CONTENTS

VISION 2015

To be a world class and leading organization continuously providing high quality textile products.

MISSION 2010

To be a model diversified textile organization exceeding expectations of all stakeholders. We will achieve this by utilizing best blend of state-of-the-art technologies, excellent business processes, high performing people, and synergetic organizational culture.

CORE VALUES

Our success will not be a matter of chance, but of commitment to the following enduring beliefs and values that are engrained in the way we think and take actions to pursue a climate of excellence:

Integrity & Ethics — *Integrity, honesty and high ethical, legal & safe standards are cornerstones of our business practices.*

Quality — *We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence. Our aim is:*

To achieve and sustain good reputation in both domestic and international market by manufacturing quality Yarn /Fabric with organized training and implementation of quality system as per our valued customers needs to ensure the achievement of our aim.

Social Responsibility — *We believe in respect for the community and preserving the environment for our future generations and keeping National interests paramount in all our actions.*

Learning & Innovation — *We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future.*

Team Work — *We believe that competent and satisfied people are the company's heart, muscle and soul. We savours flashes of genius in organization's life by reinforcing attitude of teamwork and knowledge sharing based on mutual respect, trust and openness.*

Empowerment — *We flourish under an ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions.*

STRATEGIC PLAN

To achieve the above objectives, the Company has made strategic plans to enhance and upgrade its installed capacity over the next 10 years to maintain and expand its market. Further plans are to excel in social responsibilities by implementing related projects and community developments.

COMPANY INFORMATION

BOARD OF DIRECTORS:

Chairman	Mian Muhammad Javed Anwar
Chief Executive	Mian Muhammad Parvez
Directors	Mr. Muhammad Haris
	Mr. Muhammad Aurangzeb
	Mrs. Salma Javed
	Mrs. Waheeda Parvez
	Mr. Syed Raza Abbas Jaffari *(Rep. N.I.T)*

AUDIT COMMITTEE:

Chairman	Mr. Muhammad Aurangzeb
Members	Mrs. Salma Javed
	Mrs. Waheeda Parvez

CHIEF FINANCIAL OFFICER:	Mr. M. Sohail Nadeem
HEAD OF INTERNAL AUDIT:	Ms. Asma Younis
COMPANY SECRETARY:	Mr. Shamsur Rahman
AUDITORS:	M. Yousuf Adil Saleem & Co., Chartered Accountants Multan.
BANKERS:	Bank Al-Habib Limited Bank Al-Falah Limited Allied Bank Limited United Bank Limited MCB Bank Limited Meezan Bank Limited Habib Bank Limited Faysal Bank Limited
REGISTERED OFFICE:	46 - Hassan Parwana Colony, Multan.
MILLS:	M.M. Road, Chowk Sarwar Shaheed, Distt. Muzaffargarh.
SHARES REGISTRARS:	M/s Vision Consulting Limited 3-C, LDA Flats, Lawrance Road, Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of the Company will be held at its Head Office, 46-Hassan Parwana Colony, Multan, on Saturday 30th October, 2010, at 10:00 A.M., to transact the following business.

1. To confirm the minutes of the Extraordinary General Meeting held on 26th June, 2010.

2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports for the year ended June 30, 2010.

3. To appoint Auditors of the Company for the financial year 2010-2011 and to fix their remuneration. The present Auditors Messrs. M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment as recommended by the Board of Directors.

SPECIAL BUSINESS:

4. To consider and approve revised package for existing three full time working Directors of the Company.

5. To consider any other matter with the permission of the Chair.

BY ORDER OF THE BOARD OF DIRECTORS

(Shamsur Rahman)
Company Secretary

Multan: 08.10.2010

NOTES:

i. The Share Transfer Books of the Company will remain closed from 24th October, 2010 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 forms duly completed should reach the Registered/Head Office of the Company at least 48 hours before the time of the meeting.

iii. Any individual Beneficial Owners of CDC, entitled to attend and vote at this meeting, must bring his/her NIC or Passport to prove his/her identity, and in case of proxy must enclose an attested copy of his/her NIC or passport. Representatives of Corporate members should bring the usual documents required for such purpose.

iv. Members are requested to notify immediately any change in their address.

v. Members who have not yet submitted attested photocopy of their Computerized National Identity Cards (CNIC) to the Company are requested to send the same at the earliest.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

The shareholders approval will be obtained for the revised package of three full time working Directors of the Company. In this connection following resolution is intended to be moved at the meeting.

> "Resolved that monthly remuneration of Mian Muhammad Javed Anwar, Chairman and Mr. Muhammad Haris (full time working Directors) be and is fixed at Rs.105,000/- each. w.e.f. 01.10.2010, and monthly remuneration of Mr. Muhammad Aurangzeb, full time working Director be and is fixed at Rs.50,000/= w.e.f 01.10.2010, as recommended by the Board of Directors".

The working Directors are interested in the Resolution to the extent of their respective remuneration.

Directors' Report

In the Name of Allah, the Most Beneficent, the Merciful

Dear Shareholders

Yours Directors are pleased to present before you the 21st Annual Report on the affairs of your Company and Financial Results for the year ended June 30, 2010 together with the Directors Report and Auditors Report.

SUMMARIZED FINANCIAL RESULTS:

	2010 (Rupees)	2009 (Rupees)
Sales	3,392,152,617	2,736,385,752
Gross Profit	419,976,969	298,437,266
Profit (Loss) before Tax	57,835,126	(86,494,623)
Profit / (loss) after taxation	58,712,478	(63,707,937)

REVIEW OF OPERATIONS:

By the grace of Almighty Allah, during current year the operation of the Company was quite satisfactory and gross profit of the Company has increased from 10.91% to 12.38%, however the net loss i.e. 2.33% reported in year in 2009 has Alhumdolillah converted into profit i.e. 1.73%. Further, the provision for taxation in current year has been reversed due to reversal in deferred taxation that is why provision for taxation is nil. However, the provision for minimum tax has been accounted for as per Income Tax Rules 2001.

During the year under review, the sales have been increase by 24% (in term of value). Similarly, the percentage of export sales over total sales is 59% as compared to correspondence period which was 47%.

Although, the cost of electricity had substantially increased by Rs. 70 million (i.e. from Rs. 4.83/unit to Rs. 7.25/ unit) along with an increase of Rs. 23 million as a course of routine incremental on account of salaries, wages and benefits. Further the distribution cost is also increased by Rs. 43 million as compared to last year which is due to substantial increase in export sales. However, no change has been observed in administrative and other operating expenses. Lastly but not the least due to blessings of Almighty Allah, the management becomes able to save its finance cost by Rs. 70 million.

During the year under review, the Company has gone through with the process of revaluation of all assets including land, building, plant and machinery along with grid station again, to access the fair value of its assets unit wise, keeping in view of disposal of fixed assets pertains to Unit # 1 which had been approved in EOGM dated June 25, 2010. After incorporation of all impairment losses / gains, an increase in revaluation surplus Rs. 49 million has been incorporated to give a true and fair view of financial statements.

During the year under review, a bid had been received with earnest money i.e. 1% of the bid amount from a reputed organization which is in the course of negotiation and will be finally considered after fulfilling the all legal requirements. Meanwhile, the management of the Company has decided run the unit on rental basis described in note # 12.

DIVIDEND / BONUS SHARES

Keeping in view of present scenario or the liquidity tidiness being faced by the Company presently, no dividend / bonus shares has been proposed. however it is presumed that if current year results remain fruitful then dividend / bonus shares may be recommended in upcoming time.

BOARD MEETINGS AND ATTENDANCE BY DIRECTOR:

Total No. of Board Meeting held during the year under review	5
Attendance by each Director	
Mian Muhammaed Javed Anwar	5
Mian Muhammad Parvez	5
Mrs. Salma Javed	5
Mrs. Waheeda Parvez	5
Mr. Muhammed Haris	4
Mr. Muhammed Aurangzed	5
Mr. Raza Abbas Jaffari (Nominee N . I. T)	3

Leave of absence was granted to Directors who could not attend Board Meeting.

FUTURE OUTLOOK

It is the expectation of the management in current year, the legal formalities for disposal of assets will be met and proceeds on account of such disposal will be received in the Company which will help to improve liquidity position and also help in reduction of finance cost. It will also helpful the management to buy raw material at more competitive prices and could increase its profitability.

During the year, the flood in the area of especially in cotton growing areas has badly affected the cotton crop due to which availability of local cotton at economical prices is difficult, resultantly the price of the local cotton has touched its ever highest price in the history. Moreover, the output of the local cotton has also reduced due to which the management has decided to meet its raw material requirements through imports. At present, it is very essential that government of Pakistan should disallow the export of raw cotton, so that the local industry may be able to get good cotton at economical prices and contributes its share towards the prosperity of the country.

Further as announced in textile policy that the textile sector will be exempted from load management is not be implemented due to which the operations of the industry are still under pressure, in addition to above the textile sector should be compensated through a separate tariff for electricity, so that it can work more efficiently and also effectively.

CORPORATE GOVERNANCE

Compliance of corporate governance is attached.

AUDITORS

M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, Multan being eligible are recommended for appointment as Auditors of the Company for a term of one year as suggested by the Audit Committee.

PATTERN OF SHAREHOLDING

Patten of holding of shares by the shareholders of the Company as on June 30, 2010 as required under Section 236(2)(d) of the Companies Ordinance, 1984, is enclosed.

ACKNOWLEDGMENT

Your Directors place on record their deep appreciation for the efforts made by the workers and staff of the Company for their deep devotion to work.

Your Directors would also like to express their thanks to the Shareholders and Financial Institutions for their support and assistance. especially Bank Al-Habib Limited, Bank Alfalah Limited, Allied Bank Limited, United Bank Limited, MCB Bank Limited, Meezan Bank Limited, Habib Bank Limited and Faysal Bank Limited.

On behalf of the Board of Directors

Multan
Dated: October 08. 2010

Mian Muhammed Javed Anwar
Chairman

Five Years Growth at Glance (2005-2009)

Particulars	2006	2007	2008	2009	2010
OPERATIONAL PERFORMANCE:					
Weaving					
Number of Looms Installed	112	112	130	130	**130**
Number of Looms Worked	112	112	130	130	**130**
Installed Capacity after conversion into 60 picks Sq. Meter (000)	33,757	36,446	37,696	41,538	**41,538**
Actual Production after conversion into 60 picks Sq. Meter (000)	31,256	34,265	35,515	33,644	**32,489**
Spinning					
Number of Spindles Installed	33,120	38,400	38,400	38,400	**38,400**
Number of Spindles Worked	33,120	38,400	38,400	38,400	**38,400**
No. of Shifts Worked	1,091	1,095	1,095	1,095	**1,095**
Installed Capacity (after conversion into 20/s count) (1095 shifts) KGS (000)	11,780	12,468	12,593	12,988	**12,988**
Actual yarn Production (after con. 20/s count) KGS (000)	10,855	12,210	12,472	11,818	**11,837**
PROFIT AND LOSS:					
Net Sales Rs. (000)	2,032,595	2,150,014	2,556,340	2,736,385	**3,392,153**
Gross Profit Rs. (000)	199,125	180,955	205,853	332,062	**419,977**
Operating Profit/(loss) Rs. (000)	150,792	133,413	(103,687)	243,897	**284,393**
Profit/(loss) before Tax Rs. (000)	29,173	2,708	(103,687)	(52,869)	**57,835**
Profit /(loss) after Tax Rs. (000)	(6,071)	3,074	(86,871)	(63,844)	**58,712**
BALANCE SHEET:					
Share Capital and Reserves Rs. (000) Shareholders Equity	366,689	369,763	925,607	876,761	**839,920**
Property Plant & Equipment Rs. (000)	997,581	1,119,102	2,017,040	1,954,828	**1,665,880**
Capital work in Process	–	69,009	–	–	
Current Assets Rs. (000)	637,216	663,368	848,140	1,005,862	**902,267**
Current Liabilities Rs. (000)	776,728	813,003	1,267,807	1,328,924	**1,234,835**
Long Term Liabilities Rs. (000)	515,321	673,553	673.553	755,004	**652,812**
INVESTOR INFORMATION:					
Per Share (Rs:)					
Cash Dividend	–	–	–	–	**-**
Earning Per Share	(0.48)	0.21	(6.03)	(4.43)	**4.07**
FINANCIAL RATIOS:					
Gross Profit Ratio (%age)	9.78	8.41	8.05	12.14	**12.38**
Net Profit Ratio (%age)	–	0.14	(3.40)	(2.33)	**1.73**
Inventory Turnover (times)	4.24	4.62	4.03	3.80	**4.83**
Fixed Assets Turnover (times)	2.04	1.81	1.27	1.40	**1.78**
Total Assets Turnover (times)	1.22	1.16	0.89	0.92	**1.20**
Return on Capital Employed (%age)	0.04	0.12	0.05	0.15	**0.33**
Leverage Ratio	3.23	3.04	2.10	3.36	**2.42**
Current Ratio	0.82	0.82	0.67	0.76	**0.73**
Interest Coverage Ratio (times)	1.24	1.02	0.45	0.82	**0.80**

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 AHMAD HASSAN TEXTILE MILLS LIMITED to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review. to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on the internal control cover all controls and the ffectiveness of such internal controls.

The Code of Corporate Governance requires Board of Directors to approve related party transactions bifurcating 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. In this connection we are only required and have ensured compliance of requirement to the extent of Board of Directors approving the related party transactions in the aforesaid manner. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out at arm's length price.

Based on our review. nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2010.

CHARTERED ACCOUNTANTS

Karachi
Date: 08.10.2010

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year Ended June 30, 2010

This statement is being presented by the Board of Directors (the Board) of Ahmad Hassan Textile Mills Limited (Company) to comply with the Code of Corporate Governance (the Code) contained in Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited, Clause 40 (Chapter XIII) of the Listing Regulations of the Lahore Stock Exchange (Guarantee) Limited and Section 36 (Chapter XI) of the listing regulations of the Islamabad Stock Exchange (Guarantee) Limited of Pakistan 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 representations of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive directors and one executive director. However, none of the directors on the Board represent minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI and none of them is member of any stock exchange.
4. There has been no casual vacancy occurred in the Board during the year under review.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and key 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 the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and Executive Directors.
8. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transaction that were made on terms equivalent to those that prevails in the arm's length transaction only if such terms can be sustained.
9. The meetings of the Board were presided over by Chairman and, in his absence, by director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings were circulated at least seven days before the meetings. Agenda and working papers were also circulated before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The directors of the Company have given declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulations of Stock Exchanges. The directors are also encouraged to attend the workshops and seminars on the subject of Corporate Governance.
11. There was no new appointment of Chief Financial Officer (CFO) and Company Secretary. However, Ms. Asma Younis has been appointed as head of internal audit in place of Mr. Najeeb Ahmad as on 11.06.2010.
12. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The directors and Chief Executive Officer do not hold any interest in the shares of the Company other than that disclosed in the pattern of share-holdings.
15. The Company has complied with all corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit. It comprise of three members, all of whom are non-executive directors including the Chairman of the committee.
17. 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 formed and advised to the committee for compliance.
18. The Company has an effective internal audit function headed by the Head of Internal Audit. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan..
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. In compliance of the requirements of listing regulation No. 37 (Chapter XI) of Karachi Stock Exchange (Guarantee) Limited, Clause 40 (Chapter XIII) of the Listing Regulations of the Lahore Stock Exchange (Guarantee) Limited and Section 36 (Chapter XI) of the Listing Regulations of the Islamabad Stock Exchange (Guarantee) Limited of Pakistan, the related party transactions have been placed before the Audit Committee and approved by the Board of Directors.
22. We confirm that all other material principles contained in the Code have been complied with.

On the behalf of the Board

MULTAN: 08.10.2010

Mian Muhammad Parvez
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AHMAD HASSAN TEXTILE MILLS LIMITED ("the Company") as at June 30, 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 stated in note 2.2 annexed 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 Company's affairs as at June 30, 2010 and of the loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

M. YOUSUF ADIL SALEEM & CO.,
Chartered Accountants.

(Engagement Partner)
Mushtaq Ali Hirani

Karachi
Date: 08.10.2010

BALANCE SHEET AS AT JUNE 30, 2010

	Note	2010	2009 Restated	2008 Restated
ASSETS		------- Rupees	--------	
NON-CURRENT ASSETS				
Property, plant and equipment	3	1,665,879,959	1,949,986,594	2,017,040,206
Long term investment	4.	259,584	259,688	259,792
Long term deposits		4,582,497	4,582,497	4,582,497
		1,670,722,040	1,954,828,779	2,021,882,495
CURRENT ASSETS				
Stores, spares and loose tools	5.	48,119,305	53,704,769	51,493,295
inventory — Stock in trade	6.	614,809,359	688,558,847	582,794,991
Trade debts	7.	199,997,799	233,831,344	161,739,614
Loans and advances	8.	29,165,801	13,585,565	31,891,156
Tax refunds due from government	9.	7,190,068	9,900,838	10,011,745
Other receivables	10.	1,904,045	4,500,618	744,612
Current portion of long term investments	4.	104	104	8,427,813
Cash and bank balances	11.	1,080,356	1,780,703	1,036,840
		902,266,837	1,005,862,788	848,140,066
Assets classified as held for sale	12.	258,835,446	-	-
		2,831,824,323	2,960,691,567	2,870,022,561
EQUITIES AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital 20,000,000 Ordinary shares of Rs. 10 each		200,000,000	200,000,000	200,000,000
Issued, subscribed and paid up capital 14,408,248.8 (2009: 14,408,248.8) ordinary shares of Rs. 10 each fully paid in cash	13.	144,082,488	144,082,488	144,082,488
Share premium	14.	32,746,284	32,746,284	32,746,284
Unappropriated profit		119,076,578	37,093,063	75,945,723
		295,905,350	213,921,835	252,774,495
Surplus on revaluation of property, plant and equipment	15.	544,014,548	527,859,828	552,715,105
NON-CURRENT LIABILITIES				
Long term financing	16	528,669,489	494,791,294	429,635,358
Subordinated loan	17.	105,000,000	105,000,000	90,000,000
Liabilities against assets subject to finance lease	18.	19,142,525	34,099,671	32,548,952
Long term morabaha	19.	-	107,552,249	94,218,916
Deferred liabilities	20.	104,257,744	114,916,674	150,322,448
		757,069,758	856,359,888	796,725,674
CURRENT LIABILITIES				
Trade and other payables	21.	217,777,647	180,775,917	130,751,623
Interest / mark-up accrued	22.	52,825,354	65,383,710	58,414,938
Short term borrowings	23.	774,492,145	1,003,870,736	897,128,670
Current portion of non current liabilities	24.	169,310,070	99,216,423	168,329,082
Provision for taxation	25.	20,429,451	13,303,230	13,182,974
		1,234,834,667	1,362,550,016	1,267,807,287
CONTINGENCIES AND COMMITMENTS	26.			
		2,831,824,323	2,960,691,567	2,870,022,561

The annexed notes form an integral part of these financial statements

sd/-	sd/-	sd/-	sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Parvez	Muhammad Haris	M. Sohail Nadeem
Chairman	Chief Executive Officer	Director	Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009 Restated
		------- Rupees	--------
Sales - net	27.	3,392,152,617	2,736,385,752
Cost of goods sold	28.	(2,972,175,648)	(2,437,948,486)
Gross profit		419,976,969	298,437,266
Other operating income	29.	4,342,182	5,908,824
		424,319,151	304,346,090
Distribution cost	30.	(111,597,898)	(68,646,548)
Administrative expenses	31.	(24,153,472)	(24,150,530)
Other operating expenses	32.	(4,174,800)	(1,276,860)
Finance cost	33.	(226,557,855)	(296,766,775)
Profit / (loss) before taxation		57,835,126	(86,494,623)
Provision for taxation	34.	877,352	22,786,686
Profit / (loss) after taxation		58,712,478	(63,707,937)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		**58,712,478**	**(63,707,937)**
Earnings per share - Basic and diluted	35.	4.07	(4.42)

operating income

The annexed notes form an integral part of these financial statements

sd/-	sd/-	sd/-	sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Parvez	Muhammad Haris	M. Sohail Nadeem
Chairman	Chief Executive Officer	Director	Chief Financial Officer

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CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009 Restated
	------- Rupees --------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	57,835,126	(86,494,623)
Adjustments for:		
Depreciation on property, plant and equipment	101,271,074	103,501,505
Loss / (gain) on sale of property, plant and equipment	260	(248,211)
Provision for gratuity	5,400,000	4,797,388
Finance cost	226,557,855	296,766,775
	333,229,189	404,817,457
Operating cash flows before movement in working capital	391,064,315	318,322,834
(Increase) / decrease in current assets		
Stores, spares and loose tools	5,585,464	(2,211,474)
Stock in trade	73,749,488	(105,763,856)
Trade debts	33,833,545	(72,091,730)
Loans and advances	(3,196,546)	4,473,302
Tax refunds due from government	3,786,715	2,767,500
Other receivables	2,596,573	(3,756,006)
Current portion of long term loans	-	8,427,709
Increase / (decrease) in current liabilities		
Trade and other payables	45,252,171	49,331,622
	161,607,410	(118,822,933)
Cash generated from operations	552,671,725	199,499,901
Gratuity paid	(13,650,441)	(4,104,716)
Income taxes paid	(26,237,157)	(1,323,136)
Net cash from operating activities	512,784,127	194,072,049
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26,473,823)	(43,532,670) — C. Exp
Proceeds from disposal of property, plant and equipment	21,600	7,332,988
Redemption of long term investment	104	104
Net cash used in investing activities	(26,452,119)	(36,199,578)

	2010	2009 Restated
	------- Rupees --------	
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing raised	50,000,000	85,000,000
Repayment of long term finances	(49,909,151)	(38,426,747)
Subordinated loans obtained	-	15,000,000
Repayment of long term morabaha	-	(18,072,972)
Repayment of principal portion of finance lease	(18,628,402)	(17,572,952)
Short term borrowings - net	(229,378,591)	106,742,066
Finance cost paid	(239,116,211)	(289,798,003)
Net cash used in financing activities	(487,032,355)	(157,128,608)
Net (decrease) / increase in cash and bank balances during the year	(700,347)	743,863
Cash and bank balances at the beginning of the year	1,780,703	1,036,840
Cash and bank balances at the end of the year	1,080,356	1,780,703

The annexed notes form an integral part of these financial statements

sd/-	sd/-	sd/-	sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Parvez	Muhammad Haris	M. Sohail Nadeem
Chairman	Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2010

	Share Capital	Reserves		
		Capital	Revenue	
	Issued, subscribed and paid up capital	Share premium	Unappropriated profits	Total
	(Rupees)			
Balance at July 01, 2008	144.082.488	32,746,284	106,063,245	282,892,017
Effect of prior period error (note 42)			(30,117,522)	(30,117,522)
Balance at July 01, 2008 - restated	144,082.488	32.746.284	75,945,723	252,774,495
Total comprehensive income for the year ended June 30, 2009	-	-	(63,707,937)	(63,707,937)
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	24,855.277	24,855,277
Balance at June 30, 2009 - restated	144,082,488	32,746,284	37,093,063	213,921,835
Total comprehensive income for the year ended June 30, 2010	-	-	58,712,478	58,712,478
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax			23,271,037	23,271,037
Balance at June 30, 2010	144,082,488	32,746,284	119,076,578	295,905,350

The annexed notes form an integral part of these financial statements

sd/-	sd/-	sd/-	sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Parvez	Muhammad Haris	M. Sohail Nadeem
Chairman	Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

1. STATUS AND ACTIVITIES

1.1 Ahmed Hassan Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as public company limited by shares under Companies Ordinance 1984. Its shares are quoted on all Stock Exchanges in Pakistan. The registered office of the Company is situated in Multan. The Mill is located at District Muzaffargarh. The principal activity of the Company is manufacture and sale of yarn and fabric.

1.2 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by 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 of or directives issued under Companies Ordinance, 1984 shall prevail.

2.2 Adoption of new International Financial Reporting Standards

In the current year, the Company has adopted all new Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and as notified by the Securities and Exchange Commission of Pakistan that are relevant to its operations and effective for Company's accounting period beginning on July 01, 2009. The adoption of these new Standards and Interpretations has resulted in changes to the Company's accounting policies in the following areas:

IAS 1 (revised) - Presentation of Financial Statements — January 01, 2009

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. Further, under revised standard, an entity may present the components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. The Company has opted to present the components of profit or loss as part of a single statement of comprehensive income (profit and loss account) as permitted under revised IAS 1.

The Company does not have any items of income and expenses representing other comprehensive income. Accordingly, the adoption of the above standard does not have any significant impact on the presentation of the Company's financial statements and does not require the restatement or reclassification of comparative information. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

In addition, the revised Standard has required the presentation of a third statement of financial position at June 30, 2008, because the Company has restated its financial statements retrospectively as reflected in note 42.

IFRS 8 - Operating Segments January 01, 2009

IFRS 8 replaces IAS 14 and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company considers itself as a single operating segment company and the Company's performance is evaluated on an overall basis. The adoption of this standard has no impact on the Company's financial statement.

IFRS 7 Financial Instruments: Disclosures January 01, 2009

The amendments to IFRS 7 expands the disclosures required in respect of fair value measurements and liquidity risk. In particular. the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

2.2.1 ***New accounting standards and IFRS interpretations that are not yet effective***

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them :

IFRS 9 - Financial Instruments	January 01, 2013
Amendments to IFRS 2 - Share based Payment	'January 01, 2010
IAS 24 (revised) - Related Party Disclosures	January 01, 2010
Amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	January 01, 2010
Amendments to IAS 7 - Statement of Cash Flows	January 01, 2010
Amendments to IAS 17 - Leases	January 01, 2010

2.2.2 ***Interpretations to existing standards that are effective and not relevant for the company's***

The following interpretation to existing standards has been published and is mandatory for the company's accounting year beginning on July 01. 2008 but is not relevant for the company's operations:

IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance	January 01. 2009
IAS 40 - Investment Property	January 01, 2009
IFRS 2 - Share-based Payment : Vesting Conditions and Cancellations	January 01, 2009
IFRS 3 - Business Combinations (Revised) and IAS 27 - Consolidated and Separate Financial Statements (Amended) including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39	July 01, 2009
IAS 38 - Intangible Assets	January 01, 2009

IAS 39 - Financial Instruments : Recognition and Measurement - Eligible Hedged Items	July 01, 2009
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	July 01, 2009
IAS 32- Financial Instruments : Presentation and IAS 1 Puttable Financial Instruments and Obligations arising on Liquidation	January 01, 2009
IFRIC 9 - Remeasurement of Embedded derivatives and IAS 39 Financial Instruments : Recognition and Measurement	July 01, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 17 - Distributions of Non-cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfer of Assets from Customers	July 01, 2009
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

2.3 Basis of preparation

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

- modification of foreign currency translation adjustments as stated in note 2.6
- operating assets as stated in note 2.7, and
- certain financial statements at fair value

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of operating assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

2.4 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of operating assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

2.5 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits rebates and exemption available, if any, or minimum tax at the rate of 0.5 % of turnover, whichever is higher. However, for income under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax 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 requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

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

2.6 Foreign currency translations

Translations in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date 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 except for those covered by forward contracts, if any. All exchange fluctuations are charged to profit and loss account.

2.7 Property, plant and equipment

Owned

Property, plant and equipment except land, building, plant and machinery and generator are stated at cost less accumulated depreciation and impairment in value, if any. Land, building, plant and machinery and generator are stated at revalued amount. Borrowings costs pertaining to erection/ construction are capitalized as part of the historical cost as stated in note 2.15.

Depreciation is charged to income applying reducing balance method to write-off the cost over estimated remaining useful life of the assets. The useful life and depreciation method are consistent with the expected pattern to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets. Rates of depreciation are stated in note 3.1. Depreciation is charged on additions from the month in which an asset is acquired or capitalized and no depreciation is charged for the month in which asset is disposed. Gain/ loss on disposal of operating assets are taken to profit and loss account.

Surplus arising on revaluation of operating assets is credited to surplus on revaluation of operating assets account. The surplus on revaluation of operating assets to the extent of incremental depreciation charged on the related assets is transferred by the company to its unappropriated profit.

Minor repairs and maintenance are charged to income, as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, other than those kept as stand-by, are retired.

Leased

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal for each period.

Depreciation is charged to income at the rates stated in note 3.1 applying reducing balance method to write-off the cost of the assets over their estimated useful life in view of certainty of ownership of the assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to current year income.

2.8 Impairment of assets

The management assesses at each balance sheet date whether there is any indication that an asset except deferred tax asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

Where the impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

Gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

2.9 Long term investments

Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method. These are investments with fixed or determinable receipts and fixed maturity.

2.1 Stores, spares and loose tools

These are valued at cost, determined on basis of moving average cost less allowance for obsolete and slow moving items, except for items-in-transit which are valued at cost accumulated to the balance sheet date.

2.11 Stock in trade

Basis of valuation is as follows:

Raw material at ware house	At lower of weighted average cost and net realizable value.
Work in process	At manufacturing cost
Finished goods	At lower of cost and net realizable value
Waste	At net realizable value

Cost in relation to work in process and finished goods represents the annual average cost which consists of prime cost and appropriate manufacturing overheads. Cost of raw materials consumed is accounted for by applying the annual average cost of both imported and local purchases.

Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost to be incurred to such sale.

2.12 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.

2.13 Trade and other payables

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

2.14 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.

- Direct local sales are recorded when goods are delivered to customers and invoices are raised
- Local sales through agents are booked on intimation from the agents.
- Export sales are booked on shipment basis.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

2.15 Borrowing costs

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 or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.16 Short term investments

Short term investments are designated at fair value through profit or loss at inception. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account. Regular way purchase or sale of held for trading investments is recognized using trade date accounting. A trade date is the date that an enterprise commits to purchase or sell an asset. All investments are de-recognized when the rights 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.

2.17 Provisions

Provisions are recognized 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.

2.18 Staff retirement benefits

The company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision and payment of gratuity is made annually based on service period completed by an employee.

2.19 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

All purchases and sales of financial assets are recognized on the trade date when the Company become the party to the contractual provision.

2.2 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 recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.21 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

2.22 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

2.23 Assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition within one year of the date of its classification as assets held for sale.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Gain / loss on sale of assets classified as held for sale is recognized in profit and loss account.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Operating assets

Particulars	Cost at July 01, 2009	Additions during the year	Revaluation (loss) / Surplus	Disposals/ Transfer	Transferred to held for sale	Cost at June 30, 2010
			RUPEES			
Owned assets:						
Land - Freehold	57,562,500	–	(11,081,998)	–	(5,313,000)	41,167,502
Building on freehold land						
- Factory	394,411,659	–	(66,351,651)	–	(90,616,280)	237,443,728
- Residential	86,028,024	–	(22,325,583)	–	(10,927,750)	52,774,691
	480,439,683	–	(88,677,234)	–	(101,544,030)	290,218,419
Plant and machinery	1,943,970,963	25,756,233	149,307,154	129,544,779	(489,677,419)	1,758,901,710
Generator	14,867,784	–	–	–	–	14,867,784
Electric installations	56,747,010	–	–	–	(13,048,809)	43,698,201
Factory equipments	479,199	–	–	–	(445,750)	33,449
Office equipment	3,331,380	652,990	–	–	–	3,984,370
Telephone installation	397,224	–	–	–	–	397,224
Furniture and fixtures	2,716,867	–	–	–	(1,583,031)	1,133,836
Arms and ammunition	27,800	–	–	–	–	27,800
Weighing scale	643,982	–	–	–	(433,982)	210,000
Tube well	345,649	–	–	–	–	345,649
Fire extinguishing equipment	263,497	–	–	–	–	263,497
Vehicles	16,655,849	64,600	–	(36,500)	–	16,683,949
	2,578,449,387	26,473,823	49,547,922	129,508,279	(612,046,021)	2,171,933,390
Leased						
Grid Station	64,747,312	–	–	–	–	64,747,312
Plant and machinery	129,544,779	–	–	(129,544,779)	–	–
Vehicles	1,232,000	–	–	–	–	1,232,000
	195,524,091	–	–	(129,544,779)	–	65,979,312
	2,773,973,478	26,473,823	49,547,922	(36,500)	(612,046,021)	2,237,912,702

Accumulated depreciation at July 01, 2009	Depreciation for the year	Accumulated depreciation on disposal/ transfer	Accumulated depreciation	Accumulated depreciation at June 30, 2010	Carrying value at June 30, 2010	Rate %
		R U P E E S				
–	–	–	–	–	41,167,502	
86,069,488	14,877,047	–	(41.485.460)	59,461,075	177,982,653	5%
18,545,202	3,262,007	–	(9.434.150)	12,373,059	40,401,632	5%
104,614,690	18,139,054	–	(50.919.610)	71,834,134	218,384,285	
604,677,922	68.007,910	57,656,842	(289.177.419)	441,165,255	1,317,736,455	5%
10,255,284	457,727	–	–	10,713,011	4,154,773	10%
34,597,737	3,264,367	–	(11.452.405)	26,409,689	17,288,502	15%
212,806	24,615	–	(227.269)	10,152	23,297	10%
1,268,945	216,249	–	–	1,485,194	2,499,176	10%
298,551	9,792	–	–	308,343	88,881	10%
1,545,982	112,126	–	(1.094.899)	563,209	570,627	10%
12,325	1,536	–	–	13,861	13,939	10%
443,880	19,066	–	(338.972)	123,974	86,026	10%
256,977	8,799	–	–	265,776	79,873	10%
178,650	8,420	–	–	187,070	76,427	10%
6,415,262	2,020,715	(14,641)	–	8,421,336	8,262,613	20%
764,779,011	92.290,376	57,642,201	(353,210,574)	561,501,014	1,610,432,376	
3,776,927	6.050.464	–	–	9,827,391	54,919,921	10%
54,856,013	2.800.829	(57,656,842)	–	–	–	5%
574,933	129,405	–	–	704,338	527,662	20%
59,207,873	8.980,698	(57,656,842)	–	10,531,729	54,447,583	
823,986,884	101.271,074	(14,641)	(353,210,574)	572,032,742	1,665,879.959	

For comparative period

Particulars	Cost			
	As at July 01, 2008	Additions	Disposals	As at June 30, 2009
	R U P E E S			
Owned:				
Land - Freehold	57,562,500	–	–	57,562,500
Building on freehold land				
- Factory	375,166,285	19,245,374	–	394.411,659
- Residential	86,028,024	–	–	86.028.024
	461,194,309	19,245,374	–	480.439.683
Plant and machinery	1,904,107,355	46,648,608	(6,785,000)	1.943.970.963
Generator	14,867,784	–	–	14.867.784
Electric installation	56,672,010	75,000	–	56.747.010
Factory equipment	257,199	222,000	–	479.199
Office equipment	3,114,280	217,100	–	3.331.380
Telephone installation	397,224	–	–	397.224
Furniture and fixtures	2,716,867	–	–	2.716.867
Arms and ammunition	27,800	–	–	27.800
Weighing scales	643,982	–	–	643.982
Tube well	345,649	–	–	345.649
Fire extinguishing equipment	263,497	–	–	263.497
Vehicles	18,511,586	6,416,533	(8,272,270)	16.655.849
	2,520,682,042	72,824,615	(15,057,270)	2,578.449.387
Leased				
Plant and machinery	129,544,779	–	–	129,544.779
Grid Station	–	64,747,312	–	64,747.312
Vehicles	1,232,000	–	–	1,232.000
	130,776,779	64,747,312	–	195,524.091
	2,651,458,821	137,571,927	(15,057,270)	2,773,973,478

Depreciation				Carrying value as at June 30, 2009	Rate %
As at July 01, 2008	For the year	Adjustment on disposals	As at June 30, 2009		
RUPEES					
–	–	–	–	57,562,500	
70,769,010	15,300,478	–	86,069,488	308,342,171	5%
14,993,474	3,551,728	–	18,545,202	67,482,822	5%
85,762,484	18.852.206	–	104,614,690	375,824,993	
538,754,400	69.512.106	(3,588,584)	604.677,922	1,339,293,041	5%
9,742,784	512.500	–	10.255.284	4,612,500	10%
30,701,174	3.896.563	–	34.597.737	22,149,273	15%
185,262	27,544	–	212.806	266,393	10%
1,050,137	218,808	–	1.268.945	2,062,435	10%
287,587	10,964	–	298,551	98,673	10%
1,415,884	130,098	–	1,545,982	1,170,885	10%
10,606	1,719	–	12,325	15,475	10%
421,646	22,234	–	443,880	200,102	10%
247,125	9,852	–	256,977	88,672	10%
169,222	9,428	–	178,650	84,847	10%
8,373,870	2,425,301	(4,383,909)	6,415,262	10,240,587	20%
677,122,181	95,629,323	(7,972,493)	764,779,011	1,874,640,761	
50,925,025	3,930,988	–	54,856,013	74,688,766	5%
–	3.776,927	–	3,776,927	60,970,385	10%
410.666	164,267	–	574,933	657,067	20%
51,335,691	7,872,182	–	59,207,873	136,316,218	
728,457,872	103,501,505	(7,972,493)	823,986,884	1,949,986,594	

3.1.1 Depreciation for the year has been allocated as under:

	Note	2010 Rupees	2009 Rupees
Cost of sales	28	98,941,605	100,551,883
General and administration expenses	31	2,329,469	2,949,622
		101,271,074	103,501,505

3.1.2 During the year, Plant & Machinery amounting to Rs. 129,544,779 leased from Faysal bank has been transferred to owned assets upon payment of liability.

3.1.3 Revaluation of freehold land was carried out as on December 31, 2007 by an independent value M/s Consultancy Support & Services, Multan on the basis of market value. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment.

3.1.4 Revaluation of buildings on free hold land and plant and machinery was carried out as on June 30, 2008 by an independent value M/s Consultancy Support & Services, Multan on the basis of evaluated present values. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment.

3.1.5 A new revaluation of land & building and plant & machinery has been carried out on June 22, 2010. Unit 1 has been revalued by M/s Dimen Associates, Multan and Unit 2 & 3 are revalued by M/s Pirsons Associates Multan on the basis of evaluated present values. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment.

3.1.6 Had there been no revaluation the related figures of freehold land, building, plant and machinery and generator at June 30, 2010 would have been as follows:

	Carrying Value	
	2010 Rupees	2009 Rupees
Freehold land	2,577,758	2,577,758
Building on freehold land	120,211,034	126,537,931
Plant and machinery	1,058,500,258	1,087,413,292
Generator	4,051,055	4,501,172
	1,185,340,105	1,221,030,153

3.1.7 The following assets were disposed off during the year

Description	Cost	Accumulated depreciation	Carrying Value	Sale Proceed	Mode of Disposal	Particulars of Buyer
Vehicle	36,500	14,641	21,859	21,600	Negotiation	Mujahid Saleem S/o Muhammad Saleem H # 1636/221, Sheikhwal-2, Chungi # 8, Nawabpur Road, Multan.
2010	36,500	14,641,	21,859	21,600		
2009	15,057,270	7,972,493	7,084,777	7,332,988		

	Notes	2010	2009
		------- Rupees --------	

4. LONG TERM INVESTMENTS

	Notes	2010	2009
Held to maturity			
Term finance certificates	4.1	259,688	259,792
Less: Current maturity		(104)	(104)
		259,584	259,688

4.1 The market value of term finance certificates (TFCs) as at June 30, 2010 was Rs. 263,379 (2009: Rs. 263,483).

The Company during 2007 had purchased second tranche of TFCs of Bank Al Habib Limited amounting to Rs. 260,000 on March 07, 2007 having final maturity date of February 07, 2015. These certificates carry mark up at a rate of 6-M KIBOR+1.5% per annum and are redeemable at half yearly basis starting from August 07, 2007. First fourteen certificates are redeemable at a principal amount of Rs. 52 each and the last two Rs. 129,636 each.

5. STORES, SPARES AND LOOSE TOOLS

	Notes	2010	2009
Stores	5.1	44,517,723	48,417,046
Spares	5.1	3,601,582	5,287,723
		48,119,305	53,704,769

5.1 This includes stores in transit of Rs. 3,601,582 (2009: NIL) and spares in transit NIL (2009: Rs. 5,287,723).

6. STOCK IN TRADE

	Notes	2010	2009
Raw material		194,251,134	411,934,112
Work in process		63,425,408	35,523,496
Finished goods		357,132,817	241,101,239
		614,809,359	688,558,847

7. TRADE DEBTS

	Notes	2010	2009
Considered good			
Foreign - secured	7.1	124,404,664	149,498,196
Local-unsecured		75,593,135	84,333,148
		199,997,799	233,831,344
Considered doubtful			
Local-unsecured		1,165,206	-
Provision for doubtful debts		1,165,206	-
		-	-
		199,997,799	233,831,344

7.1 These are secured against export bills.

7.2 Trade receivables are non-interest bearing and are generally on 30 to 90 day terms.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, where appropriate.

Trade debts include debtors with a carrying amount of Rs 1.378 million (2009: Rs. 2.066 million) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

	Notes	2010	2009
		------ Rupees	-------
Aging of amounts past due but not impaired			
90-120 days		-	1,609,537
120 days and above		1.378,392	456,876
		1.378,392	2,066,413

8. LOANS AND ADVANCES

	Notes	2010	2009
Loans - considered good			
to employees		1.076.547	1,423,914
Advances - considered good			
to suppliers and against expenses		14.323.784	10,594,662
Income tax		13,742.531	1,358,841
Letters of credit fee and expenses		22.939	208,148
		28,089,254	12,161,651
		29,165,801	13,585,565

9. TAX REFUNDS DUE FROM GOVERNMENT

	Notes	2010	2009
- Considered good			
Sales tax refundable		3,457,530	7,244,245
Income tax refundable		3,732,538	2,656,593
		7,190,068	9,900,838

10. OTHER RECEIVABLES

	Notes	2010	2009
- Considered good			
Minimum tax paid under protest	**26.2**	642,984	642,984
Others		1,261,061	3,857,634
		1,904,045	4,500,618

11. CASH AND BANK BALANCES

	Notes	2010	2009
Cash in hand		205,949	195,495
Cash at banks in current accounts		874,407	1,585.208
		1,080,356	1,780,703

12. NON-CURRENT ASSETS HELD FOR SALE

The management of the company has decided in the EOGM held as on June 25, 2010 to sell out the spinning unit-1 because of mismatch ratio between input and output prices, load shedding which substantially reduced mills efficiency / profitability in past, an extraordinary increase in electricity tariff structure especially in last two years, higher markup rates.

Moreover the continuous reduction in yeild of the old spinning unit along with inferior quality of yarn has compelled the management to either to go for BMR or dispose off the said unit. After considering all the facts it was decided to dispose off the old spinning unit 1 and classify it as assets held for sale.

During the year the bid along with earnest money Rs. 2,350,000/- has been received from a reputed and well known organization which is under consideration / negotiation would be finalized after clearance from all respective institutions/bodies.

Subsequent to balance sheet date the company has decided to operate the machinery on off & on basis to complete the export orders. Currently due to wear and tear, the management of the company has decided to rent out the said unit, @ Rs. 0.75 per spindle per shift and rental income will be received on lump sum basis, in order to keep the machinery intact / ready for production till the clearance received from related institutions.

	2010	2009
	------- Rupees -------	
Assets classified as held for sale		
Free hold land	5,313,000	-
Buildings on freehold land	50,624,420	-
Plant and machinery	200,500,000	-
Equipment and others	2,398,026	-
	258,835,446	-

13. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

13.1 There were no movements during the reporting years.

13.2 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally.

	Note	2010	2009 *Restated*
		------- Rupees -------	
14. SHARE PREMIUM			
Issue of 2,989,920 ordinary shares of Rs. 10 each at a premium of Rs. 4 per share during the year 2001.		11,959,680	11,959,680
Issue of 1,138,992 ordinary shares of Rs. 10 each at a premium of Rs. 10 per share during the year 2004.		11,389,920	11,389,920
Issue of 1,879,336.8 ordinary shares of Rs. 10 each at a premium of Rs. 5 per share during the year 2007.		9,396,684	9,396,684
		32,746,284	32,746,284

	Note	2010	2009 *Restated*
		------- Rupees -------	
15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OFF DEFERRED TAX			
Surplus on revaluation of operating assets as at July 01		527,859,828	552,715.105
Addition during the year			
Revaluation surplus arising on revaluation of land, building, plant and machinery		49,547,922	-
Defer tax arising on revaluation		(10,122,165)	-
Revaluation surplus net of defer tax		39,425,757	-
Less: Transferred to unappropriated profit on account of:			
Incremental depreciation (net of deferred tax)		(23,271,037)	(24,855,277)
Surplus on revaluation of property plant & equipment as at June 30		544,014,548	527,859,828

16. LONG TERM FINANCING

Banking companies-Secured

Name of the Bank	Type of facility	2010 Rupees	2009 Rupees	No. of installments
Bank Al Habib Limited	TF-3	23,535,466	31,380.622	9
Habib Bank Limited	DF-3	-	105,000.000	10
Habib Bank Limited	DF-4	-	127,267,497	10
Habib Bank Limited	LTF-EOP	1,795,833	2,514,169	10
Habib Bank Limited	DF-5	217,267,497	-	64
Habib Bank Limited	DF-6	50,000,000	-	60
Allied Bank Limited	DF	55,000,000	65,000,000	10
Allied Bank Limited	LTF-EOP	100,441,998	109,689.983	12
United Bank Limited	DF	85,000,000	85,000,000	8
Faysal Bank Limited	LTF-EOP	14,218,920	-	6
Faysal Bank Limited	TF	7,074,119	9,432,159	8
Faysal Bank Limited	LTF-EOP	35,458,000	35,458,000	8
Faysal Bank Limited	TF	93,333,334	-	8
		683,125,167	570,742,430	
Current portion grouped under current liabilities		(154,455,678)	(75,951,136)	
		528,669,489	**494,791,294**	

Securities

Finance facilities from Bank Al Habib Limited, Habib Bank Limited, Allied Bank Limited, United Bank Limited and Faysal Bank Limited are secured against pari passu charge with each other over land, building and plant and machinery. Finance facility under LTF-EOP Faysal Bank Limited is secured against ownership of leased assets, specific charge over machinery imported and personal guarantees of working directors. Effective rate of markup on long term loans ranges from 5.5% to 15.10% (2009: 7% to 17.10%) per annum.

Mode of payment	Repayment Commenced from	Rate of markup
Half yearly	Feb. 14, 2009	6 M-kibor + 1.5%
Half yearly	Feb. 12, 2005	6 M-kibor + 1.75%
Half yearly	June 30, 2008	6 M-kibor + 1.75%
Half yearly	Feb. 06, 2008	SBP rate + 2%
Monthly	March 31, 2010	6 M-kibor + 0.75%
Monthly	March 31, 2011	6 M-kibor + 0.75%
Half yearly	March. 30, 2007	6 M-kibor + 1.75%
Half yearly	Dec. 25, 2008	SBP rate + 2%
Half yearly	July 1, 2010	3 M-kibor + 2.5%
Half yearly	August 1, 2010	6 M-kibor + 2%
Half yearly	Dec. 31, 2009	6 M-kibor + 2%
Half yearly	Oct. 17, 2009	SBP rate + 2%
Half yearly	July 1, 2009	SBP rate + 2%

	2010	2009
	------- Rupees -------	

17. SUBORDINATED LOANS- Unsecured
From related parties

	2010	2009
Mian Muhammad Javed Anwar	27.500.000	27,500,000
Mian Muhammad Parvez	27.500.000	27,500,000
Dr. Muhammad Haris	35.000.000	35,000,000
Mrs. Waheeda Parvez	15.000.000	15,000,000
	105.000.000	105,000,000

These interest free subordinated loans were obtained during the year 2008 and 2009 from the directors of the company.

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE- Secured

	Up to one year	From one year to five years	2010	2009
	----------------R u p e e s-------------------------			Rupees
Minimum lease payments	19,027,482	21,025,385	40,052,867	64,388,809
Less: Finance cost allocated to future periods	4,173,090	1,882,860	6,055,950	(11,763,490)
Present value of minimum lease payments	14,854,392	19,142,525	33,996,917	52,625,319
Less: Current portion grouped under current liabilities			14,854,392	18,525,648
			19,142,525	34,099,671

The company has entered into lease agreement with Faysal Bank Limited to acquire plant and machinery in the year 2003. This facility matured in the current year.

In 2007, the Company has entered into an lease agreement with Meezan Bank Limited for installation of grid station. The liabilities under the Ijara are payable in monthly installments by July 2012 and are subject to finance charges at the rates 6-M KIBOR plus 2%. During the year mark up was charged at the rates ranging from 14.26% to 16.93% (2009: 12.34% to 16.93%) per annum. The company intends to exercise its option to purchase the leased assets upon completion of lease terms. The said facility is secured against exclusive ownership of leased asset.

The Company has entered into a lease agreement with Bank Al Habib for the purchase of a vehicle in the year 2008. The liabilities under the facility are payable in half-yearly installments by August 2011 and are subject to finance charges at the rates 6-M KIBOR plus 2%. During the year mark up was charged at the rates ranging from 14.45% to 14.77% (2009: 15.73% to 15.75%) per annum. The said facility is secured against exclusive ownership of leased vehicle.

	Note	2010	2009
		------- Rupees --------	
19. LONG TERM MORABAHA- Secured			
Opening balance		107,552,249	130,364.860
Transferred to long term finance		(107,552,249)	-
Paid during the year		-	(18,072,972)
		-	112,291,888
Current portion grouped under current liabilities	24	-	(4,739,639)
		-	107,552,249

This facility is from Faysal Bank Limited to import textile spinning machinery. The liability under the agreement is payable in half yearly installments by February, 2013 subject to finance charge of 6 month KIBOR+2% per annum. The loan is secured against 1st pari passu charge over the fixed assets of Rs. 215 million including land, building and plant and machinery. It is further secured by the personal guarantees of working directors of the company. This loan has been transferred to Long term finance in the current year due to change in agreement terms making it a *"Conventional loan"* instead of *"Islamic finance"*

The Company has entered into a Morabaha facility with Faysal Bank Limited under LTF-EOP scheme of State Bank of Pakistan for imported machinery for weaving unit and are payable in half yearly installments by December 2011 and is subject to finance charges at the rate of SBP Rate + 2%. The said loan has been secured against first pari passu charge over plant and machinery of the company to the extent of Rs. 51 million and personal guarantees of the working directors of the company. This loan has been transferred to Long term finance in the current year due to change in agreement terms making it a *"Conventional loan"* instead of *"Islamic finance"*

	Note	2010	2009 *Restated*
		------- Rupees --------	
20. DEFERRED LIABILITIES			
Deferred taxation	20.1	104,257,744	114.916.674

20.1 Deferred taxation

	2010	2009
This comprises the following: -		
Deferred tax liabilities on taxable temporary differences arising in respect of :		
- accelerated tax depreciation allowances	123.670.021	115.388.829
- lease finances	3.581.189	15.085.285
- Surplus on revaluation of fixed assets	102.271.557	103.818.034
Deferred tax assets on deductible temporary difference arising in respect of :		
- Provision for gratuity	(901,530)	(1,725,961)
- Provision for doubtful debts	(194,531)	-
- Unabsorbed tax losses	(124,168,962)	(117,649,513)
	104,257,744	114,916,674

	Note	2010	2009
			Restated
		------- Rupees	--------

*** TRADE AND OTHER PAYABLES**

	Note	2010	2009
Creditors		85,140,019	93,175,148
Accrued liabilities		60,742,193	65,878,746
Due to associated companies	36.2	38,693,726	4,477,925
Derivative cross currency swap		5,292,607	9,942,235
Earnest money against bid of held for sale asset		2,350,000	-
Unclaimed dividend		2,450,217	2,451,857
Advance from customers		17,900,963	4,597,919
Workers' Profit Participation Fund		2,900,000	-
Workers' Welfare Fund		1,200,000	-
Withholding tax payable		1,107,922	252,087
		217,777,647	180,775,917

22. INTEREST / MARK-UP ACCRUED

	2010	2009
Interest / markup on:		
Long term financing	16,764,622	14,512,440
Lease finance charges	46,544	91,055
Long term morabaha	3,646,367	7,149,239
Short term borrowings	32,367,821	43,630,976
	52,825,354	65,383,710

23. SHORT TERM BORROWINGS

	Note	2010	2009
From banking companies - Secured	23.1	774,492,145	1,003,870,736

23.1 Short term finance facilities available from commercial banks under mark-up arrangements aggregate Rs. 1,077 million (2009: Rs. 1,456 million) and US$ 3.24 million (2009: US$ 6.6 million) of which facilities aggregating Rs. 519 million (2009: Rs. 452 million) remained unutilized at the year end. These facilities, during the year, carried markup at the rates ranging from 13.53% to 17% (2009: 13.47% to 16.93%) calculated on daily product basis. The aggregate facilities are secured against pledge, hypothecation of stock in trade, on book debts, lien on export bills, lien on title documents and personal guarantees of all the working directors of the company.

Facilities available for opening letters of credit and guarantee aggregate Rs. 200 million (2009: Rs. 60 million) and are secured against shipping documents and personal guarantees of all the working directors of the company.

These includes foreign currency balances aggregated $ 1.226 million (2009: $ 1.475 million) which have been converted into Pak rupees at the exchange rate of Rs. 85.6 (2009: Rs. 81.3) prevailing on the balance sheet date.

	Note	2010	2009
		------- Rupees --------	

24. CURRENT PORTION OF NON CURRENT LIABILITIES

	Note	2010	2009
Long term financing	16	154,455,678	75,951,136
Liabilities against assets subject to finance lease	18.	14,854,392	18,525,648
Long term morabaha	19.	-	4,739,639
		169,310,070	99,216,423

25. PROVISION FOR TAXATION

	2010	2009
Opening balance	13,303,230	13,182,974
Add: Provision made during the year	19,903,742	12,619,088
Payments / adjustments against completed assessments	(12,777,521)	(12,498,832)
	20,429,451	13,303,230

26. CONTINGENCIES AND COMMITMENTS

Contingencies

26.1 Excise and Taxation Department Karachi has imposed excise duty of Rs. 3.9 million on account of machinery imported by the company. The company has not accepted it and filed a suit in Sindh High Court Karachi against said levy. The Honorable High Court issued order " Till the next date. the respondent may not recover impugned levy upon the appellants furnishing bank guarantee for the amount demanded" The decision of the court is still pending. The management of the company is very confident that decision will be made in their favor. A bank guarantee amounting to Rs. 3.9 million has been given by a bank on behalf of the company in favor of the Director Excise and Taxation Karachi.

26.2 The Company, in view of the Supreme Court of Pakistan's Judgment dated June 04. 1997. was not liable to pay Minimum Tax under section 80- D of the Repealed Income Tax Ordinance. 1979 up to September 30, 1999. Accordingly, Minimum Tax paid up to September 30. 1999 has been accounted for as receivable from the income tax department (Note 10).

26.3 Foreign bills discounted as at June 30, 2010 aggregated Rs. 37.52 million (2009: Rs. 23.26 million).

27. Sales

	Note	2010	2009
		------- Rupees	--------
Local			
- Own manufactured goods			
Yarn		798.762.001	829,174,556
Fabric		458.540.365	524,535,126
Waste		110.383.578	84,933,309
		1,367.685.944	1,438,642,991
- Trading goods			
Yarn		34.092.456	19,990,620
		1,401,778.400	1,458,633,611
Export			
- Own manufactured goods			
Yarn		1,044,790,414	512,485,977
Fabric		898,543,304	749.422,773
		1,943,333,718	1.261.908,750
- Trading goods			
Yarn		18,301,237	-
Fabric		28,739,262	15,843,391
		1,990,374,217	1,277,752,141
		3,392,152,617	2,736,385,752

28. COST OF GOODS SOLD

	Note	2010	2009
		------- Rupees -------	Restated
Raw materials	28.1	2,306,177,438	1,774,982.114
Salaries, wages and benefits	28.2	156,132,176	132,994,738
Stores and spares		42,035,890	46,430,857
Packing materials		40,082,016	35,206,311
Chemicals		27,635,754	29,693,325
Processing charges		3,375,795	19,913,012
Power and fuel		351,170,223	280,693,909
Repair and maintenance		5,773,171	3,899,707
Insurance		6,916,617	6,768,886
Depreciation	3.1.1	98,941,605	100,551,883
Others		5,819,296	4,413,922
		3,044,059,981	2,435,548,664
Work in process			
Opening stock		35,523,496	31,129,157
Closing stock		(63,425,408)	(35,523,496)
		(27,901,912)	(4,394,339)
Cost of goods manufactured- Own manufactured		3,016,158,069	2,431,154,325
Finished goods			
Opening stock		241,101,239	202,748,370
Opening stock trial run		-	8,889,836
Closing stock		(357,132,817)	(241,101,239)
		(116,031,578)	(29,463,033)
Cost of goods sold - Own manufactured		2,900,126,491	2,401,691,292
Trading goods purchased during the year		72,049,157	36.257.194
		2,972,175,648	2.437.948.486

28.1 Raw material consumed

	2010	2009
Opening stock	411.934.112	340.027.628
Purchases including direct expenses	2.088.494.460	1.846.888.598
	2.500.428.572	2.186.916.226
Closing stock	(194.251.134)	(411.934.112)
	2.306.177.438	1,774.982.114

28.2 These include Rs.5,400,000 (2009: Rs. 4,797.388) in respect of staff retirement benefits - gratuity.

	Note	2010	2009
		------- Rupees --------	
29. OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposits		39,756	52,021
Exchange fluctuation gain		3,216,509	4,714,600
Income from other than financial assets			
Export rebate on packing materials		1,086,176	838,722
(Loss) / gain on sales of property, plant and equipment		(259)	248,211
Liabilities no longer payable written back		-	55,270
		4,342,182	5,908,824

	Note	2010	2009
30. DISTRIBUTION COST			
Export development surcharge		4,961,674	2,856,411
Export expenses		7,913,210	5,622,726
Freight, forwarding and others		47,530,561	26,619,506
Commission		51,192,453	33,547,905
		111,597,898	68,646,548

	Note	2010	2009
31. ADMINISTRATIVE EXPENSES			
Directors' meeting fee		4,500	1,000
Staff salaries and benefits		10,353,019	9,746,262
Vehicles running and maintenance		2,365,964	2,583,116
Utilities		494,293	577,346
Traveling and conveyance		1,151,937	1,079,909
Printing and stationery		198,693	325,992
Communication		2,356,935	2,734,572
Legal and professional		92,000	248,100
Rent, rates and taxes		81,567	6,567
Repairs and maintenance		359,767	541,593
Entertainment		832,352	887,267
Fees and subscription		1,182,644	625,453
Advertisement		140,420	84,100
Depreciation	3.1.1	2,329,469	2,949,622
Auditors' remuneration			
- statutory audit fee		500,000	375,000
- half yearly review		50,000	50,000
		550,000	425,000
Provision for doubtful debts		1,165,206	-
Others		494,706	1,334,631
		24,153,472	24,150,530

	Note	2010	2009
32. OTHER OPERATING EXPENSES			
Charity and donation	32.1	74,800	265,600
Workers profit participation fund		2,900,000	-
Workers welfare fund		1,200,000	-
Loss on sale of short term investment		-	1,011,260
		4,174,800	1,276,860

32.1 No director or his spouse had any interest in the donee institutions.

	Note	2010	2009
		------- Rupees	--------

33. FINANCE COST

		2010	2009
Mark-up on:			
long term financing		58,331,121	50,415,086
lease finance charges		5,693,249	7,179,785
long term morabaha		13,850,341	12,927,271
short term borrowings		135,013,131	172,964,726
Bank charges and commission		13,670,013	8,059,003
Loss on cross currency swap		-	45,220,904
		226,557,855	296,766,775

34. TAXATION

		2010	2009
Current		19,903,742	12,619,088
Deferred tax		(20,781,094)	(35,405,774)
		(877,352)	(22,786,686)

34.1 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 or falls under final tax regime and hence tax has been provided under section 154 and 169 of the Income Tax Ordinance, 2001.

35. EARNINGS PER SHARE
- Basic & diluted

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

	2010	2009 Restated
Profit / (loss) after taxation	58,712,478	(63.707.937)
	No. of shares	
Weighted average of number of ordinary shares	14,408.248.8	14.408.248.8
	Rupees	Rupees
Earnings per share	4.07	(4.42)

36. RELATED PARTY TRANSACTIONS

The related parties comprised of an associated company, directors and key management personnel.

36.1 The company, during the year, purchased goods aggregating Rs. 221.892.972 (2009: Rs. 400,742,674).

36.2 Maximum aggregate amount due to the associated company (Ahmad Cotton Industries (Private) Limited) at any month-end during the year was Rs. 38,693,726 (2009: Rs. 4,477,925).

36.3 No interest was charged on the associated Company's balances during the year as these arose due to normal trade dealings.

36.4 Remuneration and benefits to key management personnel under the term of their employment as disclosed in note 40..

36.2 Interest/mark-up rates

The effective interest/mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

37. *FINANCIAL INSTRUMENTS BY CATEGORY*

The Company finance its operation through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	2010 Rupees	*2009 Rupees Restated*
Financial assets as per balance sheet		
Loan and receivable		
Long-term deposits	4,582.497	4.582.497
Trade debts	199.997.799	233.831.344
Loans and advances	15.423.270	12.226.724
Other receivables	1.261.061	3.857.634
Cash and bank balances	1.080 356	1.780,703
Held to maturity Investments		
Long term investment	259.688	259.792
	222,604,671	256.538.694
Financial liabilities as per balance sheet		
Financial liabilities measured at amortized cost		
Long term loans	683,125,167	683,034,318
Liabilites against assets subject to finance lease	33,996,917	52,625,319
Subordinated loans	105,000,000	105,000,000
Trade and other payables	194,668,762	175,925,911
Interest / mark-up accrued	52,825,354	65,383,710
Short-term borrowings	774,492,145	1,003.870,736
	1,844,108,345	2,085.839,994

38. *FINANCIAL RISK MANAGEMENT*

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has loan and advances, trade and other receivables, and cash that arise directly from its operations. The company also holds held to maturity investment

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews these policies periodically.

38.1 Credit risk and concentration of credit risk

The Company is exposed to credit risk from its operating activities (primarily for trade receivables, advances and loan) and from its financing activities, including deposits with banks.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fails to perform as contracted. Out of the total financial assets of Rs.222,604,671/- (2009 : Rs.256,538,694/-), the financial assets which are subject to credit risk amounted to Rs.221,524,315/- (2009 : Rs.254,757,991/-). The Company believe that it is not exposed to major concentration of credit risk. The management monitors and limits the Company's exposure to credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

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

Financial assets	2010 Rupees	2009 Rupees
Long-term deposits	4,582,497	4,582,497
Trade debts	199,997,799	233,831,344
Loans and advances	15,423,270	12,226,724
Other receivables	1,261,061	3,857,634
Cash and bank balances	1,080,356	1,780,703
	222,344,983	**256,278,902**

38.1 .1 Credit risk related to receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit.

At June 30, 2010. the Company has approximately 5 customers (2009: 4 customers) that owed more than Rs. 7 million each and accounted for approximately 69% (2009: 42%) of all trade debt. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned in Note 7.

The Company does not hold collateral as security.

38.1 .2 Credit risk related to financial instruments and cash deposits

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions

38.2 Liquidity Risk Management

Liquidity risk reflects the company's inability in raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 18.1 is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Financial Liabilities in accordance with their contractual maturities are presented below

	Interest/markup Bearing			Non-Interest/markup Bearing			Total
	Maturity within one year	Maturity after one year	Sub-total	Maturity within one year	Maturity after one year	Sub-total	
				June 30, 2010			
			---Rupees---				
Financial Liabilities							
Long-term loans	154,455,678	528,669,489	683,125,167	-	-	-	683,125,167
Liabilities against assets subject to finance lease	14,854,392	19,142,525	33,996,917	-	-	-	33,996,917
Subordinated loans	-	-	-	-	105,000,000	105,000,000	105,000,000
Trade and other payables	194,668,762	-	194,668,762	-	-	-	194,668,762
Interest / mark-up accrued	52,825,354	-	52,825,354	-	-	-	52,825,354
Short-term borrowings	774,492,145	-	774,492,145	-	-	-	774,492,145
	1,191,296,331	547,812,014	1,739,108,345	-	105,000,000	105,000,000	1,844,108,345
				June 30, 2009			
			---Rupees---				
Financial Liabilities							
Long-term loans	80,690,775	602,343,543	683,034,318	-	-	-	683,034,318
Liabilities against assets subject to finance lease	18,525,648	34,099,671	52,625,319	-	-	-	52,625,319
Subordinated loans	-	-	-	-	105,000,000	105,000,000	105,000,000
Trade and other payables	175,925,911	-	175,925,911	-	-	-	175,925,911
Interest / mark-up accrued	65,383,710	-	65,383,710	-	-	-	65,383,710
Short-term borrowings	1,003,870,736	-	1,003,870,736	-	-	-	1,003,870,736
	1,344,396,780	636,443,214	1,980,839,994	-	105,000,000	105,000,000	2,085,839,994

38.3 *Market Risk Management*

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

38.3 .1 *Interest Rate Risk Management*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term debt obligations having floating interest rates.

38.3 .2 *Interest Rate Sensitivity*

If interest rates had been 50 basis points higher or lower and all other variables were held constant. the Company's profit / (loss) before taxation for the year ended June 30, 2010 would (decrease) / increase by Rs. 7,458,071 (2009: Rs. 8,697,652). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

The Company's sensitivity to interest rates has decreased during the current year mainly due to the decrease in borrowings and variable rate debts.

38.3 .3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at June 30, 2010, the total foreign currency risk exposure was 124,404.664 (2009: Rs. 149,498,196) in respect of foreign trade debts. However, Rs. 138,274,716 (2009: Rs. 119,932,541) were payable in respect of foreign currency borrowing.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

38.3 .4 Foreign Currency Sensitivity Analysis

At June 30, 2010, if the Rupee had strengthen/weakened by 5% against the US dollar and Euro with all other variables held constant, profit/(loss) before taxation for the year would have been (decrease) / increase by Rs. 693,503 (2009: Rs.1,478,283) mainly as a result of foreign exchange gains on translation of US dollar-denominated trade receivables and foreign exchange losses on translation of US dollar short term borrowings. Profit is less sensitive to movement in Rupee/US dollar and Rupee/Euro exchange rates in 2010 than 2009.

38.3 .5 Equity Price Risk Management

The Company is exposed to equity price risks arising from equity investments. Equity investment are held for trading purpose.

38.4 Determination of fair values

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

38.5 Fair Value estimation

The Company has adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This amendment requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measured fair value of financial instruments.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company has no items to report in this level.

- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company has only other financial assets at fair value of Rs. 32,181,079 (2009: Rs.112,486,995) which is valued under level 1 valuation method. The Company does not have any investment in level 2 or level 3 category.

39. *CAPITAL DISCLOSURE*

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.

- The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and bene?ts for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit).

- The debt-to-adjusted capital ratios at June 30, 2010 and June 30, 2009 were as follows:

	2010 Rupees	*2009 Rupees (Restated)*
Total debt	1.596.614.229	1,736,978,124
Less: Cash and cash equivalents	(1.080.356)	(1,780,703)
Net debt	1,595.533.873	1,735.197,421
Total equity	295.905.350	213.921.835
Adjusted capital	1,891,439,223	1.949.119.256
Debt-to-adjusted capital ratio	0.84	0.89

40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Particulars		**Working Directors**	
		2010 Rupees	**2009 Rupees**
	Directors	**Executives**	**2010**	**2009**

	Directors	**Executives**	**2010**	**2009**
	<- - - Rupees - - ->		**<- - - - - Rupees - - - - ->**	
Remuneration	1,980,000	600,000	2,580,000	2.580,000
Number of persons	3	1	4	4

40.1 Meeting fee amounting to Rs. 4,500 (2009: Rs. 1,000) was paid to one (2009: one) non- working directors. The chief executive officer and the working directors are also provided with the Company maintained cars. The chief executive officer and some of the directors are also provided with telephone at their residence.

		2010	2009

41. CAPACITY AND PRODUCTION

Yarn

		2010	2009
Number of spindles installed		38,400	38,400
Number of spindles worked		38,400	38,400
Number of shifts worked		1,095	1,095
Installed capacity after conversion into 20's count (1095 shifts)	Kgs	12,988,309	12,988,309
Actual production of yarn after conversion into 20's count	Kgs	11,837,245	11,818,351

Fabric

		2010	2009
Number of looms installed		130	130
Number of looms worked		130	130
Installed capacity after conversion into 60 picks	Sq. mtrs	41,538,600	41,538,600
Actual production of fabric after conversion into 60 picks	Sq. mtrs	32,489,499	33,643,883

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.

42. *RESTATEMENT OF FINANCIAL INFORMATION*

The comparative financial information has been restated due to following reasons: -

a) On October 31, 2009, Multan Electric Power Company charged to the company an arrear amount of Rs.33.625 million on account of change in electricity tariff effective from September 01, 2008. The aforesaid amount of arrears pertaining to financial year ended 2008-2009.

b) There were some errors in calculation of deferred tax asset / liability relating to charge of accelerated tax depreciation, amount of assessed losses and incremental depreciation on revaluation of property, plant and equipment.

	June 30 2009 Rupees	***June 30 2008 Rupees***
The impact of these adjustments is as follows:		
Net deferred tax liability	3,644,381	(30,117,522)
Surplus on revaluation of property, plant and equipment	(14,109,078)	-
Trade and other payables	(33,625,258)	-
Cost of sales	33,625,258	-
Unappropriated profit	44,089,954	30,117,522

The management has accounted for the above adjustments with retrospective effect and comparative information has been restated in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Error".

42.2 The effect of retrospective restatement on Balance sheet for 2009 and 2008 is given below: -

	June 30, 2009 Rupees As earlier reported	June 30, 2009 Rupees Restated Amount	June 30, 2008 Rupees As earlier reported	June 30, 2008 Rupees Restated Amount
Net deferred tax liability	118,561,055	114,916,674	120,204,926	150,322,448
Surplus on revaluation of property, plant and equipment	513,750,750	527,859,828	552,715,105	552,715,105
Trade and other payables	147,150,660	180,775,917	130.751,623	130,751,623
Unappropriated profit	81,183,017	37,093,063	106.063.245	75,945,723

43. RECLASSIFICATION

43.1 Following reclassification has been made in the financial statements to give better presentation:

Previous classification	Current classification	Rupees
Accrued liabilities	Due to associated companies	4,477.925
Grid station - owned assets	Grid station - leased assets	64,747.312

44. DATE OF AUTHORIZATION

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 08.10.2010.

45. GENERAL

Figures have been rounded off to the nearest Rupee.

sd/-	sd/-	sd/-	sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Parvez	Muhammad Haris	M. Sohail Nadeem
Chairman	Chief Executive Officer	Director	Chief Financial Officer

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **0020650**
2. Name of the Company **Ahmad Hassan Textile Mills Limited**
3. Pattern of holding the share held by the shareholders as at **30.06.2010**

ORDINARY SHARES

Category	Shareholdings From	Shareholdings To	No. of Share Holders	No. of Shares held
1	1	100	65	4,915.80
2	101	500	376	176,182.00
3	501	1000	70	45,275.00
4	1001	5000	18	34,294.00
5	5001	10000	0	0.00
6	10001	15000	0	0.00
7	15001	20000	0	0.00
8	20001	25000	0	0.00
9	25001	30000	0	0.00
10	30001	35000	0	0.00
11	35001	40000	0	0.00
12	40001	45000	0	0.00
13	45001	50000	0	0.00
14	50001	55000	0	0.00
15	55001	60000	0	0.00
16	60001	65000	1	64,000.00
17	65001	70000	1	70,000.00
18	70001	75000	0	0.00
19	75001	80000	0	0.00
20	80001	130000	0	0.00
21	130001	135000	0	0.00
22	135001	225000	1	214,400.00
23	225001	230000	0	0.00
24	230001	235000	0	0.00
25	235001	240000	0	0.00
26	240001	245000	0	0.00
27	245001	250000	0	0.00
28	250001	255000	0	0.00
29	255001	300000	0	0.00
30	300001	305000	0	0.00
31	305001	360000	3	974.012.00
32	360001	365000	0	0.00
33	365001	380000	0	0.00
34	380001	385000	0	0.00
35	385001	450000	1	406.444.00
36	450001	455000	0	0.00
37	455001	500000	0	0.00
38	500001	505000	0	0.00
39	505001	905000	8	5.413.233.00
40	905001	1500000	2	2.189.109.00
41	1500001	5000000	1	4.816.384.00
			547	**14,408,248.80**

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **0020650**
2. Name of the Company **Ahmad Hassan Textile Mills Limited**
3. Pattern of holding the share held by the shareholders as at **30.06.2010**

ORDINARY SHARES INTO CDC

Number of Share Holders	Shareholdings From	To	Total No. of Shares held
11	1	100	2,201
53	101	500	21,651
53	501	1000	34,593
27	1001	5000	50,235
3	10001	15000	35,350
2	20001	25000	45,125
1	45001	50000	49,865
1	85001	90000	86,890
1	910001	915000	912,762
1	985001	990000	985,712
1	1185001	1190000	1,189,526
1	1400001	1405000	1,402,474
188			**4,816,384**

Shareholder's Categories	No. of Shareholders	No. of Shares held	Percentage
Financial Institutions	2	1,023,157	21.24
Individuals	173	1,147,067	23.82
Joint Stock Companies	11	2,644,610	54.91
Others	1	1,550	0.03
	188	4,816,384	100.00

5. Categories of Shareholders

		Share held	Percentage
5.1	Directors, CEO, their Spouses and Minor Children		
	Mian Muhammad Javed Anwar	521,400	3.619
	Mian Muhammad Parvez	1,016,731	7.057
	Mr. Muhammad Haris	2,158,090	14.978
	Mrs. Salma Javed	804,540	5.584
	Mrs. Waheeda Parvez	745,090	5.171
	Mr. Muhammad Aurangzeb	647,578	4.494
5.2	Associated companies, untertakings and related parties		
	Ahmed Cotton Industries	NIL	NIL
5.3	NIT	999,652	6.938
	Investment Corp. of Pakistan	200	0.001
5.4	Banks, Dev. Finance Institutions Non Banking Finance Institutions		
	National Bank of Pakistan	1,000	0.007
	NDFC	4,000	0.028
5.5	Insurance Companies	NIL	NIL
5.6	Modarbas and Mutual Funds	NIL	NIL
5.7	Shareholders holding 10%	NIL	NIL
5.8	General Public		
	a) Local	4,864,357.8	33.761
	b) Foreign	NIL	NIL
5.9	Public Sector Companies and Corporation	2,645,610	18.362

6.	Signature Chief Executive / Secretary	
7.	Name of Signatory	Shamsur Rehman
8.	Designation	Company Secretary
9.	NIC Number	36302-6371151-5
10.	Date	08.10.2010

FORM OF PROXY

I, ...

....

of ....

being a member of AHMAD HASSAN TEXTILE MILLS LIMITED, 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.

As witness my hand this

day of 2010

Signed by the said

Five Rupees Revenue Stamp

Important

This form of proxy, duly completed, must be deposited at the Company's Registered office at 46-Hassan Parwana Colony, Multan not less than 48 hours before the time of holding the meeting (Article 76).