25th ANNUAL REPORT

2011

AL-QADIR

Textile Mills Limited

6-Km, Jhelum Road, Chakwal

بسم الله الرحمن الرحيم

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. 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. ADIL 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 25th Annual General Meeting of the Company will be held at Mills Office 6-K.M. Jhelum Road, Chakwal on Monday i.e. October 31, 2011 at 11.30 A.M to transact the following business.

1. To confirm the Minutes of the 24th Annual General Meeting held on 30th October 2010.
2. To receive and adopt the Audited Accounts of the company for the year ended 30th June 2011 and the Directors and Auditor's Report thereon.
3. To approve and appoint the "External Auditors" for the year 2011-12 and to fix their remuneration. The present auditors Nasir Javed Maqsood Imran, Chartered Accountants Islamabad, retire and offer for re-appointment.
4. To elect 7 Directors of the company as fixed by the Board of Directors under Section 178 of the Companies Ordinance, 1984.

The Names of the retiring Directors are:

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

All the retiring directors shall be eligible to offer themselves for re-election.
In terms of section 178(3) of the Companies Ordinance 1984, any person who seeks to contest an election to the office of director, whether he is a retiring director or otherwise, shall file with the company not later than fourteen (14) days before the date of the meeting, a notice of his intention to offer himself for election as a director.

5. To consider other business, with the permission of the chairman.

Chakwal
October 08, 2011

By order of the Board
Zaheer Ahmed Akmal
Company Secretary

NOTICES:

1. The share transfer books of the Company will be closed from 25th October to 31st October 2011(both days inclusive). Transfer received in order at the Registrars of the Company i.e., M/s Your Secretary (Pvt) Limited, 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 to attend and vote for his/her behalf. Complete proxy form must be received at Company's Registrar or the Registered Office of the Company, not less than 48 hours before the time of the meeting.
3. Any individual beneficial owner of CDC, entitled to vote at this meeting must bring his/her original Computerized National identity Card with him/her to prove his/her identity and in case of proxy, a copy of shareholders' attested Computerized National Identity Card must be attached with the proxy form.
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 your Company feel pleasure in presenting the 25th Annual Report of Al-Qadir Textile Mills Limited along with audited accounts of the company for the year ended 30th June 2011.

Results during the year under review remained very encouraging though the expected profits declined at the year end due to drastic fall in the international as well as in local yarn prices. During the year under review sales of the company were at Rs.1.608 billion as compared to Rs.1.107 billion during last year which shows an increase of 31.20%. The company has earned pre-tax profit of Rs. 22.956 million as compared to pre tax profit of Rs.53.325 million during the last year. Net profit of company remained at Rs. 12.228 million as compared to Rs. 29.149 million during the corresponding period of last year.

FINANCIAL HIGHLIGHTS	2011	2010
	(Rupees in Million)	
Sales	1,608.282	1,106.614
Gross Profit	106.750	107.966
Profit from Operations	50.060	75.890
Financial Cost	27.809	23.497
Pre tax Profit	22.956	53.325
Earning per Share Basic and diluted	1.62	3.86

OPERATION

The factors contributed in improvement coupled with the efforts of the management include global economic environment which considerably increased demand of yarn in the beginning of the year in the international market. The probable future increase in cotton prices as well as inventory building for next season, demand of retail ready finished goods together resulted increase in yarn prices. Domestic retail prices in China and India also played a major role in keeping yarn prices high both in international as well as in the local market. On the other hand, unprecedented rise in raw material prices has also resulted in increase of yarn prices. Cotton price is being spurred by medley of factors, including ban by Indian Govt. and refusal of cotton export orders by Indian exporter. 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.

The directors are fully aware of state of affairs of the company and are making strenuous efforts to improve performance of the company through increased productivity, cost control and by devising optimal production strategies. The directors are confident to overcome challenges being faced, to convert weakness and threats into strengths and opportunities.

DIVIDEND

The company has capitalized Rs. 19.230 million during the year under review, against import of Uster HVI1000/M700 to improve quality of our products at Usance L/C basis. Therefore the management has decided not to declare dividend to its members.

TAXATION

The assessment of the Income Tax up to tax year 2010 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.

AUDITORS

The present auditors of the Company M/S Nasir Javaid Maqsood Imran, Chartered Accountants, Islamabad, retire and being eligible, offer themselves for re-appointment. The Audit Committee has recommended re-appointment of the same auditors.

ACKNOWLEDGEMENT

The directors of the company wish to place on record their deep appreciation for the true efforts of the executives, officers, staff members and workers of the company in achieving the best possible results. They also thanks its shareholder, customers banks and financial institutions for their continued support extended by them in smooth running of company's operations and hope that their cooperation will be continued with the same spirit in the years 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 CORPORATE 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 2010-11

Directors Name	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	6
Mr. Adil Bashir Raja	7	7
Mst. Tasneem Akhtar	7	6
Mst. Yasmeen Begum	7	7
Mst. Asbah Rubina	7	6

CHAKWAL
October 08, 2011

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

FINANCIAL DATA AT A GLANCE

FROM 2006 -2011

Rs Million

	2006	2007	2008	2009	2010	2011
Sales Revenue	876.606	861.007	828.570	761.897	1,106.614	1,608.282
Marketing & Administrative Expenses	28.719	28.083	7.412	9.061	15.230	14.243
Profit/(Loss) before Tax	34.091	15.414	11.185	10.733	53.325	22.956
Profit/(Loss) after Tax	18.700	5.362	(23.857)	4.573	29.149	12.228
Capital expenditure	9.829	45.244	29.837	12.602	2.817	27.258
Shareholders' Equity	343.790	349.449	309.217	307.342	436.253	461.887
No. of Shares Outstanding	7.560	7.560	7.560	7.560	7,560	7.560
Break-up Value (Rs./Share)	45.45	46.22	40.90	40.65	57.71	61.10
Cash Dividend (%)	NIL	NIL	NIL	NIL	10	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	12.302	12.065	10.892	8.629	9.887	8.884

Key Performance Indicators

Return on Shareholders' Equity	5.44	1.53	(7.72)	1.49	6.68	2.65
Return on Total Assets	2.96	0.98	(3.90)	0.79	4.53	1.80
Earning per Share (Rs.)	2.47	0.71	(3.16)	0.60	3.86	1.62
Total Assets	630.941	548.473	611.719	578.608	643.260	680.796

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 2011, 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 2011.

Islamabad

October 08, 2011

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** ("the Company") as at 30 June 2011 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 2011 and of the profit, its cash flow and changes in equity for the year then ended; and

d) In our opinion, Zakat has been deducted and deposited under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

October 08, 2011
Islamabad

Nasir Javaid Maqsood Imran
Chartered Accountants

IMRAN UL HAQ, FCA

BALANCE SHEET

AS AT 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
15,000,000 (2010: 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
Deposit for shares	4	15,922,750	15,922,750
Un appropriated profit		172,175,458	156,593,305
Total equity		263,698,208	248,116,055
Surplus on revaluation of fixed assets	5	198,188,568	188,087,357
NON-CURRENT LIABILITIES			
Employee benefits	6	5,979,506	5,141,014
Deferred tax liability	7	82,284,952	108,900,024
		88,264,458	114,041,038
CURRENT LIABILITIES			
Trade and other payables	8	106,663,319	65,233,606
Accrued mark up on short term borrowings		2,262,735	2,797,673
Short term borrowings	9	421,781	421,781
Provision for taxation		21,297,258	24,562,268
		130,645,092	93,015,328
CONTINGENCIES AND COMMITMENTS	10		
		680,796,327	643,259,778

The annexed notes 1 to 33 form an integral part of these financial statements.

Chakwal:
October 08, 2011

CHIEF EXECUTIVE

	Note	2011 Rupees	2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	490,708,018	497,172,709
Long term deposits		444,599	444,599
		491,152,617	497,617,308
CURRENT ASSETS			
Stores, spares and loose tools	12	11,234,511	6,958,490
Stock in trade	13	70,240,779	44,284,199
Trade debts - considered good	14	17,024,397	26,551,523
Advances	15	8,220,761	6,198,352
Deposits and short term prepayments	16	544,977	447,623
Tax refunds due from the government		11,287,151	2,110,460
Other receivables	17	13,569,299	7,373,432
Cash and bank balances	18	57,521,834	51,718,390
		189,643,710	145,642,470
		680,796,327	643,259,778

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
Sales	19	1,608,281,900	1,106,614,139
Cost of sales	20	1,501,531,498	998,647,414
Gross profit		106,750,402	107,966,725
Selling and distribution expenses	21	40,465,759	12,264,887
Administrative expenses	22	14,242,662	15,230,490
Other operating expenses	23	1,981,487	4,581,336
		56,689,908	32,076,713
Profit from operations		50,060,494	75,890,011
Other income	24	705,353	932,069
		50,765,846	76,822,080
Finance cost	25	(27,809,387)	(23,497,378)
Profit before taxation		22,956,459	53,324,702
Provision for taxation	26	10,728,264	24,175,339
Profit after taxation		12,228,196	29,149,364
Earnings per share - basic and diluted	27	1.62	3.86

The annexed notes 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	Rupees	
PROFIT AFTER TAX	12,228,196	29,149,364
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	12,228,196	29,149,364

The annexed notes 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		22,956,459	53,324,702
Adjustments for non-cash charges and other items:			
Depreciation		33,667,071	24,206,169
Worker's profit participation fund		1,214,147	2,958,942
Worker's welfare fund		112,340	1,087,394
(Gain) / loss on disposal of fixed asset		(593,881)	(605,237)
Provision for gratuity		4,433,791	3,625,410
Accrued mark-up		-	(39,086)
Financial expenses		27,809,387	23,497,378
Cash flows before working capital changes		89,599,314	108,055,673
Working capital changes:			
(Increase)/decrease in current assets			
Stores, spares		(4,276,021)	753,622
Stock in trade		(25,956,581)	118,963,992
Trade debts		9,527,126	(23,217,218)
Advances		(2,022,409)	(1,212,731)
Security deposits and short term prepayments		(97,354)	(107,973)
Increase/(decrease) in current liabilities			
Trade and other payables		43,789,949	28,157,483
		20,964,711	123,337,175
Cash generated from operations		110,564,025	231,392,849
Finance cost paid		(28,344,325)	(28,073,455)
WWF		(1,087,394)	-
WPPF		(3,523,878)	-
Taxes paid		(34,965,734)	(3,951,399)
Payment of staff retirement gratuity		(3,595,300)	(1,783,100)
Net cash from operating activities		39,047,395	197,584,895
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(27,258,499)	(2,816,670)
Proceeds from disposal of property, plant and equipment		650,000	700,000
Net cash used in investing activities		(26,608,499)	(2,116,670)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(6,635,451)	-
Short term borrowings - net		-	(151,000,000)
Net cash used in financing activities		(6,635,451)	(151,000,000)
Net increase in cash and cash equivalents		5,803,445	44,468,225
Cash and cash equivalents at the beginning of the year		51,718,389	7,250,164
Cash and cash equivalents at the end of the year	18	57,521,834	51,718,390

The annexed notes 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Share Capital	Deposit for Shares	Accumulated Profit / (Loss)	Total
	..........................Rupees..........................			
Balance as at 01 July 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
Final dividend at Rupee 1/- per share for the year ended 30 June, 2010			(7,560,000)	
Total comprehensive income for the year	-	-	12,228,196	12,228,196
Surplus realized on incremental depreciation net of deferred tax	-	-	10,913,958	10,913,958
Balance as at 30 June 2011	75,600,000	15,922,750	172,175,458	263,698,208

The annexed notes 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

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.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 6 to the financial statements for valuation of present value of defined benefit obligations.

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.

Future estimation of export sales

Deferred tax calculation has been based on estimate of future ratio of export and local sales.

Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of future events cannot be predicted with certainty. The company, based on the availability of latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events.

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)
IAS-1	Presentation of financial statements amendments to revise the way other comprehensive income is presented.	–	July 01,2012
IFRS-7	Financial Instruments: Disclosures Amendments enhancing disclosures about transfer of financial assets.	–	July 01, 2011
IAS-12	Income tax (Amendment) – Deferred taxes: Recovery of underlying assets		January 01, 2012

IAS-19	Employee Benefits – Amended Standard resulting from the post employment benefits and termination benefits projects.	January 01, 2013
IAS-24	Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14	The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction (Amendments)	January 01,2011

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.

Further following are the new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

Standard		**IASB Effective date (annual periods beginning on or after)**
IFRS 9	Financial Instruments	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

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	Group Cash-settled Share-based Payment Arrangements.
IAS-32	Financial instruments: Presentation – Classifications of Rights issues (Amendment).
IFIC-19	Extinguishing Financial Liabilities with Equity Instruments.

Improvements to International Financial Reporting Standards (Issued in 2009)

IFRS 5	Non current assets held for sale and discontinued operations
IFRS 8	Operating segments
IAS 1	Presentation of financial statements
IAS 7	Statement of cash flows Presentation of Financial Statements
IAS 17	Leases
IAS 36	Impairment of Assets

IAS 39 Financial Instruments: Recognition and Measurement

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

The company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 2011 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 as sociated 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 if 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 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2011	2010		2011	2010
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 DEPOSIT FOR SHARES

This represents amount received from Chief Executive Officer Mr. Ghulam Ali Raja in 1993.

5 SURPLUS ON REVALUATION OF FIXED ASSETS

	2011 Rupees	2010 Rupees
Opening balance	264,777,441	131,073,875
Assets revalued during the year	-	138,360,215
	264,777,441	269,434,090
Deferred tax relating to revalued amount	(55,674,915)	(76,690,084)
Revaluation surplus net of deferred tax	209,102,526	192,744,006
Surplus realized during the year (net of deferred tax)		
- Incremental depreciation	10,913,958	4,656,649
	10,913,958	4,656,649
	198,188,568	188,087,357

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 GRATUITY - UNFUNDED DEFINED BENEFIT PLAN

a) Liability recognized in the balance sheet:

	2011 Rupees	2010 Rupees
Present value of defined benefit obligation	4,992,442	4,793,412
Unrecognized actuarial gain	987,064	347,602
	5,979,506	5,141,014

b) Movement in present value of defined benefit obligation:

	2011	2010
Present value of defined benefit obligation at the beginning of the year	4,793,412	3,033,462
Current service cost	4,165,625	3,483,318
Interest cost	311,977	193,915
Benefits paid	(3,595,300)	(1,783,100)
Actuarial losses/(gains) on present value of defined benefit obligation	(683,273)	(134,183)
	4,992,442	4,793,412

	2011 Rupees	2010 Rupees
c) Movement in unrecognized actuarial gains/(losses):		
Unrecognized actuarial gains at beginning of the year	347,602	265,242
Unrecognized actuarial gains arising during the year	683,273	134,183
Gain recognized during the year	(43,811)	(51,823)
	987,064	347,602
d) Movement in liability recognized in the balance sheet:		
Opening liability	5,141,014	3,298,704
Expense for the year	4,433,791	3,625,410
Benefits paid to employees	(3,595,300)	(1,783,100)
	5,979,506	5,141,014
e) Amount recognized in the profit and loss account:		
Current service cost	4,165,625	3,483,318
Interest cost	311,977	193,915
Actuarial gains recognized	(43,811)	(51,823)
	4,433,791	3,625,410
f) Expense is recognized in the following line items in the profit and loss account:		
Cost of sales	4,042,288	3,357,561
Administrative expenses	391,503	267,849
	4,433,791	3,625,410

g) Principal actuarial assumptions used in the actuarial valuation carried out as at 30 June 2011 are as follows:

	2011	2010
Discount Rate	14% per annum	12% per annum
Expected Rate of Increase in Salary	13%	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	2011	2010	2009	2008	2007	2006	2005
				.............Rupees in '000'........			
Present value of defined benefit obligation	2,333	2,600	1,616	2,208	2,236	892	3,022
Experience adjustment on obligation	(683)	(134)	(52)	(187)	126	(192)	(8)

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

The Company expects to contribute rupees 4.69 million towards the defined benefit gratuity plan in 2012.

7 Deferred Taxation	Notes	2011 Rupees	2010 Rupees
Deferred Tax Liability			
Differences in tax and accounting bases of assets		33,303,070	40,011,038
Surplus on revaluation of property, plant and equipment		50,249,834	71,265,004
		83,552,904	111,276,041
Deferred Tax Asset			
Provision for gratuity		(1,267,951)	(2,376,018)
		82,284,952	108,900,024

8 TRADE AND OTHER PAYABLES

Trade Creditors		53,491,702	26,949,704
Accrued and other payables		17,281,245	24,254,075
Advance from customers		29,944,906	6,010,239
Excise duty payable		1,798,632	1,798,632
Withholding tax payable		1,294,250	1,008,136
Workers' profit participation fund	8.1	1,214,147	3,523,878
Workers' welfare fund		112,340	1,087,394
Un claimed dividend		1,526,097	601,548
		106,663,319	65,233,606

8.1 Workers' profit participation fund

Opening balance	3,523,878	564,936
Allocation for the period	1,214,147	2,868,552
Paid during the year	(3,523,878)	-
	1,214,147	3,433,488
Interest on unpaid balance	-	90,390
	1,214,147	3,523,878

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.

9 SHORT TERM BORROWINGS	Notes	2011 Rupees	2010 Rupees
Cash Finance - Bank Al-Falah Limited	9.1	-	-
Due to director	9.2	421,781	421,781
		421,781	421,781

9.1 The company has availed different credit limits, as per labeled below, however there is nothing outstanding at the year end.

Other facilities obtained by the company:

Sr. No.	NATURE OF FACILITY	2011 LIMIT	2011 MARK UP / COMMISSION	2010 LIMIT	2010 MARK UP / COMMISSION	Expiry	Security
		Rupees (Million)		Rupees (Million)			
1	CF Pledge	500	3 months KIBOR + 2.25% p.a	350	3 months KIBOR + 2.25% p.a	30-11-2011	Pledge of fresh crop (2010-2011) raw cotton bales at 10% margin on KCA rates.
2	Sub-limit of CF Pledge FAPC-Pledge of stocks (LC & Contracts) 180 days.	400	3 months KIBOR + 2.25% p.a/LIBOR +2% p.a, Floor 4% p.a	250	3 months KIBOR + 2.25% p.a/LIBOR +2% p.a, Floor 4% p.a		
3	Sub-limit of CF Pledge FAFB-LC 180 days	400		250			Lien on clean export documents drawn under LC.
4	FBP (Clean)	200	SOC	200	SOC		Lien on clean export documents drawn under LC.
5	FBP (Discrepant Doc)	90	3 months KIBOR + 2.25% p.a/LIBOR +2% p.a, Floor 4% p.a	30	SOC		First charge on companies entire current assets amounting to Rs. 127.6 M duly registered with SECP. 1st charge amounting to Rs. 10 M on fixed assets of the company.
6	LBP (120 Days) Post Acceptance.	NIL	NIL	150	3M KIBOR +2.25%		-
7	Sub Limit of LBP-Discrepant (Pre Accept).	NIL	NIL	30	3M KIBOR +2.25%		-
8	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		Nil margin or as per SBP requirements on both cotton bales and spare parts, whichever is higher. Lien on import documents.
9	Sub limit of SLC ULC (Inland) Acceptance (90 Days).	NIL	NIL	40	-do-		-
10	Sub Limit of CF (P) FIM 90 Days.	25	3 M KIBOR +2.25% p.a	25	3 M KIBOR +2.25%		Pledge of imported carton bales at CIF value (imported uder over LC's).

These facilities from Bank Al-Falah are further secured against 1st charge on entire current assets and expire on 30 November 2011 (2010: 30 November 2010).

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

10 CONTINGENCIES AND COMMITMENTS	Notes	2011	2010
Contingencies		Rupees in million	
Bank Al-Falah FAFB/FDBC		217.891	102.82

11 PROPERTY, PLANT AND EQUIPMENT		**2011**	**2010**
		Rupees	Rupees
Property, plant and equipment	11.1	490,708,018	497,172,709

11.1 **Property, plant and equipment:**

PARTICULARS	COST / REVALUATION			ACCUMULATED DEPRECIATION			Net Book Value as at	RATE
	As at 01 July 2010	Additions/ (Disposals)/ Adjustments	As at 30 June 2011	As at 01 July 2010	For the year/ (Adjustments)	As at 30 June 2011	30 June 2011	
	Rupees							%
Freehold land	22,883,750	-	22,883,750	-	-	-	22,883,750	0
Building	130,447,980	-	130,447,980	-	6,522,399	6,522,399	123,925,581	5
Plant and machinery	338,851,600	19,230,299	358,081,899	-	25,164,869	25,164,869	332,917,030	5-15
Office equipment	1,227,380	-	1,227,380	777,759	44,962	822,721	404,659	10
Furniture and fixture	1,687,659	28,200	1,715,859	1,318,746	39,711	1,358,457	357,402	10
Telephone installations	429,519	-	429,519	372,459	5,706	378,165	51,354	10
Vehicles	10,165,830	8,000,000	17,109,830	6,052,045	1,889,424	6,941,588	10,168,242	20
		(1,056,000)			(999,881)			
2011	505,693,718	27,258,499	531,896,217	8,521,009	33,667,071	41,188,199	490,708,018	
		(1,056,000)			(999,881)			

PARTICULARS	COST / REVALUATION			ACCUMULATED DEPRECIATION			Net Book Value as at	RATE
	As at 01 July 2009	Additions/ (Disposals)/ Adjustments	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)			

11.2 **Depreciation for the year has been allocated as under:**		**2011**	**2010**
		Rupees	Rupees
Cost of goods sold	20	31,687,268	23,279,215
Administrative expenses	22	1,979,803	926,954
		33,667,071	25,684,665

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

Qty.	Description	Cost	Accumulated depreciation	Net book value	Insurance proceeds	Gain/ (loss)	Mode of Disposal	Sold to
		....Rupees....						
1	Toyota corolla	1,056,000	999,881	56,119	650,000	593,881	Accident	EFU General Insurance Claim received

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	39,282,545	15,769,411
Plant and machinery	512,791,041	316,382,285	196,408,755
2011	571,722,642	355,664,830	216,057,811
2010	552,492,343	340,897,202	211,595,140

	Notes	2011 Rupees	2010 Rupees
12 STORES, SPARES AND LOOSE TOOLS			
Stores		11,124,659	6,870,836
Spares and loose tools		109,852	87,654
		11,234,511	6,958,490
13 STOCK-IN-TRADE			
Raw material		51,795,613	33,047,329
Work-in-process		10,803,283	6,268,713
Finished goods		5,365,947	3,712,703
Waste		2,275,936	1,255,454
		70,240,779	44,284,199
14 TRADE DEBTS - considered good			
Secured against letter of credit		-	9,306,783
Unsecured - considered good	14.1	17,024,397	17,244,740
		17,024,397	26,551,523

14.1 The related debt is considered to be good.

	2011	2010
15 ADVANCES		
Advances considered good		
- To Suppliers	7,272,433	5,331,969
- To Employees	948,328	866,383
	8,220,761	6,198,352
16 DEPOSITS AND SHORT TERM PREPAYMENTS		
Excise duty	544,977	352,459
Prepayments	-	95,164
	544,977	447,623
17 OTHER RECEIVABLES		
Markup receivable	-	39,086
This amount includes sales tax refundable to the company.	13,569,299	7,334,346
	13,569,299	7,373,432

	Notes	2011	2010
18 CASH AND BANK BALANCES		Rupees	Rupees
Cash in hand		302,810	143,611
Cash at banks:			
on current accounts		19,524,769	28,677,737
on deposit accounts including US$ 16,988 (2010: US$ 16,988)	18.1	37,694,255	22,897,042
		57,219,024	51,574,779
		57,521,834	51,718,390

18.1 Rate of profit on bank deposit is 5% (2010: 5 %) per annum.

	2011	2010
19 SALES		
Local:		
Yarn	956,905,599	900,913,779
Waste	17,481,289	8,565,893
	974,386,888	909,479,672
Export of yarn	633,895,012	197,134,467
	1,608,281,900	1,106,614,139

	Notes	2011	2010
20 COST OF SALES			
Raw Material Consumed	20.1	1,203,213,275	713,999,571
Salaries, Wages and Benefits	20.2	79,030,130	76,663,289
Packing Material		15,454,703	13,943,840
Fuel and Power		147,064,278	134,783,904
Stores and Spares Consumed		5,734,845	5,648,579
Repairs and Maintenance		21,952,045	19,297,336
Insurance		1,943,387	1,476,754
Cotton Cess		393,980	367,580
Depreciation		31,687,268	23,279,215
Miscellaneous		2,265,884	3,959,568
		1,508,739,795	993,419,636
Work-in-Process			
Opening stock		6,268,713	6,305,329
Closing stock		(10,803,283)	(6,268,713)
		(4,534,570)	36,616
Cost of Goods Manufactured		1,504,205,225	993,456,252
Finished Goods			
Opening stock		4,968,157	10,159,318
Closing stock		(7,641,883)	(4,968,157)
		(2,673,727)	5,191,161
		1,501,531,498	998,647,414

20.1 Raw material consumed

	2011	2010
Opening Stock	33,047,329	146,783,543
Purchases	1,221,961,559	600,263,357
	1,255,008,888	747,046,900
Closing balance	(51,795,613)	(33,047,329)
	1,203,213,275	713,999,571

20.2 This includes employees' retirement benefits amounting to Rupees 4,042,288/- (2010: Rupees 3,357,561/-)

	Notes	2011 Rupees	2010 Rupees
21 SELLING AND DISTRIBUTION EXPENSES			
Export Expenses and Freight		9,533,345	4,533,375
Commission Paid on Local Sales		5,008,588	4,726,367
Commission Paid on Export Sales		25,923,826	3,005,145
		40,465,759	12,264,887

22 ADMINISTRATIVE EXPENSES

	Notes	2011 Rupees	2010 Rupees
Salaries, Wages and Benefits	22.1	3,002,541	4,264,144
Directors' Remuneration		2,668,861	1,839,628
Repairs and Maintenance		139,567	753,700
Insurance		207,860	235,756
Vehicle Running and Maintenance		1,685,988	1,624,926
Traveling and Conveyance		1,119,045	1,196,731
Entertainment		394,710	375,058
Postage and Telecommunication		899,083	934,975
Printing and Stationery		268,787	281,397
Legal and Professional charges		384,000	940,000
Fees and Subscription		458,719	542,603
ISO System Expenses		103,609	98,963
Guest House Expenses		475,096	431,840
Depreciation		1,979,803	926,954
Miscellaneous expenses		454,993	783,815
		14,242,662	15,230,490

22.1 This includes employees' retirement benefits amounting to Rupees 391,503/- (2010 : Rupees 267,849/-).

23 OTHER OPERATING EXPENSES

	Notes	2011 Rupees	2010 Rupees
Auditors' remuneration	23.1	600,000	525,000
Donations	23.2	55,000	10,000
Workers' profit participation fund		1,214,147	2,958,942
Workers' welfare fund		112,340	1,087,394
		1,981,487	4,581,336

23.1 AUDITORS' REMUNERATION

	Notes	2011 Rupees	2010 Rupees
Audit fee		575,000	500,000
Out of Pocket expenses		25,000	25,000
		600,000	525,000

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

24 OTHER INCOME

	Notes	2011 Rupees	2010 Rupees
Financial assets:			
Profit on Short Term Deposits		106,525	267,918
Gain on Exchange		4,946	58,914
Non-financial assets			
Gain on disposal of vehicle		593,881	605,237
		705,353	932,069

	Notes	2011 Rupees	2010 Rupees
25 FINANCE COST			
Markup on Short Term Finance		22,118,030	21,649,276
Bank charges and commission		5,691,357	1,848,102
		27,809,387	23,497,378
26 PROVISION FOR TAXATION			
Current year			
Current		13,795,060	20,308,071
Prior		2,533,106	3,225,308
Deferred		(5,599,902)	641,960
		10,728,264	24,175,339

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 up to tax year 2010.

26.2 The applicable tax rate is 35% (2010: 35%) on the taxable income of the company.

			2011	2010
27 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation			12,228,196	29,149,364
Number of ordinary share outstanding	Number		7,560,000	7,560,000
Earning per share	Rupees	27.1	1.62	3.86

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 REMUNERATION OF CHIEF EXECUTIVE & DIRECTORS

	2011		2010	
	Chief Executive	Director	Chief Executive	Director
	..........Rupees..........			
Remuneration	-	2,280,249	-	1,527,382
Utilities and other benefits	-	388,612	-	312,246
	-	2,668,861	-	1,839,628
Number	1	2	1	2

29 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 minimize 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:

	2011	2010
Cash at banks - USD	17,001	16,988
Trade debts - USD	-	108,864

The following significant exchange rates were applied during the year:

Rupees per US Dollar		
Average rate	85.49	84.61
Reporting date rate	85.80	85.49

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 47,407 (2010:Rupees 353,501) and Rupees 47,407 (2010: Rupees 353,501) 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:

	2011	2010
	..........Rupees.........	
Floating rate instruments		
Financial assets		
Bank balances- deposit accounts	37,694,255	22,897,042
Financial liabilities		
Short term borrowings	421,781	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 2010: Rupees Nil) 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:

	2011	2010
	........Rupees.........	
Long term deposits	444,599	444,599
Trade debts	17,024,397	26,551,523
Bank balances	57,219,024	51,574,779
	74,688,020	78,570,901

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			2011	2010
	Short Term	Long term	Agency	.........Rupees.........	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	3,270,726	56,471
Allied Bank Limited	A1+	AA	PACRA	4,643	5,011,107
Bank Alfalah Limited	A1+	AA	PACRA	48,038,567	28,847,516
Habib Bank Limited	A-1+	AA+	JCR-VIS	3,273,387	6,760,314
MCB Bank Limited	A1+	AA+	PACRA	2,390,476	9,184,225
United Bank Limited	A-1+	AA+	JCR-VIS	50,366	1,530,384
Silk Bank Limited	A-2	A -	JCR-VIS	184,762	184,762
				57,212,927	51,574,779

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 2011, the Company had Rupees 500 million available borrowing limits from financial institutions and Rupees 57.5 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 2011

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month
	Rupees			
Trade and other payables	72,299,044	72,299,044	72,299,044	-
Accrued mark-up	2,262,735	2,262,735	2,262,735	-
Short term borrowings	421,781	421,781	-	421,781
	74,983,561	74,983,561	74,561,780	421,781

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

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**

	2011	2010
	FINANCIAL ASSETS	
Assets as per balance sheet	........Rupees.......	
Long term deposits	444,599	444,599
Trade debts	17,024,397	26,551,523
Cash and bank balances	57,521,834	51,718,390
	74,990,830	78,714,512
	FINANCIAL LIABILITIES	
Liabilities as per balance sheet	........Rupees.......	
Trade and other payables	72,299,044	51,805,327
Accrued mark-up	2,262,735	2,797,673
Short term borrowings	421,781	421,781
	74,983,561	55,024,781

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.

	2011	**2010**
	Rupees	Rupees
Borrowings	421,781	421,781
Total equity	263,698,208	248,116,055
Total capital employed	264,119,989	248,537,836
Gearing ratio (Percentage)	0.16	0.17

30 PLANT CAPACITY AND PRODUCTION

	2011	**2010**
Number of Spindles Installed	35,668	35,668
Installed Capacity in 20's Count for 735 Shifts (2010:748 Shifts) in kgs (approximately)	11,235,420	11,235,420
Actual Production after Conversion into 20's Count in kgs	8,884,290	9,887,406

31 CORRESPONDING FIGURES

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

32 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 08 October 2011 by the Board of Directors of the Company.

33 GENERAL

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

CHIEF EXECUTIVE **DIRECTOR**

PATTERN OF SHAREHOLDINGS

AS AT JUNE 30, 2011

NO.OF SHAREHOLDERS	SHAREHOLDINGS			NO. OF SHARES HELD
146	1	TO	100	13959
674	101	TO	500	298973
17	501	TO	1000	16099
28	1001	TO	5000	78900
4	5001	TO	10000	36200
2	10001	TO	15000	52484
2	25001	TO	30000	104785
3	35001	TO	40000	183900
3	45001	TO	50000	237850
2	50001	TO	70000	249850
3	70001	TO	100000	480200
3	100001	TO	200000	622450
1	200001	TO	300000	437400
2	400001	TO	500000	1115900
1	500001	TO	600000	787050
1	700001	TO	800000	2844000
	2700001	TO	3000000	
892				7560000

CATEGORIES OF SHAREHOLDINGS

AT AT JUNE 30, 2011

S. NO.	CATERGORIES OF SHARE HOLDERS	NUMBER OF SHAREHOLDERS	SHARES HOLD	PERCENTAGE %
1	INDIVIDUAL	886	7,550,900	99.8796
2	INVESTMENT COMPANY	2	4,600	0.0608
3	FINANCIAL INSTITUTION	2	3,800	0.0503
4	JOINT STOCK COMPANIES	2	700	0.0093
	TOTAL	**872**	**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	2	4,600	0.0608
Mr. Ghulam Ali Raja	1	2,844,000	37.6191
Mr. Muhammad Bashir Raja	1	787,050	10.4107
Mr. Adil Bashir Raja	1	53,285	0.7048
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	2	128,250	1.6964
Minor Children			
Executive	0	0	0
Public Sectors Companies & Corporation	2	700	0.0093
Banks, DFIs, NBFIs, Insurance Companies,	2	3,800	0.0503
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

Folio No. /CDC A/C No.	
Share held	

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 2011 at 11:30 p.m at Mills 6-K.M. Jhelum Road, Chakwal and or at my adjournment thereof.

Signed this …………………..……………………….. day of October, 2011

Signature ……………………………………………………

1. Witness:
   Signature________________
   Name ___________________
   Address_________________
   ____

2. Witness:
   Signature________________
   Name ___________________
   Address_________________
   ____

AFFIX
REVENUE
STAMP

Signature----------------------
(Signature appended above should agree with the specimen signatures registered with the Company.)

NOTICE

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized in writing. If the member is a corporation, it common seal should be affixed on the instrument.
3. CDC shareholder are requested to bring with them their Computerized National Identity Cards along with the participants' ID number and their account numbers at the time of attending the Annual General meeting in order to facilitate identification of the respective shareholders.

The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or notarially certified copy thereof, should be deposited at the Company's office not later than 48 hours before the time of holding the meeting