

Jubilee Spinning & Weaving Mills Limited

Annual Report 2000

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Board of Directors

Muhammad Arshad
Salman Raft
Shams Rafi (Chief Executive)
Shaukat Shaft
Umer Shaft
Usman Shaft
Zahid Bashir

Company Secretary

Masood A. Sheikh

Auditors

Rahim Jan & Company
Chartered Accountants

Internal Auditors

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Legal Advisers

A. K. Brohi & Co.
Ghani Law Associates

Bankers

Faysal Bank Limited
Habib Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan
Union Bank Limited

Registered Office

40-A, Off, Zafar Ali Road, Gulberg V, Lahore-Pakistan.

Mills

B-28, S.I.T.E., Karachi-Pakistan.

Head Office

3rd Floor, Finlay House,
I. I. Chundrigar Road, Karachi-Pakistan.

Notice of Annual General Meeting

Notice is hereby given that the Twenty Seventh Annual General Meeting of the shareholders of Jubilee Spinning & Weaving Mills Limited will be held at Registered Office, 40-A, Off. Zafar All Road, Gulberg V, Lahore, on Saturday the March 31, 2001 at 12:00 Noon to transact the following business:-

1. To receive and adopt Audited Accounts of the Company for the year ended September 30, 2000 together with the Directors and Auditor's Reports thereon.
2. To appoint Auditors and fix their remuneration.

Participation in the Annual General Meeting:

A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.

Book Closure:

The Share Transfer Books of the Company will remain closed from March 24, 2001 to March 30, 2001 (both days inclusive).

On behalf of the Board

Masood A. Sheikh
Company Secretary

Registered Office:

40-A, Off. Zafar All Road,
Gulberg V, Lahore.
Phone No: 92-42-111-245 245
Fax No: 92-42-111-222-245

Dated: March 03, 2001

Director's Report to the Shareholders

Your Directors are pleased to present the 27th Annual Report alongwith detailed notes for the year ended September 30, 2000.

Your company's trading for the year resulted in pre-tax profit of Rs.3,955,484 after meeting all operational, administrative, financial and other expenses.

Break up of the same can be read under Profit & Loss Account 2000.

2000
Rupees

Profit before taxation	3,955,484
Provision for taxation	(3,510,000)

	445,484
Accumulated loss brought forward	(290,334,767)

Accumulated loss carried forward	(289,889,283)
	=====

The present Auditors Messrs. Rahim Jan & Co., retire and eligible, offer themselves for re-appointment.

Information required under section 236 (2) of the Companies Ordinance 1984 follows as "Review" on the next page.

Management express their appreciation to all categories of employees for their diligent performance, dis-play of harmony and their continued efforts to improve the efficiency all round.

For and on behalf of the Board

Shams Rafi

Chief Executive

March 03, 2001

Karachi.

Chief Executive Review

I am pleased to present herewith the 27th Annual Report of the Company for the year ending September 30, 2000.

By the grace of God, the Company has recorded its highest ever sales and almost all costs, including financial expenses, have shown a significant decline. A good cotton crop, lower mark-up rates, better marketing and prudent management have resulted in a pre-tax profit after two years of substantial losses.

Last season's bumper cotton crop has helped the textile industry work itself out of a prolonged recession. Stable yarn rates and reasonable raw cotton prices were the main factors contributing to the return to profitability in this sector.

The Company's sales increased by 21% to Rs. 676.04 million and exports were 24.7% of total sales, an increase of 340% over the previous year. Gross profit was Rs. 58.58 million as compared to last year's gross loss of Rs. 106.58 million, a positive swing of more than Rs. 165 million. Administrative expenses have been reduced by Rs. 4.64 million or 26% compared to the previous year. Operating profit was Rs. 34.67 million as compared to last year's operating loss of Rs. 128.73 million. Financial expenses were also reduced by 10.1% from the previous year. Pre-tax profit increased by over Rs. 20! million to Rs. 3.9 million.

The size of the cotton crop for the 2000-2001 season is expected to be the same as the previous season while consumption has shown a substantial increase. Yarn prices are also depressed as compared to last year. Therefore, the industry will not be able to sustain the higher earnings shown in 1999-2000.

The management is continuing its aggressive cost reduction plan and is constantly working

on developing a more profitable product mix. Efforts are also being made to improve the quality marketing of its various products. A long overdue BMR implementation and some financial restructuring, coupled with the efforts mentioned above, should have a positive impact on the Company's long-term profitability

The cooperation and help extended to us by the financial institution in this difficult period for the Company is greatly appreciated. We would also like to thank our shareholders and customers for their continued support.

For and on behalf of the Board.

Shams Rafi

Chief Executive

March 03, 2001
Karachi.

Auditor's Report to the Members

We have audited the annexed balance sheet of Jubilee Spinning & Weaving Mills Limited as at September 30, 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 explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is 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 requirement 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 opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

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

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance 1984, in the manner so required, and respectively give a true and fair view of the state of the company's affairs as at September 30, 2000 and of the profit, its cash flow and changes in equity for the year then ended; and

(d) in our opinion no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi:
Dated: March 03, 2001

Rahim Jan & Company
(Chartered Accountants)

Balance Sheet As At September 30, 2000

	Note	2000 Rupees	1999 Rupees
Capital & Liabilities			
Share Capital			
Authorised			
20,000,000 Ordinary Shares of Rs. 10/- each		200,000,000	200,000,000
		=====	=====
Issued, Subscribed & Paid-up	3	70,168,670	70,168,670
Reserves & Surplus			
Reserves	4	51,012,000	51,012,000
Accumulated loss		(289,889,283)	290,334,767
		-----	-----
		(238,877,283)	(239,322,767)
		-----	-----
Share Holders' Equity		(168,708,613)	(169,154,097)
Surplus on Revaluation of Fixed Assets			
	5	224,525,548	70,000,000
Loan from Directors & Associates			
	6	116,441,968	90,502,968
Liabilities Against Assets			
Acquired under Finance Lease			
	7	30,262,837	50,212,628
Deferred Liabilities			
Gratuity	8	28,841,921	36,642,402
Taxation	9	12,976,944	12,976,944
		-----	-----
		41,818,865	49,619,346
Current Liabilities & Provisions			
Current portion of long term liabilities	10	24,127,974	16,406,805
Short-term running finance-Secured	11	253,925,627	278,227,504
Creditors, accrued and other liabilities	12	285,556,207	262,242,925
Provision for taxation	13	3,510,000	2,973,401
		-----	-----
		567,119,808	559,850,635

Contingencies & Commitments	14		
		811,460,413	651,031,480
		=====	=====
Property & Assets			
Fixed Assets - Tangible			
At Cost-Less Depreciation	15	402,875,770	263,522,090
Long Term Deposits		9,946,519	9,791,981
Long Term Investments - At Cost	16	35,252,993	35,298,118
Long Term Loans	17	3,504,062	2,469,285
Current Assets			
Stores and spares	18	15,727,293	14,246,318
Stock-in-trade	19	140,194,439	150,137,348
Trade debtors	20	43,419,559	29,555,909
Bills receivable	21	1,528,396	1,528,396
Loans and advances	22	16,971,835	36,899,673
Deposits, prepayments and other receivable	23	88,180,037	60,218,987
Short-term investments	24	51,675,701	43,935,360
Cash and bank balances	25	2,183,809	3,428,015
		-----	-----
		359,881,069	339,950,006
		-----	-----
		811,460,413	651,031,480
		=====	=====

NOTE: The annexed notes form an integral part of these accounts.

	Shams Rafi	Shaukat Shafi
Karachi: March 03, 2001	Chief Executive	Director

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

	Note	2000	1999
		Rupees	Rupees
Sales(Net)	26	676,042,745	558,898,050
Cost of Sales	27	(617,465,025)	(665,477,918)
		-----	-----
Gross Profit / (Loss)		58,577,720	(106,579,868)
Administrative expenses	28	(13,150,411)	(17,789,853)
Selling and Distribution expenses	29	(10,756,536)	(4,356,376)
		-----	-----
		(23,906,947)	(22,146,229)
		-----	-----
Operating Profit / (Loss)		34,670,773	(128,726,097)
Reversal of gratuity		7,511,923	0
		-----	-----
		42,182,696	(128,726,097)
Other Income	30	20,685,977	7,291,399
		-----	-----
		62,868,673	(121,434,698)

Financial expenses	31	(65,214,040)	(72,529,157)
Non-operating expenses	32	(4,158,486)	(10,000)
Provision for diminution in the value of short-term investments		10,459,337	(3,183,565)
		-----	-----
		58,913,189	1,757,227,221
		-----	-----
Profit / (Loss) Before Taxation		3,955,484	(197,157,420)
Provision for Taxation	33	(3,510,000)	(2,973,401)
		-----	-----
Profit / (Loss) After Taxation		445,484	(200,130,821)
Accumulated (Loss) brought forward		(290,334,767)	(90,203,946)
		-----	-----
Accumulated Loss Carried to Balance Sheet		(289,889,283)	(290,334,767)
		=====	=====

Note: The annexed notes form an integral part of these accounts.

Shams Rafi
Chief Executive

Shaukat Shafi
Director

Cash Flow Statement For the year ended September 30, 2000

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
A- Cash From Operating Activities		
Profit / (Loss) before taxation	3,955,484	(197,157,420)
Adjustment for		
Depreciation	20,701,936	22,457,479
Provision for gratuity	(3,325,759)	5,993,796
Provision for diminution in value of short-term investments	(10,459,337)	3,183,565
(Gain) on disposal of fixed assets	(1,465,758)	(134,837)
(Gain) on sale of investments	(4,630,120)	5,620
Dividend income	(13,393,642)	(3,423,225)
Financial Charges	65,214,040	72,529,157
	-----	-----
	52,641,380	100,611,555
	-----	-----
Operating profit / (loss) before working capital change	56,596,844	(96,545,865)
Changes in working capital		
(Increase)/Decrease in Current Assets		
Stores and spares	(1,480,975)	4,973,428
Stock-in-trade	9,942,909	55,655,205
Trade debtors	(13,863,650)	3,201,070
Bills receivable	0	4,793,523
Loans and advances	19,927,838	(28,437,217)
Deposits, prepayments and other receivables	(28,365,985)	21,526,074
Increase/(Decrease) in Current Liabilities		
Creditors accrued and other liabilities	30,197,092	101,244,963
	-----	-----

	16,357,229	162,957,046
	-----	-----
Cash generated from operations	72,954,073	66,411,181
	-----	-----
B- Cash From Investing Activities		
Proceeds of fixed assets sold	2,599,992	396,576
Proceeds of Investment Sold	7,394,241	23,693,520
Dividend income	13,393,642	3,423,225
Fixed Capital Expenditure	(6,664,302)	(30,702,632)
Long term deposit	(154,538)	(828,806)
long term loans	(1,034,777)	21,599
	-----	-----
Net Cash used in Investing Activities	15,534,258	(3,996,518)
C- Cash From Financing Activities		
Loan from directors and Associates	25,939,000	90,502,968
Payment for gratuity	(4,474,722)	(5,098,109)
Taxes paid	(2,568,466)	(889,692)
Financial charges paid	(72,097,850)	(58,533,323)
Payment of lease liability	(12,228,622)	(5,336,489)
Increase in short term running finance	(24,301,877)	(81,570,041)
	-----	-----
Net Cash Out Flow due to Financing Activities	(89,732,537)	(60,924,686)
	-----	-----
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	(1,244,206)	1,489,977
Cash and cash equivalents at beginning of the year	3,428,015	1,938,038
	-----	-----
Cash and cash equivalents at end of the year	2,183,809	3,428,015
	=====	=====

Shams Rafi
Chief Executive

Shaukat Shafi
Director

Statement of changes in Equity
For the year ended September 30, 2000

	<i>Share Capital Rs.</i>	<i>Reserve Rs.</i>	<i>Accumulated Loss Rs.</i>	<i>Total Rs.</i>
Balance as at September 30, 1998	70,168,670	51,012,000	(90,203,946)	30,976,724
Loss for the year ended September 30, 1999			(200,130,821)	(200,130,821)
	-----	-----	-----	-----
Balance as at September 30, 1999	70,168,670	51,012,000	(290,334,767)	(169,154,097)
Profit for the year ended September 30, 2000			445,484	445,484
	-----	-----	-----	-----
Balance as at September 30, 2000	70,168,670	51,012,000	(289,889,283)	(168,708,613)
	=====	=====	=====	=====

Shams Rafi
Chief Executive

Shaukat Shafi
Director

Notes to the Accounts

For the year ended September 30, 2000

The following notes form integral part of the accounts presented herewith:

1. The Company and its operation:

The company was incorporated in Pakistan as a public limited company and its shares are quoted on stock exchange in Pakistan. The principal activity of the company is to manufacture and sale of textile products.

2. Significant Accounting Policies:

2.1 Accounting convention

These accounts have been prepared under "historical cost convention" excepts that certain fixed assets have been included at revaluation.

2.2 Provision for Gratuity:

The company operates an unfunded gratuity scheme covering all its employees. Provision at the balance sheet date is made annually to cover the liability on the basis of agreement with the bargaining agent and rules.

2.3 Fixed Assets:

Fixed Assets are valued at cost or valuation less accumulated depreciation and capital work-in-progress is valued at cost.

Depreciation is provided on written down value of the Fixed Assets at not less than the prescribed rates.

Depreciation on additions is charged for the full year and no depreciation is charged on disposals in the year of sale.

Repairs and maintenance of Fixed Assets are charged to expenses as and when incurred.

Major renewals and replacements are capitalized.

Gains or losses on disposal of assets are transferred to profit and loss account.

2.4 Assets subject to finance lease:

These are stated at the lower of present value of minimum lease payments under the lease agreements or the fair value of assets acquired on lease. Aggregate amount of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are amortized over their respective useful lives using rates of depreciation which are consistent for depreciable assets which are owned by the company.

Finance charge is allocated to accounting period in a manner so as to provide a constant periodic rate charge on the outstanding liability.

2.5 Investments:

Investments are valued at cost and no provision for temporary diminution in the value is recognized. Dividend income is recognized on accrual basis.

2.6 Stores, Spares and Stock-in-trade:

Stores and Spares are valued at average cost.

Raw Materials, Finished Goods, Work in process, Waste and Cut Pieces are valued at lower of market value or average cost including production overheads but excluding

fixed overheads.

Goods in transit are valued at cost.

2.7 Foreign Currency:

Assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange ruling on the transaction date. Exchange gains or losses are included in income currently.

2.8 Taxes:

Taxes payable currently are accounted for on the basis of current year's taxable income.

The company accounts for deferred taxation on all major timing differences using liability method.

2.9 Revenue is recognized on the basis of despatch of goods to customers which is invoice date.

2.10 Cost:

These accounts are prepared under historical cost convention.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
3. Issued, Subscribed & Paid-up Capital:		
700 Ordinary Shares of Rs 10/- each issued for cash	7,000	7,000
1,500,000 Ordinary Shares of Rs. 10/- each issued for consideration other than cash	15,000,000	15,000,000
5,516,167 Ordinary Shares of Rs 10/- each issued as bonus shares	55,161,670	55,161,670
-----	-----	-----
7,016,867	70,168,670	70,168,670
=====	=====	=====

4. Reserves and Surplus:

Revenue:	51,012,000	51,012,000
	=====	=====

5. Surplus on Revaluation of Fixed Assets

224,525,548	70,000,000
=====	=====

Revaluation of land, building and machinery have been carried out as on September 30, 2000 by M/s. Razzaque Umerani & Company on the basis of depreciated assessed values. Revaluation surplus has been credited to surplus on revaluation of fixed assets account.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
6. Loan From Directors		
	116,441,968	90,502,968
	=====	=====

This represents amounts received from Directors and their associates as a long term

loan.

The loan is unsecured and bear no interest.

7. Liabilities Against Assets

Acquired under Finance Lease

Opening Balance	66,619,433	71,955,922
Installments paid during the year - Net	12,228,622	5,336,489
	-----	-----
	54,390,811	66,619,433
Installments due within one year shown under current liabilities (Note No. 10)	24,127,974	16,406,805
	-----	-----
	30,262,837	50,212,628
	=====	=====

The purchase option is available to the company after payment of last installment and on surrender of deposit at the end of the lease periods.

The total lease rentals due under the lease agreements aggregate Rs. 65,814,570 (1999: Rs 91,630,947) and are payable in equal monthly, quarterly and half yearly installments under various lease agreements latest by 2003. Taxes, repairs and insurance costs are to be borne by the lessee. In case of termination of agreement the lessee is to pay entire rent for unexpired period. Financing rates of approximately 12 to 14.78 percent per annum have been used as discounting factor.

The future minimum payments to which the company is committed as at September 30, 2000 are as under:

Year ending	<i>Rupees</i>	<i>Rupees</i>
September 30,		
2000		29,994,562
2001	32,759,178	28,580,993
2002	29,500,238	29,500,238
2003	3,555,154	3,555,154
	-----	-----
	65,814,570	91,630,947
Financial charges allocated to future periods	11,423,759	25,011,514
	-----	-----
	54,390,811	66,619,433
	=====	=====

The liabilities are partly secured by deposit of Rs. 8,959,911 shown in long term deposits (1999:Rs. 9,044,711)

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
8. Provision for Gratuity:		
Opening balance	36,642,402	35,746,715
Less: Payments during the year	4,474,722	5,098,109
	-----	-----
	32,167,680	30,648,606
Add: Provision for the year	(3,325,759)	5,993,796
	-----	-----
	28,841,921	36,642,402
	=====	=====

9. Deferred Taxation:	12,976,944	12,976,944
	=====	=====

Due to heavy capitalization done in plant and machinery during the year increasing the accelerated depreciation no provision for deferred tax is considered necessary. Further existing provision is enough to meet the deferred taxation arising due to reversal of timing differences in foreseeable future.

10. Current Portion of Long Term Liabilities:

Liabilities against assets acquired under Finance Lease (Note No. 7)	24,127,974	16,406,805
	=====	=====

11. Short Term Running Finance:

Secured: Under mark up arrangements: From Banking Companies	253,925,627	278,227,504
	=====	=====

Short term running finances obtained from banking companies form part of total credit facilities of Rupees 356 million (1999: Rupees 315 million). Mark-up is paid quarterly & annually at the rate paisas 44 to 55 per Rupees 1,000 per day. These finances are secured against hypothecation/pledge of inventories, post shipment documents, store and stocks, Cotton Yarn and Cloth meant for export under L/Cs, and marketable shares. Credit facilities have expired on September 30, 2001 however it has been renewed for another one year.

Export refinance has been obtained from banking companies under State Bank of Pakistan's export refinance scheme on which a service charge @ 8% per annum is payable.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
12. Creditors, Accrued & Other Liabilities:		
Creditors	68,217,992	54,023,187
Utilities Bills Payable	306,057	1,897,446
Salaries, Wages and Benefits	9,622,195	10,739,088
Others	95,450,442	99,934,013
Due to Associated Undertakings	84,896,949	59,496,408
Mark-up on secured Loans	20,339,516	28,386,586
Workers profit participation fund (Note 12.1	256,394	224,948
Unclaimed dividend	597,146	598,664
Miscellaneous	5,869,516	6,942,585
	-----	-----
	285,556,207	262,242,925
	=====	=====

12.1 Workers' Profit Participation Fund

Opening balance	224,948	198,175
Less: Payments during the year	42	881
	-----	-----
	224,906	197,294
Add: Interest for the year	31,488	27,654
	-----	-----
	256,394	224,948

13. Provision for Taxation:

The company has filed appeal against the assessment orders for the year 1989-90, 1992-93, 1993-94, 1996-97, 1997-98 to 1998-99. The assessment year 1999-2000 & 2000-2001 is pending with Income tax authorities.

14. Contingencies and Commitments:

i) Letters of Credit other than for Capital expenditure Rs. 6.490 million.
(1999: Rs. 17.448)

ii) Commitments in respect of capital expenditure Rs. Nil (1999: Rs Nil million)

iii) An award for US\$ 140,878.29 has been declared against the Company by the Technical Appeal Committee of Liverpool Cotton Association Limited, U.K., which has not been accepted by the Company and is contesting the award.

15. Fixed Assets - Tangible

Particulars	Cost / Valuation					As at September 30, 2000 Rs.	Rate % Rs.	Depreciation			As at September 30, 2000 Rs.	Written down value as at September 30, 2000 Rs.
	As at October 01, 1999 Rs.	Additions Rs.	Adjustment Rs.	Revaluation Rs.	Adjustments Rs.			As at October 01, 1999 Rs.	During the year Rs.	Sales/ Adjustment Rs.		
Company Owned:												
Lease hold Land	70,000,000					70,000,000						70,000,000
Building on Lease-hold Land	28,546,386	451,008		47,883,717	16,056,236	60,824,875	10	14,618,329	1,437,907	16,056,236	0	60,824,875
Plant and Machinery	236,066,343	4,619,788	1,462,924	106,641,831	146,805,475	199,059,563	10	137,110,520	10,268,637	147,379,157	0	199,059,563
Electric Installation and Equipments	2,908,269					2,908,269	10	2,006,982	90,129		2,097,111	811,158
Gas Installation	2,170,989					2,170,989	10	335,232	183,576		518,808	1,652,181
Factory Tools and Equipments	715,450					715,450	15	491,960	33,524		525,484	189,966
Vehicles	6,889,093	1,748,356	478,500			8,158,949	20	4,215,591	735,241	(267,151)	5,217,983	2,940,966
Office Equipments	554,195	58,000				612,195	15	416,755	29,316		446,071	166,124
Furniture and Fixtures	1,393,529	15,600				1,409,129	10	938,461	47,067		985,528	423,601
Telephone Installations	438,180					438,180	10	243,156	19,502		262,658	175,522
Guns	2,608					2,608	10	2,324	28		2,352	256
Office Machine and Electrical Appliances	6,187,219	619,550				6,806,769	15	3,515,291	493,722		4,009,013	2,797,756
	-----	-----	-----	-----	-----	-----		-----	-----	-----	-----	-----
	355,872,261	7,512,302	1,941,424	154,525,548	162,861,711	353,106,976		163,894,601	13,338,649	163,168,242	14,065,008	339,041,968
	-----	-----	-----	-----	-----	-----		-----	-----	-----	-----	-----
Under Lease:												
Machinery	94,080,000					94,080,000	10	25,449,194	6,863,081		32,312,275	61,767,725
Vehicles	4,450,000		848,000			3,602,000	20	1,797,379	461,056	500,659	1,757,776	1,844,224
Office Machine and Electrical Appliances	500,000					500,000	15	238,997	39,150		278,147	221,853
	-----	-----	-----	-----	-----	-----		-----	-----	-----	-----	-----
	99,030,000	0	848,000			98,182,000		27,485,570	7,363,287	500,659	34,348,198	63,833,802
	-----	-----	-----	-----	-----	-----		-----	-----	-----	-----	-----
2000	454,902,261	7,512,302	2,789,424	154,525,548	162,861,711	451,288,976		191,380,171	20,701,936	163,668,901	48,413,206	402,875,770
	-----	-----	-----	-----	-----	-----		-----	-----	-----	-----	-----
1999	425,150,451	30,702,632	950,822			454,902,261		169,611,775	22,457,479	689,083	191,380,171	263,522,090
	-----	-----	-----	-----	-----	-----		-----	-----	-----	-----	-----

15.1 Leasehold land has been accquired on annual lease (rental) basis from Sindh Industries Estate Limited.

2000 **1999**
Rupees **Rupees**

15.2 Allocation of depreciation for the year:

Cost of Goods Manufactured	19,700,286	21,390,142
Administrative expenses	1,001,650	1,067,337
	-----	-----
	20,701,936	22,457,479
	=====	=====

15.3 Surplus on revaluation undertaken as at September 30, 2000 of land, building and machinery has been arrived at as follows:

	<i>Lease hold Land</i>	<i>Building</i>	<i>Plant and Machinery</i>	<i>Total</i>
Cost / Valuation at September 30, 2000	70,000,000	28,997,394	239,223,207	338,220,601
Accumulated depreciation upto September 30,2000		(16,056,236)	(146,805,475)	(162,861,711)
	-----	-----	-----	-----
	70,000,000	12,941,158	92,417,732	175,358,890
Depreciated replacement cost	70,000,000	60,824,875	199,059,563	329,884,438
	-----	-----	-----	-----
Surplus on revaluation	0	47,883,717	106,641,831	154,525,548
	=====	=====	=====	=====

15.4 Had there been no revaluation the related figures of land, building and machinery as at September 30, 2000 would have been as follows:

	<i>Cost/ Valuation</i>	<i>Accumulated Depreciation</i>	<i>Written down value</i>
Lease hold Land	70,000,000		70,000,000
Building	28,997,394	16,056,236	12,941,158
Plant & Machinery	239,223,207	146,805,475	92,417,732
	-----	-----	-----
	338,220,601	162,861,711	175,358,890
	=====	=====	=====

15.5 Revaluation of land, building and machinery is carried out by an independent valuer M/s. Razzaque Umerani & Company as on September 30, 2000 which created a surplus of Rs. 154,525,548/-. This amount is included in the assets with a corresponding amount appearing as surplus on revaluation of fixed assets (Refer note No. 5) to comply with the requirements of section 235 of the Companies Ordinance, 1984.

In view of the fact that the revalued assets have been appropriately adjusted by the amount of the depreciation to the date of valuation. The depreciation on revalued amount would be charged from October 01, 2001.

15.6 Disposal of Fixed Assets

Description	Cost	Accumu- lated Depre- ciation	Written down value	Sales Proceeds	Profit/ (Loss)	Sold to	Mode of Sale
	Rs.	Rs.	Rs.	Rs.	Rs.		

Plant and Machinery

Warp Tying Machine	494,077	354,535	139,542	225,000	85,458 M/s. Sana Enterprises, El-Beena Industries Plot No. F- 176, S.I.T.E., Labour Square, Near K.B. Dying Karachi.	Negotiation
Card Frame	223,580	50,572	173,008	480,000	306,992 M/s. Web Textile/gills (Pvt) Ltd., The Plaza, 1st Floor, Suit No: I Plot No. G-7, Block No. 1, KDA Scheme No 5, Clifton, Karachi.	Negotiation
Card Frame	745,267	168,575	576,692	1,650,000	1,073,308 M/s. Gulistan Fibre Limited, 2nd Floor, Finlay House,, I.I. Chundrigar Road, Karachi.	Negotiation
Vehicle						
Suzuki Margalla 1300 CC	478,500	233,508	244,992	244,992	0 Mr. Hassan All Dahodhwala (Company's Ex-employee)	Negotiation
2000	1,941,424	807,190	1,134,234	2,599,992	1,465,758	
1999	950,822	689,083	261,739	396,576	134,837	

16. Long Term Investments - At Cost

Name of Company	Ordinary Shares each Rupees	2000		1999	
		No. of Shares	Cost Rupees	No. of Shares	Cost Rupees
Quoted:					
Associated Undertakings					
Crescent Jute Products Ltd. (Equity Held 11.42%)	10	1716683	13,733,415	1716683	13,733,415
Crescent Boards Ltd.	10	154585	1,476,530	154585	1,476,530
The Crescent Textile Mills Limited	10	144356	1,002,170	150856	1,047,295
Shams Textile Mills Limited	10	174033	2,155,275	174033	2,155,275
Shakarganj Mills Limited	10	898551	7,234,349	898551	7,234,349
Elite Textile Mills Limited	10	94080	510,935	94080	510,935
The Premier Insurance Co. of Pakistan Ltd.	5	56215	35,140	56215	35,140
			26,147,814		26,192,939
Unquoted:					
Associated Undertakings					
Crescent Venture International Ltd. (NOTE 16.1)	10	150000	1,500,000	150000	1,500,000
Crescent Group Services (Pvt) Ltd. (NOTE 16.2)	10	110000	1,100,000	110000	1,100,000
Taxmac Services (Pvt) Ltd. (NOTE) 16.3	10	52000	520,000	52000	520,000
Crescent Greenwood Ltd. (NOTE 16.4)	10	414267	4,142,679	414267	4,142,679
Crescent Industrial Chemical Ltd. (NOTE 16.5)	10	184250	1,842,500	184250	1,842,500
			9,105,179		9,105,179
			35,252,993		35,298,118

Market value on September 30, 2000 of quoted companies was Rs. 13,518,069 (1999: Rs. 30,783,035)

16.1 Last available audited accounts dated 30th June 1999 value of investment on the basis of break-up value of shares Rs. 1,653,900. Equity held 30.03% (Chief Executive, Mr. Anjum M. Saleem).

16.2 Last available audited accounts dated 30th June 1999 value of investment on the basis of break-up value of shares Rs. (9,346,370). Equity held 4.104% (Chief Executive, Mr. Humayun Mazhar Karim).

16.3 Last available audited accounts dated 30th June 1999 value of investment on the basis of break-up value of shares Rs. 595,400. Equity held 26% (Chief Executive, Mr. Takao Iwana).

16.4 Last available audited accounts dated 30th September 1999 value of investment on the basis of break-up value of shares Rs. 258,088. Equity held 0.30% (Chief Executive, Mr. Nasir Shafi).

16.5 Last available audited accounts dated 30th June 1999 value of investment on the basis of break-up value of shares Rs. 1,842,500. Equity held 0.14% (Chief Executive, Mr. Tariq Shafi).

	2000	1999
	Rupees	Rupees
17. Long Term Loans:		
Considered Good-Interest Free		
Loan to employee - Secured (Note 17.1)	6,217,033	5,837,903
Less: Current maturity (Note.22)	2,756,228	3,496,742
	-----	-----
	3,460,805	2,331,161
Loan to employees Motor vehicles - Secured (Note 17.2) [87,987	197,319
Less: Current maturity (Note: 22)	44,730	59,195
	-----	-----
	43,257	138,124
	-----	-----
	3,504,062	2,469,285
	=====	=====

17.1 This represents loans to employees for their domestic needs and are secured against their accumulated gratuity.

17.2 The vehicles are registered in the name of company and the loan is recovered in installments.

18. Stores and spares - At Cost:

Stores	6,244,142	6,193,763
Spares	8,149,942	7,998,454
Loose tools	55,681	54,101
In-transit	1,277,528	0
	-----	-----
	15,727,293	14,246,318
	=====	=====

19. Stock-In-Trade At-Cost:

Raw Materials	30,643,471	30,409,386
Work-in-process	73,075,259	56,199,067
Finished goods	36,229,123	63,336,364
Waste and cut pieces	246,586	47,537
In-transit	0	144,994
	-----	-----
	140,194,439	150,137,348
	=====	=====

20. Trade Debtors - Unsecured:

(Considered good)

Sundry debtors	43,419,559	29,555,909
	=====	=====

21. Bills Receivable:

Export bills receivable - secured against L/Cs.

	1,528,396	1,528,396
	=====	=====

22. Loans and Advances:

Considered good-secured

Loan to employees- Motor vehicles (Note 17)	44,730	59,195
Loan to employees (Note 17)	2,756,228	3,496,742
	-----	-----
	2,800,958	3,555,937

Considered good-unsecured

Advance to suppliers and others	14,170,877	33,343,736
	-----	-----
	16,971,835	36,899,673
	=====	=====

23. Deposits, Prepayments and Other Receivables:

Considered good-unsecured

Other deposits	5,277,406	5,277,405
Prepayments	288,013	231,352
Due from associated undertakings	40,040,724	34,623,969
Advance tax	10,622,095	11,027,030
Other receivables	23,845,915	4,978,803

Due from Government:

Export and Excise Rebate	4,587,504	3,502,369
Others - Sales tax	2,985,913	45,593
	-----	-----
	7,573,417	3,547,962

Others:

Mark-up/Insurance claims	532,466	532,466
	-----	-----
	88,180,037	60,218,987
	=====	=====

The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 40,040,724 (1999:Rs 45,856,252).

24. Short Term Investments:**Ordinary**

Name of Company	Shares each Rupees	2000		1999	
		No. of Shares	Cost Rupees	No. of Shares	Cost Rupees
Quoted:					
Associated Undertakings					
Crescent Sugar Mills and Distillery Limited	10	453868	3,148,910	453868	3,148,910
Crescent Investment Bank Limited	10	2669904	40,379,200	2669904	40,379,200
Crescent Steel and Allied Products Limited	10	1005100	5,286,000	1005100	5,286,000
PICIC	10	82313	580,587	82313	580,587
			-----		-----
			46,675,701		49,394,697
Others:					
Crescent Spinning Mills Limited	10	290000	2,900,000	290000	2,900,000
			-----		-----
			49,575,701		52,294,697
Less: Provision for diminution in the value of short-term investments					(10,459,337)
			-----		-----
			49,575,701		41,835,360
			-----		-----
Unquoted:					
Associated undertakings					
Advance against shares					
Crescent Group Services (Pvt) Ltd.			1,100,000		1,100,000
Crescent Modaraba Managem 1,000~000			1,100,000		1,100,000
			-----		-----
			2,100,000		2,100,000
			-----		-----
			51,675,701		43,935,360
			=====		=====

Market value on September 30, 2000 of quoted companies was Rs. 67,391,831 (1999:41,835,360)

	2000 Rupees	1999 Rupees
25. Cash and Bank Balances:		
Cash in hand	1,490,999	1,554,977
With Bank - Current Account	692,810	1,873,038
	-----	-----
	2,183,809	3,428,015
	=====	=====
26. Sales:		
Yarn	536,247,195	453,215,535
Fabric	97,670,445	65,484,122
Others	46,531,063	43,704,301
	-----	-----
	680,448,703	562,403,958
Add: Rebate on exports	1,085,135	407,036
	-----	-----
	681,533,838	562,810,994
Less:		
Export duty, Sales tax	404,726	2,149
Discount on sales	65,529	648,038
Commission on sales	5,020,838	3,262,757
	-----	-----

	5,491,093	3,912,944
	-----	-----
	676,042,745	558,898,050
	=====	=====

27. Cost of Sales:

Finished stock opening	63,336,364	99,736,228
Add: Cost of goods manufactured (Note: 27.1)	590,589,760	624,627,132
	-----	-----
	653,926,124	724,363,360
Less: Finished stock closing (including Waste and Cut Pieces)	36,475,709	63,336,364
	-----	-----
	617,450,415	661,026,996
Add: Finished goods purchased	14,610	4,450,922
	-----	-----
	617,465,025	665,477,918
	=====	=====

2000	1999
Rupees	Rupees

27.1 Cost of goods manufactured:

Raw material consumed (Note: 27.2)	390,787,762	422,888,496
Dyes and Chemicals	9,240,603	5,724,118
Packing materials	6,901,391	5,784,365
Processing and weaving charges	8,165,681	4,719,650
Salaries, wages and benefits	72,551,320	66,450,802
Stores and spares	18,401,173	16,115,769
Repairs and maintenance	970,740	1,026,029
Rent, rates and taxes	916,604	1,260,435
Power and Fuel	72,205,208	51,489,429
Insurance	2,491,226	1,690,654
Depreciation	19,700,286	21,390,142
Other manufacturing expenses	5,086,421	3,973,879
Work-in-process: Opening	56,246,604 (73,075,259)	78,359,968 (56,246,604)
	-----	-----
Closing	(16,828,655)	22,113,364
	-----	-----
	590,589,760	624,627,132
	=====	=====

27.2 Raw material consumed

Stock-Opening	30,409,386	26,919,783
Add: Purchases	391,021,847	426,378,099
	-----	-----
	421,431,233	453,297,882
Less: Closing	30,643,471	30,409,386
	-----	-----
	390,787,762	422,888,496
	=====	=====

28. Administrative Expenses

Salaries, allowances and benefits	6,104,232	10,252,901
-----------------------------------	-----------	------------

Directors meeting fee	5,000	4,000
Travelling, conveyance and entertainment	2,544,962	2,166,939
Rent, rates and taxes	575,596	475,596
Printing and stationery	363,354	608,957
Postage, telegram, telephones and telex	792,724	829,138
Electricity and gas	439,638	353,536
Insurance	21,564	4,613
Subscription and periodicals	225,158	193,653
Repairs and maintenance	30,089	99,676
General expenses	71,741	130,198
Auditors remuneration (Note: 28.1)	49,500	49,500
Legal & Professional charges	925,203	1,553,809
Depreciation	1,001,650	1,067,337
	-----	-----
	13,150,411	17,789,853
	=====	=====

28.1 Auditor's Remuneration

Statutory audit	45,000	45,000
Workers' Profit Participation fund audit	4,500	4,500
	-----	-----
	49,500	49,500
	=====	=====

29. Selling and Distribution Expenses:**Local Sales:**

Advertisement	2,351,601	788,053
Salaries and benefits	673,653	228,582
Freight and Octroi	3,750	33,240

Export Sales:

Freight	4,430,661	1,561,611
Forwarding	1,180,966	1,067,772
Bank charges	562,059	630,460
	11,142	46,658
Samples	1,542,704	0
	-----	-----

Quota	7,727,532	3,306,501
	-----	-----
	10,756,536	4,356,376
	=====	=====

30. Other Income:

Profit on sale of fixed assets	1,465,758	134,837
Gain/(Loss) on sale of Investments	4,630,120	(5,620)
Dividend Income from associated undertakings	13,393,642	3,423,225
Miscellaneous	1,196,457	3,738,957
	-----	-----
	20,685,977	7,291,399
	=====	=====

31. Financial Expenses:

Interest/mark up on:		
Bank borrowings	51,941,277	58,915,966
Workers' profit participation fund	31,488	27,654

Lease Expenses & Interest	12,097,629	12,718,265
Bank charges, Excise duty, Commission and Others	1,143,646	867,272
	-----	-----
	65,214,040	72,529,157
	=====	=====

32. Non-Operating Expenses

Donations	195,432	10,000
Others (32.1)		
Additional sales tax	3,963,054	0
	-----	-----
	4,158,486	10,000
	=====	=====

32.1 The directors or their spouses have no interest in the donee funds.

33. Provision for Taxation

Minimum tax/presumptive tax	(3,510,000)	(2,973,401)
	=====	=====

34. Transactions with Associated Undertaking During the year:

Purchase of goods and power	122,177,776	70,997,270
Sale of goods and services	111,222,760	72,785,842
Insurance premium	3,684,161	2,756,930
Interest received	15,828,668	5,093,633
Interest paid	6,870,602	7,163,050

Purchases/sales of goods and services are made at prevailing market prices

35. Remuneration of Directors & Executives:

	2000		1999	
	<i>Chief Executive</i>	<i>Executive</i>	<i>Chief Executive</i>	<i>Executive</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Managerial remuneration	504,000	3,427,377	3,114,400	3,123,798
Provision for gratuity	35,700	262,222	215,406	534,728
Rent and Utilities	807,782	102,822	749,972	98,834
	-----	-----	-----	-----
Rupees	1,347,482	3,792,421	4,079,778	3,757,360
	=====	=====	=====	=====
Number	1	7	1	7
	=====	=====	=====	=====

In addition they are provided with free use of company cars and residential telephones.

The aggregate amount charged in the accounts for the year as meeting fee to Directors is Rs. 5,000 (1999: Rs. 4,000).

36. Earning Per Share:

There is no dilutive effect on the basic earnings per share of the Company which is base on :-

	2000	1999
	Rupees	Rupees
Weighted average number of Ordinary shares	7,016,867	7,016,867

Profit / (Loss) before taxation	Rs.	3,955,484 (197,157,420)
Earning per share	Rs.	0.56 (28.10)
Profit / (Loss) after taxation	Rs.	445,484 (200,130,821)
Earning per share	Rs.	0.06 (28.52)

37. Financial Instruments and Related Disclosures:**Concentration of Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company applies credit limits to its customers and does not have any significant exposure to any individual customers.

Interest risk

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instrument. The Company is not exposed to any interest rate risk.

Fair value of financial instruments

The carrying value of all the financial instruments reported in the financial statements approximate their fair value.

		2000	1999
	<i>Note</i>		
38. Plant Capacity and Production			
Spinning:			
Rated capacity converted at 20 counts	Kg.	8,137,674	8,137,674
Production converted at 20 counts	Kg.	8,560,173	6,236,465
Number of shifts worked per day	No.	3	3
Total number of shifts worked during the year No.		1,089	1,047
Weaving:			
Rated capacity converted at 50 picks	Sq. Mtr.	13,263,201	13,263,201
Production converted at 50 picks	Sq. Mtr.	12,906,765	10,356,829
Number of shifts worked per day	No.	3	3
Total number of shifts worked during the year No.		1,086	978

38.1 Reason for Low Production

Under utilization of available capacity is due to normal maintenance and lesser demand.

39. Figures:

- In these accounts, figures have been rounded off to the nearest rupee.
- Previous year's figures have been re-arranged wherever necessary to facilitate comparison.

Shams Raft
Chief Executive

Shaukat Shafi
Director

Form '34'**Pattern of Holding of Shares****Held by the Shareholders as at 30th September 2000**

No of Shareholder	Shareholding		Total Shares Held
	From	To	

350	1	100	14,036
438	101	500	109,686
129	501	1000	91,220
186	1001	5000	414,439
31	5001	10000	237,111
17	10001	15000	218,460
20	15001	20000	360,608
13	20001	25000	285,953
9	25001	30000	252,561
5	30001	35000	159,129
5	35001	40000	193,463
6	40001	45000	257,547
4	45001	50000	185,601
2	50001	55000	104,327
4	55001	60000	231,941
2	60001	65000	123,970
3	70001	75000	210,609
5	75001	80000	381,393
2	80001	85000	164,115
1	85001	90000	88,673
2	90001	95000	187,552
1	95001	100000	98,494
1	100001	105000	100,278
1	110001	115000	110,651
1	115001	120000	116,623
1	120001	125000	124,722
1	130001	135000	132,008
2	180001	185000	362,818
1	195001	200000	199,146
1	285001	290000	285,357
1	355001	360000	357,974
1	380001	385000	382,079
1	470001	475000	474,323

1,247			7,016,867
=====			

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	1204	4773786	68.03
Investment Companies	1	76879	1.09
Insurance Companies	4	285040	4.06
Joint Stock Companies	26	1126007	16.05
Financial Institutions	9	745626	10.63
Others	3	9529	0.14

Total	1247	7016867	100.00

Others			
Abandoned Property	2	402	0.01
Modaraba	1	9127	0.13

Total	3	9529	0.14
=====			