

ICC Textiles Limited

Annual Reports 2003

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Notice of Annual General Meeting

Notice is hereby given that the Fifteenth (15th) Annual General Meeting of ICC Textiles Limited will be held at CompanyRegistered Office at 242-A, Anand Road, Upper Mall, Lahore on Saturday 31st January 2004 at 11.00 a.m. to transact the following business:

ORDINARY

1. To confirm the minutes of the 14th Annual General Meeting held on February 28, 2003.
2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2003 together with the Directorsand AuditorsReports thereon.
3. To appoint auditors for the year ending 30th September 2004 and to fix their remuneration.
4. Any other business with the permission of the chair.

By Order of the Board

Sd/-

LAHORE:

USMAN HAQ

January 03, 2004

Director & Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from 22.01.2004 to 31.01.2004 (both days inclusive). No transfer will be accepted for registration during this period.
2. A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting. The CDC Accounts Holders are requested to bring their original NIC and Participant ID to attend the meeting.
3. Shareholders are requested to notify the change in their postal addresses, if any.

COMPANY INFORMATION

Board of Directors

Mr. A. Rehman	Chairman
Mr. Shafiq A. Siddiqi	Chief Executive
Mr. Javaid S. Siddiqi	
Mr. Usman Haq	Company Secretary
Mr. Tahir Rehman	
Mrs. Shahima Rehman	
Mrs. Mehmoona Luqman	
Mrs. Attiya Zaheer	

Audit Committee

Mr. Javaid S. Siddiqi	Chairman
Mr. Tahir Rehman	Member
Mrs. Shahima Rehman	Member

Chief Financial Officer

Mr. Javed Rashid

Auditors

M/s Anjum Asim Shahid 1 Chartered Accountants	Rahman
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Bankers

Muslim Commercial Bank Ltd.
ABN Amro Bank.
Citibank N.A.
Faysal Bank Ltd.
United Bank Ltd.

Registered Office

242-A, Anand Road,
Upper Mall, Lahore.

Factory

32-K.M, Lahore-Multan Road, Sunder
Distt. Lahore.

The Year under Review

After the negative implications of 9/11 global tragedy on last year performance, the year under review was affected by the following contributory factors:

There was a general slowdown in demand in the first half due to the US led Iraq war.

The worldwide scare of the SARS epidemic created a major panic, which resulted in reduced buying by the west from the Far Eastern countries including China. Hence, there was a negative impact on fabric sales from Pakistan to the Far Eastern countries, which are ultimately destined for the European and American markets.

The average Pakistan rupee exchange rate during the year against the US\$ strengthened by 3.3% from 59.75 to 57.80 as compared to preceding year.

The speculation of international shortage of cotton coupled with reduced estimates of Pakistan cotton has jeopardized all aspects of the textile trade. The erratic movement of the international cotton price during the year resulted in extra ordinary increase in the domestic yarn prices, thereby adversely affecting the financial viability of Pakistan fabric.

The first surge was witnessed in end February 2003, while the impact of the second surge in October 2003 is still prevailing. The cotton and yarn prices have abruptly escalated by 30 - 35%.

The continuing build up of the country foreign reserves has helped in maintaining the downward trend in the mark up rates. Consequently, our financial costs for the year have reduced from Rs 31.916 million to Rs 18.095 million, which as a percentage of sales has come down from 6.53% to 3.10%.

DIRECTORS REPORT TO THE MEMBERS

On behalf of the board of directors, I take pleasure to present the Annual Report along with the Audited Accounts of the company pertaining to the financial year ending on September 30, 2003.

Financial Highlights

The company earned a pretax profit of Rs. 6.919 million on total sales of Rs. 583.163 million as against a pretax profit of Rs. 9.951 million on total sales of Rs. 488.555 million in the preceding year. The total sales increased by 19%, however, the profitability was reduced due to a higher increase in raw material cost.

Total Sales	Rs.	583,163,457
Gross Profit	Rs.	67,424,947

Operating Profit	Rs.	19,906,487
Profit before tax	Rs.	6,919,334
Net Profit after tax	Rs.	2,511,725
Unappr. Profit brought forward	Rs.	52,890,426
Total Accumulated Profit	Rs.	55,402,151

The original PICIC long term project loan was fully repaid as per schedule thus creating a liquidity cushion of about Rs 30 million per year in subsequent periods. The equity of the company has been gradually rising and the book value of the company share stood at Rs 15.54 on September 30, 2003.

Books of Accounts

Proper books of accounts have been maintained by the Company.

Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards (IAS)

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern

There are no doubts upon the Companyability to continue as a going concern.

Operating and Financial Data

Key operating and financial data of last six years is annexed herewith.

Staff Retirement Benefits

Value of unfunded gratuity scheme, based on actuarial valuation, at the year end was Rs. 12.294 million (2002: Rs. 10.667 million).

Board Meetings

During the year, seven meetings of the Board of Directors were held. Attendance by the Directors were as follows:

	Name of Directors	Attendance
1	Mr. A. Rehman	4
2	Mr. Shafiq A. Siddiqi	5
3	Mr. Javaid S. Siddiqi	5
4	Mr. Tahir Rehman	5
5	Mr. Usman Haq	5
6	Mrs. Shahima Rehman	5
7	Mrs. Mehmoona Luqman	5
8	Mrs. Attiya Zaheer	5

Marketing Strategy & Future Prospects

We are maintaining our diverse marketing strategy and are continuously making an effort to search for new international buyers. The distribution in terms of dollar volume is as follows:

Europe 44%

Far East 36%

North America 20%

The international fabric market has gradually started to absorb the increase in cotton and yarn costs and we are looking forward to better fabric prices. Moreover, some dobby fabric contracts from our regular customers at higher prices will result in much better results for the current quarter.

Weaving Expansion

The progress of the weaving expansion project is as follows:

The contract for purchase of brand new Sizing and Warping machines was finalized with Benninger in July 2003, and accordingly LC was established in August 2003. The machines have been shipped and are expected to be installed by end January 2004. The civil works comprising new building for additional yarn storage and the new Sizing and Warping machines have almost been completed.

Negotiations are underway for finalizing the purchase of 72 high speed airjet looms with Toyota and Tsudakoma of Japan and Picanol of Belgium.

A medium term loan of five year period for an amount of Rs 70 million was finalized with ABN Amro Bank at a floating mark up rate of six month T-Bill rate plus 2.15% to finance the Sizing and Warping machines and partial civil works for the expansion.

Final proposals for the balance long term loan of Rs 205 millions from various banks are being reviewed.

Corporate and Financial Reporting Framework

In order to follow the SECP code of corporate governance, the following statements are given:

Presentation of Financial Statements

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

SIX YEARS AT A GLANCE

	1998	1999	2000	2001	2002	2003
	(Rs. in million)					
Sales	671.118	722.1	629.301	573.723	488.555	383.163
Gross profit	140.374	125.457	122.439	105.448	81.863	67.425
Net profit after tax	51.722	27.419	31.822	6.034	4.423	2.512
Fixed Assets	225.629	235.974	217.707	203.906	189.903	178.659
Long term liabilities	106.435	88.825	68.663	45.58	19.15	19.15
Retained earnings	13.195	28.113	47.434	48.468	52.89	55.402
Gross profit rate	20.9%	17.40%	19.50%	18.40%	16.80%	11.60%
Net profit rate	7.70%	3.80%	5.10%	1.10%	0.90%	0.40%
Debt equity ratio	52:48	45:55	38:62	32:68	23:77	11:89
Current ratio	1.02:1	0.99:1	1.06:1	1.06:1	1.07:1	1.17:1
Share break up value	(Rs.) 11.32	12.81	14.74	14.85	15.29	15.54
Earning per share (Rs)	5.17	2.74	3.18	0.6	0.44	0.25
Dividend	Nil	12.50%	12.50%	10.00%	Nil	Nil

REVENUE DISTRIBUTION TREND

	1998	1999	% age of revenue			
	1998	1999	2000	2001	2002	2003
Profit before tax	8.4	4.5	5.8	1.9	2	1.2
Depreciation	3.7	3.6	3.8	3.9	4.2	3.3

Financial	6.6	6.6	6.7	7.8	6.5	3.1
Employees	3.9	4.7	5.9	6.8	7.9	6.4
Fuel and power	3.4	3.2	3.6	4.1	4.6	4
Shipment	3.1	3.5	4	4.8	4.1	3.8
Matr. & Services	70.8	74	70.2	70.7	70.6	78.2

Pattern of Shareholding

The pattern of shareholding as required by the Code of Corporate Governance is attached with this report.

Trading of Company Shares

During the year following share transfers involving Directors, Company Secretary, CFO and Executives of the company (including their spouses and minor children) were reported:

Mr. Javed Rashid, CFO sold 1000 shares.

Audit Committee

The Audit Committee comprises 3 members, of whom 2 are non-executive directors.

Dividend

Considering low profit and project expansion plan, no dividend is recommended for the year ended September 30, 2003.

Acknowledgement

Finally, we are grateful to our dedicated and hardworking team of employees and staff members who continue to perform with the utmost zeal and enthusiasm. We would also like to convey our appreciation for the support being received from our valued financial institutions.

For and on Behalf of the Board of Directors

Sd/-

LAHORE: SHAFIQ A. SIDDIQI

January 03, 2004 Chief Executive

Statement of Compliance with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the code of corporate governance contained in the relevant listing regulations of Karachi & Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors on its Board of Directors. At present, the Board includes six independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DPI or a NBFI or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Company has prepared a Code of Ethics and Business Practices signed by all the directors and employees of the Company.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the executive directors, have been taken by the Board.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.
9. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
10. The directors report for the year ended September 30, 2003 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an audit committee. It comprises three members.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of

Company Profile

ICC Textiles Limited, belongs to a leading and well established business group of Pakistan, engaged in Manufacturing, Heavy Electrical, Mechanical and Civil construction. Engineering and Indenting fields. Over the past four decades the group has played a vital role in the country economy. It is proud of the reputation earned in this period which is reflected through a dynamic list of achievements in various fields.

The textile project was set up in the vicinity of Lahore in 1990 as a diversification strategy, and to exploit the growing export potential from Pakistan. The project is equipped to produce highest quality of Grey Cloth according to international standards. The product range includes Twills, Drills, Satins, Poplins, Oxfords, Percales, Cords, Dobby Designs and Sheetings of different constructions and widths, in 100% cotton and polyester/cotton blends.

Plant Summary

Warping Machine:

Benninger Zell (Switzerland)

Sizing Machine:

Benninger Zell (Germany)

Weaving:

Sulzer (Switzerland)

Sulzer P7100 390 cm	48 Nos
Sulzer P7100 430 cm	12 Nos
Sulzer P7100 390 cm	30 Nos
(4 Color Dobby with Batching)	
Sulzer P7100 390 cm	10 Nos
(4 Color Dobby)	
Total	100 Nos

Shearing Machine:

Vollenweider (Switzerland)

Air Conditioning:

Sulzer (Switzerland)

Loom Data Control:

Banninger & Hubscher (Switzerland)

The project has been in operation for the last 13 years and we have succeeded in establishing good reputation in the fabric markets of Far East, Europe and North America. We have been exporting our grey fabric to various countries including Japan, Korea, Hong kong, Taiwan, UK, Germany, Switzerland, Spain, Ukraine, Belgium, Canada and USA.

AuditorsReport

We have audited the annexed balance sheet of ICC Textiles Limited as at September 30, 2003 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 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 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 affairs as at September 30, 2003 and of the profit, its cash flow and changes in equity for the year then ended; and
- d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980

LAHORE: ANJUM ASIM SHAHID RAHMAN

January 03, 2004 Chartered Accountants

reference of the committee have been formed and advised to the committee for compliance.

16. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all other material principles contained in the Code have been complied with.

LAHORE: SHAFIQ A. SIDDIQI

January 03, 2004 Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ICC Textiles Limited to comply with the Listing Regulations No. 37 (Chapter xi) and No.43 (Chapter xiii) of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited respectively, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended September 30, 2003.

Lahore ANJUM ASIM SHAHID RAHMAN

Dated: January 03, 2004 Chartered Accountants

	Note	2003 Rupees	2002 Rupees
ASSETS			
FIXED CAPITAL EXPENDITURE			
Operating fixed assets - tangible	10	178,659,476	189,903,329
Capital work in progress	11	6,217,544	--

		184,877,020	189,903,329
LONG TERM ADVANCES, DEPOSITS AND DEFERRED COST	12	2,302,228	4,031,911
CURRENT ASSETS			
Stores, spares and loose tools	13	18,003,682	15,493,498
Stock in trade	14	113,066,676	114,441,614
Trade debts	15	48,984,568	30,264,105
Advances, deposits, prepayments and other receivables	16	35,109,513	28,302,717
Short Term Investments	17	38,100,000	38,100,000
Cash and bank balances	18	50,302,112	15,535,078
		303,566,551	242,137,012
		490,745,799	436,072,252

BALANCE SHEET
As At September 30, 2003

	Note	2003 Rupees	2002 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised share capital			
12,000,000 (2002: 12,000,000) ordinary shares of Rs. 10 each		120,000,000	120,000,000
Issued, Subscribed and Paid up share capital	3	100,008,000	100,008,000
UNAPPROPRIATED PROFIT		55,402,151	52,890,426
		155,410,151	152,898,426
LOAN FROM DIRECTORS AND MEMBERS	4	45,000,400	--
LONG TERM LOANS	5	19,150,000	19,150,000
DEFERRED LIABILITIES			
Staff retirement benefits	6	12,293,523	10,676,965
CURRENT LIABILITIES			
Short term finances	7	237,001,461	205,331,366
Current portion of long term liabilities	5	--	26,429,830
Creditors, accrued and other liabilities	8	20,212,432	19,881,920
Unclaimed dividend		1,677,832	1,703,745
		258,891,725	253,346,861
CONTINGENCIES AND COMMITMENTS	9	—	—
		490,745,799	436,072,252

CASH FLOW STATEMENT
For The Year Ended September 30, 2003

	2003 Rupees	2002 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year before taxation	6,919,334	9,951,377
Adjustments for:		
Depreciation	19,420,954	20,731,872
(Gain)/Loss on sale of fixed assets	-12,934	158,356
Amortization of deferred costs	2,720,683	2,784,413
Staff gratuity	2,943,154	1,633,217
Financial charges	18,094,679	31,915,645
	43,166,536	57,223,503
	50,085,870	67,174,880
(Increase) / Decrease in current assets		
Stores, spares and loose tools	-2,510,184	-6,398,379
Stock in trade	1,374,938	-17,412,637
Trade debts	-18,720,463	61,536,621
Advances, deposits, prepayments and other receivables	-6,043,592	15,003,962
	-25,899,300	52,729,567
Increase / (Decrease) in current liabilities		
Creditors, accrued and other liabilities	3,202,011	3,649,261
Cash generated from operations	27,388,580	123,553,708
Financial charges paid	-20,966,178	-37,942,726
Taxes paid	-5,170,813	-6,663,982

Gratuity paid		-1,326,596	-869,863
		-27,463,587	-45,476,571
Net cash flow from operating activities	(A)	-75,007	78,077,137

PROFIT AND LOSS ACCOUNT

For The Year Ended September 30, 2003

	Note	2003 Rupees	2002 Rupees
SALES	19	583,163,457	488,555,221
COST OF SALES	20	515,738,510	406,800,492
GROSS PROFIT		67,424,947	81,754,729
OPERATING EXPENSES			
Administrative	21	23,959,200	23,399,178
Selling	22	23,559,260	21,450,795
		47,518,460	44,849,973
OPERATING PROFIT		19,906,487	36,904,756
OTHER INCOME	23	5,471,702	5,486,022
		25,378,189	42,390,778
OTHER CHARGES	24	18,458,855	32,439,401
PROFIT FOR THE YEAR BEFORE TAXATION		6,919,334	9,951,377
TAXATION	25	4,407,609	5,528,527
PROFIT FOR THE YEAR AFTER TAXATION		2,511,725	4,422,850
UNAPPROPRIATED PROFIT BROUGHT FORWARD		52,890,426	48,467,576
PROFIT AVAILABLE FOR APPROPRIATION		55,402,151	52,890,426
UNAPPROPRIATED PROFIT CARRIED TO BALANCE SHEET		55,402,151	52,890,426
EARNING PER SHARE - BASIC	26	0.25	0.44

The annexed notes form an integral part of these accounts.

STATEMENT OF CHANGES IN EQUITY

For The Year Ended September 30, 2003

Description	Paid-up Capital Unappropriated Profit		Total
	Rupees	Rupees	Rupees
Balance as at September 30, 2001	100,008,000	48,467,576	148,475,576
Net profit for the year	-	4,422,850	4,422,850
Balance as at September 30, 2002	100,008,000	52,890,426	152,898,426
Net profit for the year	--	2,511,725	2,511,725
Balance as at September 30, 2003	100,008,000	55,402,151	155,410,151

The annexed notes form an integral part of these accounts.

	2003 Rupees	2002 Rupees
CASH FLOW FR5		
Long term advances, deposits and deferred costs	-991,000	-376,887
Sale proceeds of fixed assets	16,000	280,000
Fixed capital expenditure	-14,397,711	-7,167,944
Net cash flow from (B)	-15,372,711	-7,264,831
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - Secured	31,670,095	-35,435,634
Long term loans - Unsecured	--	--
Loans from directors and members	45,000,400	--
Repayment of long term loans	-26,429,830	-23,083,000
Dividend paid	-25,913	-4,447,472
Net cash flow from (C)	50,214,752	-62,966,106
Net increase in cash and bank balances (A + B + C)	34,767,033	7,846,200
Cash and bank balances at the beginning of the year	15,535,078	7,688,878

Cash and bank balances at the end of the year	50,302,112	15,535,078
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The annexed notes form an integral part of these accounts.

Depreciation is calculated by applying the rates as mentioned in note 9 on reducing balance method so as to write off the cost of operating fixed assets over their useful lives.

Full annual rate of depreciation is applied to the cost of additions. However, depreciation for proportionate period of use is charged on major project cost capitalized resulting in increased production capacity. No depreciation is charged on assets deleted during the year.

Gain / loss on disposal of fixed assets is reflected in the income currently. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

2.5 Capital Work in Progress

Capital Work in Progress is stated at cost less any identified impairment losses.

2.6 Stores, Spares and Loose Tools

These are stated at cost using moving average method except goods in transit which are stated at cost.

2.7 Stock in Trade

Stock in trade is stated principally at lower of cost and net realizable value.

Cost of major components of stock in trade is determined as follows:

Raw materials - At annual average cost

Work in process

and finished goods - At prime cost plus appropriate production overheads

Wastes - At net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

2.8. Financial Instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual provision of the instrument. The particular measurement methods are disclosed in the individual policy statement.

2.9 Loans and Advances

These are stated at cost which represents the fair value of the consideration.

2.10 Receivables

Receivables are carried at original invoice amount less any estimates made for doubtful receivable balances based on review of outstanding amounts at the year end. Bad debts are written off when identified.

2.11 Creditors, accrued and Other Liabilities

Liabilities for trade and other amounts payable are measured at cost which is the fair

NOTES TO THE ACCOUNTS

For The Year Ended September 30, 2003

1. STATUS AND NATURE OF BUSINESS

ICC Textiles Limited (the "Company") was incorporated in Pakistan on May 25, 1989 as a public limited company under the Companies Ordinance, 1984. The shares of the Company are listed on the Lahore and Karachi Stock Exchanges in Pakistan. The principal activity of the company is to manufacture and sale of grey fabrics.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared, in all material aspects, in accordance with the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standard Board (IASB) as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Wherever the requirements of Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance take precedence.

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention modified by the recognition of staff retirement benefits which are recognized at present value.

2.3 Staff Retirement Benefits

The company operates an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. Provision is made annually to cover the obligations under the scheme.

The latest actuarial valuation for gratuity scheme was carried out as at September 30, 2003 under Projected Unit Credit Method, using the following significant assumptions for valuation of the scheme:

- Discount rate 8% per annum
- Expected rate of salary increase in future 7% per annum

Actuarial gains and losses related to employees defined benefit plans, exceeding ten percent of the present value of defined benefit obligations are recognized in the profit and loss account over the expected average remaining working lives of the employees participating in the plan. Otherwise the actuarial gains and losses are not recognized.

2.4 Tangible Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation except freehold land and capital work in progress which are stated at cost.

Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the erection / construction period and attributable expenses in bringing the assets to their working condition. Preproduction expenses and trial run results are also capitalized.

2.19 Provisions

A provision is recognized in the financial statements when company has legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of obligation.

2.20 Cash Equivalents

These include short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.21 Off-Setting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amount and the company intends to either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

	2003 Rupees	2002 Rupees
3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL 10,000,800 (2002: 10,000,800) ordinary shares of Rs. 10 each fully paid in cash	100,008,000	100,008,000

3.1 2,878,100 (2002: 2,878,100) shares of the company are held by the associate company.

4. LOAN FROM DIRECTORS AND MEMBERS

These represent interest free unsecured loans obtained from directors / members of the company to be adjusted against the proceeds of proposed public issue after commencement of commercial production and include Rs. 35 million received from associated company for expansion project.

	Note	Sanctioned Limit-Rs.	2003 Rupees	2002 Rupees
5. LONG TERM LOANS				
Financial Institution - Secured				
Foreign currency loan	5.1	164,765,830	--	26,429,830
(Equivalent US\$ 7,277,990)				
Associated Company - Unsecured	5.2	--	19,150,000	19,150,000
			19,150,000	45,579,830
Current Portion			~	-26,429,830
			19,150,000	19,150,000

value of the consideration to be paid in the future for goods and services.

2.12 Borrowings

Loans and borrowings are recorded at proceeds received. Financial charges are accounted for on accrual basis and are included in creditors, accrued and other liabilities to the extent of the amount remaining unpaid.

2.13 Financial and Other Charges

Financial and other charges on long term loans are capitalized up to the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such specific long-term loans. All other financial and other charges are taken to the profit and loss account.

2.14 Foreign Currency Translation

Transactions in foreign currency are recorded in Pak Rupee at the rate of exchange prevailing on the transaction date. All monetary assets and liabilities in foreign currencies are translated at exchange rates ruling on the balance sheet date, except those covered under forward exchange contracts, which are translated at cover rate. Exchange differences are accounted for in the income currently.

2.15 Revenue Recognition

Sales are recorded on despatch of goods to the customers. Exchange differences, if any, are adjusted in the period of realisation.

Export rebates are accounted for on accrual basis. Investment and interest income is recognized on time proportion basis.

2.16 Deferred Costs

Deferred costs are amortized over a period of five years from the year of incurrence. However, as export quota is going to expire by the year 2004, therefore, unamortized

balance will be charged to income by that date.

2.17 Taxation

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

Deferred taxation is accounted for on all material temporary differences by using the liability method. However, deferred taxation is not provided if it can be established with reasonable probability that these differences will not reverse in the foreseeable future.

2.18 Impairment of Fixed Assets

An assessment is made at the balance sheet date to determine whether there is an evidence that a particular fixed asset or class of fixed assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognised for the difference between recoverable amount and the carrying amount.

	2003 Rupees	2002 Rupees
6.1 Present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the period	10,534,117	8,587,475
Interest cost for the year	1,053,412	858,748
Current service cost for the year	1,889,742	2,100,605
Benefits paid	-1,326,596	-869,863
Actuarial (gains)/losses to be recognized in the later periods	-117,357	-142,848
	12,033,318	10,534,117

The principal actuarial assumptions used in the actuarial valuation, using projected unit credit method, of the gratuity scheme as on September 30, 2003 are:

Discount rate 8% per annum (2002: 10% per annum)

Expected rate of salary increase in future 7% (2002: 7% for next three years and 9%

thereafter)

	Note	Sanctioned Limit-Rs.	2003 Rupees	2002 Rupees
7. SHORT TERM FINANCES				
Commercial banks				
Secured:				
Pre-shipment - Banksown source	7.1	255,000,000	237,000,000	202,019,312
Unsecured:				
Current account			1,461	3,312,054
			237,001,461	205,331,366

7.1 The facilities are secured against hypothecation of stock in trade, pari passu charge on current assets, second charge on fixed assets of the company, deposit certificates as referred in note 17.1 and partial security of an associated company. Mark-up is payable at the rate ranges from 2.8% to 11.0% per annum.

7.2 Mark-up on above facilities is payable on quarterly basis.

5.1 The loan was sanctioned by Pakistan Industrial Credit and Investment Corporation Limited (PICIC). The loan was repayable in 23 half yearly instalments commencing July 01, 1992.

It carries interest @ 14% per annum or 1 % per annum above the prime rate of interest applicable to US Dollar, whichever is higher.

In case of default additional interest is payable @ 5% per annum above the bank rate or applicable rate of interest, whichever is higher, on the unpaid amount.

The loan is secured against:

i. first charge by way of an equitable mortgage on the present and future immovable properties of the company.

ii. first hypothecation charge on all the present and future machinery of the company.

iii. first floating charge on all other present and future assets of the company subject to a charge by way of hypothecation of stock in trade, stores and work-in-progress created in favour of other bankers with the approval of PICIC.

iv. demand promissory note for the amount of loan convertible into usance bill on demand of PICIC.

5.2 It carries interest ranging from 2.75% to 10.5% per annum and principal amount is repayable after twelve months from the balance sheet date.

	2003 Rupees	2002 Rupees
6. STAFF RETIREMENT BENEFITS (Defined benefit plan)		
Balance sheet liability at the beginning of the year	10,676,965	9,913,611
Amount recognized during the year	2,943,154	1,633,217
Amount paid during the year	-1,326,596	-869,863
Actuarial	12,293,523	10,676,965
Present value of defined benefit obligation (Note 6.1)	12,033,318	10,534,117
Add: Actuarial gains to be recognized in the later periods	260,205	142,848
	12,293,523	10,676,965

10. OPERATING FIXED ASSETS - Tangible

DESCRIPTION	COST			Rate As on September 30, 2003	%	DEPRECIATION			Written down As on September 30, 2003	value as on September 30, 2003
	As on October 01, 2002	Additions	Deletions			As on October 01, 2002	Adjustment	For the year		
Land • free hold	7,553,867	-		7,553,86	1					7,553,867
Building - on freehold land	55,833,499			55,833,49	10	31,760,733		2,407,277	34,168,01	21,665,489
Plant & machinery	363,965,835	7,716,528		371,682,36	10	212,655,108		15,902,726	228,557,83	143,124,529
Furniture & fixtures	2,337,751	28,410		2,366,16	10	1,222,636		114,353	1,336,98	1,029,172
Vehicles	7,206,528	296,119	-35,691	7,466,95	20	3,816,623	(32,625)	736,592	4,520,59	2,946,366
Electrical appliances	442,252			442,25	10	304,849		13,740	318,58!	123,663
Office equipment	4,183,815	139,110		4,322,92	10	1,860,269		246,266	2,106,53	2,216,390
2003 Rupees	441,523,547	8,180,167	-35,691	449,668,02	1	251,620,218	(32,625)	19,420,954	271,008,54	178,659,476
2002 Rupees	435,351,520	7,167,944	1995917)	441,523,54	1	231,445,907	(557,561)	20,731,872	251,620,21	189,903,329

	2003 Rupees	2002 Rupees
10.1 Depreciation for the year has been allocated as under:		
Cost of Sales (Note 20)	18,310,003	19,487,055
Administrative Expenses (Note 21)	1,110,951	1,244,817
	19,420,954	20,731,872

10.2 Disposal of Operating Fixed Assets

The following is the detail of disposals during the year:

Particulars	Cost	Book Value	Sale Proceeds	Profit/ (Loss)	Mode of Disposal	Name and Address
Vehicles						
Yamaha Motor Cycle (LOM-7732)	35,691	3,066	16,000	12,934	Negotiation	Mr. Nazir Bhatti House # 75/A, Street # 2, Gulbahar

2003 Rupees	35,691	3,066	16,000	12,934
2002 Rupees	995,917	438,356	280,000	-158,356

	2003 Rupees	2002 Rupees
8. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	8,463,909	2,490,054
Deposit and retention money	3,000	3,000
Due to associated company	161,308	745,859
Due to directors	--	10,712
Accrued liabilities	9,025,644	9,157,411
Advance from customers	150,647	2,290,366
Accrued mark-up / interest on long term loans	--	925,044
Accrued mark-up / interest on short term finances	1,573,184	3,519,639
Accrued interest on loan from associated company	--	-
Tax deducted at source	334,837	216,079
WorkersProfit Participation Fund (Note 8.1)	364,175	523,756
Others	135,728	-
	20,212,432	19,881,920
8.1 WorkersProfit Participation Fund		
At the beginning of the year	523,756	575,708
Allocation for the year	364,176	523,756
	887,932	1,099,464
Interest during the year	38,890	53,425
	926,822	1,152,889
Amount paid during the year	-562,647	-629,133
	364,175	523,756

9. CONTINGENCIES AND COMMITMENTS

9.1 The company has not accounted for excise duty on long term loans charged by PICIC amounting to Rs. 6,471,581 (2002: Rs. 6,471,581), however, out of this amount company has paid Rs. 1,941,474 which is treated as advance central excise duty (Note 16). The company has filed an appeal in the Supreme Court of Pakistan against the decision of the Lahore High Court. The company is of the view that such liability is not payable considering the judgement passed by the Sindh High Court, which had struck down the levy of the Central Excise Duty in its consolidated decision in December 2000. Although final outcome of the matter is pending, however, the Supreme Court of Pakistan has suspended the judgement for recovery of the duty.

9.2 Commitments against irrevocable letters of credit for import of machinery as at September 30, 2003 amounting to Rs. 48.275 million (2002: Rs. 0.898 million).

9.3 Capital commitments were of Rs. 9.200 million (2002: Rs. Nil) as on balance sheet date.

9.4 Bank guarantees outstanding as at September 30, 2003 are amounting to Rs. Nil (2002: Rs. 3.486 million).

	2003 Rupees	2002 Rupees
15. TRADE DEBTS - Considered good		
Export - Secured against letters of credit	31,007,104	27,705,818
Local - Secured against letters of credit	—	1,127,000
- Unsecured	17,977,464	1,431,287
	17,977,464	2,558,287
	48,984,568	30,264,105
16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances - Unsecured but considered good:		
to executives (Note 16.1)	249,919	81,000
to employees	146,872	118,961
to suppliers	2,059,072	216,732
	2,455,863	416,693
Advance income tax - Net	2,497,198	1,733,994

Sales tax refundable		23,501,874	15,779,121
Advance central excise duty	(Note 9.1)	1,941,474	1,941,474
Letters of credit		--	10,634
Prepayments		705,298	683,833
Export rebate receivable		2,718,556	5,715,886
Accrued interest		699,796	1,640,392
Other receivables		589,454	380,690
		35,109,513	28,302,717

16.1 The maximum aggregate amount due from the executives at the end of any month was Rs.1,149,919 (2002: Rs. 186,035).

17. SHORT TERM INVESTMENTS			
Term Deposit Certificates	(Note 17.1)	38,100,000	38,100,000

17.1 The certificates carry interest @ 14% to 16% per annum and have been pledged with ABN- AMRO Bank and Muslim Commercial Bank as collateral against short term finance.

18. CASH AND BANK BALANCES			
Cash in hand		184,012	139,053
Cash at banks - Current accounts		50,118,100	15,396,025
		50,302,112	15,535,078

		2003	2002
		Rupees	Rupees
11. CAPITAL WORK IN PROGRESS			
Civil works		3,678,919	—
Letter of credit		416,867	—
Advances		2,040,124	—
Unallocated capital expenditure		81,634	—
		6,217,544	--

11.1 This represents the initial cost of expansion of additional 66 high speed extra wide width air-jet shuttleless looms alongwith complete new back process.

12. LONG TERM ADVANCES, DEPOSITS AND DEFERRED COSTS			
Advances	(Note 12.1)	900,000	—
Security deposits		260,744	219,744
Deferred costs	(Note 12.2)	1,141,484	3,812,167
		2,302,228	4,031,911
12.1 Advances			
Advances to employees		1,000,000	—
Current portion		-100,000	—
		900,000	--
12.2 Deferred Costs			
Export quota		3,862,167	6,596,580
Amortised during the year		-2,720,683	-2,784,413
		1,141,484	3,812,167

13. STORES, SPARES AND LOOSE TOOLS			
Stores		8,362,317	5,891,751
Spares		7,873,323	6,947,546
Packing materials		241,011	336,728
Loose tools		1,527,031	1,428,766
Stores in transit		—	888,707
		18,003,682	15,493,498

14. STOCK IN TRADE			
Raw materials		39,372,838	27,186,587
Work in process		11,007,341	13,703,063
Finished goods		62,647,235	73,441,905
Scrap / Waste		39,262	110,059
		113,066,676	114,441,614

	2003	2002
	Rupees	Rupees

20.1 Raw materials consumed

	Opening Stock	27,186,587	16,290,050
	Purchases	399,679,229	315,551,964
	Freight and octroi	2,198,680	1,611,948
	Claims	-1,853,650	-
		400,024,259	317,163,912
	Closing Stock	-39,372,838	-27,186,587
		387,838,008	306,267,375
21.	ADMINISTRATIVE EXPENSES		
	Salaries and other benefits	12,171,589	11,073,503
	Travelling and conveyance	1,834,572	2,640,495
	Rent, rates and taxes	1,200,038	1,214,604
	Printing and Stationery	620,008	603,461
	Communication	1,153,546	1,218,251
	Vehicles running and maintenance	2,756,960	2,438,123
	Entertainment	432,992	397,659
	Repair & maintenance	556,881	461,264
	Electricity, gas and water	927,054	880,281
	Auditors remuneration (Note 21.1)	173,475	148,025
	Legal and professional	182,920	185,597
	Subscription	217,829	266,322
	Insurance	536,652	516,587
	Advertisement	41,718	63,466
	Depreciation (Note 10.1)	1,110,951	1,244,817
	Others	42,015	46,723
		23,959,200	23,399,178
	21.1 Auditors Remuneration		
	Audit fee	100,000	75,000
	Tax representation and consultancy fee	65,000	65,000
	Out of pocket expenses	8,475	8,025
		173,475	148,025
22.	SELLING EXPENSES		
	Salaries and other benefits	884,118	864,278
	Vehicles running and maintenance	22,774	44,938
	Communication	563,646	452,597
	Freight, shipment and others	21,881,577	19,860,045
	Other expenses	207,145	228,937
		23,559,260	21,450,795
		2003	2002
		Rupees	Rupees
19.	SALES		
	Cloth - Export - Invoiced value	439,491,821	383,856,077
	- Exchange Gain / (Loss)	1,269,104	-503,420
		440,760,925	383,352,657
	- Local	142,277,825	104,731,247
		583,038,750	488,083,904
	Waste	2,209,262	1,591,714
	Export rebate	3,638,472	5,628,255
	Processing income	15,002	75,923
		588,901,486	495,379,796
	Commission and claim	-5,738,029	-6,824,575
		583,163,457	488,555,221
20.	COST OF SALES		
	Raw materials consumed (Note 20.1)	387,838,008	306,267,375
	Salaries, wages and other benefits	24,483,978	24,441,364
	Fuel and power	23,162,633	22,605,673
	Stores consumed	44,986,126	34,953,649
	Processing charges	173,306	21,389
	Insurance	1,229,989	1,229,877
	Repair and maintenance	1,893,278	1,695,691
	Depreciation (Note 10.1)	18,310,003	19,487,055
		502,077,321	410,702,073
	Adjustment of Work-in-process		
	Opening stock	13,703,063	11,820,195
	Closing stock	-11,007,341	-13,703,063
		2,695,722	-1,882,868
	Adjustment of Finished goods and Waste		

Opening stock	73,551,964	68,918,732
Cloth purchased	100,000	2,614,519
Closing stock	-62,686,497	-73,551,964
	10,965,467	-2,018,713
	515,738,510	406,800,492

27. FINANCIAL ASSETS AND LIABILITIES

	Effective Interest! Mark-up Rate %	Mark-up Bearing Maturity up to One Year Rupees	Maturity after One Year Rupees	Non Mark-up Bearing Maturity up to One Year Rupees	Maturity after One Year Rupees	Total 2003 Rupees	Total 2002 Rupees
Financial assets							
Long term advances and security deposit					1,160,744	1,160,744	219,744
Trade debts				48,984,568		48,984,568	30,264,105
Advances, deposits, prepayment and other receivables				1,686,041		1,686,041	2,221,043
Short term investments	14.0%to16.0	38,100,000				38,100,000	38,100,000
Cash and bank balances				50,302,112		50,302,112	15,535,078
		38,100,000		100,972,721	1,160,744	140,233,465	86,339,970
Financial liabilities							
Long term loans	2.75% to 14.0	-	19,150,000			19,150,000	45,579,830
Short term finances	2.8%to11.00	237,001,461				237,001,461	205,331,366
Creditors, accrued and other liabilities				19,227,045		19,227,045	16,851,719
Dividends				1,677,832		1,677,832	1,703,745
		237,001,461	19,150,000	20,904,877		277,056,338	269,466,660
Sensitivity gap		(198,901,461	(19,150,000	80,067,844	1,160,744	-136,822,873	-183,126,690

27.1 Concentration and management 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 credit risk exposure is not significantly different from that reflected in the financial statements. The company believes that it is not exposed to major concentration of credit risk. To manage credit risk, company applies credit limits to its customers.

27.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to sales and purchases transactions with foreign undertakings. The company does not view hedging as being financially feasible owing to the excessive costs involved in relation to the amount at risk. However, where substantial amount of risk is involved the management manages the risk through forward cover.

27.3 Liquidity risk management

Liquidity risk reflects company inability in raising funds to meet commitments. The management closely monitors company liquidity and cash flow position to ensure adequate liquidity and manage the assets keeping in view the liquidity position.

27.4 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market interest rates. The company is not exposed to major interest rate risk. The rate of interest and maturity periods are disclosed in respective notes.

	2003 Rupees	2002 Rupees
23. OTHER INCOME		
Gain / (loss) on sale of fixed assets (Note 10.2)	12,934	-158,356
(Loss) on sale of raw materials and stores	-209,628	-224,548
Interest on term deposit certificates	5,643,576	5,643,576
Others	24,820	225,350
	5,471,702	5,486,022

24. OTHER CHARGES		
Financial charges (Note 24.1)	18,094,679	31,915,645
WorkersProfit Participation Fund (Note 8.1)	364,176	523,756
	18,458,855	32,439,401
24.1 Financial Charges		
Mark-up / interest on long term loans	1,253,567	5,343,321
Interest on loan from associated company	1,268,383	2,184,430
Mark-up / Interest on short term finances	13,320,519	21,854,789
Interest on WorkersProfit Participation Fund	38,890	53,425
Bank charges	2,213,320	2,479,680
	18,094,679	31,915,645
25. TAXATION		
Current year	4,407,609	3,833,527
Prior years - Corporate Assets Tax	—	1,695,000
	4,407,609	5,528,527

25.1 The company has not accounted for any deferred taxation as it falls under the ambit of final tax regime under section 154 of the Income Tax Ordinance, 2001 (previously presumptive tax regime under the repealed Income Tax Ordinance, 1979). Provision for income tax is made in the accounts accordingly. Income tax assessments of the company have been finalized up to assessment year 2000-2001.

26. EARNING PER SHARE - BASIC		
Profit attributable to ordinary shareholders	2,511,725	4,422,850
Weighted average number of ordinary shares	10,000,800	10,000,800
Earning per share - Basic	0.25	0.44

26.1 There is no dilutive effect on the basic earning per share.

29.1 Some of the directors and the executives are provided with free use of company cars as per rules.

29.2 No meeting fee was paid to the directors for attending the meetings of the board.

	2003	2002
30. NUMBER OF EMPLOYEES		
Number of employees at the year end	414	420
31. PLANT CAPACITY AND PRODUCTION		
No. of looms installed	100	100
No. of looms worked	100	100
Shifts per day	3	3
No. of days actually worked	364	364
Rated capacity (Running meters in millions)	12.5	12.5
Actual production (Running meters in millions)	10.1	9.2

It is difficult to determine precisely the production capacity in textile weaving mills since it fluctuates widely depending on various factors such as speed, width and construction of cloth woven etc.

32. DATE OF AUTHORISATION

These accounts have been approved by the Board of Directors on January 03, 2004.

33. FIGURES

- have been rounded off to the nearest rupee.
- of previous year have been re-arranged wherever necessary, for the purpose of comparison.

27.5 Fair values of financial assets and financial liabilities

The management is of the view that carrying values of all financial assets and financial liabilities approximate to their fair values.

Method used for fair value estimation

Assets

- (i) Short term

Fair value of all short term financial assets approximates to the carrying value because of their short term maturity.

(ii) Long term

Carrying value of long term financial assets approximates its fair value due to its fixed maturity amount.

Liabilities

(i) Short term

Carrying value of current maturity of long term loans, interest accrued and short term loans equals to their fair value because of their short term maturity.

(ii) Long term

Carrying value of long term financial liabilities approximates its fair value due to its fixed maturity amount.

	2003 Rupees	2002 Rupees
28. TRANSACTIONS WITH ASSOCIATED COMPANIES		
Interest on loan debited by ICC (Private) Ltd.		
Loan obtained from ICC (Private) Limited for expansion Project - Interest free	1,268,383	2,184,430
Purchase of generator spares from IEC (Private) Ltd.	35,000,000	—
	--	37,958

28.1 Interest on long term loans is charged at the same rates which is charged by the bank to the associated company. Spares are purchased at market value.

28.2 The companies are associated due to common directorship

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Description	2003			2002		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	..	2,877,600	4,353,359	2,557,800	4,061,319	
House rent allowance	--	1,294,920	1,505,700	1,151,010	1,420,913	
Other allowances	-	--	610,272	--	581,139	
Bonus	-	--		225,700	336,894	
Medical expenses		112,182	48,609	46,365	92,113	
Utilities		280,107	122,165	297,041	91,560	
	-	4,564,809	6,640,105	4,277,916	6,583,938	
No. of persons	1	2	18	1	2	16

DETAIL OF SHARHOLDING

AS ON 30TH SEPTEMBER, 2003

1 DIRECTORS THEIR SPOUSES AND MINOR CHILDREN

Name	Designation	No. of Shares
i) Mr. Abdul Rehman	Chairman	2,550
ii) Mr. Shafiq A. Siddiqi	Chief Executive	80,000
Mrs. Saeeda Nasreen	Spouse	36,700
iii) Mr. Javaid Shafiq Siddiqi	Director	169,450
iv) Mr. Usman Haq	Director	70,000
Mrs. Ambereen Haq	Spouse	175,000
v) Mr. Tahir Rehman	Director	27,365
Mrs. Anjum T. Rehman	Spouse	275,000
vi) Mrs. Shahima Rehman	Director	125,000
Mr. Tariq Rehman	Spouse	177,365
vii) Mrs. Mehmoona Luqman	Director	22,500
viii) Mrs. Attiya Zaheer	Director	22,500
		1,183,430
2 EXECUTIVES		
i) Mr. M. Maroof Baray	Executive Director	500
ii) Mr. Javed Rashid	CFO	19,000

3 ASSOCIATED COMPANIES		
ICC (Pvt) Limited		2,878,100
4 BANKS, FINANCIAL INSTITUTIONS AND COMPANIES		
BANKS		
i) National Bank Of Pakistan		334,500
ii) Habib Bank Limited		10,000
INVESTMENT COMPANIES		
i) Investment Corporation of Pakistan		22,500
INSURANCE COMPANIES		
i) Adamjee Insurance Company Ltd		20,100
ii) State Life Insurance Corp. of Pakistan		158,900
PRIVATE LIMITED COMPANIES		
i) Inkaga Consultants (Pvt) Ltd		500
ii) Valika Properties (Pvt) Ltd		500
iii) Shakoo (Pvt) Limited		111,500
iv) Allies Fabrics (Pvt) Ltd		1,500
v) Corporate Solutions (Pvt) Ltd		1,000
JOINT STOCK COMPANIES		
i) Taurus Securities Limited		1,500
ii) Ramada Securities & Derivatives Ltd.		5,000
iii) Javed Omer Vohra & Co. Limited		1,000
CHARITABLE TRUSTS		
i) Ebrahim Bawany Foundation		10,000
		678,500
5 SHAREHOLDERS HOLDING 10% OR MORE		
ICC (Pvt) Limited (Associated Company)		2,878,100

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PATTERN OF HOLDING OF THE SHARES
HELD BY THE SHARE HOLDERS AS ON SEPTEMBER 30, 2003

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
212	1	100	21,162
2,284	101	500	1,068,120
123	501	1,000	120,018
156	1,001	5,000	411,650
36	5,001	10,000	273,100
16	10,001	15,000	207,900
7	15,001	20,000	120,700
9	20,001	25,000	199,500
2	25,001	30,000	53,365
3	35,001	40,000	114,200
1	40,001	45,000	43,500
1	65,001	70,000	70,000
1	70,001	75,000	75,000
4	75,001	80,000	315,050
2	90,001	95,000	190,000
1	110,001	115,000	110,500
1	120,001	125,000	125,000
1	130,001	135,000	132,820
1	135,001	140,000	138,600
1	140,001	145,000	144,100
1	155,001	160,000	158,900
3	165,001	170,000	508,350
1	170,001	175,000	175,000
2	175,001	180,000	356,665
1	230,001	235,000	235,000
2	235,001	240,000	473,000
1	270,001	275,000	275,000

1	295,001	300,000	300,000
1	330,001	335,000	334,500
1	370,001	375,000	372,000
1	2,875,001	2,880,000	2,878,100
2,877			10,000,800

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Individuals	2,862	6,445,200	64.45
Investment Companies	1	22,500	0.22
Insurance Companies	2	179,000	1.79
Banks/Financial Institutions	2	344,500	3.44
Private Ltd Companies	6	2,992,100	29.92
Charitable Trusts	1	10,000	0.1
Joint Stock Companies	3	7,500	0.07
Total:	2,877	10,000,800	100