DIN GROUP

23rd Annual Report 2010

Din®

DIN TEXTILE MILLS LTD.

CONTENTS

Reg. No.: 9901118

Certificate No. 1495

VISION

We aim at transforming Din Textile Mills Ltd. (DTML) into a Complete Textile unit to further explore international market of very high value products. Our emphasis would be on product and market diversification, value addition and cost effectiveness. We intend to fully equip the Company acquire pioneer role in the economic development of the country.

MISSION

The Company should secure and provide a rewarding return on investment to its shareholders and investor, quality products to its customer, a secured and friendly environment at place of work to its employees and present itself a reliable partner to all business associates.

CORPORATE INFORMATION

Board of Directors

Shaikh Mohammad Muneer	Chairman/Chief Executive
Shaikh Mohammad Pervez	Director
Shaikh Mohammad Tanveer	Director
Mr. Shahzad Naseer	Director
Mr. S. M. Naveed	Director
Mr. Faisal Jawed	Director
Mr. Farhad Shaikh Mohammad	Director

Company Secretary

Mr. Islam Ahmed

Chief Financial Officer

Mr. Shaukat Hussain Ch.
(APA, CFC)

Auditors

Mushtaq & Co.,
Chartered Accountants

Bankers

Allied Bank Ltd.
Arif Habib Bank Ltd.
Barclays Bank PLC .
Citibank N.A.
Dubai Islamic Bank Pakistan Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
HSBC Bank Middle East Ltd.
KASB Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
Pak Oman Investment Co. Ltd.
Standard Chartered Bank (Pakistan) Ltd.

Audit Committee

Shaikh Mohammad Pervez	Chairman
Mr. Faisal Jawed	Member
Mr. Farhad Shaikh Mohammad	Member

Registered Office

Din House, 35 - A/1, Lalazar Area,
Opp: Beach Luxury Hotel, M. T. Khan Road, Karachi.

Mills

Unit-I and II : Kot Akbar Khan, 70Km Multan Road, Tehsil Pattoki,
District Kasur, Punjab.
Unit-III : Revenue Estate, Bhai Kot, Tablighi Chowk, Raiwind Road, Tehsil and Distt. Lahore.

Website

www.dingroup.com

COMPANY PROFILE

From the day of inception, Din Textile has been constantly striving to achieve excellence and generate highest value for all of its stakeholders. Today Din Textile holds an unchallenged position at forefront of industry, within the country and overseas for its groundbreaking developments and innovative products line, Din Textile has gained immense trust for delivering superior quality products for exceeding the customer expectations. This is a testimony to Din's unwavering commitment to total satisfaction of its customers.

Under the dynamic leadership of the Group and strong Human Resource, Din Textile Mills Ltd. was founded in 1987 and in a very short time become an icon for the spinning industry in Pakistan. With three state-of-the-art spinning units and 1 dyeing unit located at Chunian and Lahore having annual production capacity of yarn 20.8 million Kgs. and dyeing of Fibre and Yarn 2.8 million Kgs.

With an annual turnover of Rs. 4.692 billion, today Din Textile Mills Ltd. employs over 2,200 employees. Din's aims to create superior value for our customers and stakeholders without compromising on commitments to safety, environment, health, and other social responsibilities for the communities in which we operates.

Our product range from:

- Combed Compact Yarn
- Slub Lycra Yarn
- Dyed Yarn
- Ply Yarn
- Core Spun Yarn
- Slub Yarn
- Mélange Yarn
- Gassed Yarn

GLOBAL ORGANIC TEXTILE STANDARD · GOTS ·

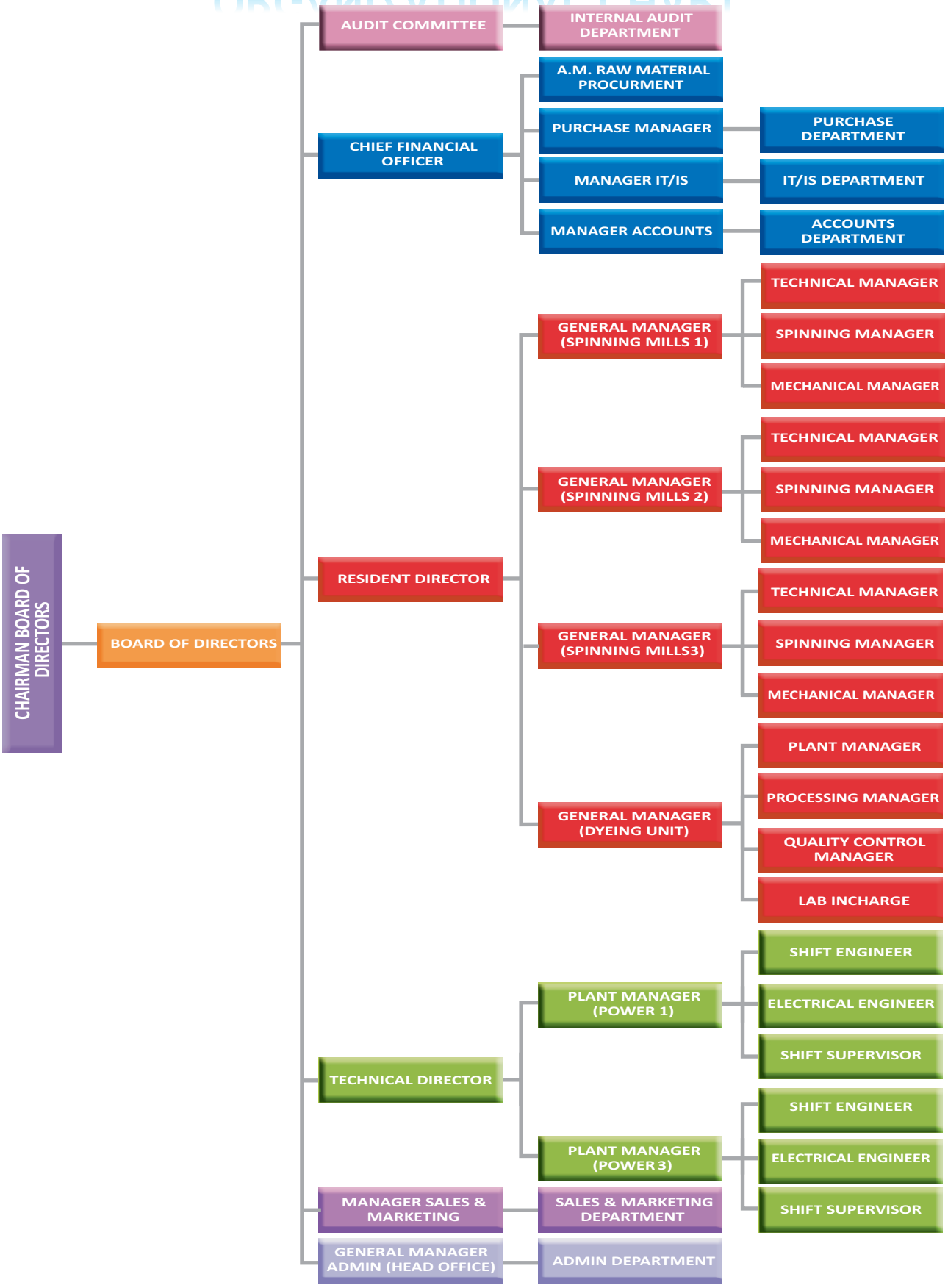
organic yarn
CU 813709
Din Textile Mills Ltd
Pakistan

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex® Standard 100
2556CIT CITEVE

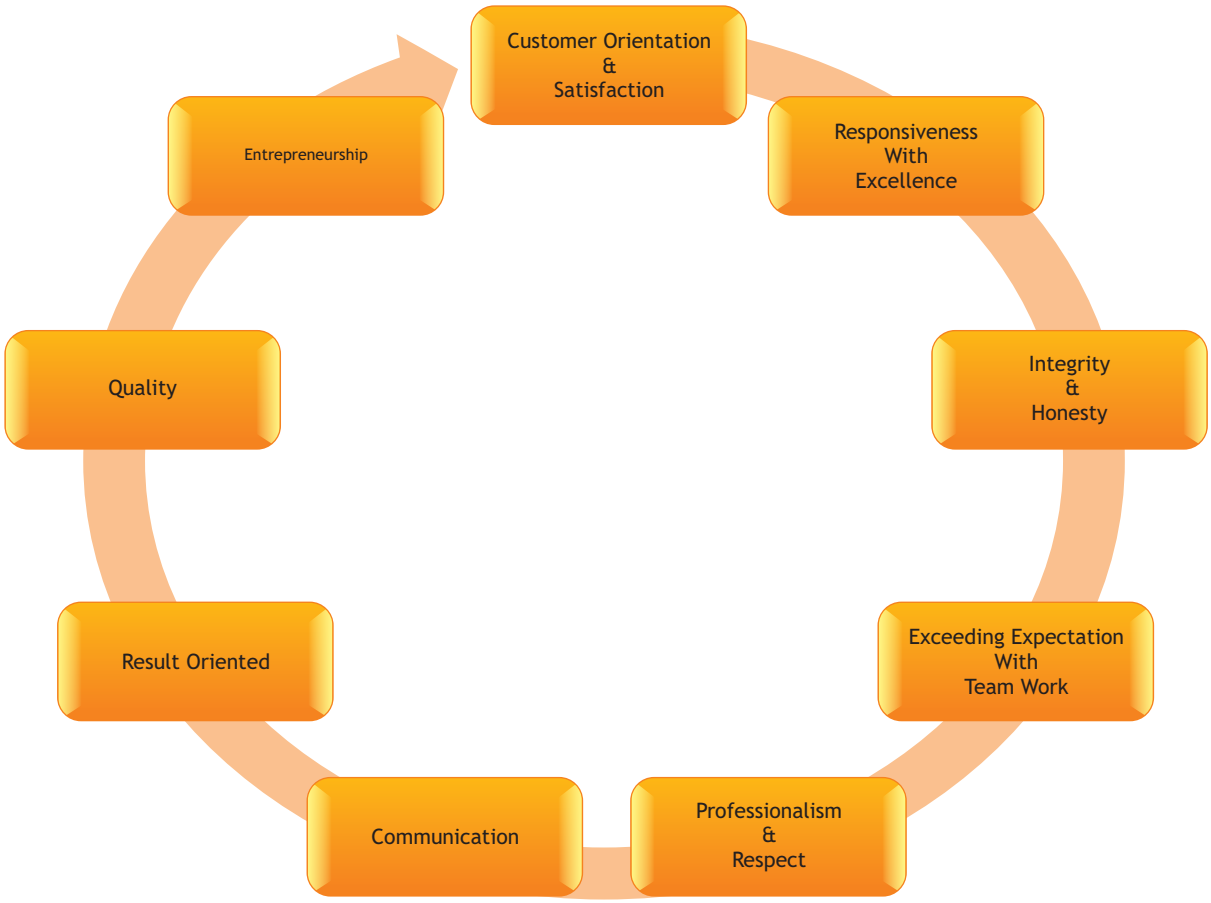
CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex® Standard 100
11-20150 Shirley

CERTIFIED TO ORGANIC EXCHANGE OE 100 STANDARD

ORGANIZATIONAL CHART



OUR CORE VALUES



Dedication to Core Values

Several features which have contributed to our growth and reputation include the exceedingly professional, high quality textile products for the various manufacturing companies. Out of all the factors, the most significant is our unwavering commitment to our Core Values. Our plans, and approach towards the market, changes in accordance with the varying market conditions. Din's Core values will prove to be consistent to overcome future challenges.

Customer Orientation and Satisfaction.
To achieve success, we believe in listing our customers and considering their needs. Everything we do encompasses the fact that our customers remain satisfied in all aspects.

Responsiveness with Excellence.
We strive for superior quality, even with the smallest task assigned. We are responsive to our customers, prospects and partners, separating Core Matrix from our competitors.

Integrity and Honesty.
Core matrix is intolerant towards any legal or ethical breaches. We believe in the highest level of integrity, sincerity and honesty.

Exceeding Expectation with Team Work.
In order to exceed the expectations of our customers, we respect each individual by contributing equally to the success of each effort laid.

Professionalism and Respect.
Professionalism and Courtesy has always been the prior concern of our code of conduct.

Communication.
In order to achieve positive outcomes, we believe in being open and honest with the give-and-take with customers, partners and peers.

Result Oriented.
Core matrix must address each challenge with a "result-oriented" approach, and focus on the solution of the problems that arise.

Quality.
Commitment and dedication can be observed with all that we do from emails, to proposals, to customer documents and meetings, to the phone calls, as well as training sessions.

Entrepreneurship.
There is passion and the ability to observe greater opportunities in every task we undertake.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the Company will be held on Wednesday the 20th October 2010 at 11:00 a.m. at Sunflower Hall, Beach Luxury Hotel, M. T. Khan Road, Karachi to transact the following business.

1. To confirm the minutes of the Extra Ordinary General Meeting of the Company held on 13th March 2010.

2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2010 together with Directors and Auditors Report thereon.

3. To approve and declare Cash Dividend @ 20% i.e. Rs. 2/- per share and issue of Bonus Shares @ 10% in the ratio of 1 share for every 10 shares held on October 13, 2010.

4. To appoint Auditors, and fix their remuneration.

5. To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD

Karachi : September 23, 2010

ISLAM AHMED
COMPANY SECRETARY

Notes:

1. The share transfer books of the Company will remain closed from October 14, 2010 to October 20, 2010 (both days inclusive)

2. A Member entitled to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. A proxy in order to be effective must be received by the Company not less than 48 hours before the time of the meeting.

3. Members whose shares are deposited with Central Depository Company of Pakistan Limited are requested to bring their valid National Identity Cards along with the Participants I.D number and their account number in Central Depository Company of Pakistan Limited to facilitate identification at the time of Annual General Meeting. In case of proxy an attested copy of proxy's Identity Card, Account & Participants I.D. number be enclosed. In case of corporate entity, the Board of Directors, resolution / Power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).

4. Shareholders are advised to notify immediately of any change in their addresses to our **Share Department,** Din Textile Mills Limited, Din House, 35-A/1, Lalazar Area, Opp. Beach Luxury Hotel, Karachi – 74000.

CHAIRMAN'S MESSAGE

'A PROMISE'
SINCE A PROMISE
EVEN IN A DREAM,
IS ALSO A PROMISE
IT MUST BE KEPT.

" S. M. MUNEER"

2009-10 marked the most extraordinary year in terms of the magnitude of instability. Never were there so many complex issues entwined together. Despite all the obstacles Din Textile Mills Limited managed to deliver to our stake holders positive results, superior to most of peer companies. This credit belongs to the company employees and the management team, "the doers, the maker of things" in the Company and we are confident they will carry us further along the path towards prosperity. At the same time we share the same opinion " Greatness is never a given. It must be earned." This is Specially true after the unprecedented economic volatility we all experienced in the preceding year.

On this occasion I am more confident and proud to say that our journey has never been one of short cuts or settling for less...it has been risk takers, the doers, the makers of things more often man and women obscure in their labor, who have carried us up the long, rugged path toward prosperity. I am convinced if the rate of change inside the institution is less than the rate of change outside, the end is in sight. The only question is the timing of the end.

Buffer Stock With TCP "NIL".

It is regretted to put it on record, that Pakistan is the only Country without buffer stock. Flood have damaged about 3 Million cotton bales. There being NIL stock with state run TCP, Country will have to import Cotton. It is highly recommended that Buffer stock for 2-3 month requirement should always be available with TCP. This will Stabilize cotton prices and ensure textile export targets.

With full appreciation for the concept of constant adaption to chang , we anticipate the change, and we have the courage to lead through our vast experience and careful scrutiny over important variables in the socio economic environment, we have and continue to develop concrete business plans for the successful future of our Company.

Your Company is deeply committed to sustainable growth and the initiatives in sustainable development are holistic, based on the simultaneous pursuit of the triple bottom line - social equity, environmental quality and economic prosperity. This translates into abiding commitment for three Ps: People, Planet and profits.

Let me thank to all our business partners, financial institutions and customers for their belief in us and our strategies. To Team, my sincere compliments for the efforts that they have put in during the year that challenged the world and to you for your support as shareholders.

In the end, I pray to Allah Almighty shower his blessings in our beloved country Pakistan and us. (Ameen)

STATEMENT OF ETHICS AND BUSINESS PRACTICES

For the year ended June 30, 2010

- Policy Statement.

The core values of Din Textile Mills Ltd. which are the vital part of our Success, Integrity, Honesty, Professionalism and Respect in all our Business Practices; are backed up by the creativity and passion of our people.

The loyalty and confidence in our products and services is because of our solemnity in our business relations with our Customers, Suppliers, Shareholders, Regulatory Agencies and the Community as general. This is only possible because of the Leaders at Din Textile who consider all this their one of the prime responsibility of setting example through personal performances and excellent attitudes to convey the ethical values to each individual at Din Textile Mills Ltd.

For retaining our glory and reputation, an uncompromising adherence to ethical excellence is integral for sustaining and creating the necessary strong foundation on which Din Textile had & can 'Grow and Prosper!' People at Din Textile today and in future, must be aware of and contribute for the high achieving standards required in all our business practices.

- Scope.

The Board of Directors on the whole is responsible for the appliance of ethical business practices and principles, which is applicable to every individual of Din Textile Mills Limited. The word 'Individual' refer to you and your use in this code includes all employees and officers.

- Principles:

1. Din's Commitment to Its People.

❖ Share ownership.

The key objective of Din Textile is to ensure its people are able to share the value which they helped to create. This is achieved through the promotion of staff share ownership.

❖ Equal Opportunities.

Din Textile values the Individuality, Diversity and Creative potential that every individual brings to its business. All employees are treated with equal respect and dignity and are provided with equality of opportunity to develop themselves and their careers.

We want to attract, develop and motivate the best people. We are creating a working environment that is open, honest and unprejudiced, which encourages people to achieve their full potential. We value people individuality and team contributions and offer opportunities to share in the company commercial success.

❖ Employment, Discrimination and Harassment.

Din Textile policy is to respect the human rights of all individuals compiling with National Laws considering working hours and good compensation. Din Textile enforces strict prohibition on the use of forced or child labor.

To Din Textile the harassment or discrimination of any individual is unacceptable. In particular, sexual and racial discrimination or harassment is totally unacceptable.

Human Capital Administrators & Managers are required to take account of the core International Labor Organization conventions and strive to observe the United Nation Declarations on Human Rights, for a guaranteed respected if the individual at Din Textile. What needs to be observed in particular is as follow:

" Universal respect for an observance of human rights and fundamental freedom for all without any discrimination.

We remunerate fairly with respect to skill, performance, our peers and local conditions."

2. What Din Textile requires of its people

❖ Compliance with Laws

Din Textile, with its individuals, must comply with the laws and regulations of any country in which it is operating business. The policy applies without any exceptions. Particular areas to be noted here control the competition aspect, along with the communication laws. These concern safety, health and the environment as well. It is the responsibility of Din's individuals to ensure, by taking appropriate advice by making them aware of all the relevant local laws.

Din Textile complies with the Listing, the Prospectus, and the Disclosure and Transparency Rules.

❖ Security of Information

Information generated within the organization including Computer Programs, is the Property of Din Textile, and should not be disclosed without proper authority and authentication unless legally required.

❖ Use of Information for personal gain

Individuals must not use confidential information obtained during their employment in Din Textile for personal gains. Individuals are responsible for maintaining the secrecy and confidentiality of the sensitive and unpublished data and information of Din Textile must not provide that to any other individual outside the organization. The organization has enforced a strict share dealing code which prohibits individuals to trade the information internally.

❖ Bribes

Bribes are strictly prohibited to or from customers. Din Textile funds must not be used for the payments; direct or indirect, to government officials or individuals of state organizations for any unlawful or improper purpose.

❖ Political Donations

Financial donations to political parties or for promotion of any political cause are strictly prohibited. Payments or gifts to any individual influencing any political decision for obtaining or retaining Din Textile business, is unacceptable.

❖ Conflicts of interest

Individuals of Din Textile must avoid situations in which their personal or financial interests conflicts with those of the Din Textile while dealing with the Customers, Suppliers, Contractors, Competitors, Partners or any individual doing or seeking business from Din Textile. The individuals of Din Textile should act in favor of the group and personal preferences should not be a prior concern. Every Din's Individual is welcomed for a sound advice when ever they find their selves facing a potential conflict of interest.

This all is not limited to owning shares with business partners, company shares trading, personal or family involvement in commercial transactions with Din Textile; but also includes such activities or owning any interest like borrowing from third party based on the business relationship of Din Textile.

❖ Corporate Reporting and Internal Controls

It is important for every Din's individual that all of the official accounts and records must be documented in such a manner that clearly identified and describes the true nature of business transactions, assets or liabilities, and properly and timely classification of the records; so as the entries presented and saved in the records are in conformity with the generally accepted accounting principles. No records, entry or document should be false, distorted, misleading, misdirected, deliberately incomplete or suppressed.

Din Textile strictly adhere the principles of good corporate governance and it is committed to achieve the highest standards of corporate governance. Din Textile maintain effective, transparent financial reporting and sound internal control system ensuring true and fair performance measurement and compliance with local regulatory requirements and international accounting standards as applicable.

3. Din Textile's Commitment with their Competitors

Din Textile competes enthusiastically but fairly in the operating markets in the true spirit to win the market. Din Textile being honest and trustworthy in all of its dealings had never and will not damage the reputation of competitors either directly or by implication or innuendo.

Din Textile had never and will not attempt to acquire information about a competitor's business by disreputable means nor will it engage in restrictive trade practices of abuse any position of market dominance.

4. Din Textile's Commitment with their Customers

Din Textile had always been and wishes to be our customer's first choice for the excellent quality and efficient services. Relationship based on mutual trust will helps us deliver innovative solutions that anticipate and meet our customer's needs.

Din Textile believes that reliability in dealing with customers is a prerequisite for a successful and sustained business relationship with them. In all advertising and other publications from Din Textile untrue, concealment and overstatement had always been and will be avoided.

5. Din Textile's commitment with their Suppliers

Din Textile aims to develop and maintain best relationships with its suppliers based on mutual trust and embark on timely and agreed trade terms payments. Din Textile purchasing power must never be used unscrupulously. All of the information regarding the Din Textile and its suppliers must be respected and kept confidential.

Din Textile buying decisions are always been a commitment of assurance that whatever material which is purchased foe production and procurement, will always be safe for environment. We expect that our suppliers also enforce the same standards of employment, harassment and discrimination policies as like Din Textile.

6. Din Textile's Commitment with their Shareholders

Din Textile always communicates its business policies, achievements and prospects with honesty and in accordance with applicable guideline and regulations.

We always strive to create excellent long term value to reward investment. We will always maintain the highest standards of business practices and will be transparent in all our dealings as before.

7. Din Textile's Commitment with their Local Communities

Din's individuals are encouraged for participation in the local communities and civil affairs. We at Din recognize our responsibilities as active members of the communities where ever we operate. Din strongly believes in contribution for the well being of wider communities. Din emphasizes our efforts in community services like education, literacy, healthcare and we will respect the traditions, cultures and heritages.

8. Din Textile's Commitment to the environment

Din Textile always been given a great importance for protecting the environment in which we all live. We are concerned with the preservation of the environment in its broadest sense and recognize that certain resources are finite and must be used responsibly.

Din Textile believe to provide a clean, safe, healthy and pollution free environment for all of the individuals who live in and around Din Textile's manufacturing sites, by employing such technologies which are beneficial in maintaining and protecting environmental hygiene and health.

Implementation of this statement

The examples given in this statement are not intended to be comprehensive and Din Textile individuals must endeavor to observe the principles that they embody.

Din Textile reputation depends on effective implementation of policies and it is the responsibility of all managers to ensure that this statement and these policies and their application are communicated, understood and taken seriously by all individuals.

Din Textile Management must secure the co-operation of individuals and positively promote these policies by personal example, by clear guidance and by making advice available as appropriate.

HORIZONTAL ANALYSIS

(Rupees in million)

	2010	Variance vs Last Year Increase/ (Decrease) %	2009	Variance vs Last Year Increase/ (Decrease) %	2008	Variance vs Last Year Increase/ (Decrease) %	2007
Operating Results							
Sales - net	4,692	26.38	3,712	19.71	3,101	14.24	2,714
Cost of sales	(3,768)	13.32	(3,325)	22.98	(2,704)	11.67	(2,421)
Gross profit	924	138.44	388	(2.51)	397	35.48	293
Distribution cost	195	69.60	115	5.77	109	223.67	34
Administrative expenses	81	84.84	44	9.98	40	12.75	35
Other operating expenses	32	188.32	11	(10.32)	12	159.38	5
Finance cost	213	49.84	142	24.72	114	(16.60)	137
Other operating income	11	17.99	10	(2.90)	10	29.71	8
Profit before taxation	414	387.72	85	(35.86)	132	46.21	91
Provision for taxation	(54)	3.47	(52)	(205.56)	49	(34.78)	76
Profit for the year	360	1005.70	33	(82.02)	182	9.30	166
Balance Sheet							
NON CURRENT ASSETS							
Property, plant and equipment	1,670	(3.82)	1,736	(8.57)	1,899	(5.29)	2,005
Long term loans and advances	-	(44.40)	1	(54.75)	1	(11.06)	2
Long term deposits	12	89.67	6	71.76	4	25.52	3
Total non current assets	1,683	(3.49)	1,744	(8.45)	1,904	(5.25)	2,010
CURRENT ASSETS							
Stores, spare parts and loose tools	141	33.50	105	(8.12)	115	18.50	97
Stock in trade	865	67.84	515	(7.87)	559	(13.26)	645
Trade debts	548	(2.33)	561	34.54	417	18.15	353
Loans and advances	90	(53.44)	194	117.12	89	165.17	34
Trade deposits and short term prepayments	2	18.55	2	(33.47)	3	14.92	3
Other receivables	-	(98.09)	9	18.37	7	(19.63)	9
Advance income tax - net	64	175.44	23	124.39	10	182.10	4
Cash and bank balances	25	71.25	14	(38.97)	24	175.37	9
Total current assets	1,735	21.87	1,423	16.26	1,224	6.28	1,152
Total assets	3,417	7.91	3,167	1.22	3,129	(1.05)	3,162
CURRENT LIABILITIES							
Trade and other payables	244	33.84	182	19.99	152	13.49	134
Accrued mark up and interest	44	60.60	28	25.84	22	13.51	19
Short term borrowings	1,051	(0.17)	1,053	36.48	771	(0.13)	772
Current portion of							
Long term financing	89	(16.49)	106	(68.32)	336	49.19	225
Long term financing from directors and others	250	0.00	-	0.00	-	0.00	-
Liabilities against assets subject to finance lease	14	21.42	11	1.39	11	338.78	3
Total Current Liabilities	1,692	22.57	1,380	6.82	1,292	12.07	1,153
WORKING CAPITAL	43	(0.26)	43	(164.11)	(68)	8125.83	(1)
TOTAL CAPITAL EMPLOYEED	1,726	(3.41)	1,787	(2.72)	1,837	(8.58)	2,009
NON CURRENT LIABILITIES							
Long term financing	143	123.20	64	(63.85)	178	(64.56)	502
Long term loan from directors and others	-	(100.00)	500	0.00	500	0.00	500
Liabilities against assets subject to finance lease	16	(16.36)	19	(37.02)	31	1908.42	2
Deferred liabilities							
Staff retirement benefits - gratuity	50	(4.38)	52	14.83	45	17.70	38
Deferred taxation	54	11.66	48	392.95	10	(87.16)	76
Total Non Current Liabilities	263	(61.50)	684	(10.44)	764	(31.68)	1,118
Net Worth	1,463	32.62	1,103	2.77	1,073	20.40	891
Net Worth Represented by:							
Issued, subscribed and paid up capital	185	0.00	185	0.00	185	0.00	185
Reserves	1,277	39.20	918	3.36	888	25.75	706
	1,463	32.61	1,103	2.78	1,073	20.40	891
Total liabilities	3,417	7.91	3,167	1.22	3,129	(1.05)	3,162

VERTICAL ANALYSIS

	(Rupees in million)					
	2010	%	2009	%	2008	%
Operating Results						
Sales - net	**4,692**	100.00	**3,712**	100.00	**3,101**	100.00
Cost of sales	**(3,768)**	(80.31)	**(3,325)**	(89.56)	**(2,704)**	(87.18)
Gross profit	**924**	19.69	**388**	10.44	**397**	12.82
Distribution cost	**195**	4.16	**115**	3.10	**109**	3.51
Administrative expenses	**81**	1.72	**44**	1.18	**40**	1.28
Other operating expenses	**32**	0.68	**11**	0.30	**12**	0.40
Finance cost	**213**	4.55	**142**	3.84	**114**	3.68
Other operating income	**11**	0.24	**10**	0.26	**10**	0.32
Profit before taxation	**414**	8.82	**85**	2.29	**132**	4.27
Provision for taxation	**(54)**	(1.15)	**(52)**	(1.41)	**49**	1.59
Profit for the year	**360**	7.67	**33**	0.88	**182**	5.86
Balance Sheet						
NON CURRENT ASSETS						
Property, plant and equipment	**1,670**	48.87	**1,736**	54.83	**1,899**	60.70
Long term loans and advances	**0**	0.01	**1**	0.02	**1**	0.05
Long term deposits	**12**	0.36	**6**	0.20	**4**	0.12
Total non current assets	**1,683**	49.24	**1,744**	55.06	**1,904**	60.87
CURRENT ASSETS						
Stores, spare parts and loose tools	**141**	4.12	**105**	3.33	**115**	3.67
Stock in trade	**865**	25.31	**515**	16.27	**559**	17.87
Trade debts	**548**	16.03	**561**	17.71	**417**	13.33
Loans and advances	**90**	2.64	**194**	6.11	**89**	2.85
Trade deposits and short term prepayments	**2**	0.07	**2**	0.07	**3**	0.10
Other receivables	**0**	0.00	**0**	0.01	**7**	0.23
Advance income tax - net	**64**	1.87	**31**	0.99	**10**	0.33
Cash and bank balances	**25**	0.72	**14**	0.45	**24**	0.75
Total current assets	**1,735**	50.76	**1,423**	44.94	**1,224**	39.13
Total assets	**3,417**	100.00	**3,167**	100.00	**3,129**	100.00
CURRENT LIABILITIES						
Trade and other payables	**244**	7.13	**182**	5.75	**152**	4.85
Accrued mark up and interest	**44**	1.30	**28**	0.87	**22**	0.70
Short term borrowings	**1,051**	30.75	**1,053**	33.24	**771**	24.65
Current portion of						
Long term financing	**89**	2.60	**106**	3.36	**336**	10.73
Long term financing from directors and others	**250**	7.32	**-**	0.00	**-**	0.00
Liabilities against assets subject to finance lease	**14**	0.41	**11**	0.36	**11**	0.36
Total current Liabilities	**1,692**	49.50	**1,380**	43.58	**1,292**	41.29
WORKING CAPITAL	**43**	1.26	**43**	1.37	**(68)**	(2.16)
TOTAL CAPITAL EMPLOYEED	**1,726**	50.50	**1,787**	56.42	**1,837**	58.71
NON CURRENT LIABILITIES						
Long term financing	**143**	4.20	**64**	2.03	**178**	5.68
Long term loan from directors and others	**-**	0.00	**500**	15.79	**500**	15.98
Liabilities against assets subject to finance lease	**16**	0.48	**19**	0.62	**31**	0.99
Deferred liabilities						
Staff retirement benefits - gratuity	**50**	1.46	**52**	1.64	**45**	1.45
Deferred taxation	**54**	1.58	**48**	1.53	**10**	0.31
Total Non Current Liabilities	**263**	7.71	**684**	21.60	**764**	24.41
Net Worth	**1,463**	42.80	**1,103**	34.82	**1,073**	34.30
Net Worth Represented by:						
Issued, subscribed and paid up capital	**185**	5.42	**185**	5.85	**185**	5.92
Reserves	**1,277**	37.37	**917**	28.97	**888**	28.37
	1,463	42.80	**1,103**	34.82	**1,073**	34.30
Total liabilities	**3,417**	**100.00**	**3,167**	**100.00**	**3,129**	**100.00**

Chairman's Review

As the chairman of Din Textile Mills Limited, I feel pleasure to present the Annual Audited Accounts along with the auditor's report there on for the year ended June 30, 2010.

Economic Environment

Pakistan's economy witnessed yet another turbulent year. The impact of external factor was highly expected, but our difficulties were profound nevertheless. Despite a reported 9 percent decline in outward remittances from the AGCC countries in 2009, overall remittances were the major contributor to the economy. These have helped reduce current account deficit sharply as Pakistan received record remittances of dollar 9 billion. In 2010, Currency Market Associates (CMKA) is expecting a discount rate hike of 100 basis points and rupee could lose 6 percent of its value against dollar. Easing of inflationary pressure, helped the central bank to slash its discount rate by 250 basis points to 12.5 percent. CPI briefly touched the magical single digit figure. The fall was due to some efforts made by the central bank, as bigger factor in containing inflation was the base effect. No extraordinary steps were taken by the fiscal planners that could have left a lasting impact on inflation slowdown, which has started to creep up again. A cut in discount rate eased off pressure on 6-month Kibor that fell to 12.43 percent from the highs of 15.68 percent. And, six-month Treasury bill yield gained 190 basis points to close at a yield of 12.1 percent. Similarly, yield of 10-year government bond (most actively traded instrument) was dealt at a yield of 14.94 percent in January 2009. A sharp gain was witnessed on expectations of discount rate cut and demand from corporate sector that pushed yield to 11.44 percent before easing on fear of thin corporate demand in 2010. It closed at a yield of 12.65 percent. Recent economic indicators may suggest that Pakistan's economy has started shaping up well, but we have some legitimate doubts on the existence of such trends because we are unable to identify real economic gains. Inflation numbers may have dipped sharply, but the cost of doing business and prices of essential items continue to remain a worrisome factor.

CMKA is forecasting quite a mixed bag of economic growth, as the economy is dependent on foreign donors funding. A grave risk for 2010 lies in rising commodity prices, since oil and food could be the key factor and it has the potential to feed inflationary expectations. Export sector is unlikely to take a big stride unless some innovative measures are taken. To meet the fiscal deficit target and reduce government borrowing, banks will be encouraged to invest in T/bills and government bonds. Against the T/bills maturities of Rs 750 billion in the last two quarters of FY10, we are expecting increase in T/bills target amount to Rs 800 billion and additional target of Rs 30 billion in PIBs against zero maturity has already been announced. Therefore, a 3 percent GDP growth target would be tough, unless excess liquidity is made available to the banking system. Fiscal deficit is another key number to watch. In our view, a deficit target of 4.9 percent of the GDP set by the IMF is unfair and too demanding and is difficult to be met with the projected growth rate. This would continue to choke economy and hinder growth prospects in private sector while pressure will mount on the revenue target. Domestic debt and external debt are the major cause of concern.

Inflation risk has re-emerged, which could once again put pressure for a discount rate hike, as we see fiscal year end y-o-y CPI inflation surpassing 13 percent. We are expecting a 3 to 4 percent surge in inflation numbers by the end of June. There is a growing fear that with the surge in global growth, demand for food will increase, pushing food prices higher. Similarly, global growth will create more demand for oil, which would push oil prices higher. An average price of oil beyond dollar 80 per barrel will not be sustainable for our economy. Hence, the need for an oil hedging strategy. Another inflationary factor that needs to be checked quickly is constant growth in currency in circulation.

Despite a sharp fall in the current account deficit and record home remittances rupee lost 6.5 percent of its value against dollar to close at 84.24. On January 01, 2009, one dollar would fetch Rs 79.1. It is understandable that as long as the large part of foreign exchange reserves consists of borrowed money, external debt keeps on piling up and exports growth remains quite disappointing, the rupee is bound to come under pressure. Since we do not see high export growth prospects, a broader risk to rupee could arise from rising commodity prices in the international market that could ultimately exert pressure on the current account deficit. Therefore, in the first two quarters of 2010, rupee is likely to lose its gloss against dollar by two percent, and another four percent by the end of December. Trade and current account deficits. A substantial fall in current account deficit in the last five months is very encouraging. This was possible due to a significant fall in imports and a one-third rise in remittances. The fall in import of food items was mainly helped by drop in wheat import.

Textile sector, which is considered as the backbone of economy and a flagship of exports, has once again failed to cope up with the pace due to numerous negative factors, which needs quick attention. Since textile contributes over 60 percent of the overall export target, we expect a drop in net export target of dollar half billion to one billion. CMKA is optimistic about home remittances are most likely to surpass dollar 9 billion. FDI is unlikely to make big strides for the second consecutive year and may remain around dollar two billion. Therefore, the current account deficit for FY09-10 would be close to dollar three billion.

Textile Out Look

The Pakistan textile industry contributes more than 60 percent (US $ 9.6 billion) to the country's total exports. However, currently this industry is facing great decline in its growth rate. The major reasons for this decline can be the global recession, internal security concerns, the high cost of production due to increase in the energy costs etc. Depreciation of Pakistani rupee that significantly raised the cost of imported inputs, rise in inflation rate, and high cost of financing has also effected seriously the growth in the textile industry. As a result neither the buyers are able to visit frequently Pakistan nor are the exporters able to travel abroad for effectively marketing their products. With an in-depth investigation it was found that the Pakistan's textile industry can once again be brought back on winning track if government takes serious actions in removing or normalizing the above mentioned hurdles. Additionally, the government should provide subsidy to the textile industry, minimize the internal dispute among the exporters, withdraw the withholding and sales taxes etc. Purchasing new machinery or enhancing the quality of the existing machinery and introducing new technology can also be very useful in increasing the research & development (R & D) related activities that in the modern era are very important for increasing the industrial growth of a country.

The Pakistan textile industry total export is around 9.6 billion US dollars. The textile industry contributes approximately 46 percent to the total output or 8.5 percent of the country GDP. In Asia, Pakistan is the 8th largest exporter of textile products providing employment to 38 percent of the work force in the country. However, the textile industry currently faces massive challenges. Textile Mills needs to enhance the quality of its products. However, the other factors such as high interest rates and cost of inputs, non conducive government policies, and non-guaranteed energy supplies hinder their competitiveness.

Pakistan's textile has been the one of the top five cotton producers in the world for the past few decades. The opportunity to build on its strength, is matched by internal counter currents which have incredibly diminished Pakistan's Global Textile relevance quite effectively. Other countries have moved on, and in fact been able to capitalize on lack of competitive challenge posed by Pakistan. Countries that have been able to buy Pakistani cotton and yarn have emerged as winners, while the entire domestic textile sector has been experiencing a roller coaster ride of sorts. Ironically, the recent cotton price spike, further perpetuates the lack of competitive positioning while a short term windfall is harvested. Once again at an economic cross road of opportunity, the country can take some proactive steps to set up medium and long term success.

As a global cotton demand is confronted with a transition due to China migrating significant hectors to food and premium crops, Pakistan has an opportunity to fill the vacuum but needs to switch to GM/BT sowing cotton significantly and immediately. Shifts to these varieties are already in place in the US, China and India. Pakistan has been lagging behind in adoption due to political issues. A 5 percent yield increase can cause Pakistan to be part of the new equilibrium solution and comes at a great time when prices are up. In fact if this switch had been made already, as it should have been over the past few years aggressively, the country would have already more fully benefited due to the pricing surge. Instead, it remains mired in political and economic arm-wrestling competition between the government, large land holders and international seeds suppliers on the cost, benefits and timing while profits are vaporizing every year.

Labor Force development, which creates an educated work force at the vocational level and management level in all provinces are critical. Recent demographic changes in the labor forces in India and China in terms of age, mobility and importantly cost increases, make the Pakistani labor competiveness more relevant, provided the challenge of productivity are ready to be met. Infrastructure of education needs a priority which is as equal, if not, more than the security situation. Population is a combustible asset or a liability which can match any security or nuclear priority. A provincial ring of textile educational institutes which target vocational, management and research needs for the industry needs significant investment to match global best in class. A private public partnership to drive this is very important.

Marketing Activities

Pakistan's foreign trade policy needs to seek access not just to US and EU market places but aggressively position itself in Asia, Latin America and Africa. One can argue that trade access to countries like Brazil, China, South Africa etc. can deliver better return on time invested vs. the effort some of the western countries require. Also accelerating the relevance of SAFTA ahead of even political resolutions can provide Pakistan the economic benefit in textiles which can form a part of the political leverage for the future. Currently inbound duty structures in ASEAN prefer India over Pakistan. Through ASEAN, China is also giving duty free access to certain countries in Asia in 2010 and at the same time ramping down duties for other like India while Pakistan holds on to its own FTA which is less compelling. Bottom line is that Pakistan needs to join trade blocks not just negotiate one on one deals.

The cotton yarn crisis cropped up late last year when global cotton production stood less by around 5 percent against the total demand. China and United States being the largest producers of cotton witnessed major shortfall in their production. Consequently, world cotton prices, which were initially being quoted below 50 cent per lb. began to move up and touched highest level over 90 cent per lb. Similarly, raw cotton prices in the domestic market also surged to historic high level of over Rs 6,600 per maund. This resulted in shortage and high prices of cotton yarn in domestic market, which deprived the downstream textile industry of its basic raw material.

In this market scenario your company achieved sales volume of 15.467 million Kgs of different counts of cotton and blended yarn as against sale of 17.443 million Kgs of yarn during last year, there by selling 11.32% Less than previous year. Decrease in sale volume was due to imposition of Quota and 15% Regulatory Duty on Export of yarn and stagnancy of yarn market backed with price sensitivity. Less than targeted production of cotton crop worldwide resulted in higher prices of raw material and cotton was procured at relatively higher prices in the current year as compared to corresponding year. least. We saw some very attractive pricing off and on during the year for a very short span of time, the gross profit margin of our company increased to 19.63% from 10.44% in last year.

Operational Review

It is essential for our operation that we ensure long term availability of a reliable supply of raw material. This is achieved through development of long lasting, mutually beneficial relationships with our supplier and other commercial Partners to secure raw material sources. Generating optimal returns from large scales commodity manufacturing requires firm control over cost and other risks to preserve values. Getting Maximum yield from our raw materials is essential for running a high margin operation and we accomplish this by focusing on innovative manufacturing techniques and minimizing wastage in manufacturing process. we rely on our team of highly skilled and motivated people to develop. manufacture and sell a wide range of products to customers in domestic and international markets.

During the year under review, your company produced 19.358 Million Kgs of Yarn as against production of 19.687 Million Kgs during the last year; thereby achieving an average capacity utilization of 92.75% as against 94.32% during previous year. 59,704 out of 61,728 spindles remained operational during the year which attained 96.72% utilization of installed capacity as against 59,254 working spindle having 95.99% utilization of installed capacity in last year.

The Annual production and yield targets are achieved. This allowed us to meet enhanced market demand in spite of excessive nationwide load shedding of electricity and gas. The management team of your company emphasized the need to be strategically prepared for emergency and crises situations, such as energy crisis.

Financial Review

Company made considerable strides in its endeavors to establish and promote a cost conscious culture in all facets of the business with Increase of 69.60 % in Distribution cost, 84.84% in Administrative expenses, and 49.78% in Financial cost , as compare to the figure of previous year while increase in inflation have major effective on Cost and Profitability of the business, company managed to grow sales by 26.38% in an increasingly competitive market.

During the year under review, company achieved sales volume of Rs. 4.692 billion as compared to Rs.3.712 billion during the last year. The gross profit earned during the year 921 million as against Rs.388 million during the previous year, thus Increase in the gross profit by 137.70 %. The Increase in gross profit is mainly due to increase in export sales and operating cost by increase in mandatory wage rate and spiraling price hikes in energy cost.

In case of cost of sale our cost base remained under intense pressure on account of many factors including material cost increase driven by high inflation, rupee devaluation rising a commodity and oil prices as well as a sharp increase in energy cost. Furthermore, sever power shortage forced extensive use of generators adding substantially to our cost during the year. We, however have mitigated a parts of these effect through various productivity measures which has helped us to come out with improved financial results despite the adverse conditions.

Dividend

Your Directors are pleased to Propose cash dividend of 20% i.e Rs. 2 per share of Rs. 10 each and bonus shares of 10 % i-e Rs. 1 per share of Rs. 10 each of the issued and paid-up capital of Rs. 185,303,210.

Contribution To National Economy

Being a responsible and active member of the corporate community Din Textile always contributed towards national economy on account of taxes and other levies. During this year your company paid 196.607 million as cost of financing and contribute to the foreign reserve of country US $ 20.052 million as direct export sales. The benefits of increased growth profitability of our operations also accrued to the government in term of tax payment. The company paid Rs. 72.854 million in shape of taxes .

Research & Development

Keeping pace with the ever growing customer's need we are regularly investing in state of the art technology, plant and equipment, training of human recourses, and diversification to new products as a part of our strategy to bring organic growth in the base business and grow in high growth market and segments. The invest portfolio of the company has been realigned as per changing market needs. Our flexible and dynamic corporate strategy strive to enhance customer satisfaction through continuous improvement and value added benefits. Our range of products is constant over the years, we have come up with significant innovations in our product line, which have added value to our products for different segments. Your company is not only equipped with R&D facilities at every site of business, but also has a continuous interaction with the customers for their feedbacks. We strongly believe in regular and continuous vigilance on products improvement and have always been it comes to introduction of new products in the markets.

Information Technology

Information Technology is considered the back bone of our company. Your company is highly vigilant in deploying the same technical development, which take place around the world and are inline with the strategic pathway and long term vision of the company. Our IT department believes in providing quality and timely support to all of the operating business areas of the company to enhance their productivity, effectiveness and decision making capabilities to support consistent growth of the company.

Health, Safety and Environment

A strong culture of health and safety is essential for a company that wants to be successful, and we are no different. We know that the health and safety of our people is of paramount importance, as is the safety of our processes and the sanctity of environment. we have worked consistently over the years to put in place a strong Health Safety and Environment system which continuous to evolve. Our goal to increase stake holders' value by delivering sustainable solutions to our customers as this is critical to the success of our company. To achieve this we work on sustainable business operation concept to meet our needs today while protecting resources and right for our Health safety and environment performance through leadership commitment, dedicating of our staff and application of professional standard in our work.

Din Textile does not believe in making profit at the cost of damage to our environment. We proactively fund and support environmental protection activities in our communities in particular and on national level generally. Our business complete the whole year without any lost time injury and reportable occupational illness to employee and supervised contractors.

HR Management and Employment Relations

In line with our company values developing the talents of our people, we provide development opportunities through cross functional exposures. Capability groups within the organization have been formed to ascertain bench strength in each functional area and plan future career roadmap for our key talent. This ensures a strong line of succession within the organization, in areas of commercial, technical, finance and HR.

Our company wide talent management system identifies, develops and sustain the flow of talent to ensure that we have right people in the right job at the right time. The company strives to provide its employees competitive remuneration packages and an enabling corporate environment with ample learning opportunities to develop technically professionally and personally. For the Talent management system to really take shapes, we concentrate on these three principals.

1- Leadership.
2- Talent Development.
3- High Performance Culture.

Corporate Social Responsibility

We work with the Government and other organizations to meet our legal and civic obligations and contribute towards the development of country's economy. We strive to be good corporate citizen by being and active member of society and through our contribution towards society in various roles. We are committed to our communities as we are to our customers, shareholders and employees. Social responsibility is way of life at Din Textile. we recognize that we cannot have a healthy and growing business unless the communities we serve are healthy and sustainable. We have long history of community investment that 's evolved to meet the complexities and challenges of a developing society. We support a broad range of initiatives in the area of education health and environment protection as we believe they provide the fundamental building principals for the development of society. At Din Textile, there is never any compromise on being anything less than an exemplary corporate citizen.

Good governess for us is not an exercise to comply with regulatory requirements. We aim to go beyond what is required of us in rules and regulations. Corporate governance is constant review and evaluation of all aspects of our operations, our strategy and the way we conduct our business. The company fully complies with SECP's code of Corporate Governance and Din Group Polices.

Future Outlook

Prospects of a global recovery in 2010 remain mixed. However, debate on an end to the monetary and fiscal stimuli and servicing the mounting public debts in the US and Euro zone weigh heavily on the shape of this recovery and hence the uncertainty. on the domestic front, there are too uncertainty about macro economic stability . However this hard gained recovery is threatened by the pressure building up on the fiscal account, further increase in energy shortage, persistent inflation and unease on the continued security incident. Business environment is therefore expected to remain tough in 2011.

The deadly flash of flood that swept across the lands of Pakistan has wiped off the country's positive expectations regarding cotton. A grim reminder of danger in wilderness has destroyed more than 3 million bales of cotton crops, and the Government is powerless to achieve its target of 14 million bales of annual production. Due to this, Pakistan, being Asia's fourth largest producer of cotton is likely to fall back by 10-15% of its cotton production. Most of the agriculture being done on the banks of rivers, the extent of damage was more in these localities. The heavy deluge that swamped through the cotton fields, threatened the commodity's production causing it to slump. Incessant downpour has damaged the fields in Piplan Layyah, Mianwali, and Mithankot. Regions in the Central Punjab such as Rajanpur, Layyah, Rahimyar Khan, and DG Khan were seriously affected losing thousands of bales of cotton crop. Areas of Ghotki, Daherki, Sukkar, and Naushehro Feroz, Bhakkar, Jhang, Shorkot, and Mianwali were also affected by flood.

Pakistan Government fixed the annual export target as $ 21 billion. With the production targets being spoiled by the current catastrophe, it has become impossible doing so. The country's textile sector will bear a burden of more than $900 million on the cotton imports from US, Brazil, and India. Export of cotton during 2009 August till 2010 July was 908, 100 bales while 320, 000 bales of cotton were imported during the same period. During 2010-11, Pakistan was expecting an increase of 2.5-3.0 million bales in production, over the previous year's production of 12.7 million bales. As per the declaration of Pakistan Cotton Ginners Association (PCGA), BT cotton variety sown in Sindh and Punjab were severely affected due to rain, and the resulting floods. Traders expect a relief package to cotton farmers and compensation for the ginners for losses incurred due to flood.

Estimates state that losses due to rain are marked about 2 million bales. There is also no guarantee that the remaining cotton in fields will have good quality. Pakistanis who import cotton are seeking to approach cotton producers from around the world. Textile made-up exporters and manufacturers are positively expecting to get cotton on easy terms. Industry analysts predict that, despite formal permission not being given, EU, and US might allow free access of textile products from Pakistan.

Under these very difficult challenges, your Company remains committed to business growth and opportunity for new investment. Meanwhile we draw the attention of the Government on issues requiring policy interventions in order to safeguard the existing industrial base, revive economic growth and attract productive investment.

Acknowledgement

The directors are always a source of guidance and support for the management and we appreciate their commitment to your company's progress and prosperity. Your Company maintained it strong position, with a healthy balance sheet while meeting stakeholders' expectations. The performance of the Company is a strong evidence of the contribution our employees makes towards the Company in difficult times. Your Company's performance as reflected in the improved results for the year under review would not have been possible without the contribution of our committed employees devoted customers and continued support received from the supplier and contractors.

The Board would like to thanks all stakeholders for their valuable support and untiring efforts, which enables the Company to achieve this performance. At the end, I would like to state here that we are confident that we will continue to lead textile industry responsibly and will endeavor to maintain the growth momentum in our performance. Please join me in praying Almighty Allah to give us the courage and wisdom to face the challenges ahead and to work even harder for the prosperity of the company and its stake holders.

on behalf of the Board.

S.M. Muneer
Chairman / Chief Executive

Directors' Report

The Directors are pleased to present the 2010 Annual Report togather with the audited Financial Statements of the Company for the year ended June 30, 2010.

Financial Result

Profit & Loss Appropriations	Year ended June 30	
	2010	2009
	(Rupees in Thousands)	
Un-appropriated Profit brought forward	506,990	477,361
Profit after Tax	359,879	32,547
Dividend for the year 2008 @Rs. 1 per share	-	(2,918)
Un-appropriated Profit carried forward	866,869	506,990
Earning Per share	19.42	1.76

Chairman's Review

The Directors of the company endorse the contents of the Chairman's Review which covers review of business and operations, outlook and investment plans for strategic growth.

Operational Performance

	Year ended June 30		Increase /
	2010	**2009**	(Decrease)
	(Rupees in Thousands)		%age
Total Sales	4,691,884	3,712,392	26.38
Local Sales	1,473,565	2,296,220	(35.83)
Export Sales	3,218,320	1,416,172	127.25
Gross Profit	923,984	387,514	138.44

Salient Feature of the Accounting Results

The achievement of the year under review may be compared against preceding year in are as under:

	Year ended June 30	
	2010	2009
	(Rupees in Thousands)	
Sales	4,691,884	3,712,392
Cost of Sales	(3,767,900)	(3,324,878)
Gross profit	923,984	387,514
Distribution cost	(195,201)	(115,092)
Administrative Expenses	(80,811)	(43,721)
Other operating expenses	(31,954)	(11,083)
Finance cost	(213,463)	(142,461)
	(521,429)	(312,356)
Other Operating Income	11,487	9,735
Profit before Tax	414,042	84,893

Financial Management

Cash flow Management

The Company has an effective Cash Flow Management system in Place whereby cash inflows and out Flows are projected on regular basis. Working Capital requirements are planned to be financed through internal cash generation and short term borrowings from external resources where necessary. The Board is satisfied that there are no short or long term financial constraints including accessibility to credit and a strong balance sheet with June 2010 with current Ratio 1.03 : 1.00

Risk Mitigation

The Inherent risks and uncertainties in running a business directly affect the success of business. The management of Din Textile Mills Limited has identified its exposure to the potential risks. As a part of our policy to produced forward looking statement we are outlining the risks which may effect our business. This exercise also helps the management focus on a strategy to mitigate risk factors.

Credit Risk

All financial assets of the company except cash in hand are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk. Exposure is Managed through application of credit limits to its customers secured by and on the base of past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sector and generally the industry. The company believes that it is prudent to provide Provision of doubt full debts.

Liquidity Risk

Prudent liquidity risk management ensures availability of the sufficient funds for meeting contractual commitments. The Company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit lines with financial institutions. Through internal cash generation and committed credit lines with financial institutions.

Interest Rate Risk

Majority of the interest rate exposure arises from short and long term borrowing from banks and term deposits and deposits in PLS saving accounts with banks. Therefore, a change in interest rates at the reporting date would not effect the profit and loss accounts.

Foreign Exchange Risk.

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The company is mainly exposed to short term USD/ PKR parity on its imports of raw material and Plant and Machinery.

Production facilities.

Performance of our production facilities was excellent with unprecedented levels of output. Our team continued to improve efficiencies through harmonized efforts, eliminating wastage and avoidance of shutdowns on numerous occasions. The Company is determined to continue its focus on maximum capacity utilization for sustained profitability and to maintain its position as the leading Textile Manufacturer of the Country.

Related Parties

The Board of Directors have approved the policy for transaction/contract between company and its related parties on an arm's length biases and relevant rates are to be determined as per the comparable un controlled price methods. The Company has fully comply with the best practices of transfer pricing as contained in the listing regulation of Stock Exchanges.

Corporate Governance

Your company is committed to maintain high standard of good corporate governance without any exception. The Directors are pleased to state that your company is compliant with the provision of the Code of Corporate Governance as required by SECP and formed as part of stock exchanges listing regulations. Statement of Compliance with Code of Corporate Governance is Annexed

Disclosures under Code of Corporate Governance
Corporate and Financial Reporting Framework

a)- The financial statements prepared by the management of the company, fairly present state of its affairs, the result of its operations, cash flows and changes in equity.

b)- Proper books of accounts of the company have been maintained.

c)- Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimate are based on reasonable and prudent judgment.

d)- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

e)- The System of internal control and other such procedure which are in place, are being continuously reviewed by the Internal Audit Function. The Process of Review will continue and any weakness in control will be removed.

f)- There are no significant doubts upon the company's ability to continue as a going concern.

g)- There has been no deviation from the best practices of corporate governance as detailed in the Listing Regulations.

h)- Key operating and financial data for last six years in summarized form annexed.

i)- The outstanding statutory duties, taxes, charges and levies, if any have been fully disclosed in the financial statements.

j)- The significant plans and decisions along with futures prospects have been outlined in the Chairman's Review.

Board of Directors

Consequent to the approval by the board of Directors and share holders in the Annual General Meeting for the increase in directors remuneration, The Directors' remuneration was increased with effect from July 01, 2009. the Total remuneration during the year was increased by Rs. 32.085 million.

The Board of Directors comprises of 4 Executive Directors and 3 Non Executive Directors. Current member of the Board of Directors have been listed in the company information.

The Directors wish to report the following change in the Board of Directors:

On December 26, 2009 Mr. S. M. Naseer resigned from the Board. To fill the vacancy Mr. S. M. Imran was appointed on the Board with effect from December 27, 2009 for the remainder of the term to expire on March 13, 2010. All the Ten Directors Retired and Re-ellected in Extra-ordinary general meeting held on 13-03-2010. Number of Directors reduced to 7 from 10 in Extra Ordinary General Meeting held on the retirement of all Directors and 7 Directors are re-ellected in the same meeting for the term of 3 years. The Board would like to thanks the outgoing Directors and Well come to new Directors.

Board of Director Meetings

During the year 2010 Seven meetings of the board were held . Attendance are detailed below

	NAME OF DIRECTORS	NO. OF MEETINGS ATTENDEO	OTHER DETAILS
1	Shaikh Mahammad Muneer	4	Retired & Re-Elected on 13-03-2010
2	Shaikh Mohammad Naseer	1	Resign on 26-12-2009
3	Shaikh Mohammad Pervez	7	Retired & Re-Elected on 13-03-2010
4	Shaikh Mohammad Tanveer	7	Retired & Re-Elected on 13-03-2010
5	Mr. Shahzad Naseer	7	Retired & Re-Elected on 13-03-2010
6	Mr. S. M. Naveed	7	Retired & Re-Elected on 13-03-2010
7	Mr. Irfan Muneer	5	Retired on 13-03-2010
8	Mr. Fawad Jawed	5	Retired on 13-03-2010
9	Mr. Faisal Jawed	7	Retired & Re-Elected on 13-03-2010
10	Mr. Farhad Shaikh Mohammad	7	Retired & Re-Elected on 13-03-2010
11	Mr. S.M. Imran	2	Cooped in place of Mr. S. M. Naseer on 26-12-2009 and Retired on 13-03-2010

Audit Committee

The audit committee is a committee comprising Board of Directors that Assists the Board in a manner provided in the Code of Corporate Governance issued by SECP and forming part of the Listing Regulations of the Stock Exchanges in Pakistan. The audit committee of Din Textile comprises of the one non Executive Directors who is chairman of the committee along with Two Executive Directors who are members of the committee. During the year the Chairman and Member of Audit Committee has resigned from their offices and new chairman and member are appointed. The Current Audit Committee of Din Textile Mills Ltd. comprises of the following Three Directors.

1	Shaikh Muhammad Pervaiz	Chairman
2	Mr. Faisal Jawed	Member
3	Mr. Farhad Shaikh Mohammad	Member

The committee held four meetings during the year in which external auditors were present to assist the committee on matter relating to financial accounting and reporting. The quarterly , half yearly and annual accounts of the company along with any public announcement relating to them; were reviewed and were recommended by the committee before approval by the Board. Such review sextend to major areas of judgment reflected in the accounts, significant adjustments resulting from audit of accounts the going concern assumption, changes in accounting policies and practices, compliance with applicable accounting standards, listing regulation, and statutory requirements.

The Audit Committee function within the scope of the term of reference approved by the Board, which determine the roles and responsibilities of committee and reflect the requirement of the Code of Corporate Governance. The role and responsibilities of Audit Committee include determining appropriate measure to safeguard the company's assets, reviewing quarterly, half yearly, and annual financial statements of the company and preliminary announcements of result before approval by the Board and publication, reviewing the company's statement of inter controls system prior to their approval by the Board, reviewing the external auditors letter to management and its response there to, monitoring compliance with best practices of corporate governance and instituting special projects and investigations on any matter deemed appropriate by the committee or desired by the board.

The audit committee assists the Board of Directors in monitoring the framework of managing business risk and internal control. The committee seeks assurance on the measures taken by the management in identification, evaluation and mitigation of relevant business risk. It also monitors the performance of the internal audit function which adopts a risk based approach for planning and conducting business process, audits consistently with the company's established work practices. The scope and extent of internal audit including the annual internal audit plan, are reviewed and approved by the committee, which also regularly monitors the progress. While the external auditor independently determine their plan of audit, the committee is informed of their progress and especially in regard to issues stated in their letter to management and responses received. Without interfering with the independence of the External and Internal auditors, the committee encourages coordination between then in the discharge of their respective function. The committee recommend to the Board the Appointment of External Auditor and their engagement terms based on the Committee's review of their performance and value provided to the company.

Auditors

Statutory Audit for the company for the financial year ended June 30, 2010 has been concluded and the auditors have issued their Audit Report on the company's Financial Statements, and the Statement of Compliance with Code of Corporate Governance. The Auditors Messrs.' Mushtaq & Company , Chartered Accountants, Karachi, shall retire at the conclusion of annual general meeting and they have indicated their willingness to continue as Auditors. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountant of Pakistan (ICAP) and compliance with the Guideline on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. The Board proposed their reappointment as auditor for the financial year ended June 30,2010 the engagement partner will be rotated in line with the requirement of Code of Corporate Governance.

Shareholding

The pattern of shareholding as at June 30,2010 along with disclosure as required under Code of Corporate Governance, is annexed.

The Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, and their spouses and minor children, have reportedly carried out no trading in the shares of the Company.

Acknowledgement

Your Company maintained its strong position, with a healthy balance sheet while meeting stakeholders' expectations. The performance of the Company is a strong evidence of the contribution our employees make towards the success of the Company in difficult times. Your Company's performance as reflected in the improved result for year 2010 would not have been possible without the contribution of our committed employees, devoted customers and continued support received from supplier and contractors. The Board would like to thanks all stake holders for their valuable support and untiring efforts which enables the Company to achieves this performance.

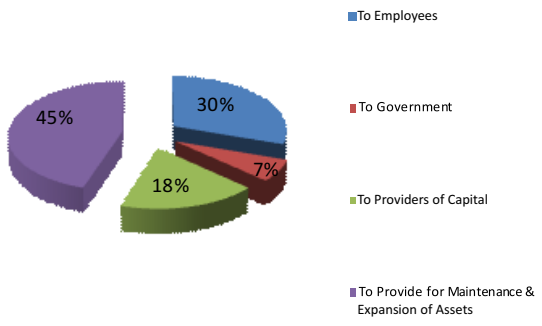
On behalf of the Board

S. M. Muneer
Chairman / Chief Executive

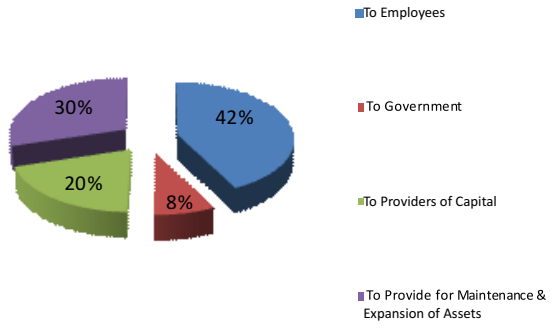
STATEMENT OF VALUE ADDED

WEALTH GENERATED	2010		2009	
Sales Revenue	4,691,884,420		3,712,392,008	
Other Receipts	11,486,916		9,735,260	
Less:				
Material & services				
Material & Factory cost	3,305,016,699		2,854,391,474	
Administrative & other	27,518,856		23,242,331	
Distribution	95,711,300		44,478,293	
Broker's Commissions	99,489,241		70,613,681	
Value Add	**1,175,635,240**	100	**729,401,489**	100
WEALTH DISTRIBUTED		%age		%age
To Employees				
Salaries & benefits	356,138,942	30.29	310,362,333	26.40
To Government				
Tax	46,044,735	3.92	50,613,874	4.31
Worker Profit Participation fund	21,791,705	1.85	4,468,067	0.38
Worker Welfare Fund	8,118,478	0.69	1,732,516	0.15
To Providers of Capital				
Dividend to Share Holders	-	-	2,917,924	0.25
Mark up/Interest on Borrowed Fund	213,463,132	18.16	142,461,027	12.12
To Provide for Maintenance & Expansion of Assets				
Depreciation	170,199,061	14.48	187,216,792	15.92
Profit Retained	359,879,187	30.61	29,628,956	2.52
	1,175,635,240		**729,401,489**	

Distribution of wealth 2010



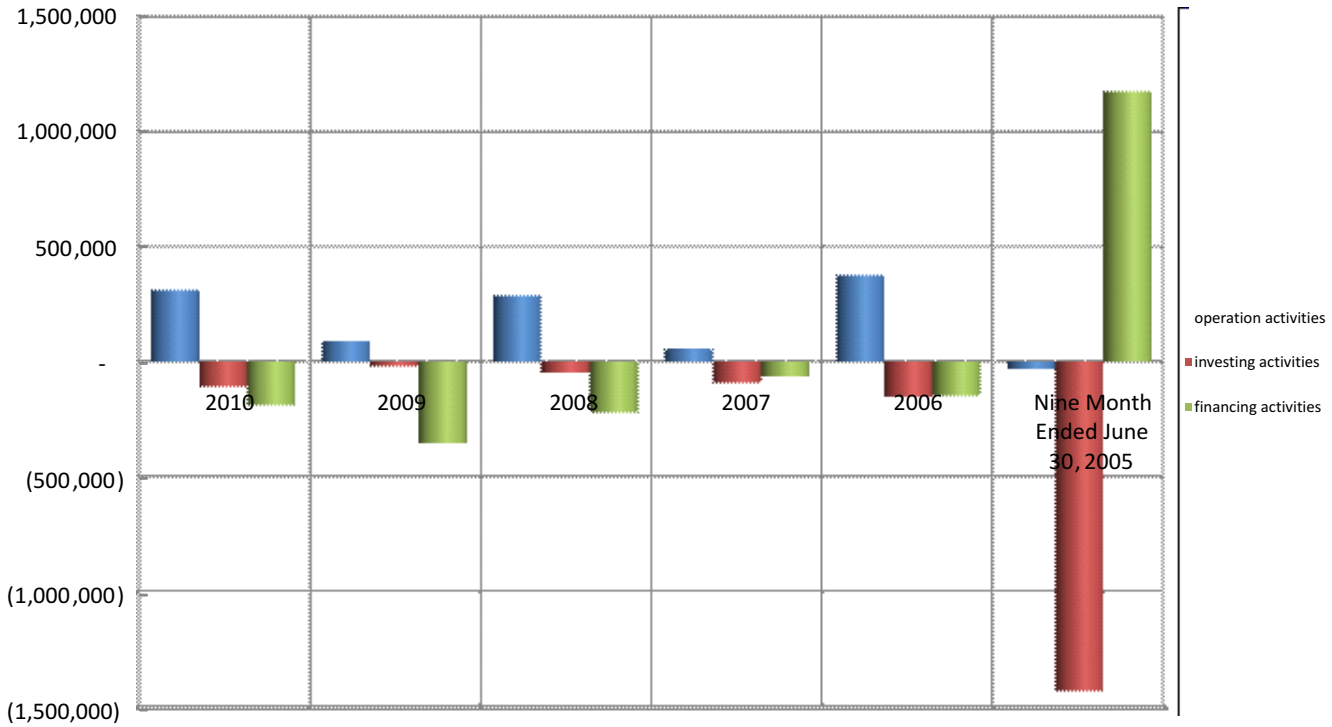
Distribution of wealth 2009



SUMMERY OF CASH FLOW STATEMENT

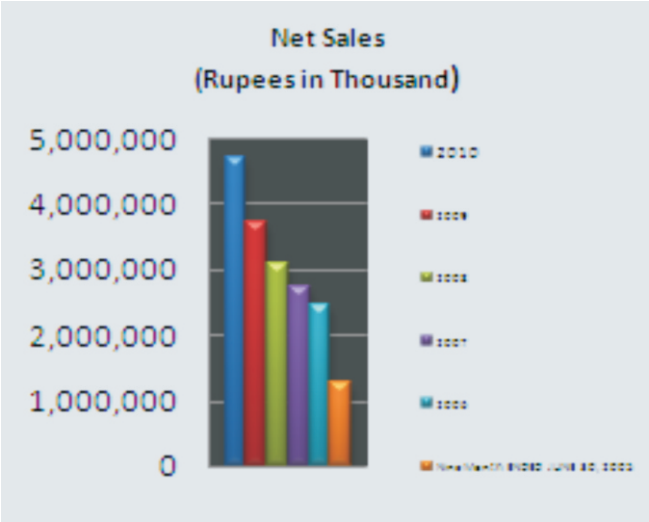
Year ended June 30,

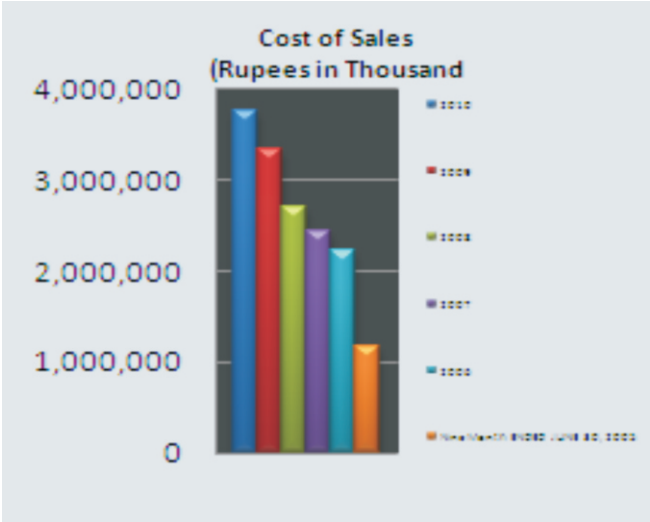
Cash Flows from / (Used in)	2010	2009	2008	2007	2006	Nine Month Ended June 30, 2005
			(Rupees in Thousands)			
operation activities	307,799	86,975	285,259	52,947	372,912	(31,580)
investing activities	(106,580)	(23,352)	(47,239)	(91,813)	(153,753)	(1,424,831)
financing activities	(189,116)	(354,138)	(222,019)	(66,087)	(151,705)	1,170,078
Net Cash Flows	**12,103**	**(290,515)**	**16,001**	**(104,953)**	**67,454**	**(286,333)**
Opening Cash and Cash Equivalents	(1,038,163)	(747,648)	(763,649)	(658,695)	(726,149)	(439,816)
Closing Cash and Cash Equivalents	(1,026,059)	(1,038,163)	(747,648)	(763,648)	(658,695)	(726,149)

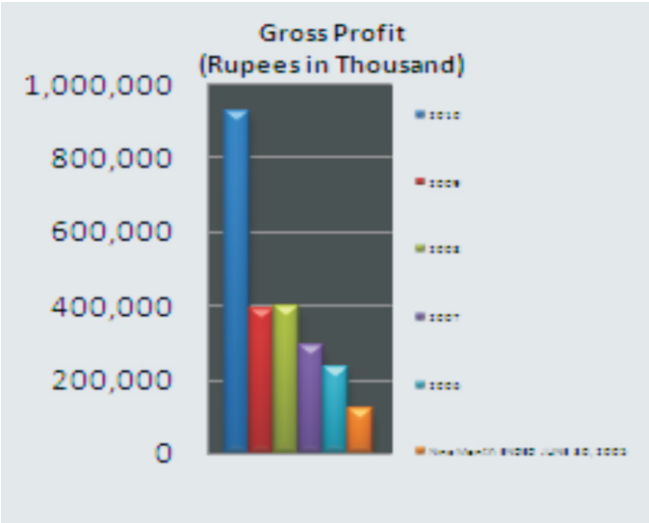


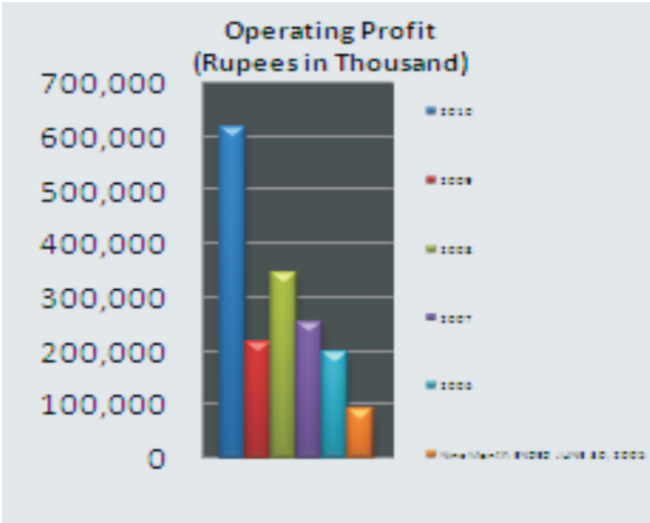
FINANCIAL HIGHLIGHTS

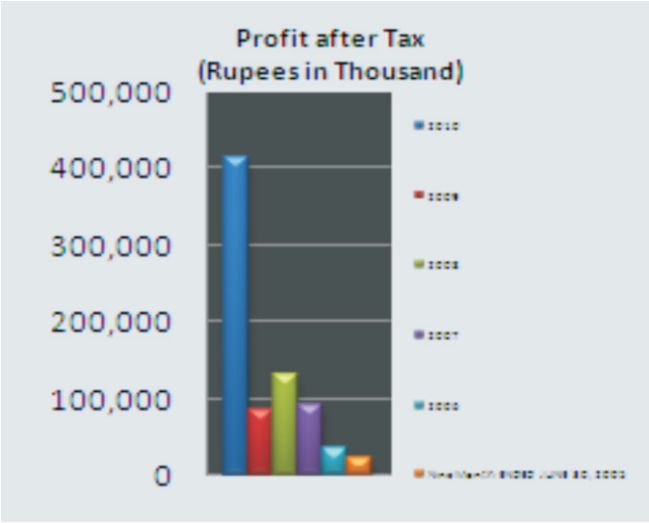
		YEAR ENDED JUNE 30					NINE MOINTHS ENDED JUNE 30, 2005
		2010	2009	2008	2007	2006	
Operating Results:							
Sales-net	(Rs 000)	4,691,884	3,712,392	3,101,039	2,714,494	2,453,338	1,280,167
Cost of Sales	(Rs 000)	3,767,900	3,324,878	2,703,555	2,421,093	2,219,814	1,161,063
Gross Profit	(Rs 000)	923,984	387,514	397,484	293,402	233,523	119,104
Operating Profit	(Rs 000)	616,019	217,619	345,372	253,378	196,548	90,666
Profit Before Tax	(Rs 000)	414,042	84,893	132,360	90,531	34,581	22,701
Profit/ (Loss) After Tax	(Rs 000)	359,879	32,547	181,809	166,346	19,441	-120,666
Dividends	(Rs 000)	-	-	2,918	-	-	0
Earning before interest, taxes, depreciation & amortization(EBITDA)	(Rs 000)	797,705	414,571	446,699	438,195	391,049	173,671
Per Share Results and Returns:							
Earning per share	(Rupees)	19.42	1.76	9.81	8.98	1.05	(6.51)
Cash Dividend per Share	(Rupees)	-	-	1.00	-	-	-
Dividend yield ratio	(%)	-	-	4.20	-	-	-
Dividend payout ratio	(%)	-	-	1.60	-	-	-
Market Price Per Share at the end of the year (KSE 100 Index)	(Rupees)	**26.90**	12.91	23.80	27.90	28.50	38.50
Price Earning Ratio	(Times)	**1.39**	**7.35**	**2.43**	**3.11**	**27.17**	**(5.91)**
Financial Position							
Reserves	(Rs 000)	1,277,246	917,367	887,738	705,929	539,582	520,142
Current Assets	(Rs 000)	1,734,752	1,423,325	1,224,353	1,152,021	922,206	1,081,043
Current Liabilities	(Rs 000)	1,691,536	1,380,077	1,291,938	1,152,843	951,651	1,081,427
Net Current Assets / (Liabilities)	(Rs 000)	43,216	43,248	-67,585	-821,622	-29,445	-383,972
Property Plant & Equipment	(Rs 000)	1,670,162	1,736,468	1,899,186	2,005,359	2,120,558	2,153,548
Total assets	(Rs 000)	3,417,482	3,166,895	3,128,765	3,162,030	3,047,832	3,238,183
Long Tern Debt (except Director Loan)	(Rs 000)	262,424	201,539	555,678	730,670	794,851	1,420,981
Shareholders' equity	(Rs 000)	1,462,549	1,102,670	1,073,041	891,232	724,886	705,445
Capital Employed	(Rs 000)	1,725,947	1,786,818	1,836,827	2,009,187	2,096,181	2,156,757
Share Capital	(Rs 000)	185,303	185,303	185,303	185,303	185,303	185,303
Break up value per share	(Rupees)	78.93	59.51	0.06	48.10	39.12	38.07
Financial Ratio							
Current ratio	(Times)	1.03	1.03	0.95	1.00	0.97	1.00
Long-Term Debt to Capitalization	(%)	58.61	52.10	74.99	79.77	81.09	88.46
Debt to Total Assets	(%)	38.42	39.60	42.41	47.53	48.54	66.89
Return on equity	(%)	24.61	2.95	16.94	18.66	2.68	(17.10)
Return on capital employed	(%)	20.85	1.82	9.90	8.28	0.93	(5.59)
Quick Acid test ratio	(Times)	0.43	0.58	0.43	1.00	0.97	1.00
Earnings before interest, taxes depreciation & amortization margin (EBITDA)	(%)	17.00	11.17	14.40	16.14	15.94	13.57
Dividend cover ratio	(%)	-	-	62.31	-	-	-
Bonus Share issued	(Rupees)	-	-	-	-	-	0
Debt to Equity Ratio	(Times)	0.18	0.18	0.52	0.82	1.10	2.01
Profitability Ratios:							
Gross Profit Ratio	(%)	19.69	10.44	12.82	10.81	9.52	9.30
Net Profit Margin	(%)	8.82	2.29	4.27	3.34	1.41	1.77
Interest Coverage	(Times)	2.94	1.60	2.16	1.66	1.24	1.38
No. of days in Receivable	(Days)	42.62	55.16	49.08	47.45	31.69	52.95
No. of days in Payable	(Days)	15.37	17.16	13.31	13.49	13.45	14.55
No. of Days in Inventory	(Days)	70.6	78.2	102.4	140.92	133.99	239.27
Cash Operating Cycle	(Days)	97.82	116.21	138.13	174.89	152.24	277.67
Debtors turnover ratio	(Times)	8.56	7.59	0.02	9.59	10.64	4.35
Creditor Turnover ratio	(Times)	34.84	44.03	0.10	50.98	48.85	31.64
Inventory turnover	(Times)	5.43	6.91	0.01	4.59	4.12	2.35
Fixed Assets Turnover	(Times)	2.81	2.14	1.63	1.35	1.16	0.59
Total Assets Turnover	(Times)	1.37	1.17	0.99	0.86	0.80	0.40
Other Data:							
Depreciation & Amortization	(Rs 000)	170,199	187,217	200,116	210,707	213,822	91,981
Capital Expenditure	(Rs 000)	106,460	28,000	100,767	106,079	230,671	68,913

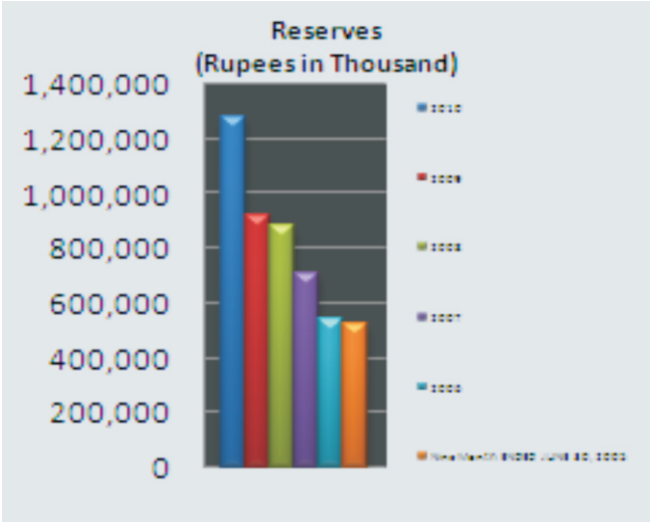

Net Sales
(Rupees in Thousand)
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0

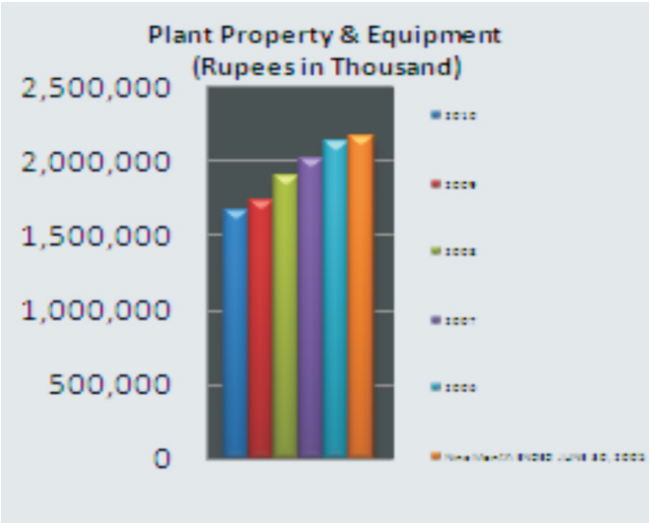

Cost of Sales
(Rupees in Thousand
4,000,000
3,000,000
2,000,000
1,000,000
0

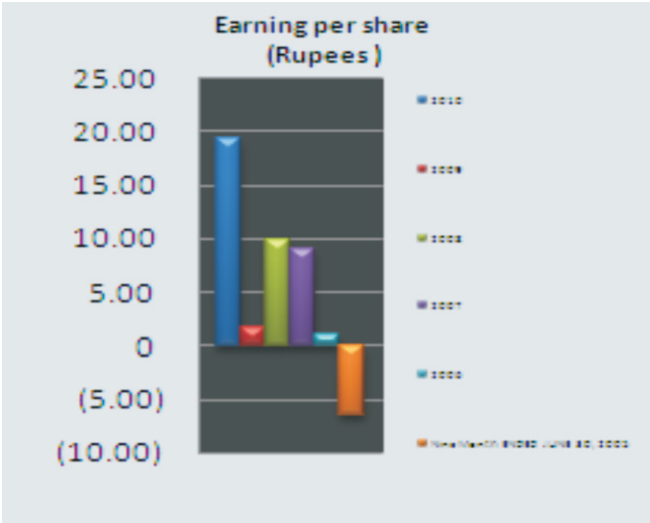

Gross Profit
(Rupees in Thousand)
1,000,000
800,000
600,000
400,000
200,000
0

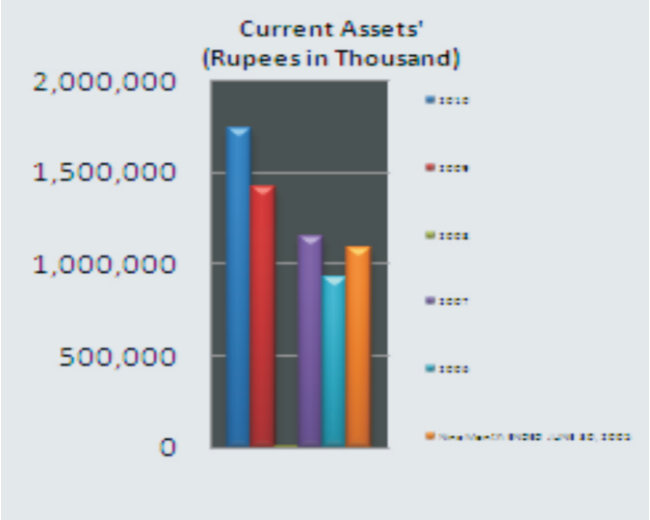

Operating Profit
(Rupees in Thousand)
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0

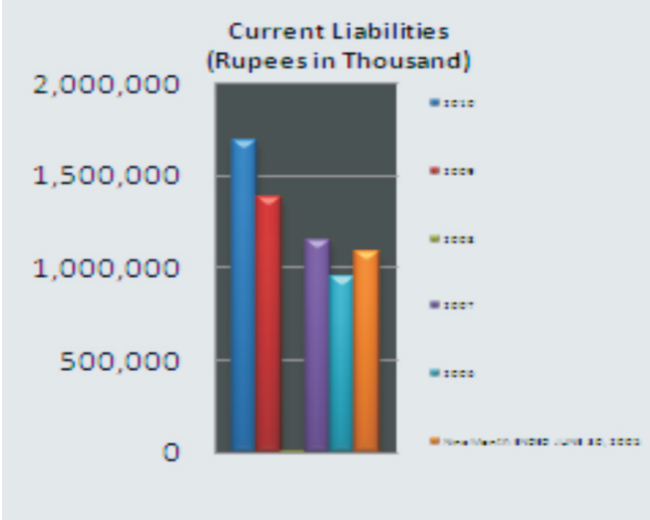

Profit after Tax
(Rupees in Thousand)
500,000
400,000
300,000
200,000
100,000
0

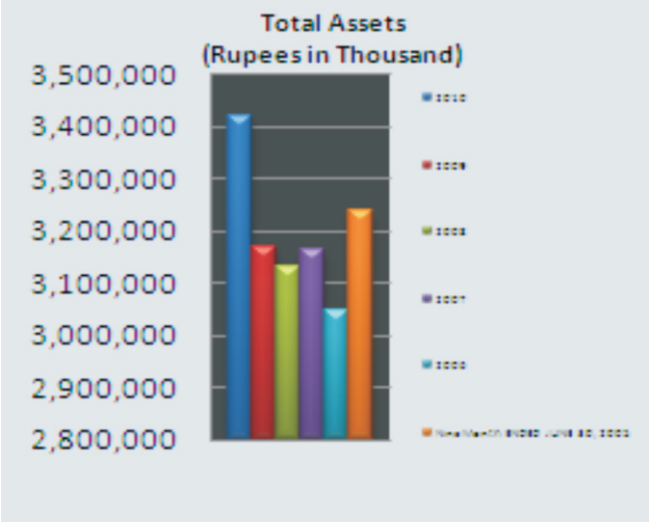

Reserves
(Rupees in Thousand)
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0

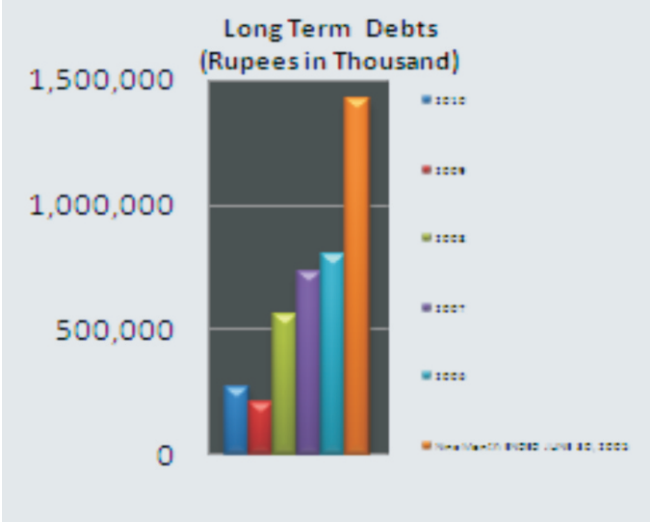

Plant Property & Equipment
(Rupees in Thousand)
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0

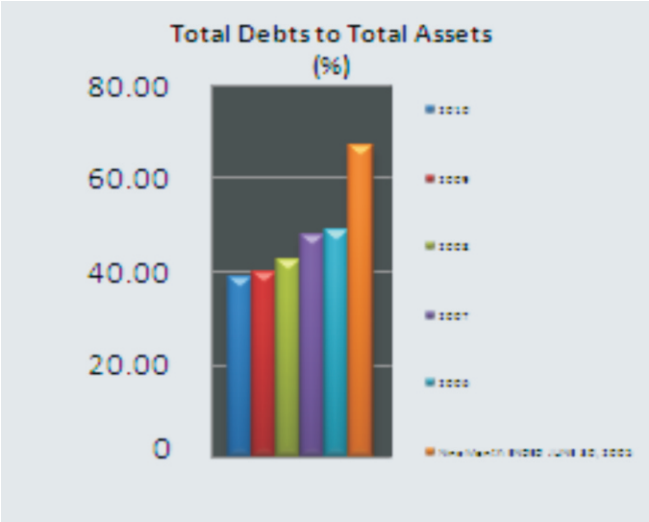

Earning per share
(Rupees)
25.00
20.00
15.00
10.00
5.00
0
(5.00)
(10.00)

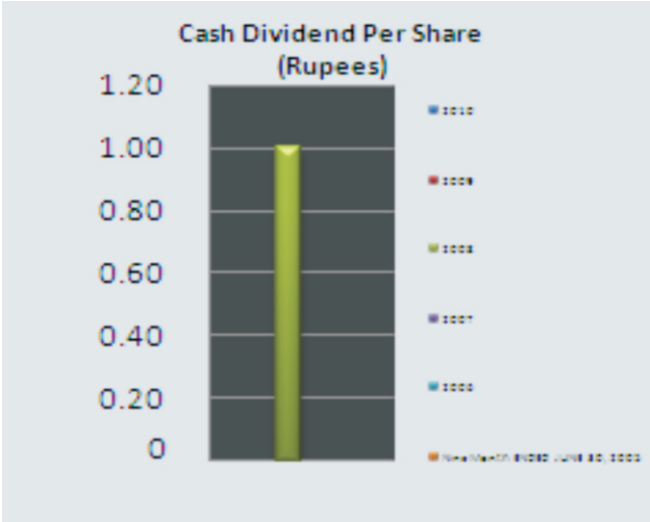

Current Assets'
(Rupees in Thousand)
2,000,000
1,500,000
1,000,000
500,000
0

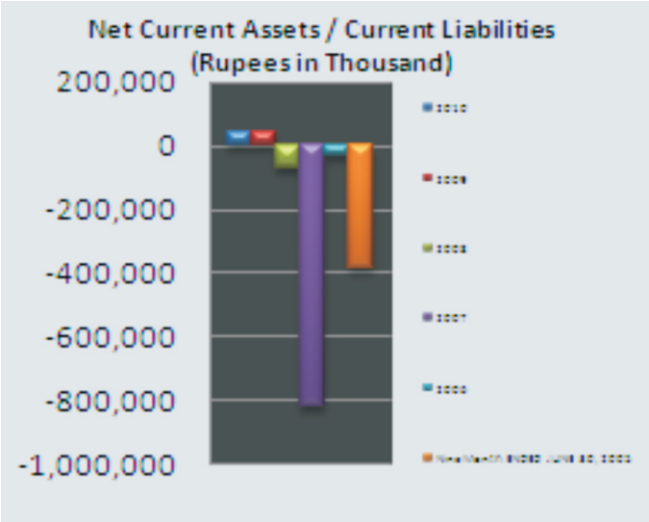

Current Liabilities
(Rupees in Thousand)
2,000,000
1,500,000
1,000,000
500,000
0

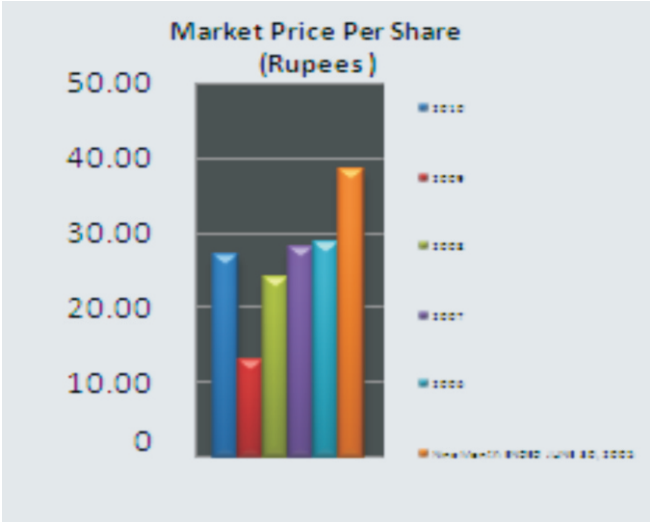

Total Assets
(Rupees in Thousand)
3,500,000
3,400,000
3,300,000
3,200,000
3,100,000
3,000,000
2,900,000
2,800,000

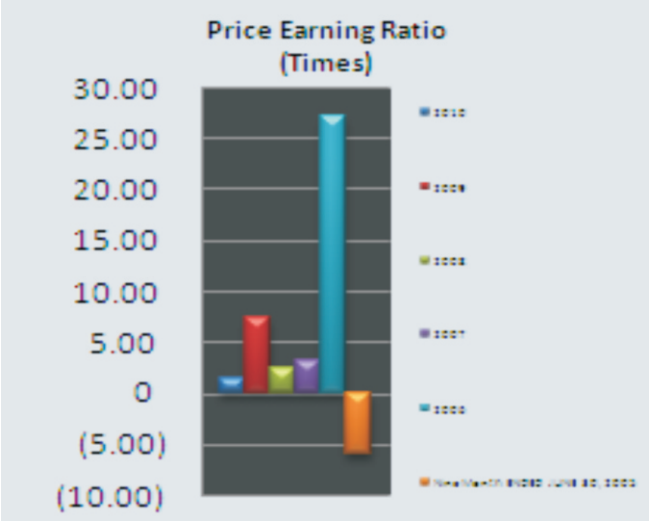

Long Term Debts
(Rupees in Thousand)
1,500,000
1,000,000
500,000
0

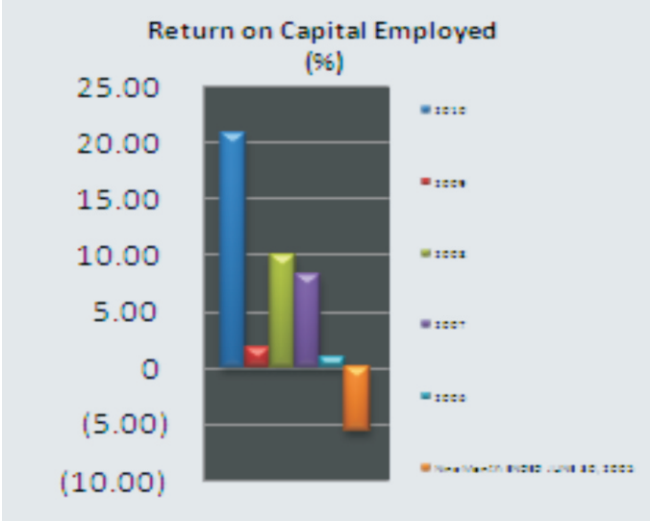

Total Debts to Total Assets
(%)
80.00
60.00
40.00
20.00
0

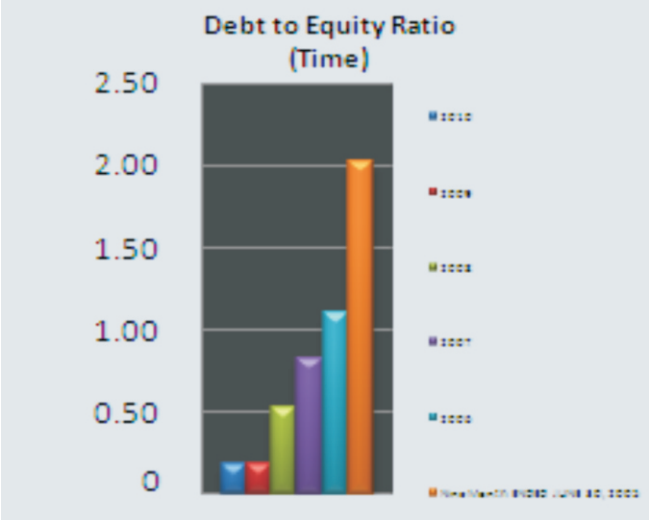

Cash Dividend Per Share
(Rupees)
1.20
1.00
0.80
0.60
0.40
0.20
0

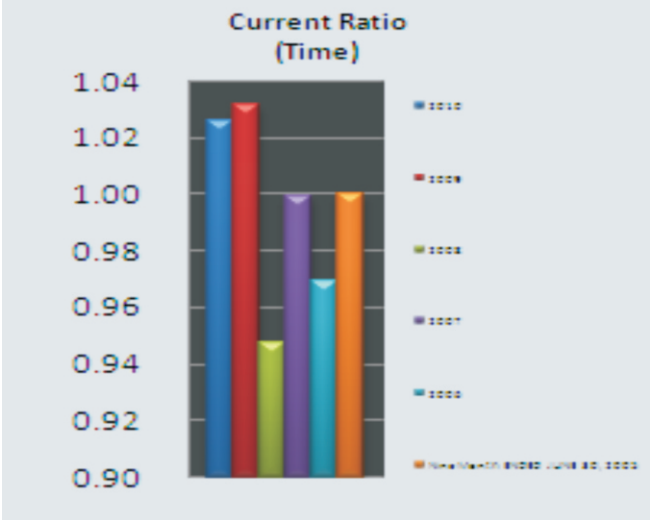

Net Current Assets / Current Liabilities
(Rupees in Thousand)
200,000
0
-200,000
-400,000
-600,000
-800,000
-1,000,000

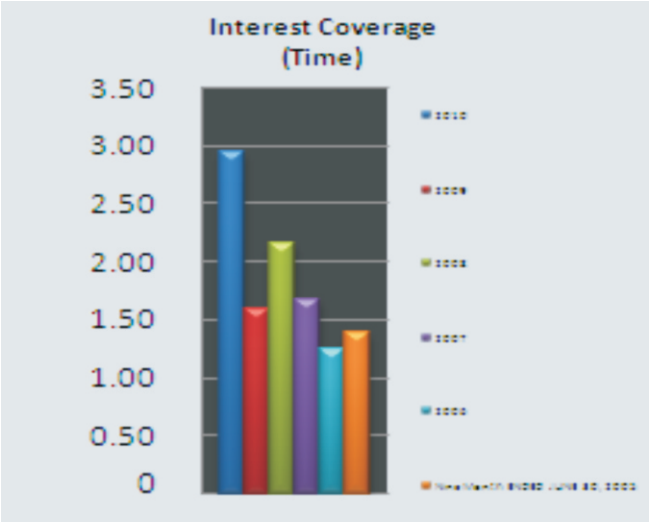

Market Price Per Share
(Rupees)
50.00
40.00
30.00
20.00
10.00
0

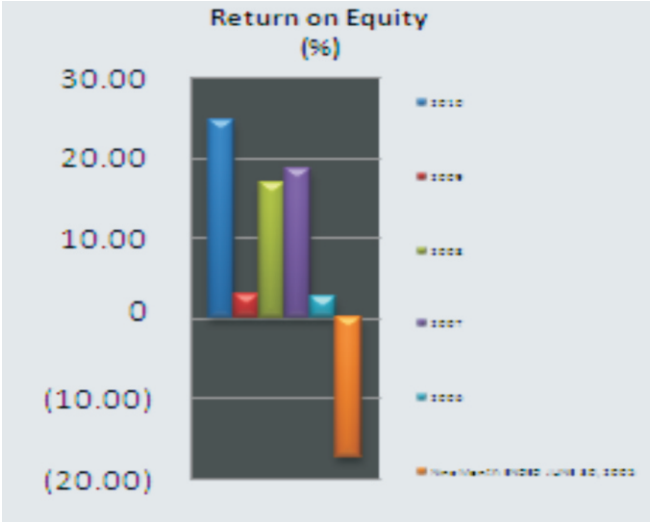

Price Earning Ratio
(Times)
30.00
25.00
20.00
15.00
10.00
5.00
0
(5.00)
(10.00)

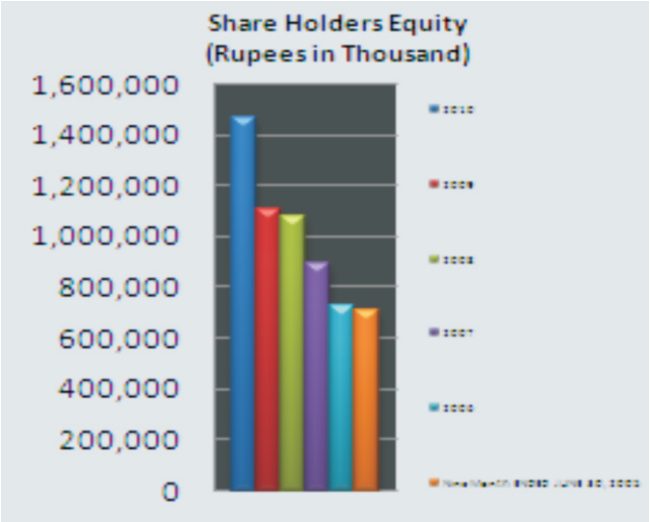

Return on Capital Employed
(%)
25.00
20.00
15.00
10.00
5.00
0
(5.00)
(10.00)


Debt to Equity Ratio
(Time)
2.50
2.00
1.50
1.00
0.50
0


Current Ratio
(Time)
1.04
1.02
1.00
0.98
0.96
0.94
0.92
0.90


Interest Coverage
(Time)
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0


Return on Equity
(%)
30.00
20.00
10.00
0
(10.00)
(20.00)


Share Holders Equity
(Rupees in Thousand)
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

This statement is being presented to comply with the Code of Corporate governance contained in the listing regulation of Karachi and Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principle contained in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes three non executive directors and non representing minority shareholders.

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

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

4. One casual vacancy occurred during the period under review which was filled by the Board within 30 days thereof. As required under section 178 the companies ordinance 1984 election of Directors was due on 13-03-2010 therefore the number of Directors was fixed at seven (7) and the election was held on 13-03-2010 at the Extra Ordinary General Meeting and present seven (7) Directors were elected in the meeting.

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

6. The Board has developed vision and mission statement, over all corporate strategy and significant policies of the company, which have been approved by the Board of Directors.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the CEO and others executive directors have been taken by the Board.

8. The meeting of the Board was presided over by the Chairman and in his absence by a director elected by the board for this purpose and the Board met at least once in every quarter. The Board held seven meetings during the year. Written notices of the Board Meeting, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.

9. The Directors of the company attended the orientation courses for their duties and responsibilities.

10. There was no change in the position of Company Secretary, Chief Financial Officer except to change Head of Internal Audit Mr. Fawad Jawed replaced with Mr. S. M. Imran during the year.

11. The director's report for this year has been prepared in compliance with the requirement of the Code and fully describes the salient matters required to be disclosed.

12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and Executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors including the chairman of committee.

16. The meeting of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has setup an internal audit function.

18. The statutory auditors of the Company have confirmed that they have 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 that the firm and all 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.

19. The statuary auditors or the person associated with them have not been appointed to provide other services except in accordance with the listing regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principals contained in the Code have been complied with.

On behalf of the Board of Directors

Karachi:
Date: September 23, 2010

S. M. Muneer)
Chairman / Chief Executive

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Din Textile Mills Limited** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of Lahore Stock Exchange (Guarantee) Limited where the company is listed.

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

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

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

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui

Karachi:
Date: September 23, 2010

DETAIL OF PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2010

Category No.	Categories of Shareholders	No. of Shareheld	Category-wise No. of Folios / CDC Accounts	Category wise Sahreheld	Percentage %
1	**Individuals**	7,689,308	791	7,689,308	41.50
2	**Investment Companies**	2,400	1	2,400	0.01
3	**Joint Stock Companies**	500,123	13	500,123	2.70
4	**Directors, Chief Executive and their Spouse and Minor Children**		8	8,848,038	47.75
	1. Mr. Shaikh Mohammad Muneer	1,519			
	2. Mr. Shaikh Mohammad Pervez	2,096,672			
	3. Mr. Shaikh Mohammad Tanveer	1,044,000			
	4. Mr. Shahzad Naseer	1,566,760			
	5. Mr. Shaikh Mohammad Naveed	1,566,759			
	6. Mr. Faisal Jawed	780,000			
	7. Mr. Farhad Shaikh Mohammad	777,800			
	8. Mrs. Ghazala Pervez w/o Mr. S. M. Pervez	1,014,528			
5	**Executive**	-	-	-	-
6	**NIT / ICP**		3	308,212	1.66
	National Bank of Pakistan - Trustee Dept,	300,182			
	National Investment Trust Limited	7,730			
	Investment Corporation of Pakistan	300			
7	**Associated Company**		1	6,000	0.03
	Din Leather (Pvt.) Limited	6,000			
8	**Banks, DFIs, Insurance Companies**			1,176,240	6.35
	Modarabas and Mutual Funds				
	1. Financial Institutions	290,807	6		
	2. Insurance Companies	86,040	2		
	3. Modarabas	520	2		
	4. Mutual Funds	798,873	2		
	TOTAL	18,530,321	829	18,530,321	100.00

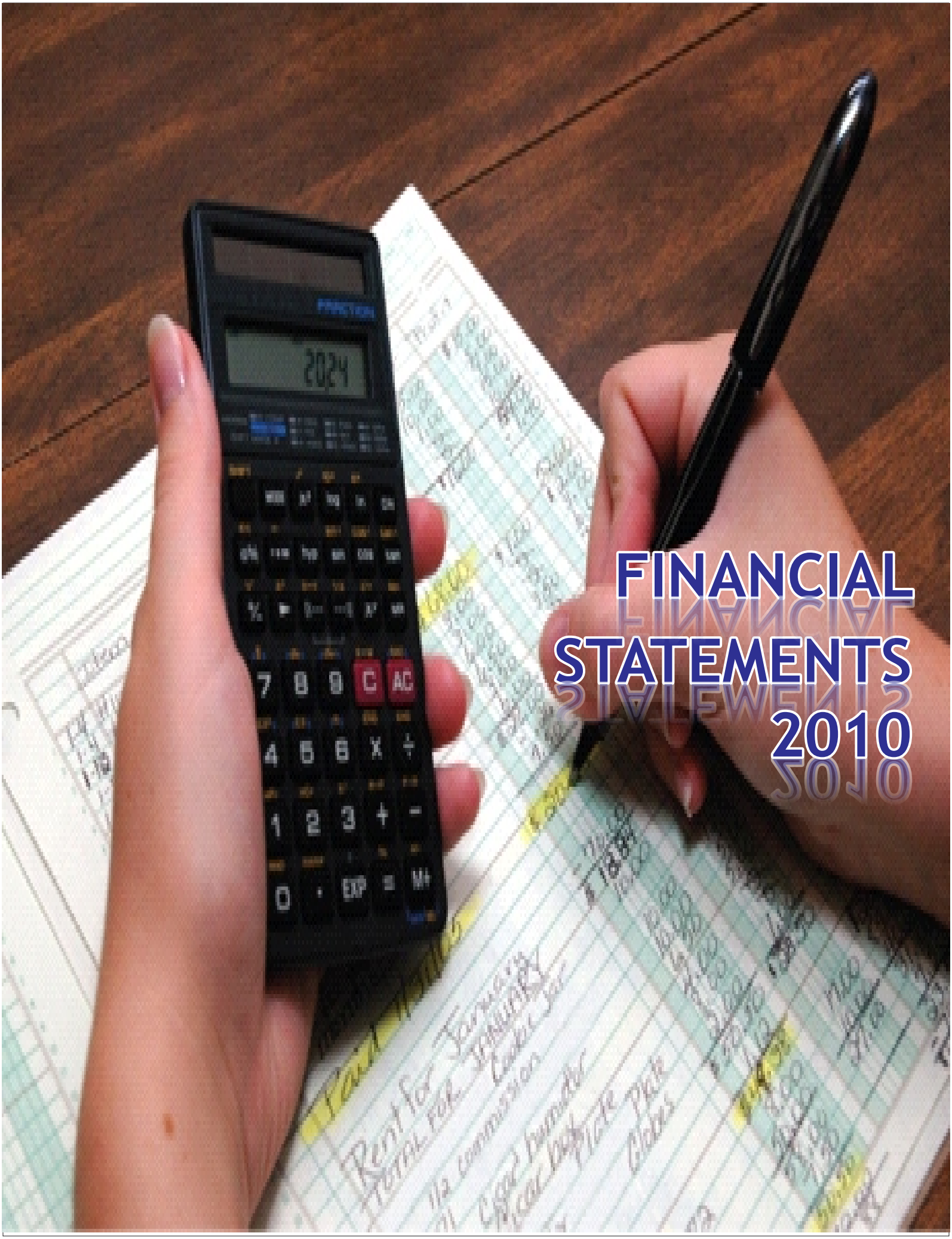
Shareholders Holding ten Percent or more voting interest in the listed company

Total Paid-up Capital of the Company	18,530,321	Shares
10% of the Paid-up Capital of the Company	1,853,032	Shares

Name(s) of Share-holders(s)	Description	No. of Shares Held	Percentage %
Shaikh Mohammad Pervez	Falls In Category # 04	2,096,672	11.31

PATTERN OF SHARE HOLDINGS
AS AT JUNE 30,2010

Number of Shareholders	Shareholding From		To	Total Shares held
123	1	-	100	5,448
221	101	-	500	53,162
316	501	-	1,000	199,854
97	1,001	-	5,000	199,762
31	5,001	-	10,000	221,751
10	10,001	-	15,000	124,020
2	15,001	-	20,000	33,497
1	20,001	-	25,000	25,000
2	35,001	-	40,000	78,500
3	45,001	-	50,000	145,086
1	60,001	-	65,000	63,739
1	85,001	-	90,000	85,440
1	105,001	-	110,000	109,100
1	135,001	-	140,000	137,481
1	180,001	-	185,000	181,548
1	205,001	-	210,000	208,200
1	300,001	-	305,000	300,182
1	745,001	-	750,000	748,873
6	775,001	-	780,000	4,671,200
2	780,001	-	785,000	1,561,759
1	1,010,001	-	1,015,000	1,014,528
3	1,040,001	-	1,045,000	3,132,000
2	1,565,001	-	1,570,000	3,133,519
1	2,095,001	-	2,100,000	2,096,672
829				**18,530,321**



FINANCIAL STATEMENTS 2010

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed tatement of financial position of **Din Textile Mills Limited** as at June 30, 2010 and the related income statement, statement of comprehensive income, statement of cash flows 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 purpose 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 the 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 verifications, 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 statement of financial position and income statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income statement, statement of comprehensive income, statement of cash flow and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2010 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

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

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui

Karachi:
Date: September 23, 2010

Statement of Financial Position
As at June 30, 2010

	Note	2010 Rupees	2009 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	1,670,162,349	1,736,468,468
Long term loans and advances	6	373,300	671,344
Long term deposits	7	12,194,682	6,429,363
		1,682,730,331	1,743,569,175
CURRENT ASSETS			
Stores, spare parts and loose tools	8	140,651,363	105,354,466
Stock in trade	9	864,829,665	515,264,284
Trade debts	10	547,899,636	560,982,844
Loans and advances	11	90,106,436	193,507,133
Trade deposits and short term prepayments	12	2,462,807	2,077,356
Other receivables	13	163,824	282,175
Income Tax and Sales Tax	14	63,972,483	31,454,159
Cash and bank balances	15	24,665,598	14,403,051
		1,734,751,812	1,423,325,468
CURRENT LIABILITIES			
Trade and other payables	16	243,632,210	182,032,808
Accrued mark up and interest	17	44,455,705	27,681,243
Short term borrowings	18	1,050,725,072	1,052,565,863
Current portion of			
Long term financing	19	88,793,818	106,325,743
Long term financing from directors and others	20	250,000,000	-
Liabilities against assets subject to finance lease	21	13,928,746	11,471,459
		1,691,535,551	1,380,077,116
WORKING CAPITAL		43,216,261	43,248,352
TOTAL CAPITAL EMPLOYED		1,725,946,592	1,786,817,527
NON CURRENT LIABILITIES			
Long term financing	19	143,393,757	64,245,675
Long term financing from directors and others	20	-	500,000,000
Liabilities against assets subject to finance lease	21	16,307,416	19,496,461
Deferred liabilities			
Staff retirement benefits - gratuity	22	49,728,712	52,008,160
Deferred taxation	23	53,967,522	48,397,233
		263,397,407	684,147,529
CONTINGENCIES AND COMMITMENTS	24		
Net Worth		**1,462,549,185**	**1,102,669,998**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
50,000,000 ordinary shares of Rs. 10 each		500,000,000	500,000,000
Net Worth Represented by:			
Issued, subscribed and paid up capital	25	185,303,210	185,303,210
Reserves	26	1,277,245,975	917,366,788
		1,462,549,185	**1,102,669,998**

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

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

Income Statement
For the year ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
Sales - net	27	4,691,884,420	3,712,392,008
Cost of sales	28	(3,767,900,161)	(3,324,877,658)
Gross profit		923,984,259	387,514,350
Distribution cost	29	195,200,541	115,091,974
Administrative expenses	30	80,810,935	43,720,551
Other operating expenses	31	31,954,167	11,082,788
Finance cost	32	213,463,132	142,461,027
		521,428,775	312,356,340
		402,555,484	75,158,010
Other operating income	33	11,486,916	9,735,260
Profit before taxation		414,042,400	84,893,270
Provision for taxation	34	(54,163,213)	(52,346,390)
Profit for the year		359,879,187	32,546,880
Earnings per share - basic and diluted	35	19.42	1.76

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

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

Statement of Comprehensive Income
For the year ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
Profit for the year		359,879,187	32,546,880
Other comprehensive income for the year		-	-
Total comprehensive income for the year		359,879,187	32,546,880

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

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

Statement of Cash Flow
For the year ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		414,042,400	84,893,270
Adjustments for:			
Depreciation		170,199,061	187,216,792
Staff retirement benefits - gratuity		17,815,405	17,868,608
Provision for doubtful debts		9,397,112	6,000,000
Workers' profit participation fund		21,791,705	4,468,067
Finance cost		213,463,132	142,461,027
Loss / (gain) on disposal of property, plant and equipment		(2,779,883)	(3,021,679)
		429,886,532	354,992,815
Profit before working capital changes		843,928,932	439,886,085
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(35,296,897)	9,316,525
Stock in trade		(349,565,381)	44,002,000
Trade debts		3,686,096	(150,023,106)
Loans and advances		103,400,697	(104,382,506)
Trade deposits and short term prepayments		(385,451)	1,045,194
Other receivables		118,351	(1,333,294)
		(278,042,585)	(201,375,187)
(Decrease) / increase in current liabilities			
Trade and other payables		35,993,866	32,688,972
Cash generated from operations		601,880,213	271,199,870
Finance cost paid		(196,607,942)	(136,777,510)
Taxes paid		(72,854,452)	(26,547,095)
Dividend paid		(1,350)	(2,780,622)
Workers' profit participation fund paid		(4,522,343)	(6,966,333)
Staff retirement benefits - gratuity paid		(20,094,853)	(11,152,896)
Net cash generated from operating activities		307,799,273	86,975,414
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		5,346,500	6,522,109
Fixed capital expenditure		(106,459,559)	(27,999,878)
Long term loans and advances		298,044	812,256
Long term deposits		(5,765,319)	(2,686,200)
Net cash used in investing activities		(106,580,334)	(23,351,713)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		61,616,157	(342,837,500)
Long term loan from directors and others		(250,000,000)	-
Liabilities against asset subject to finance lease		(731,758)	(11,300,971)
Net cash used in financing activities		(189,115,601)	(354,138,471)
Net increase / (decrease) in cash and cash equivalents		12,103,338	(290,514,770)
Cash and cash equivalents at the beginning of the year		(1,038,162,812)	(747,648,042)
Cash and cash equivalents at the end of the year		(1,026,059,474)	(1,038,162,812)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	**15**	24,665,598	14,403,051
Short term borrowings	**18**	(1,050,725,072)	(1,052,565,863)
		(1,026,059,474)	(1,038,162,812)

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

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

Statement of Changes in Equity
For the year ended June 30, 2010

Particulars	Share capital	Reserves				Total
		Capital	Revenue		Sub total	
		Merger reserve	General	Unappropriated profit		
	Rupees					
Balance as at June 30, 2008	185,303,210	10,376,660	400,000,000	477,361,172	887,737,832	1,073,041,042
Total comprehensive income for the year	-	-	-	32,546,880	32,546,880	32,546,880
Dividend for the year 2008 @ Rs.1 per share*	-	-	-	(2,917,924)	(2,917,924)	(2,917,924)
Balance as at June 30, 2009	185,303,210	10,376,660	400,000,000	506,990,128	917,366,788	1,102,669,998
Total comprehensive income for the year	-	-	-	359,879,187	359,879,187	359,879,187
Balance as at June 30, 2010	185,303,210	10,376,660	400,000,000	866,869,315	1,277,245,975	1,462,549,185

* The directors had waived their share of dividend amounting to Rs. 15.612 million.

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

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

Notes to and Forming Part of the Financial Statements
For the year ended June 30, 2010

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on stock exchanges at Karachi and Lahore. The registered office of the company is situated at 35 - A / 1 Lalazar Area, Opposite Beach Luxury Hotel, Karachi in the province of Sind, Pakistan.

1.2 The principal business of the company is manufacture and sale of yarn. The manufacturing units are located at Pattoki and Raiwind in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

- IAS 1 (Revised), 'Presentation of Financial Statements' is effective from January 2009. The revised standard requires that all changes in equity arising from transactions with owners in their capacity as owners (i.e owners changes in equity) to be presented separately from non-owner changes in equity. An entity is not permitted to present components of comprehensive income (i.e non-owner changes in equity) in the statement of changes in equity. As a result the company shows all owner related changes in equity in statement of changes in equity, whereas all non-owner changes in equity are presented in other comprehensive income, Comparative information is required to be re-presented so that it is in conformity with the revised standard.

  Income and expenses to be presented in one statement (a statement of comprehensive income) or in two statements (a separate income statement and a statement of comprehensive income). The company has preferred to present two statements; (a statement displaying components of profit or loss separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income). Comparative information has also been re presented/re arranged so it is in conformity with the revised standard. The amendment change only presentation aspects of the financial statements, it has no impact on profit or loss for the year.

- IAS 23 (Amendment), 'Borrowing Costs' is effective from January 1, 2009. The amendment requires an entity shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The allowed alternative treatment of recognition of borrowing cost has been removed. The company's current accounting policy is in compliance with this amendment, and therefore there is no impact on the company's financial statements.

- Revised IFRS - 3 Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. The application of this standard is not likely to have an effect on the company's financial statements.

- IAS 38 (Amendment),' Intangible Assets'. is effective from annual periods beginning on or after July 1, 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in any significant impact on the company's financial statements.

- IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 January 2009). The amendment removes the definition of the cost methods from IAS - 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment is not likely to have an effect on company's financial statements.

- IAS 27 (Revised),' Consolidated and Separate Financial Statements', is effective from July 1, 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains or losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fail value, and a gain or loss is recognized in income statement. The amendment will not result in any material impact on the company's financial statements.

- Amendments to IAS - 32 Financial Instruments : Presentation and IAS - 1 Presentation of Financial Statements (effective for annual period beginning on or after 01 January 2009) - Puttable Financial Instruments and Obligations Arising on Liquidations requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which requires retrospective application, are not expected to have any impact on the company's financial statements.

- Amendment to IAS - 39 Financial Instruments : Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after 01 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment is not likely to have an effect on the company's financial statements.

- Amendments to IAS - 39 and IFRIC - 9 Embedded derivatives (effective for annual periods beginning on or after 01 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendments are not likely to have an effect on company's financial statements.

- Amendment to IFRS - 2 Share-based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on the company's financial statements.

- IFRS - 4 Insurance Contracts (effective for annual periods beginning on or after 01 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contracts. The standard is not applicable to the company's operations.

- IFRS 7,'Financial Instruments: Disclosures' is effective from January 1, 2009. IFRS 7 introduces new disclosures relating to financial instruments. The application of IFRS 7 has resulted in additional disclosures in the company's financial statements, however, there is no impact on profit for the year.

- IFRS 8,'Operating Segments' is effective for annual periods beginning on or after January 01, 2009. IFRS 8 replaces the IAS 14" segment reporting" and introduces the "management approach " to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the company's "chief operating decision maker" in order to asses each segment's performance and to allocate resources to them. The amendment will not result in any impact on the company's financial statements.

- IFRIC - 15, 'Agreement for the Construction of Real Estate' (effective for annual periods beginning on or after January 01, 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The IFRIC is not relevant to the company's operations.

- IFRIC 17 - Distribution of non - cash assets to owner(effective from July 01, 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognized in the equity. When the non cash assets is distributed, the difference between the carrying amount and fair value is recognized in the income statement.

- IFRIC 18- Transfers of the assets from customer (to be applied prospectively to transfer of assets from customers received on or after 1st July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted in the current year

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2010 or later periods, but the company has not early adopted them:

- IAS 1 (Amendment), 'Presentation of Financial Statements' . The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The company will apply IAS 1(amenndment) from January 1, 2010. It is not expected to have a material impact on the company's financial statements.

- IAS 17 (Amendment). 'Leases' is effective from annual periods beginning on or after January 1, 2010. The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendment clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7-13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. The amendment is not relevant to the company's operations.

- IAS 24. 'Related Party Disclosures (revised 2009)' (effective for annual periods beginning on or after January 1, 2011). The revised IAS amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have an impact on the company's financial statements.

- IAS 32 (Amendment), 'Financial Instruments: Presentation- Classification of Rights Issues is effective for annual periods beginning on or after January 1, 2010. The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers right, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an implication on the company's financial statements.

- IAS 36 (Amendment), 'Impairment of Assets' (effective for annual periods beginning on or after January 1, 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendment apply prospectively. The amendment is not relevant to company's operations.

- IAS 39 (Amendment),' Cash Flow Hedge Accounting'. This amendment provides clarification when to recognize gains or losses on hedging instruments as a reclassification adjustments in a cash flow hedge of forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to income statement in the period in which the hedged forecast cash flow affects income statement. The company will apply IAS 39 (Amendment) from January 1, 2010. It is not expected to have any significant impact on the company's financial statements.

- IFRS 2 (Amendment), "Share-based Payment - Group Cash-settled Share-based Payment Transactions is effective for annual periods beginning on or after January 01, 2010. The IASB amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principal even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. Retrospective application is subject to the transitional requirements in IFRS 2.

- IFRS 5 (Amendment), 'Measurement of Non-Current Assets (or disposal group) Classified as Held-for-Sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current asset (or disposal group) classified as held-for-sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The company will apply IFRS 5 (Amendment) from January 1, 2010. It is not expected to have a material impact on the company's financial statements.

- IFRS-9 'Financial Instruments' (effective for annual periods beginning on or after January 1, 2013). IFRS 9 is the first standard issued as a part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary classifications depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

- IFRIC - 14 IAS 19- The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. These amendments are unlikely to have an impact on the company's financial statements.

- IFRS 7, 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after January 1, 2011). The amendments add an explicit statement that qualitative disclosures should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial statements. In addition, the IASB amended and removed existing disclosure requirements. These amendments would result in increase in disclosures in the financial statements of the company.

- IAS 34, 'Interim Financial Reporting' (effective for annual periods beginning on or after January 1, 2011). The amendments add examples to the list of events or transactions that require disclosures under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.

- IFRIC 13, 'Customer Loyalty Programmes' (effective for annual periods beginning on or after January 1, 2011). The amendment clarify that the fair value of the award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits.

- IFRIC-19, 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after July 1, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the company's operations.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention on accrual basis except Cash flows and for revaluation of certain financial instruments at fair value and recognition of certain staff retirement benefits at present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies which the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

3.1 Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's' view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2 Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

3.3 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 statement of financial position date.

3.4 Property, plant and equipment

The company reviews recoverable amount, useful life , residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.5 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

3.5.1 Provision for doubtful debts
3.5.2 Estimation of net realizable value
3.5.3 Computation of deferred taxation
3.5.4 Disclosure of contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

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 benefits 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 income during the period in which they are incurred.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in note 5.

Depreciation on additions is charged from the month in which the asset is acquired or capitilized while no depreciation is charged in the month of disposal.

Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is included in the income statement in the year the assets is derecognized.

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.2.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.4 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.5 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.6 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

4.6.1	**Raw material**	
	In hand	Weighted average cost
	In transit	Cost comprising invoice value plus other charges
4.6.2	**Finished goods and work in process**	Raw material cost plus appropriate manufacturing overheads
4.6.3	**Waste**	Net realizable value

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales.

4.7 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.8 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current & saving accounts and short term borrowings.

4.9 Staff retirement benefits

Defined benefit plan

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the 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 on June 30, 2009 using the Projected Unit Credit Method.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10 percent of present value of defined benefit obligation or 10 percent of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

4.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

4.10.1 Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

4.10.2 Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

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

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

4.11 Trade and other payables

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

4.12 Provisions

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.14 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.15 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the statement of financial position date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.16 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on Derecognition of financial assets and financial liabilities is included in the income statement for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and the liabilities simultaneously.

4.18 Impairment

At each statement of financial position date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.19 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free.

4.20 Government grants

Government grants for meeting revenue expenses are set off from respective expenses in the year in which they become receivable.

4.21 Research and development cost

Research and development cost is charged to income statement in the year in which it is incurred.

4.22 Dividend

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2010 Rupees	2009 Rupees
Operating fixed assets	5.1	1,584,344,993	1,733,348,245
Capital work in progress - at cost	5.2	85,817,356	3,120,223
		1,670,162,349	1,736,468,468

5.1 Operating fixed assets

	2010									
	Cost as at July 01, 2009	Additions / (deletions)	Transfers / adjustments	Cost as at June 30, 2010	Accumulated depreciation as at July 01, 2009	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2010	Book value as at June 30, 2010	Annual depreciation rate %
	Rupees									
Owned Assets										
Freehold land	57,894,815			57,894,815	-	-	-	-	57,894,815	
Building on freehold land	447,606,239	-		447,606,239	208,418,245	23,918,799		232,337,044	215,269,195	10%
Plant and machinery	2,457,670,411	10,681,086		2,460,441,997	1,164,922,251	130,007,421		1,288,068,575	1,172,373,422	10%
		(7,909,500)			-	(6,861,097)		-	-	
Electric installation	109,941,289	905,052		110,846,341	52,775,818	5,741,519		58,517,337	52,329,004	10%
Tools and equipment	42,141,600	492,000		42,633,600	18,601,797	2,366,280		20,968,077	21,665,523	10%
Furniture and fixture	8,951,633	63,190		9,014,823	3,823,505	517,870		4,341,375	4,673,448	10%
Office equipment	3,845,650	25,500		3,871,150	1,693,556	217,122		1,910,678	1,960,472	10%
Computers	8,022,469	264,000		8,286,469	6,548,015	474,761		7,022,776	1,263,693	30%
Vehicles	36,469,223	131,000	1,921,562	32,370,761	23,886,046	2,438,588	919,359	22,611,183	9,759,578	20%
		(6,151,024)		-	-	(4,632,810)		-	-	
Leased Assets										
Plant and machinery	44,091,922	8,308,798		52,400,720	5,117,655	3,966,667		9,084,322	43,316,398	10%
Vehicles	4,841,002	2,891,800	(1,921,562)	5,811,240	2,341,120	550,034	(919,359)	1,971,795	3,839,445	20%
30-Jun-10	3,221,476,253	23,762,426	1,921,562	3,231,178,155	1,488,128,008	170,199,061	919,359	1,646,833,162	1,584,344,993	
		(14,060,524)	(1,921,562)			(11,493,907)	(919,359)			

	2009									
	Cost as at July 01, 2008	Additions / (deletions)	Transfers / adjustments	Cost as at June 30, 2009	Accumulated depreciation as at July 01, 2008	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2009	Book value as at June 30, 2009	Annual depreciation rate %
	Rupees									
Owned Assets										
Freehold land	57,894,815	-	-	57,894,815	-	-	-	-	57,894,815	
Building on freehold land	445,479,943	2,126,296	-	447,606,239	182,023,172	26,395,073	-	208,418,245	239,187,994	10%
Plant and machinery	2,443,334,384	12,963,706	7,764,900	2,457,670,411	1,023,487,774	142,915,893	2,906,260	1,164,922,251	1,292,748,160	10%
	-	(6,392,579)	-	-	-	(4,387,676)	-	-	-	
Electric installation	102,455,695	7,485,594	-	109,941,289	46,859,520	5,916,298	-	52,775,818	57,165,471	10%
Tools and equipment	41,973,196	168,404	-	42,141,600	15,998,166	2,603,631	-	18,601,797	23,539,803	10%
Furniture and fixture	8,440,939	510,694	-	8,951,633	3,297,305	526,200	-	3,823,505	5,128,128	10%
Office equipment	3,101,693	743,957	-	3,845,650	1,427,187	266,369	-	1,693,556	2,152,094	10%
Computers	7,818,669	203,800	-	8,022,469	5,967,182	580,833	-	6,548,015	1,474,454	30%
Vehicles	32,047,864	1,416,966	8,024,000	36,469,223	21,405,202	2,917,319	3,087,605	23,886,046	12,583,177	20%
	-	(5,019,607)	-	-	-	(3,524,080)	-	-	-	
Leased Assets										
Plant and machinery	51,856,822	-	(7,764,900)	44,091,922	3,568,860	4,455,055	(2,906,260)	5,117,655	38,974,267	10%
Vehicles	12,865,002	-	(8,024,000)	4,841,002	4,788,604	640,121	(3,087,605)	2,341,120	2,499,882	20%
30-Jun-09	3,207,269,022	25,619,417	15,788,900	3,221,476,253	1,308,822,972	187,216,792	5,993,865	1,488,128,008	1,733,348,245	
		(11,412,186)	(15,788,900)			(7,911,756)	(5,993,865)			

5.1.1 **Depreciation for the year has been allocated as under.**

	Note	2010 Rupees	2009 Rupees
Cost of sales	28.1	168,377,050	184,824,569
Administrative expenses	30	1,822,011	2,392,223
		170,199,061	187,216,792

	2010 Rupees	2009 Rupees
5.2 Capital work in progress - at cost		
Building - civil works	-	-
Plant and machinery	85,817,356	2,700,000
Electric installation	-	420,223
	85,817,356	3,120,223
The movement in Capital work in progress is as follows.		
Balance at the beginning of the year	3,120,223	739,762
Additions during the year		
Building - civil works	-	435,004
Plant and machinery	86,160,266	2,700,000
Electric installation	66,522	420,223
	86,226,788	3,555,227
Transfer to operating fixed assets		
Building - civil works	-	1,174,766
Plant and machinery	3,042,910	-
Electric installation	486,745	-
	3,529,655	1,174,766
Balance at the end of the year	85,817,356	3,120,223

5.3 Disposal of property, plant and equipment

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal
		Rupees				
Vehicles						
Suzuki Baleno	Moon Motors, 28/2 Jail road Lahore	833,514	612,965	220,549	250,000	Negotiation
Honda CD 70	Asad Ali, Orangi Town, Karachi	71,500	57,161	14,339	26,500	Negotiation
Suzuki Alto	Ajmal Parvaiz, Allama iqbal town Lahore	496,000	414,952	81,048	100,000	Negotiation
Honda Civic	Muhammad khalid, Faisal Town Lahore	1,310,660	1,104,282	206,378	210,000	Negotiation
Toyota Corolla	Manzoor Ahmed, P.E.C.H.S Karachi	1,201,350	969,354	231,996	260,000	Negotiation
Toyota Corolla	Raja Shahid Mehmood, Dhamyal, Rawalpindi	1,119,000	737,048	381,952	400,000	Negotiation
Toyota Corolla	Moon Motors, 28/2 Jail road Lahore	1,119,000	737,048	381,952	400,000	Negotiation
	Sub total	6,151,024	4,632,810	1,518,214	1,646,500	
Plant and machinery	Yousaf Weaving Mills Limited, Gulberg Lahore	7,001,000	6,073,998	927,002	3,400,000	Negotiation
Plant and machinery	Abbas Corporations, Pattoki road, Lahore	908,500	787,099	121,401	300,000	Negotiation
	Sub total	7,909,500	6,861,097	1,048,403	3,700,000	
	Grand total	14,060,524	11,493,907	2,566,617	5,346,500	

	Note	2010 Rupees	2009 Rupees
5.4 Gain on disposal of property, plant and equipment			
Cost		14,060,524	11,412,186
Less : Accumulated depreciation		(11,493,907)	(7,911,756)
		2,566,617	3,500,430
Sale proceeds		(5,346,500)	(6,522,109)
(Gain) on disposal of property, plant and equipment	33	(2,779,883)	(3,021,679)
(Gain) on disposal of plant and machinery	33	(2,651,597)	(3,026,300)
(Gain) / Loss on disposal of vehicles	33 & 31	(128,286)	4,621

	Note	2010 Rupees	2009 Rupees
LONG TERM LOANS AND ADVANCES			
Loans to employees - considered good - unsecured			
Executives	6.1	1,384,000	873,604
Others		2,640,824	2,296,525
		4,024,824	3,170,129
Less : Current portion			
Executives	11	1,184,000	372,060
Others	11	2,467,524	2,126,725
		3,651,524	2,498,785
		373,300	671,344
6.1 Executives			
Opening balance		873,604	1,805,060
Disbursement during the year		1,410,940	233,000
		2,284,544	2,038,060
Less : Repayment during the year		(900,544)	(1,164,456)
		1,384,000	873,604

6.1.1 All the loans are granted to the employees, free of interest in accordance with their terms of employment, repayable in monthly installments over a period of two to three year. These loans secured against retirement benefits of the employees. Interest @ 13% on the above loans worked out Rs. 523,227 has been accounted at full rate of 35% as provision for income tax.

6.1.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1,753,604 (June 30, 2009 : Rs. 1,714,060).

	Note	2010 Rupees	2009 Rupees
LONG TERM DEPOSITS			
Security deposits			
Electricity - WAPDA		10,691,308	4,241,308
Leasing company		1,465,874	2,150,555
Others		37,500	37,500
		12,194,682	6,429,363
STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		72,073,130	43,255,691
Spare parts		68,492,825	61,920,639
Loose tools		85,408	178,136
		140,651,363	105,354,466
STOCK IN TRADE			
Raw material		620,494,225	390,413,555
Work in process		38,011,945	31,835,208
Finished goods	9.1	196,956,547	88,727,948
Waste		9,366,948	4,287,573
		864,829,665	515,264,284

9.1 Finished goods amounting to Rs. 2,108,927 (June 30, 2009 : Rs. 1,471,434) stated at their net realizable value aggregating Rs. 1,825,613 (June 30, 2009 : Rs. 1,042,852). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 283,314 (June 30, 2009 : Rs. 428,582).

			2010 Rupees	2009 Rupees
10	**TRADE DEBTS**			
	Considered good			
	Secured		289,478,745	379,241,315
	Unsecured		258,420,891	181,741,529
			547,899,636	560,982,844
	Considered doubtful		15,000,000	9,000,000
			562,899,636	569,982,844
	Provision for doubtful debts	10.1	(15,000,000)	(9,000,000)
			547,899,636	560,982,844
	10.1 The movement in provision during the year is as follows:			
	Balance as at July 1		9,000,000	3,000,000
	Add: Provision during the year		9,397,112	6,000,000
			18,397,112	9,000,000
	Less: Bad debts written off during the year		(3,397,112)	-
	Balance as at June 30		15,000,000	9,000,000
11	**LOANS AND ADVANCES**			
	Considered good			
	Loan to employee			
	Executive - unsecured	6	1,184,000	372,060
	Others - unsecured	6	2,467,524	2,126,725
	Advances to suppliers			
	Against purchases - unsecured		8,004,937	12,703,187
	Against letter of credit - secured		78,449,975	178,305,161
			90,106,436	193,507,133
12	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		2,292,950	1,094,100
	Prepayments		169,857	983,256
			2,462,807	2,077,356
13	**OTHER RECEIVABLES**			
	Considered good			
	Export rebate		163,824	282,175
			163,824	282,175
14	**INCOME TAX AND SALES TAX**			
	Advances Income Tax		145,770,354	84,442,721
	Less:			
	Provision for Income Tax			
	Opening Balance		(61,299,029)	(49,277,592)
	During the year		(40,474,446)	(12,021,437)
			43,996,879	23,143,692
	Sales tax		19,975,604	8,310,467
			63,972,483	31,454,159

	Note	2010 Rupees	2009 Rupees
15 CASH AND BANK BALANCES			
Cash with banks			
In current accounts	15.1	23,292,252	13,029,016
In dividend accounts	15.2	1,358,157	1,359,507
In savings account	15.3	15,189	14,528
		24,665,598	14,403,051

15.1 It includes balance with associated company (MCB Bank Limited) of Rs. 1,017,323 (June 30, 2009 : Rs. 1,311,073).

15.2 It represents balance with associated company (MCB Bank Limited) of Rs. 1,358,157 (June 30, 2009 : Rs. 1,359,507).

15.3 It represents balance with associated company (MCB Bank Limited) and carries mark up at the rate of 5.00 to 7.00 (June 30, 2009 : 5.50 to 7.00) percent per annum.

	Note	2010 Rupees	2009 Rupees
16 TRADE AND OTHER PAYABLES			
Creditors		134,661,969	105,294,421
Accrued liabilities		44,872,055	45,440,460
Advances from customers		8,347,060	1,152,337
Retention money		356,239	356,239
Excise duty on loans	16.1	4,429,581	4,429,581
Sales tax claim payable	16.2	14,759,966	14,759,966
Workers' profit participation fund	16.3	21,872,433	4,522,343
Workers' welfare fund		11,128,563	3,010,085
Unclaimed dividend		3,066,026	3,067,376
Withholding tax payable		138,318	-
		243,632,210	182,032,808

16.1 The company had provided the excise duty payable on loans from banks / financial institutions. The Supreme Court of Pakistan has decided the case against the company. The demand against payment of excise duty has not been raised by the authorities.

16.2 The company has filed appeal in High Court of Sind, Karachi against the order of Custom / Excise and Sales Tax Appellate Tribunal, Karachi regarding penalty and additional tax.

	2010 Rupees	2009 Rupees
16.3 Workers' profit participation fund		
Opening balance	4,522,343	6,966,333
Interest on fund utilized in company's business	80,728	54,276
	4,603,071	7,020,609
Paid during the year	(4,522,343)	(6,966,333)
	80,728	54,276
Allocation for the year	21,791,705	4,468,067
Closing balance	21,872,433	4,522,343

16.3.1 Interest on Workers' profit participation fund has been provided @ 15.5% (2009: 15%)

	Note	2010 Rupees	2009 Rupees
17 ACCRUED MARK UP AND INTEREST			
Mark up / interest accrued on secured loans			
Long term financing		1,860,855	957,233
Short term borrowings		42,594,850	26,718,286
Liabilities against assets subject to finance lease		-	5,724
		44,455,705	27,681,243
18 SHORT TERM BORROWINGS			
Secured - from banking companies			
Running finance		30,093,248	114,043,657
Money market loan		205,000,000	200,000,000
Morabaha		815,631,824	738,522,206
		1,050,725,072	1,052,565,863

18.1 Total credit limits available for short term bank borrowings are Rs. 3,595 million (June 30, 2009 : Rs. 3,285 million). These borrowings were secured against promissory notes and pledge of first pari passu hypothecation and floating charge over company's' stocks, book debts, receivables, lien on export / import documents and all present & future fixed assets of the company. Mark up is payable on quarterly basis and mark up ranges from 11.72 to 14.51 (June 30, 2009 : 4.47 to 18.11) percent per annum. Average effective interest rate computes to 12.59 (June 30, 2009 : 12.52) percent per annum. These facilities are expiring on various dates from October 2010 to July 2011.

	Note	2010 Rupees	2009 Rupees
19 LONG TERM FINANCING			
Secured - from banking companies and financial institutions			
Habib Bank Limited	19.1	-	100,000,000
Pak Oman Investment Company Limited	19.2	87,292,675	70,571,418
Standard Chartered Bank (Pakistan) Limited	19.3	39,894,900	-
Habib Metropolitan Bank Limited	19.4	105,000,000	-
		232,187,575	170,571,418
Less : Current portion		(88,793,818)	(106,325,743)
		143,393,757	64,245,675

19.1 This loan of Rs 800 million is secured against first pari passu hypothecation charge of Rs. 1.06 billion over all present and future overall existing and future fixed and floating assets of the company excluding land, and is repayable in 8 equal semi annual installments of Rs. 100 million each commenced from May 26, 2006. It carries mark up at the rate of 6.00% (June 30, 2009 : 6.00%) per annum payable quarterly, which is also the effective mark up rate. The loan has been paid during the year.

19.2 During the year an additional loan of Rs. 23.047 million is obtained out of which Rs. 11.523 is under SBP-LTF-EOP scheme and Rs. 11.524 is under term finance facility. The new loan is secured against demand promissory note and first pari passu charge by way of hypothecation of Rs. 54.667 million over present and future plant and machinery of the company inclusive of 25% margin. The loan is repayable in 12 equal quarterly installments of Rs. 960,250 and Rs. 960,333 respectively commencing from August 2010. It carries mark up at the rate of SBP refinance rate plus 1.5% (June 30, 2009: Nil) against SBP-LTF-EOP and 15.24% (June 30, 2009: Nil) against term finance. The effective mark up rates computes to 10.30% (June 30, 2009:Nil) for SBP-LTF-EOP and 15.24% for term finance .

The loan of Rs. 78.50 Million is obtained under SBP LTF- EOP scheme. This loan is secured against first pari passu hypothecation charge of Rs. 103.400 million over all present and future assets with 25 percent margin. The agreements for four repayment schedule were revised on May 28, 2009 and now it is repayable in 12 equal semi annual installments of Rs. 988,243, 2,287,500, 2,287,500, 762,500 each commenced from February 22, 2010, November 30, 2008, December 6, 2008 and December 30, 2008 respectively. It carries mark up rate SBP refinance rate plus 1.75% and 1.5% (June 30, 2009 : SBP refinance rate plus 1.75% and 1.5%) per annum respectively. The effective mark up rates computes to 6.75% (June 30, 2009 : 6.75%) for first agreement and 6.50% (June 30, 2009 : 6.50%) for last three agreements respectively.

19.3 The loan of Rs 47.847 million is obtained from Standard Chartered Bank (Pakistan) Limited. It is secured against specific charge of Rs. 50 million over specific plant and machinery of the company. The loan will be repaid in 5 equal installments of Rs. 7.980 million and one installment of Rs.7.975 million semi annually commenced from June 23, 2010. It carries mark up at the rate of 9.20% (June 30, 2009 : Nil) per annum payable quarterly, which is also the effective mark up rate.

19.4 The loan of Rs. 105 million is obtained under diminishing musharika arrangements from Habib Metropolitan bank limited. The loan is secured against first charge on the musharika asset and promissory note covering the sale price of the asset. The loan is repayable in 8 equal quarterly installments of Rs. 13.125 million commencing from September 2010. It carries mark up at the rate of 3 months kibor plus 1.00%. The effective mark up rate computes to 13.29%.

	Note	2010 Rupees	2009 Rupees
20 LONG TERM FINANCING FROM DIRECTORS AND OTHERS			
Opening balance		500,000,000	500,000,000
		500,000,000	500,000,000
Less :			
Re paid during the period		(250,000,000)	-
Transfer to current maturity		(250,000,000)	-
		-	500,000,000

20.1 These are unsecured and interest free and repayable in next twelve months and not subordinated to banking companies.

21 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2010			2009		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	Rupees			Rupees		
Up to one year	15,960,359	2,031,613	13,928,746	13,875,419	2,403,960	11,471,459
Later than one year but not later than five years	18,412,002	2,104,586	16,307,416	21,248,378	1,751,917	19,496,461
	34,372,361	4,136,199	30,236,162	35,123,797	4,155,877	30,967,920

21.1 The total lease rentals due under the lease agreements aggregate Rs. 34.372 million (June 30, 2009 : Rs. 35.124 million) and are payable in equal monthly / semi annually installments under various lease agreements, latest by 2013. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of approximately 10.00 to 14.32 (June 30, 2009 : 10.00 to 10.35) percent per annum. If any lease is terminated, the lessee is required to pay the purchase price specified in the lease agreements. The cost of repairs and insurance are borne by the lessee. The liability is partially secured by a deposit of Rs. 2.693 million (June 30, 2009 : Rs. 2.239 million) and demand promissory note. The estimated residual value of assets acquired on finance lease is Rs. 2.693 million (June 30, 2009 : Rs. 2.239 million). The company intend to exercise the option of purchasing the leased assets at residual value upon completion of lease term. The number of maximum / minimum monthly lease rentals payable are 34 and 6 respectively.

	Note	2010 Rupees	2009 Rupees
22 STAFF RETIREMENT BENEFITS - GRATUITY			
22.1 Movement in the net liability recognized in the balance sheet			
Opening net liability		52,008,160	45,292,448
Expense for the year	22.2	17,815,405	17,868,608
		69,823,565	63,161,056
Benefits paid during the year		(20,094,853)	(11,152,896)
Closing net liability		49,728,712	52,008,160
22.2 Expense recognized in the Income statement			
Current service cost		11,695,950	11,522,833
Interest cost		5,494,504	5,497,741
Actuarial loss recognized		624,951	848,034
		17,815,405	17,868,608
22.3 Movement in the present value of defined benefit obligation			
Present value of defined benefit obligation		62,835,084	57,205,102
Current service cost		11,695,950	11,522,833
Interest cost		5,494,504	5,497,741
Actuarial loss / (gain)		3,047,302	(237,696)
Benefits paid		(20,094,853)	(11,152,896)
		62,977,987	62,835,084

22.4 Historical information

	2010	2009	2008	2007	2006
Present value of defined benefit obligation	62,977,987	62,835,084	57,205,102	46,696,855	35,879,389
Experience adjustments on plan liabilities	(3,047,302)	237,696	(4,194,890)	(5,833,393)	(3,295,841)

	2010 Rupees	2009 Rupees
22.5 Reconciliation		
Present value of defined benefit obligation	62,977,987	62,835,084
Unrecognized actuarial loss	(13,249,275)	(10,826,924)
	49,728,712	52,008,160

22.6 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.

	2010	2009
22.7 Principal actuarial assumption		
Following are a few important actuarial assumption used in the valuation.		
	%	%
Discount rate	13%	13%
Expected rate of increase in salary	10%	10%

22.8 Expected gratuity expense for the year ending June 30, 2011 works out to Rs. 10,778,862.

	2010 Rupees	2009 Rupees
23 DEFERRED TAXATION		
The liability of deferred taxation comprises of temporary differences.		
Taxable temporary differences (deferred tax liabilities)		
Accelerated tax depreciation allowance	131,460,132	160,732,060
Deductible temporary differences (deferred tax assets)		
Staff retirement benefits - gratuity	(8,089,397)	(9,680,044)
Provision for doubtful debts	(1,528,633)	(1,675,129)
Unused tax credits - unabsorbed depreciation	(67,874,580)	(100,979,654)
	53,967,522	48,397,233

23.1 In view of applicability of presumptive tax regime on major portion of taxable income, deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.

24 CONTINGENCIES AND COMMITMENTS

24.1 Complaint was lodged against the company and directors before Securities and Exchange Commission of Pakistan (SECP) regarding non receipt of shares after being held successful in the share balloting. An order was passed against the directors and chief executive of the company imposing a fine of Rs. 50,000. The company and its directors had filed an appeal against that order which is pending for disposal before the Appellate Bench of SECP.

	2010 Rupees	2009 Rupees
24.2 Contingencies		
Bills discounted with recourse	211,337,510	189,415,995
Bank guarantees issued in the ordinary course of business	115,339,656	173,247,100
24.3 Commitments		
Letters of credit for capital expenditure	8,508,642	-
Letters of credit for raw material	408,112,908	280,781,860
Letters of credit for stores and spares	11,966,134	22,611,571

25 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2010	2009		2010	2009
Number of shares			Rupees	Rupees
13,479,600	13,479,600	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	134,796,000	134,796,000
1,962,334	1,962,334	Ordinary shares of Rs. 10 each allotted for consideration of amalgamation of power plant	19,623,340	19,623,340
3,088,387	3,088,387	Ordinary shares of Rs. 10 each allotted as bonus shares	30,883,870	30,883,870
18,530,321	18,530,321		185,303,210	185,303,210

25.1 Associated company (Din Leather (Pvt.) Limited) held 6,000 (June 30, 2009 : 6,000) ordinary shares of the company.

25.2 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

25.3 There is no movement in share capital during the year.

	Note	2010 Rupees	2009 Rupees
26 RESERVES			
Capital			
Merger reserve	26.1	10,376,660	10,376,660
Revenue			
General		400,000,000	400,000,000
Unappropriated profit		866,869,315	506,990,128
		1,277,245,975	917,366,788

26.1 This represents book difference of capital under scheme of arrangement for amalgamation with Din Power Limited in the year 2001.

	Note	2010 Rupees	2009 Rupees
27 SALES - NET			
Yarn			
Export	27.1	1,724,185,669	1,103,258,509
Indirect export		1,370,281,000	216,627,700
Local		1,259,764,389	2,183,518,980
Raw cotton		162,400,147	30,978,446
Waste and others			
Export		122,690,860	95,424,625
Local		51,400,142	81,722,859
Rebate		1,162,213	860,889
		4,691,884,420	3,712,392,008

27.1 This includes net exchange (Loss) / Gain amounting to (Rs.192,871) (June 30, 2009 : Rs. 33,946,897).

	Note	2010 Rupees	2009 Rupees
28 COST OF SALES			
Cost of goods manufactured	28.1	3,637,757,261	3,120,545,796
Finished goods			
Opening stock		93,015,521	120,158,383
Purchases		243,450,874	177,189,000
Closing stock		(206,323,495)	(93,015,521)
		3,767,900,161	3,324,877,658

	Note	2010 Rupees	2009 Rupees
28.1 Cost of goods manufactured			
Raw material consumed	28.1.1	2,505,643,651	2,196,595,216
Cost of cotton sold		132,177,382	24,174,658
Packing material consumed		63,901,055	60,795,630
Stores and spares consumed		121,694,156	79,114,825
Salaries, wages and other benefits	28.1.2	294,506,412	285,661,615
Fuel and power		322,376,679	265,125,125
Insurance		10,767,338	8,740,566
Repairs and maintenance		10,334,826	7,285,549
Depreciation	5.1.1	168,377,050	184,824,569
Vehicle running and maintenance		4,427,185	4,036,328
Books and periodicals		783,666	515,524
Postage and telephone		335,701	430,000
Traveling and conveyance		1,814,826	1,654,006
Legal and professional		20,000	-
Rent, rates and taxes		893,023	1,447,879
Other overheads		5,881,048	2,892,285
		3,643,933,998	3,123,293,775
Work in process			
Opening stock		31,835,208	29,087,229
Closing stock		(38,011,945)	(31,835,208)
		(6,176,737)	(2,747,979)
		3,637,757,261	3,120,545,796
28.1.1 Raw material consumed			
Opening stock		390,413,555	410,020,672
Purchases		2,750,309,107	2,112,972,918
		3,140,722,662	2,522,993,590
Closing stock		(620,494,225)	(390,413,555)
		2,520,228,437	2,132,580,035
Dyeing charges		117,592,596	88,189,839
Cost of raw material sold		(132,177,382)	(24,174,658)
		2,505,643,651	2,196,595,216

28.1.2 Salaries, wages and other benefits includes Rs. 16,574,650 (June 30, 2009 : Rs. 16,484,004) in respect of staff retirement benefits.

	Note	2010 Rupees	2009 Rupees
29 DISTRIBUTION COST			
Ocean freight		37,791,940	22,611,772
Air freight		13,189,356	820,944
Local freight		19,599,790	12,934,910
Clearing and forwarding		6,470,394	3,097,689
Export development surcharge		4,579,558	2,458,762
Samples and others		14,035,231	2,439,558
Traveling expense		45,031	114,658
Commission and claims		99,489,241	70,613,681
		195,200,541	115,091,974

	Note	2010 Rupees	2009 Rupees
30 ADMINISTRATIVE EXPENSES			
Directors' remuneration	36	40,437,900	8,352,000
Staff salaries and other benefits	30.1	21,194,630	16,348,718
Traveling and conveyance		1,593,358	1,535,488
Vehicle running and maintenance		2,860,829	3,384,068
Rent, rates and taxes		81,260	130,571
Electricity, gas and water		815,041	546,617
Printing and stationery		713,899	518,643
Fees, subscription and periodicals		728,764	1,104,185
Legal and professional		779,000	937,000
Repairs and maintenance		1,078,313	617,285
Postage and telephone		4,164,360	3,634,204
Entertainment		497,111	374,240
Advertisement		195,507	39,577
Depreciation	5.1.1	1,822,011	2,392,223
Others		3,848,952	3,805,732
		80,810,935	43,720,551

30.1 Staff salaries and other benefits includes Rs. 1,240,755 (June 30, 2009 : Rs. 1,384,604) in respect of staff retirement benefits.

31 OTHER OPERATING EXPENSES			
Workers' profit participation fund	16.3	21,791,705	4,468,067
Loss on sale of property, plant and equipment	5.4	-	4,621
Provision for doubtful debts		9,397,112	6,000,000
Auditors' remuneration	31.2	680,000	610,100
Donation	31.1	85,350	-
		31,954,167.25	11,082,788

31.1 None of the directors or their spouses had any interest in donee fund.

31.2 Auditors' remuneration

Audit fee	500,000	437,500
Half yearly review fee	80,000	72,600
Tax services	100,000	100,000
	680,000	610,100

32 FINANCE COST			
Mark up / interest on			
Long term financing		9,781,907	21,517,537
Liabilities against assets subject to finance lease		2,452,127	3,508,974
Short term borrowings		184,555,511	105,614,091
Workers' profit participation fund	16.3	80,728	54,276
Bank charges and commission		16,592,859	11,766,149
		213,463,132	142,461,027
33 OTHER OPERATING INCOME			
From financial assets			
Gain on translation of foreign currency account		15,945	-
Profit on savings account		7,890	53,785
From other than financial assets			
Scrap sales		7,484,303	6,655,175
Gain on sale of property, plant and equipment	5.4	2,779,883	3,026,300
Creditors' balances written off		1,198,895	-
		11,486,916	9,735,260

	Note	2010 Rupees	2009 Rupees

34 TAXATION

Provision / reversal for taxation

Current	40,474,446	12,021,437
Workers' welfare fund	8,118,478	1,732,516
Deferred	5,570,289	38,592,437
	54,163,213	52,346,390

34.1 Relationship between tax expenses and accounting profit

Accounting profit before tax	414,042,400	84,893,270
Tax on accounting profit	144,914,840	29,712,645
Less: Tax effect of amounts taxed at lower rates / presumptive tax regime	(40,474,446)	(12,021,437)
Workers' welfare fund	(8,118,478)	(1,732,516)
Tax effect of tax credits	(42,158,703)	36,387,698
Taxation for current year	54,163,213	52,346,390

34.2 The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the provisions of Income Tax Ordinance, 2001.

35 EARNINGS PER SHARE

Basic earnings per share

Profit for the year	Rupees	359,879,187	32,546,880
Weighted average number of ordinary shares outstanding during the year	Numbers	18,530,321	18,530,321
Earnings per share - basic	Rupees	19.42	1.76

Diluted earnings per share

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2010 and June 30, 2009.

36 REMUNERATION TO DIRECTORS AND EXECUTIVES

	2010		2009	
	Directors	Executive	Directors	Executive
	Rupees		Rupees	
Managerial remuneration	36,761,820	13,684,111	7,593,600	9,224,335
House rent allowance	-	2,159,019	-	2,197,780
Medical allowance	3,676,080	1,368,393	711,000	906,394
Utility allowance	-	719,673	47,400	748,394
	40,437,900	17,931,196	8,352,000	13,076,903
Number of persons	5	9	4	9

36.1 The chief executive of the company has waived off his remuneration.

36.2 The company also bears the traveling expenses of the directors relating to travel for official purposes.

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

37.1 Credit risk
37.2 Liquidity risk
37.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

37.1 Credit risk

37.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 591.077 million (June 30, 2009 : Rs. 586.079 million), financial assets which are subject to credit risk aggregate to Rs. 566.412 million (June 30, 2009 : Rs. 571.676 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2010 Rupees	2009 Rupees
Long term loans and advances	373,300	671,344
Long term deposits	12,194,682	6,429,363
Trade debts	547,899,636	560,982,844
Loans and advances	3,651,524	2,498,785
Trade deposits and short term prepayments	2,462,807	2,077,356
Cash and bank balances	24,665,598	14,403,051
	591,247,547	587,062,743

37.1.2 The maximum exposure to credit risk for trade debts at the statement of financial position date by geographical region is as follows.

Domestic	258,420,891	181,741,529
Export	289,478,745	379,241,315
	547,899,636	560,982,844

The majority of export debtors of the company are situated in Asia.

37.1.3 The maximum exposure to credit risk for trade debts at the statement of financial position date by type of customer is as follows.

Yarn	527,334,789	539,219,114
Doubling	5,031,008	7,941,210
Waste	15,479,542	12,108,508
Others	54,297	1,714,012
	547,899,636	560,982,844

37.1.4 The aging of trade debtors at the statement of financial position is as follows.

	Gross debtors	
	2010	2009
	Rupees	
Not past due	395,578,008	433,779,173
Past due 0 - 30 days	119,782,064	102,308,894
Past due 31 - 90 days	34,937,593	30,374,929
Past due 90 days - 1 year	12,600,846	3,518,678
More than one year	1,125	1,170
	562,899,636	569,982,844
Impairment	(15,000,000)	(9,000,000)
	547,899,636	560,982,844

37.1.5 Based on the past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sector and generally the industry, the company believes that it is prudent to provide Provision for doubt full debts Rs. 9,397,112.

37.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2010					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	232,187,575	269,676,288	56,205,668	75,540,913	137,929,707	-
Long term loans from directors and others	-	-	-	-	-	-
Finance lease	30,236,162	34,372,361	7,315,950	13,007,827	14,048,584	-
Trade and other payables	191,441,667	191,441,667	191,441,667	-	-	-
Accrued mark up and interest	44,455,705	44,455,705	44,455,705	-	-	-
Short term borrowings	1,050,725,072	1,120,165,227	1,120,165,227	-	-	-
Current portion of long term financing from directors	250,000,000	250,000,000	250,000,000			
	1,799,046,181	1,910,111,248	1,669,584,217	88,548,740	151,978,291	-

	2009					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	170,571,418	231,013,073	113,855,753	13,992,003	102,122,182	1,043,135
directors and others	500,000,000	500,000,000	-	-	500,000,000	-
Finance lease	30,967,920	35,123,797	6,924,694	6,950,905	21,248,198	-
Trade and other payables	155,310,833	155,310,833	155,310,833	-	-	-
Accrued mark up / interest	27,681,243	27,681,243	27,681,243	-	-	-
Short term borrowings	1,052,565,863	1,122,006,018	1,122,006,018	-	-	-
	1,937,097,277	2,071,134,964	1,425,778,541	20,942,908	623,370,380	1,043,135

37.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

37.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

37.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro. The company's exposure to foreign currency risk is as follows.

	US Dollar	Euro	Others	Rupees
Trade debts 2010	2,978,080	336,918	-	289,478,745
Trade debts 2009	3,460,839	860,549	-	379,241,315

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2010	2009	2010	2009
US Dollar to Rupee	83.25	74.55	85.40	81.10
Euro to Rupee	109.44	110.94	104.33	114.54

Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and income statement by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	2010 Rupees	2009 Rupees
US Dollar	(12,716,402)	(14,033,702)
Euro	(1,757,535)	(4,928,364)

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

37.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At reporting date the interest rate profile of the company's interest bearing financial instrument is as follows.

Fixed rate instruments		
Financial assets	-	-
Financial liabilities	233,693,961	201,539,338
Variable rate instruments		
Financial assets	15,189	14,528
Financial liabilities	1,053,374,563	1,052,565,863

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through income statement. Therefore, a change in interest rates at reporting date would not affect income statement.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2009.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2010	10,533,746	(10,533,746)	-	-
Cash flow sensitivity - variable rate instruments 2009	10,525,659	(10,525,659)	-	-

37.4 Fair value of financial assets and liabilities

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

37.5 Off statement of financial position items

Bills discounted with recourse	211,337,510	189,415,995
Bank guarantees issued in ordinary course of business	115,339,656	173,247,100
Letters of credit for capital expenditure	8,508,642	-
Letters of credit for raw material	408,112,908	280,781,860
Letters of credit for stores and spares	11,966,134	22,611,571

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

38 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, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the statement of financial position plus borrowings.

		2010	2009
Borrowings	Rupees	1,532,912,647	1,723,137,281
Total equity	Rupees	1,462,549,185	1,102,669,998
Total capital employed	Rupees	2,995,461,832	2,825,807,279
Gearing ratio	Percentage	51.17	60.98

39 PLANT CAPACITY AND PRODUCTION

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed and twist. It would also vary according to the pattern of production adopted in a particular year.

	2010	2009
Total number of spindles installed	61,728	61,728
Total number of spindles worked	59,704	59,254
Number of shifts per day	3	3
Installed capacity converted into 20/1 count (Kgs.)	20,872,091	20,872,091
Actual production converted into 20/1 count (Kgs.)	19,358,466	19,687,033

Actual production is lower than capacity due to the manufacturing of specialized Mélange yarn and periodic repair and maintenance.

40 TRANSACTION WITH RELATED PARTIES

		2010 Rupees	2009 Rupees
Transactions with related parties	**Relationship**		
MCB Bank Limited	Associated company		
Deposits		339,770,171	1,059,064,396
Withdrawals		340,050,081	1,080,012,923
Din Leather (Pvt.) Ltd.	Associated company		
Disposal of Vehicles		-	787,909
Deposits		6,400,000	-
Withdrawals		6,400,000	-
Salaries and other short term employee benefits	Key management personnel	58,369,096	21,428,903
Staff retirement benefits	Key management personnel	2,690,700	4,090,997
Balances Outstanding at the year end	**Relationship**		
MCB Bank Limited	Associated company	2,390,670	2,670,580

The company has related party relationship with its associated undertakings, its directors and executives officers. Transactions with related parties essentially entail sale and purchase of goods and / or services from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements. Loans and advances to executives, balances in current accounts, loan from directors and remuneration of directors and executives are disclosed in respective notes.

41 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Minor reclassifications were made in cash flow statement for better presentation and understanding. Significant reclassifications includes the following.

Note	Reclassification From	Reclassification To	Nature	Rupees
28.1	Raw material consumed	Cost of raw material sold	Better presentation	24,174,658
13	Other Receivables	Income Tax and Sales Tax	Better presentation	19,975,604

42 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The board of Directors have proposed cash dividend for the year ended June 30, 2010 of Rs 2 per share i-e (20%) amounting to Rs. 37,060,642 (2009: NIL). And bonus share issue @ 10% amounting to Rs. 18,530,321 (2009: NIL), at their meeting held on September 23, 2010 for approval of the members at the Annual General Meeting to be held on October 20, 2010. These financial statements do not reflect this impact.

43 GENERAL

-Figures have been rounded off to the nearest rupees.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 23, 2010 by the board of directors of the company.

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

DIN TEXTILE MILLS LIMITED
PROXY FORM

Folio No. _____ CDC Participant ID No. _____ A/c. No. _____

I / we _____

Of _____ being

a member(s) of **DIN TEXTILE MILLS LIMITED** holder of _____

Ordinary Shares as per Registered Folio No. _____ hereby appoint

Mr. / Mrs. / Miss. _____ _____of_____

Share Register Folio No. _____

is also a member of **DIN TEXTILE MILLS LIMITED**, as my proxy vote for me on my behalf

At the Twenty-third Annual General Meeting of the Company to be held on October 20, 2010 and at

Any adjournment thereof.

Signed this _____ day of _____ 2010

Witness:

1. _____

2. _____

Signature on
Rs. 5.00 Revenue
Stamp

N. B (Signature should agree with the specimen

Signature registered with the Company)

NOTICE:

A member entitled to vote at this meeting may appoint a proxy, proxies in order to be effective must be received at Registered Office of the company duly stamped, signed and witnessed not later than 48 hours before the time of the meeting.