

Saleem Denim Industries Limited

Annual Report 2000

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COMPANYS' INFORMATION

BOARD OF DIRECTORS

1. MR. TAHIR SALEEM CHAUDHRY
2. MR. SHAHID SALEEM CHAUDHRY
3. MRS. NASEEM SALEEM CHAUDHRY
4. MRS. SOBIA SALEEM
5. MR. ABDUL HAQ CHAUDHRY
6. MRS. NOSHEEN SHAHID
7. MR. ASIF JAMIL (BEL NOMINEE)
8. MR. ABDUL AZIZ CHAUDHRY
9. MR. GHULAM FARID

COMPANY SECRETARY

MR. SYED MADAD ALI SHAH

AUDITORS

M. ATHER & COMPANY
Chartered Accountants

BANKERS

NATIONAL BANK OF PAKISTAN
ASKARI COMMERCIAL BANK LIMITED.
ALLIED BANK OF PAKISTAN LIMITED

REGISTERED OFFICE

33- K.M., SHEIKHUPURA ROAD,
FAISALABAD.

MILLS

33-K.M.,SHEIKHUPURA ROAD,
FAISALABAD.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of SALEEM DENIM INDUSTRIES LIMITED will be held at the Registered Office 33- K.M., Sheikhpura Road Faisalabad, on March 31st, 2001 at 10.00 a.m. to transact the following business:-

1. To confirm the minutes of the 13th Annual General Meeting held on 31st March, 2000.
2. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account of the Company together with the Directors' and Auditors' Report for the year ended

September.30, 2000.

3. To appoint Auditors and to fix their remuneration. The retiring Auditors M/S M. Ather & Co., Chartered Accountants being eligible offer themselves for reappointment.

4. To transact any other lawful business, with the permission of the chair.

On behalf of the Board

Faisalabad
Dated: 9th March 2001

TAHIR SALEEM CHAUDHRY
Chief Executive

NOTES:

1. The share transfer books of the company will remain closed from March 24th to March 31st 2001. (both days inclusive)

2. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him / her. A proxy must be a member.

3. The instrument appointing a proxy must be received at the Registered Office not later than 48 hours before the time appointed for meeting.

4. Shareholders are requested to promptly notify the Company of any change in their address.

DIRECTOR'S REPORT TO THE MEMBERS

Dear Members,

At the occasion of 14th Annual General Meeting of the company the directors are pleased to present as under the Annual report for the year ended 30th September 2000.

General

In spite of the best possible efforts of the management the declining trend in the compare/ business continued during the year under review. The problems of shortage of working capital continued because the short term financing limits of the company could not be renewed by the banks.

The proposal for the rescheduling and restructuring of long term loans remained undecided by M/S Bankers Equity Limited. In the circumstances the company could not process its own fabric and continued with the processing for out side parties, which resulted in to further decrease in turnover.

The stock of yarn purchased by the company in 1998-99 could not be utilized because of the lack of demand in the market. The quality of the same deteriorated due to moisture and was disposed of during the year, there by incurring a loss of Rs. 4.827 million.

Because of the above factors the loss for the year after taxation comes to Rs. 27.316 million.

FINANCIAL RESULTS

	Rs. In Million
Sales	8.866
Cost of Sales	14.974
Gross Profit/(Loss)	(6.108)
OPERATING EXPENSES	
Administrative	2.048
Selling	0.040

	2.088

Operating profit/(loss)	(8.196)
Other Income	0.044
Trading Income / (Loss)	(4.828)

OTHER CHARGES

Financial	14.28

Net profit / (loss) for the year before taxation	(27.263)
Provision for taxation	0.053

Net profit / (loss) for the year after taxation	(27.316)

FUTURE PROSPECTS

The management is striving hard to bring the project out of woods, but because of the cold response given by the concerned banks / Financial Institutions their has been no visible improvements. We are planning to resolve the problems of working capital from other available sources, and hope that our proposal with the Bankers Equity Limited will also be finalized in the near future. This will improve the overall results in the coming year.

LABOUR MANAGEMENT RELATIONS.

As before, the management labour relations remained cordial.

AUDITORS

The auditors M/S M. Ather & Co. Chartered Accountants retired and being eligible offer themselves for reappointment.

PATTERN OF SHARE HOLDINGS

Pattern of share holdings is attached.

Faisalabad

Date: February 24, 2000

On behalf of the Board,

Tahir Saleem Chaudhry

Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SALEEM DENIM INDUSTRIES LIMITED as at September 30,2000 and the related profit and loss account, statement of changes in equity and cash flow statement 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 accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion -

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts 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, investment made and the expenditure. Incurred during the year were in accordance with the object of the company;

(c) in our opinion and to the best of our information and according to the explanation given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement 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 loss, changes in equity and its cash flows for the year then ended; and

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

Without qualifying our opinion, we draw attention to the fact that the company has incurred accumulated losses of Rs. 205,769,039/- and its current liabilities have exceeded current assets by Rs. 109,866,750/-. The management is making efforts to arrange sufficient funds for the company on long term basis in order to enhance working capital to overcome financial problems. Validity of the " Going Concern" basis used by the company in preparation of its financial statements is dependent on the prospect of operating profitability in the future and the availability of adequate working capital.

Date: February 24,2001
Place: FAISALABAD.

M. ATHAR & CO.
Chartered Accountants

BALANCE SHEET AS AT SEPTEMBER 30, 2000

	Note	2000 Rupees	1999 Rupees
SHARE CAPITAL			
Authorised			
5,000,000 ordinary shares of			
Rs. 10/- each		50,000,000	50,000,000
Issued, Subscribed and Paid up			
3,901,800 ordinary shares of			
Rs. 10/-each		39,018,000	39,018,000
Accumulated Loss		(205,769,039)	(178,452,544)
		-----	-----
		(166,751,039)	(139,434,544)
SURPLUS ON REVALUATION OF			
FIXED ASSETS			
		88,454,939	88,454,939
LONG TERM LOANS	3	47,307,293	54,917,170
DEFERRED LIABILITIES			
Deferred mark-up	4	42,322,158	52,902,698
Staff retirement gratuity		908,800	792,120
CURRENT LIABILITIES			
Current portion of			
long term liabilities	5	43,485,773	25,295,356
Short term loan	6	6,188,553	7,007,509
Creditors, accrued and			
other liabilities	7	75,247,699	61,681,174
Taxation	8	978,713	1,389,608
		-----	-----

		125,900,738	95,373,647
CONTINGENCIES AND COMMITMENTS	9	--	--
		-----	-----
		138,142,889	153,006,030
		=====	=====
FIXED CAPITAL EXPENDITURE			
Operating Fixed Assets	10	121,464,411	128,145,385
SECURITY DEPOSITS		644,490	644,490
CURRENT ASSETS			
Stores and Spares		4,703,354	4,762,924
Stock-in-Trade	11	9,036,649	15,070,704
Trade debts considered good		137,500	196,113
Advances, Deposits and prepayments	12	1,977,227	3,896,098
Cash and Bank balances	13	179,258	290,316
		-----	-----
		16,033,988	24,216,155
		-----	-----
		138,142,889	153,006,030
		=====	=====

The annexed notes from 1 to 26 form an integral part of these accounts

Place: Faisalabad.

Dated: Feb 24,2001

CHIEF EXECUTIVE

DIRECTOR

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

	Note	2000 Rupees	1999 Rupees
SALES	14	8,865,618	11,255,995
COST OF SALES	15	14,974,453	20,322,701
GROSS PROFIT/(LOSS)		(6,108,835)	(9,066,706)
OPERATING EXPENSES			
Administrative		2,047,673	2,130,273
Selling and Distribution		40,331	41,726
		-----	-----
		2,088,004	2,171,999
		-----	-----
OPERATING PROFIT/(LOSS)		(8,196,839)	(11,238,705)
OTHER INCOME	17	44,705	2,122
		-----	-----
		(8,152,134)	(11,236,583)
TRADING INCOME/(LOSS)	18	(4,827,833)	--
OTHER CHARGES			
Financial	19	14,283,168	14,319,576
		-----	-----
NET PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION		(27,263,135)	(25,556,159)
TAXATION		53,360	56,280
		-----	-----
NET PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION		(27,316,495)	(25,612,439)
PRIOR YEAR ADJUSTMENT		--	3,310,373
LOSS BROUGHT FORWARD		(178,452,544)	156,150,478
		-----	-----
ACCUMULATED LOSS CARRIED TO BALANCE SHEET		(205,769,039)	(178,452,544)
		=====	=====

LOSS PER SHARE 20 (7.00) (6.56)

The annexed notes from 1 to 26 form an integral part of these accounts

Place: Faisalabad.

Dated: Feb 24,2001

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
for the year ended September 30,2000**

	Share Capital	Capital Reserves Surplus on revaluation of Fixed assets	Revenue Reserves Accumulated Profit/(Loss)	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at October 01, 1998	39,018,000	88,454,939	(156,150,478)	(28,677,539)
Loss for the year ended September 30,1999	--	--	(22,302,066)	(22,302,066)
Balance as at October 01, 1999	39,018,000	88,454,939	(178,452,544)	(50,979,605)
Loss for the year ended September 30, 2000	--	--	(27,316,495)	(27,316,495)
Balance as at September 30, 2000	39,018,000	88,454,939	(205,769,039)	(78,296,100)

The annexed notes from 1 to 26 form an integral part of these accounts.

Place: Faisalabad.

Dated: Feb 24,2001

CHIEF EXECUTIVE

DIRECTOR

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

	2000 Rupees	1999 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year before taxation	(27,263,135)	(25,556,159)
Depreciation	6,657,905	7,089,646
Provision for gratuity	116,680	185,286
Financial charges	14,283,168	14,319,576
Profit on sale of vehicle	(26,931)	--
Operating Loss before working capital changes	(6,232,313)	(3,961,651)
Changes in working capital (Increase)/decrease in current assets		
Stores and spares	59,570	(3,514,690)
Stock in trade	6,034,055	285,227
Trade Debts	58,613	(74,836)
Advances, Deposits and Prepayments	1,332,489	1,588,275
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	20,631	5,528,624
	7,505,358	3,812,600

Cash generated from/(used in) operations	1,273,045	(149,051)
Financial charges paid	(150,892)	(2,610,105)
Taxes paid	(464,255)	(720,000)
Prior year adjustments	--	3,310,373
	-----	-----
Net cash generated from/ (used in) operating activities	657,898	(168,783)
	=====	=====
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed Assets	50,000	--
	-----	-----
Net cash generated from/(used in) investing activities	50,000	--
	-----	-----
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred Markup	--	(199,174)
Short term loans	(818,956)	(124,041)
	-----	-----
Net cash generated from/(used in) financing activities	(818,956)	(323,215)
Net decrease in cash and bank balance (a+b+c)	(111,058)	(491,998)
Cash and bank balances at the beginning of the year	290,316	782,314
	-----	-----
Cash and bank balances at the end of the year	179,258	290,316
	=====	=====

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2000

1. THE COMPANY AND ITS OPERATIONS:

Saleem Denim Industries Limited is a Public Company limited by shares incorporated in Pakistan under Companies Ordinance 1984. The main business of the company is the manufacture of Grey and Denim Fabric.

2. SIGNIFICANT ACCOUNTING POLICIES:

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's accounts.

2.1 Basis of Accounting

The accounts are drawn up under historical cost convention.

2.2 Staff Retirement Gratuity

The company operates an unfunded statutory gratuity scheme and provision is made annually to cover obligations under the scheme.

2.3 Taxation

Current

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

Deferred

The company accounts for deferred taxation on all material timing differences using the liability method. However, deferred tax to certain extent is not provided if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future.

2.4 Fixed Assets

These are stated at cost less accumulated depreciation except Free-hold Land, Building and Plant & Machinery which are shown at revalued amount and Capital work in progress which are stated at cost.

Assets subject to Finance Lease are stated at lower of present value of minimum lease payments under the agreement and fair value of the assets less accumulated amortization.

Depreciation is charged on written down value method except on assets subject to finance lease, which are amortized over the useful life of the assets and the related lease period whichever is shorter.

Maintenance and normal repairs are charged to income as and when incurred while major renewals and improvements are capitalised. Gains and losses on disposal of fixed assets are taken to the profit and loss account.

2.5 Investments

These are stated at cost.

2.6 Deferred Costs

Deferred Costs are amortized over a period of five years commencing with full year of commercial Production or the year in which incurred, whichever is later.

2.7 Stores and Spares

These are valued at average cost.

2.8 Stock in Trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is arrived at as under:

Raw material	at moving average cost.
Work-in-process	at average manufacturing cost including a proportion of related overheads.
Finished goods	at lower of cost and net realizable value.
Waste	at net realizable value.

Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

2.9 Foreign Currencies

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling at the time of transaction.

2.10 Revenue Recognition

Revenue from sales is recognised on despatch of goods to the customers.

3. LONG TERM LOANS

	Term Finance	Directors & Sponsors	2000 Rupees	1999 Rupees
Opening Balance	60,879,018	5,452,968	66,331,986	66,331,986
Shown under current				
Liabilities:				
Over Due	11,414,816	--	11,414,816	3,804,939
Payable within one year	7,609,877	--	7,609,877	7,609,877
	-----	-----	-----	-----
	19,024,693	--	19,024,693	11,414,816
	-----	-----	-----	-----
	41,854,325	5,452,968	47,307,293	54,917,170
	=====	=====	=====	=====
Obtained from	Financial institution			
Security	Secured	Un-secured		
Sub Note	3.1	3.2		

3.1 These loans have been obtained from M/S Bankers Equity Ltd. The amount outstanding is payable in 16 half yearly instalments with grace period of two years starting May 12, 1997. The loan carries mark-up @ 21.535% and is secured against 1st mortgage of all the present and future movable and immovable properties of the company. However the balances remained unconfirmed/ unreconciled with M/S Bankers Equity Limited.

3.2 It is interest free. Terms of repayment have not been decided so far. However it is confirmed by the Directors that repayment would not be demanded within next twelve months from the balance sheet date.

4 DEFERRED MARK-UP

Opening Balance	66,783,238	66,982,412
Less: Adjusted/Paid during the year	--	(199,174)
	-----	-----
	66,783,238	66,783,238
Less: Current maturity shown under current liabilities:		
Overdue	13,880,540	1,000,000
Payable within one year	10,850,540	12,880,540
	-----	-----
	24,461,080	13,880,540
	-----	-----
	42,322,158	52,902,698
	=====	=====

4.1 This is secured against 1st mortgage of all the movable and immovable properties of the company and is repayable in 36 monthly / half yearly instalments starting June 1997. However the balance remained unconfirmed/unreconciled with M/S Bankers Equity Limited.

		2000 Rupees	1999 Rupees
5 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loan	(Note 3)	19,024,693	11,414,816
Deferred Mark-up	(Note4)	24,461,080	13,880,540
		-----	-----
		43,485,773	25,295,356
		=====	=====

6 SHORT TERM LOAN

Cash finance	(6.1)	6,188,553	7,007,509
		=====	=====

6.1 The cash finance facility of Rs. 5.641 million has been obtained from National Bank of Pakistan and carry mark-up at the rate of 50 paisas per thousand per day. The

facility is secured by pledge of stock of denim cloth, cotton yarn and chemicals, second equitable mortgage on present and future assets of the company and personal guarantees of all the directors of the company.

7 CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	14,411,893	16,120,106
Accrued expenses	1,139,674	906,174
Deposits	219,241	269,241
Due to associ (7.1)	10,144,211	10,198,811
Advances to customers	23,614,064	22,107,195
Accrued Mark-up on long term loan	24,819,767	11,709,471
Other liabilities	377,395	370,176
Mark-up on running finance	435,598	--
Sales tax payable	85,856	--
	-----	-----
	75,247,699	61,681,174
	=====	=====

7.1 The maximum aggregate amount due to associated under taking at the end of any month during the year was Rs. 10,144,211 (1999 Rs. 11,937,799)

	2000 Rupees	1999 Rupees
8. TAXATION		
Opening balance	1,389,608	2,053,328
Provided during the year	53,360	56,280
	-----	-----
	1,442,968	2,109,608
Less: paid during the year	464,255	720,000
	-----	-----
	978,713	1,389,608
	=====	=====

The Income Tax assessment of the company has been finalized up to accounting year ended 30.09.1996.

9. CONTINGENCIES AND COMMITMENTS

Corporate Assets Tax U/S 12 of Finance Act 1991.	1,050,685	1,050,685
Stay order against this levy granted by the honourable Lahore High Court, Lahore.		

10. OPERATING FIXED ASSETS

PARTICULARS	COST			DEPRECIATION			W.D.V.		Rate %
	AS ON 01.10.99	ADDITION (DELETION)	AS AT 30.09.2000	AS ON 01.10.99	FOR THE YEAR	ADJUSTMENT AS AT 30.09.2000	AS AT 30.09.2000	AS AT 30.09.2000	
FREEHOLD LAND	7,500,000		7,500,000					7,500,000	
FACTORY BUILDING	13,621,853		13,621,853	2,588,152	1,103,370		3,691,522	9,930,331	10
NON FACTORY BUILDING	3,388,862		3,388,862	330,414	152,922		483,336	2,905,526	5
PLANT AND MACHINERY	116,601,659		116,601,659	11,368,662	5,261,650		16,630,312	99,971,347	5
OFFICE EQUIPMENT	1,279,809		1,279,809	596,275	68,353		664,628	615,181	10
FURNITURE AND FIXTURE	973,590		973,590	558,066	41,552		599,618	373,972	10
TOOLS AND EQUIPMENTS	215,936		215,936	120,292	9,564		129,856	86,080	10
VEHICLES	636,185	(110,000)	526,185	510,648	20,494	(86,931)	444,211	81,974	20
	-----	-----	-----	-----	-----	-----	-----	-----	-----
2000 RUPEES	144,217,894	(110,000)	144,107,894	16,072,509	6,657,905	(86,931)	22,643,483	121,464,411	
	-----	-----	-----	-----	-----	-----	-----	-----	-----
1999 RUPEES	144,217,894		144,217,894	8,982,863	7,089,646		16,072,509	128,145,385	
	=====	=====	=====	=====	=====	=====	=====	=====	=====

2000
Rupees

1999
Rupees

Depreciation allocated to:

Cost of sale	6,374,584	6,775,173
Administration	283,321	314,473
	-----	-----
	6,657,905	7,089,646
	=====	=====

Freehold land, Building and Plant and Machinery of the company have been revalued on 30th September 1997, Had there been no revaluation the related figures of freehold land, building and plant and machinery at September 30,2000 would have been as follows:

PARTICULARS	COST RUPEES	ACCUMULATED DEPRECIATION RUPEES	WRITTEN DOWN VALUE RUPEES
FREEHOLD LAND	1,997,177		1,997,177
FACTORY BUILDING	11,247,985	7,674,186	3,573,799
NON FACTORY BUILDING	2,427,247	1,134,975	1,292,272
PLANT AND MACHINERY	96,265,628	60,315,924	35,949,704
	-----	-----	-----
2000 RUPEES	111,938,037	69,125,085	42,812,952
	=====	=====	=====
1999 RUPEES	111,938,037	66,767,892	45,170,145
	=====	=====	=====

Sale of Fixed Assets

DESCRIPTION	COST	DEPRECIATION	W.D.V.	SALE PROCEEDS	PROFIT	MODE Negotiation	PURCHASER
VEHICLE	110,000	86,931	23,069	50,000	26,931		M. YASEEN ST. # 04. Mehmoodabad, Faisalabad.
	-----	-----	-----	-----	-----		
	110,000	86,931	23,069	50,000	26,931		
	=====	=====	=====	=====	=====		

11. STOCK IN TRADE

	2000 Rupees	1999 Rupees
Raw material	1,713,297	7,365,439
Work-in-Process	608,977	585,890
Finished goods	6,714,375	7,119,375
	-----	-----
	9,036,649	15,070,704
	=====	=====

Finished goods have been valued at net realisable value being lower than the cost.

12. ADVANCES, DEPOSITS & PREPAYMENTS

Advances to staff	38,947	478,506
Advances to Suppliers	157,235	1,075,376
Prepayments	326,263	975,525
Sales Tax Refundable	--	1,701
Due from Associated undertaking (12.1)	1,454,782	1,364,990
	-----	-----
	1,977,227	3,896,098
	=====	=====

12.1 The maximum amount outstanding at the end of any month during the year was Rs. 1,454,782(1999 Rs. 3,241,088)

13. CASH & BANK BALANCES

Cash at banks	23,486	16,201
Cash in hand	155,772	274,115
	-----	-----
	179,258	290,316
	=====	=====

14. SALES

Local-Fabric	1,432,666	3,718,308
-Waste	38,179	27,336
-Processing	7,394,773	7,536,120
	-----	-----
	8,865,618	11,281,764
Less: Commission & Discount	--	25,769
	-----	-----
	8,865,618	11,255,995
	=====	=====

15. COST OF SALES

Raw material consumed	(15.1)	2,403,433	7,965,311
Salaries, wages & other benefits		1,486,585	2,330,918
Depreciation		6,374,584	6,775,173
Fuel and power		4,057,136	2,423,010
Insurance		11,691	29,564
Freight & octroi		30,443	13,574
Repair & maintenance		118,995	31,942
Travelling & conveyance		38,093	3,914
Entertainment		52,334	57,454
Packing material		13,596	6,896
Miscellaneous		5,650	8,168
		-----	-----
		14,592,540	19,645,924

Work in Process

Opening		585,890	560,982
Closing		(608,977)	(585,890)
		-----	-----
		(23,087)	(24,908)
		-----	-----
		14,569,453	19,621,016

Finished Goods

Opening		7,119,375	7,821,060
Closing		(6,714,375)	(7,119,375)
		-----	-----
		405,000	701,685
		-----	-----
		14,974,453	20,322,701
		=====	=====

15.1 RAW MATERIAL CONSUMED

Opening Stock		12,128,363	9,941,769
Purchases during the year		3,325,879	13,837,215
		-----	-----
		15,454,242	23,778,984
Sales		(6,634,158)	(3,685,310)
Closing stock		(6,416,651)	(12,128,363)
		-----	-----
		2,403,433	7,965,311
		=====	=====

16. ADMINISTRATIVE EXPENSES

Salaries & benefits		1,030,825	1,044,244
Electricity, gas and water		101,603	21,337
Repair & maintenance		8,442	13,509
Depreciation		283,321	314,473
Printing & stationery		51,377	41,936
Newspaper & periodicals		5,802	12,542
Vehicle running & maintenance		130,938	131,813
Travelling & conveyance		17,944	7,508
Entertainment		9,523	49,155
Postage, telephone & telex		199,829	275,069
Fee and subscription		42,600	19,705

Auditor's remuneration	(16.1)	45,000	45,000
Legal & professional charges		88,248	121,740
Donation	(16.2)	--	2,000
Miscellaneous		14,221	30,242
Advertisement		18,000	--
		-----	-----
		2,047,673	2,130,273
		=====	=====

16.1 Auditors' Remuneration

Audit Fee		25,000	25,000
Tax services		20,000	20,000
		-----	-----
		45,000	45,000
		=====	=====

16.2 Neither Chief Executive nor Directors or their spouses had any interest in any of the donees.

17. OTHER INCOME

Profit on bank deposits		34	2,122
Scrap sales		17,740	--
Profit on sale of vehicle		26,931	--
		-----	-----
		44,705	2,122
		=====	=====

18. TRADING INCOME/(LOSS)

Sale of yarn		1,806,325	--
Cost of sale		(6,634,158)	--
		-----	-----
Loss		(4,827,833)	--
		=====	=====

19. FINANCIAL EXPENSES

Mark-up on long term loans		13,110,296	13,110,297
Mark-up on short term bank borrowings		1,021,980	1,045,198
Bank charges and commission		150,892	164,081
		14,283,168	14,319,576

20. LOSS PER SHARE

There is no dilutive effect on the basic earning/(Loss) per share of the company which is based on:

Loss after taxation	(27,316,495)	(25,612,439)
	3,901,800	3,901,800
	(7.00)	(6.56)

21. REMUNERATION AND BENEFITS OF DIRECTORS AND EXECUTIVES

	2000		1999	
	Chief Executive	Executives	Chief Executive	Executives
Salary	356,500	294,000	138,000	345,000
	-----	-----	-----	-----
	356,500	294,000	138,000	345,000
	=====	=====	=====	=====
No. of Persons	1	2	1	2
	-----	-----	-----	-----

The Chief Executive is provided with the use of a company maintained car and utility bills at his residence.

22. EMPLOYEES' RETIREMENT BENEFITS

Contribution towards gratuity	116,680	185,286
	=====	=====
No. of employees at year-end	42	43
	=====	=====

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**(a) INTEREST RATE RISK**

The company borrows funds usually at fixed interest rates, the risk arising is minimal.

(b) CREDIT RISK

The company deals with most of regular and permanent customers who pay the instrument on due dates, Company considers the credit risk as normal.

(c) FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES,

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
24. TRANSACTIONS WITH ASSOCIATED COMPANIES		
Sizing Charges		
Yarn Sales (at cost)	--	5,560,851
	--	4,220,269
	-----	-----
	--	9,781,120
	=====	=====

25. PLANT CAPACITY AND ACTUAL PRODUCTION

Installed capacity (Looms)	48	48
Production at rated capacity converted to 50 picks (Sq.mtrs) (at 3 shifts for 350 days)	3,893,827	3,893,827
Actual production converted to 50 picks (Sq. mtrs)	704,304	311,623

26. FIGURES

-Have been rounded off to the nearest Rupee.

-Corresponding figures of prior year have been re-arranged where ever necessary, to facilitate the comparison.

Place: Faisalabad

Dated: Feb. 24, 2001

Chief Executive

Director

PATTERN OF SHARE HOLDING AS ON SEPTEMBER 30, 2000

<i>Number of share holders</i>	<i>From</i>	<i>To</i>	<i>Total Shares Held</i>
1305	1	100	127137
187	101	500	41959
80	501	1000	65099
97	1001	5000	206740
28	5001	10000	171055
12	10001	15000	151100
1	15001	20000	19100
3	25001	30000	84916
3	30001	35000	95111
1	45001	50000	50000
1	55001	60000	57300

2	65001	70000	133000
1	75001	80000	75400
1	195001	200000	200000
1	200001	205000	202300
1	225001	230000	227700
1	325001	330000	328000
1	330001	335000	330882
1	1335001	134000	1335001
-----	-----	-----	-----
1727			3901800
=====	=====	=====	=====

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Individuals	1721	2,703,087	69.28
Investment Companies	1	202,300	5.18
Insurance Companies	1	34,431	0.88
Financial Institutions	2	658,882	16.89
Co-operative Societies	2	303,100	7.77
	-----	-----	-----
	1727	3,901,800	100.00
	=====	=====	=====