

**J. A. TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2003**

	Note	2003 Rupees	2002 Rupees
SHARE CAPITAL			
Authorised 20,000,000 ordinary shares of Rs. 10/- each.		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up 12,601,160 ordinary shares of Rs. 10/- each fully paid in cash		126,011,600	126,011,600
Accumulated loss		(205,004,090)	(227,626,471)
		(78,992,490)	(101,614,871)
SURPLUS ON REVALUATION OF FIXED ASSETS	6	81,905,951	126,661,282
LONG TERM LOANS	7	99,451,142	62,199,250
DEFERRED LIABILITIES			
Custom levies	8	5,591,401	5,591,401
Taxation	9	26,208,864	-
Staff retirement gratuity	10	5,477,812	4,886,969
		37,278,077	10,478,370
CURRENT LIABILITIES			
Short term borrowings		-	4,050,000
Current portion of long term loans		-	15,110,750
Creditors, accrued and other liabilities	11	105,144,466	130,921,036
Taxation		1,288,344	3,243,029
Dividend	12	465,612	6,300,580
		106,898,422	159,625,395

CONTINGENCIES AND COMMITMENTS	13	<u>246,541,102</u>	<u>257,349,426</u>
OPERATING ASSETS	14	198,410,314	212,912,666
LONG TERM INVESTMENT	15	23,666	12,422
LONG TERM DEPOSITS		663,672	663,672
CURRENT ASSETS			
Stores and spares	16	1,875,552	1,338,090
Stock in trade	17	18,413,095	16,966,176
Trade debts	18	11,956,682	4,410,337
Advances, deposits, prepayments and other receivables	19	10,972,779	12,896,366
Cash and bank balances	20	4,225,342	8,149,697
		47,443,450	43,760,666
		<u>246,541,102</u>	<u>257,349,426</u>

The annexed notes from 1 to 35 from an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

Note	2003 Rupees	2002 Rupees
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J. A. TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2003

2003
Rupees

a) CASH FLOW FROM OPERATING ACTIVITIES

Net profit for the year before taxation	5,639,734
Depreciation	16,121,172
Profit on deposits	(46,403)
Balances written back-net	(687,137)
Dividend	(1,827)
Surplus on re-measurement of investment	(11,244)
Provision for gratuity	1,677,725
Financial charges	2,837,554
 Operating profit before working capital changes	 <hr style="width: 100%; border: 0.5px solid black;"/> 25,529,574
 Changes in working capital (Increase) / decrease in current assets	
Stores and spares	(537,462)
Stock in trade	(1,446,919)
Trade debts	(7,405,248)
Advances, deposits, prepayments and other receivables	 1,923,587
 Increase/(decrease) in current liabilities Creditors, accrued and other liabilities	 <hr style="width: 100%; border: 0.5px solid black;"/> (27,632,544) <hr style="width: 100%; border: 0.5px solid black;"/> (35,098,586)
 Cash (used in)/generated from operations	 <hr style="width: 100%; border: 0.5px solid black;"/> (9,569,012)
Financial charges paid	(435,540)
Taxes paid	(3,751,004)
Payment of gratuity	(854,383)
Dividend paid	(5,834,968)
Net cash (used in)/from operating activities	<hr style="width: 100%; border: 0.5px solid black;"/> (20,444,907) <hr style="width: 100%; border: 0.5px solid black;"/>

2003
Rupees

b) CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(1,618,820)
Dividend	1,827
Profit on deposits	46,403
Net cash used in investing activities	<u>(1,570,590)</u>

c) CASH FLOW FROM FINANCING ACTIVITIES

Long term loan obtained	-
Repayment of long term loans	-
Decrease in short term borrowings - net	(4,050,000)
Net cash from/(used in) financing activities	<u>(4,050,000)</u>
Net (decrease)/increase in cash and bank balances (a+b+c)	(26,065,497)
Cash and bank balances at the beginning of the year	8,149,697
Cash and bank balances at the end of the year	<u><u>(17,915,800)</u></u>

The annexed notes from 1 to 35 form an integral part of these accounts.

2002
Rupees

1,391,286
17,026,292
(90,212)
(9,746,310)
(1,036)
(5,117)
1,221,228
5,502,056

15,298,187

(125,131)
13,934,577
41,422,936

15,537,008

(28,438,815)
42,330,575

57,628,762
(10,582,915)
(2,335,314)
(625,390)
-

44,085,143

2002
Rupees

(1,431,135)
1,036
90,212

(1,339,887)

-
(4,239,528)
(37,807,944)

(42,047,472)

697,784
7,451,913

8,149,697



J.A. Textile Mills Limited

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES 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 J.A. Textile Mills Limited to comply with the Listing Regulation No. 73 and chapter No XIII of the Karachi and Lahore Stock Exchanges 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's Compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquires 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's 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's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Date: 05-01-2004
Faisalabad:

M.YOUSUF ADIL SALEEM & CO.,
CHARTERED ACCOUNTANTS

J. A. TEXTILE MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE TO THE MEMBERS

This statement is being presented to comply with the code of corporate governance contained in the Regulation No. 37, chapter no. xiii of the listing regulations of Karachi and Lahore Stock Exchanges and chapter xi of Islamabad Stock Exchange for the purpose of establishing a frame work 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 and directors representing minority interest on its Board of Directors. At present board includes five 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. No director has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The company has prepared a 'Statement of Ethics and Business Practices' to establish a standard of conduct which is signed by directors and employees of the company.
5. The board has developed a 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 and 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 CEO and other executive directors are 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 meet 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 of Directors of the Company are aware of their responsibilities and fully conversant with the provisions of companies Ordinance, 1984 and all other business and regulatory laws and the provisions of the Memorandum and Articles of Association required for managing the affairs of the company on behalf of the shareholders.
9. The directors' report for this year has been prepared in compliance with the requirement of the Code and fully describes the salient matters required to be disclosed.
10. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
11. 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.
12. The company has complied with all the corporate and financial reporting requirements of the Code.
13. The Board has formed an audit committee. It comprises of three members, of whom two are non executive directors.
14. 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 reference of the committee have been formed and advised to the committee for compliance.
15. The Board has set-up an effective internal audit function. The audit staff are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they (or their representative) are involved in the internal audit function on a full time basis.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme 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 Accounts (IFAC) guidance on code of ethics as adopted by institute of Chartered Accountants of Pakistan.

17. 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.

Dated: 05-01-2004.
Faisalabad.

IMRAN ZAHID
Chief Executive

**J.A. TEXTILE MILLS LIMITED
DIRECTORS' REPORT TO SHAREHOLDERS**

Your directors are pleased to present the 16th annual report with audited accounts of the company for the year ended 30th, September 2003.

ECONOMIC ENVIRONMENT

During the year under review the economy moved into a stable phase. All the major indicators remained very stable. Interest rates came down, security situation improved to some extent and cross border tension de-escalated. However, the international economic scenario remained bleak with the continuation of the worldwide recession. Iraq war and the outbreak of SARS aggravated the slowdown in the world economy. The export sector of Pakistan, although benefiting from the positive developments at home, remained under pressure because of the unfavourable international conditions and a further appreciation of Pak Rupee against the US Dollar.

FINANCIAL RESULTS

	Rs.
Net profit for the year before taxation	5,639,734
Taxation	1,804,764

Net profit for the year after taxation	3,834,970
Transferred to accumulated losses.	=====

Earning per share (Basic) for the year under review is Rs. 0.30 in comparison to Rs. 2.75 for the last year.

REVIEW OF OPERATING RESULTS:

Sales during the year amounted to Rs 357.6 million registering a small increase of 3.33% from last year. Export sales were 18% of the turnover (2002: 29%). Decrease in export sales was due to management shifting its efforts to local markets for better rates.

Gross profit margin increased to 5.39% of turnover in the current year as compared to 2.51% in the previous year. This was mainly due to better selling rates in comparison with last year.

Administration expenses have registered an increase of 14.25% this year, when compared to last year. This is due to increase in legal and professional fee paid to lawyers conducting cases against banks as fully explained below.

Selling expenses have registered a decrease of 51.85% from last year. As stated earlier that the management shifted its efforts from foreign to local markets, due to better availability of rates, which caused a reduction of selling expenses from Rs 8.11 million last year to Rs. 3.96 million in the current year.

Financial charges in the current year amounting to Rs. 2.84 million (2002: Rs 5.50 million) registered a decrease of 48.44% from last year. Short term borrowing against export documents was not obtained, instead same were discounted, resulting in saving of interest expense. Also as a result of decrease in exports, foreign bank commission charges decreased, in comparison with last year.

Due to aforesaid reasons net profit before tax increased from Rs 1.39 million last year to Rs. 5.63 million in the current year. After providing for tax for Rs. 1.8 million (2002:Rs 2.7 million) net profit after tax comes to Rs. 3.83 m for the year.

DIVIDEND

Due to position of accumulated losses and nominal profits in the current year directors do not recommend payment of any dividend.

COURT CASES.

As mentioned in last year's directors' reports that the case filed against the company by Faysal Bank Limited for recovery of Rs. 45.616 million was decided in company's favour in the sense that a decree of only Rs 4.05 M was awarded to the bank by the banking court No.2, Faisalabad. Faysal Bank Limited has appealed against this decision to the Division Bench of the honourable Lahore High Court, Lahore. The appeal has not yet been fixed for regular hearing.

The case filed by the company against Muslim Commercial Bank, as reported in last year's directors' report for charging compound markup to the extent of Rs 10,006 M is still in progress. As a counter blast, the bank has filed a recovery suit for Rs. 23.34 million, in the same court. Both these cases are being heard together. Final outcome of this litigation will at least take more then one year. Payments on account of banks' liability have been stopped, until decision of the cases.

OUTSTANDING STATUTORY PAYMENT

An amount of Rs. 5,591,401, has been shown in the balance sheet as custom levies payable. This consists of import duty and import surcharge on the import of ring spinning frames. The payment has not yet been made because the exact payable amount has to be settled with the custom authorities. Our contention is that only 30% of the total import duty was payable, which the company has paid. As per our understanding it was intention of the Federal Government to exempt 70% of the import duty and that the exemption under SRO 1076(1195) should be extended to the import surcharge as well.

OTHER INFORMATION

In accordance with the requirements of SRO 45(1) 2003 dated 13.1.2003 of the SECP, incremental depreciation due to revaluation of Fixed Assets, for the year under review and previous years, has been transferred from surplus on Revaluation of Fixed Assets to Accumulated losses, as per details given in statement of changes in equity.

Unfunded staff retirement gratuity liability of Rs. 5,477,812, as shown in the Balance sheet has been valued by independent actuaries M/s. Nauman Associates in accordance with the provisions and requirements of International Accounting Standard (IAS) 19. Benefit on account of restatement of previous years liability has been shown in the statement of changes in equity.

FUTURE PROSPECTS

With continuous efforts of the management the company has been able to show operating profit. The management will continue to put in its best efforts and improve further its profitability and financial standing.

AUDITORS

The present auditors M/s. Yousif Adil Saleem & Co., Chartered Accountants retire, and being eligible offers themselves for reappointment for the next year.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on September 30, 2003 as per new format is annexed.

NUMBER OF BOARD MEETINGS HELD

Four board meetings were held during the year ended on 30.9.2003. Attendance by each director is given below:-

Name of Director	No of Meetings Attended
Mr. Imran Zahid (CEO)	4
Mr. Mehmood Ul Hassan	4
Mr. Riaz Ahmed	4
Mr. Jamil Ahmed Tahir	4
Mr. Muhammad Siddique Farroq	4
Mr. Shamsheer Khan	4
Mr. Barkat Ali	4

AUDIT COMMITTEE

The Board in compliance with the Code of Corporate Governance has established an audit committee comprising of the following members:

Mr. Imran Zahid	-	Chairman
Mr. Jamil Ahmed Tahidr	-	Member
Mr. Riaz Ahmed	-	Member

CORPORATE AND FINANCIAL REPORTING FRAME WORK

In compliance to new listing regulations of Stock Exchanges and as required under the Companies Ordinance, 1984, your directors are pleased to report as under:

1. The Financial Statements prepared by the management of your company present fairly state of its affairs, the result of its operations, cash flow and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates which are based on reasonable and prudent judgement.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There is no doubt upon the company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data of last six years in summarized form is annexed.

DIRECTORS' REMUNERATION:

As in previous years, the directors did not draw any remuneration during the current year.

ACKNOWLEDGEMENT

The management would like to place on record its deep appreciation for the continuous support of its shareholders, customers and employees and expect to get the same cooperation in the future.

Date: 05.1.2004

On behalf of the Board

Faisalabad.

Imran Zahid
Chief Executive

J. A. TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Share Capital	Accumulated loss
	Rupees	Rupees
Balance as at October 01, 2001	126,011,600	(255,995,106)
Profit for the year	-	34,669,215
Dividend	-	(6,300,580)
Balance as at September 30, 2002	126,011,600	(227,626,471)
Effect of changes in accounting policies:		
Staff retirement gratuity	-	232,499
incremental depreciation on revalued fixed assets relating to previous years	-	13,698,658
Restated balance as at September 30, 2002	126,011,600	(213,695,314)
Incremental depreciation on revalued assets for the year	-	4,856,254
Profit for the year	-	3,834,970
Balance as at September 30, 2002	126,011,600	(205,004,090)

The annexed notes from 1 to 35 form an integral part of these accounts.

Total

Rupees

(129,983,506)

34,669,215

(6,300,580)

(101,614,871)

232,499

13,698,658

(87,683,714)

4,856,254

3,834,970

(78,992,490)



J.A. Textile Mills Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the members of J.A. Textile Mills Limited will be held at registered office, 16-C, Peoples Colony, Faisalabad at 9:00a.m. on Friday the 30.1.2004 to transact the following business:-

5. To confirm the minutes of the last Extra Ordinary General Meeting held on November 22, 2003.
6. To receive, consider and adopt the audited accounts of the company for the year ended September 30, 2003 together with the Directors' and Auditor's reports thereon.
7. To appoint auditors for the year ending September 30, 2004 and fix their remuneration. The retiring auditors M/s. M. Yousuf Adil Saleem & Co, Chartered Accountants being eligible, offer themselves for re-appointment.
8. To transact any other business with the permission of the chair.

FOR AND ON BEHALF OF THE BOARD

MUHAMMAD ASIF JAMIL
(Company Secretary)

Faisalabad: 05.01.2004

NOTES:

4. The share transfer books of the company will remain closed from 26.01.2004 to 01.02.2004 (both days inclusive).
5. A member entitled to attend and vote at the general meeting is entitled to appoint an other member as proxy. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for meeting.
6. Members are requested to immediately notify the change in their addresses, if any.

J. A. TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Note	2003 Rupees	2002 Rupees
Sales	21	357,634,383	346,039,260
Cost of goods sold	22	<u>338,314,149</u>	<u>337,362,561</u>
Gross profit		19,320,234	8,676,699
Other income	23	<u>746,611</u>	<u>12,821,071</u>
		20,066,845	21,497,770
Operating expenses			
Administration	24	<u>7,326,773</u>	<u>6,412,049</u>
Selling	25	<u>3,963,425</u>	<u>8,113,203</u>
		11,290,198	14,525,252
		<u>8,776,647</u>	<u>6,972,518</u>
Other Charges			
Financial	26	<u>2,837,554</u>	<u>5,502,056</u>
Workers' profit participation fund		<u>299,359</u>	<u>79,176</u>
		3,136,913	5,581,232
Net profit for the year before taxation		<u>5,639,734</u>	<u>1,391,286</u>
Taxation	27	1,804,764	2,672,071
Net profit/(loss) for the year after taxation from ordinary activities		<u>3,834,970</u>	<u>(1,280,785)</u>
Extraordinary item - adjustment of morabaha finance		-	35,950,000
Net profit available for appropriations		<u>3,834,970</u>	<u>34,669,215</u>
Appropriation			
Proposed cash dividend Nil (2002-Rs.0.5 per share)		-	6,300,580
		<u>3,834,970</u>	<u>28,368,635</u>
Accumulated loss brought forward (Refer statement of changes in equity)		(213,695,314)	(255,995,106)
Surplus on revaluation of fixed assets realised		4,856,254	-
Accumulated loss carried forward		<u>(205,004,090)</u>	<u>(227,626,471)</u>
Earnings per share - Basic	28	<u>0.30</u>	<u>2.75</u>

The annexed notes from 1 to 35 form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR



J.A. Textile Mills Limited

FORM - 34 PATTERN OF SHARE HOLDING AS ON SEPTEMBER 30, 2003

No. of Shareholders	Shareholding From	To	Total Shares Held
160	1	100	16000
2761	101	500	1339400
55	501	1000	54000
81	1001	5000	206500
17	5001	10000	136900
7	10001	15000	84300
6	15001	20000	116100
1	20001	25000	23000
3	30001	35000	98600
1	45001	50000	50000
1	70001	75000	70500
1	110001	115000	114700
1	115001	120000	116500
1	295001	300000	300000
1	350001	355000	351900
1	1150001	1155000	1154850
1	1370001	1375000	1374900
1	6990001	6995000	6993010
3100			12601160

**NOTE: The slabs not applicable have not been shown
(*) the shareholder holds 10 % or more shares.**

Categories of Shareholders	Number of Shareholders	Shares Held	Holding Percentage
Individuals.	3083	3968650	31.50
N. I. T. (*)	1	1374900	10.91
I. C. P.	1	70500	0.56
Mr. Imran Zahid (C. E. O. / Director)	1	14000	0.11
Mr. Mahmood-ul-Hassan (Director)	1	2500	0.02
Mr. Jamil Ahmad Tahir (Director)	1	2500	0.02
Mr. Riaz Ahmad (Director)	1	2500	0.02
Mr. Shamsher Khan (Director)	1	2500	0.02
Mr. Barkat Ali (Director)	1	2500	0.02
Mr. M. Siddique Farooq (Director)	1	2500	0.02
Mr. Zahid Anwar (*)	1	6993010	55.49
Saudi Pak Ind & Inv (Pvt.) Ltd.	1	11300	0.09
Adamjee Insurance Co Ltd.	1	18000	0.14
Altowfeek Investment Bank Ltd.	1	20000	0.16
J. K. Exports (Pvt.) Ltd.	1	34500	0.27
Islamic Investment Bank Ltd.	1	10300	0.08
Universal Leather Footwear Ind. Ltd.	1	50000	0.40
National Development Finance Corp.	1	1000	0.01
Oriental Securities (Pvt.) Ltd.	1	20000	0.16
	3100	12601160	100.00

(*) The shareholder holds 10% or more shares.

STATEMENT SHOWING SHARES BOUGHT AND SOLD BY CEO, DIRECTORS, CFO, CO, SECRETARY, THEIR SPOUSE AND MINOR CHILDREN.

NAME	DESIGNATION	SHARES BOUGHT	SHARES SOLD
MR.IMRAN ZAHID	CEO/DIRECTOR	11,500	NONE