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AL-QADIR TEXTILE MILLS LTD
UKAS
QUALITY MANAGEMENT
043-A

QTM

24th ANNUAL REPORT

2010

AL-QADIR

Textile Mills Limited

6- Km, Jhelum Road, Chakwal

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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. MOHAMMED BASHIR RAJA MR. ASIF ALI RAJA MR. ADIL BASHIR RAJA MST. TASNEEM AKHTAR MST. YASMEEN BEGUM MST. ASBAH RUBINA
AUDIT COMMITTEE: CHAIRMAN	MR. ASIF ALI RAJA
MEMBERS	MR. MOHAMMED BASHIR RAJA MR. FAISAL BASHIR RAJA (LATE)
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 24^{th} Annual General Meeting of the Company will be held at Mills Office 6-K.M. Jhelum Road, Chakwal on Saturday i.e. 30^{th} October 2010 at 12:30 P.M. to transact the following business:

1. To confirm the Minutes of 23^{rd} Annual General Meeting held on 30^{th} October, 2009.

2. To receive and adopt the Audited Accounts of the company for the year ended 30th June 2010 and the Directors and Auditor's Reports thereon.

3. To approve and appoint the "External Auditors" for the year 2010-2011 and to fix their remuneration. The present auditors **Nasir Javaid Maqsood Imran, Chartered Accountants Islamabad,** retire and offer for re-appointment.

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

Chakwal
October 08, 2010

By order of the Board
Zaheer Ahmed Akmal
Company Secretary

NOTES:

1. The share transfer books of the Company will be closed from 23 Oct. to 30 Oct. 2010 (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 feel pleasure in presenting the 24^{th} Annual Report of Al-Qadir Textile Mills Limited along with audited accounts of the company for the year ended 30^{th} June 2010.

The current year ending on June 30, 2010 witnessed marked improvement in your company's profitability despite overall crises and yarn export restrictions. During the year under review, the company has earned profit before tax of Rs. 53.325 million as compared Rs. 10.734 million of the corresponding last year despite continuous international crises, power disruptions, and rising cost of production. The input cost increased i.e. cotton maximum Rs. 6,500 per mound, polyester maximum Rs. 140 per Kg, WAPDA tariff off peak Rs. 5.69 per unit and peak hours Rs. 9.90 per unit.

	2010 (Rupees)	2009 (Rupees)
FINANCIAL HIGHLIGHTS		
Sales	1,106,614,139	761,896,841
Gross Profit	107,966,725	55,995,477
Profit from Operations	75,890,011	37,882,972
Financial Cost	23,497,378	31,117,439
Pre tax Profit	53,324,702	10,733,783
Earning per Share Basic and diluted	3.86	0.60

OPERATION

During the year under review the prices of raw cotton jumped high due to constant rising trend in the international market. The increased cost of production somehow effected profitability but due increased demand and higher yarn prices in the international as well as in local market has substantially improved the company's profitability. Due to reduction of power supply by IESCO (Wapda) the company has to run its operations far below from its operational capabilities.

In cotton market there was an increasing trend in the prices of raw cotton as compared to the corresponding period of last year. The cost of production has increased due to rising cost of utilities and other production expenses. The prices of yarn in the international market increased substantially but due to imposition of quota and export duty the company was unable to earn the benefits that they should have otherwise.

The Company's annual production has increased from 8.629 million KGs to 9.887 million KGs during the year under review. The policy of the company is to maintain consistency and provide quality yarn in the local as well as international markets at better prices over competitors.

DIVIDEND

During the year under review the company has earned profit before tax of Rs. 53.325 million therefore the directors of the company has recommended 10% cash dividend to its shareholders.

TAXATION

The assessment of the Income Tax up to tax year 2009 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 CORPOPRAT 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, have retired at the conclusion of the Annual General Meeting and have offered their services, for the ensuing year. On the recommendation of Audit Committee, the retiring auditors M/s Nasir Javaid Maqsood Imran, Chartered Accountants, Islamabad, have been appointed for the year ending 30th June 2011.

FUTURE OUT LOOK

The recent floods have badly affected current cotton crop and further on that the rising prices in the international market are threatening the future prospects. From the beginning of current fiscal year the prices of cotton are hovering around Rs.7500 per mound. Increase in global cotton demand and lower supply can increase the cotton prices further which can result in further deterioration in industry's profitability. On the other hand due to monopolistic behavior of polyester suppliers the current price of polyester is Rs. 143 per kg. Because of shortfall in the electricity supply the management is forced to run its operations below operational capacity level that further increases cost of production.

The future appears to be uncertain unless government takes remedial measures to save textile sector specially spinning sector by removing obstacles on export. In the international market the competition is tough due to continuous rise of input costs that has an adverse impact on your company's profitability. The management is trying their level best to achieve maximum efficiency in men, material and machinery to counter to some extent the effects of textile crises.

PATTERN FOR SHARE HOLDING

The pattern of shareholding is annexed with this report.

ACKNOWLEDGEMENT

The directors of the company would like to take pleasure in expressing appreciation and thank all the employees and members of management team for their efforts, devotion and loyalty throughout the year. We would also like to acknowledge the support and cooperation received form valued customers. We also acknowledge the support of government agencies, financial institutions particularly Bank Al-Falah Limited, and the Board of Directors for their handwork, and 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. Adil 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 2009-10

Name of the Director	Total No. of Board's Meetings	No. of Meeting Attended
Mr. Ghulam Ali Raja	7	7
Mr. Mohammed Bashir Raja	7	7
Mr. Asif Ali Raja	7	7
Mr. Faisal Bashir Raja (Late)	7	6
Mst. Tasneem Akhtar	7	5
Mst. Yasmeen Begum	7	6
Mst. Asbah Rubina	7	5

CHAKWAL
October 08, 2010

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

FINANCIAL DATA AT A GLANCE
FROM 2005 -2010
Rs Million

	2005	2006	2007	2008	2009	2010
Sales Revenue	892,592	876,606	861,007	828,570	761,897	1,106,614
Marketing & Administrative Expenses	26,505	28,719	28,083	7,412	9,061	15,230
Profit/(Loss) before Tax	71,345	34,091	15,414	11,185	10,733	53,325
Profit/(Loss) after Tax	72,708	18,700	5,362	(23,857)	4,573	29,149
Capital expenditure	44,363	9,829	45,244	29,837	12,602	2,817
Shareholders' Equity	280,291	343,790	349,449	309,217	307,342	436,253
No. of Shares Outstanding	7,560	7,560	7,560	7,560	7,560	7,560
Break-up Value (Rs./Share)	37.08	45.45	46.22	40.90	40.65	57.71
Cash Dividend (%)	NIL	NIL	NIL	NIL	NIL	10
Dividend per Share (Rs.)	NIL	NIL	NIL	NIL	NIL	NIL
Bonus Share (%)	NIL	NIL	NIL	NIL	NIL	NIL
Production converted on 20/s KG	9,719	12,302	12,065	10,892	8,629	9,887
<u>Key Performance Indicators</u>						
Return on Shareholders' Equity	25.94	5.44	1.53	(7.72)	1.49	6.68
Return on Total Assets	11.81	2.96	0.98	(3.90)	0.79	4.53
Earning per Share (Rs.)	9.62	2.47	0.71	(3.16)	0.60	3.86
Total Assets	615,455	630,941	548,473	611,719	578,608	643,260

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Al-Qadir Textile Mills Limited** ("the Company") for the year ended 30 June 2010, to comply with the Listing Regulations of the Karachi Stock Exchange and 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 are not required to consider whether the Board's statement on internal controls cover all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 (Previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price according proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirements to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 as applicable to the company for the year ended 30 June 2010.

October 08, 2010 | Nasir Javaid Maqsood Imran
Islamabad | Chartered Accountants

Auditor's Report to the Members

We have audited the annexed balance sheet of **Al-Qadir Textile Mills Limited** ("the Company") as at 30 June 2010 and the related profit and loss account, statement of comprehensive income, 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 accounts 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, investment 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, statement of comprehensive income, cash flow statement and the statement of the changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of the profit, its cash flow 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).

Date: October 08, 2010
Place: **Islamabad**

Nasir Javaid Maqsood Imran
Chartered Accountants

IMRAN UL HAQ, FCA

BALANCE SHEET
AS AT 30 JUNE 2010

	Note	2010 Rupees	2009 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
15,000,000 (2009: 15,000,000) Ordinary shares of Rupees 10/- each		150,000,000	150,000,000
Issued, subscribed and paid up share capital	3	75,600,000	75,600,000
Deposits for shares	4	15,922,750	15,922,750
Un appropriated profit		156,593,305	122,787,292
Total equity		248,116,055	214,310,042
Surplus on revaluation of fixed assets	5	188,087,357	93,032,049
NON-CURRENT LIABILITIES			
Employee benefits	6	5,141,014	3,298,704
Deferred tax liability	7	108,900,024	69,609,806
		114,041,038	72,908,510
CURRENT LIABILITIES			
Trade and other payables	8	65,233,606	33,029,787
Accrued mark up on short term borrowings		2,797,673	7,373,750
Short term borrowings	9	421,781	151,421,781
Provision for taxation		24,562,268	6,532,421
		93,015,328	198,357,739
CONTINGENCIES AND COMMITMENTS	10		
		643,259,778	578,608,340

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

Chakwal:
October 8, 2010

CHIEF EXECUTIVE

	Note	2010 Rupees	2009 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	497,172,709	380,296,757
Long term deposits		444,599	444,599
		497,617,308	380,741,356
CURRENT ASSETS			
Stores, spares and loose tools	12	6,958,490	7,712,113
Stock in trade	13	44,284,199	163,248,191
Trade debts	14	26,551,523	3,334,305
Advances	15	6,198,352	4,985,621
Security deposits and short term prepayments	16	447,623	339,650
Taxation recoverable		2,110,460	3,845,366
Other receivables	17	7,373,432	7,151,574
Cash and bank balances	18	51,718,390	7,250,164
		145,642,470	197,866,984
		643,259,778	578,608,340

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010

	For the Year 30-Jun-10	For the Year 30-Jun-10
SALES	1,106,614,139	761,896,841
COST OF SALES	998,647,414	705,901,364
GROSS PROFIT	107,966,725	55,995,477
SELLING AND DISTRIBUTION EXPENSES	12,264,887	5,897,871
ADMINISTRATIVE EXPENSES	15,230,490	9,061,319
OTHER OPERATING EXPENSES	4,581,336	3,153,315
	32,076,713	18,112,505
PROFIT FROM OPERATIONS	75,890,011	37,882,972
OTHER OPERATING INCOME	932,069	3,968,250
	76,822,080	41,851,222
FINANCE COST	(23,497,378)	(31,117,439)
PROFIT BEFORE TAXATION	53,324,702	10,733,783
PROVISION FOR TAXATION	24,175,339	6,160,517
PROFIT AFTER TAXATION	29,149,364	4,573,266
EARNINGS PER SHARE - BASIC AND DILUTED	3.86	0.60

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

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	Rupees	
PROFIT AFTER TAX	29,149,364	4,573,266
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	29,149,364	4,573,266

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

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 Rupees	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		53,324,702	10,733,783
Adjustments for non-cash charges and other items:			
Depreciation		24,206,169	25,684,665
Worker's profit participation fund		2,958,942	564,936
Worker's welfare fund		1,087,394	-
(Gain) / loss on disposal of fixed asset		(605,237)	2,270,379
Provision for gratuity		3,625,410	3,391,529
Accrued mark-up		(39,086)	-
Financial expenses		23,497,378	31,117,439
Cash flows before working capital changes		108,055,673	73,762,731
Working capital changes:			
(Increase)/decrease in current assets			
Stores, spares		753,622	1,075,060
Stock in trade		118,963,992	19,222,773
Trade debts		(23,217,218)	(3,069,232)
Advances		(1,212,731)	880,538
Security deposits and short term prepayments		(107,973)	704,025
Increase/(decrease) in current liabilities			
Trade and other payables		28,157,483	(34,309,193)
		123,337,175	(15,496,029)
Cash generated from operations		231,392,849	58,266,702
Finance cost paid		(28,073,455)	(29,848,812)
Tax paid		(3,951,399)	(3,134,656)
Payment of staff retirement gratuity		(1,783,100)	(2,514,545)
Net cash from operating activities		197,584,895	22,768,688
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,816,670)	(10,546,562)
Proceeds from disposal of property, plant and equipment		700,000	1,250,000
Net cash used in investing activities		(2,116,670)	(9,296,562)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of:			
Share deposit money		-	(1,500,000)
Short term borrowings - net		(151,000,000)	(10,746,500)
Net cash used in financing activities		(151,000,000)	(12,246,500)
Net increase in cash and cash equivalents		44,468,225	1,225,626
Cash and cash equivalents at the beginning of the year		7,250,164	6,024,538
Cash and cash equivalents at the end of the year	18	51,718,390	7,250,164

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Share Capital	Deposit for Shares	Accumulated Profit / (Loss)	Total
	..............................Rupees...........................			
Balance as at 01 July 2008	75,600,000	17,422,750	109,940,552	202,963,302
Total comprehensive income for the year	-	-	4,573,266	4,573,266
Refund of share deposit money	-	(1,500,000)	-	(1,500,000)
Surplus realized on incremental depreciation-net of deferred tax	-	-	6,892,001	6,892,001
Surplus realized on disposal of assets-net of deferred tax	-	-	1,381,474	1,381,474
Balance as at 30 June 2009	75,600,000	15,922,750	122,787,292	214,310,042
Total comprehensive income for the year	-	-	29,149,364	29,149,364
Surplus realized on incremental depreciation-net of deferred tax	-	-	4,656,649	4,656,649
Balance as at 30 June 2010	75,600,000	15,922,750	156,593,305	248,116,055

CHIEF EXECUTIVE DIRECTOR

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

1.0 THE COMPANY AND ITS OPERATIONS

Al - Qadir Textile Mills Limited is a public company incorporated in Pakistan under the Companies Ordinance, 1984 and is quoted on Karachi and Lahore stock exchanges of Pakistan. Its registered office is situated at Raja house, near Makki Masjid, Chakwal, Pakistan. The company is engaged in the business of textile spinning.

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan .Approved accounting standard comprise of such International Financial Reporting Standards(IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provision of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting Convention

These financial statements have been prepared under the historical cost convention.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis .Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis .The provision is made while taking into consideration expected recoveries, if any.

d) **Standards, interpretations and amendments to approved accounting standards that are not yet effective:**

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or Interpretation		**Effective Date (Accounting periods beginning on or after)**
IFRS-2	Share-based Payments: Amended relating to Group Cash-settled Share-based Payment Transactions	January 01,2010
IAS-24	Related Party Disclosures (Revised)	January 01, 2011
IAS-32	Financial Instruments: Presentation-Classification of Right Issue	February 01,2010
IFRIC 14	The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction (Amendments)	January 01,2011
IFRIC- 19	Extinguishing Financial Liabilities with Equity Instruments	July 01,2010

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009 primarily with a view to remove inconsistencies and clarify wordings. Such improvements are generally effective for accounting periods beginning on or after January 01, 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

e) **Standards, amendments and interpretations adopted during the year**

During the year, the following new/revised standards, amendments and interpretations of accounting standards become effective:

IFRS-2	Share Based Payment- Vesting Conditions and Cancellations (Amendment)
IFRS-3	Business Combinations (Revised)
IFRS-7	Financial Instruments: Disclosures (Amendments)
IFRS-8	Operating Segments
IAS-1	Presentation of Financial Statements (Revised)
IAS-23	Borrowing Costs (Revised)
IAS-27	Consolidated and Separate Financial Statements (Amendment)
IAS-32	Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements-Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)
IAS-39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items (Amendments)
IFRIC- 15	Agreement for the Construction of Real Estate
IFRIC-16	Hedges of a Net Investment in a Foreign Operation
IFRIC-17	Distributions of Non-Cash Assets to Owners
IFRIC-18	Transfer of Assets from Customers

Improvement to International Financial Reporting Standards (Issued 2008)

The adoption of above standards, amendments and interpretations did not have any effect on the financial statements.

2.2 **Employee 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 30 June 2010 using the Projected Unit Credit Method.

Actuarial gains and losses are recognized as income or expenses 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.

2.3 **Taxation**

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation income. The charge for current tax is calculated using prevailing tax rates or tax rate expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

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 deferred tax asset to be utilized.

2.4 **Foreign currencies**

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date or rates fixed under the Exchange Rate Absorption Scheme of State Bank of Pakistan or forward exchange rate booking, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated in Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit and loss account.

2.5 **Property, Plant, equipment and depreciation**

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost / revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land and capital work in progress are stated at cost / revalued amount less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / revalued amount of the assets over their estimated useful lives at the rates given in Note 11. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized.

The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.6 **Inventories**

Inventories, except for stock in transit and waste stock /rags are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock in trade

Cost of raw material, work in process and finished good is determined as follows:

- For Raw material	Annual average basis
- For Work- in -process and finished goods	Average manufacturing cost including a portion of production overheads

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock/rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessarily to make a sale.

2.7 **Borrowing cost**

Interest, mark-up and other charges on long term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term finances. All other interest, mark up and other charges are recognized in profit and loss account.

2.8 **Trade debts**

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

2.9 **Revenue Recognition**

Revenue from different sources is recognized as under:
- Revenue from sale of goods is recognized on delivery of goods to customers.
- Interest income is accounted for on accrual basis
- Rebate on exports is any is accounted for on actual receipt basis.

2.10 **Share Capital**

Ordinary shares are classified as equity.

2.11 **Financial instruments**

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which is measured initially at fair value.

Financial assets are de-recognized when the company loses control of the contractual rights that comprise the financial assets. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit or loss currently.

2.12 **Provisions**

Provisions are recognized when the company has a 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 obligations and a reliable estimate of the amount can be made.

2.13 **Impairment**

The carrying amounts of the Company's asset are reviewed at each balance sheet to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated .An impairment loss is recognized whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account. .

2.14 **Off setting**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is legal enforceable right to set off and the Company intends either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

2.15 **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank on current, saving and deposit accounts and other short-term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.16 **Related party transaction**

Transactions and contracts with the related parties are carried out at arm's length price determined in accordance with comparable uncontrolled price method.

2.17 **Dividend and other appropriations**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3.0 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2010	2009		2010	2009
No. of Shares			Rupees	Rupees
6,691,000	6,691,000	Ordinary shares of rupees 10 each issued for cash	66,910,000	66,910,000
869,000	869,000	Ordinary shares of rupees 10 each issued for consideration other than cash	8,690,000	8,690,000
7,560,000	7,560,000		75,600,000	75,600,000

4.0 DEPOSITS FOR SHARES

This represents an amount of rupees 24.45 million received from Chief Executive Officer Mr. Ghulam Ali Raja in 1993. Portion of this amount was refunded in previous year.

5.0 SURPLUS ON REVALUATION OF FIXED ASSETS

	2010 Rupees	2009 Rupees
Opening balance	131,073,875	139,347,350
Assets revalued during the year	138,360,215	-
	269,434,090	139,347,350
Deferred tax relating to revalued amount	(76,690,084)	(38,041,827)
Revaluation surplus net of deferred tax	192,744,006	101,305,523
Surplus realized during the year (net of deferred tax)		
- Disposal of property plant and equipment	-	1,381,474
- Incremental depreciation	4,656,649	6,892,001
	4,656,649	8,273,475
	188,087,357	93,032,049

The latest revaluation of property, plant and equipment was carried out on June 30, 2010 by independent valuers M/s Harvesters Services Private Limited using market based approach.

6.0 GRATUITY - UNFUNDED DEFINED BENEFIT PLAN

a) Liability recognized in the balance sheet:

	2010 Rupees	2009 Rupees
Present value of defined benefit obligation	4,793,412	3,033,462
Unrecognized actuarial gain	347,602	265,242
	5,141,014	3,298,704

b) Movement in present value of defined benefit obligation:

	2010 Rupees	2009 Rupees
Present value of defined benefit obligation at the beginning of the year	3,033,462	2,208,133
Current service cost	3,483,318	3,126,553
Interest cost	193,915	264,976
Benefits paid	(1,783,100)	(2,514,545)
Actuarial losses/(gains) on present value of defined benefit obligation	(134,183)	(51,655)
	4,793,412	3,033,462

	2010 Rupees	2009 Rupees
c) Movement in unrecognized actuarial gains/(losses):		
Unrecognized actuarial gains at beginning of the year	265,242	213,587
Unrecognized actuarial gains arising during the year	134,183	51,655
Gain recognized during the year	(51,823)	-
	347,602	265,242
d) Movement in liability recognized in the balance sheet:		
Opening liability	3,298,704	2,421,720
Expense for the year	3,625,410	3,391,529
Benefits paid to employees	(1,783,100)	(2,514,545)
	5,141,014	3,298,704
e) Amount recognized in the profit and loss account:		
Current service cost	3,483,318	3,126,553
Interest cost	193,915	264,976
Actuarial gains recognized	(51,823)	-
	3,625,410	3,391,529
f) Expense is recognized in the following line items in the profit and loss account:		
Cost of sales	3,357,561	3,026,940
Administrative expenses	267,849	364,589
	3,625,410	3,391,529

g) Principal actuarial assumptions used in the actuarial valuation carried out as at 30 June 2010 are as follows:

	2010	2009
Discount Rate	12% per annum	12% per annum
Expected Rate of Increase in Salary	11%	11%
Average Expected Remaining Working Life of Employees	2 years	2 years

h) General description of the type of plan

The gratuity scheme is provided as 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.

i) Historical information

Years	2010	2009	2008	2007	2006	2005	2004
	............Rupees in '000'.......						
Present value of defined benefit obligation	2,600	1,616	2,208	2,236	892	3,022	2,489
Experience adjustment on obligation	(134)	(52)	(187)	126	(192)	(8)	(16)

j) Best Estimate of Contributions to be paid after the Balance Sheet Date

The Company expects to contribute rupees 4.43 million towards the defined benefit gratuity plan in 2011.

	Notes	2010 Rupees	2009 Rupees
7.0 Deferred Taxation			
Deferred Tax Liability			
Differences in tax and accounting bases of assets		40,011,038	37,893,607
Surplus on revaluation of property, plant and equipment		71,265,004	32,616,745
		111,276,041	70,510,352
Deferred Tax Asset			
Provision for gratuity		(2,376,018)	(900,547)
		108,900,024	69,609,806

8.0 TRADE AND OTHER PAYABLES

	Notes	2010 Rupees	2009 Rupees
Trade Creditors		26,949,704	13,199,521
Accrued and other payables		24,254,075	12,316,267
Advance from customers		6,010,239	3,788,613
Excise duty payable	8.1	1,798,632	1,798,632
Withholding tax payable		1,008,136	760,270
Workers' profit participation fund	8.2	3,523,878	564,936
Workers' welfare fund		1,087,394	-
Un claimed dividend		601,548	601,548
		65,233,606	33,029,787

8.1 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.

8.2 **Workers' profit participation fund**

	2010	2009
Opening balance	564,936	-
Allocation for the period	2,868,552	564,936
	3,433,488	564,936
Interest on unpaid balance	90,390	-
	3,523,878	564,936

The company retains worker's profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers Participation Act, 1968) on funds utilized by the company till the date of allocation to workers.

Interest is calculated at 6 months KIBOR + 2.5% per annum.

	Notes	2010 Rupees	2009 Rupees
9.0 SHORT TERM BORROWINGS			
Cash Finance - Bank Al-Falah Limited	9.1	-	151,000,000
Due to director	9.2	421,781	421,781
		421,781	151,421,781

9.1 This represents Cash Finance facility obtained from Bank Al-Falah Limited to the extent of Rupees 350.00 million (2008: Rupees 350.00 million). The facility expires on 30 November 2010 and is renewable every year. It carries interest rate calculated at 3 months KIBOR (Ask) + 2.25% (2009: 3 months KIBOR (Ask) + 2.25%). The facility is secured against pledge of fresh crop of raw cotton bales at 10% margin on KCA rates (ex-gin prices).

This represents US Dollar/Pak Rupee financing against export LCs and firm contracts to the extent of Rupees 250.00 million (2009: Rupees 250.00 million) . The facility expires on 30 November 2010 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+ 2.25 % with no floor no cap (2009: Dollar based LIBOR+2% with a floor of 4%, and/or Rupee based 3 month KIBOR+ 2.25 % 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.

Other facilities obtained by the company:

Sr. No.	NATURE OF FACILITY	2010		2009	
		LIMIT	MARK UP / COMMISSION	LIMIT	MARK UP / COMMISSION
		Rupees (Million)		Rupees (Million)	
1	FBP (Clean)	200	SOC	200	SOC
2	FBP (Discrepant Doc)	30	SOC	30	SOC
3	LBP (120 Days) Post Acceptanc	150	3M KIBOR +2.25%	150	3M KIBOR +2.25%
4	Sub Limit of LBP-Discrepant (Pre Accept)	30	3M KIBOR +2.25%	30	3M KIBOR +2.25%
5	SLC	50	0.20% for 1st qtr and 0.10% for Subqt. Qtrs and PAD as per CF-P rare max for 6 days and penal rate thereafter	50	0.20% for 1st qtr and 0.10% for Subqt. Qtrs and PAD as per CF-P rare max for 6 days and penal rate thereafter
6	Sub limit of SLC ULC (Inland) Acceptance (90 Days)	40	-do-	40	-do-
7	Sub Limit of CF (P) FIM 90 Days	25	3M KIBOR +2.25%	25	3M KIBOR +2.25%

These facilities from Bank Al-Falah are further secured against 1st charge on entire current assets and expire on 30 November 2010 (2009: 28 February 2010).

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

	Notes	2010	2009
		Rupees in million	
10.0 CONTINGENCIES AND COMMITMENTS			
Contingencies			
Bank Al-Falah FAFB/FDBC		102.82	18.984

	Notes	2010	2009
		Rupees	Rupees
11.0 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	11.1	497,172,709	380,296,757

11.1 **Property, plant and equipment:**

PARTICULARS	COST / REVALUATION			ACCUMULATED DEPRECIATION			Net Book Value as at	RATE
	As at 01 July 2009	Additions/ (Disposals)/ Adjustments	As at 30 June2010	As at 01 July 2009	For the year/ (Adjustments)	As at 30 June2010	30 June2010	
	----------Rupees----------							%
Freehold land	20,662,500	-	22,883,750	-	-	-	22,883,750	0
		2,221,250			-			
Building	85,931,773	-	130,447,980	15,558,493	3,518,664	-	130,447,980	5
		44,516,207			(19,077,157)			
Plant and machinery	371,161,884	876,750	338,851,600	85,972,084	19,760,551	-	338,851,600	5-15
		(33,187,034)			(105,732,635)			
Office equipment	1,126,460	100,920	1,227,380	734,342	43,417	777,759	449,621	10
Furniture and fixture	1,687,659	-	1,687,659	1,277,756	40,990	1,318,746	368,913	10
Telephone installations	429,519	-	429,519	366,119	6,340	372,459	57,060	10
Vehicles	9,255,830	1,839,000	10,165,830	6,050,074	836,207	6,052,045	4,113,785	20
		(929,000)			(834,237)			
2010	490,255,625	2,816,670	505,693,718	109,958,869	24,206,169	8,521,009	497,172,709	
		(929,000)			(125,644,029)			

PARTICULARS	COST / REVALUATION			ACCUMULATED DEPRECIATION			Net Book Value as at	RATE
	As at 01 July 2008	Additions/ (Disposals)	As at 30 June2009	As at 01 July 2008	For the year/ (Adjustments)	As at 30 June2009	30 June2009	
	----------Rupees----------							%
Freehold land	20,662,500	-	20,662,500	-	-	-	20,662,500	0
Building on freehold land	83,876,100	2,055,673	85,931,773	11,962,829	3,595,664	15,558,493	70,373,280	5
Plant and machinery	364,625,322	10,536,562	371,161,884	65,459,016	21,240,753	85,972,084	285,189,800	5-15
		(4,000,000)			(727,685)			
Office equipment	1,116,460	10,000	1,126,460	690,959	43,383	734,342	392,118	10
Furniture and fixture	1,687,659	-	1,687,659	1,232,211	45,545	1,277,756	409,903	10
Telephone installations	429,519	-	429,519	359,075	7,044	366,119	63,400	10
Vehicles	9,765,830	(510,000)	9,255,830	5,559,735	752,275	6,050,074	3,205,756	20
					(261,936)			
2009	482,163,390	12,602,235	490,255,625	85,263,825	25,684,665	109,958,869	380,296,757	
		(4,510,000)			(989,621)			

	2010 Rupees	2009 Rupees
11.2 **Depreciation for the year has been allocated as under:**		
Cost of goods sold	23,279,215	24,836,417
Administrative expenses	926,954	848,248
	24,206,169	25,684,665

11.3 **Detail of assets disposed off during the year:**

Qty.	Description	Cost	Accumulated depreciation	Net book value	Insurance proceeds	Profit/ (loss)	Mode of Disposal	Sold to
		..........Rupees..........						
1	Toyota coralla	929,000	834,237	94,763	700,000	605,237	Theft	Claim received from EFU General Insurance

11.4 Freehold land, building on freehold land and plant and machinery are stated at valuation. Had there been no revaluation, related figures of these assets as at 30 June 2010 would have been as follows:

	Cost	Accumulated Depreciation	Written Down Value
	..........Rupees..........		
Freehold land	3,879,645	-	3,879,645
Building on freehold land	55,051,956	38,452,576	16,599,380
Plant and machinery	493,560,742	302,444,626	191,116,115
2010	552,492,343	340,897,202	211,595,140
2009	493,603,836	319,836,974	173,766,862

	Notes	2010	2009
12.0 STORES, SPARES AND LOOSE TOOLS		Rupees	Rupees
Stores		6,870,836	7,628,519
Spares and loose tools		87,654	83,594
		6,958,490	7,712,113
13.0 STOCK-IN-TRADE			
Raw material		33,047,329	146,783,543
Work-in-process		6,268,713	6,305,329
Finished goods		3,712,703	9,174,913
Waste		1,255,454	984,405
		44,284,199	163,248,190
14.0 TRADE DEBTS			
Secured against letter of credit		9,306,783	-
Unsecured - considered good	14.1	17,244,740	3,334,305
		26,551,523	3,334,305

14.1 The related debt is assumed to be good.

	Notes	2010	2009
15.0 ADVANCES			
Advances considered good			
- To Suppliers		5,331,969	4,202,468
- To Staff		866,383	783,153
		6,198,352	4,985,621
16.0 SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS			
Excise duty		352,459	244,486
Prepayments		95,164	95,164
		447,623	339,650

17.0 OTHER RECEIVABLES

This amount includes sales tax refundable to the company.

	Notes	2010	2009
18.0 CASH AND BANK BALANCES			
Cash in hand		143,611	310,328
Cash at banks:			
Current accounts		28,677,737	4,098,346
Saving accounts including US$ 16,988 (2009: US$ 16,964)	18.1	22,897,042	2,841,491
		51,574,779	6,939,836
		51,718,390	7,250,164

18.1 Rate of profit on bank deposit is 5% (2009: 5 %) per annum.

	Notes	2010 Rupees	2009 Rupees
19.0 SALES			
Local:			
Yarn		900,913,779	589,125,388
Waste		8,565,893	6,661,439
		909,479,672	595,786,827
Export of yarn		197,134,467	166,110,014
		1,106,614,139	761,896,841
20.0 COST OF SALES			
Raw Material Consumed	20.1	713,999,571	523,894,268
Salaries, Wages and Benefits	20.2	76,663,289	44,505,877
Packing Material		12,943,840	11,303,771
Fuel and Power		135,783,904	90,376,590
Stores and Spares Consumed		5,648,579	1,307,098
Repairs and Maintenance		19,297,336	8,521,077
Insurance		1,476,754	1,419,000
Cotton Cess		367,580	641,460
Depreciation		23,279,215	24,836,417
Miscellaneous		3,959,568	2,797,354
		993,419,636	709,602,912
Work-in-Process			
Opening stock		6,305,329	6,978,386
Closing stock		(6,268,713)	(6,305,329)
		36,616	673,057
Cost of Goods Manufactured		993,456,252	710,275,969
Finished Goods			
Opening stock		10,159,318	5,784,713
Closing stock		(4,968,157)	(10,159,318)
		5,191,161	(4,374,605)
		998,647,414	705,901,364
20.1 **Raw material consumed**			
Opening Stock		146,783,543	169,707,865
Purchases		600,263,357	500,969,946
		747,046,900	670,677,811
Closing balance		(33,047,329)	(146,783,543)
		713,999,571	523,894,268

20.2 This includes employees' retirement benefits amounting to Rupees 3,357,561/- (2009: Rupees 3,026,940/-)

		2010 Rupees	2009 Rupees
21.0 SELLING AND DISTRIBUTION EXPENSES			
Export Expenses and Freight		4,533,375	3,796,498
Commission Paid on Local Sales		4,726,367	25,000
Commission Paid on Export Sales		3,005,145	2,076,373
		12,264,887	5,897,871

22.0 ADMINISTRATIVE EXPENSES

	Notes	2010 Rupees	2009 Rupees
Salaries, Wages and Benefits	22.1	4,264,144	3,018,597
Directors' Remuneration		1,839,628	1,478,006
Repairs and Maintenance		753,700	202,095
Insurance		235,756	202,054
Vehicle Running and Maintenance		1,624,926	747,987
Traveling and Conveyance		1,196,731	289,813
Entertainment		375,058	64,875
Postage and Telecommunication		934,975	865,288
Printing and Stationery		281,397	221,052
Legal and Professional charges		940,000	323,000
Fees and Subscription		542,603	159,865
ISO System Expenses		98,963	95,797
Guest House Expenses		431,840	129,319
Depreciation		926,954	848,248
Miscellaneous expenses		783,815	415,323
		15,230,490	9,061,319

22.1 This includes employees' retirement benefits amounting to Rupees 267,849 (2009 : Rupees 364,589/-).

23.0 OTHER OPERATING EXPENSES

	Notes	2010 Rupees	2009 Rupees
Auditors' remuneration	23.1	525,000	315,000
Donations	23.2	10,000	3,000
Workers' profit participation fund		2,958,942	564,936
Workers' welfare fund		1,087,394	-
Loss on sale of fixed asset		-	2,270,379
		4,581,336	3,153,315

23.1 AUDITORS' REMUNERATION

	2010 Rupees	2009 Rupees
Audit fee	500,000	300,000
Out of Pocket expenses	25,000	15,000
	525,000	315,000

23.2 None of the directors and their spouses have any interest in the donee's fund.

24.0 OTHER OPERATING INCOME

	2010 Rupees	2009 Rupees
Financial assets:		
Profit on Short Term Deposits	267,918	204,013
Gain on Exchange	58,914	145,623
Non-financial assets		
Gain on disposal of fixed assets	605,237	-
Reversal of provision for doubtful debts	-	3,618,614
	932,069	3,968,250

25.0 FINANCE COST

	2010 Rupees	2009 Rupees
Markup on Short Term Finance	21,649,276	28,365,426
Bank charges and commission	1,848,102	2,752,014
	23,497,378	31,117,439

	2010 Rupees	2009 Rupees
26.0 PROVISION FOR TAXATION		
Current year		
Current	20,308,071	6,532,421
Prior - current	3,225,308	-
Deferred	641,960	(371,904)
	24,175,339	6,160,517

26.1 Provision for taxation has been made in accordance with sections 154 and 169 of the Income Tax Ordinance 2001. The assessments of the company have been finalized upto tax year 2009.

26.2 The applicable tax rate is 35% (2009: 35%) on the taxable income of the company.

			2010	2009
27.0 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation			29,149,364	4,573,266
Number of ordinary share outstanding	Number		7,560,000	7,560,000
Earning per share	Rupees	27.1	3.86	0.60

27.1 No figure for diluted earning per share has been presented as the company has not issued any instrument carrying options which would have an impact on the basic earnings per shares, when exercised.

28.0 REMUNERATION OF CHIEF EXECUTIVE & DIRECTORS

	2010		2009	
	Chief Executive	Director	Chief Executive	Director
	..........Rupees..........			
Remuneration	-	1,527,382	-	1,175,500
Utilities and other benefits	-	312,246	-	302,506
	-	1,839,628	-	1,478,006
Number	1	2	1	2

29.0 FINANCIAL RISK MANAGEMENT

29.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and foreign debtors. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2010	2009
Cash at banks - USD	16,988	16,964
Trade debts - USD	108,864	-

The following significant exchange rates were applied during the year:

Rupees per US Dollar		
Average rate	84.61	81.06
Reporting date rate	85.49	81.47

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 353,501 (2009:Rupees 69,144) and Rupees 353,501 (2009: Rupees 69,046) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk as the company has not made any investment in equity instruments of other companies.

(iii) Interest rate risk

This represents 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 has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2010	2009
	....Rupees....	
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	22,897,042	2,841,491
Financial liabilities		
Short term borrowings	421,781	151,421,781

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees Nil (30 June 2009: Rupees 972,012) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities/deposits outstanding at balance sheet dates were outstanding for the whole year.

(b) **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2010	2009
	....Rupees....	
Long term deposits	444,599	444,599
Trade debts	26,551,523	3,334,305
Bank balances	51,574,779	6,939,836
	78,570,901	10,718,740

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2010	2009
	Short Term	Long term	Agency	........Rupees........	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	56,471	56,470
Allied Bank Limited	A1+	AA	PACRA	5,011,107	13,965
Bank Alfalah Limited	A1+	AA	PACRA	28,847,516	844,456
Habib Bank Limited	A-1+	AA+	JCR-VIS	6,760,314	2,849,058
MCB Bank Limited	A1+	AA+	PACRA	9,184,225	2,987,879
United Bank Limited	A-1+	AA+	JCR-VIS	1,530,384	2,889
Silkbank Limited	A-2	A -	JCR-VIS	184,762	185,119
				51,574,779	6,939,836

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 14.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2010, the Company had Rupees 350 million available borrowing limits from financial institutions and Rupees 51.78 million cash and bank balances. Also the Company has positive working capital position at the year end. So, management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2010

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month
	Rupees			
Trade and other payables	51,805,327	51,805,327	51,805,327	-
Accrued mark-up	2,797,673	2,797,673	2,797,673	-
Short term borrowings	421,781	421,781	-	421,781
	55,024,781	55,024,781	54,603,000	421,781

Contractual maturities of financial liabilities as at 30 June 2009

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month
	Rupees			
Trade and other payables	26,117,336	26,117,336	25,215,482	901,854
Accrued mark-up	7,373,750	7,373,750	7,373,750	-
Short term borrowings	151,421,781	151,421,781	-	151,421,781
	184,912,867	184,912,867	32,589,232	152,323,635

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 9 and note 18 to these financial statements.

29.2 **Fair values of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

29.3 **Financial instruments by categories**

	2010	2009
	FINANCIAL ASSETS	
Assets as per balance sheet	........Rupees.......	
Long term deposits	444,599	444,599
Trade debts	26,551,523	3,334,305
Cash and bank balances	51,718,390	7,250,164
	78,714,512	11,029,068
	FINANCIAL LIABILITIES	
Liabilities as per balance sheet	........Rupees.......	
Trade and other payables	51,805,327	26,117,336
Accrued mark-up	2,797,673	7,373,750
Short term borrowings	421,781	151,421,781
	55,024,781	184,912,867

29.4 **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.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry and the requirements of the lenders, the company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as bank borrowings divided by total capital employed. Borrowings represent short term borrowings obtained by the company. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The company's strategy is to maintain debt burden at minimum possible level.

	2010 Rupees	2009 Rupees
Borrowings	421,781	151,421,781
Total equity	248,116,055	214,310,042
Total capital employed	248,537,836	365,731,823
Gearing ratio (Percentage)	0.17	41.40

30.0 PLANT CAPACITY AND PRODUCTION

	2010	2009
Number of Spindles Installed	35,668	35,668
Installed Capacity in 20's Count for 784 Shifts (2009:782 Shifts) in kgs (approximately)	11,235,420	11,235,420
Actual Production after Conversion into 20's Count in kgs	9,887,406	.8,629,207

31.0 CORRESPONDING FIGURES

No reclassification / rearrangement of corresponding figures have been made during the year.

32.0 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors proposed final dividend at the rate of Rupee 1 per share in its meeting held on 8th October 2010.

33.0 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 8th October 2010 by the Board of Directors of the Company.

34.0 GENERAL

Figures have been rounded off to the nearest rupees unless otherwise restated.

CHIEF EXECUTIVE **DIRECTOR**

PATTERN OF SHAREHOLDINGS
AS AT JUNE 30, 2010

NO.OF SHAREHOLDERS	SHAREHOLDINGS			NO. OF SHARES HELD
145	1	TO	100	14230
695	101	TO	500	301771
16	501	TO	1000	14800
35	1001	TO	5000	99813
6	5001	TO	10000	50488
1	10001	TO	15000	10400
2	25001	TO	30000	56000
1	35001	TO	40000	37298
1	45001	TO	50000	50000
5	50001	TO	70000	302150
3	70001	TO	100000	244350
4	100001	TO	200000	597800
3	200001	TO	300000	622950
1	400001	TO	500000	437000
2	500001	TO	600000	1115900
1	700001	TO	800000	787050
1	2700001	TO	3000000	2818000
922				**7560000**

CATEGORIES OF SHARESHOLDINGS
AT AT JUNE 30, 2010

S. NO.	CATERGORIES OF SHARE HOLDERS	NUMBER OF SHAREHOLDERS	SHARES HOLD	PERCENTAGE %
1	INDIVIDUAL	914	7,546,600	99.8228
2	INVESTMENT COMPANY	2	3,700	0.0489
3	FINANCIAL INSTITUTION	2	4,000	0.0529
4	MODARABA COMPANY	1	4,500	0.0595
5	JOINT STOCK COMPANIES	3	1,200	0.0159
	TOTAL	**922**	**7,560,000**	**100**

Information As Required under the code of corporate Governance

CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% percentage
Associated Companies, Undertaking	0	0	0
and Related Parties			
Investment Companies	1	3,200	0.0423
Mr. Ghulam Ali Raja	1	2,844,000	37.6191
Mr. Muhammad Bashir Raja	1	787,050	10.4107
Mr. Faisal Bashir Raja	1	76,750	1.0152
Mr. Asif Ali Raja	1	133,250	1.7625
Mst. Tasneem Akhtar	1	204,050	2.6991
Mst. Yasmeen Begum	1	116,600	1.5423
Mst. Asbah Rubina	1	58,300	0.7712
Sponsors, Directors Spouse and	1	51,500	0.6812
Minor Children			
Executive	0	0	0
Public Sectors Companies & Corporation	3	1,200	0.0159
Banks, DFIs, NBFIs, Insurance Companies,	4	9,000	0.1190
Modarabas & Mutual Funds			
Shareholders Holdings Ten Percent or More			
Mr. Ghulam Ali Raja		**2,844,000**	**37.6191**
Mr. Muhammad Bashir Raja		**787,050**	**10.4107**

PROXY FORM

I/WE --

Of --

A member 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 24th Annual General Meeting of the

Company to be if on 30th October, 2010 at 12:30 p.m at Mills 6 K.M Jhelum Road,

Chakwal and or at any adjournment thereof.

Signed this ------------------------ day of October, 2010.

Signature ---

Affix
Five Rupee
Revenue
Stamp

(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 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 form

4. This form of proxy duly completed must be deposited at the Registered Office of Company at least 48 hours the time of holding the meeting.