

**BALANCE SHEET AS AT JUNE 30, 2004
(UN-AUDITED)**

	Note	June 30 2004 Rupees	Sep 30, 2003 Rupees
SHARE CAPITAL			
AUTHORISED CAPITAL			
20,000,000 ordinary shares of Rs. 10 each.		<u>200,000,000</u>	<u>200,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
12,601,160 ordinary shares of Rs. 10 each fully paid in cash		126,011,600	126,011,600
Unappropriated loss		(222,039,739)	(205,004,090)
		<u>(96,028,139)</u>	<u>(78,992,490)</u>
SURPLUS ON REVALUATION OF FIXED ASSETS	6	79,662,154	81,905,951
LONG TERM LOANS		144,382,988	99,451,142
DEFERRED LIABILITIES			
Custom levies		5,591,401	5,591,401
Staff retirement gratuity		6,221,515	5,477,812
Taxation		<u>21,718,586</u>	<u>26,208,864</u>
		33,531,502	37,278,077
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		<u>102,323,248</u>	<u>105,144,466</u>
Provision for taxation		2,201,067	1,288,344
Dividend		454,931	465,612
		<u>104,979,246</u>	<u>106,898,422</u>
CONTINGENCY	7	<u>266,527,751</u>	<u>246,541,102</u>
		Rupees	Rupees
OPERATING ASSETS		192,480,804	198,410,314
LONG TERM INVESTMENT		27,533	23,666
LONG TERM DEPOSITS		663,672	663,672
CURRENT ASSETS			
Stores, spares		<u>2,343,241</u>	<u>1,875,552</u>
Stock in trade		28,368,931	18,413,095
Trade debtors		5,833,759	11,956,682
Advances, deposits, prepayments and other receivables		29,219,898	10,972,779
Cash and bank balances		<u>7,589,913</u>	<u>4,225,342</u>
		73,355,742	47,443,450
The annexed notes from 01 to 11 form an integral part of these financial statements.		<u>266,527,751</u>	<u>246,541,102</u>
CHIEF EXECUTIVE			DIRECTOR

CASH FLOW STATEMENT
FOR THE PERIOD ENDED JUNE 30,2004

	Jun. 30.2004 RUPEES	Jun. 30.2003 RUPEES
a) CASH FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	(22,832,001)	(2,451,820)
Depreciation	7,832,668	12,621,305
Gain on restatement of long term investment	(3,867)	(2,980)
Provision for gratuity	1,408,366	1,118,100
Gratuity paid	(664,663)	(569,056)
Financial charges	2,086,198	2,147,264
	<u>(12,173,299)</u>	<u>12,862,813</u>
CHANGING IN WORKING CAPITAL		
(Increase)/Decrease in current assets		
Stores & spares	(467,689)	(1,381,831)
Stock in Trade	(9,980,836)	(25,679,570)
Trade debts	6,122,923	334,395
Advances,deposits,prepayments & other receivables	(18,247,119)	(464,318)
Increase/(decrease) in current liabilities	0	
Creditors accrued & other liabilities	(4,636,536)	78,017,390
	<u>(27,209,257)</u>	<u>50,826,066</u>
Cash generated from operation	(39,382,557)	63,688,879
Financial charges paid	(270,880)	(354,773)
Dividend paid	(10,681)	(5,768,400)
Net cash generated / (used in) operating activities	<u>(39,664,118)</u>	<u>57,565,706</u>
b) CASH FROM INVESTMENT ACTIVITIES		
Fixed Capital expenditure	(2,178,227)	(1,128,758)
Proceed from disposal of fixed assets	275,069	
Net cash used in investing activities	<u>(1,903,158)</u>	<u>(1,128,758)</u>
c) CASH FROM FINANCING ACTIVITIES		
Long term loan obtained	45,958,946	16,133,000
Repayment of long term loan	(1,027,100)	(76,615,076)
Decrease in short term bank borrowings	0	(4,050,000)
Net cash generated / (applied in) financing activities	<u>44,931,846</u>	<u>(64,532,076)</u>
Net increase/(decrease) in cash and bank balances (a+b+c)	3,364,571	(8,095,128)
Cash & bank balances at the beginning of the year	4,225,342	8,149,697
Cash & bank balances at the end of period	<u>7,589,913</u>	<u>54,569</u>

The annexed notes from 01 to 11 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2004**

	Share Capital Rupees	Accumulated Loss Rupees	Total Rupees
Balance as at September 30, 2002	126,011,600	(227,626,471)	(101,614,871)
Effect of changes in accounting policies:			
Staff retirement gratuity	-	232,499	232,499
Incremental depreciation on revalued assets relating to previous periods	-	13,698,658	13,698,658
Restated balance as at september 30, 2002	126,011,600	(213,695,314)	(87,683,714)
Loss for the period (Oct-02 to Jun-03)	-	(1,980,737)	(1,980,737)
Incremental depreciation on revalued assets for the period-net of deferred tax	-	3,642,191	3,642,191
Balance as at June 30, 2003	126,011,600	(212,033,860)	(86,022,260)
Profit for 4th quarter ended September 30,2003	-	5,815,707	5,815,707
Incremental depreciation on revalued assets for the period net of deferred tax	-	1,214,063	1,214,063
Balance as at September 30, 2003	126,011,600	(205,004,090)	(78,992,490)
Loss for the period (Oct-03 to Jun-04)	-	(19,262,330)	(19,262,330)
Incremental depreciation on revalued assets for the period net of deferred tax	-	2,243,797	2,243,797
	<u>126,011,600</u>	<u>(222,022,623)</u>	<u>(96,011,023)</u>

The annexed notes from 01 to 11 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2004**

1. The Company is limited by shares incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Stock Exchanges in Pakistan. The principal business of the Company is manufacture and sale of yarn. The mills is located at Tehsil Jaranwala, District Faisalabad, in the Province of Punjab.
2. These financial statements have been prepared under "historical cost convention" except that certain fixed assets have been included at valuation. These financial statements are prepared in compliance with the International Accounting Standard (IAS) 34, Interim Financial Reporting and section 245 of the Companies Ordinance, 1984.
3. The accounting policies and methods of computation followed in the preparation of third quarter financial statements are the same as those of the published annual financial statements for the year ended September 30, 2003.
4. There is no unusual item included in these financial statements which is affecting assets, liabilities, equity, loss or cash flows of the Company.

	June 30, 2004 Rupees	September 30, 2003 Rupees
5 SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance	81,905,951	126,661,282
Incremental depreciation on revalued assets relating to previous years transferred to accumulated loss	-	(13,698,658)
Deferred tax liability as at October 01, 2002	-	(26,200,419)
Incremental depreciation arising out of revaluation of fixed assets for the period transferred to accumulated loss-net of deferred tax	(2,243,797)	(4,856,254)
	<u>79,662,154</u>	<u>81,905,951</u>

	June 30, 2004 (Million)	September 30, 2003 (Million)
6 CONTINGENCIES AND COMMITMENTS		
CONTINGENCIES		
There is no change in contingent liabilities since the last annual balance sheet date.		
COMMITMENTS		
Outstanding letters of credit for stores and spares	13.12	0.903

	Acquisition June 30, 2004 Rupees	Disposal June 30, 2004 Rupees
7 ACQUISITION AND DISPOSAL OF FIXED ASSETS AT COST		
Plant and machinery	1,655,643	-
Office equipment	522,584	-
Vehicles	-	1,386,769
	<u>2,178,227</u>	<u>1,386,769</u>

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2004**

	Quarter Apr-Jun 2004 Rupees	For the period Oct-2003 to Jun-2004 Rupees	Quarter Apr-Jun 2003 Rupees	For the period Oct-2002 to Jun-2003 Rupees
8 Cost of goods sold				
Cost of goods manufactured (8.1)	84,640,423	213,649,705	104,936,501	274,485,724
Yarn Purchases	-	-	541,478	1,164,978
Finished goods				
Opening stock	1,746,403	7,188,013	4,163,930	3,740,588
Closing stock	(9,419,028)	(9,419,028)	(8,649,746)	(8,649,746)
	(7,672,625)	(2,231,015)	(4,485,816)	(4,909,158)
	<u>76,967,798</u>	<u>211,418,690</u>	<u>100,992,163</u>	<u>270,741,544</u>
8.1 Cost of goods manufactured				
Raw material consumed (9.1)	60,721,697	152,345,685	80,351,297	205,008,731
Stores and spares	1,008,091	3,418,870	1,006,346	2,884,122
Packing material	791,015	2,157,069	947,266	2,840,079
Salaries and wages	4,869,225	14,458,850	5,265,220	16,111,809
Retirement benefits	300,000	1,015,881	300,000	882,000
Fuel and power	12,318,267	30,822,425	10,900,431	32,039,383
Repairs and maintenance	145,387	286,143	132,580	261,343
Postage and telecommunicati	15,686	73,200	30,255	81,485
Vehicle running and maintena	95,080	190,084	120,936	245,231
Insurance	306,000	919,800	306,000	970,319
Depreciation	3,240,193	7,552,601	4,005,557	12,116,452
Other	621,924	757,506	1,279,425	1,493,851
	84,432,565	213,998,114	104,645,313	274,934,806
Work in process				
Opening stock	2,759,955	2,203,689	2,589,286	1,849,016
Closing stock	(2,552,098)	(2,552,098)	(2,298,098)	(2,298,098)
	207,857	(348,409)	291,188	(449,082)
	<u>84,640,423</u>	<u>213,649,705</u>	<u>104,936,501</u>	<u>274,485,724</u>
8.1.1 Raw material consumed				
Opening stock	19,592,072	9,021,393	68,546,140	11,376,572
Purchases including purchase expenses-n	54,299,890	156,494,557	43,503,059	225,330,061
	73,891,962	165,515,950	112,049,199	236,706,633
Closing stock	(13,170,265)	(13,170,265)	(31,697,902)	(31,697,902)
	<u>60,721,697</u>	<u>152,345,685</u>	<u>80,351,297</u>	<u>205,008,731</u>
9 AGGREGATE TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS			June 30, 2004 Rupees	June 30, 2003 Rupees
Purchases			-	1,164,978
Energy purchases			31,166,953	35,535,989
10 DATE OF AUTHORISATION FOR ISSUE				
These financial statements were authorised for issue on 25/07/2004 by the Board of Directors of the Company.				
11 FIGURES				
- have been rounded off to the nearest Rupee.				
- of prior period have been re-arranged and regrouped wherever necessary for the purpose of comparison.				
CHIEF EXECUTIVE			DIRECTOR	

**PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED JUNE 30, 2004**

	Quarter Apr-Jun 04 R U P E E S	For the period Oct-June 04 R U P E E S	Quarter Apr-Jun 03 R U P E E S	For the period Oct-June 03 R U P E E S
Sales (Net)	68,526,359	182,165,326	104,938,056	277,000,510
Cost of sales	<u>66,021,052</u>	<u>200,471,945</u>	<u>100,992,163</u>	<u>270,741,544</u>
Gross profit	2,505,307	(18,306,619)	3,945,893	6,258,966
Other income	2,996	3,736,381	1,976	357,699
	<u>2,508,303</u>	<u>(14,570,238)</u>	<u>3,947,869</u>	<u>6,616,665</u>
OPERATING EXPENSES				
Administrative	<u>1,331,149</u>	<u>4,275,063</u>	<u>2,035,413</u>	<u>5,240,034</u>
Selling and distribution	<u>476,003</u>	<u>1,900,502</u>	<u>443,176</u>	<u>1,681,187</u>
	<u>1,807,152</u>	<u>6,175,565</u>	<u>2,478,589</u>	<u>6,921,221</u>
Operating profit	<u>701,151</u>	<u>(20,745,803)</u>	<u>1,469,280</u>	<u>(304,556)</u>
OTHER CHARGES				
Financial expenses	<u>660,478</u>	<u>2,086,198</u>	<u>719,054</u>	<u>2,147,264</u>
Profit/(Loss) before taxation	40,673	(22,832,001)	750,226	(2,451,820)
Taxation				
Current	<u>(342,671)</u>	<u>(912,723)</u>	<u>(525,984)</u>	<u>(1,387,607)</u>
Deferred	<u>418,475</u>	<u>4,482,394</u>	<u>611,737</u>	<u>1,858,688</u>
	<u>75,804</u>	<u>3,569,671</u>	<u>85,753</u>	<u>471,081</u>
Profit/(Loss) for the period after taxat	116,476	(19,262,330)	835,979	(1,980,739)
Accumulated loss brought forward	(223,121,423)	(205,004,090)	(214,083,903)	(213,695,312)
Incremental depreciation on revalued assets during the period	<u>981,324</u>	<u>2,243,797</u>	<u>1,136,082</u>	<u>3,564,209</u>
Accumulated loss carried forward	<u>(222,023,623)</u>	<u>(222,022,623)</u>	<u>(212,111,842)</u>	<u>(212,111,842)</u>
Earning per share	0.01	(1.53)	0.07	(0.16)

The annexed notes from 01 to 11 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR