	1,282,220
4	Khawaja Muhammad Younus	831,523	
	Mst. RubinaYounus (Spouse)	108,130	939,653
5	Khawaja Muhammad Jalaluddin Roomi	1,156,491	
	Mrs. Humera Jalaluddin (Spouse)	190,035	1,346,526
6	Mr. Muhammad Muzaffar Iqbal	415,633	
	Mrs. Attiya Fatima (Spouse)	171,031	586,664
7	Mst. Mehr Fatima (Spouse)	Already given above.	
	Khawaja Muhammad Masood	Already given above.	
		Grand Total:	6,743,400

MAHMOOD GROUP

FORM OF PROXY

I,____

of____

being a member of Mahmood Textile Mills Ltd., hereby appoint________________________________

____

of____

as my proxy in my absence to attend and vote for me and on my behalf at the (Ordinary or/

and extraordinary as the case may be) General Meeting of the Company to be held on the

____

and at any adjournment thereof____

Day of___________________________ 2010.

Signed by the siad

Affix Revenue Stamp

IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Registered Office at Mehr Manzil, Lohari Gate, Multan not less than 48 hours before the time for holding the meeting.