

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 1ST QUARTER ENDED DECEMBER 31'2003

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.

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 254 of the Companies Ordinance, 1984

The accounting policies and method of computation followed in preparation of the first quarter financial statements are the same as those of the published annual financial statements of the year ended September 30, 2003.

SURPLUS ON REVALUATION OF FIXED ASSETS

	Dec 31, 2,003 Rupees	Dec 31, 2,002 Rupees
Opening balance	126,661,282	126,661,282
Incremental depreciation on revaluation of fixed 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 on revalued fixed assets for the year transferred to accumulated loss - net of deferred tax	(4,856,254)	-
Balance as on Sep.30,2003	<u>81,905,951</u>	<u>126,661,282</u>
Incremental depreciation on revaluation of fixed assets for the 1st quarter ended December 31,2003 transferred to accumulated loss	(1,123,311)	-
	<u>80,782,640</u>	<u>126,661,282</u>

COST OF SALES

Cost of goods manufactured (22.1)	81,034,695	76,836,211
Yarn Purchase	<u>0</u>	<u>623,500</u>
	81,034,695	77,459,711

Finished goods stock

Opening	7,188,013	3,740,588
Closing	<u>(2,056,105)</u>	<u>(1,823,046)</u>
	5,131,908	1,917,542

86,166,603 **79,377,253**

COST OF GOODS MANUFACTURED

Raw material (22.1.1)	59,578,943	54,973,287
Stores & spares	1,219,064	1,007,980
Packing material	765,817	746,818
Salaries, wages	5,138,742	4,979,279
Retirement benefits	300,000	380,000
Fuel & power	10,863,197	10,484,382
Repair & maintenance	65,500	0
Postage and telecommunication	42,683	49,474
Vehicle running & maintenance	57,698	67,472
Insurance	306,000	264,502
Depreciation	3,352,288	3,600,000
Other manufacturing	76,389	514,204
	<u>81,766,320</u>	<u>77,067,398</u>

Work-in-process stock

Opening	2,203,689	1,849,016
Closing	<u>(2,935,314)</u>	<u>(2,080,209)</u>
	(731,625)	(231,187)

81,034,695 **76,836,211**

RAW MATERIAL

Opening	9,021,393	11,376,572
Add:Purchases including pur.exp.	<u>88,430,518</u>	<u>65,698,407</u>
	97,451,911	77,074,979
Less:Closing	<u>37,872,968</u>	<u>22,101,692</u>
	<u>59,578,943</u>	<u>54,973,287</u>

DATE OF AUTHORIZATION:

These financial statements were authorised for issue on 29-01-2004 by the board of directors of the company.

FIGURES:

-have been rounded off to the nearest Rupee.

-of prior year have been rearranged and regrouped wherever necessary for the purpose of comparison.