

ALI ASGHAR TEXTILE MILLS LIMITED

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August 09, 2010

Fax # 32462640

To,
Haroon Askari
General Manager Operations
Karachi Stock Exchange (Guarantee) Limited
Stock Exchange Road,
Karachi.

**Sub: Placement of Company on the Non Compliance Segment of the Exchange on
account of Default of the listing regulations**

Dear Sir,

Reference your letter No Kse/Gen-5174 dated July 27, 2010 along with other correspondence in respect of the company will be placed in Non-Compliant segment under Listing Regulation No 30 (2) we would like to draw your attention to the same regulation in Listing Regulation No 30 (2) in which it clearly states the company may have bone fide reasons for not declaring dividends.

We would like to inform you that we have sustained heavy loss of Rs 195.60 Million for the year ended June 30, 2009 due to a disastrous year for the textile industry as a whole. The loss badly effected cash flow of the company that was already under pressure. Inspite the turmoil that lead to closure of over 100 textile units over the country, Alhamdulillah we continued our operations, however profitability and cash flow did not permit us to declare dividend.

Management of the company is striving hard to overcome the situation. Since current operations have improved to some extend and after the finalization of result and keeping in view the repayment to financial institutions. Management will review the possibility of dividend for the year 2009-2010.

Looking forward to your cooperation in this regard.

Thanks and Regards

Yours Sincerely

For *Ali Asghar Textile Mills Limited*

NADEEM ELLAHI SHAIKH
CHIEF EXECUTIVE