

A.A. Textiles Limited

Annual Report 2000

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Company Information

Board of Directors

Sheikh Mukhtar Ahmed
(Chairman)
Mohammad Naeem Mukhtar
(Chief Executive)
Sheikh Mohammad Yaseen
Mohammad Waseem Mukhtar
Atif Yaseen
Ghazala Naeem
Bina Sheikh
Mumtaz Ali Memon
(ICP Nominee)

Secretary

Anwar-ul-Haque
B.Com. F.C.A.,

Auditors

Rahman Sarfaraz & Co.,
Chartered Accountants,
Lahore, Pakistan.

Tax Consultants

F. R. Merchant & Co.,
Chartered Accountants,
Karachi, Pakistan.

Information Technology Consultants

KPMG Peat Marwick Associates (Pvt) Ltd.
Karachi, Pakistan.

Bankers

Emirates Bank International pjsc

Registered Office

Ibrahim Centre
1 -A, Ahmed Block,
New Garden Town,
Lahore, Pakistan.

Head Office

Ibrahim Centre
15 Club Road,
Faisalabad, Pakistan.

Shares Department

Ibrahim Centre
GK-7/59, Bagh-e-Zehra Street,
Kharadar,
Karachi, Pakistan.

Mills

40 - Kilometre,
Faisalabad - Sheikhpura Road,
Faisalabad, Pakistan.

Notice of Meeting

Notice is hereby given that the 18th Annual General Meeting of the shareholders of the Company will be held on March 31, 2001 at 11:00 A.M. at Avari Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:-

1. To confirm the minutes of the preceding meeting of the shareholders of the Company.
2. To consider, approve and adopt the Annual Audited Accounts of the Company for the year

ending September 30, 2000 together with Directors' and Auditors' reports thereon.

3. To consider and approve declaration of cash dividend @ 21% and issue of stock dividend @ 50% as recommended by the Board of Directors.

4. To appoint Auditors for the next year 2000-2001 and to fix their remuneration. The present auditors M/s Rahman Sarfaraz & Co., Chartered Accountants, Lahore being eligible for appointment, offer themselves for re-appointment.

5. SPECIAL BUSINESS:

To approve the following special business:

"Resolved that the total monthly remuneration of Rs. 310,000/= which was being paid to the out going Chief Executive be and is hereby approved to be paid to the new Chief Executive with the following breakup.

1. Basic	Rs. 200,000.00 per month
2. House Rent Allowance	Rs. 90,000.00 per month
3. Utilities	Rs. 20,000.00 per month
	Rs. 310,000.00 per month

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

By order of the Board

Dated: February 15, 2001
Lahore

Anwar-ul-Haque
Company Secretary

Notes:

i) The share transfer books of the Company shall remain closed from 22-03-2001 to 31-03-2001 (both days inclusive) to determine the names of members entitled to receive cash dividend, stock dividend and to attend the meeting. Transfers received in order at the Shares Registration office of the Company at the close of business on 21-03-2001 will be treated in time.

ii) A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf.

iii) The proxies, in order to be effective, must be received by the Company at least 48 hours before the time for holding the meeting at the registered office of the Company at 1-A Ahmad Block, New Garden Town, Lahore.

Directors' Report to the Shareholders

Your Directors are pleased to present before you the 18th Audited Financial Results of the company for the year ended September 30, 2000.

PRODUCTION RESULTS

During the year under review the company has achieved production level of 6,902 tons of different type of blended yarns as compared to 6,616 tons of blended yarns during the previous year - thus showing an increase of 4.32%. The range of product mix produced during the year under review consist of Polyester Cotton yarns from 20/s to 45/s, Acrylic yarns 20/s to 50/s, Polyester Viscose and Polyester Acrylic yarns 30/s to 36/s, attaining an average count of 37.23 during the year.

Your company always try to conform its production policies with the market demand to fetch better selling rates. Comparative figures of production are as follows:-

<i>Types of Yarns</i>	<i>Production</i>	
	<i>2000</i>	<i>1999</i>
	<i>Kgs.</i>	<i>Kgs.</i>
Polyester Cotton Yarn	3,535,993	3,522,703
Acrylic Viscose Yarn	1,151,373	2,508,181
Pure Acrylic Yarn	1,328,684	585,099
Polyester Viscose Yarn	882,615	--
Polyester Acrylic Triloble	3,266	--
	-----	-----
	6,901,931	6,615,983
	=====	=====

FINANCIAL RESULTS

The achievement of your company during the current financial year in terms of sales and profit has improved significantly. Revenue generated from sales of yarn is Rupees 822 million as against Rupees 772 million during

the previous year. The gross profit increased to Rupees 198 million from Rupees 131 million showing an increase of 51% over the previous year. The company earned a profit after tax of Rupees 54 million as against the profit of 35 million earned during the previous year thus showing an improvement of profit of 53%.

The financial results are being summarized as follows:

	2000 Rupees	1999 Rupees
Gross Profit	197,917,073	130,802,208
Operating Expenses	53,471,941	49,976,342
Operating Profit	144,445,132	80,825,866
Other Income	17,427,857	8,557,590
Financial & Other Charges	161,872,989	89,383,456
	12,403,846	30,935,718
Profit before Taxation	149,469,143	58,447,738
Provision for Taxation	95,585,448	23,174,807
Profit after Taxation	53,883,695	35,272,931
Unappropriated Profit Brought Forward	8,610	4,429
Surplus Available for Appropriation	53,892,305	35,277,360
Transfer from General Reserve	19,350,000	--
Profit available for appropriation	73,242,305	35,277,360

CASH DIVIDEND AND ISSUE OF STOCK DIVIDEND

The Board of Directors have recommended payment of cash dividend @ 21% and issue of stock dividend @ 50%.

APPROPRIATIONS

	2000 Rupees	1999 Rupees
Proposed Dividend @ 21% (1999 - @ 15%)	21,656,250	15,468,750
Transfer to capital reserve for issue of stock dividend @ 50% (1999- Ni	51,562,500	--
Transfer to general reserve	--	19,800,000
Unappropriated Profit Carried Forward	73,218,750	35,268,750
	23,555	8,610
Earning per share	5.22	3.42

GENERAL OVERVIEW

The improvements in market condition of the textile sector are apparent and we hope that the demand of blended yarns and the selling prices will further improve.

AUDITORS

The present auditors M/s Rahman Sarfaraz & Co. Chartered Accountants, Lahore retire and being eligible, consented for re-appointment for the next financial year 2000-2001.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the company is annexed.

ACKNOWLEDGEMENT

The management wishes to place on record its appreciation for the hard work and positive efforts made by the executives and employees. The management would also like to thank its valued Customers, Bankers, Financial Institutions and Shareholders for their cooperation and support and hope to get the same in future.

On behalf of the Board

February 15, 2001
Lahore.

MOHAMMAD NAEEM MUKHTAR
Chief Executive

Pattern of Shareholding as at 30 September, 2000

No. of Shareholders	Having Shares		Shares held	Percentage
	From	To		
57	1	100	3075	0.0298
309	101	500	52325	0.5074

41	501	1000	33150	0.3215
72	1001	5000	164700	1.5971
9	5001	10000	61425	0.5956
2	10001	15000	23500	0.2279
1	15001	20000	18750	0.1818
1	20001	25000	20250	0.1964
1	60001	65000	62500	0.6061
5	80001	85000	406000	3.9370
1	85001	90000	87500	0.8485
1	100001	105000	103750	1.0061
1	105001	110000	106250	1.0303
4	205001	210000	840000	8.1455
1	265001	270000	266000	2.5794
1	270001	275000	273750	2.6545
2	275001	280000	560000	5.4303
2	290001	295000	588400	5.7057
3	320001	325000	966600	9.3731
2	530001	535000	1065125	10.3285
1	795001	800000	799000	7.7479
1	1005001	1010000	1009000	9.7842
1	1040001	1045000	1042875	10.1127
1	1755001	1760000	1758575	17.0528
-----		-----		-----
520			10312500	100.0000
=====		=====		=====

Categories of Shareholders

<i>PARTICULARS</i>	<i>Number of Shareholders</i>	<i>Number of Shares held</i>	<i>Percentage of Shareholding</i>
Individuals	498	7,316,900	70.952
Financial Institutions	4	1,062,175	10.300
Joint Stock Companies	6	1,763,925	17.105
Insurance Companies	2	63,125	0.612
Investment Bank/Companies	7	17,275	0.168
Financial Companies	3	89,100	0.864
-----		-----	-----
	520	10,312,500	100.0000
=====		=====	=====

Auditors' Report to the Members

We have audited the annexed balance sheet of **A.A. Textiles Limited** as at 30 September, 2000 and the related profit & 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 statement in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

(a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance 1984;

(b) In our opinion -

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

(iii) the business conducted, investments made and 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 and the 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 September 30, 2000 and of the profit, its cash flow and changes in equity for the year then ended; and

(d) In our opinion Zakat deductible at source under Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in central Zakat Fund established u/s 7 of that Ordinance.

February 15, 2001
Lahore

(RAHMAN SARFARAZ & CO.)
Chartered Accountants

Balance Sheet as at 30 September, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
SHARE CAPITAL AND RESERVES			
Authorised capital 20,000,000 ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	3	103,125,000	103,125,000
Capital reserve	4	51,562,500	--
General reserve	5	68,450,000	87,800,000
Unappropriated profit		23,555	8,610
		-----	-----
		223,161,055	190,933,610
DEFERRED LIABILITY			
Deferred Taxation		36,337,000	--
Staff retirement gratuity	6	19,437,380	15,147,050
		-----	-----
		55,774,380	15,147,050
CURRENT LIABILITIES			
Short term borrowings	7	99,370,413	97,566,620
Current portion of long term liabilities	8	--	2,155,522
Creditors, provisions and accrued liabilities	9	27,494,531	22,715,681
Provision for taxation		68,433,756	30,940,343
Dividend unclaimed	10	292,950	246,788
Proposed dividend		21,656,250	15,468,750
		-----	-----
		217,247,900	169,093,704
CONTINGENT LIABILITIES/COMMITMENTS			
	11	--	--
		-----	-----
		496,183,335	375,174,364
		=====	=====

The annexed notes form an integral part of these accounts.

Chief Executive

FIXED ASSETS	12	235,294,054	190,398,502
CAPITAL WORK IN PROGRESS		--	4,442,150
LONG TERM INVESTMENTS	13	5,000,000	5,000,000
CURRENT ASSETS			
Stores, spares and loose tools	14	51,392,171	5,043,416
Stock in trade	15	135,778,623	94,136,901
Trade debts	16	5,437,724	4,134,150
Advances, deposits and other receivables	17	33,168,457	41,293,062
Cash and bank balances	18	76,365,260	30,726,183
		-----	-----
		255,889,281	175,333,712
		-----	-----
		496,183,335	375,174,364
		=====	=====

Director

**Profit and Loss Account
for the year ended 30 September, 2000**

	<i>Note</i>	2000 Rupees	1999 Rupees
SALES - Net	19	822,255,916	772,083,885
COST OF SALES	20	624,338,843	641,281,677
GROSS PROFIT		197,917,073	130,802,208
OPERATING EXPENSES			
Administrative	21	50,057,326	45,400,968
Selling	22	3,414,615	4,575,374
		53,471,941	49,976,342
OPERATING PROFIT		144,445,132	80,825,866
OTHER INCOME			
Miscellaneous revenue	23	14,220,090	2,713,278
Profit/(loss) on trading	24	3,207,767	5,844,312
		17,427,857	8,557,590
		161,872,989	89,383,456
OTHER CHARGES			
Financial		4,463,827	27,846,503
Zakat		73,222	13,018
Workers' profit participation fund		7,866,797	3,076,197
		12,403,846	30,935,718
PROFIT FOR THE YEAR		149,469,143	58,447,738
PROVISION FOR TAXATION			
Current - this year	26	(47,900,000)	(19,287,754)
- prior year		(11,348,448)	(3,887,053)
Deferred - this year		(2,549,000)	--
- prior year		(33,788,000)	--
		(95,585,448)	(23,174,807)
PROFIT AFTER TAXATION		53,883,695	35,272,931
UNAPPROPRIATED PROFIT BROUGHT FORWARD		8,610	4,429
		53,892,305	35,277,360
TRANSFERRED FROM GENERAL RESERVE		19,350,000	--
SURPLUS AVAILABLE FOR APPROPRIATION		73,242,305	35,277,360
APPROPRIATIONS			
Proposed cash dividend @ 21% (1999 @ 15%)		21,656,250	15,468,750
Transfer to capital reserve for issue of stock dividend @ 50% (1999- Ni		51,562,500	--
Transfer to general reserve		--	19,800,000
		73,218,750	35,268,750
UNAPPROPRIATED PROFIT RETAINED		23,555	8,610
EARNING PER SHARE	30	5.22	3.42

The annexed notes form an integral part of these accounts.

Chief Executive

Director

**Cash Flow Statement
for the year ended 30 September, 2000**

2000 **1999**

	<i>Rupees</i>	<i>Rupees</i>
a) CASH FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year before taxation	149,469,143	58,447,738
Adjustments for:		
Depreciation	24,633,540	19,499,611
(Profit)/loss on disposal of fixed assets	(11,859,395)	(23,507)
Provision for Gratuity	6,084,475	7,641,638
Gratuity paid	(1,794,145)	(722,794)
Financial charges	4,463,827	27,846,503
	-----	-----
	21,528,302	54,241,451
	-----	-----
Operating profit before working capital changes	170,997,445	112,689,189
Changes in working capital		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(95,801)	6,485,400
Stock in trade	(41,641,722)	52,821,865
Trade debtors	(1,303,574)	100,103
Advances, Deposits, Prepayments and other receivables	8,124,605	14,346,724
(Decrease)/increase in current liabilities		
Creditors, accrued and other liabilities	9,457,899	(43,552,512)
	-----	-----
	(25,458,593)	30,201,580
	-----	-----
Cash generated from operations	145,538,852	142,890,769
Financial charges paid	(9,096,714)	(31,026,788)
Taxes paid	(21,755,035)	(15,628,925)
	-----	-----
Net cash (used in) /from operating activities	114,687,103	96,235,056
b) CASH FLOW FROM INVESTMENT ACTIVITIES		
Fixed capital expenditure	(83,026,472)	(10,029,797)
Proceeds from disposal of fixed assets	29,798,925	368,563
	-----	-----
Net cash (used in) /from investing activities	(53,227,547)	(9,661,234)
c) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	--	(23,000,000)
Repayment of lease liability	(2,155,522)	(2,443,706)
Repayment of customs levies	--	(1,258,287)
Increase/(decrease) in short term borrowings	1,803,793	(51,909,935)
Payment of dividend	(15,468,750)	(20,625,000)
	-----	-----
Net cash (used in)/from financing activities	(15,820,479)	(99,236,928)
	-----	-----
NET INCREASE IN CASH AND BANK BALANCES (a+b+c)	45,639,077	(12,663,106)
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEA	30,726,183	43,389,289
	-----	-----
CASH AND BANK BALANCES AT THE END OF THE YEAR	76,365,260	30,726,183
	=====	=====

Chief Executive

Director

Statement of Changes in Equity for the year ended 30 September, 2000

	<i>Share Capital</i>	<i>Capital Reserve</i>	<i>Revenue Reserves</i>		<i>Total</i>
	<i>Rupees</i>	<i>For issue of stock dividend Rupees</i>	<i>General Reserve Rupees</i>	<i>Unappropriated Profit Rupees</i>	<i>Rupees</i>
Balance as at October 1, 1998	103,125,000	--	68,000,000	4,429	171,129,429
Profit for the year ended September 30, 1999	--	--	--	35,272,931	35,272,931
Appropriations					
Transfer to general reserve	--	--	19,800,000	(19,800,000)	--
Proposed dividend	--	--	--	(15,468,750)	(15,468,750)
	-----	-----	-----	-----	-----

Balance as at October 1, 1999	103,125,000	--	87,800,000	8,610	190,933,610
Profit for the year ended September 30, 2000	--	--	--	53,883,695	53,883,695
Transfer from general reserve	--	--	(19,350,000)	19,350,000	--
Appropriations					
Transfer to capital reserve for issue of stock dividend	--	--	51,562,500	(51,562,500)	--
Proposed dividend	--	--	--	(21,656,250)	(21,656,250)
Balance as at September 30, 2000	103,125,000	51,562,500	68,450,000	23,555	223,161,055

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

Notes to the Accounts for the year ended 30 September, 2000

1. THE COMPANY AND ITS OPERATIONS

The company is a public limited company incorporated in Pakistan under the Companies Ordinance 1984. The company is listed on Karachi, Lahore and Islamabad Stock Exchanges. The main activity of the company is to manufacture cotton/blended yarn of different counts.

2. ACCOUNTING POLICIES

The accounts have been prepared under historical cost convention as modified by adjustments of exchange rate fluctuations.

2.2 Provision for gratuity

The company operates an unfunded gratuity scheme for its permanent employees. Provision has been made in the accounts to cover the obligation under the scheme at the rate of 30 days gross salary for each completed year.

2.3 Taxation

Current

Provision for current taxation is based on taxable income at current rates after taking into account tax credits and tax rebates available if any.

Deferred

Provision for deferred taxation is made on material timing differences using the liability method. There is no probability that these timing difference will be reversed in the foreseeable future. However, in view of changes in company law the liability calculated Rs. 36,337,000/- is being provided this year.

2.4 Operating assets

Operating assets are stated at cost less depreciation except freehold land, leasehold land and capital work in progress which are stated at cost. Cost of operating assets consists of historical cost after adjustment for exchange gain or loss in respect of foreign currency loan utilised for acquisition thereof.

Operating assets other than land and capital work in progress are depreciated on reducing balance method without considering extra shift working at the rates of 10% to 20% on written down values, depending upon the class of assets. No depreciation is charged on fixed assets sold or scrapped during the year and full depreciation is charged on acquisition during the year.

Normal repairs and maintenance are charged to expenses as and when incurred. Major repairs and renewals are capitalised.

Gains and losses on disposal of assets are included in the profit and loss account.

2.5 Capital work in progress

All cost/expenditures connected with specific assets are recorded under this head. These are transferred to specific assets when assets are available for use.

2.6 Unallocated capital expenditure

All cost/expenditures not directly related to specific assets, incurred during the project implementation period are stated under this head. These are allocated to plant and machinery and building at the time of completion of the project.

2.7 Investments

Long term investments are stated at cost with comparative market value on the balance sheet date.

Short term investments are valued at lower of cost and net realizable value.

2.8 Stores, spares and loose tools

These are valued at average costs.

2.9 Stocks

These are valued at lower of cost and net realizable value applying the following basis:

Raw Material	Weighted average cost
Work in Process	Average manufacturing cost
Finished Goods	Net cost
Wastes	Net realizable value

2.10 Trade debtors

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

2.11 Revenue recognition

- a) Sales are recorded on despatch of goods to customers.
b) Dividend on declaration.

	2000	1999
	Rupees	Rupees
3. ISSUED, SUBSCRIBED & PAID UP CAPITAL		
6,500,000 Ordinary shares of Rs. 10/- each fully paid in cash	65,000,000	65,000,000
3,812,500 Ordinary shares of Rs. 10/- each fully paid up bonus shares	38,125,000	38,125,000
	-----	-----
	103,125,000	103,125,000
	=====	=====
4. CAPITAL RESERVE		
For issuance of stock dividend	51,562,500	--
	-----	-----
5. GENERAL RESERVES		
Balance as at October 1, 1999	87,800,000	68,000,000
Transfer from/(to) profit and loss account	(19,350,000)	19,800,000
	-----	-----
	68,450,000	87,800,000
	=====	=====
6. STAFF RETIREMENT GRATUITY		
Balance as at October 1, 1999	15,147,050	8,228,206
Less: payment during the year	(1,794,145)	(722,794)
	-----	-----
	13,352,905	7,505,412
Add: Provision during the year	6,084,475	7,641,638
	-----	-----
Balance as at September 30, 2000	19,437,380	15,147,050
	=====	=====

The company maintained an unfunded gratuity scheme for all its employees. Provisions are being made in the accounts on the basis of 1/12th of gross salary multiplied by the total number of years completed by the employees to cover the obligation under the scheme.

7. SHORT TERM BORROWINGS - Secured

Banking companies under markup arrangement	99,370,413	97,566,620
	-----	-----

Bank Finance limit of Rs. 100 million is secured against hypothecation of stocks of raw material, finished goods, stocks in process and store/spares.

It is further secured against first charge on fixed assets of the company and personal guarantee of directors of the company. It is subject to mark up @12% to 15%.

	2000	1999
	Rupees	Rupees
8. CURRENT MATURITY OF LONG TERM LIABILITIES		
Lease financing	--	2,155,522
	-----	-----
9. CREDITORS, PROVISIONS AND ACCRUED LIABILITIES		
Creditors (Note 9.1)	4,890,059	3,144,442

Accrued liabilities	5,097,708	5,327,470
Sales tax payable	8,617,320	5,509,293
Interest on long term loans	--	45,100
Markup on short term loans	844,177	5,431,964
Withholding tax depositable	178,470	181,215
Workers' profit participation fund (Note 9.2)	7,866,797	3,076,197
	-----	-----
	27,494,531	22,715,681
	=====	=====

9.1 These include Rs. 1,209,046/- (1999 Rs. 558,972/-) on account of purchase of polyester fibre from an associated undertaking.

9.2 Workers' profit participation fund

Balance as at October 1, 1999	3,076,197	2,228,524
Markup paid	169,894	151,387
	-----	-----
	3,246,091	2,379,911
Less: paid/adjusted during the year	(3,246,091)	(2,379,911)
	-----	-----
	--	--
Contributions for the year @ 5%	7,866,797	3,076,197
	-----	-----
Balance as at September 30, 2000	7,866,797	3,076,197
	=====	=====

10. DIVIDEND UNCLAIMED

Balance as at October 1, 1999	246,788	202,663
Additions / (Payments)	46,162	44,125
	-----	-----
	292,950	246,788
	=====	=====

11. CONTINGENT LIABILITIES/CAPITAL COMMITMENTS

11.1 Commitments against bank guarantees	0.937 Mln	0.937 Mln
Bank guarantee furnished to honorable Lahore High Court for Rs. 772,682/- in the matter of Company vs WAPDA. Bank guarantee furnished to Assistant Commissioner, Jaranwala for Rs. 164,000/- in the matter of Company Vs Market Committee, Jaranwala.		
11.2 Commitments against irrevocable letters of credit outstanding	92.979 Mln	71.626 Mln
11.3 Commitments against ad-interim order Company Vs controller of customs valuation office	3.377 Mln	--

12. SCHEDULE OF FIXED ASSETS AS AT 30 SEPTEMBER, 2000

DESCRIPTION	COST			Rate %	DEPRECIATION		Written down Value as at	
	As at October 1, 1999	Addition (Deletion)	Total Cost September 30, 2000		As on October 1, 1999	For the Year	As at September 30, 2000	September 30, 2000
Land	18,794,929	(390,624)	18,404,305	--	--	--	--	18,404,305
Building on Free Hold Land	63,702,951	5,169,671	68,872,622	10%	44,181,670	2,469,095	46,650,765	22,221,857
Plant and Machinery	385,105,820	73,210,699 (35,821,655)	422,494,864	10%	262,897,234 (24,670,218)	18,426,785	256,653,801	165,841,063
Electric installations	19,512,801	374,854 (21,000)	19,866,655	10%	11,442,979 (10,956)	843,463	12,275,486	7,591,169
Mills Equipment	2,751,869	2,082,927	4,834,796	10%	1,548,057	328,674	1,876,731	2,958,065
Office Equipment	13,526,096	4,315,237	17,841,333	10%	4,660,362	1,318,097	5,978,459	11,862,874
Furniture and Fixtures	5,619,483	303,219	5,922,702	10%	3,072,672	285,003	3,357,675	2,565,027
Vehicles	5,642,440	2,012,015 (958,974)	6,695,481	20%	2,528,102 (644,738)	962,423	2,845,787	3,849,694
	-----	-----	-----	-----	-----	-----	-----	-----
Rupees	514,656,389	87,468,622 (37,192,253)	564,932,758		330,331,076 (25,325,912)	24,633,540	329,638,704	235,294,054
	-----	-----	-----	-----	-----	-----	-----	-----
LEASED ASSETS								
Plant and Machinery	9,260,000	(9,260,000)	--	10%	3,792,063 (3,792,063)	--	--	--
Office Equipment	1,025,000	(1,025,000)	--	10%	419,748 (419,748)	--	--	--
	-----	-----	-----	-----	-----	-----	-----	-----

2000 Rupees	524,941,389	87,468,622 (47,477,253)	564,932,758		334,542,887 (29,537,723)	24,633,540	329,638,704	235,294,054
1999 Rupees	520,131,719 (777,977)	5,587,647	524,941,389		315,476,197 (432,921)	19,499,611	334,542,887	190,398,502
				2000 Rupees			1999 Rupees	

12.1 Depreciation for the year has been apportioned as follows:

Cost of goods manufactured	22,068,017	17,385,716
Administrative	2,565,523	2,113,895
	24,633,540	19,499,611

12.2 Disposal of fixed assets

PARTICULARS	YEAR OF PURCHASE	COST	ACCUMULATED DEPRECIATION	WRITTEN DOWN VALUE	SALE PROCEEDS	PROFIT/ (LOSS)	SOLD BY NEGOTIATION TO
FREE HOLD LAND							
Land (Chak 61 R.B)	--	390,624	--	390,624	2,407,500	2,016,876	Ibrahim Textile Mills Ltd., Faisalabad.
PLANT AND MACHINERY							
Cone Winder Machine No. 7	1986-87	4,391,293	3,023,089	1,368,204	3,000,000	1,631,796	Zahid Jee Textile Mills Ltd, Faisalabad.
Cone Winder Machine No.6	1986-87	4,391,292	3,023,089	1,368,203	3,000,000	1,631,797	D.M. Textile Mills Ltd, Rawalpindi.
Cone Winder Machine No. 5	1984-85	5,407,814	3,724,808	1,683,006	3,000,000	1,316,994	D.M. Textile Mills Ltd., Rawalpindi
Cone Winder Machine No.4	1984-85	5,407,814	3,724,808	1,683,006	3,000,000	1,316,994	Galaxy Textile Mills Ltd., Jhang.
Cone Winder Machine No. 1	1984-85	5,407,814	3,724,808	1,683,006	3,000,000	1,316,994	Garanada Textile Mills Ltd., Sheikhupura.
Cone Winder Machine No. 2	1984-85	5,407,814	3,724,808	1,683,006	3,000,000	1,316,994	Shadab Textile Mills Ltd., Lahore
Cone Winder Machine No.3	1984-85	5,407,814	3,724,808	1,683,006	3,000,000	1,316,994	Galaxy Textile Mills Ltd., Jhang.
ELECTRIC APPLIANCES							
Fax Machine KXF90	1992-93	21,000	10,956	10,044	4,000	(6,044)	Mansha Brothers, Mezannine Floor, Panorama Centre, 48-The Mall, Lahore.
VEHICLES							
Z-8013 Toyota Corolla	1994-95	549,000	369,104	179,896	179,896	--	Mr. Anwar ul Haq, (Director Finance) GK-7/S9, Bagh-e-Zehra St, Kharadar, Karachi.
FDS-3371 Suzuki Margala	1994-95	409,974	275,634	134,340	134,340	--	Mr. Jamil ur Rehman, St. Manager Import/Export 15 Club Road, Faisalabad.
LEASED ASSETS							
PLANT & MACHINERY							
Savio cone Winder Aspero 52 spindles	1994-95	9,260,000	3,792,063	5,467,937	5,467,937	--	Transfer from leased assets to own assets on written down value after completion of lease
OFFICE EQUIPMENT							
Hi-Com 130 Telephone Exchange	1994-95	721,000	295,257	425,743	425,743	--	-do-
Hi-Com 120 Telephone Exchange	1994-95	64,000	26,209	37,791	37,791	--	-do-
Sanyo Split A.C (5 Tons)	1994-95	240,000	98,282	141,718	141,718	--	-do-
Rupees		47,477,253	29,537,723	17,939,530	29,798,925	11,859,395	
				2000 Rupees			1999 Rupees

13. LONG TERM INVESTMENTS - AT COST

Associated undertaking		
50,000 ordinary shares of Rs. 100/- each of Ibrahim Modaraba (Private) Ltd.	5,000,000	5,000,000

Break up value Rs. 139.61 per share.

Name of Chief Executive - Mr. Mohammad Naeem Mukhtar

Percentage of Equity held - 25%

5,000,000	5,000,000
=====	=====

14. STORES, SPARES AND LOOSE TOOLS

General stores	1,285,550	1,761,034
Spare parts and accessories	2,555,409	2,738,256
Loose tools	14,822	17,242
In transit	1,283,436	526,884
	-----	-----
	5,139,217	5,043,416
	=====	=====

15. STOCKS IN TRADE

Raw material	76,692,509	42,185,367
Packing material	319,002	450,526
Work in process	11,929,272	10,815,544
Finished goods	45,126,081	39,771,252
Wastes	1,488,841	895,033
Raw material in transit	222,918	19,179
	-----	-----
	135,778,623	94,136,901
	=====	=====

16. TRADE DEBTS- Considered good

Foreign - secured	899,399	919,569
Local - unsecured	4,538,325	3,214,581
	-----	-----
	5,437,724	4,134,150
	=====	=====

17. ADVANCES, DEPOSITS AND OTHER RECEIVABLES - UNSECURED & CONSIDERED GOOD

Advances to employees	1,403,294	1,488,316
Advance income tax	8,740,254	16,953,207
Other receivables and deposits (Note 17.1)	23,024,909	22,851,539
	-----	-----
	33,168,457	41,293,062
	=====	=====

17.1 These includes Rs. 20,722,247/- (1999 - Rs. 19,621,835/-) for purchase of electric power from an associated undertaking in the normal course of business. Maximum aggregate balance due from associated undertaking at the end of any month during the year was Rs. 21,951,041/- (1999 - Rs. 19,621,835/-).

18. CASH AND BANK BALANCES

Cash in hand	6,190,162	11,248,140
Cash at banks		
In current accounts	30,579,132	18,225,564
In deposit accounts	39,595,966	1,252,479
	-----	-----
	76,365,260	30,726,183
	=====	=====

19. SALES

Local sale of yarn	808,674,733	752,918,073
Local sale of waste	2,611,596	3,089,631
Export sale of waste	13,887,350	18,013,783
	-----	-----
	825,173,679	774,021,487
Less: Commission and Brokerage	(2,917,763)	(1,937,602)
	-----	-----
	822,255,916	772,083,885
	=====	=====

20. COST OF SALES

Opening stocks	40,666,285	79,298,612
Cost of goods manufactured (Note 20.1)	630,287,480	602,649,350
	-----	-----
	670,953,765	681,947,962
Less: Closing stocks	(46,614,922)	(40,666,285)
	-----	-----
	624,338,843	641,281,677
	=====	=====

20.1 Cost of goods manufactured

Raw material consumed (Note 20.2)	475,796,557	453,387,316
Packing material consumed	9,052,327	8,736,532
Salaries, wages and benefits	27,410,008	28,019,041
Stores consumed	17,803,924	13,281,781
Fuel and power	77,432,128	79,852,318
Other expenses	1,838,246	1,680,602
Depreciation	22,068,017	17,385,716
	-----	-----
	631,401,207	602,343,306
	-----	-----
Work in process - opening	10,815,544	11,121,588
Work in process - closing	(11,929,271)	(10,815,544)
	-----	-----
	(1,113,727)	306,044
	-----	-----
	630,287,480	602,649,350
	=====	=====

20.2 Raw material consumed**20.2.1 Cotton**

Opening stocks	11,029,585	490,908
Purchases	126,253,239	169,226,089
Sales	--	(467,019)
	-----	-----
	137,282,824	169,249,978
Less: Closing stocks	(37,221,685)	(11,029,585)
	-----	-----
Cost of cotton consumed	100,061,139	158,220,393
	=====	=====

20.2.2 Polyester Fibre

Opening stocks	264,709	33,147,695
Purchases	153,094,331	62,015,658
	-----	-----
	153,359,040	95,163,353
Less: Closing stocks	(576,937)	(264,709)
	-----	-----
Cost of polyester fibre consumed	152,782,103	94,898,644
	=====	=====

20.2.3 Acrylic Fibre

Opening stocks	9,819,004	11,684,966
Purchases	211,541,095	162,720,216
	-----	-----
	221,360,099	174,405,182
Less: Closing stocks	(28,269,982)	(9,819,004)
	-----	-----
Cost of acrylic fibre consumed	193,090,117	164,586,178
	=====	=====

20.2.4 Viscose fibre

Opening stocks	21,072,068	1,197,032
Purchases	42,915,013	93,528,605
Less: Cost price of viscose fibre sold	(23,499,977)	(37,971,468)
	-----	-----
	40,487,104	56,754,169
Less: Closing stocks	(10,623,906)	(21,072,068)
	-----	-----
Cost of viscose fibre consumed	29,863,198	35,682,101
	-----	-----

Total Cost of raw material consumed

	475,796,557	453,387,316
	=====	=====
	Rupees	Rupees

21. ADMINISTRATIVE EXPENSES

Directors remuneration	2,790,000	1,860,000
Meeting fee	1,000	1,000
Salaries & benefits	25,250,505	22,995,393
Rent and utilities	4,884,731	3,982,955
Postage, telephone & telegrams	2,201,128	2,389,020
Printing and stationary	1,201,201	785,424
Repair & maintenance	4,447,045	2,805,596
Travelling, conveyance & entertainment	2,086,437	4,440,838

Motor vehicle expenses	1,534,139	1,519,805
Audit fee	85,000	85,000
Out of pocket expenses	10,500	10,500
Legal & professional charges	299,000	95,500
Advertisement	197,655	48,240
Fees & subscription	1,282,599	262,929
Donation (21.1)	334,000	5,025
Insurance	289,045	564,240
Other expenses	597,818	1,435,608
Depreciation	2,565,523	2,113,895
	-----	-----
	50,057,326	45,400,968
	=====	=====

21.1 No director or his/her spouse had any interest in the donee's fund.

22. SELLING EXPENSES

Ocean freight	209,500	448,268
Local freight	2,309,396	2,044,392
Octroi/zila tax	--	1,495,787
Other expenses	895,719	586,927
	-----	-----
	3,414,615	4,575,374
	=====	=====

23. MISCELLANEOUS REVENUE

Sales of scrap	1,433,451	1,066,700
Profit/(Loss) on sale of spares	--	483
Profit/(loss) on disposal of fixed assets	11,859,395	23,507
Miscellaneous Income	337,299	1,000,249
Credit balance written off	2,101	9,465
Profit from banks	587,844	612,874
	-----	-----
	14,220,090	2,713,278
	=====	=====

24. PROFIT / (LOSS) ON TRADING

	<i>Sales</i>	<i>Cost of Sales</i>	<i>Net Profit/(loss)</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Viscose	26,791,356	23,583,589	3,207,767
	=====	=====	=====
Total 1999	44,282,799	38,438,487	5,844,312
	=====	=====	=====

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
25. FINANCIAL EXPENSES		
Mark up/interest on		
Short term loans	3,900,027	22,508,644
Custom debentures	--	14,680
Lease financing	112,318	704,319
Bank guarantee commission & bank charges	281,588	860,159
Excise duty	--	3,607,314
Interest on W.P.P.F	169,894	151,387
	-----	-----
	4,463,827	27,846,503
	=====	=====

26. PROVISION FOR TAXATION

26.1 Provision for tax has been made in these accounts for the year ended on September 30, 2000

Rs. 47,900,000/- (1999 Rs. 19,287,754/-).

26.2 The assessment of the company has been finalised upto assessment year 1999-2000.

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OFFICERS

Chief Executive		
Salaries	1,800,000	1,200,000
Housing & conveyance	990,000	660,000
	-----	-----
	2,790,000	1,860,000
	=====	=====
Number of persons	1	1

Officers		
Salaries	7,326,336	4,720,452
Housing & conveyance	4,115,664	2,646,348
	-----	-----
	11,442,000	7,366,800
	=====	=====
Number of persons	31	22

27.1 The Chief Executive was also provided with car maintained by the company and the telephone, electricity at residence.

27.2 No remuneration was paid to any other director during the year.

28. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sales	1,291,889	1,290,870
Purchases	325,880,060	184,959,590
Rent & utilities	540,000	540,000

29. PLANT CAPACITY AND ACTUAL PRODUCTION

Total No. of spindles installed	38,400	38,400
Average No. of spindles worked	38,230	38,104
No. of shifts worked per day	3	3
Installed capacity converted to 20/s Kgs.	10,085,814	10,085,814
Actual production converted to 20/s Kgs.	12,847,678	12,768,518

30. EARNING PER SHARE

Profit after taxation as per accounts (Rupees)	53,883,695	35,272,931
Number of ordinary shares	10,312,500	10,312,500
Earnings per share (Rupees)	5.22	3.42

31. FINANCIAL INSTRUMENT AND RELATED DISCLOSURE

Particulars	Note	Mark-up bearing			Non Mark-up bearing			2000 Total Rupees	1999 Total Rupees
		Maturity upto one year	Maturity after one year	Sub Total Rupees	Maturity upto one year	Maturity after one year	Sub Total Rupees		
Financial Assets									
- Trade Debts	16	--	--	--	5,437,724	--	5,437,724	5,437,724	4,134,150
- Advances, Deposits & Other Receivables:	17	--	--	--	24,428,203	--	24,428,203	24,428,203	24,339,855
- Cash & Bank Balances	18	39,595,966	--	39,595,966	36,769,294	--	36,769,294	76,365,260	30,726,183
		-----	-----	-----	-----	-----	-----	-----	-----
		39,595,966	--	39,595,966	66,635,221	--	66,635,221	106,231,187	59,200,188
Financial Liabilities									
- Long Term Loans		--	--	--	--	--	--	--	2,155,522
- Short Term Borrowings	7	99,370,413	--	99,370,413	--	--	--	99,370,413	97,566,620
- Creditors Accrued & other Liabilities	9	--	--	--	11,010,414	--	11,010,414	11,010,414	14,130,191
- Guarantees		--	--	--	936,682	--	936,682	936,682	936,682
- Letter of Credits		--	--	--	92,979,497	--	92,979,497	92,979,497	71,626,000
		-----	-----	-----	-----	-----	-----	-----	-----
		99,370,413	--	99,370,413	104,926,593	--	104,926,593	204,297,006	186,415,015
		=====	=====	=====	=====	=====	=====	=====	=====

31.1 Concentration of Credit Risk

The company applies credit limit to its customers and does not have significant exposure to any individual customer on the reporting date therefore there is no credit risk representing the accounting loss that would be recognised if counter parties failed to perform as contracted.

31.2 Interest Rate Risk

The company is not exposed to any significant interest rate risk as there is little possibility that changes in interest rate will effect the value of financial instruments.

31.3 Fair Values of financial Assets and Liabilities

The carrying value of all the financial assets and liabilities is reported in the financial statements their approximate their fair value.

32. FIGURES

Figures have been rounded off to the nearest rupees.

Corresponding figures of prior year have been re-arranged wherever necessary to facilitate comparison.

Chief Executive

Director