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COMPANY INFORMATION

Board of Director

Chief Executive
Chairperson
Directors

Faisal Ahmed
Maliha Faisal
Muhammad Yousuf Ahmed
Muhammad Ali Ahmed
Mrs. Hajra Ahmed
Muhammad Iqbal-ur-Rahim
Sarah Ahmed

Audit Committee

Chairman
Members

Muhammad Yousuf Ahmed
Muhammad Iqbal-ur-Rahim
Sarah Ahmed

Company Secretary

S. D. Siddiqui

Chief Financial Officer

Nadeem Ahmed Mazari

Chief Internal Auditor

Sagheer Ahmed

Auditors

M/s Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Advisor

Monawwer Ghani
Advocate

Share Registrar

M/s Technology Trade (Pvt.) Ltd.
Dagia House, 241-C, Block-2,
PECHS, Karachi.

Bankers

Bank Al-Habib Limited
Allied Bank Limited
National Bank Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited
Citi Bank Limited

Registered Office
and Factory

Plot No. 5-9, 23-26, Sector 16,
Korangi Industrial Area, Karachi.
505 4629, Fax No. 505 4652
www.admdenim.com

VISION

**DYNAMIC, QUALITY CONSCIOUS
AND EVER PROGRESSIVE**

MISSION

**ARTISTIC DENIM MILLS LIMITED IS COMMITTED TO:
ACHIEVE AND RETAIN MARKET LEADERSHIP IN
DENIM FABRIC / GARMENTS MANUFACTURING
PRODUCE TO THE HIGHEST QUALITY STANDARDS
EXCEL THROUGH CONTINUOUS IMPROVEMENT
FULFILL AND EXCEED THE EXPECTATIONS OF OUR CUSTOMERS
BE ETHICAL IN ITS PRACTICES
OPERATE THROUGH TEAM WORK
ENSURE A FAIR RETURN TO STAKE HOLDERS
FULFILL SOCIAL RESPONSIBILITIES**

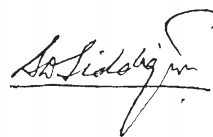
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the Members that the 17th Annual General Meeting of ARTISTIC DENIM MILLS LIMITED will be held at MOOSA DE. DESSAI Auditorium, ICAP, Chartered Accountants Avenue, Clifton, Karachi, on October 27, 2009 at 1600 hrs to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 16th Annual General Meeting held on October 25, 2008.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2009 together with Reports of the Directors' and Auditors' thereon.
3. To approve the cash dividend as recommended by the Board of Directors.
4. To appoint auditors for the Year 2009-2010 and to fix their remuneration.
5. To transact with permission of the Chair any other business which may be transacted at an Annual General Meeting.

By Order of the Board



S. D. SIDDIQUI
Company Secretary

Karachi: October 6, 2009

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2009 to October 27, 2009 (both days inclusive). Transfers received in order at the Share Registrar office by close of business on October 19, 2009 will be treated in time to determine the entitlement of cash dividend recommended by the Board of Directors.
2. A Member entitled to attend, speak and vote at the General Meeting is entitled to appoint another Member as his/her proxy to attend, speak and vote on his/her behalf.
3. Instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power or authority must be deposited at the Share Registrar office at least 48 hours before at the time of the meeting and must be duly stamped, signed and witnessed. Form of Proxy is enclosed.
4. A Corporation, which is a member of the Company, may by resolution of its Board of Directors or Governing Body authorize a person to act as its representative at the meeting.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC' numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (Unless it has been provided earlier) along with proxy form to the Company.
6. Members are requested to submit declaration for Zakat on the required format and to advise change in address, if any.

DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company have the pleasure in presenting the review of the performance along with the audited financial statements for the year ended June 30, 2009.

PERIOD UNDER REVIEW

The performance of the Company is as follows

	2009	2008
	Rs. in million	
Sales	3,125	2,436
Gross profit	698	638
Finance costs	186	165
Net profit	376	350
EPS (Rs. per share)	4.48	4.16

This has been a very challenging year for the Company. Global recession caused decrease in demand of denim in developed countries of the world. The Company countered lack of demand by finding new markets, decreasing sale price and extending additional credit terms to maintain volume. The total sales of the company increased by 28.28% from Rs 2,436 million to Rs 3,125 million mainly due to devaluation of Pak Rupee. Correspondingly, the cost of sales also increased by 34.98% from Rs 1,798 million to Rs 2,427 million. Similarly, finance cost increased by 12.72 % from Rs 165 million to Rs 186 million. All these adverse increases have resulted in reduction of net margins of the company from 14.37% to 12.03%.

On a positive note, during the year the Company repaid Rs.500 million of high interest loans, which will result in saving for the Company in years to come.

PRODUCTION

During the year, The Company commissioned new garments, washing and weaving machines to increase production to lower fixed cost and to meet highest international standards.

SALES AND MARKETING

The Company has continued to participate in exhibitions in Europe and US to establish new relationships with global jeans brands.

The Directors of the company are pleased to propose cash dividend @ 20%, i.e. Rs.2/- per share held for the year under review.

FUTURE OUTLOOK

The company is addressing its goals of product quality, customer satisfaction and low prices by enhancing its product quality, diversify its product range with improved production efficiency.

CORPORATE COMPLIANCE

We are pleased to confirm that in compliance with the listing regulation 37 (xix) of the Karachi Stock Exchange (Guarantee) Limited! Code of Corporate Governance, the Board of Directors hereby declares that:

- The financial statements have been drawn up in conformity with the requirements of the Companies Ordinance, 1984 and present fairly state of its affairs, operating results, cash flow and changes equity.
- Proper books of account have been maintained in the manner required under Companies Ordinance, 1984.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- Sound internal control system has been established and is being effectively implemented and monitored.
- There are no significant doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed by the listing regulations.
- The Management is pleased to provide you with information as under:
 - Key financial and operating data for the last six years in summarized form is annexed.
 - Numbers of Board meetings held during the year July 1, 2008 to June 30, 2009 were seven. The attendance of the directors is as under:

Name of Directors	Meeting Attended
Faisal Ahmed	7
Maliha Faisal	7
Muhammad Yousuf Ahmed	7
Muhammad Ali Ahmed	7
Mrs. Hajra Ahmed	7
Muhammed Iqbal ur Rahim	7
Muhammad Ali Halari	1
Sarah Ahmed	3

- However, Leave of absence granted to directors who were unable to attend the meeting and applied for.
- Pattern of shareholding is annexed.
- During the fiscal year July 1, 2008 to June 30, 2009 the trading in the shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is annexed.

AUDITORS

The present auditors M/s Ford Rhodes Sidat Hyder & Co., Chartered Accountants, retire and are eligible for re-appointment.

ACKNOWLEDGEMENT

We wish to express our sincere thanks to our shareholders and financial institutions for their continued support and cooperation. We would also like to thank all our valued customers and suppliers for rendering their patronage to the Company.

We are confident that with the untiring efforts and dedication of management and employees, your Company will Inshallah continue to grow and prosper.

On Behalf of the Board



Faisal Ahmed
Chief Executive

Karachi: September 9, 2009

YEAR WISE STATISTICAL SUMMARY

	2009	2008	2007	2006	2005	2004
(Rupees in '000).....					
ASSETS EMPLOYED						
Operating fixed assets	3,341,198	2,863,087	2,686,790	2,497,553	1,084,330	723,162
Capital work-in-progress	84,401	397,681	428,249	211,052	987,000	84,160
Long-term loan	4,997	4,365	3,820	3,939	1,879	180
Long-term deposits	979	798	800	467	446	1,595
Net current Assets/Liabilities	(259,182)	65,160	(99,398)	60,937	(79,542)	(166,532)
Total assets employed	3,172,393	3,331,091	3,020,261	2,773,948	1,994,113	642,565
FINANCED BY						
Shareholders equity	2,681,257	2,472,836	2,123,252	1,716,806	1,359,108	592,799
Long-term financing	471,430	799,889	810,138	811,111	367,143	40,598
Long-term murabaha	-	42,498	70,830	233,333	257,857	-
Deferred liability	19,706	15,868	16,041	12,698	10,005	9,168
	3,172,393	3,331,091	3,020,261	2,773,948	1,994,113	642,565
SALES & PROFITS						
Net sales	3,125,384	2,436,268	2,488,086	2,485,949	3,196,198	1,342,805
Gross profit	697,984	638,014	741,492	745,022	856,539	259,898
Profit before taxation	410,338	373,722	438,286	500,490	651,798	180,189
Net profit for the year	376,421	349,584	406,446	469,698	619,724	170,802
Bonus / Dividend %	20	20	400	80	40	70
Unappropriated profit	1,841,257	1,632,836	1,423,252	1,471,806	1,114,108	347,799

PATTERN OF SHAREHOLDING

Number of Shareholders	Shareholdings		Total Number of Share Held
	From	To	
181	1	100	10,768
304	101	500	106,010
267	501	1000	216,644
375	1001	5000	922,507
72	5001	10000	543,271
19	10001	15000	244,380
8	15001	20000	144,460
4	20001	25000	96,600
6	30001	35000	202,000
2	35001	40000	77,060
2	40001	45000	85,158
2	45001	50000	97,000
1	50001	55000	52,000
2	55001	60000	116,900
1	70001	75000	71,860
1	95001	100000	100,000
1	115001	120000	120,000
1	130001	135000	133,920
2	145001	150000	296,400
1	160001	165000	164,800
1	195001	200000	200,000
1	230001	235000	231,200
1	250001	255000	253,600
1	295001	300000	300,000
1	310001	315000	310,258
1	700001	705000	703,800
1	720001	725000	720,200
1	1760001	1765000	1,760,500
1	1765001	1770000	1,767,000
1	1815001	1820000	1,819,700
1	1960001	1965000	1,962,700
1	2085001	2090000	2,088,020
1	3290001	3295000	3,294,600
1	5995001	6000000	6,000,000
1	9600001	9605000	9,603,600
1	15295001	15300000	15,299,200
1	33880001	33885000	33,883,884
1,269			84,000,000

Categories of Shareholders	Shares Held	Percentage
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN		
Faisal Ahmed	39,883,884	47.48
Maliha Faisal	15,299,200	18.21
Muhammad Yousuf Ahmed	9,603,600	11.43
Muhammad Ali Ahmed	42,858	0.05
Mrs. Hajra Ahmed	310,258	0.37
Muhammad Iqbal-ur-Rahim	600	0.00
Sarah Ahmed	500	0.00
	65,140,900	77.55
EXECUTIVES		
	-	-
SHARE HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE COMPANY		
Faisal Ahmed	39,883,884	47.48
Maliha Faisal	15,299,200	18.21
Muhammad Yousuf Ahmed	9,603,600	11.43

PATTERN OF SHAREHOLDING

Categories of Shareholders	Shares Held	Percentage %
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
ARTISTIC PROPERTIES (PVT) LTD.	1,819,700	
Sub-Total :	1,819,700	2.17
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS AND NON BANKING FINANCIAL INSTITUTIONS		
SONERI BANK LTD.	100,000	
Sub-Total :	100,000	0.12
INSURANCE COMPANIES		
CENTURY INSURANCE COMPANY LTD.	2,880	
STATE LIFE INSURANCE CORP. OF PAKISTAN	1,767,000	
Sub-Total :	1,769,880	2.11
MODARABAS AND MUTUAL FUNDS		
CDC - TRUSTEE PICIC GROWTH FUND	1,962,700	
CDC-TRUSTEE AKD OPPORTUNITY FUND	231,200	
CDC - TRUSTEE PICIC INVESTMENT FUND	1,760,500	
CDC TRUSTEE-PAKISTAN STOCK MARKET FUND	253,600	
PAKISTAN PREMIER FUND LTD.	146,400	
GOLDEN ARROW SELECTED STOCKS FUND LTD.	164,800	
B.R.R. GUARDIAN MODARABA	35,000	
Sub-Total :	4,554,200	5.42
NIT AND ICP		
IDBP (ICP UNIT)	2,500	
Sub-Total :	2,500	0.00
FOREIGN INVESTORS		
AKIKO MAHREEN A70	120	
MIZUE MUKAI	120	
MUHAMMAD T. ADAM	500	
Sub-Total :	740	0.00
OTHERS		
AZEE SECURITIES (PVT) LTD.	4,480	
MIAN MUHAMMAD AKRAM SECURITIES (PVT) LTD.	1,000	
A.H.K.D. SECURITIES (PVT) LTD.	800	
SAT SECURITIES (PVT) LTD.	100	
CAPITAL VISION SECURITIES (PVT) LTD.	1,760	
AMCAP SECURITIES (PVT) LTD.	1,000	
LIVE SECURITIES LTD.	1,000	
TIME SECURITIES (PVT) LTD.	7,000	

PATTERN OF SHAREHOLDING

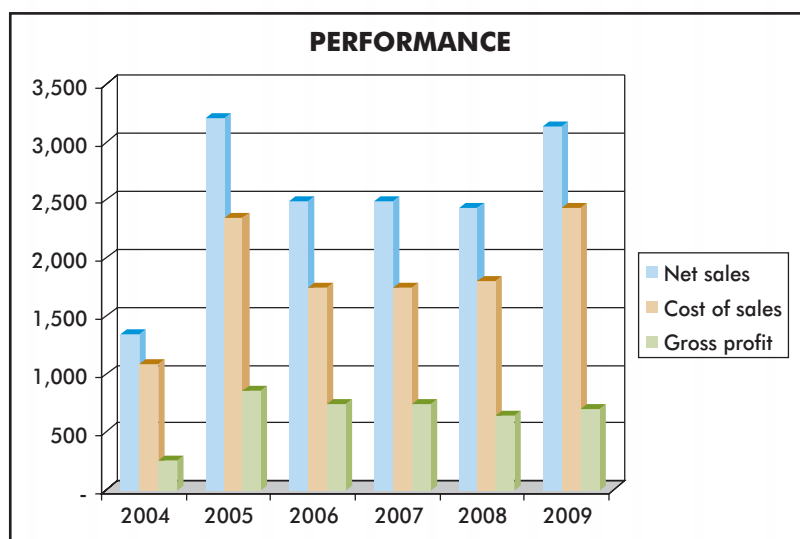
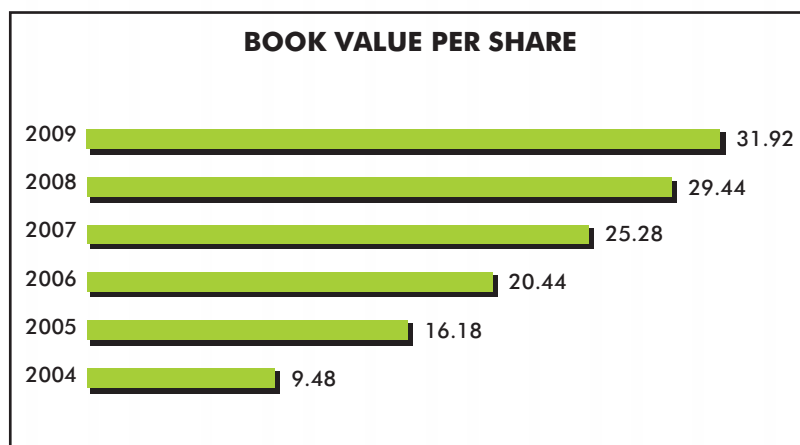
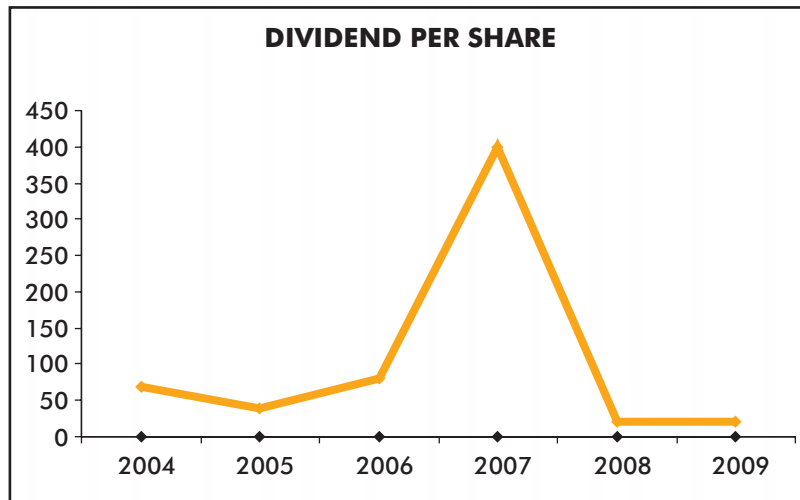
Categories of Shareholders	Shares Held	Percentage %
OTHERS		
HSZ SECURITIES (PVT.) LTD.	80	
GENERAL INVEST. & SECURITIES (PVT) LTD.	7,100	
B & B SECURITIES (PVT) LTD.	16,900	
AMCAP SECURITIES (PVT) LTD.	1,000	
BEAMING INVESTMENT & SECURITIES (PVT) LTD.	40	
STOCK STREET (PVT) LTD.	200	
CLIKTRADE LTD.	6,431	
ISMAIL IQBAL SECURITIES (PVT) LTD.	4,600	
HUM SECURITIES LTD.	8,900	
DARSON SECURITIES (PVT) LTD.	4,140	
CAPITAL VISION SECURITIES (PVT) LTD.	600	
M.R. SECURITIES (SMC-PVT) LTD.	500	
WASI SECURITIES (SMC-PVT) LTD.	20	
DAWOOD EQUITIES LTD.	9,700	
VALUE STOCK SECURITIES (PVT) LTD.	400	
STOCK MASTER SECURITIES (PVT) LTD.	200	
MUHAMMAD AHMAD NADEEM SECURITIES	2,000	
MSMANIAR FINANCIALS (PVT) LTD.	2,088,020	
HIGHLINK CAPITAL (PVT) LTD.	5,000	
PEARL SECURITIES (PVT) LTD.	2,500	
DARSON SECURITIES (PVT) LTD.	3,900	
TRUSTEES D.G.KHAN CEMENT CO. LTD. EMP. P.F	31,000	
SIDDIQSONS TIN PLATE LTD.	35,000	
SIDDIQSONS DENIM MILLS LTD.	42,300	
ZAFAR SECURITIES (PVT) LTD.	20	
Y.S. SECURITIES & SERVICES (PVT) LTD.	3,100	
MOOSANI SECURITIES (PVT) LTD.	4,700	
ALI HUSAIN RAJABALI LTD.	25,000	
UNEX SECURITIES (PVT) LTD.	1,000	
AMZ SECURITIES (PVT) LTD.		
MOOSA, NOOR MOHAMMAD, SHAHZADA & CO. PVT. LTD.	5,100	
BEEFLOW (PVT) LTD.	10,000	
Y.S. SECURITIES & SERVICES (PVT) LTD.	40	
AQEEL KARIM DHEDHI SECURITIES (PVT) LTD.	3,294,600	
MOONACO SECURITIES (PVT) LTD.	14,700	
Sub-Total :	5,646,171	6.72
Individual		
Local - Individuals	70,106,809	
Sub-Total :	70,106,809	83.46
Grand Total :	84,000,000	100.00

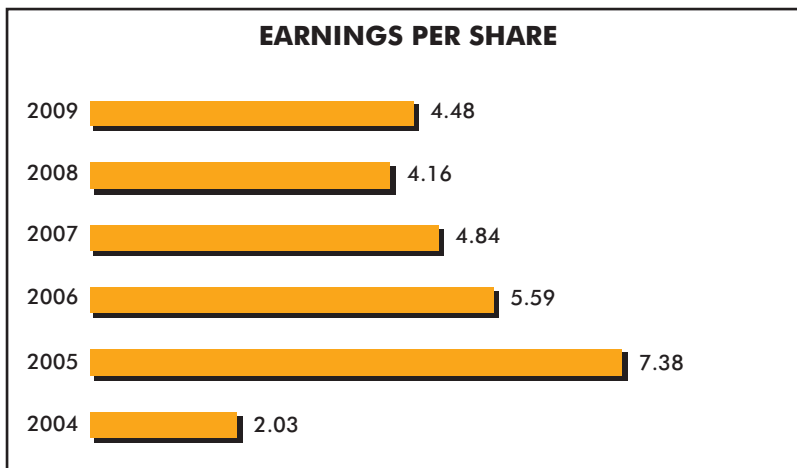
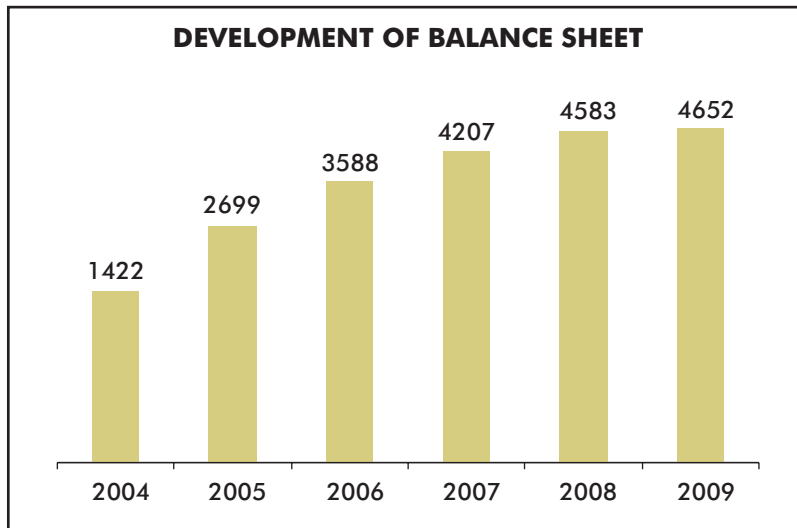
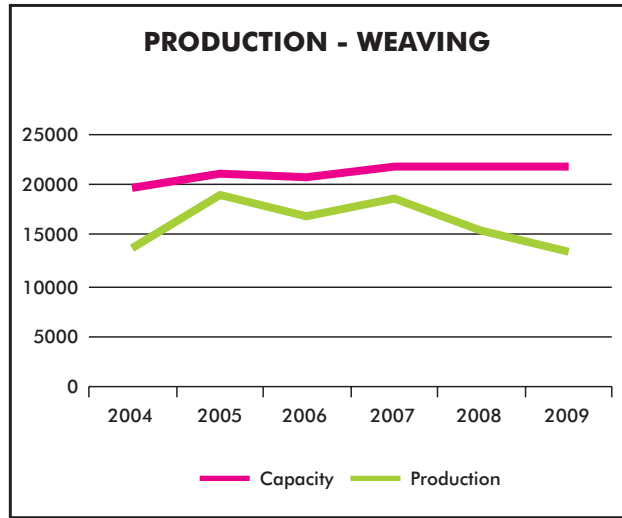
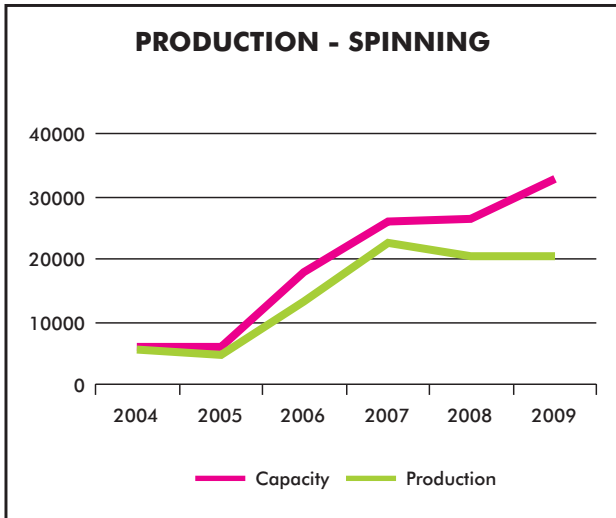
DETAIL OF TRADING BY THE DIRECTORS, CHIEF EXECUTIVE, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN.

Name of Director	No. of Shares				
	Opening Balance	Purchase	Bonus	Sold	Closing Balance
Maliha Faisal	14,400,600	898,600	-	-	15,299,200

PERFORMANCE AT A GLANCE

	2009	2008
FINANCIAL RATIOS		
Gross Profit - % of sales	22.33	26.19
Profit before taxation - % of sales	13.13	15.34
Net Profit for the year - % of sales	12.04	14.35
Basic Earnings per share	4.48	4.16
Increase / Decrease in sale - %	28.29	(2.08)
Raw and Packing Materials - % of sales	49.12	55.47
Labour - % of sales	8.56	7.86
Other Cost of goods manufactured - % of sales	19.83	10.47
Distribution costs - % of sales	3.04	3.18
Administrative expenses - % of sales	1.43	1.60
Finance costs - % of sales	5.96	6.78
Taxation - % of sales	1.09	1.00
Inventory turnover period (days)	110	138
Receivable turn over period (days)	46	59
SHORT TERM SOLVENCY		
Current Ratio	0.82	1.05
Acid test ratio	0.34	0.39
OVERALL VALUATION AND ASSESSMENT		
Return on capital employed before taxation	18.81	16.18
P.E. Ratio	5.01	10.23
Book value per share	31.92	29.44
Long Term debts : equity	15:85	25:75





STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present, the Board includes five independent non-executive directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
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 a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and executive director, have been taken by the Board.
8. The meetings of the Board were 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. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are conversant with the relevant laws applicable to the Company including the Companies Ordinance, 1984, Listing regulations, Code of Corporate Governance, Company Memorandum and Article of Association and other relevant rules and regulations and are aware of their duties and responsibilities.
10. During the year, there were new appointments of Chairperson, CEO and Directors. Their Remuneration and terms and condition of employment determined by the Board. However, there was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit. Although, the board has revised remuneration and terms & conditions of Chief Financial Officer and Head of Internal Audit as determined by the Board.

11. The Directors' report has been prepared in compliance with the requirements of the Code and describes the salient matters required to be disclosed.
12. The CEO and CFO duly endorsed the financial statements of the Company before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
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 all the three members are non-executive directors including the Chairman of the Committee.
16. The meetings 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. Audit Committee also approved transaction with associates which were on arms length basis before approval of Board of Directors. The terms of reference of the Committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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



Faisal Ahmed
Chief Executive

Karachi: September 9, 2009

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Artistic Denim Mills Limited** to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange where the Company is listed.

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

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's price or not.

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 for the year ended 30 June 2009.

Karachi -

09 September 2009


Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of ARTISTIC DENIM MILLS LIMITED (the Company) as at 30 June 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Ford Rhodes Sidat Hyder & Co.

Chartered Accountants
Audit Engagement Partner's Name: Pervez Muslim
Date: 09 September 2009
Place: Karachi

BALANCE SHEET

as at June 30, 2009

	Note	June 30, 2009	June 30, 2008
Rupees in '000			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	3,425,599	3,260,768
Long-term loans	5	4,997	4,365
Long-term deposits	6	979	798
CURRENT ASSETS			
Stores and spares	7	58,220	32,672
Stock-in-trade	8	654,557	796,552
Trade debts	9	416,740	368,877
Loans and advances	10	20,854	13,735
Trade deposits and prepayments	11	7,482	2,610
Other receivables	12	38,508	34,970
Short-term investments	13	12,200	-
Taxation - net	14	4,165	162
Cash and bank balances	15	7,481	67,280
		1,220,207	1,316,858
TOTAL ASSETS		4,651,782	4,582,789
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share capital	16	840,000	840,000
Reserve	17	1,841,257	1,632,836
		2,681,257	2,472,836
NON-CURRENT LIABILITIES			
Long-term financing	18	471,430	799,889
Long-term murabaha		-	42,498
Deferred liability	19	19,706	15,868
CURRENT LIABILITIES			
Trade and other payables	20	257,118	174,349
Accrued mark-up	21	23,707	30,866
Short-term borrowings	22	1,027,269	750,000
Current maturities of long term financing and murabaha	23	171,295	296,483
		1,479,389	1,251,698
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		4,651,782	4,582,789

The annexed notes 1 to 43 form an integral part of these financial statements.


Faisal Ahmed
 Chief Executive


Maliha Faisal
 Chairperson

PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2009

	Note	June 30, 2009	June 30, 2008
Rupees in '000			
NET SALES	25	3,125,384	2,436,268
Cost of sales	26	(2,427,400)	(1,798,254)
GROSS PROFIT		697,984	638,014
Distribution costs	27	(94,933)	(77,551)
Administrative expenses	28	(44,819)	(38,882)
Other operating expenses	29	(36,854)	(29,187)
Other operating income	30	75,238	46,511
		(101,368)	(99,109)
OPERATING PROFIT		596,616	538,905
Finance costs	31	(186,278)	(165,183)
PROFIT BEFORE TAXATION		410,338	373,722
Taxation	32	(33,917)	(24,138)
NET PROFIT FOR THE YEAR		376,421	349,584
EARNINGS PER SHARE - BASIC AND DILUTED (Rs. per share)	33	4.48	4.16

The annexed notes 1 to 43 form an integral part of these financial statements.


Faisal Ahmed
 Chief Executive


Maliha Faisal
 Chairperson

CASH FLOW STATEMENT

for the year ended June 30, 2009

	Note	June 30, 2009	June 30, 2008
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	34	938,171	517,144
Taxes paid		(37,920)	(27,087)
Gratuity paid		(2,597)	(5,383)
Finance costs paid		(193,437)	(181,792)
Long term deposits		(181)	2
Net cash generated from operating activities		704,036	302,884
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(365,267)	(317,804)
Long term loans		(632)	(545)
Sale proceeds of operating fixed assets		730	119
Short-term investments		(12,200)	-
Net cash used in investing activities		(377,369)	(318,230)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing acquired		50,512	257,986
Long term financing repaid		(478,285)	(127,307)
Long term murabaha repaid		(70,830)	(28,332)
Short term borrowings acquired		220,185	-
Dividend paid		(167,590)	-
Net cash used in/generated from financing activities		(446,008)	102,347
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(119,341)	87,001
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		67,280	(19,721)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	35	(52,061)	67,280

The annexed notes 1 to 43 form an integral part of these financial statements.



Faisal Ahmed
Chief Executive



Maliha Faisal
Chairperson

STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2009

	Share Capital	Revenue Reserve	
	Issued, Subscribed and paid-up	Unappropri-ated profit	Total
..... Rupees in '000			
Balance as at June 30, 2007	700,000	1,423,252	2,123,252
Net profit for the year	-	349,584	349,584
Bonus shares issued @ four Ordinary shares of Rs.10 each for every one share held	140,000	(140,000)	-
Balance as at June 30, 2008	840,000	1,632,836	2,472,836
Net profit for the year	-	376,421	376,421
Cash dividend paid @ Rs.2 per Ordinary share of Rs.10 each	-	(168,000)	(168,000)
Balance as at June 30, 2009	840,000	1,841,257	2,681,257

The annexed notes 1 to 43 form an integral part of these financial statements.


Faisal Ahmed
 Chief Executive


Maliha Faisal
 Chairperson

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2009

1. THE COMPANY AND ITS OPERATIONS

Artistic Denim Mills Limited (the Company) was incorporated in Pakistan on May 18, 1992 under the Companies Ordinance, 1984 and is currently listed on the Karachi Stock Exchange. The principal activity of the Company is to manufacture and sell rope dyed denim fabric and yarn.

The registered office of the Company is situated at Plot No. 5 - 9, 23 - 26, Sector 16, Korangi Industrial Area, Karachi.

2. 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 Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for investment which is carried at fair value.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowings Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Amended)	July 01, 2009
IAS 32 - Financial Instruments: Presentation - Amendments regarding Puttable Financial Instruments	January 01, 2009
IAS 39 - Financial Instruments: Recognition and measurement - Amendments regarding Eligible Hedge Items	July 01, 2009
IFRS 2 - Share Based Payment - Amendments regarding Vesting Conditions and Cancellations	January 01, 2009
IFRS 3 - Business Combinations (Revised)	July 01, 2009
IFRS 7 - Improving disclosures about Financial Instruments (Amended)	January 01, 2009

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	October 01, 2008
IFRIC 17 - Distributions of Non-cash Assets to owners	July 01, 2009
IFRIC 18 - Transfers of Assets from Customers	July 01, 2009
IFAS 2 - Ijarah	January 01, 2009

The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes and/or enhancements in the presentation and disclosures in the financial statements resulting from the application of IAS 1 and IAS 23. The revised IAS 1 was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project. Such amendments are generally effective for accounting periods beginning on or after 1 January 2009. The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application.

3.3 Adoption of new accounting standards

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of July 01, 2008:

IFRS 7 - Financial Instruments: Disclosures

IFRIC 12 - Service concession arrangements

IFRIC 13 - Customer loyalty programs; and

IFRIC 14 - IAS 19 - The limit on defined benefit asset, minimum funding requirement and their interactions

Adoption of these standards and interpretations does not have any material effect on the financial statements of the Company except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the financial statements.

3.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Stock in trade

The Company reviews the net realizable value of stock in trade to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Trade debts

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 19 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

3.5 Property, plant and equipment

(i) Operating fixed assets

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation on all operating fixed assets except leasehold land, is charged to income, applying the reducing balance method whereby the cost of an asset, less there residual value, is written off over its estimated useful life. Leasehold land is amortised using the straight line method whereby the cost of the leasehold land is written off over its lease term. The rates used are stated in note 4.1 to the financial statements.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and up to the month preceding the deletion respectively.

An item of operating fixed assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the year the item is derecognised.

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of operating fixed assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the profit and loss account.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Maintenance and normal repairs are charged to profit and loss account as and when incurred.

(ii) Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their construction and installation.

3.6 Investments

Investments at fair value through profit or loss includes investments held for trading and investments designated upon initial recognition as at fair value through profit and loss.

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses on investments held for trading are recognised in profit and loss account.

3.7 Stores and spares

Stores and spares are valued cost, determined on a first-in-first-out (FIFO) basis. Provision is made for any slow moving and obsolete items.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon up to the balance sheet date.

3.8 Stock-in-trade

Stock-in-trade are valued at the lower of cost and net realisable value.

Cost of raw and packing materials is determined using FIFO basis except for those in transit which are stated at invoice price plus other charges incurred thereon up to the balance sheet date.

Finished goods and work-in-process consist of cost of direct materials and labor and a proportion of manufacturing overheads based on normal capacity. Cost is determined on a FIFO basis.

Net realisable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Trade debts

Trade debts are recognised and carried at original invoice amount less provision for doubtful debts. When the recovery of the amount is considered uncertain by the management, a provision is made for the same. Bad debts are written-off when identified.

3.10 Loans, advances and other receivables

These are stated at cost less provision for any doubtful receivables.

3.11 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand net of outstanding balance of running finance facilities availed by the Company, if any.

3.12 Interest / Mark-up bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value recognised in the profit and loss account over the period of the borrowing using the effective interest method.

Gains and losses are recognized in profit and loss account when the liabilities are derecognized as well as through amortization process.

3.13 Trade and other payables

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

3.14 Foreign currency translation

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.15 Staff retirement benefit

The Company operates an unfunded gratuity plan (defined benefit scheme) for all its permanent employees. Provision is made annually, to cover obligations under the plan, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation. The latest valuation was carried out as at June 30, 2009. Actuarial gain / loss is recognised on the basis of actuarial recommendation. Projected Unit Credit Method, using following assumptions, is used for valuation of the scheme:

- " Expected rate of increase in salaries is 12% per annum.
- " Expected discount rate is 13% per annum.

3.16 Actuarial gains and losses

Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses exceed 10% of the defined benefit obligation. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

3.17 Compensated absences

The Company accounts for compensated absences on the basis of unavailed earned leave balance of each employee at the end of the year.

- " Expected rate of increase in salaries is 12% per annum.

3.18 Research and development support

These are recorded on cash basis.

3.19 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.20 Taxation**Current**

The Company falls under the final tax regime under Section 169 of the Income Tax Ordinance, 2001. Provision for tax on other income is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available, if any.

Deferred

Since the income of the Company is subject to tax under Final Tax Regime, no deferred tax liability has been accounted for in these financial statements as the Company's tax liability will be assessed under the said regime and, hence, no temporary differences are likely to arise in respect of sales whereas, temporary differences in respect of other income are expected to be negligible.

3.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Specific revenue recognition criteria is as follows:

- (i) Sales are recorded when goods are dispatched and invoiced.
- (ii) Duty draw back on export sales is recognised on an accrual basis at the time of making the export sale.
- (iii) Dividend income is recognised when the Company's right to receive payment is established

3.22 Borrowing costs

Borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

3.23 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

3.24 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.25 Related party transactions

Related party transactions are stated at arm's length basis substantiated in the manner given in note 39 to the financial statements.

3.26 Dividends and appropriation to reserve

Dividends and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2009	June 30, 2008
Rupees in '000			
Operating fixed assets	4.1	3,341,198	2,863,087
Capital work-in-progress	4.2	84,401	397,681
		<u>3,425,599</u>	<u>3,260,768</u>

4.1 Operating fixed assets

Note	C O S T				Period / Rate %	ACCUMULATED DEPRECIATION / AMORTISATION			WRITTEN DOWN VALUE		
	As at July 01, 2008	Additions	(Disposals)	As at June 30, 2009		As at July 01, 2008	For the Year	(On disposal)	As at June 30, 2009	As at June 30, 2009	
.....Rupees in '000.....											
June 30, 2009											
	1,211,663	-	-	1,211,663	65 to 86 yrs	52,021	15,188	-	67,209	1,144,454	
Leasehold land											
Building on leasehold land	4.1.1	384,622	467,059	-	851,681	10	143,111	29,626	-	172,737	678,944
Plant and machinery	4.1.1	2,209,071	187,893	-	2,396,964	10	808,760	146,067	-	954,827	1,442,137
Factory equipment	4.1.1	83,964	14,413	-	98,377	10	38,973	4,814	-	43,787	54,590
Furniture and fixtures		7,512	-	-	7,512	10	3,574	394	-	3,968	3,544
Office equipment, including computers		14,223	1,588	(312)	15,499	33	10,727	1,551	(286)	11,992	3,507
Vehicles		19,698	7,594	(598)	26,694	20	10,500	2,260	(88)	12,672	14,022
		<u>3,930,753</u>	<u>678,547</u>	<u>(910)</u>	<u>4,608,390</u>		<u>1,067,666</u>	<u>199,900</u>	<u>(374)</u>	<u>1,267,192</u>	<u>3,341,198</u>

Note	C O S T				Period / Rate %	ACCUMULATED DEPRECIATION / AMORTISATION			WRITTEN DOWN VALUE		
	As at July 01, 2007	Additions	(Disposals)	As at June 30, 2008		As at July 01, 2007	For the Year	(On disposal)	As at June 30, 2008	As at June 30, 2008	
.....Rupees in '000.....											
June 30, 2008											
	1,211,663	-	-	1,211,663	65 to 86 yrs	36,833	15,188	-	52,021	1,159,642	
Leasehold land											
Building on leasehold land	4.1.1	380,178	4,444	-	384,622	10	116,470	26,641	-	143,111	241,511
Plant and machinery	4.1.1	1,876,148	332,923	-	2,209,071	10	686,926	121,834	-	808,760	1,400,311
Factory equipment	4.1.1	79,005	4,959	-	83,964	10	34,358	4,615	-	38,973	44,991
Furniture and fixtures		7,374	138	-	7,512	10	3,141	433	-	3,574	3,938
Office equipment, including computers		12,589	1,634	-	14,223	33	9,458	1,269	-	10,727	3,496
Vehicles		15,610	4,275	(187)	19,698	20	8,591	1,975	(66)	10,500	9,198
		<u>3,582,567</u>	<u>348,373</u>	<u>(187)</u>	<u>3,930,753</u>		<u>895,777</u>	<u>171,955</u>	<u>(66)</u>	<u>1,067,666</u>	<u>2,863,087</u>

4.1.1 During the current year, the following amounts have been transferred from capital work-in-progress to:

	Note	June 30, 2009	June 30, 2008
Rupees in '000			
Building on leasehold land	4.1	467,059	4,444
Plant and machinery	4.1	187,893	332,923
Factory equipment	4.1	14,413	4,959
		<u>669,365</u>	<u>342,326</u>

4.1.2 Depreciation / amortization charge for the year has been allocated as follows:

		June 30, 2009	June 30, 2008
Cost of sales	26.1	184,508	158,714
Distribution costs	27	400	344
Administrative expenses	28	14,992	12,897
		<u>199,900</u>	<u>171,955</u>

Description	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain / (loss) on disposal	Mode of disposal	Particulars of Buyer
..... Rupees in '000							
Vehicles	598	88	510	530	20	Insurance claims	EFU General Insurance Limited - Karachi
Office equipment	312	286	26	200	174	Trade in	Universal Communication - Karachi
June 30, 2009	910	374	536	730	194		
June 30, 2008	187	66	121	119	(2)		

Civil works	Plant & machinery	Factory equipment	Advances	Total
..... Rupees in '000'				

4.2 Capital work-in-progress

As at July 01, 2008		199,836	129,231	7,763	60,851	397,681
Additions during the year		274,797	68,717	6,650	5,921	356,085
Transfer to operating fixed assets		(467,059)	(187,893)	(14,413)	-	(669,365)
Transfer from advances		52,270	6,541	-	(58,811)	-
June 30, 2009		59,844	16,596	-	7,961	84,401
June 30, 2008		199,836	129,231	7,763	60,851	397,681

5. LONG-TERM LOANS

	Note	June 30, 2009	June 30, 2008
Rupees in '000			
Considered good - secured			
Executives	5.1	4,444	2,949
Employees		3,961	4,553
		8,405	7,502
Recoverable within one year shown under current assets			
Executives		(1,731)	(1,518)
Employees		(1,677)	(1,619)
	10	(3,408)	(3,137)
		<u>4,997</u>	<u>4,365</u>
Outstanding for a period exceeding three years		1,127	820
Others		3,870	3,545
		<u>4,997</u>	<u>4,365</u>

The secured loans extended to executives and employees are either personal loans or given for medical expenses. These are granted in accordance with the terms of their employment and are secured against their gratuity balances. These loans are recoverable in monthly installments over a period, ranging between 1 and 4 (2008: 1 and 4) years, and are interest free. These loans have not been discounted to their present value as the financial impact thereof is not considered material.

The maximum aggregate amount due from executives at the end of any month during the year was Rs.4.711 (2008: Rs.5.631) million.

5.1 Reconciliation	Note	June 30, 2009	June 30, 2008
		Rupees in '000	
Opening balance		2,949	4,025
Disbursements during the year		3,953	1,538
		6,902	5,563
Recoveries during the year		(2,458)	(2,614)
		4,444	2,949
6. LONG-TERM DEPOSITS			
Security deposits			
Utilities		656	497
Others		323	301
		979	798
7. STORES AND SPARES			
Stores			
In hand		33,004	20,493
In transit		-	212
		33,004	20,705
Spares			
In hand		20,206	11,929
In transit		5,010	38
		25,216	11,967
		58,220	32,672
8. STOCK-IN-TRADE			
Raw and packing materials			
In hand		321,082	315,860
In transit		23,372	15,089
		344,454	330,949
Work-in-process		290,514	441,265
Finished goods		19,589	24,338
		654,557	796,552

Note	June 30, 2009	June 30, 2008
Rupees in '000		
9. TRADE DEBTS		
Considered good		
Secured - against letters of credit		
Related party		
Artistic Apparels	-	641
Others	160,154	168,201
	160,154	168,842
Unsecured		
Related parties:		
Artistic Apparels	3	12
Casual Sportswear	36,031	87,863
	36,034	87,875
Others	220,552	112,160
	256,586	200,035
	<u>416,740</u>	<u>368,877</u>

9.1 As at June 30, 2009, the ageing analysis of unimpaired trade debts is as follows:

Total	Neither past due nor impaired	Past due but not impaired	
		> 30 days upto 2 years	2 - 3 years
----- Rupees in '000 -----			
June 30, 2009	416,740	237,601	172,488
			6,651
June 30, 2008	368,877	173,355	167,291
			28,231

Note	June 30, 2009	June 30, 2008
Rupees in '000		
10. LOANS AND ADVANCES		
Considered good		
Loans - secured		
Current portion of long term loans		
Executives	1,731	1,518
Employees	1,677	1,619
5	3,408	3,137
Short term loans		
Executives	55	15
Employees	368	229
10.1	423	244
Advances - unsecured		
Suppliers	16,062	9,348
Labour contractors	961	875
Others	-	131
	17,023	10,354
	<u>20,854</u>	<u>13,735</u>

- 10.1 These are interest free personal loans given to the employees and executives of the Company. These are secured against the gratuity balances of concerned employees.

11. TRADE DEPOSITS AND PREPAYMENTS

Note	June 30, 2009	June 30, 2008
Rupees in '000		
Trade deposits		
Security deposits	708	111
LC Margin	3,699	-
Prepayments		
Insurance	2,731	2,403
Others	344	96
	<u>3,075</u>	<u>2,499</u>
	<u>7,482</u>	<u>2,610</u>
12. OTHER RECEIVABLES		
Duty draw back on export sales	12,925	6,906
Sales tax - net	14,916	19,621
Refund of custom duty	12.1 8,434	8,434
Research and Development Support	12.2 2,233	-
Insurance claim	-	9
	<u>38,508</u>	<u>34,970</u>

- 12.1 This represents custom duty paid by the Company during the year ended June 30, 2001 on the import of certain plant and machinery even though these were exempt from the levy of custom duty. In order to recover the said duty, the Company, in prior years, filed an appeal with the relevant appellate authorities, which during the year ended June 30, 2005 was decided in favour of the Company. The Company has already filed refund claim with the Custom Authorities and expects the recovery of the same in the near future.

12.2 Research and Development Support

Opening balance		(13,912)	(4,095)
Support received on account of Research and Development	12.2.1	(7,294)	(47,096)
		<u>(21,206)</u>	<u>(51,191)</u>
Less: Expenses incurred thereagainst:			
Product development		70	18,615
Upgrade of information technology		930	98
Professional consultancy		-	547
Market research		22,439	15,699
Participation in exhibitions		-	2,320
		<u>23,439</u>	<u>37,279</u>
		<u>2,233</u>	<u>(13,912)</u>

- 12.2.1 This represents Research and Development Support received by the Company from the Ministry of Textile Industry, Government of Pakistan, during the current year, in accordance with SRO 803(I)/2006, dated August 04, 2006, amended through SRO 1128(I)/2006, dated November 11, 2006, to encourage research and development in the value added textile sectors.

13. SHORT-TERM INVESTMENTS

At fair value through profit and loss

Listed equity securities

No. of Shares			June 30, 2009	June 30, 2008
180,000	-	National Bank of Pakistan	12,065	-
1,050	-	Engro Polymer & Chemical Limited	135	-
			<u>12,200</u>	<u>-</u>

The aggregate cost of the above referred investments is Rs.17.402 million (2008: Nil). Resulting unrealised loss of Rs.5.201 million (2008; Nil) arising from a change in the fair value of these investments during the current year has been recognised directly in the profit and loss account. Accordingly, the said investments are stated at their fair value.

14. TAXATION - Net

Provision for income tax
Advance income tax

Note	June 30, 2009	June 30, 2008
	Rupees in '000	
32	(33,917)	(24,679)
	<u>38,082</u>	<u>24,841</u>
	<u>4,165</u>	<u>162</u>

15. CASH AND BANK BALANCES

Cash
In hand

At banks
In current accounts

16. SHARE CAPITAL

No. of Shares			June 30, 2009	June 30, 2008
		Authorized share capital		
100,000,000	100,000,000	Ordinary shares of Rs.10 each	1,000,000	1,000,000
		Issued, subscribed and Paid-up capital		
14,000,000	14,000,000	Ordinary shares of Rs.10 each fully paid in cash	140,000	140,000
70,000,000	70,000,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	700,000	700,000
<u>84,000,000</u>	<u>84,000,000</u>		<u>840,000</u>	<u>840,000</u>

	Note	June 30, 2009	June 30, 2008
17. RESERVE			
		Rupees in '000	
Revenue reserve			
Unappropriated profit		1,841,257	1,632,836
18. LONG-TERM FINANCING			
From Banking Companies and Financial Institutions - secured			
Term finances from banks	18.1	210,644	617,740
Term finances from banks under the State Bank of Pakistan's scheme for Export Oriented Projects and LTFF	18.2	432,081	450,300
		642,725	1,068,040
Current maturities shown under current liabilities			
Term finances from banks		(90,430)	(123,763)
Term finances from banks under the State Bank of Pakistan's (SBP's) scheme for Export Oriented Projects and LTFF	23	(80,865)	(144,388)
		(171,295)	(268,151)
		471,430	799,889

18.1 Term finances from banks

The balance outstanding of Rs.210.644 (2008: Rs.617.740) million at the end of the current year comprises of the following two (2008: four) separate local currency loans:

- (a) Rs.10.644 (2008: Rs.17.740) million obtained by the Company for the purposes of capital expenditure and rationalizing the financial structure of the Company. The said loan is repayable in 9 equal half-yearly installments, commencing December 14, 2006 to December 14, 2010. It carries mark-up at 6 months KIBOR plus 1.5% per annum, payable half yearly. The said loan along with the portion of term finance from banks under the SBP's scheme for Export Oriented Projects (note 18.2(a)) is secured against the first equitable mortgage over the immovable property of the Company and hypothecation of plant and machinery, aggregating to Rs.534.000 million.
- (b) Rs.200.000 (2008: Rs.350.000) million obtained by the Company for the purposes of capital expenditure and rationalizing the financial structure of the Company. The said loan is repayable in 6 equal half-yearly installments, commencing December 28, 2008 to December 28, 2010. It carries mark-up at 6 months KIBOR plus 1.5% per annum, payable half yearly, and is secured against the first equitable mortgage over the immovable property of the Company and hypothecation of plant, machinery and equipment, aggregating to Rs.266.660 million.

18.2 Term finances from banks under the State Bank of Pakistan (SBP's) scheme for Export Oriented Projects (EOP) and LTFF

The balance outstanding of Rs.432.081 (2008: Rs.450.300) million at the end of the current year comprises of the following eight (2008: six) separate local currency loans:

- (a) Rs.163.585 (2008: Rs.204.482) million obtained by the Company after the introduction of a one time opportunity given by the SBP to the textile sector to get the outstanding fixed term loans against the import of eligible plant and machinery, under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, circular No. 19, dated September 04, 2006.

The said loan, along with the portion of long term finance under the term finance arrangement [note: 18.1 (a)] is secured against the first equitable mortgage over the immovable property of the Company and hypothecation of plant & machinery, aggregating to Rs.534.000 million.

The loan is repayable in 9 equal half yearly installments, commencing December 14, 2006 to December 14, 2010, carrying mark-up rate at the SBP refinance rate for 3 to 7.5 years i.e. 5% plus 2% per annum (2008: 5% plus 2% per annum), which is payable quarterly on the principal sum of loans outstanding from time to time. During the current year, the Company applied and availed a grace period of one year in the repayment of this loan as per the SBP's Scheme, vide SMEFD circular letter No.01 of 2009. Hence, the maturity date has been extended by one year and is now due by December 14, 2011.

- (b) Rs.76.669 (2008: Rs.95.837) million obtained against the import of eligible plant and machinery by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, circular No.19, dated September 04, 2006.

The said loan is secured against the first equitable mortgage over the immovable property of the Company and the hypothecation of specific machinery, aggregating to Rs.400.000 million.

The loan is repayable in 9 equal half yearly installments, commencing December 14, 2006 to December 14, 2010, carrying mark-up rate at the SBP Refinance rate for 3 to 7.5 years i.e. 5% plus 2% per annum (2008: 5% plus 2% per annum), which is payable quarterly on the principal sum of loans outstanding from time to time. During the current year, the Company applied and availed a grace period of one year in the repayment of this loan as per SBP's scheme, vide SMEFD Circular letter No. 01 of 2009. Hence, the maturity date has been extended by one year and now ending on December 14, 2011.

- (c) Rs.116.130 (2008: Rs.124.796) million obtained for the import of eligible plant and machinery, by the Company against the import of eligible plant and machinery, refinanced under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED circular No.19, dated September 04, 2006.

The said loan is secured against the hypothecation of specific plant & machinery, aggregating to Rs.130.000 million

The loan is repayable in 22 equal quarterly installments, commencing September 21, 2008 to December 21, 2013, carrying mark-up rate at the SBP Refinance rate for 3 to 7.5 years i.e. 5% plus 1% per annum (2008: 5% plus 1% per annum), which is payable quarterly on the principal sum of loans outstanding from time to time. During the current year, the Company applied and availed a grace period of one year in the repayment of this loan as per the SBP's scheme, vide SMEFD Circular letter No. 01 of 2009. Hence, the maturity date has been extended by one year and is now ending on December 21, 2014.

- (d) Rs.17.282 (2008: Rs. 17.282) million obtained against the import of eligible plant and machinery, by the Company under the SBP's LTF-EOP Scheme, as announced by the SBP in their SMED, circular No.19, dated September 04, 2006.

The said loan is secured against the hypothecation of specific plant & machinery, aggregating to Rs.18.000 million.

The loan is repayable in 22 equal quarterly installments, commencing March 25, 2009 to June 25, 2014, carrying mark-up rate at the SBP Refinance rate for 3 to 7.5 years i.e. 5% plus 1% per annum (2008: 5% plus 1% per annum), which is payable quarterly on the principal sum of loans outstanding from time to time. During the current year, the Company applied and availed a grace period of one year in the repayment of this loan as per SBP's scheme, vide SMEFD Circular letter No. 01 of 2009. Hence, the maturity date has been extended by one year and is now ending on June 25, 2015.

- (e) Rs.4.010 (2008: Rs.4.010) million refinanced by the Company against the import of eligible plant and machinery under the SBP's LTF-EOP Scheme.

The said loan is secured against the hypothecation of specific plant & machinery, aggregating to Rs.4.090 million

The loan is repayable in 22 equal quarterly installments, commencing September 26, 2009 to December 26, 2014, carrying mark-up rate at the SBP Refinance rate for 3 to 7.5 years i.e. 5% plus 1% per annum (2008: 5% plus 1% per annum), which is payable quarterly on the principal sum of loans and other dues, if any, outstanding from time to time. During the current year, the Company applied and availed a grace period of one year in the repayment of this loan as per SBP's scheme, vide SMEFD Circular letter No. 01 of 2009. Hence, the maturity date has been extended by one year and is now ending on December 26, 2015.

- (f) Rs.3.893 (2008: Rs.3.893) million refinanced by the Company against the import of eligible plant and machinery under the SBP's LTF-EOP Scheme.

The said loan is secured against the hypothecation of specific plant & machinery, aggregating to Rs.3.890 million

The loan is repayable in 22 equal quarterly installments, commencing August 15, 2009 to November 15, 2014, carrying mark-up rate at the SBP refinance rate for 3.0 to 7.5 years i.e. 5% plus 1% per annum (2008: 5% plus 1% per annum), which is payable quarterly on the principal sum of loans and other dues, if any, outstanding from time to time. During the current year, the Company applied and availed a grace period of one year in the repayment of this loan as per SBP's scheme, vide SMEFD Circular letter No. 01 of 2009. Hence, the maturity date has been extended by one year and is now ending on November 15, 2015.

- (g) Rs.24.512 million (2008: Rs.Nil) refinanced by the Company against the import of eligible plant and machinery during the current year from a bank under the SBP's LTFF Scheme.

The said loan, along with the loan term finance from bank under the SBP's scheme for export, is secured against the hypothecation of specific plant & machinery, aggregating to Rs.27.000 million and a demand promissory note of Rs.42.900 million.

The loan is repayable in 16 equal quarterly installments, commencing March 16, 2010 to December 16, 2013, carrying mark-up rate at the SBP Refinance rate of 6.5% plus 2.5% per annum, which is payable quarterly on the principal sum of loans and other dues, if any, outstanding from time to time.

- (h) Rs.26.000 million (2008: Rs.Nil) refinanced by the Company against the import of eligible plant and machinery, during the current year from a bank under the SBP's LTFF Scheme.

The said loan along with the loan term finance from bank under the SBP's scheme for export is secured against the hypothecation of specific plant & machinery, aggregating to Rs.26.000 million and a demand promissory note of Rs.45.600 million..

The loan is repayable in 16 equal quarterly installments, commencing March 26, 2010 to December 26, 2013, carrying mark-up rate at the SBP Refinance rate 6.5% plus 2.5% per annum, which is payable quarterly on the principal sum of loans and other dues, if any, outstanding from time to time.

Apart from specific charges mentioned in note 18.2(c) to note 18.2(h), these loans are further secured against first equitable mortgage on immoveable property and hypothecation of plant and machinery, aggregating to Rs.670.000 (2008: Rs.200.000) million.

	Note	June 30, 2009	June 30, 2008
19. DEFERRED LIABILITY			
		Rupees in '000	
Employees' Gratuity	19.1	19,706	15,868

- 19.1 In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2009, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligations in accordance with the actuarial recommendations. Following significant assumptions were used for the valuation of above-mentioned schemes.

	June 30, 2009	June 30, 2008
	Per annum	
Discount rate	13%	10%
Salary increase	12%	9%

Necessary disclosures in respect of defined benefit plans are as follows:

	Gratuity	
	June 30, 2009	June 30, 2008
	Rupees in '000	
(a) Movement in the liability finalized in the balance sheet		
Provision at July 01, 2008	15,868	16,041
Expense for the year	6,435	5,210
Benefits paid	(2,597)	(5,383)
Provision as at June 30, 2009	19,706	15,868
(b) Reconciliation		
Present value of defined benefit obligation	24,975	17,826
Actuarial losses un recognised	(5,269)	(1,958)
Provision as at June 30, 2009	19,706	15,868
(c) The amount finalized in the profit and loss account is determined as follows:		
Current service cost	4,278	3,394
Interest cost	2,139	1,802
Recognised actuarial losses	18	14
Expense for the year	6,435	5,210

(d) Amounts for the current and previous four years are as follows:

As at June 30	2009	2008	2007	2006	2005
 Rupees in '000				
Present value of defined benefit obligation	24,975	17,826	18,013	16,645	16,384
Experience adjustment					
Actuarial loss on obligation	18	14	340	431	160

19.2 The Company operates an unfunded gratuity scheme, hence, no planned assets are available.

	Note	June 30, 2009	June 30, 2008
		Rupees in '000	
20. TRADE AND OTHER PAYABLES			
Trade			
Creditors		162,356	85,715
Other payables			
Accrued expenses		46,387	25,481
Advances from customers		15,288	7,782
Retention money		1,453	4,000
Workers' Profit Participation Fund	20.1	22,360	20,093
Workers' Welfare Fund	29	8,374	16,982
Tax deducted at source		286	180
Unclaimed dividend		614	204
Research and development support		-	13,912
		94,762	88,634
		257,118	174,349
20.1 Workers' Profit Participation Fund			
Balance at the beginning of the year		20,093	23,538
Allocation for the year	29	22,360	20,093
Interest on WPPF	29	307	1,055
		42,760	44,686
Payments made during the year		(20,400)	(24,593)
		22,360	20,093
21. ACCRUED MARK-UP			
Accrued mark-up on:			
Long-term financing		400	2,374
Long-term murabaha		-	478
Long-term finance - export oriented projects		3,247	8,406
Short-term running finances		1,754	5,809
Short-term loans		18,306	13,799
		23,707	30,866

	Note	June 30, 2009	June 30, 2008
22. SHORT-TERM BORROWINGS - secured		Rupees in '000	
From Banking Companies			
Short-term loans	22.1	967,727	750,000
Short-term running finances	22.2	59,542	-
		1,027,269	750,000
22.1 Short term loans			
Export refinance - I	22.1.1	49,727	-
Export refinance - II	22.1.2	250,000	250,000
Export refinance - II	22.1.3	668,000	500,000
		967,727	750,000

22.1.1 The Company arranged a facility for short-term loan under export refinance, amounting to Rs.100.000 million (2008: Rs.Nil), from a commercial bank on mark-up basis during the current year repayable by August 31, 2009. It is secured against the export realization of Rs.100.000 million and a demand promissory note of Rs.100.000 million.

The said export refinance carries mark-up at the rate of 7.5% per annum (2008: Nil), payable quarterly and refinance payable upon the realisation of exports.

22.1.2 The Company arranged a facility for short-term loan under export refinance, amounting to Rs.250.000 (2008: Rs.250.000) million, from a commercial bank on mark-up basis during the current year repayable by August 30, 2009. It is secured against the first pari passu specific charge on land, building and plant and machinery of Company, aggregating to Rs.333.000 million, and a demand promissory note of Rs.250.000 million.

The said export refinance carries mark-up at the rate of 1% (2008: 1%) per annum above the SBP's minimum export refinance rate, payable quarterly.

22.1.3 This represents a separate export refinance facility, amounting to Rs.668.000 (2008: Rs.500.000) million, arranged by the Company from a commercial bank during the current year repayable by August 30, 2009 and is secured against the export proceed realization and registered charge over stock-in-trade, stores and spares and book debts, aggregating to Rs.891.000 million, and a demand promissory note of Rs. 668.00 million.

The said export refinance carries mark-up at the rate of 1% (2008: 1%) per annum above the SBP's minimum export refinance rate, payable quarterly.

22.2 This represents three running finance facilities, aggregating to Rs.400.000 (2008: Rs.400.000) million, arranged by the Company from commercial banks, during the current year repayable latest by September 30, 2009 and is secured against the registered charge over book debts, stock-in-trade and fixed assets aggregating to Rs.534.000 million.

The running finance carry mark-up at the rate of 0.75% to 1.25% plus 3 months KIBOR of the preceding 6 working days to be reviewed on the 1st working day of each quarter, payable quarterly.

23. CURRENT MATURITIES OF LONG TERM FINANCING AND MURABAHA

Current maturities of:
Long term financing
Long term murabaha

Note	June 30, 2009	June 30, 2008
	Rupees in '000	
18	171,295	268,151
	-	28,332
	171,295	296,483

24. CONTINGENCIES AND COMMITMENTS

Contingencies

24.1 Foreign bills discounted

254,730

215,258

24.2 Outstanding counter guarantees

63,325

63,325

Commitments

24.3 Commitments in respect of building on leasehold land at the end of the current year amounted to Rs.11.50 million (2008: Rs.Nil).

24.4 Outstanding letters of credit at the end of the current year amounted to Rs.126.343 (2008: Rs.129.892) million.

24.5 Post dated cheques issued in favour of Custom Authorities aggregating to Rs.2.548 million, against zero rated supplies for export purposes.

25. NET SALES

Exports

25.1

3,001,624

2,359,844

Local

204,074

102,021

3,205,698

2,461,865

Returns

(6,113)

(154)

Commission

(74,201)

(25,443)

3,125,384

2,436,268

25.1 Included herein is a sum of Rs.423.758 (2008: Rs.402.035) million, representing indirect exports made by the Company during the current year, either by arranging inland letters of credit or standardised purchase orders from certain direct exporters in favour of the Company, pursuant to the Banking Policy and Regulation Department (BPRD), Circulars No.24 and 31, dated June 28, 1999, and August 13, 1999 respectively, issued by the State Bank of Pakistan.

26. COST OF SALES

Opening stock - finished goods

24,338

24,529

Cost of goods manufactured

26.1

2,422,651

1,798,063

2,446,989

1,822,592

Closing stock - finished goods

(19,589)

(24,338)

2,427,400

1,798,254

26.1 Cost of goods manufactured

Note	June 30, 2009	June 30, 2008
	Rupees in '000	
Raw and packing materials consumed	26.1.1	1,351,383
Stores and spares consumed	26.1.2	48,517
Salaries, wages and other benefits	26.1.3	44,541
Contract wages		146,947
Fuel and power		148,307
Weaving and sarning charges		6,008
Repairs and maintenance		7,021
Printing and stationery		1,762
Postage and photocopy		141
Telephone and telex		890
Conveyance		64
Rent, rates and taxes		1,008
Insurance		5,588
Water charges		18,883
Transportation		170
Depreciation	4.1.2	158,714
Security charges		2,184
Traveling and lodging		13
Miscellaneous		317
		1,942,458
Opening work-in-process		296,870
Closing work-in-process		(441,265)
		<u>1,798,063</u>
		<u>2,271,900</u>
		<u>2,422,651</u>
26.1.1 Raw and packing materials consumed		
Opening stock		231,353
Purchases		1,449,681
Duty draw back on export sales		(13,791)
		<u>1,435,890</u>
		<u>1,856,419</u>
Closing stock		(315,860)
		<u>1,535,337</u>
26.1.2 Stores and spares consumed		
Opening stock		33,546
Purchases		47,393
		<u>80,939</u>
Closing stock		(32,422)
		<u>47,241</u>

26.1.3 Included herein is a sum of Rs.4.045 (2008: Rs.3.367) million in respect of staff retirement benefits.

27. DISTRIBUTION COSTS

	Note	June 30, 2009	June 30, 2008
Rupees in '000			
Salaries, allowances and other benefits	27.1	2,994	2,544
Insurance		3,658	2,930
Freight and transportation		64,936	54,407
Export development surcharge and clearing charges		9,602	10,167
Postage, courier and stamps		10,089	4,202
Advertisement, publicity and exhibitions		-	32
Depreciation	4.1.2	400	344
Travelling and lodging		2,484	2,741
Telephone and telex		112	59
Miscellaneous		658	125
		<u>94,933</u>	<u>77,551</u>

27.1 Included herein is a sum of Rs.0.291 (2008: Rs.0.229) million in respect of staff retirement benefits.

28. ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	28.1	21,748	17,917
Rent, rates and taxes		111	147
Depreciation	4.1.2	14,992	12,897
Legal and professional charges		2,844	2,153
Auditors' remuneration	28.2	795	706
Vehicle running expenses		684	590
Travelling and lodging		90	78
Printing and stationery		367	325
Insurance		196	39
Advertisement and publication		351	217
Conveyance		246	186
Repairs and maintenance		10	18
Telephone and telex		360	317
Postage and telegrams		226	162
Fees and subscriptions		248	1,070
Donations	28.3	1,467	2,045
Miscellaneous		84	15
		<u>44,819</u>	<u>38,882</u>

28.1 Included herein is a sum of Rs.2.099 (2008: Rs.1.614) million in respect of staff retirement benefits.

28.2 Auditors' remuneration

Audit fee	500	400
Fee for half yearly review	80	80
Special certifications	70	50
Tax services	80	80
Out-of-pocket expenses	65	96
	<u>795</u>	<u>706</u>

28.3 Donations do not include any donee in whom any director or his spouse has any interest.

	Note	June 30, 2009	June 30, 2008
29. OTHER OPERATING EXPENSES		Rupees in '000	
Workers' Profits Participation Fund	20.1	22,360	20,093
Interest on WPPF	20.1	307	1,055
Workers' Welfare Fund	20.1	8,374	8,037
Loss on sale of operating fixed assets	4.1.3	-	2
Loss on sale of short-term investments		612	-
Unrealised loss on short-term investments	13	5,201	-
		<u>36,854</u>	<u>29,187</u>
30. OTHER OPERATING INCOME			
Scrap sales		17,140	10,068
Exchange gain - net		39,944	32,600
Gain on sale of fixed assets		194	-
Gain on sale of short-term investments		-	3,230
Provisions for Workers Welfare Fund (WWF) written back	30.1	16,982	-
Dividend received		978	613
		<u>75,238</u>	<u>46,511</u>

30.1 These represent provisions for WWF for the years ended June 30, 2007 and June 30, 2008, amounting to Rs.8.945 and Rs.8.037 million, respectively, written back during the current year as a result of clarification issued by the Federal Board of Revenue, vide Circular No.13 of 2008, dated October 23, 2008, due to which WWF for the said two years is no longer payable and hence written back.

31. FINANCE COSTS

Mark-up on secured:			
Long term financing		83,784	75,639
Long term murabaha		8,836	10,565
Short term running finances		14,364	11,989
Short term loans		62,584	55,585
		<u>169,568</u>	<u>153,778</u>
Bills discounting charges		2,071	962
Federal excise duty on services		239	281
Bank charges		14,400	10,162
		<u>186,278</u>	<u>165,183</u>

32. TAXATION

Current	14	32,512	24,679
Prior		1,405	(541)
		<u>33,917</u>	<u>24,138</u>

The income tax assessments of the Company have been finalised up to and including tax year 2007. The return in respect of the tax year 2008 has been filed, which is deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

The relationship between income tax expense and accounting profit has not been presented in these financial statements as the total income of the Company falls under the final tax regime and is taxed at a rate of 1% (2008: 1%) on total sales, including scrap sales.

33. EARNINGS PER SHARE - BASIC AND DILUTED

Basic / diluted earnings per share has been computed by dividing the net profit for the year after taxation with the number of Ordinary shares issued by the Company.

Note	June 30, 2009	June 30, 2008
	Rupees in '000	
Net profit for the year	376,421	349,584
	Number of shares	
Number of Ordinary shares	84,000,000	84,000,000
	Rupees	
Earnings per shares - basic and diluted	4.48	4.16
34. CASH GENERATED FROM OPERATIONS		
Profit before taxation	410,338	373,722
Adjustments for non-cash charges and other items:		
Depreciation	199,900	171,955
Provision for gratuity	6,435	5,210
Finance costs	186,278	165,183
Loss / (gain) on disposal of operating fixed assets	(194)	2
	392,419	342,350
Profit before working capital changes	802,757	716,072
(Increase) / Decrease in current assets		
Stores and spares	(25,548)	874
Stock-in-trade	141,995	(228,889)
Trade debts	(47,863)	55,184
Loans and advances	(7,119)	(3,235)
Trade deposits and prepayments	(4,872)	(2,000)
Other receivables	(3,538)	5,740
	53,055	(172,326)
Increase / (Decrease) in current liabilities		
Trade and other payables	82,359	(26,602)
Cash generated from operations	938,171	517,144
35. CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,481	67,280
Short term running finance	(59,542)	-
	(52,061)	67,280
36. UNAVAILED CREDIT FACILITIES		
Short term running finances	338,000	400,000

37. REMUNERATION OF THE CHIEF EXECUTIVE, A DIRECTOR AND EXECUTIVES

	2009			2008		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
 Rupees in '000					
Managerial remuneration	4,169	2,905	13,224	3,974	2,537	8,232
Medical	416	290	1,305	397	253	813
Bonus	365	233	861	182	116	286
Retirement benefits	-	-	8,812	-	-	2,861
	<u>4,950</u>	<u>3,428</u>	<u>24,202</u>	<u>4,553</u>	<u>2,906</u>	<u>12,192</u>
Number of persons	1	1	19	1	1	11

37.1 Some Executives including Chief Executive are provided with the free use of the Company cars.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of directors reviews and agrees policies for managing each of these risks which are summarized below:

38.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk, such as equity risk.

Financial instruments affected by market risk include short-term investment, trade debtors, trade payables, bank balances, long-term financing and short-term borrowings.

38.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in the functional currency.

Change in interest rate by 100bps may have a positive or negative impact of approximately Rs.16.227 (2008: Rs.18.180) million in profit and loss account before taxation. The analysis is made based on the assumption that all other variables remain constant.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
Rupees in '000		
June 30, 2009		
KIBOR	100	(16,227)
	(100)	16,227
June 30, 2008		
KIBOR	100	(18,180)
	(100)	18,180

38.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

38.1.3 Equity risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs.12.200 million. A decrease of 10% in the share price of the listed security would have an impact of approximately Rs.1.220 million on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed security would impact equity in the similar amount but will not have an effect on income unless there is an impairment charge associated with it.

38.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to credit risk is minimal as the Company receives advance against sales.

38.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	June 30, 2009	June 30, 2008
Rupees in '000		
Short-term investments		
A1+	12,065	-
A1-	135	-
	<u>12,200</u>	<u>-</u>
Bank balances		
A1+	6,922	67,141
A1	472	-
A1-	13	11
	<u>7,407</u>	<u>67,152</u>

38.3 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 applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date the Company has unavailed credit facility of Rs.638.000 (2008: Rs.400.000) million.

Table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
Rupees in '000						
Long-term financing	-	-	171,295	454,508	16,922	642,725
Trade and other payables	15,902	231,389	8,374	1,453	-	257,118
Accrued mark-up	-	23,707	-	-	-	23,707
Short-term borrowings	-	-	1,027,269	-	-	1,027,269
2009	15,902	255,096	1,206,938	455,961	16,922	1,950,819
Rupees in '000						
Long-term financing including murabaha	-	-	296,483	798,186	44,201	1,138,870
Trade and other payables	7,986	145,381	16,982	4,000	-	174,349
Accrued mark-up	-	30,866	-	-	-	30,866
Short-term borrowings	-	-	750,000	-	-	750,000
2008	7,986	176,247	1,063,465	802,186	44,201	2,094,085

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

38.4 Fair value of financial instruments

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

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

38.5 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended June 30, 2009 and June 30, 2008.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes equity attributable to the equity holders add reserves.

	June 30, 2009	June 30, 2008
Rupees in '000		
Long-term financing	471,430	799,889
Long-term murabaha	-	42,498
Current maturities of long-term financing and murabaha	171,295	296,483
Cash and cash equivalent	(7,481)	(67,280)
Net debt	635,244	1,071,590
Issued, subscribed and paid-up capital	840,000	840,000
Reserves	1,841,257	1,632,836
Total capital	2,681,257	2,472,836
Capital and net debt	3,316,501	3,544,426
Gearing ratio	19.15%	30.23%

39. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

Casual Sportswear

Associated undertaking / Common directorship

Sales	191,245	312,083
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Artistic Apparels

Associated undertaking / Common management

Sales	129,852	10,435
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Fascom Network Services Limited

Associated undertaking / Common directorship

Services received	864	-
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Sui Southern Gas Company Limited

Associated undertaking / Common directorship

Gas purchased	175,903	136,861
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40. PLANT CAPACITY AND PRODUCTION**Spinning**

Number of rotors installed	864	864
Number of spindles installed	15,624	13,392
Capacity of yarn (Lbs.)	32,813,500	26,373,500
Production of yarn (Lbs.)	20,291,729	20,374,358

Weaving

Number of looms installed	146	146
Capacity of fabric (meters)	21,727,000	21,727,000
Production of fabric (meters)	13,435,286	15,396,167

Garments

Number of machines installed	95	-
Capacity of garments (pcs)	70,000	-
Production of garments (pcs)	50,500	-

Under utilisation of available capacity was due to global recession, quality change down time and type of quality produced.

41. MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

In the meeting held on September 09, 2009, the Board of Directors of the Company recommended a final cash dividend for the year at the rate of Rs.2 per Ordinary share of Rs.10 each, amounting to Rs.168,000,000, out of the Company's profit, to the members at the Annual General Meeting for their approval.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on September 09, 2009 by the Board of Directors of the Company.

43. GENERAL

Figures in these financial statements have been rounded off to the nearest thousand rupees.



Faisal Ahmed
Chief Executive



Maliha Faisal
Chairperson

FORM OF PROXY

17th Annual General Meeting

The Company Secretary,
Artistic Denim Mills Limited,
Plot No. 5-9, 23-26, Sector 16,
Korangi Industrial Area, Karachi.

I, _____

of _____

being a members of ARTISTIC DENIM MILLS LIMITED and a holder of _____ ordinary

shares as per Share Registrar Folio No. _____ and / or CDC Participant I.D. No. _____

and Sub Account No. _____ hereby appoint _____

of _____

who is also member of ARTISTIC DENIM MILLS LIMITED as my Proxy to attend and vote for me on my behalf at the 17th Annual General Meeting of the Company to be held on Tuesday, October 27, 2009 at 1600 hrs and at any adjournment thereof.

Signed this _____ day of _____ 2009.

WITNESS :

1. Signature _____

Name _____

Address _____

CNIC or _____

Passport No. _____

2. Signature _____

Name _____

Address _____

CNIC or _____

Passport No. _____

Note :

1. The proxy order to be valid must be signed across a Five Rupees Revenue Stamp and should be deposited in the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
2. No person shall act as proxy unless he is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.
4. CDC Shareholders and their Proxies must attach either an attested photocopy of their Computerized National Identity Card or Passport with this Proxy Form.

The logo for ADM, consisting of the letters 'ADM' in a bold, blue, sans-serif font.

**AFFIX
CORRECT
POSTAGE**

M/s Technology Trade (Pvt.) Ltd.
Share Registrar
Dagja House, 241-C, Block-2,
PECHS, Karachi.

Fold : Here

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