URS UKAS QUALITY MANAGEMENT 043-A

22ND ANNUAL REPORT

2008

AL-QADIR

Textile Mills Limited

6 km, Jhelum Road, Chakwal

CONTENTS

VISION

Al-Qadir Textile Mills Limited is the largest exporter of cotton yarn in Rawalpindi Division, delivering quality products through innovative technology and effective resource management, maintaining high ethical and professional standards.

Pursuing its objectives, Al-Qadir Textile Mills Limited has over the years, preserved to attain the present enviable position, with its products competing at home and abroad.

We work to achieve commitments, integrity, fairness and teamwork into every aspect of our business dealings.

MISSION

Our mission is to keep ahead of our competitors. We can not be complacent about our achievements. Everyone from top management to workers is driven by this mission and engaged in applying resources to continual product improvement.

Given its vision and its focused strategy, Al-Qadir Textile Mills Limited, can look forward to as bright a future as its past.

Better utilization of man-power, continuous improvement in quality, customer's satisfaction is our mission.

COMPANY INFORMATION

BOARD OF DIRECTORS:	
CHAIRMAN AND CHIEF EXECUTIVE	MR. GHULAM ALI RAJA
DIRECTORS	MR. MOHAMMAD BASHIR RAJA MR. ASIF ALI RAJA MR. FAISAL BASHIR RAJA MST. TASNEEM AKHTAR MST. YASMEEN BEGUM MST. ASBAH RUBINA
AUDIT COMMITTEE:	
CHAIRMAN	MR. ASIF ALI RAJA
MEMBERS	MR. MOHAMMAD BASHIR RAJA MR. FAISAL BASHIR RAJA
CHIEF FINANCIAL OFFICER & COMNPANY SECRETARY	MR. ZAHEER AHMED AKMAL
AUDITORS	NASIR JAVAID MAQSOOD IMRAN CHARTERED ACCOUNTANTS, ISLAMABAD
BANKERS:	BANK AL-FALAH LIMITED,
REGISTERED OFFICE	RAJA HOUSE, NEAR MAKKI MASJID, CHAKWAL, PAKISTAN TEL: 0543-540833 FAX: 0543-540834 E-MAIL: alqadirtex.@yahoo.com
HEAD OFFICE & MILLS	6-K.M. JHELUM ROAD, CHAKWAL
SHARE REGISTRARS	M/S YOUR SECRETARY (PVT) LTD 1020, 10TH FLOOR, UNI PLAZA, I.I. CHUNDRIGAR ROAD, KARACHI.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd Annual General Meeting of the Company will be held at Mills Office 6-K.M. Jhelum Road, Chakwal on Friday i.e. 31 October 2008 at 1:30 P.M. to transact the following business:

1. To confirm the Minutes of 21st Annual General Meeting held on 31st Oct. 2007.

2. To receive and adopt the Audited Accounts of the company for the year ended 30th June 2008 and the Directors and Auditor's Reports thereon.

3. To approve and appoint the "External Auditors" for the year 2008-09 and to fix their remuneration. The present auditors **Nasir Javaid Maqsood Imran, Chartered Accounts Islamabad,** retire and offer for re-appointment.

   Audit Committee has recommended the name of Amir Alam Khan & Co. Chartered Accountants, as external auditors of the Company and their remuneration will be determined as approved in the Annual General Meeting.

4. To elect 7 Directors as finalized by the Board for a term of three years in accordance with the provision of companies ordinance 1984. The retiring directors namely:

1.	Mr. Ghulam Ali Raja	2.	Mr. Muhammad Bashir Raja
3.	Mr. Asif Ali Raja	4.	Mr. Faisal Bashir Raja
5.	Mst. Tasneem Akhtar	6.	Mst. Yasmeen Begum
7.	Mst. Asbah Rubina		

5. To consider any other business, which may be placed before the meeting, with the permission of the Chairman.

Chakwal
October 09, 2008

By order of the Board
Zaheer Ahmed Akmal
Company Secretary

NOTES:

1. The share transfer books of the Company will be closed from 25 Oct. to 31 Oct. 2008 (both days inclusive). Transfers received in order at the Registrars of the Company i.e., M/s Your Secretary (Pvt) Ltd, 1020, Uni Plaza, I.I. Chundrigar Road, Karachi.

2. A member entitled to attend and vote all the general meetings, is entitled to appoint another member as proxy. Proxies in order to be effective must be received at the Company's Registrar or the Registered Office of the Company, not less than 48 hours before the time of for the meeting.

3. Any individual beneficial owner of C.D.C. entitled to attend and vote at this meeting must bring his / her Original National Identity Card or Original Passport and in case of proxy must enclose an attested copy of his / her N.I. Card or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to promptly notify the Company or the Registrars of the Company of any change in their address.

DIRECTOR'S REPORT TO THE MEMBERS

In the Name of Allah, Most Gracious, Most Merciful

Dear Shareholders,

The Directors of the Company feel pleasure in presenting 22nd Annual Report along with audited accounts of the Company for the year ended 30th June 2008.

During the year under review, the Company earned operating profit of Rs. 22.109 Million as compared to Rs. 55.102 Million to the corresponding last year despite continuous crises of electricity, rising cost of production. After charging non-operating expenses the company sustained net loss of Rs.11.185 Million before taxation against net profit of Rs. 15.414 Million in the corresponding year.

	June 30, 2008 (Rupees)	June 30, 2007 (Rupees)
FINANCIAL HIGHLIGHTS		
Operating Profit	22,108,755	53,102,163
Less Financial Expenses	28,404,909	23,857,248
	(6,296,154)	29,244,915
Workers Profit Participation Fund	-	811,244
Loss on Sale of Fixed Assets	(4,889,083)	13,020,042
	(11,185,237)	15,413,629
TAXATION		
Current year	(2,240,372)	(6,804,836)
Deferred	(10,148,479)	(3,246,650)
Profit after Taxation	(23,574,088)	5,362,143
Accumulated Profit brought forward-Restated	122,780,265	105,868,322
Surplus realized		
On incremental Depreciation	7,826,008	7,536,448
On Assets Sold	2,908,367	4,013,352
Un-appropriated Profit (Loss) Carried Forward	109,940,552	122,780,265

OPERATION

The prices of raw cotton were jumped high during 2007-08 due to constant rising trend in the international market and caused instability in the yarn market, which directly affected the direct cost. The increase in utilities and other production expenses, have increased cost of production. The prices of yarn in the international market remained under recession due to sluggish demand. The prices of Polyester fiber also increased all time high of Rs.100 to 120 per KGs, but on the other hands, price of PC yarn does not increase accordingly.

The Company's annual production has reduced to 10.892 million KGs from 12.065 million KGs during the last year on 20/1 count because of electricity crises. The policy of the company is to maintain consistency in quality and provide quality yarn in the local as well as international markets at better prices over competitors, and due to quality conscious the company has installed two new machines of 21-C Auto Winder, which will improve the yarn production and quality to the entire satisfaction of Export as well as local customers.

DIVIDEND

The Company has capitalized Rs. 29.837 million during the year under review, against import of 2 sets 21C Auto Winder to improve quality from own source at usance L/C basis. The company has also sustained net loss of Rs. 11.185 million before taxation therefore the management has decided not to declare dividend to its members.

TAXATION

The assessment of the Income Tax up to tax year 2007 have been filed and completed under the self assessment scheme. Provision for current taxation has been made in accordance with Section 154 and 169 of the Income Tax Ordinance 2001 on taxable income at the current tax rate after taking into account tax rebate and tax credits available, if any.

CODE OF CORPORATE GOVERNANCE

The Directors of your company are aware of their responsibilities under the code of corporate governance, incorporated in the listing regulations of Stock Exchange, in the country under instructions from SECP; we are taking all necessary steps to ensure good corporate governance as required under the code.

The following attachments are manifestation of its commitment towards high standards of Corporate Governance and continuous improvement.

a) The financial statements prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
b) Proper books of account of the company have been maintained.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements and departure, if any, has been adequately disclosed.
e) The system of internal control is sound in design and has been efficiently implemented and monitored.
f) There are no significant doubts upon the company's ability to continue as a going concern.
g) There has been no material departure from the best practices of corporate governance, as detailed in listing regulations of Stock Exchange & Companies Ordinance 1984.
h) Key operating and financial data of last six years is summarized.
i) During the year, seven meetings of the Board of Directors were held and the attendance by each member is given at annexure.
j) We have an audit committee among members of Board of Directors.
    I) The pattern of share holding is annexed.
    II) Statement of Board Meeting held during the year and attendance by each director.

STAFF AND LABOUR

Relations between the management, Staff and labor continued to be good. On behalf of the board and myself, I would like to thank the workers and the staff members at all levels in enabling the company to operate efficiently and hope their efforts will continue during the year and year to come. Higher operating efficiencies with continuous innovation and improvement in yarn quality are the perquisites for future expansion and growth in shareholder value. The challenges of the committee would demand an ever-greater dexterity and ability to respond to rapidly changing external environment. With the various new initiatives already undertaking in the current year, the management is confident in continuing its positive program in terms of sales, value and profitability of the company.

AUDITORS

The present auditors, M/S Nasir Javaid Maqsood Imran, Chartered Accountants, Islamabad, would retire at the conclusion of the Annual General Meeting and offered their services for the ensuing year. The board has recommended the name of M/s Nasir Javaid Maqsood Imran, Chartered Accountants, as External Auditors, for the year ending 30th June 2009, for appointment.

FUTURE OUT LOOK

The textile sector remains under pressure due to numerous reasons. Cotton prices have touched all time high of Rs. 4,500 per mound, but presently being traded at Rs. 3,500 per mound. Overall the economic situation of the country has versioned due to international recession. The prices of cotton and pc yarn have not increased significantly as compared to the increased raw-material cost and other cost of production expenses.

The share price of the company at the closing of the year is Rs. 17.50 per share quoted at Stock Exchanges. Long term planning has become difficult due to international recession and uncertainty of the world yarn market. The cotton policy should be chalked out to ensure that textile sector get cotton in full season at suitable prices rather creating panic.

PATTERN FOR SHARE HOLDING

The pattern of shareholding is annexed with this report.

ACKNOWLEDGEMENT

The Directors would like to place on record, its deep appreciation for the continuous support of the shareholders. Government Agencies and financial institutions, particularly Bank Al-Falah Limited and the Board of Directors for their handwork, efforts in achieving the best results for the Company in the year to come.

AUDIT COMMITTEE

The audit committee of the company comprises the following members, in compliance with the code of Corporate Governance.

1.	Mr. Asif Ali Raja	Chairman
2.	Mr. Mohammed Bashir Raja	Member
3.	Mr. Faisal Bashir Raja	Member

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORTE GOVERNANCE

The statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Exchanges for purposes of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

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

1. The Board comprises seven directors, including the CEO.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a Stock Exchange has been declared as defaulter by the stock exchange.

4. No casual vacancy occurred in the Board during the current year.

5. The company has prepared a "Statement of Ethics and Business Practices" which has been circulated to all the directors and employees of the Company.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company.

7. All the powers of the Board have been duly exercised and decision on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.

8. The meeting of the Board was presided over by the Chairman / Director. The Board met at least once in every quarter Written notices of the Board meetings, along with agenda and working papers were appropriately circulated before the meetings. The minutes of the meeting were recorded and circulated.

9. Directors are well conversant with the listing regulations and legal requirements and as such are fully aware of their duties and responsibilities.

10. The Director's Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters, required to be disclosed.

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

12. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

14. The Board has formed an audit committee, comprising three members, all of whom are non-executive directors.

15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code.

16. The Board has set up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company. They are involved in the internal audit function on full time basis.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating, under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the Institute of Chartered Accountants of Pakistan.

18. 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.

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

ATTENDANCE AT THE BOARD MEETINGS DURING THE YEAR 2007-08

Name of the Director	Total No. of Board's Meetings	No. of Meetings Attended
Mr. Ghulam Ali Raja	7	4
Mr. Mohammad Bashir Raja	7	7
Mr. Asif Ali Raja	7	7
Mr. Faisal Bashir Raja	7	7
Mst. Tasneem Akhtar	7	3
Mst. Yasmeen Begum	7	4
Mst. Asbah Rubina	7	3

CHAKWAL
October 09, 2008

GHULAM ALI RAJA
(Chairman)
N.I.C. No. 37201-8807770-7

FINANACIAL DATA AT A GLANCE
FROM 2003-2008

Rs Milloion

	2003	2004	2005	2006	2007	2008
Sales Revenue	724,904	863,665	892,592	876,606	861,077	828,570
Marketing & Administrative Expenses	21,962	16,502	26,505	28,719	28,083	17,848
(Loss)/Profit before Tax	719	4,303	71,345	34,091	15,414	11,185
Profit/(Loss) After Tax	(6,357)	(16,010)	72,708	18,700	5,362	(23,857)
Capital Expenditure	31,901	1,877	44,363	9,829	45,244	29,837
Shareholders' Equity	274,834	258,825	280,291	343,790	349,449	307,315
No.of Shares Outstanding	7,560	7,560	7,560	7,560	7,560	7,560
Break-up Value (Rs./Share)	36.35	34.24	37.08	45.47	46.22	40.65
Cash Divedend	NIL	NIL	NIL	NIL	NIL	NIL
Dividend per Share(Rs.)	NIL	NIL	NIL	NIL	NIL	NIL
Bonus Share (%)	NIL	NIL	NIL	NIL	NIL	NIL
Production converted on 20/s KG	12,659	13,375	9,719	12,302	12,065	10,892
Key Performance Indicators						
Return on Shareholders' Equity	(2.31)	(6.19)	25.94	5.44	1.53	(7.76)
Return on Total Assets	(1.16)	(3.08)	11.81	2.96	0.98	(3.90)
Earning per Share (Rs.)	(0.84)	(2.12)	9.62	2.47	0.71	(3.16)
Total Assets	549,879	520,305	615,455	630,941	548,473	611,719

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Al-Qadir Textile Mills Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange where the Company is listed.

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

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

We have observed that the implementation of Code of Corporate Governance is still in process with respect to:

- Drafting of comprehensive Policies and Procedures as required under Clause viii (b) of the Code; and
- Internal Audit Reports as required under Clause xxxiv of the Code.

Based on our review, except for the matters noted above, 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.

Date: 9th October, 2008
Place: Islamabad

Nasir Javaid Maqsood Imran
(Chartered Accountants)

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Al-Qadir Textile Mills Limited** as at June 30, 2008 and the related profit and loss account, cash flow statement and the 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;

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 & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2008 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Date: 9th October 2008
Place: Islamabad

Nasir Javaid Maqsood Imran
(Chartered Accountants)

BALANCE
AS AT JUNE

	Notes	June 30, 2008 Rupees	June 30, 2007 Rupees
CAPITAL & RESERVES			
Share Capital	6	75,600,000	75,600,000
Deposits for Shares		17,422,750	24,450,000
Accumulated Profit		109,940,552	122,780,265
		202,963,302	222,830,265
SURPLUS ON REVALUATION OF FIXED ASSETS	7	106,254,330	126,619,176
DEFERRED LIABILITIES	8	67,454,622	47,516,281
CURRENT LIABILITIES			
Borrowings from directors	9	168,281	168,281
Short Term Borrowings	10	162,000,000	84,541,847
Creditors, accrued and other liabilities	11	72,277,620	66,195,636
Provision for Taxation	26	-	-
Un Claimed Dividend		601,548	601,548
		235,047,449	151,507,312
CONTINGENCIES & COMMITMENTS	12	-	-
		611,719,703	548,473,034

The annexed notes form an integral part of these accounts
Auditors' Report attached

GHULAM ALI RAJA
CHIEF EXECUTIVE

SHEET
30, 2008

	Notes	June 30, 2008 Rupees	June 30, 2007 Rupees
FIXED CAPITAL EXPENDITURE			
Operating Fixed Assets	13	396,899,565	401,536,309
Capital Work-in-Progress	14	2,055,673	1,887,573
LONG-TERM DEPOSITS			
Security deposits		444,599	444,599
CURRENT ASSETS			
Store and Spares	15	8,787,173	9,256,172
Stock in Trade	16	182,470,965	103,398,043
Trade Debts	17	265,073	14,758,137
Advances, Deposits, Prepayments & Other Receivables	18	14,772,117	9,593,697
Cash and bank balances	19	6,024,538	7,598,504
		212,319,866	144,604,553
		611,719,703	548,473,034

MOHAMMAD BASHIR RAJA
DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Notes	June 30, 2008 Rupees	June 30, 2007 Rupees
SALES	20	828,570,400	861,077,886
COST OF SALES	21	788,897,577	783,498,507
GROSS PROFIT		39,672,823	77,579,379
OTHER INCOME	22	284,131	2,794,888
ADMINISTRATIVE EXPENSES	23	(7,637,437)	(7,956,048)
SELLING EXPENSES	24	(10,210,762)	(19,316,056)
WORKER'S PROFIT PARTICIPATION FUND		-	(811,244)
FINANCIAL CHARGES	25	(28,404,909)	(23,857,248)
LOSS ON SALE OF FIXED ASSET		(4,889,083)	(13,020,042)
(LOSS)/PROFIT BEFORE TAXATION		(11,185,237)	15,413,629
TAXATION			
Current	26	(2,240,372)	(6,804,836)
Deferred	27	(10,148,479)	(3,246,650)
PROFIT/(LOSS) AFTER TAXATION		(23,574,088)	5,362,143
ACCUMULATED PROFIT BROUGHT FORWARD	28	122,780,265	105,868,322
REVALUATION SURPLUS REALIZED			
On Incremental Depreciation		7,826,008	7,536,448
On Asset Sold		2,908,367	4,013,352
UN-APPROPRIATED PROFIT C/F		109,940,552	122,780,265
EARNING PER SHARE	29	(3.12)	0.71

The annexed notes form an integral part of these accounts
Auditors' Report attached

GHULAM ALI RAJA
CHIEF EXECUTIVE

MOHAMMAD BASHIR RAJA
DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	2008 Rupees	2007 Rupees
a) CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit for the year before taxation	(11,185,237)	15,413,629
Adjustments for:		
Depreciation	27,585,035	27,842,705
Worker's profit participation fund	-	811,244
Loss on sale of fixed asset	4,889,083	13,020,042
Provision for gratuity	2,504,891	3,118,653
Financial Expense	28,404,909	23,857,248
Cash Flows from Operating Activities before Working Capital Changes	52,198,681	84,063,521
Increase/(Decrease) in Current Assets		
Stores, spares	468,999	(4,994,466)
Stock in trade	(79,072,922)	84,772,744
Trade debts	14,493,064	6,395,907
Advances, Deposit, Prepayment & other receivables	(5,178,420)	(2,114,282)
Increase/(Decrease) in Current Liabilities		
Creditor, accrued & other payable	4,070,053	2,145,834
	(65,219,226)	86,205,737
CASH FLOWS FROM OPERATING ACTIVITIES	(13,020,545)	170,269,258
Financial charges	(25,581,734)	(26,065,969)
Income tax paid	(2,240,372)	(7,417,534)
Payment of staff retirement gratuity	(2,345,500)	(1,932,950)
Payment of worker's profit participation fund	(811,244)	(1,794,280)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(43,999,395)	133,058,525
b) CASH FLOW FROM INVESTING ACTIVITIES		
Financial Capital Expenditure	(29,837,374)	(45,224,179)
Capital Work in Progress	(168,100)	(613,445)
Proceeds from Sale of Fixed Assets	2,000,000	3,477,500
Net cash used in investing activities	(28,005,474)	(42,360,124)
c) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of share deposit money	(7,027,250)	
NET CASH FLOWS FROM FINANCING ACTIVITIES	(7,027,250)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(79,032,119)	90,698,401
CASH & CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	(76,943,343)	(167,641,744)
CASH & CASH EQUIVALENTS AT THE END OF PERIOD Note 30	(155,975,462)	(76,943,343)

GHULAM ALI RAJA
CHIEF EXECUTIVE

MOHAMMAD BASHIR RAJA
DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008

(Amount in Rupees)

	Share Capital	Deposit for Shares	Accumulated Profit (Loss)	Total
			Restated	
Balance as at June 30, 2006	75,600,000	24,450,000	105,868,322	205,918,322
Net Profit for the Year after Taxation	-	-	5,362,143	5,362,143
Surplus Realized on Depreciation of Revalued Assets	-	-	7,536,448	7,536,448
Surplus Realized on Assets Sold	-	-	4,013,352	4,013,352
Balance as at June 30, 2007	**75,600,000**	**24,450,000**	**122,780,265**	**222,830,265**
Net Profit for the Year after Taxation	-	-	**(23,574,088)**	**(23,574,088)**
Share Deposit Money Return	-	**(7,027,250)**	-	**(7,027,250)**
Surplus Realized on Depreciation of Revalued Assets	-	-	**7,826,008**	**7,826,008**
Surplus Realized on Assets Sold	-	-	**2,908,367**	**2,908,367**
Balance as at June 30, 2008	**75,600,000**	**17,422,750**	**109,940,552**	**202,963,302**

GHULAM ALI RAJA
CHIEF EXECUTIVE

MOHAMMAD BASHIR RAJA
DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2008

1 THE COMPANY AND ITS OPERATIONS

1.1 Al-Qadir Textile Mills Limited was incorporated on November 6, 1986 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is quoted on Karachi and Lahore Stock Exchanges. The company is engaged in the business of textile spinning.

1.2 The Board of Directors of the Company, in their meeting held on December 19, 2006 has decided to voluntary de-list the securities of the Company under the Listing regulations of the Karachi Stock Exchange. The matter of de-listing is still in process.

2 Statement of Compliance

2.1 Basis for the Preparation of Financial Statements

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

2.2 Standards, Interpretations, and Amendments to published Approved Accounting Standards

2.2.1 Standards, Interpretations, and Amendments to published Approved Accounting Standards that are effective in current year

IAS 1 (Amendment) - " Presentation of Financial Statement - Capital Disclosures", is mandatory for the companies' accounting periods beginning on or after January 1, 2007. It introduces capital disclosure requirements regarding how the entity manages its capital. Adoption of this amendment only impacts the format and extent of disclosures as presented in note 31 to the financial statement.

2.2.2 Standards, Interpretations, and Amendments to published Approved Accounting Standards that are effective in 2007 but not relevant

Other new standards, interpretations and amendments that are mandatory for accounting periods beginning on or after July 01, 2007 are considered not to be relevant or have any significant effect to the company's

2.2.3 Standards, Interpretations, and Amendments to published Approved Accounting Standards that are yet not effective

Following standard, interpretations and amendments to existing standards have been published that are mandatory and relevant for the accounting periods beginning on the dates mentioned below

IAS 1 - Presentation of Financial Statement (Revised September 2007)	effective January 01, 09
IAS 23 - (Amendment) - Borrowing Costs	effective January 01, 09
IFRS 8 - Operating Segments	effective January 01, 09
IFRIC 14 - IAS 19 - The limits on a Defined Benefit Asset, Minimum funding requirement and their interaction	effective January 01, 09

Adoption of IAS 1 - " Presentation of Financial Statements" (Revised September 2007) would impact on the extent / nature of disclosures presented in the future financial statements.

IAS 23- (Amendment) - "Borrowing Costs" would requires the entity to capitalize borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for intended us or sale) as part of the cost of that asset.

The impact of IFRS 8 - "Operating Segment" and IFRIC 14 - IAS 19 - " The limit on Defined benefit Asset, minimum Funding Requirements and their interaction" has not been presently assessed.

3 **Basis of Measurement**

These financial statements have been prepared under the historical cost convention except for Land, Buildings, and Plant and Machinery which are stated at revalued amounts, and retirement benefits which are stated at present value of projected benefits, and waste stock which has been valued at net realizable value.

4 **Significant Judgments, Key Assumptions and Accounting Estimates**

The significant judgments and estimates made by the management, that may have significant risk of material adjustments to the financial statements in subsequent years are as under:

4.1 **Property, Plant and Equipment**

Depreciation method
The Company uses reducing balance method for charging of depreciation on fixed assets. The management believes that the selection of this method represents its best estimate of the pattern of the future economic benefits expected to be derived from the Company's depreciable property, plant and equipment. However, this method is reviewed at each financial year end for any significant change in the pattern, which might affect the depreciation charge in future years.

Useful lives
The Company has estimated varying useful lives for different types and categories of its property, plant and equipment. These useful lives are reviewed at each financial year end for changes in any expectations of the remaining useful lives of these assets, which might affect the depreciation charge in future years.

Impairment
The carrying values of property, plant and equipment are reviewed for any possible impairment on annual basis. Any change in the estimate for impairment in future years might create/affect provision for impairment, carrying values of assets, and depreciation charge for those years.

4.2 **Staff Retirement Benefits**
Certain actuarial assumptions have been adopted as disclosed in note 8.1.3 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect the un-recognized actuarial gains and losses in those years.

4.3 **Income Taxes**

Current
In creating current year income tax provision, the Company considers current income tax law and decisions of Income Tax Authorities. Where the Company's views differ from the Income Tax Authorities views, any excessive tax demands are shown as contingencies, unless proven by Appellate Income Tax Authorities, upon which, these are recognized as liabilities.

Deferred
Net Deferred tax liability is provided considering the Income Tax rates applicable for future years, the Company's ability to earn sufficient taxable profits in future years, and the provisions of Income Tax Laws which determine the arising of taxable or deductible temporary differences. Any changes in the company's estimate of future profitability or future changes in relevant income tax rates and provisions might affect the deferred tax liability recognized in the balance sheet.

5 Significant Accounting Policies

5.1 Staff Retirement Benefit

The company operates an unfunded gratuity for all of its permanent employees, who attain the minimum qualification period for entitlement to gratuity. Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried out on June 30, 2008 using the Projected Unit Credit Method.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of the previous reporting period exceed 10% of the present value of defined benefit obligation at that date.

5.2 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax rebates and tax credits available, if any.

Deferred

Deferred tax is accounted for by using the liability method on all timing differences between the carrying amounts of assets and liabilities in the financial statements and their tax base. Deferred tax liabilities are recognized for all taxable temporary differences. The company recognizes deferred tax assets on all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

5.3 Foreign Currency Translations

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange approximating to those ruling on the balance sheet date or rates fixed under the Exchange Rate Absorption Scheme of State Bank of Pakistan or forward exchange rate booking. Exchange gain or loss on translation of foreign currency monetary financial assets and liabilities are recognized in the Profit and Loss account in the period in which they arise.

5.4 Fixed Capital Expenditure and Depreciation

All fixed capital expenditures are stated at cost less accumulated depreciation except Land, Building and Plant & Machinery which are stated at revalued amounts. Capital work in progress is stated at cost. Cost of tangible operating assets consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets to working condition.

Depreciation is charged to income by applying the reducing balance method to write off the cost and revaluation of the operating assets over their expected useful life.

Depreciation is charged on additions from the date the asset becomes available for use, whereas depreciation on deletions is charged upto the date of derecognizing.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains or losses, if any, on disposal of assets are included in current income.

5.5 Stores & Spares

These are valued at cost, applying moving average method.

5.6 Stock in Trade

These are valued at the lower of average cost and net realizable value except waste which is valued at the net realizable value. Average cost signifies, in relation to Raw Material the annual average cost. For Work in Process and Finished Goods average manufacturing cost includes a proportion of related overheads. Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

5.7 Borrowing Cost

Interest, mark-up and other charges on long term liabilities are capitalized upto the date of commissioning of respective fixed assets acquired out of the proceeds of such long term liabilities. All other charges, interest, and mark-up are charged to income.

5.8 Trade Debts

Known bad debts are written off and provision is made against debts considered doubtful.

5.9 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.

5.10 Financial Instruments

5.10.1 Financial Assets

Financial Assets are cash and bank balances, trade debts, advances, deposits and other receivables. Trade debts are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, while other financial assets are stated at cost.

5.10.2 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include loans, creditors, accrued and other liabilities and unclaimed dividend, which are stated at their nominal value. Financial charges are accounted for on an accrual basis.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the net profit and loss for the period in which it arises.

5.11 Impairment

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

5.12 Revenue Recognition

Sales are recognized on dispatch of goods to the customers. Interest income is accounted for on accrual basis while rebates on exports, if any, are accounted for on actual receipts basis.

5.13 Cash & Cash Equivalents

Cash & cash equivalents comprise of cash and bank balances less Short Term Borrowings.

5.14 Dividends

Dividends are recognized as payable in the year in which these are declared.

			June 30, 2008 Rupees	June 30, 2007 Rupees
6	**SHARE CAPITAL**			
	Authorized			
	15,000,000 (2007: 15,000,000) Ordinary Shares of Rupees 10 each		150,000,000	150,000,000
	Issued, subscribed & paid up:			
	6,691,000 (2007: 6,691,000) fully paid Ordinary Shares of Rupees 10 each issued for Cash		66,910,000	66,910,000
	869,000 (2007: 869,000) fully paid Ordinary Shares of Rupees 10 each issued for Consideration other than Cash		8,690,000	8,690,000
			75,600,000	75,600,000
7	**SURPLUS ON REVALUATION OF FIXED ASSETS**			
	Opening balance		150,081,725	161,631,525
	Deferred tax relating to revalued amount		33,093,020	23,462,549
	Revaluation surplus net of deferred tax		116,988,705	138,168,976
	Surplus net of deferred tax realized during the year			
	Disposal of property plant and equipment		2,908,367	4,013,352
	Incremental depreciation		7,826,008	7,536,448
			10,734,375	11,549,800
			106,254,330	126,619,176

The latest revaluation of property, plant and equipment was carried out on June 30, 2005 by independent valuers M/s Gulf Consultants using market based approach. The revaluation has been certified by M/s Yousuf Adil salem & Co., Chartered Accountants.

			2008 Rupees	2007 Rupees
8	**DEFERRED LIABILITIES**			
	Gratuity - Unfunded Defined Benefit Plan	8.1	2,421,720	2,262,329
	Deferred taxation	8.2	65,032,902	45,253,952
			67,454,622	47,516,281
8.1	**Reconciliation of Amount Recognized in the Balance Sheet**			
	Present value of Defined Benefit Obligation	8.1.2	2,369,458	2,235,733
	Unrecognized Actuarial Gain/(Losses)		52,262	26,596
			2,421,720	2,262,329
8.1.1	**Amounts Recognized in the Profit and Loss Account**			
	Current Services Cost/Provision for the Year			
	Service cost		2,281,318	3,069,985
	Interest cost		223,573	80,319
	Actuarial gain recognized		-	(31,651)
			2,504,891	3,118,653

8.1.2 Movement in Liability Recognized in the Balance Sheet

	2008 Rupees	2007 Rupees
Opening balance	**2,235,733**	1,076,626
Amount Recognized during the Year - as shown above	**2,281,318**	3,069,985
Retirement benefits paid	**(2,345,500)**	(1,932,950)
Charge for the year	**(25,666)**	(58,247)
Interest cost for the year	**223,573**	80,319
Closing balance	**2,369,458**	2,235,733

8.1.3 **Principal Actuarial Assumptions**

	2008	2007
Discount Rate	10% per annum	10% per annum
Expected Rate of Increase in Salary	9% per annum	9% per annum
Average Expected Remaining Working Life of Employees	4 years	4 years

8.1.4 **General Description of the Type of Plan**

The gratuity scheme provided for retirement benefits for all its permanent employees who attain the minimum qualifying period. Annual charge is made on the basis of actuarial valuation carried out by actuaries using the Projected Unit Credit Method

8.1.5 **Historical information**

Rupees in "000

Year	2008	2007	2006	2005	2004
Present value of defined benefit obligation	2369	2236	892	3022	2489
Experience adjustment on obligation (%)	--	126	(192)	(8)	(16)

8.1.6 **Best Estimate of Contributions to be paid after the Balance Sheet Date**

The Company expects to Contribute Rs. 4.063 million towards the defined benefit gratuity plan in 2009.

8.2 **Deferred Taxation**

Deferred Tax Liability

	2008	2007
Differences in tax and accounting bases of assets	**38,162,867**	24,313,750
Surplus on revaluation of property, plant and equipment	**27,667,939**	21,472,138
	65,830,806	45,785,888
Deferred Tax Asset		
Provision for doubtful trade debts	**797,904**	531,936
	65,032,902	**45,253,952**

9 BORROWINGS FROM DIRECTORS

This represents un-secured and interest free loan obtained from the directors of the Company.

			2008 Rupees	2007 Rupees
10	**SHORT TERM BORROWINGS**			
	Cash Finance - Bank Al-Falah Limited	10.1	162,000,000	74,521,998
	FAPC/FAFB/LBP - Bank Al-Falah Limited	10.2	-	10,019,849
			162,000,000	84,541,847

10.1 This represents Cash Finance obtained from Bank Al-Falah Limited to the extent of Rs. 350.00 million (2007: 300.00 million). The facility expires on February 28, 2009 and is renewable every year. It carries interest rate calculated at 3 months KIBOR (Ask) + 2%. The facility is secured against pledge of fresh crop of raw cotton bales at 10% margin on KCA rates (ex-gin prices).

10.2 This represents US Dollar/Pak Rupee financing against export LCs and firm contracts to the extent of Rs. 250.00 million (2007: Rs. 250.00 million) . The facility expires on February 28, 2009 and is renewable every year. It carries interest rate calculated at Dollar based LIBOR+2% with a floor of 4%, and/or Rupee based 3 month KIBOR+ 2 % with no floor no cap. The facility is secured against pledge of fresh crop of raw cotton bales at 10% margin on KCA rates (ex-gin prices), and lien on clean export documents drawn under LC.

10.3 In addition to the above two facilities, the Company has obtained facilities of foreign bills purchase (Discrepant) to the extent of Rs. 30 million (2007: Rs. 30) carrying markup at the rate of 3 months KIBOR (Ask) + 2%, Sight LC to the extent of Rs. 50 million (2007: Rs. 50 million), and Inland User LC to the extent of Rs. 40 million (2007: Rs. 40 million). These facilities expire on February 29, 2009. These are secured against lien on documents drawn under LC, lien on accepted local bills drawn under ILCs, and 1st charge on fixed assets of the Company amounting to Rs. 185.00 million. The Company's exposure to these facilities at the balance sheet date is disclosed in Contingencies.

10.4 All facilities from Bank Al-Falah are further secured against 1st charge on entire current assets amounting to Rs. 127.6 million, and personal guarantees of directors.

			2008 Rupees	2007 Rupees
11	**CREDITORS ACCRUED AND OTHER LIABILITIES**			
	Trade Creditors	11.1	42,659,295	37,018,508
	Advance from customers		386,029	-
	Accrued Expenses		13,220,603	13,880,576
	Central excise duty on long term loan	11.2	7,058,703	7,058,703
	Excise duty payable on short term bank borrowings		1,798,632	1,798,632
	Financial charges on short term borrowings		6,105,123	3,281,949
	Export Expenses payable		70,000	463,420
	Withholding tax payable		979,234	1,064,104
	Workers' profit participation fund	11.3	-	811,244
	Due to bank	11.4	-	818,500
			72,277,619	66,195,636

11.1 This includes creditors secured against Letters of Credit amounting to Rs.26.802 million (2007: Rs.22.60 million).

11.2 The case of central excise duty on long term loans and working capital under SRO 502/91 dated 30-5-1991 has been decided by the Honorable Supreme Court of Pakistan, Islamabad against the Company. The company has already made full provision against the central excise duty payable to National Bank of Pakistan amounting to Rs.7,058,703 and against which the Company has also issued guarantee in favor of National Bank of Pakistan for the payment of such duty. The guarantee is provided by Bank Al-Falah Limited, and is secured against 1st charge amounting to Rs. 10.00 million on the fixed assets of the company and personal guarantee of sponsoring directors.

		June 30, 2008 Rupees	June 30, 2007 Rupees
11.3	**Workers' Profit Participation Fund**		
	Opening Balance	811,244	1,794,280
	Allocation for the Period	-	811,244
		811,244	2,605,524
	Paid during the Period	(811,244)	(1,794,280)
		-	811,244

11.4 This represents amounts erroneously credited by bank in the Company's Bank Statement.

		June 30, 2008	June 30, 2007
12	CONTINGENCIES AND COMMITMENTS	(Rupees in Millions)	
12.1	**Contingencies**		
	Bank Al-Falah FAFB/FBP (Export Refinance)	NIL	139.473
	Bank Al-Falah FAFB/FDBC (Export Refinance)	31,547	NIL
	Bank Al- Falah LBP	NIL	41.336
	LCs for Import of Assets	26,802	NIL
	LCs for purchase of raw material	NIL	15.631
	Acceptance LCs for purchase of raw material	NIL	18.676
12.2	**Capital Commitments**		
	Import of Plant and Machinery under LC	NIL	NIL

13 OPERATION FIXED ASSETS - SCHEDULE ATTACHED

		June 30, 2008 Rupees	June 30, 2007 Rupees
14	CAPITAL WORK IN PROGRESS		
	Building	2,055,673	1,887,573
15	STORES, SPARES AND LOOSE TOOLS		
	Stores		
	Spares and loose tools	7,445,226	7,969,111
		1,341,947	1,287,061
		8,787,173	9,256,172
16	STOCK-IN-TRADE		
	Raw material	169,707,865	87,071,858
	Work-in-process	6,978,386	4,094,114
	Finished goods	5,567,842	12,128,932
	Waste	216,871	103,139
		182,470,964	103,398,043
17	TRADE DEBTS		
	Secured - Against Letter of Credit		6,525,200
	Unsecured	3,883,687	11,851,551
		3,883,687	18,376,751
	Less: Provision for Doubtful Debts	(3,618,614)	(3,618,614)
		265,073	14,758,137

13 Property, plant and equipment

Particulars	COST / VALUATION				DEPRECIATION				Written down value at June 30, 2008	Rate (%)
	at July 01, 2007	additions	(disposals)	at June 30, 2008	accumulated at July 01, 2007	adjustments	for the year	accumulated at June 30, 2008		
Freehold land	20,662,500	-	-	20,662,500	-	-	-	-	20,662,500	-
Building on freehold land	83,876,100	-	-	83,876,100	8,177,920		3,784,909	11,962,829	71,913,271	5
Plant and machinery	342,886,448	29,738,874	(8,000,000)	364,625,322	43,921,884	(1,110,917)	22,648,049	65,459,016	299,166,306	5-15
Office equipment	1,089,960	26,500	-	1,116,460	644,172		46,787	690,959	425,501	10
Furniture and fixture	1,615,659	72,000	-	1,687,659	1,186,272		45,939	1,232,211	455,448	10
Telephone installations	429,519	-	-	429,519	351,248		7,827	359,075	70,444	10
Vehicles	9,765,830	-	-	9,765,830	4,508,211		1,051,524	5,559,735	4,206,095	20
2008	460,326,016	29,837,374	(8,000,000)	482,163,390	58,789,707	(1,110,917)	27,585,035	85,263,825	396,899,565	
2007	433,301,837	45,224,179	(18,200,000)	460,326,016	32,649,460	(1,702,458)	27,842,705	58,789,707	401,536,309	

Particulars	Cost	Revalued Amount	Book Value	Sale Proceeds	Loss	Mode of Disposal	Name and Address
Murata Machinery	9,181,207	8,000,000	6,889,083	2,000,000	(4,889,083)	Negotiations	Tauseef Textile Machinery

13.1 Freehold land, building on freehold land and plant and machinery are stated at re-valued amount. Had there been no revaluation, related figures of these assets as at June 30, 2008 would have been as follows:

	Cost	Accumulated depreciation	Written down value
Freehold land	2,829,645	-	2,829,645
Building on freehold land	55,051,956	37,578,924	17,473,032
Plant and machinery	440,312,838	274,605,364	165,707,474
Rupees	498,194,439	312,184,288	186,010,151
2007 Rupees	507,375,646	304,557,877	202,817,769

			June 30, 2008 Rupees	June 30, 2007 Rupees
18	**ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES**			
	Advances Considered good			
	Advances to Suppliers		5,073,717	1,980,649
	Advances to Staff		792,442	438,042
			5,866,159	2,418,691
	Deposit			
	Excise duty		119,947	25,368
	Letter of credit margin		706,673	706,673
	Receivable -Considered Good			
	Advances Income Tax		1,649,006	1,649,006
	Sales Tax Refundable		6,213,277	4,637,618
			7,862,283	6,286,624
	Prepayments		217,055	-
	Other receivables		-	156,341
			14,772,117	9,593,697
19	**CASH AND BANK BALANCES**			
	Cash in hand		40,638	91,781
	Cash at Banks			
	On current accounts		2,001,736	3,874,855
	On deposit accounts		3,982,164	3,631,868
			5,983,900	7,506,723
			6,024,538	7,598,504
20	**SALES**			
	Local			
	Yarn		596,392,196	399,157,621
	Waste		7,042,133	5,908,484
			603,434,329	405,066,105
	Exports			
	Yarn		225,136,071	456,011,781
			828,570,400	861,077,886
			828,570,400	861,077,886
21.	**COST OF SALES**			
	Raw Material Consumed	21.1	584,110,279	566,684,611
	Salaries, Wages and Benefits	21.2	47,604,562	60,840,101
	Packing Material		12,093,785	16,561,955
	Fuel and Power		93,364,798	96,718,387
	Stores and Spares Consumed		1,228,401	1,486,946
	Repairs and Maintenance		15,729,189	13,081,335
	Insurance		1,214,946	1,107,191
	Cotton Cess		621,700	477,340
	Depreciation		26,432,958	27,045,137
	Miscellaneous		2,933,873	198,625
			785,334,491	784,201,628

		June 30, 2008 Rupees	June 30, 2007 Rupees
Work-in-Process			
Opening		4,094,114	4,019,977
Closing		(6,978,386)	(4,094,114)
		(2,884,272)	(74,137)
Cost of Goods Manufactured		782,450,219	784,127,491
Finished Goods			
Opening		12,232,071	11,603,087
Closing		(5,784,713)	(12,232,071)
		6,447,358	(628,984)
		788,897,577	783,498,507

21.1 Raw material consumed

Opening Stock		87,071,858	172,547,723
Purchases		666,746,286	481,208,746
		753,818,144	653,756,469
Closing balance		(169,707,865)	(87,071,858)
		584,110,279	566,684,611

21.2 Salaries, Wages and Benefits include Gratuity expenses of Rs. 1,874,100 (2007 Rs. 3,022,231).

22 OTHER INCOME

Profit on Short Term Deposits		268,131	104,695
Gain on Exchange		-	1,907,475
Insurance claim		-	782,582
Balance written off		16,000	136
		284,131	2,794,888

23. ADMINISTRATIVE EXPENSES

Salaries, Wages and Benefits	23.1	2,291,307	1,967,062
Directors' Remuneration		1,138,478	943,997
Repairs and Maintenance		-	4,388
Insurance		210,818	95,417
Vehicle Running and Maintenance		558,067	712,093
Traveling and Conveyance		102,900	274,105
Entertainment		47,119	40,466
Postage and Telecommunication		758,761	1,149,095
Printing and Stationery		134,254	193,425
Auditors' Remuneration	23.2	220,000	292,000
Legal and Professional charges		276,726	260,000
Fees and Subscription		300,311	826,915
ISO System Expenses		92,455	87,075
Guest House Expenses		183,507	106,251
News Papers and Periodicals		-	9,017
Advertising		-	1,500
Donations	23.3	5,000	114,810
Depreciation		1,152,077	797,568
Other expenses		165,657	80,864
		7,637,437	7,956,048

23.1 Salaries, Wages and Benefits include Gratuity expenses of Rs. 471,400 (2007 Rs. 96,422).

		June 30, 2008 Rupees	June 30, 2007 Rupees
23.2	**Auditor's Remuneration**		
	Audit fee	150,000	125,000
	Out of Pocket expenses	-	12,000
	Tax and other services	25,000	35,000
	Half Yearly Review	45,000	120,000
		220,000	292,000

23.3 No director or his spouse had any interest in the done institutions.

24	**SELLING EXPENSES**		
	Local sales Expenses	13,000	
	Export Expenses and Freight	5,367,915	11,153,442
	Commission Paid on Local Sales	1,039,310	2,417,164
	Commission Paid on Export Sales	3,790,537	5,735,180
	Advertisement	-	10,270
		10,210,762	19,316,056
25	**FINANCIAL EXPENSES**		
	Markup on Short Term Finance	22,761,313	18,700,499
	Other fee and commission	-	134,347
	Bank charges and commission	5,643,596	5,022,402
		28,404,909	23,857,248
26	**TAXATION - Current**		
	For the Year	2,240,372	6,804,836
	Paid / Adjusted during the Year	(2,240,372)	(6,804,836)
		-	-

Provision for taxation has been made in accordance with sections 154 and 169 of the Income Tax Ordinance 2001.

27	**TAXATION - Deferred**		
	Deferred Tax Expense due to Origination and Reversal of Temporary Differences	(10,148,479)	3,246,650
		(10,148,479)	3,246,650

			June 30, 2008 Rupees	June 30, 2007 Rupees
28.	**EARNINGS PER SHARE - BASIC**			
	Profit after Taxation	Rupees	(23,574,088)	5,362,143
	Number of Ordinary Share		7,560,000	7,560,000
	Earning per Share	Rupees	(3.12)	0.71

29 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	June 30, 2008					June 30, 2007				
	TOTAL	INTEREST/MARK-UP BEARING		NON INTEREST/ MARK-UP BEARING		TOTAL	INTEREST/MARK-UP BEARING		NON INTEREST/ MARK-UP BEARING	
		Within One Year	One to Five years	Within One Year	One to Five years		Within One Year	One to Five years	Within One Year	One to Five years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
FINANCIAL ASSETS										
Long term security deposits	444,599	-	-	-	444,599	444,599	-	-	-	444,599
Trade debts	265,073	-	-	265,073	-	14,758,137	-	-	14,758,137	-
Advances, deposits,										
& other receivables	1,836,117	-	-	1,836,117	-	1,326,424			1,326,424	
Cash & bank balances	6,024,538	3,982,164	-	2,042,374	-	7,598,504	3,631,868		3,966,636	
	8,570,327	3,982,164	-	4,143,564	444,599	24,127,664	3,631,868	-	20,051,197	444,599
FINANCIAL LIABILITIES										
Due to directors	168,281	-	-	168,281	-	168,281			168,281	
Short term borrowings	162,000,000	162,000,000	-	-	-	84,854,847	84,854,847			
Creditors, accrued & other										
liabilities	72,277,619	-	-	72,277,619	-	66,195,636	811,244		65,384,392	
Unclaimed dividend	601,548	-	-	601,548	-	601,548			601,548	
	235,047,448	162,000,000	-	73,047,448	-	243,770,671	177,553,564	-	66,217,107	-

30 INTEREST RATE

Effective Interest/Mark-up rates

Financial Liabilities

Long term loans	**NA**	**NA**
Short term borrowings	**11.89% to 12.32%**	**7.37% to 12.89%**

31 FINANCIAL RISK MANAGEMENT OBJECTIVES

Interest Rate Risk

The company is exposed to interest/mark-up rate risk on borrowings. Funds are borrowed at fixed and market based rates which are subject to revision quarterly/biannually.

Credit Risk

The company's credit risk is primarily attributable to its trade debts and bank balances. The credit risk on balances with banks is limited because the counter parties are banks with high credit ratings. The company has no significant credit risk or concentration of credit risk as majority of the trade debts are export debtors under letter of Credit issued by their respective banks.

Currency Risk

Trade debts exposed to currency risk are covered through forward foreign exchange contracts. There are no other major exposures to currency risk.

Liquidity Risk

The company manages its liquidity risk through effective cash management and planning, minimum local credit sales, securing the payments against export sales through export LCs, and obtaining cash finance and bills discounting facilities from banks to general liquid funds for working capital requirements.

Capital Risk Management

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of financial assets and liabilities approximate their fair values at the balance sheet date.

32. REMUNERATION OF CHIEF EXECUTIVE & DIRECTORS

	2008		2007	
	Chief Executive Rs	Director Rs	Chief Executive Rs	Director Rs
Remuneration	-	859,000	-	700,000
Utilities and other benefits	-	279,478	-	243,997
	-	1,138,478	-	943,997.00
Number	1	2	1	2

In addition to the above the chief executive and the directors were provided with company maintained vehicles

33. CASH AND CASH EQUIVALENTS

	2008 Rupees	2007 Rupees
Cash and bank balances (Note 9)	**6,024,538**	7,598,504
Short term borrowings (Note 10)	**(162,000,000)**	(84,541,847)
	(155,975,462)	(76,943,343)

34 PLANT CAPACITY AND PRODUCTION

	June 30, 2008	June 30, 2007
Number of Spindles Installed	**35,668**	35,760
Installed Capacity in 20's Count for 1095 Shifts (2006: 1095 Shifts) in kgs (approximately)	**11,235,420**	12,510,005
Actual Production after Conversion into 20's Count in kgs	**10,891,815**	12,0[illegible]8

35 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on ------------------------ by the Board of Directors of the Company.

36 GENERAL

-Figures have been rounded off to the nearest rupee.

GHULAM ALI RAJA
CHIEF EXECUTIVE

MOHAMMAD BASHIR RAJA
DIRECTOR

PATTERN OF HOLDING OF SHARES HELD BY SHAREHOLDERS AS AT JUNE 30, 2008

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS		TOTAL SHARES HELD
203	1	100	20,300
1716	101	500	772,300
34	501	1000	31,400
37	1001	5000	105,200
4	5001	10000	28,400
14	10001	above	6,602,400
2008			**7,560,000**

CATEGORIES OF SHAREHOLDINGS AS AT JUNE 30, 2008

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1 INDIVIDUAL	2001	7,515,400	99.4166
2 INVESTMENT COMPANY	3	18,200	0.2341
3 INSURANCE COMPANY	1	100	0.0015
4 FINANCIAL INSTITUTION	1	18,500	0.2447
5 MODARABA COMPANY	2	7,800	0.1031
TOTAL	2008	7,560,000	100

DISCLOSURE TO PATTERN OF SHAREHOLDING AS ON JUNE 30, 2008

(% OF SHAREHOLDING INDICATED WHERE SHAREHOLDING 0% AND MORE)

CATEGORIES OF SHAREHOLDERS	IN PAPER	IN C.D.C	TOTAL SHARES	%
ASSOCIATED COMPANIES	NIL	NIL	NIL	NIL
ICP				
INVESTMENT CORP. OF PAKISTAN	7,100	10,100	17,200	0.2275
BANKS, DEVELOPMENT FINANCE INSTITUTION, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS, JOINT STOCK COMPANIES				
NATIONAL DEVELOPMENT LEASING CORP.	18,500	-	18,500	0.2447
CRESCENT INVESTMENT BANK LTD	500	-	500	0.0066
THE CRESCENT STAR INSURANCE COMPANY	100	-	100	0.0013
UNICAP MUDARABA	5,000	-	5,000	0.0661
FIRST INTER FUND MODARABA	2,800	-	2,800	0.0370
NBP - INVESTOR'S A/C	500	-	500	0.0066
DIRECTORS, SPONSORS CEO AND EXECUTIVES: (SPOUSES AND MINOR CHILDREN INCLUDED)				
MR. GHULAM ALI RAJA (CHIEF EXECUTIVE)	2,818,000	-	2,818,000	37.2752
MR. MUHAMMAD BASHIR RAJA (DIRECTOR)	787,050	-	787,050	10.4107
MR. FAISAL RAJA (DIRECTOR)	10,000	-	10,000	0.1323
MR. ASIF ALI RAJA (DIRECTOR)	50,000	-	50,000	0.6614
MST. TASNEEM AKHTAR (DIRECTOR)	204,050	-	204,050	2.6991
MST. YASMEEN BEGUM (DIRECTOR)	116,600	-	116,600	1.5423
MST. ASBAH RUBINA (DIRECTOR)	58,300	-	58,300	0.7712
MR. ZAFAR ALI RAJA	51,500	-	51,500	0.6812
GENERAL PUBLIC - INDIVIDUAL & COS (CDC)	3,080,000	339,900	3,419,900	45.2368
TOTAL	7,210,000	350,000	7,560,000	100

(SHAREHOLDERS HOLDING 10% OR MORE)

DIRECTORS, SPONSORS CEO AND EXECUTIVES: (SPOUSES AND MINOR CHILDREN INCLUDED)		
MR. GHULAM ALI RAJA (CHIEF EXECUTIVE)	2,818,000	37.28
MR. MUHAMMAD BASHIR RAJA (DIRECTOR)	787,050	10.41

PROXY FORM

I/We ....

of ....

a member(s) of AL-QADIR TEXTILE MILLS LIMITED and holder of ....

ordinary shares, as per Registered Folio No. .... do hereby appoint ....

of .... a member of

AL-QADIR TEXTILE MILLS LIMITED, vide Registered Folio No. .... As my /our proxy to act on my / our behalf at the 22nd Annual General Meeting of the Company to be held on the 31st October 2008 at 12:30 p.m. at Mills 6-K.M. Jhelum Road, Chakwal and or at any adjournment thereof.

Signed this............................. day of October, 2008

Signature ....

(Signature should agree with the specimen signature registered with the Company)

NOTICE

1. No. proxy shall be valid unless it is duly stamped with a revenue stamp worth Rs. 5.
2. In the case of Bank or Company, the proxy form must be executed under its common seal and signed by its authorized person.
3. Power of attorney or other authority (if any) under which this proxy form is signed then a notarially certified copy of that power of attorney must be deposited along with this proxy from.
4. This form of proxy duly completed must be deposited at the Registered Office of Company at least 48 hours before the time of holding the meeting.