

Bannu Woollen Mills Limited

Annual Report 2000

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COMPANY'S PROFILE

BOARD OF DIRECTORS

RAZA KULI KHAN KHATTAK
Chairman

MUHAMMAD AZHAR KHAN
Chief Executive

LT. GEN. (RETD.) ALI KULI KHAN KHATTAK
AHMED KULI KHAN KHATTAK
MUSHTAQ AHMAD KHAN FCA
MRS. ZEB GOHAR AYUB KHAN
MRS. SHAHNAZ SAJJAD AHMAD
MRS. SHAHEEN TARIQ KHALIL
MANZOOR AHMED SHEIKH (NIT)
MS. FARZANA MUNAF (NIT)

SECRETARY

AMIN-UR-RASHEED
(Secretary & Sr. Manager, Corporate Affairs)

AUDITORS

HAMEED CHAUDHRI & CO.,
Chartered Accountants

BANKERS

National Bank of Pakistan
Bank of Khyber
Pakistan Industrial Credit
& Investment Corporation

MILLS

D.I. KHAN ROAD, BANNU
Phone: (0928) 613151-613250

Fax: (0928) 611450

**REGISTERED OFFICE
& SHARE OFFICE**

Bannu Woollen Mills Limited
Habibabad,
Kohat
Phone: (0922) 510063 - 512930,
Fax: (0922) 510474

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 40th Annual General Meeting of BANNU WOOLLEN MILLS LIMITED will be held at Registered Office, Habibabad - Kohat on Saturday the 31st March, 2001 at 11:45 A.M. to transact the following business:-

A. ORDINARY BUSINESS

1. To confirm minutes of the 39th Annual General Meeting held on 30th March, 2000.
2. To receive, consider and adopt the annual audited accounts of the company for the year ended 30 September, 2000 together with the Director's and Auditors' reports there on.
3. To consider and approve the payment of final cash dividend for the year ended 30th September, 2000, as recommended by the Board of Directors of the company. The Directors have recommended the final dividend @ 30% in addition to the interim dividend already declared and paid @ 20%, making total dividend @ 50% i.e. Rs. 5/- per share for the year ended 30th September, 2000.
4. To appoint auditors for the year ending 30 September, 2001 and fix their remuneration.
5. To consider any other business which may be placed before the Shareholders with the permission of the chair.

B. SPECIAL RESOLUTIONS

To consider and if thought fit, to pass the following resolutions and special resolutions with or without amendments.

(i) Resolved that the consent of the company is hereby granted under section 208 of the Companies Ordinance, 1984 to the Chief Executive of the company for advancing loans/ amounts in cash or otherwise to the tune of Rs. 5.00 million to its associated companies namely Babri Cotton Mills Limited, Janana De Malucho Textile Mill Limited and Rahman Cotton Mills Limited to meet the business transactions involving payments/reimbursement of the branch offices expenses, for purchase and sale of raw materials, stores & spares and for sharing other expenses incurred on behalf of the company, subject to the conditions that the company will charge mark up at the rates not less than the borrowing cost of the company on such advances and all such loans/advances shall be repaid/adjusted after every five years & shall be renewable for the next five years again.

(ii) Further resolved that the words "Rs. 500" in clause 67 of the Articles of Association of the Company shall be replaced with the words "Rs. 3000".

By order of the Board

AMIN-UR-RASHEED

Company Secretary

&

Manager Corporate Affairs

Dated 9th March, 2001

NOTES:

1. The shares Transfer Books of the company shall remain closed from 23rd March, to 29th March, 2001 both days inclusive.
2. Shares received in the Company's Registered Office before close of business on 22 March, 2001 will be considered in order for registration in the names of the transferees to receive the dividend.
3. Any member eligible to attend and vote at this meeting, shall be entitled to appoint any other person as his/her proxy to attend and vote in respect of him/her and proxy instrument dully completed in all respect shall be received by the company not later than 48 hours before the meeting.
4. Statement of material facts u/s 160/1 (b) of the Companies Ordinance, 1984 regarding special business vide paras (b) (i) and (ii) above is detailed here in below:-

(B) (i) (a) In order to run the business of the company efficiently and economically, the Board of Directors of the Company have decided that all the group companies of the textile division will share the branch offices expenses and instead of investing huge amounts in the stores spares and stocks of the company, the company shall be buying the required items as and when required from the sister companies and in order to meet the share office expenses who is conducting and looking after the affairs of the other companies of the textile division and for the proportionate reimbursement of branch offices expenses and for sharing other expenses on behalf of the company. This resolution is being proposed to reduce the overheads of the company, instead of engaging individuals and independent office/offices in major cities of the country.

b) It is further stated that the financial position of the associated companies is very sound in accordance with the results of their published balance sheets as on 30th September, 2000.

c) Mark up shall be charged on these advances at the rates not less then the company's own borrowing cost.

d) Keeping in view the sound financial position of the companies, the Board of Directors have not asked for any collateral security to be obtained from the above referred companies.

e) The amount shall be advanced from the surplus funds available with the company.

f) These loans shall be adjustable after every five years & these shall be renewable for next five years again.

g) The purpose of such advances is to reduce the overhead expenses of the company in order to run the affairs of the company economically instead of hiring individuals/offices in all major cities of the country.

h) The total advances to the associated companies shall be within 30% of the paid up capital plus free reserve of the company

B) (ii) The Directors of the company have increased their meeting fee from Rs 500 to Rs. 3000 per meeting which is necessitated to make amendments in Article 67 of the Articles of Association of the company. The meeting fee has been enhanced keeping in view the depreciated value of Pak rupee. The Directors are only interested to the extent of receiving this meeting fee as and when they will attend the Board meeting.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Directors of your-Company are pleased to present to you, the 40th Annual Report with the Annual Audited Accounts. These include Balance Sheet as on 30 September, 2000, Profit and Loss Account for the year ended 30 September, 2000 and the Auditors' Report to Shareholders on these Accounts. We are pleased to inform you that the operating performance of your Company has further improved as compared to the previous year 1999, as it has earned a Net Profit before Taxation Rs. 51.501 million (Net Profit 1999-Rs 37.654 million) The Net profit for the year has considerably increased by 36.77% over the last year. This has been achieved due to increase in gross sales, by Rs. 24.520 million, despite the payment of sale Tax increased by the Government from 15% to 16.5% on Gross Sales and your Company had to pay Rs. 4.300 million (Rs. 43. Lac) additional amount of Sales Tax during the year under Report. However, these commendable results were achieved in the Woollen Industry due to increased demand of Mills quality products, reasonable sales prices and sound planning of your professional management team.

FINANCIAL RESULTS

Gross Sales for the year 2000 amounted to Rs. 244.164 million (1999- Rs. 219.645 million). The Net Sales revenue (after payment of Sales Tax, Commission and Trade Discounts Rs. 39.832 million) amounted to Rs. 204.332 million (1999 - Rs. 184.949 million after Sales Tax etc. Rs. 34.696 million). The cost of sales increased to Rs. 132.250 million (1999 - Rs. 128.012 million) an increase of only 4.238 million against this sales increased by Rs. 19.383 million. The Gross Profit for the year amounted to Rs. 72.082 million as compared to Rs. 56.936 million of the last year 1999. The Gross Profit percentage works out to 35.28% of the sales against 30.78% of the previous year.

The Company during the year earned an operating Profit (with other income) of Rs. 59.255 million (1999 - Rs. 43. 147 million) and after adjustment/deduction of Rs. 7.753 million on account of other charges (1999 - Rs. 5.493 million) and provision of Tax Rs. 14.900 million (1999-Rs. 9.063 million), the current year net profit available for appropriation amounted to Rs. 36.601 million (1999- Rs. 28.591 million).

OPERATING PERFORMANCE

The Company's Plant Capacity is 2338 Woollen Spindles and 44 Shuttle-less Looms. The production of Woollen yarn for Fabrics and Blankets was 1295046 Kgs (1999 - 1150707 Kgs) and production of Woollen greasy cloth was 1330429 meters (of 30 picks) (1999 - 1,224,019 meters). This increase in production was due to improved attendance of workers and increase in shifts worked/lower stoppage of the machines during the year under review.

NEW INVESTMENT IN PLANT & MACHINERY-Rs. 40.00 million (Rs. 4.00 crore)

Your Directors are pleased to report that letters of Credit have been established in 2000, for import of One Ring Frame, One Woollen Card and Four Shuttle-Less Looms amounting to Rs. 38.000

million in order to enhance the production of fine Fabrics by about 25% of the existing capacity. Four Shuttle-Less looms have already stated commercial production during the month of November, 2000 and the commercial production of Woollen Card and Ring Frame shall commence from April 2001. Another Rs. 2.5 million will be invested in the new factory building during the year 2001-2002. This investment in Plant & Machinery is being financed from our own Cash Resources and shall improve the profitability by about 20% of current year's profit.

DIVIDEND

Your Directors feel pleasure to inform you as under:

i) We approved the payment of interim dividend @ 20% during September, 2000 for the first time in the history of the Company. This interim dividend has already been paid to all the Shareholders of the Company.

ii) We are further pleased to recommend to you to approve payment of final cash dividend @ 30% of the current year profit of the Company.

The total provision for cash dividend shall amount to Rs. 19.500 million i.e. 53.28% of the current year Net Profit after taxation against statutory requirement of 40% under Section 12(9A) of the Income Tax Ordinance, 1979. The Directors have also recommended to approve the transfer of Rs. 17.900 million to General Reserve of the Company. This will improve the Shareholders Equity to Rs. 130.925 million against paid up capital of Rs. 39.000 million only in addition to surplus on revaluation of fixed assets of Rs. 201.013 million.

AUDITORS

The auditors of your company M/s Hameed Chaudhri & Co., Chartered Accountants, H.M. House, 7-Bank Square, Lahore retire and offer their services for re-appointment for the next financial year.

ACKNOWLEDGEMENT

The board of directors acknowledge with thanks the efforts and cooperation of the team of management and the labour. It also appreciates the tradition of good relations between them going back to 40 years.

For the future the directors expect that with good quality raw material and investment in machinery despite increase in wool prices in the following year, the company will keep on making progress and earn higher profits.

The board of directors also expresses gratitude to the financial institutions, i.e. National bank of Pakistan, The Bank of Khyber and PICIC for their cooperation and financial help to the Company.

For & on behalf of the Board of Directors

RAZA KULI KHAN KHATTAK
Chairman

Dated: March 01, 2001

DECADE PERFORMANCE AT A GLANCE **1991 to 2000**

2000 1999 1998 1997 1996 1995 1994 1993 1992 1991

Sales - net	204	185	178	164	143	135	118	121	113	84
Profit before tax	52	38	31	25	26	21	22	24	22	15
Wages to employees	34	38	27	25	23	23	20	17	15	14
Taxes & duties to Govt.	46	42	37	40	37	30	27	29	25	22
Dividend to Shareholders	20	16	12	12	12	12	12	10	10	5
Rate-%	50%	40%	30%	30%	30%	30%	30%	30%	10% & 30% Bonus	30%

Continuous since 1981

SHARE HOLDERS' EQUITY:-

Share Capital	39	39	39	39	39	39	39	33	25	16
Reserves & Unappropriated	92	75	62	50	46	38	36	20	23	6
Fixed Assets-cost	354	352	158	139	137	121	88	82	74	71

Rupees

Break-up value-per share of Rs. 10 each	33.57	30.18	25.85	22.91	21.74	19.76	19.37	16.28	19.23	13.66
Earning per share of Rs. 10 each	9.38	7.33	5.95	4.16	4.98	3.39	3.80	4.48	5.23	3.47

PERCENTAGE

Profit before tax % to sales	25.20	20.36	17.68	15.36	18.32	15.45	19.02	19.68	18.57	17.97
Return on equity-%	27.95	25.12	23.00	18.17	22.92	17.17	19.65	27.54	27.29	29.29

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of BANNU WOOLLEN MILLS LIMITED as at 30 September, 2000 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) our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss accounts 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 September, 2000 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.

LAHORE
February 20, 2001

**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS.**

BALANCE SHEET AS AT 30 SEPTEMBER, 2000

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
CAPITAL AND RESERVES			
Authorised capital 5,000,000 ordinary shares of Rs. 10 each		50,000,000	50,000,000
		=====	=====
Issued subscribed and Paid-up-capital	3	39,000,000	39,000,000
Reserves	4	91,900,000	74,000,000
Unappropriated profit		24,487	823,230
		-----	-----
		130,924,487	113,823,230
SURPLUS ON REVALUATION OF FIXED ASSETS			
	5	201,012,962	201,021,420

DEFERRED LIABILITIES

Deferred taxation	6	2,700,000	3,800,000
Provision for gratuity		13,679,947	12,851,361
		-----	-----
		16,379,947	16,651,361

CURRENT LIABILITIES

Current portion of long term loan	7	0	1,252,443
Short term finances	8	15,189,487	24,254,247
Creditors, accrued and other liabilities	9	40,432,531	23,125,940
Workers' welfare fund		1,598,319	1,605,244
Provision for taxation	10	31,250,760	29,468,298
Dividends	11	18,190,762	16,133,539
		-----	-----
		106,661,859	95,839,711

CONTINGENCIES AND COMMITMENTS

	12		
		-----	-----
		454,979,255	427,335,722
		=====	=====

The annexed notes form an integral part of these accounts.

MUSHTAQ AHMAD KHAN, FCA.
Director

TANGIBLE FIXED ASSETS

Operating fixed assets	13	263,733,953	268,369,173
Capital work-in-progress	14	15,935,008	0
		-----	-----
		279,668,961	268,369,173

LONG TERM

INVESTMENTS	15	6,576,492	6,577,402
LONG TERM LOANS	16	0	104,200
LONG TERM DEPOSITS		205,205	205,205

CURRENT ASSETS

Stores and spares	17	16,117,306	15,943,073
Stock-in-trade	18	47,854,694	37,474,807
Trade debtors	19	57,416,854	57,992,417
Advances, deposits, Prepayments and other receivables	20	46,155,886	39,745,586
Cash and bank balances	21	983,857	923,859
		-----	-----
		168,528,597	152,079,742
		-----	-----
		454,979,255	427,335,722

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MUHAMMAD AZHAR KHAN
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
SALES -Net	22	204,332,246	184,948,955
COST OF SALES	23	132,250,339	128,012,411
GROSS PROFIT		72,081,907	56,936,544
ADMINISTRATIVE AND SELLING EXPENSES	24	14,915,553	14,209,555
OPERATING PROFIT		57,166,354	42,726,989
OTHER INCOME	25	2,088,337	419,677
		-----	-----
		59,254,691	43,146,666
OTHER CHARGES			
Financial - Net	26	2,131,227	1,444,528
Miscellaneous	27	480,236	359,721
Donation to Waqf-e-Kuli Khan Trust		1,419,202	1,033,561
Workers' (profit) participation fund	9.2	2,838,402	2,067,121
Workers' welfare fund - Net		884,367	588,003
		-----	-----
		7,753,434	5,492,934
PROFIT BEFORE TAXATION		-----	-----
		51,501,257	37,653,732
PROVISION FOR TAXATION			
Current	10	16,000,000	11,500,000
Refunds		0	(637,302)
Deferred		(1,100,000)	(1,800,000)
		-----	-----
		14,900,000	9,062,698
PROFIT AFTER TAXATION		-----	-----
		36,601,257	28,591,034
UNAPPROPRIATED PROFIT- Brought forward		823,230	1,832,196
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATION		37,424,487	30,423,230
APPROPRIATIONS:			
Interim dividend @ 20% (1999: @ Nil)		7,800,000	0
Proposed final dividend @ 30% (1999: @ 40%)		11,700,000	15,600,000
Transfer to general reserve		17,900,000	14,000,000
		-----	-----
		37,400,000	29,600,000

UNAPPROPRIATED PROFIT

- Carried to Balance Sheet

24,487 823,230

EPS

30

9.38 7.33

The annexed notes form an integral part of these accounts.

MUSHTAQ AHMAD KHAN, FCA.
Director

MUHAMMAD AZHAR KHAN
Chief Executive

CASH FLOW STATEMENT**FOR THE YEAR ENDED 30 SEPTEMBER, 2000**

<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
CASH INFLOW FROM OPERATING ACTIVITIES (note "A")	34,531,883	35,735,583
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure - net	(5,096,266)	(163,886)
Exchange gain on retirement of Foreign bills payable	0	1,051,406
Dividend received	757,931	0
Sale proceeds of fixed assets	234,749	125,879
Interest received on bank deposit/ Associated Undertakings' balances	1,467,112	2,999,159
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	(2,636,474)	4,012,558
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan installments repaid	(1,252,443)	(3,289,000)
Short term finances - net	(9,064,760)	(19,997,190)
Dividend paid	(17,441,867)	(11,684,319)
Financial charges paid	(4,076,341)	(4,753,850)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(31,835,411)	(39,724,359)
NET INCREASE IN CASH AND CASH EQUIVALENTS	59,998	23,782
CASH AND CASH EQUIVALENTS - At the beginning of the year	923,859	900,077
CASH AND CASH EQUIVALENTS - At the end of the year	983,857	923,859

The annexed note 'A' forms an integral part of this Statement.

MUSHTAQ AHMAD KHAN, FCA.
Director

MUHAMMAD AZHAR KHAN
Chief Executive

NOTE 'A'

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year-Before taxation	51,501,257	37,653,732
Adjustments for:		
Depreciation	7,725,412	7,916,581
Dividend income	(757,931)	0
Loss/(Gain) on disposals of fixed assets	124,865	(36,433)
Revaluation surplus credited	(8,458)	(6,047)
Financial charges	3,541,756	4,677,330
Provision for gravity - net	828,586	5,801,778
Provision for slow moving stores	0	147,000
Interest on bank deposit Associated		
Undertakings' balances	(1,467,112)	(2,999,159)
Workers' Welfare Fund	884,367	588,003
	-----	-----
CASH FLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	62,372,742	53,742,785
(Increase)/decrease in current assets		
Stores and spares	(174,233)	(1,252,672)
Stock-in-trade	(10,379,887)	13,897,939
Trade debtors	575,563	1,238,026
Advances, deposits, prepayments and other receivables (excluding income tax and current portion of long term loans)	(12,947,131)	(3,735,972)
Increase/Decrease) in creditors, accrued and other Liabilities (excluding accrued financial charges)	3,552,628	(18,958,203)
	-----	-----
	(19,373,060)	(8,810,882)
	-----	-----
CASH FLOW FROM OPERATING ACTIVITIES		
- Before taxation	42,999,682	44,931,903
Taxes paid	(8,927,999)	(9,562,320)
	-----	-----
CASH FLOW FROM OPERATING ACTIVITIES		
- After taxation	34,071,683	35,369,583
Long term loans - net	460,200	366,000
	-----	-----

NET CASH INFLOW FROM OPERATING ACTIVITIES

34,531,883 35,735,583

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MUSHTAQ AHMAD KHAN, FCA.
Director**MUHAMMAD AZHAR KHAN**
Chief Executive**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER, 2000**

	<i>Share Capital</i>	<i>Share Premium</i>	<i>General Reserve</i>	<i>Total Reserve</i>	<i>Unappropriated Profit</i>	<i>Total</i>
	<i>(Rupees)</i>					
Balance as at 30 September, 1998	39,000,000	19,445,313	40,554,687	60,000,000	1,832,196	100,832,196
Net profit for the year	0	0	0	0	28,591,034	28,591,034
Proposed dividend	0	0	0	0	(15,600,000)	(15,600,000)
Transfer to general Reserve	0	0	14,000,000	14,000,000	(14,000,000)	0
Balance as at 30 September, 1999	39,000,000	19,445,313	54,554,687	74,000,000	823,230	113,823,230
Net profit for the year	0	0	0	0	36,601,257	36,601,257
Interim dividend	0	0	0	0	(7,800,000)	(7,800,000)
Proposed final dividend	0	0	0	0	(11,700,000)	(11,700,000)
Transfer to general reserve	0	0	17,900,000	17,900,000	(17,900,000)	0
Balance as at 30 September, 2000	39,000,000	19,445,313	72,454,687	91,900,000	24,487	130,924,487

MUSHTAQ AHMAD KHAN, FCA.
Director**MUHAMMAD AZHAR KHAN**
Chief Executive**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER, 2000****1. THE COMPANY AND ITS OPERATIONS**

The Company was incorporated in Pakistan as a Public Company in 1960 and its shares are quoted on Karachi and Islamabad Stock Exchanges. It is principally engaged in manufacture and sale of Woollen yarn, cloth and blankets.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These accounts have been prepared in accordance with the requirements Of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan in all material respects.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention modified by adjustments of exchange rate fluctuations and revaluation of some of the fixed assets as detailed in notes 2.3 and 2.6 respectively.

2.3 Foreign currency translations

Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates ruling on the balance sheet date except where forward exchange rates have been booked which are translated at the contracted rates.

Exchange gains/losses on principal loans are capitalized as pan of the cost of plant and machinery acquired out of the proceeds of such loans. Other exchange gains/losses are included in income currently.

2.4 Staff retirements benefits

The Company operates a Provident Fund Scheme for its officers and supervisory staff. Contribution to the Fund is made monthly to cover the obligation. The Company also operates an un-funded Gratuity Scheme for employees not covered by the Provident Fund Scheme. Provision is made annually to cover the obligation.

2.5 Taxation

Provision for current taxation is made at the prevailing rates. Tax credits, rebates and brought forward losses are recognised for arriving, at taxable income for the year.

The Company accounts for deferred taxation, arising due to major timing differences, using the liability Method.

2.6 Fixed assets and depreciation

Buildings and plant & machinery are stated at reassessed replacement value less accumulated depreciation. Freehold land is stated at reassessed replacement value. All other fixed assets are stated at cost less accumulated depreciation.

All additions, subsequent to the revaluation date, are stated at cost less accumulated depreciation. Exchange rate fluctuations on foreign currency loans are incorporated in the cost of plant and machinery. Borrowing costs pertaining to construction/erection period are also capitalised as pan of the historical cost.

Capital work-in-progress is slated at cost.

Depreciation is charged to income applying Reducing Balance Method to write-off the cost and revaluation adjustments over estimated remaining useful life of assets at the rates stated in note 13.

No. depreciation is charged on assets in the year of disposal whereas full year's depreciation is charged in the year of acquisition.

Gains/losses on disposal of fixed assets are included in current income.

Minor repairs and replacements are charged to income whereas major improvements and modifications are capitalised and assets replaced, other than those kept as stand-by, are retired.

2.7 Long term investments

These are stated at cost.

2.8 Deferred costs

Expenses, the benefit of which is expected to spread over several years, are deferred and amortised over their useful life not exceeding five years.

2.9 Stores and spares

These are valued at moving average cost except items-in transit which are valued at cost accumulated to the balance sheet date.

2.10 Stock in -trade

Basis of valuation are as follows:

<i>Particulars</i>	<i>Mode of valuation</i>
Raw materials At warehouses	- At lower of annual average cost and net realisable value
In transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At cost.
Finished goods	- At lower of cost and net realisable value.
Usable waste	- At estimated realisable value.

- Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

- Net realisable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to bring the goods in saleable form.

2.11 Revenue recognition

- Revenue in respect of sales is recognised on despatch of goods.
- Processing charges are accounted for on completion of jobs.
- Return on deposits is accounted for on 'Receipt Basis'

3. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
2,259,375 ordinary shares of Rs. 10 each issued for cash		22,593,750	22,593,750
1,640,625 ordinary shares of Rs. 10 each issued as bonus shares		16,406,250	16,406,250
		-----	-----
		39,000,000	39,000,000

4. RESERVES

	<i>CAPITAL</i>	<i>REVENUE</i>	<i>2000</i>	<i>1999</i>
	<i>Shares</i>	<i>General</i>	<i>Total</i>	<i>Total</i>
	<i>Premium</i>	<i>reserve</i>		
<i>(RUPEES)</i>				
Opening balance	19,445,313	54,554,687	74,000,000	60,000,000
Transfer during the year	0	17,900,000	17,900,000	14,000,000
Balance as at 30 September	19,445,313	72,454,687	91,900,000	74,000,000

4.1 Shares premium account represents premium received on:

- a) 859,375 shares @ Rs. 7.50 per share issued during the Financial Year 1991-92
- b) 650,000 right shares @ Rs. 20.00 per share issued during the Financial Year 1993-94

5. SURPLUS ON REVALUATION OF FIXED ASSETS

Surplus on revaluation of fixed assets on 01 October, 1978		5,321,420	5,327,467
Surplus on revaluation of freehold land on 15 May, 1999	13.2	195,700,000	195,700,000
		201,021,420	201,027,467
Less: Credited to profit and loss account on disposal of revalued asset	25	8,458	6,047
		201,012,962	201,021,420

5.1 Revaluation of freehold land, buildings and plant & machinery on 01 October, 1978 and revaluation of Freehold land on 15 May, 1999 resulted in a surplus of Rs. 6,680,309 and Rs. 195,700,000 respectively over the book values which were credited to this Account. However, surplus out of revaluation of fixed assets on 01 October, 1978, aggregating Rs. 1,376,347 on disposal of revalued assets up to 30 September, 2000 has been transferred to profit and loss account in the relevant years.

6. DEFERRED TAXATION

Credit on account of accelerated tax depreciation allowances		7,300,000	7,800,000
Debits in respect of provisions for Gratuity, obsolete stores, etc.		(4,600,000)	(4,000,000)
		2,700,000	3,800,000

7. CURRENT PORTION OF LONG TERM LOAN

(a) This represented loan obtained from Pakistan Industrial credit and Investment Corporation Limited (PICIC) in terms of Pak. Rupees equivalent to U.S. \$ 69:2,792 converted into Pak. Rupees at the exchange rates prevailing on the disbursements dates. It was repayable in 20 half yearly un-equal installments commencing 01 January, 1991.

(b) It was secured by an equitable mortgage of all the immovable properties, hypothecation of plant & machinery, first floating charge on all other assets and demand promissory note and carried interest @ 14% per annum calculated on daily product basis.

This long term loan was fully repaid during the year.

8. SHORT TERM FINANCES - Secured

National Bank of Pakistan (NBP)	8.1	2,128,185	11,154,494
The Bank of Khyber (BOK)	8.2	13,061,302	13,099,753
		-----	-----
		15,189,487	24,254,247
		=====	=====

8.1 Cash finance facilities available from NBP under mark-up arrangements aggregate Rs. 55.0 million (1999: Rs. 55.0 million). These are secured by pledge/hypothecation of stock in-trade, 2nd registered collateral mortgage of fixed assets of the Company, demand bills, registered charge on stock-in-trade, book debts and other assets of the Company and personal guarantees of the Company's Directors. These carry mark-up @ Re. 0.44 per thousand rupees calculated on daily products. Facilities for opening letters of credit aggregate Rs. 25.0 million (1999: Rs. 25.0 million) and are secured against documents of title to goods imported under the letters of credit. These facilities are available till 30 September, 2001.

8.2 The running finance facility available from BOK under mark-up arrangements amounts to Rs. 15.0 (1999: Rs. 15.0 million). It is secured by way of registered hypothecation of stocks and demand promissory note of Rs. 18.615 million. It carries mark-up @ Re.0.42 per thousand .rupees calculated on daily products. This facility will expire on 04 August, 2001.

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Due to Associated Undertakings	20.1	3,241,302	1,940,767
Creditors		1,225,449	827,485
Bills payable	9.1	14,288,548	0
Advance payments		1,214,324	453,216
Accrued expenses		10,399,031	10,599,106
Interest accrued on secured long term loan		0	55,395
Mark-up accrued on secured short term finances		168,504	647,694
Sales tax payable		3,849,661	3,788,946
Customs duty			
Income tax deducted at source		0	2,667
Workers' (profit) participation fund	9.2	3,198,280	2,348,819
Waqf-e-Kuli Khan Trust		1,556,014	1,882,837
Others		11,114	12,494
		-----	-----
		40,432,531	23,125,940
		=====	=====

9.1 These are secured against import documents**9.2 Workers' (profit) participation fund**

Opening balance	2,348,819	1,916,646
Interest for the year	391,874	247,359
	-----	-----
	2,740,693	2,191,005
Less: Payments made during the year	2,380,815	1,909,307
	-----	-----
Undistributed amount	359,878	281,698
Contribution for the year	2,838,402	2,067,121
	-----	-----
	3,198,280	2,348,819
	=====	=====

10. PROVISION FOR TAXATION

Opening balance	29,468,298	25,013,678
Add: Transfer from Workers' Welfare Fund	891,292	399,390
	-----	-----
	30,359,590	25,413,068
Provision for the year	16,000,000	1,150,000
	-----	-----
	46,359,590	36,913,068
Less: Adjustments against completed assessments	15,108,830	7,444,770
	-----	-----
	31,250,760	29,468,298
	=====	=====

10.1 Income tax assessments of the Company have been completed upto the Income Year ended 30 September, 1998 (Assessment Year 1999-2000)

10.2 a) The Company has filed a Reference Application against the orders of the Income tax Appellate Tribunal (ITAT) for set-aside the decisions of the Assessment Years 1986-87 to 1988-89.

b) The Assessing Officer has revised assessment order for the Assessment Year 1991-92 U/S 156 of the Income Tax Ordinance, 1979 and has raised aggregate tax demand of Rs. 1.968 million. On an appeal filed by the Company against the said revised order, ITAT has remanded the case back to the Commissioner of Income Tax (Appeals) [CIT(A)].

c) The Assessing Officer has also revised assessment order for the Assessment Year 1996-97 U/S 156 of the Income Tax Ordinance, 1979 and has raised aggregate tax demand of Rs. 3.269 million for interest on dealers outstanding balances. On an appeal filed by the Company against the said revised order, the CIT (Appeals) has set aside the case for re-examination.

d) The Company has also filed an appeal with the ITAT for certain add-backs made by the Assessing Officer for the Assessment Year 1996-97. The appeal is pending for decision.

e) The Company has filed appeals with CIT (Appeals) against certain add backs made by the Assessing officer lot' the Assessment Years 1997-98 to 1999-2000. The appeals are pending for decision.

11. DIVIDENDS

Unclaimed	728,428	533,539
Interim	5,762,334	0
Proposed final	11,700,000	15,600,000
	-----	-----
	18,190,762	16,133,539
	=====	=====

12. CONTINGENCIES AND COMMITMENTS

12.1 Indemnity Bond given by the Company as at 30 September, 2000 was outstanding for Rs. 8.0 million (1999: Rs. 8.0 million).

12.2 Commitments against irrevocable letters of credit outstanding as at 30 September were for

(Rupees in Millions)

- Capital expenditure	9.762	1.644
- Others	9.965	7.906
	-----	-----
	19.727	9.550
	=====	=====

12.3 Refer contents of notes 10.2

13. OPERATING FIXED ASSETS-Tangible

PARTICULARS	COST/REVALUATION				Rate %	DEPRECIATION			BOOK VALUE AS AT 30 SEPTEMBER, 2000	
	As at 30 September, 2000	Additions	Disposals/ Adjustments	As at 30 September, 2000		To 30 September, 1999	For the year	On disposals		To 30 September, 2000
Freehold land cost	152,223	0	0	152,223	0	0	0	0	0	152,223
Revaluation	197,847,777	0	0	197,847,777	0	0	0	0	0	197,847,777
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	198,000,000	0	0	198,000,000	0	0	0	0	0	198,000,000
Buildings on freehold land										
Factory										
Cost	6,280,399	0	0	6,280,399	10	3,388,598	289,180	0	3,677,778	2,602,621
Revaluation	735,847	0	0	735,847	10	580,134	15,571	0	595,705	140,142
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	7,016,246	0	0	7,016,246		3,968,732	304,751	0	4,273,483	2,742,763
Residential										
Cost	831,646	0	0	831,646	10	571,934	25,971	0	597,905	233,741

Revaluation	230,795	0	0	230,795	10	181,957	4,884	0	186,841	43,954
	1,062,441	0	0	1,062,441		753,891	30,855	0	784,746	277,695
Others										
Cost	1,484,707	453,300	0	1,938,007	5	982,443	47,778	0	1,030,221	907,786
Revaluation	859,562	0	0	859,562	5	456,095	20,173	0	476,268	383,294
	2,344,269	453,300	0	2,797,569		1,438,538	67,951	0	1,506,489	1,291,080
	10,442,956	453,300	0	10,876,256	0	6,161,161	403,557	0	6,564,718	4,311,538
Plant and machinery										
Cost	133,584,797	96,906	1,264,895	132,416,808	10	71,718,788	6,161,184	913,820	76,966,152	55,450,656
Revaluation	1,347,439	0	8,458	1,338,981	10	1,063,049	28,260	6,668	1,084,641	254,340
	134,932,236	96,906	1,273,353	133,755,789		72,781,837	6,189,444	920,488	78,050,793	55,704,996
Weightment and material										
handling equipment	410,913	0	0	410,913	10	206,817	20,410	0	227,227	183,686
Tools and equipment	18,303	0	480	17,823	10	12,689	557	437	12,809	5,014
Furniture and fixtures	308,991	34,718	29,050	314,659	10	185,323	15,562	26,288	174,597	140,062
Electric fittings	2,353,918	56,557	50,965	2,359,510	10	1,052,577	135,395	47,021	1,140,951	1,218,559
Office equipment	836,732	176,450	0	1,013,182	10	3,666,349	64,653	0	431,302	581,880
Vehicles	4,858,342	2,631,875	0	7,490,217	20	366,649	894,858	0	3,910,787	3,579,430
Arms	27,350	0	0	27,350	10	3,015,929	976	0	18,562	8,788
Rupees	352,169,741	3,449,806	1,353,848	354,265,699		17,586	7,725,412	994,234	90,531,746	263,733,953
1999 Rupees	157,814,459	195,863,886	1,508,604	352,169,741		76,251,739	7,916,581	367,752	83,800,568	268,369,173

13.1 Some of the fixed assets as detailed in Note 13, were revalued on 1 October, 1978 in order to replace their historical cost with the gross reassessed replacement value and the surplus arisen as a result of such revaluation was transferred to 'Surplus on Revaluation of Fixed Assets Account' (note 5).

13.2 Freehold land of the Company was again revalued on 15 May, 1999 resulting in a revaluation surplus of Rs. 195,700,000 which was transferred to Surplus on Revaluation of Fixed Assets (Note-5) to comply with the requirement of Section 235 of the Companies Ordinance, 1984. The revaluation exercise was carried out to replace the value with the re-assessed replacement value.

13.3 Depreciation for the year has been apportioned as under:

	2000	1999
	Rupees	Rupees
Cost of Sales	6,629,556	7,289,478
Administrative expenses	1,095,856	627,103

7,725,412 7,916,581
 ===== =====

13.4 Depreciation on revalued portion of fixed assets was not charged uptill 1984. Such unprovided depreciation worked-out Rs. 357,342 as at 30 September, 2000 (1999: Rs.391,849).

13.5 Disposal of operating fixed assets.

<i>Particulars</i>	<i>Cost & Revaluation</i>	<i>Accumulated depreciation</i>	<i>Book value</i>	<i>Sale proceeds</i>	<i>Gain/ Loss</i>	<i>Sold through negotiations to:</i>
Plant and machinery:						
Four Shuttleless somet loans	1,189,851	853,802	336,049	160,000	(176,049)	Mr. Abdul Hameed Darul Ihsan Town, Samundari Road. Faisalabad.
One Rope washing machine	18,378	16,461	1,917	16,083	16,083	-do-
One PEL transformer	65,124	50,225	14,899	50,000	35,101	Mr. Hashim Daraz Khan Agency DHQ Hospital. Miran Shah, South Wazirastan
	-----	-----	-----	-----	-----	
	1,273,353	920,488	352,865	228,000	(124,865)	
Tools and equipments	480	437	43	43		0 Brig. (Rtd.) Mahmud Jan Ex-director
Electric fittings						
Air conditioners, refrigerator & room heater etc.	50,965	47,021	3,944	3,944	0	-do-
Furniture and Fixture	29,050	26,288	2,762	2,762	0	-do-
	-----	-----	-----	-----	-----	
Rupees	1,353,85	94,234	359,614	234,749	(124,865)	
	=====	=====	=====	=====	=====	

14. CAPITAL WORK-IN-PROGRESS

This represents cost and expenses of imposed Four Shuttleless sulzer looms.

15. LONG TERM INVESTMENTS - At cost

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Associated Undertakings - Quoted Babri Cotton Mills Limited 125,584 (1999: 125,654) ordinary shares of Rs. 10 each	15.1	1,632,592	1,632,592
Market value Rs. 3,767,520 (1999: Rs. 628,270) Janana De Malucho Textile Mill Limited: 380300 ordinary shares of Rs. 10 each		4,943,900	4,943,900

Market value Rs. 7,606,000 (1999: Rs.2,281,800)	-----	-----
	6,576,492	6,577,402
	=====	=====

15.1 (a) These shares of Babri Cotton Mills Limited are held by National Bank of Pakistan as security against short term finances extended to Janana De Malucho Textile Mills Limited.

(b) 70 shares of Babri Cotton Mills Limited were distributed during the year by way of dividend in specie and adjusted accordingly at the rate of Rs. 13 per share.

16. LONG TERM LOANS - Considered good

Loan to a Director - Secured	16.2	0	300,000
Loan to an Executive - Unsecured	16.3	0	160,200
		-----	-----
		0	460,200
Less: Current portion grouped under current assets		0	356,000
		-----	-----
		0	104,200
		=====	=====

16.1 The above balance may be classified as under:

Out standing for periods exceeding 3 years		0	0
Others		0	104,200
		-----	-----
		0	104,200
		=====	=====

16.2 This represented balance of interest free loan of Rs. 2.0 million given to a working Director during 1994 for construction of House as approved by the Corporate Law Authority vide its letter No. CL-195/1/94-95 dated 20 September, 1994. This was secured against demand promissory note and pledge of 35,000 shares of the Company owned by the said Director. The loan was recoverable in 20 equal quarterly installments commencing 30 September, 1995. The outstanding balance of this loan has been fully recovered during the year by the Company.

16.3 This interest-free loan had been granted for purchase of Vehicle and was recoverable over a period of four years commencing June, 1998. However, balance amount of this loan has been fully recovered during the year by the Company.

16.4 Refer contents of note 20.2

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
17. STORES AND SPARES			
Stores	17.1	9,320,169	7,407,479
Spares		7,147,137	8,885,594
		-----	-----
		16,467,306	16,293,073

Less: Provision for slow moving items	350,000	350,000
	-----	-----
	16,117,306	15,943,073
	=====	=====

17.1 Stores amounting Rs. 2.602 million (1999: Rs. Nil) were in transit as at balance sheet date.

17.2 The Company does not hold any stores and spares for specific capitalisation.

18. STOCK-IN-TRADE

Raw materials

At warehouse including Rs. 5.511 million
(1999: Rs. 2.186 million) in Customs Bond

In transit	27,862,390	15,618,571
	-----	-----
	5,934,270	4,077,488
	-----	-----
	33,796,660	19,696,059
Work-in-process	6,633,619	8,328,785
Finished goods	7,424,415	9,449,963
	-----	-----
	47,854,694	37,474,807
	=====	=====

19. TRADE DEBTORS

These are unsecured and considered good.

20. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Due from Associated Undertakings	20.1	13,646,836	12,908,658
Current portion of long term loans	16	0	356,000
Loans and advances to employees			
- Considered good		183,417	208,393
Advance payments		239,632	145,838
Margin deposits		10,133,300	2,261,900
Prepayments		61,732	82,716
Letters of credit		3,942,023	186,925
Income tax refundable/advance tax/ tax deducted at source		16,844,205	23,025,036
Claims receivable - Considered good		1,104,741	570,120
		-----	-----
		46,155,886	39,745,586
		=====	=====

20.1 Associated Undertakings:

a) Mark-up has been charged/paid at the rate ranging from Re.0.42 to Re. 0.49 per thousand Rupees on the current account balances of the Associated Undertakings. However, no mark-up has been paid on the current account balances of Universal Insurance Company Limited as these balances have arisen on account of insurance premium payable.

b) Maximum aggregate debit balance of Associated Undertakings at any month end

during the year was Rs.13,646,839 (1999 Rs.28,978,616)

c) Aggregate transactions with the Associated Undertakings during the year were as follows:

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
Purchase of goods and services	2,292,976	1,730,738
Sales of goods and services	330,940	445,714
Interest paid	290,153	109,522
Dividend paid	6,352,818	3,236,364
Dividend received	757,931	0
Interest received	1,328,386	2,986,583

20.2 Maximum aggregate debit balance of the Chief Executive at any month end during the year was Rs. Nil (1999: Rs.9,492) and of the Director was Rs. 300,000 (1999: Rs.600,000).

Maximum aggregate debit balance of the Executives at any month end during the year was Rs. 299,228 (1999: Rs.234,926).

21. CASH AND BANK BALANCES

Cash -in-hand	66,070	103,555
Cash at banks on:		
Current accounts	645,236	765,508
Deposit account	31,887	0
Dividend accounts	240,664	54,796
	-----	-----
	917,787	820,304
	-----	-----
	983,857	923,859
	=====	=====

22. SALES - Net

Fabrics and blankets	239,761,622	219,306,851
Yarn	3,738,690	0
Wastes	648,918	333,383
Processing charges	15,318	4,664
	-----	-----
	244,164,548	219,644,898
	-----	-----
Less:		
Sales tax {(including Rs. Nil relating to prior years) (1999: Rs. 266,000)}	32,582,754	28,280,841
Discount	81,454	555,800
Commission	6,268,094	5,859,302
	-----	-----
	39,832,302	34,695,943
	-----	-----
	204,332,246	184,948,955
	=====	=====

23. COST OF SALES

Raw materials consumed	23.1	67,425,078	62,193,036
Salaries, wages and benefits including gratuity expense of prior years Nil (1999: Rs. 4,210.813)		24,976,089	28,205,645
Power and fuel		13,406,611	11,852,366
Stores consumed		9,522,861	9,738,803
Repair and maintenance		5,072,702	4,851,386
Depreciation		6,629,556	7,289,478
Insurance		480,918	481,245
Others		115,810	154,698
		-----	-----
		128,529,625	24,766,657
Adjustment of work-in-process			
Opening		8,328,785	7,041,559
Closing		(6,633,619)	(8,328,785)
		-----	-----
		1,695,166	1,287,226)
		-----	-----
Cost of goods manufactured		130,224,791	123,479,431
Adjustment of finished goods			
Opening		9,449,963	13,982,943
Closing		(7,424,415)	(9,449,963)
		-----	-----
		2,025,548	4,532,980
		-----	-----
		132,250,339	128,012,411
		=====	=====
23.1 Raw materials consumed			
Purchases {(net of returns of Rs. Nil (1999: 111,565)}		81,525,679	51,540,851
Adjustment of stock			
Opening		19,696,059	30,348,244
Closing		(33,796,660)	(19,696,059)
		-----	-----
		(14,100,601)	10,652,185
		-----	-----
		67,425,078	62,193,036
		=====	=====

24. ADMINISTRATIVE AND SELLING EXPENSES

Administrative:			
Salaries and benefits including gratuity expense of prior years Nil (1999: Rs. 434,494)		7,754,927	7,431,350
Travelling including directors' Rs. 450,529 (1999: Rs. 758.833)		651,538	914,408
Rent, rates and taxes		453,014	263,797
Entertainment/guest house expenses		229,514	162,286
Communication		463,123	410,192
Printing and Stationery		333,943	244,630

Electricity	973,008	634,139
Insurance	10,198	8,401
Repair and maintenance	218,942	146,025
Vehicles' running	740,832	690,034
Advertisement	17,553	58,860
Subscription/papers and periodicals	121,060	92,070
General	57342	21,581
Depreciation	1,095,856	627,103
	-----	-----
	13,120,940	11,704,876
Selling & distribution:		
Salaries and benefits	1,354,076	1,247,055
Travelling	19,731	10,900
Outward freight	3,860	4,977
Sales promotion/samples	233,963	215,380
Publicity	33,000	73,660
Export tax	0	952,707
Communication	23,057	0
Vehicle's running	105,755	0
Others	21,171	0
	-----	-----
	1,794,613	2,504,679
	-----	-----
	14,915,553	14,209,555
	=====	=====

24.1 The Company has shared expenses of Combined Offices with the Associated Undertakings aggregating Rs. 3,302,772 (1999: Rs. 1,856,905).

25. OTHER INCOME

Empties/scrap/trees sale	241,968	203,945
Gain on disposals of fixed assets	0	36,433
Surplus on revaluation of fixed ass credited	5	8,458
Unclaimed balances written back	1,073,688	173,252
Dividend	757,931	0
Gain on sale of stores	6,292	0
	-----	-----
	2,088,337	419,677
	=====	=====

26. FINANCIAL CHARGES - Net

Interest on:		
Secured long term loan	41,089	385,704
Employees' Provident Fund	279,062	46,496
Workers' (Profit) participation fund	391,874	274,359
Mark up on:		
Associated Undertakings' balances	290,153	109,522
Secured short term finances	2,539,578	3,861,249
	-----	-----

		3,541,756	4,677,330
Less:	Interest/profit earned on:		
	Dealers balances	0	274,184
	Associated Undertakings' balances	328,386	2,986,583
	Bank deposit account	138,726	12,576
		-----	-----
		1,467,112	3,273,343
		2,074,644	1,403,987
Bank charges		56,583	40,541
		-----	-----
		2,131,227	1,444,528
		=====	=====

27. MISCELLANEOUS CHARGES

Auditors' remuneration			
Audit fee		100,000	75,000
Consultancy charges		30,000	30,000
Out-of-pocket expenses		15,000	7,500
		-----	-----
		145,000	112,500
Donations	27.1	66,800	25,596
Legal and professional charges (other than Auditors)		143,571	221,625
Loss on disposal of fixed assets		124,865	--
		-----	-----
		480,236	359,721
		=====	=====

27.1 In addition to these, Rs. 1,419,202 (1999: Rs.1,033,561) have been donated to Waqf-e-Kuli Khan Trust (a Charitable Institution) administered by the following directors of the Company:

1. Mr. Raza Kuli Khan Khattak
2. Mr. Ahmad Kuli Khan Khattak
3. Mrs. Shahnaz Sajjad Ahmad
4. Mr. Mushtaq Ahmad Khan, FCA
5. Mrs. Zeb Gohar Ayub Khan
6. Mrs. Shaheen Tariq Khalil

28. SUMMARISED RESULTS OF UNIT-II,

The Company during 1995, installed Unit No. II for manufacture of woollen yarn, cloth and blankets. This Unit is exempt from tax for a period of eight years w.e.f. January, 1995 under sub-clause (C) of clause (118-H) of Part-I of the Second Schedule to the Income Tax Ordinance, 1979. The Regional Commissioner of Income Tax vide its Certificate No. 3538 dated 11 December, 1994 has issued the necessary Exemption under the said clause.

The summarised results of Unit No. 11 are as follows:

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
SALES - Net	36,817,308	41,336,167
COST OF SALES	27,151,543	30,405,551
	-----	-----

GROSS PROFIT	9,665,765	10,930,616
ADMINISTRATIVE AND SELLING EXPENSES	675,155	873,882
	-----	-----
OPERATING PROFIT	8,990,610	10,056,734
OTHER CHARGES		
Financial - Net	445,937	371,939
Donation to Waqf-e-Kuli Khan Trust	213,617	242,118
Workers' (Profit) Participation Fund	427,234	484,235
	-----	-----
	1,086,788	1,098,292
	-----	-----
PROFIT FOR THE YEAR	7,903,822	8,958,442
	=====	=====

The results shown above have been grouped with their respective beads of profit and loss account.

29. FINANCIAL ASSETS AND LIABILITIES

29.1 The financial assets of the Company aggregated Rs. 79.934 million of which Rs. 79.868 million are subject to credit risk. The effective interest/mark-up rate of financial assets range from 15.33% to 16.79% per annum.

29.2 The financial liabilities of the Company aggregated Rs. 64.270 million. The financial liabilities are based on mark-up/interest except for liabilities aggregating Rs. 46.001 million. The effective interest/mark-up rate of financial liabilities range from 15.33% to 17.89% per annum.

29.3 The carrying amounts of the financial assets and financial liabilities approximate their fair values except for long term investments which are stated at cost.

30. EARNINGS PER SHARE (EPS)

Profit after taxation attributable to ordinary shareholders	36,601,257	28,591,034
	=====	=====

No. of shares

Number of ordinary shares issued and Subscribed at the end of the year	3,900,000	3,900,000
	=====	=====

Rupees

EPS	9.38	7.33
	=====	=====

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

PARTICULARS	<i>Chief Executive</i>		<i>Working Directors</i>		<i>Executives</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>

Remuneration (including bonus)	962,716	940,083	844,542	723,221	3,200,625	2,863,145
Provident Fund contribution	80,193	54,485	0	0	260,641	225,491
House rent	0	0	175,500	175,500	139,950	108,900
Insurance	1,660	1,660	2,355	0	29,449	5,576
Reimbursement of medical and others expenses	37,745	70,584	0	0	255,694	190,809
Utilities	0	0	39,000	54,133	38,598	29,740
Rupees	1,082,314	1,066,812	1,061,397	952,854	3,924,957	3,423,661
Number of persons	1	1	2	2	10	9

31.1 The Chief Executive has also been provided with free use of the Company's car, Company maintained house and telephone at his residence. Executives are provided with houses at Company's Colony.

31.2 Remuneration of Chief Executive and directors does not include any amount provided for or paid by the Associated Undertakings. Payments to the working Directors represent the Company's share of remuneration transferred by the Associated Undertakings.

31.3 In addition to above, meeting fee of Rs. 13500 (1999: Rs. 5,500) was also paid to five (1999: seven) non-working directors.

32. NUMBER OF EMPLOYEES

Number of employees at year-end was 554 (1999: 548).

33. CAPACITY AND PRODUCTION

2000 **1999**

Yarn

Number of spindles installed (1,858 in Unit No. 1 and 480 in Unit No.11)	2,338	2,338
Number of spindles/shifts worked	1,819,200	1,692,673
Installed capacity at 5 Nm count (Kgs.)	3,732,479	3,732,479
Actual production converted into 5 Nm count (Kgs.)	1,295,046	1,150,707
Number of shifts worked {(Unit No. II worked for 912 (1999:912) Shifts)}	1,793	1,793

Cloth

Number of looms installed {36 (1999: 40) in Unit No. 1 and 8 (1999: 8) in unit No. II}	44	48
Number of looms/shifts worked	34,651	32,391
Installed capacity of 44 (1999: 40) operational looms at 30 picks (Meters)	3,365,455	3,365,455

Actual production converted into 30 picks (Meters)	1,330,429	1,224,019
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Number of shifts worked

{Unit No. II worked for 1065

(1999: 1,020) Shifts}

2,112	2,044
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It is difficult to describe precisely the production capacity in spinning/weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist, the width and construction of cloth woven, etc. It also varies according to the pattern of production adopted in a particular year.

34. FIGURES

- in the accounts are rounded off-to the nearest rupee:

- of the previous year are re-arranged wherever necessary for the purposes of comparison.

MUSHTAQ AHMAD KHAN, FCA
Director

MUHAMMAD AZHAR KHAN
Chief Executive

PATTERN OF SHAREHOLDING

AS ON 30th SEPTEMBER 2000

Form - 34

The Complies Ordinance, 1984

(Section 236)

<i>NUMBER OF SHARE HOLDERS</i>	<i>SHAREHOLDING FROM</i>	<i>TO</i>	<i>TOTAL SHARES HELD</i>
197	1	100	9,115
208	101	500	57,347
207	501	1,000	161,084
121	1,001	5,000	299,592
35	5,001	10,000	262,781
8	10,001	15,000	105,801
7	15,001	20,000	122,253
4	20,001	25,000	90,681
5	25,001	30,000	144,562
3	30,001	35,000	99,072
3	35,001	40,000	112,964
2	40,001	45,000	83,534
4	45,001	50,000	195,717
1	50,001	55,000	50,593
1	60,000	65,000	60,373
1	300,001	305,000	300,155
1	315,001	320,000	319,465
1	405,001	410,000	406,078
1	1,015,001	1,020,000	1,018,833
-----			-----
810		TOTAL:	3,900,000
=====			=====

<i>Categories of Shareholders</i>	<i>Number</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	794	1,813,477	46.4993
Investment Companies	1	7,420	0.1900
Insurance Companies	2	323,133	8.2853
Joint Stock Companies	10	1,348,000	34.564
Financial Institutions	2	406,878	10.4334
Trust	1	1,092	0.0280
	-----	-----	-----
TOTAL	810	3,900,000	100.0000
	=====	=====	=====