

THAL JUTE MILLS LIMITED
TEN YEARS AT A GLANCE

(Rs. 000)

Particulars	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
								*	*	*
Assets Employed										
Fixed Assets(Owned & Leased)	143,724	140,027	129,631	126,393	90,459	103,403	100,585	84,187	85,580	89,156
Capital Work in Progress	-	-	2,610	-	-	82	13,576	21,886	922	174
Investment Property	1,140	-	-	-	-	-	-	-	-	-
Investment & Deposits	29,756	24,344	24,045	24,048	24,844	25,529	24,946	25,336	24,143	24,318
Net Current Assets	439,548	265,621	243,238	173,081	156,663	96,301	34,551	43,668	57,382	50,628
Total Assets Employed	614,168	429,992	399,524	323,522	271,966	225,315	173,658	175,077	168,027	164,276
Financed by										
Shareholder's Equity	569,554	387,592	331,215	290,211	250,227	201,917	153,492	150,829	143,816	136,927
Long Term Loans	7,242	18,392	45,536	8,744	-	-	-	-	-	-
Deferred Liabilities	37,372	24,008	22,773	24,564	21,739	23,398	20,166	24,248	24,211	27,349
	614,168	429,992	399,524	323,519	271,966	225,315	173,658	175,077	168,027	164,276
Sales & Profits										
Sales	2,097,287	1,552,023	1,406,419	1,244,887	1,058,215	999,916	771,634	522,504	595,714	448,601
Gross Profit	494,045	224,423	184,062	170,506	178,243	148,073	68,555	35,005	42,685	52,450
Profit before taxation	394,704	161,772	104,233	119,898	126,339	108,418	6,521	7,126	11,206	1,703
Profit after taxation	265,179	112,030	68,830	74,767	83,093	72,773	2,663	7,013	7,077	1,173
Cash Dividend	86,958	55,653	27,826	34,783	34,783	24,348	-	-	-	-
Financial Ratio										
Gross Profit as percentage of sales	24%	14%	13%	14%	17%	15%	9%	7%	7%	12%
Net Profit before tax as percentage of sales	19%	10%	7%	10%	12%	11%	1%	1%	2%	0.4%
Net Profit after tax as percentage of sales	13%	7%	5%	6%	8%	7%	0.3%	1%	1%	0.3%
Current Ratio	2.07	1.57	1.73	1.44	1.57	1.34	1.12	1.29	1.36	1.26
Long term Debt	0	4	13	2	-	-	-	-	-	-
Equity	100	96	87	98	100	100	100	100	100	100
Earning Per Share	19.06	8.05	4.95	5.37	5.97	5.23	0.19	0.50	0.51	0.08
Cash Dividend	125%	80%	40%	50%	50%	35%	-	-	-	-
Production Data										
Jute	(Tons) 24,690	26,125	22,698	20,440	16,906	18,263	14,513	16,402	19,570	20,433
Auto Air Conditioning	(Units) 28,509	16,858	19,227	16,256	16,858	10,781	7,937	-	-	-
Wire Harness	(") 21,284	11,356	-	-	-	-	-	-	-	-
Heater Blowers	(") 5,076	-	-	-	-	-	-	-	-	-

Note : The figure of Jute Operations is inclusive of both the units (Muzaffargarh & Karachi)

Thal Jute Mills Limited
BALANCE SHEET AS AT JUNE 30, 2003

		<u>2003</u>	<u>2002</u>
		Rs. 000's	
SHARE CAPITAL	Note No.		
Authorised 20,000,000 Ordinary Shares of Rs. 5/- each		<u>100,000</u>	<u>100,000</u>
Issued, Subscribed & Paid-up Capital	3	69,566	69,566
Reserves	4	499,741	318,000
Unappropriated Profit		247	26
		569,554	387,592
LONG-TERM LOANS	5	-	13,750
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE	6	7,242	4,642
DEFERRED LIABILITIES	7	37,372	24,008
CURRENT LIABILITIES			
Current Maturity of Long Term Liabilities	8	6,725	31,640
Short Term Borrowings	9	40,321	26,919
Creditors, Accrued and Other Liabilities	10	156,520	291,956
Taxation		136,367	58,164
Dividend		69,566	55,653
		409,499	464,332
CONTINGENCIES & COMMITMENTS	11	<u>1,023,667</u>	<u>894,324</u>
TANGIBLE FIXED ASSETS			
Operating Assets	12	143,724	140,027
Investment Property	13	1,140	-
		144,864	140,027
LONG TERM INVESTMENTS	14	26,863	23,122
LONG TERM LOANS, ADVANCES AND DEPOSITS	15	2,893	1,222
CURRENT ASSETS			
Stores, Spares and Loose Tools	16	48,683	45,179
Stock-in-Trade	17	462,678	421,848
Trade Debts	18	107,427	77,971
Short Term Deposits	19	114,700	92,400
Advances, Deposits, Prepayments and Other Receivables	20	-	-
Cash and Bank Balances	21	16,190	10,852
		849,047	729,953
		<u>1,023,667</u>	<u>894,324</u>

The annexed notes form an integral part of these financial statements

Sohail P. Ahmed
Chief Executive

Muhammad Jamil Hussain
Executive Director

Karachi : September 08, 2003.

Thal Jute Mills Limited
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED JUNE 30, 2003

		2003	2002
		Rs. 000's	
	Note No.		
Sales	22	2,097,287	1,552,023
Cost of Sales	24	1,608,429	1,332,654
GROSS PROFIT (Manufacturing)		488,858	219,369
Profit on Trading Activities	23	5,187	5,054
GROSS PROFIT		494,045	224,423
Administrative Expenses	25	53,479	43,037
Selling Expenses	26	19,551	15,755
		73,030	58,792
OPERATING PROFIT		421,015	165,631
Financial Expenses	27	10,025	20,237
Other Charges	28	29,322	11,483
		39,347	31,720
Other Income	29	13,036	27,861
PROFIT BEFORE TAXATION		394,704	161,772
Provision for Taxation	30	129,525	49,742
PROFIT AFTER TAXATION		265,179	112,030
Unappropriated Profit Brought Forward		26	1,649
		265,205	113,679
Appropriations			
Interim Dividend @25% (2002 : Nil)		17,392	-
Proposed Final Dividend @100% (2002 : 80%)		69,566	55,653
Transfer to General Reserves		178,000	58,000
		264,958	113,653
UNAPPROPRIATED PROFIT CARRIED FORWARD		247	26
Earnings per share (Rs.)	31	19.06	8.05

The annexed notes form an integral part of these financial statements

Sohail P. Ahmed
Chief Executive

Muhammad Jamil Hussain
Executive Director

Karachi : September 08, 2003.

Thal Jute Mills Limited
CASH FLOW STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2003

	2003	2002
	Rs. 000's	
	Note No.	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	394,704	161,772
Adjustment for :		
Depreciation	35,963	34,275
Financial Charges	10,025	20,237
Gratuity	810	5,149
Provision for Doubtful debts	-	1,200
Provision for Retirement Benefit	16,398	-
Profit on sale of fixed assets	(2,060)	(16,478)
	61,136	44,383
Operating profit before working capital changes	455,840	206,155
Changes in working Capital		
(Increase)/decrease in current assets		
Stores, Spares and Loose Tools	(3,504)	(6,520)
Stock-in-Trade	(40,830)	(165,211)
Trade Debts	(29,456)	11,224
Advances, Deposits, Prepayments and Other Receivables	(17,809)	(7,633)
Increase/(decrease) in current liabilities		
Creditors, Accrued and Other Liabilities	(131,495)	99,188
	(223,094)	(68,952)
Cash generated from operations	232,746	137,203
Financial Charges paid	(13,966)	(20,037)
Dividend paid	(73,045)	(27,826)
Gratuity paid	(886)	(1,271)
Income taxes paid	(54,282)	(37,492)
	(142,179)	(86,626)
Net cash from operating activities (A)	90,567	50,577
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(43,579)	(48,671)
Long term loans, advances and Deposits	(1,529)	(508)
Proceed from disposal of assets	4,840	23,088
Net cash used in investing activities (B)	(40,268)	(26,091)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loan	(40,050)	(22,450)
Lease assets obtained	11,506	6,993
Repayment of liability against assets subject to finance lease	(7,519)	(5,531)
Net cash used in financing activities (C)	(36,063)	(20,988)
NET INCREASE IN CASH AND CASH EQUIVALENT(A+B+C)	14,236	3,498
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	32 <u>76,333</u>	72,835
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	32 <u>90,569</u>	<u>76,333</u>

Sohail P. Ahmed
Chief Executive

Muhammad Jamil Hussain
Executive Director

Karachi : September 08, 2003.

Thal Jute Mills Limited
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2003

	Share Capital	Capital Reserve	General Reserve	Fair value Adjust- ment	Unappro- priated Profit
Balance as at June 30,2001	69,566	13,240	246,760		1,649
Net profit for the year ended June 30, 2002					112,030
Appropriation from profit			58,000		(58,000)
Dividend (80%)					(55,653)
Balance as at June 30, 2002	69,566	13,240	304,760	-	26
Net profit for the year ended June 30, 2003					265,179
Fair value gain on investments (effect of adoption of IAS-39)				3,741	
Appropriation from profit			178,000		(178,000)
Dividends - Interim @25%					(17,392)
- Final @100%					(69,566)
Balance as at June 30, 2003	69,566	13,240	482,760	3,741	247

Karachi : September 08, 2003.

Sohail P. Ahmed
Chief Executive

Muhammad Jamil Hussain
Executive Director

Thal Jute Mills Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30,2003

1. THE COMPANY AND ITS OPERATIONS:

The Company was incorporated on January 31, 1966 as a Public Company limited by shares and is quoted on the Karachi and Lahore Stock exchanges.

The Company is engaged in the manufacturing of jute goods and assembly and manufacture of engineering goods consisting of auto airconditioners, wire harness and heater blowers.

The jute operation is at Muzaffargarh and engineering operation is at Karachi.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1 Statement of Compliance:

These accounts have been prepared in accordance with approved accounting standards as applicable in Pakistan and the International Accounting Standards as notified under the provision of the 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, 1984 or the requirement of the said directives take precedence.

2.2 Accounting Convention:

The financial statements of the Company have been prepared under the 'historical cost convention' except investment available for sales (Others) and investment property.

2.3 Staff Retirement Benefits:

The Company operates Provident Fund Scheme for its employees eligible for the benefits. However, prior to the introduction of the Provident Fund Scheme, employees were covered under the unfunded gratuity scheme.

During the year 2002-03 the Company has extended a funded scheme for Retirement Benefit for all the employees on the basis of defined contribution on attaining the retirement age with a minimum qualifying period of 10 years which would be managed by the Trust.

2.4 Employees Compensated Absences:

The Company accounts for the liability in respect of employees compensated absences in the year in which these are earned. Provisions to cover the obligations are made using the current salary levels of the employees.

2.5 Provisions:

Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

Warranty Obligations:

These are accounted for on accrual basis based on estimates of such obligations.

2.6 Provision of Taxation:

Current

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

Deferred

Deferred tax is provided using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the current rates of taxation.

During the year the Company has changed its accounting policy in respect of deferred tax to comply with the requirements of International Accounting Standard IAS – 12 “Income Tax”.

2.7 Tangible Fixed Assets:

Owned Assets:

Operating assets are stated at cost less accumulated depreciation except Land and Capital Work-in-progress which are stated at cost.

Depreciation is charged on reducing balance method at the rates specified in the fixed assets note. Full year's depreciation is charged on assets acquisition during the period while no depreciation is charged on assets disposed off during the period.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacement are capitalised. Profit or loss on disposal of fixed assets is included in the income currently.

Leased Assets:

The company accounts for fixed assets acquired under finance lease by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments. Finance charge is allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged at the rates applicable to owned assets of same category.

2.8 Capital work-in-progress:

All cost / expenditure connected with the assets, incurred during the implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

2.9 Investments:

Investment in shares was stated at cost. No adjustment for market value as on the Balance Sheet date was made in the accounts. Provision was, however, made for permanent diminution in value of investment.

Effective January 1, 2003, as a result of adoption of IAS-39 the company has changed its accounting policy with respect to the recognition and measurement and has classified long term investment as available for sale.

Available For Sale:

Investment available for sale represent investments which are not held for trading. All investments are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price), unless fair value can not be measured.

Any gain or loss from a change in the fair value of investment available for sale is recognised directly in equity as unrealised, unless sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously recognised in equity is included in the profit and loss account for the period.

2.10 Investment Property:

Investment property comprises of the godown held at Multan for long term and is let out or rentable. This is treated as a long term investment and is carried at depreciated (historical) cost less accumulated impairment as required under IAS 40.

2.11 Stores, Spares & Loose Tools:

Stores and spares in hand are valued at average cost and in transit at cost accumulated upto the balance sheet date. Loose tools are stated at cost.

2.12 Stock-in-trade:

Raw Materials in stock are valued at lower of average cost and net realisable value and in transit at actual cost comprising invoice value and other expenses incurred thereon to the balance sheet date. Finished goods are valued at lower of the average cost and net realisable value. Work-in-process is valued at average cost of raw material and proportionate labour and production overhead.

Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

2.13 Trade Debts:

Debts considered irrecoverable are written off and provision is made for those considered doubtful of recovery.

2.14 Cash and Cash Equivalents:

Cash & cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash & cash equivalents comprise cash on hand, deposits held at call with banks, other short term highly liquid investments, and bank overdrafts in the balance sheet, bank overdrafts are included in borrowing in current liabilities.

2.15 Foreign Currency Translation:

Transactions denominated in foreign currencies are translated to Pak Rupees at the foreign exchange rate ruling at the date of transaction.

Assets and Liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange ruling at the balance sheet date and in case of forward contracts at the committed

rates. In case where forward cover is not obtained provision for expected exchange rate fluctuation is made. Gains and losses on exchange are charged to income.

2.16 Revenue Recognition:

Sales are recorded on despatch of goods to buyers. Dividend/ Short-term Deposits Income is recorded when declared.

2.17 Financial Instruments :

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost, as the case may be.

2.18 Research & Developments :

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects is recognised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Other development expenditure is recognised as an expense as incurred.

2.19 Segment Reporting :

A segment is a distinguishable component within a Company that is engaged in providing products (Business Segment) or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Jute Division

Jute Division is primarily engaged in manufacturing & marketing of Jute based products.

Engineering Division

Engineering Division is primarily engaged in assembling, trading & marketing of auto airconditioners, wire harness and heat blowers.

2003 2002

Rs. 000's

3. ISSUED, SUBSCRIBED & PAID-UP CAPITAL :

	10,783,850 Ordinary Shares of Rs. 5/- each fully paid issued for cash	53,919	53,919
	3,129,425 Ordinary Shares of Rs. 5/- each fully paid issued as Bonus Shares	15,647	15,647
	13,913,275	69,566	69,566

The number of shares held by the associated companies is 466,478.

4. RESERVES :

Revenue

General Reserve

Balance at the beginning of the year	304,760	246,760
Transferred from Profit and Loss Account	178,000	58,000
	482,760	304,760

Adjustment arising from remeasurement to fair value of Investment in non-associated Co.	3,741	-
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Capital Reserve

Difference of Paid -up Capital of former Pakistan Jute & Synthetics Limited	13,240	13,240
	499,741	318,000

5. LONG TERM LOANS :

Secured

From Banking Company	-	40,050
Less: Current maturity shown under current liabilities	-	(26,300)
	-	13,750

Long term loans were repaid during the year before their date of maturity.

6. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE :

	2003		2002	
	Minimum lease Payments	Present Value of Minimum lease Payments	Minimum lease Payments	Present Value of Minimum lease Payments
Not later than one year	7,512	6,725	6,647	5,340
Later than one year but not later than 5years	8,233	7,242	4,917	4,642
	15,745	13,967	11,564	9,982
Finance charges allocated to future Present value of minimum lease payments	1,778	-	1,582	-
	13,967	13,967	9,982	9,982
Current maturity shown under current liabilities	6,725	6,725	5,340	5,340
	7,242	7,242	4,642	4,642

This represents finance lease entered into with leasing companies/ modarabas for vehicles. The balance of liability is payable by May, 2006 in monthly installments. The above lease contracts contains a bargain purchase option. The amount payable include Rs.2.569 million to First Grindlays Modaraba and Rs.11.398 million to First Habib Modaraba

Monthly lease payments include finance charges ranging from 10% to 20% per annum, which is used as discounting factor.

There are no financial restrictions in lease agreement.

7. DEFERRED LIABILITIES :

Rs. 000's

For Taxation (Note No. 7.1)	6,255	9,215
For Gratuity	14,719	14,793
For Retirement Benefit	16,398	-
	<u>37,372</u>	<u>24,008</u>
7.1 Difference due to		
- accelerated depreciation allowance	16,296	17,887
- provision for gratuity	(5,152)	(5,178)
- finance lease	(4,889)	(3,494)
	<u>6,255</u>	<u>9,215</u>

8. CURRENT MATURITY OF LONG TERM LIABILITIES :

Long-term loan	-	26,300
Liability Against Assets Subject To Finance Lease	6,725	5,340
	<u>6,725</u>	<u>31,640</u>

9. SHORT TERM BORROWINGS :

Secured-Utilized under mark up arrangement	40,321	26,919
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9.1

The Company has short-term running finance facility of Rs.370 million (2002 : Rs.310 million) from various banks at mark-up rates ranging from 18 paisa to 44 paisa per Rs.1000 per day. The purchase prices are payable on various dates by Mar 31, 2004 with a renewable option and are secured by way of charge against hypothecation of the Company's Stock-in-Trade and Book Debts.

9.2

The carrying amount of inventories and book debts hypothecated as security for the bank borrowings is Rs.720 million.

10. CREDITORS, ACCRUED AND OTHER LIABILITIES :

Creditors	37,406	28,378
Bills Payable	-	143,058
Accrued Liabilities	64,236	80,542
Unclaimed Salaries	2,327	4,622
Royalty	6,043	3,773
Accrued Mark up on Short Term Borrowings	292	4,233
Sales Tax Payable	3,255	1,870
Other Liabilities (Note No. 10.1)	42,961	25,480
	<u>156,520</u>	<u>291,956</u>

The above balances include amounts due to associated undertaking is Rs.0.173 million (2002 :Rs.0.564 million).

10.1 Other Liabilities

	2003	2002
	Rs. 000's	
Withholding Income Tax	351	631
Security Deposits	3,485	3,307
Workers' Profit Participation Fund (Note No. 10.1.1)	21,370	9,558
Advance from Customers	354	706
Unclaimed Dividends	3,377	2,325
Due to Jute Mills	1,903	1,903
Workers Welfare fund	8,210	3,166
Provident Fund	1,286	1,440
Others	2,625	2,444
	<u>42,961</u>	<u>25,480</u>

10.1.1 Workers' Profit Participation Fund

Balance at the beginning of the year.	9,558	11,537
Add: Interest for the year shown under Financial Charges	<u>172</u>	<u>905</u>
	9,730	12,442
Less: Paid during the year	<u>(9,561)</u>	<u>(11,546)</u>
	169	896
Add: Allocation for the current year	<u>21,201</u>	<u>8,662</u>
	<u>21,370</u>	<u>9,558</u>

11.	CONTINGENCIES AND COMMITMENTS		
11.1	Contingencies :		
	Letter of guarantees issued by banks on behalf of the Company.	11,442	4,429
	The Central Excise and Sales Tax raised a demand in October 1992. The Collectorate of Appeal has remanded back the case to adjudication office in March 1996. The Company is confident of a favourable out come.	15,562	15,562
11.2	Commitments :		
	Letter of credits outstanding for raw material.	79,735	33,596

12. OPERATING FIXED ASSETS :

Rs. 000's

PARTICULARS	C O S T				Rate %	DEPRECIATION				Written Down Value as on June 30, 2003
	As On July 01, 2002	Additions/ Adjustments	Sales / Adjustments	As On June 30, 2003		As On July 01, 2002	Depreciation/ Adjustment For the Year	On Sales / Adjustments	As On June 30, 2003	
Land - Freehold	1,427	-	891	536	0	-	-	-	-	536
- Leasehold	1,323	-	-	1,323	0	-	-	-	-	1,323
Building on Freehold Land										
Factory Building	49,541	-	-	49,541	10	33,336	1,620	-	34,956	14,585
Non Factory Building	11,523	-	693	10,830	5	7,185	204	445	6,944	3,886
Railway Siding	792	-	-	792	5	646	7	-	653	139
Plant & Machinery	192,805	12,985	-	205,790	10-20	126,775	12,715	-	139,490	66,300
Vehicles	8,925	1,166	2,587	11,031	20	5,537	1,067	1,563	6,762	4,269
		3,527					1,721			
Office & Mills Equipments	17,555	2,138	385	19,308	15	10,258	1,385	180	11,463	7,845
Computers Equipment	15,044	3,602	614	18,032	33	11,605	2,268	444	13,429	4,603
Furniture & Fittings	11,643	1,235	52	12,826	15	5,521	1,099	22	6,598	6,228
Jigs & Fixtures	45,535	10,947	-	56,482	40	28,106	11,351	-	39,457	17,025
Assets held under Finance Lease:										
Vehicles	19,065	11,506 (3,527)	2,103	24,941	20	6,182	4,247 (1,721)	752	7,956	16,985
TOTAL - June, 2003	375,178	43,579	7,325	411,432		235,151	35,963	3,406	267,708	143,724
TOTAL - June, 2002	348,057	51,281	24,160	375,178		218,426	34,275	17,550	235,151	140,027

Represents transfers from leased assets to owned assets.

Represents transfers from operating fixed assets to investment property.

	2003	2002
	Rs. 000's	
Manufacturing expenses	32,786	31,422
Administrative & Selling expenses	3,177	2,853
	35,963	34,275

12.2 DETAILS OF FIXED ASSETS SOLD :

Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Selling Price	Profit/ (Loss)	Mode of Sale	Particulars of Buyers
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's		
Vehicle:							
Vehicle	439	88	351	358	7	Insurance Claim	Habib Insurance Co. Ltd., Karachi
"	508	248	260	473	213	"	Habib Insurance Co. Ltd., Karachi
"	69	14	55	62	7	"	Habib Insurance Co. Ltd., Karachi
"	69	25	44	55	11	"	Habib Insurance Co. Ltd., Karachi
"	41	8	33	41	8	"	Habib Insurance Co. Ltd., Karachi
"	400	316	84	150	66	Negotiation	Mr. Sultan Mirza, Karachi
"	397	314	83	208	125	"	Mr. Mohammed Yousuf, Employee
"	40	20	20	213	193	"	Mr. Abul Hasan Bukhari, Employee
"	60	40	20	27	7	"	Mr. Anil Kumar, Karachi
"	430	314	116	361	245	Tender	Mr. Javed Roshan, Karachi
"	75	44	31	515	484	"	Mr. Mohammed Aslam, Karachi
"	739	266	473	540	67	Vehicle Scheme	Mr. Saleem Ahmed, Ex-Employee
"	417	150	267	267	-	"	Mr. Reza Pooya, Ex-Employee
"	335	163	172	194	22	"	Mr. Jawwad Ashraf, Ex-Employee
"	114	23	91	114	23	"	Mr. Iqbal Ahsan, Employee
"	132	47	85	120	35	"	Mr. Qasim Qayyum, Employee
"	79	16	63	406	343	"	Lt. Col. S. Sikander Ahmed, Employee
"	67	24	43	252	209	"	Mr. Kersi P. Edulji, Employee
"	52	25	27	27	-	"	Mr. Saleem Sajid, Employee
"	40	20	20	26	6	"	Mr. Sabir Hussain Butt, Employee
"	43	25	18	18	-	"	Mr. Abdul Mabood, Employee
"	40	24	16	16	-	"	Mr. Sajjad Raza, Employee
"	30	28	2	9	7	"	Manzoor Raza, Employee
Items having book value upto Rs.5,000	74	73	1	5	4		
	4,690	2,315	2,375	4,457	2,082		
Furniture & Fixture:							
Furniture & Fixture	24	11	13	18	5	Co's Rules	Mr. Bashir Ahmed, Employee
"	10	-	10	10	-	"	Mr. Muhammed Nawaz, Employee
"	16	9	7	7	-	"	Mr. M. Jamil Ashraf, Ex-Employee
"	2	2	-	-	-	Negotiation	Mr. Amir Hussain Kazmi,
	52	22	30	35	5		
Office Equipment:							
Office Equipment	40	13	27	21	(6)	Computer Scheme	Mr. Saleem Ahmed, Ex-Employee
"	40	28	12	27	15	"	Mr. Aun Ali, Employee
"	40	28	12	27	15	"	Mr. Rashid Alam Khan, Employee
"	40	28	12	27	15	"	Mr. Habib Sultan, Employee
"	40	28	12	27	15	"	Mr. Qamar Abbas, Employee
"	40	28	12	16	4	"	Mr. Sohail I. Maftun, Employee
"	31	21	10	20	10	"	Mr. Abdul Karim, Employee
"	31	22	9	21	12	"	Mr. Mohammed Abbas, Employee
"	25	9	16	23	7	Insurance Claim	Habib Insurance Co. Ltd., Karachi
"	11	3	8	5	(3)	"	Habib Insurance Co. Ltd., Karachi
"	10	2	8	9	1	"	Habib Insurance Co. Ltd., Karachi
"	55	40	15	100	85	Negotiation	A. M. Z. Textime, Hyderabad
"	44	30	14	7	(7)	Trade in	Softwise Technology, Karachi
"	73	64	9	3	(6)	"	Softwise Technology, Karachi.
"	40	32	8	3	(5)	"	Softwise Technology, Karachi.
"	309	135	174	-	(174)	Written off	
Items having book value upto Rs.5,000	130	113	17	12	(5)		
	999	624	375	348	(27)		
2003	5,741	2,961	2,780	4,840	2,060		
2002	24,160	17,550	6,610	23,088	16,478		

13. INVESTMENT PROPERTY

Property at cost	1,585	-
Less: Accumulated Depreciation	<u>(445)</u>	<u>-</u>
WDV as at 30 June,2003	<u>1,140</u>	<u>-</u>

The market value assessed by the Property Dealer is Rs.9.918 million

14. LONG TERM INVESTMENTS :

In Fully Paid-Up Ordinary Shares of Joint Stock Companies:

No. of shares		Paid-up Value		Quoted		
2003	2002	Rs.	per Share			
				Associated Undertakings:		
1,630,000	1,630,000	10		Indus Motor Company Limited	16,300	16,300
131,414	131,414	5		Pakistan Papersack Corporation Limited	90	90
408,493	408,493	5		Dynea Pakistan Limited	900	900
926,000	694,500	5		Habib Insurance Company Limited	561	561
750,000	750,000	5		Agriauto Industries Limited	4,031	4,031
					21,882	21,882
				Others:		
2,500	2,500	10		Dost Mohammed Cotton Mills Limited	18	18
403,252	403,252	5		Habib Sugar Mills Limited	1,239	1,239
326	326	10		GlaxoSmithKline (Pakistan) Limited	1	1
					1,258	1,258
				Less: Provision for Diminution in value of investment	(18)	(18)
				Add: Fair value gain	3,741	-
					<u>26,863</u>	<u>23,122</u>

Fair value gain represents difference between the cost and market value of the shares in non-associated undertakings. Aggregate market value of the shares of Quoted Companies as on June 30, 2003 is Rs.162.012 million. (June 30, 2002 : Rs.55.284 million)

15. LONG TERM LOANS, ADVANCES AND DEPOSITS :

2003 2002
Rs. 000's

(Unsecured - Considered Good)

Executives (15.1)	331	780
Employees	625	601
	956	1,381
Less: Receivable within twelve months shown under Short Term Loans and Advances	675	818
	281	563
Long Term Security Deposits	2,612	659
	<u>2,893</u>	<u>1,222</u>

15.1 This includes Rs. NIL (2002: Rs.6,484) outstanding for a period exceeding three years. The maximum aggregate amount due from Executives at the end of any month during the year was Rs.768,009 (2002 : Rs.1,071,316).

16. STORES, SPARES AND LOOSE TOOLS :

Stores		
In hand	16,152	8,415
In Transit	31	35
Spares	31,437	35,666
Loose Tools	1,063	1,063
	<u>48,683</u>	<u>45,179</u>

17. STOCK-IN-TRADE :

Raw Material		
In hand	279,017	237,069
In Transit	74,123	71,127
Work-in-Process	37,436	24,923
Finished Goods	72,102	88,729
	<u>462,678</u>	<u>421,848</u>

18. TRADE DEBTORS :

Unsecured - Considered Good	107,427	77,971
- Considered doubtful	5,493	5,493
	112,920	83,464
Less : Provision for Doubtful debts	(5,493)	(5,493)
	<u>107,427</u>	<u>77,971</u>

It includes Rs.51.117 million (June, 2002 : 39.886 million) due from M/s. Indus Motor Company Limited.

19. SHORT TERM DEPOSITS :

With Banks in Short Term Deposit		
Mark-Up ranges from 1.5% to 7% p.a.	114,700	92,400

20. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES :

	2003	2002
	Rs. 000's	
Current Portion of Loan to Employees	675	818
Advances to		
Income Tax	61,388	47,851
Suppliers	3,271	4,288
Contractors	4,620	3,788
Employees	467	482
Expenses	332	170
Others	2,335	121
	72,413	56,700
Security Deposits	23,877	17,871
Other Receivable	2,404	6,314
	<u>99,369</u>	<u>81,703</u>

The loan & advances are unsecured considered good.

21. CASH AND BANK BALANCES :

Cash in hand	373	362
Balances with Banks		
In Current Accounts	15,817	10,490
	<u>16,190</u>	<u>10,852</u>

	JUTE		ENGINEERING		CONSOLIDATED	
	2003	2002	2003	2002	2003	2002
22. SALES :						
s- Local	946,765	1,020,887	1,338,168	724,613	2,284,933	1,745,500
- Export	130,407	43,781	-	158	130,407	43,939
- Export Rebate	4,796	2,435	-	-	4,796	2,435
- Freight Subsidy	1,723	-	-	-	1,723	-
- Gain/(Loss) on Foreign Exchange	(321)	674	-	-	(321)	674
	1,083,370	1,067,777	1,338,168	724,771	2,421,538	1,792,548
Sales Tax	123,840	131,420	174,723	94,787	298,563	226,207
Freight Outward	17,327	7,874	1,360	796	18,687	8,670
Warranty Claims	-	-	244	1,581	244	1,581
Sales Discount	-	-	761	97	761	97
Commission & Brokerage	4,224	3,215	170	159	4,394	3,374
Others	1,602	596	-	-	1,602	596
	146,993	143,105	177,258	97,420	324,251	240,525
	936,377	924,672	1,160,910	627,351	2,097,287	1,552,023
23. PROFIT ON TRADING ACTIVITIES :						
Trading - Sales	-	3,888	14,802	12,850	14,802	16,738
Less: Sales Tax	-	507	1,982	1,623	1,982	2,130
Sales Discount	-	-	1,070	833	1,070	833
	-	507	3,052	2,456	3,052	2,963
	-	3,381	11,750	10,394	11,750	13,775
Less: Cost of Goods Sold	-	2,729	6,563	5,992	6,563	8,721
	-	652	5,187	4,402	5,187	5,054

24. COST OF SALES :

	JUTE		ENGINEERING		CONSOLIDATED	
	2003	2002	2003	2002	2003	2002
Raw Material Consumed (Note No. 24.1)	427,611	591,454	775,931	420,662	1,203,542	1,012,116
Salaries and Wages including bonus, contribution to provident and other funds and expenses on staff welfare (Note No. 24.2)	182,997	181,307	29,432	22,192	212,429	203,499
Stores, Spares and Lubricants	16,716	17,472	9,406	4,373	26,122	21,845
Repairs and Maintenance	36,094	30,236	10,429	3,943	46,523	34,179
Power and Fuel	49,902	46,884	3,940	3,223	53,842	50,107
Rent, Rates and Taxes	407	284	500	10,129	907	10,413
Vehicle Running & Maintenance	1,657	1,489	1,413	1,342	3,070	2,831
Insurance	3,305	2,845	808	752	4,113	3,597
Communication	648	711	1,200	1,316	1,848	2,027
Traveling and Conveyance	818	785	1,763	2,052	2,581	2,837
Entertainment	62	26	3	5	65	31
Printing and Stationery	882	797	805	638	1,687	1,435
Legal & Professional	270	563	303	5,406	573	5,969
Royalty	-	-	13,524	6,037	13,524	6,037
Depreciation	6,911	6,582	25,875	24,840	32,786	31,422
Research & Development	-	-	360	1,019	360	1,019
Others	-	-	343	165	343	165
	728,280	881,435	876,035	508,094	1,604,315	1,389,529
Work-in-Process:						
Opening	10,283	8,605	14,640	11,845	24,923	20,450
Closing	(10,694)	(10,283)	(26,742)	(14,640)	(37,436)	(24,923)
	(411)	(1,678)	(12,102)	(2,795)	(12,513)	(4,473)
Manufacturing cost	727,869	879,757	863,933	505,299	1,591,802	1,385,056
Finished Goods						
Opening	87,069	28,315	1,660	8,012	88,729	36,327
Closing	(70,816)	(87,069)	(1,286)	(1,660)	(72,102)	(88,729)
	16,253	(58,754)	374	6,352	16,627	(52,402)
	744,122	821,003	864,307	511,651	1,608,429	1,332,654

24.1 Raw Material Consumed

Opening Stock	86,395	45,265	150,674	86,249	237,069	131,514
Purchases	384,864	632,584	860,626	485,087	1,245,490	1,117,671
Less: Closing Stock	(43,648)	(86,395)	(235,369)	(150,674)	(279,017)	(237,069)
	427,611	591,454	775,931	420,662	1,203,542	1,012,116

24.2 It includes Rs.6.977 million in respect of provident fund contribution (2002 : Rs.6.054) and Rs.11.495 million in respect of Retirement Benefit Scheme (Refer Note 2.3) (2002 : Nil)

25. ADMINISTRATIVE EXPENSES :

Salaries and Wages including bonus, contribution to provident and other funds and expenses on staff

welfare (Note No. 25.1)	24,629	17,659	9,155	9,664	33,784	27,323
Vehicle Running	2,679	2,673	696	598	3,375	3,271
Printing and Stationery	570	464	217	201	787	665
Rent, Rates and Taxes	1,049	604	150	150	1,199	754
Utilities	755	819	38	13	793	832
Insurance	84	80	-	-	84	80
Entertainment	67	195	202	240	269	435
Subscription	674	316	160	-	834	316
Communication	1,749	1,347	511	614	2,260	1,961
Advertisement & Publicity	-	130	140	-	140	130
Repairs and Maintenance	918	645	233	78	1,151	723
Traveling and Conveyance	1,168	1,094	1,101	842	2,269	1,936
Legal and Professional	939	572	123	-	1,062	572
Operating Lease Rentals	-	447	-	-	-	447
Auditors' Remuneration (Note No. 25.2)	218	172	28	34	246	206
Depreciation	2,660	2,348	458	328	3,118	2,676
Charity and Donation (Note No. 25.3)	1,093	304	905	230	1,998	534
Others	110	176	-	-	110	176
	39,362	30,045	14,117	12,992	53,479	43,037

Rs. 000's					
JUTE		ENGINEERING		CONSOLIDATED	
2003	2002	2003	2002	2003	2002

25.1 It includes Rs.1.037 million in respect of provident fund contribution (2002 : Rs.0.989) & Rs.3.811 million in respect of Retirement Benefit Scheme (Refer Note 2.3) (2002 : Nil)

25.2 Auditors' Remuneration

Audit Fees	160	130	-	-	160	130
Out of Pocket Expenses	58	42	28	34	86	76
	218	172	28	34	246	206

25.3 Donations

Donations include the following in whom a Director or his spouse is interested:

Name of Directors	Interest in Donee	Name of Donee	2003	2002
			Rs. 000's	
1. Mr. Rafiq M. Habib	Trustee	Mohammedali Habib Welfare Trust	90	90
2. Mr. Ali S. Habib	Trustee	"		
3. Mr. Ali S. Habib	Trustee	Habib Education Trust	1,400	-
4. Mr. Mohammedali R. Habib	Trustee	"		
5. Mrs. Rafiq M. Habib	Vice	Anjuman -e- Behbood-Samat -e- Itfal	30	22

Rs. 000's

26. SELLING EXPENSES :	JUTE		ENGINEERING		CONSOLIDATED	
	2003	2002	2003	2002	2003	2002
Salaries and Wages including bonus, contribution to provident and other funds and expenses on staff welfare (Note No. 26.1)	7,027	4,992	3,065	2,389	10,092	7,381
Vehicle Running Expense	735	619	408	328	1,143	947
Utilities	139	139	305	251	444	390
Rent, Rates & Taxes	226	190	291	293	517	483
Communication	651	611	380	300	1,031	911
Advertisement & Publicity	1,323	512	2,305	1,663	3,628	2,175
Traveling and Conveyance	1,099	810	472	373	1,571	1,183
Entertainment	107	69	-	-	107	69
Printing & Stationery	91	66	128	86	219	152
Legal & Professional	137	-	-	-	137	-
Operating Lease Rentals	-	242	-	-	-	242
Research & Development	-	-	40	25	40	25
Depreciation	59	177	-	-	59	177
Bad & Doubtful Debts	-	1,200	-	-	-	1,200
Repairs and Maintenance	75	79	153	88	228	167
Others	210	130	125	123	335	253
	<u>11,879</u>	<u>9,836</u>	<u>7,672</u>	<u>5,919</u>	<u>19,551</u>	<u>15,755</u>

26.1 It includes Rs.0.308 million in respect of provident fund contribution (2002 : Rs.0.278) and Rs.1.091 million in respect of Retirement Benefit Scheme (Refer Note 2.3) (2002 : Nil)

27. FINANCIAL EXPENSES :

	2003	2002
	Rs. 000's	
Mark-up on :		
Short Term Borrowings	2,753	6,530
Export Refinance	205	751
Worker Profit Participation Fund	172	905
Long Term Loan	2,633	7,675
Finance Lease	1,897	1,736
Gratuity	1,114	1,520
Bank Charges & Commission	1,251	1,120
	10,025	20,237

28. OTHER CHARGES :

Workers' Profit Participation Fund	21,201	8,662
Workers' Welfare Fund	8,121	2,821
	29,322	11,483

29. OTHER INCOME :

Dividend		
Associated Undertaking	7,961	4,426
Others	-	504
Profit on :		
Short Term Investment	1,704	2,938
Sale of Fixed Assets	2,060	16,478
Property Rent	580	1,969
Others	731	1,546
	13,036	27,861

30. PROVISION FOR TAXATION :

Current	136,367	55,981
Prior Years	(3,882)	(3,595)
Deferred	(2,960)	(2,644)
	129,525	49,742

30.1 The relationship between tax expense and accounting profit is
Profit before taxation

Profit before taxation	394,704	161,772
Tax at the applicable rate of 35%	138,147	56,620
Net tax effect of inadmissible expenses	26,464	21,190
Net tax effect of admissible expenses	(14,633)	(18,697)
The effect of dividend income and donation taxed at different rates	(3,089)	(1,665)
Tax effect due to application of pre-emptive tax regime	(10,522)	(1,467)
	136,367	55,981

31. EARNINGS PER SHARE :

There is no diluted effect on the basic earnings per share of the Company, which is based on :

Profit after taxation	265,179	112,030
Average number of ordinary shares (000') of Rs.5 each	13,913	13,913
Earnings Per Share (Rs.)	19.06	8.05

32. CASH AND CASH EQUIVALENTS :

	2003	2002
	Rs. 000's	
Cash And Bank Balances	16,190	10,852
Short Term Deposits	114,700	92,400
Short Term Borrowings	(40,321)	(26,919)
	90,569	76,333

33. REMUNERATION OF DIRECTORS AND EXECUTIVES :

Particulars	Rs. 000's					
	Chief Executive		Director		Executives	
	2003	2002	2003	2002	2003	2002
Managerial Remuneration	2,419	2,759	3,168	3,099	32,494	29,985
Contribution to Provident Fund	168	117	162	160	1,826	1,559
	2,587	2,876	3,330	3,259	34,320	31,544
Number of persons	1	1	1	2	109	102

33.1 The Chief Executive, Director and certain Executives have been provided with the free use of Company's maintained Cars.

32.2 Five (2002: Five) Directors have been paid fees of Rs.10,000 (2002: Rs. 6,000) for attending Board Meetings .

34. TRANSACTION WITH ASSOCIATED UNDERTAKINGS :	2003	2002
	Rs. 000's	
Insurance Premium Paid	12,095	13,789
Sales/ Service Charges	978,552	466,738
Dividend Received	7,961	4,426
Insurance Claims Received	1,778	3,160

35. TAXATION

Current

Income tax assessment of the company has been finalized upto the assessment year 2002-03 (Income year 2001-02).

Deferred

The liability of deferred taxation as on the balance sheet date has been provided for in full.

36. CAPACITY AND PRODUCTION :

	Jute		Engineering	
	2003	2002	2003	2002
	M. Tons	M. Tons	Units	Units
Annual Capacity				
Jute	27,500	27,500		
Auto Air Conditioning			40,000	21,000
Wire Harness			-	-
Heater Blowers			16,000	-
Actual Production				
Jute	24,690	26,125		
Auto Air Conditioning			28,509	16,858
Wire Harness			21,284	11,356
Heater Blowers			5,076	-

Reason for shortfall - excess Low demand Capacity increased in anticipation of future

37. NUMBER OF EMPLOYEES

The number of employees at the end of the period **3,762** 4,033 **221** 194

38. TOTAL ASSETS SEGMENTED BY DIVISIONS :

Segments	2003		2002	
	Rs.'000'	%	Rs.'000'	%
Jute	499,120	48.76	542,998	60.72
Engineering	524,547	51.24	351,326	39.28

39. FINANCIAL INSTRUMENTS 39. AND RELATED DISCLOSURES:

(i) Financial Assets and Liabilities

	Effective yield/mark-up rate %	Interest bearing			Non-interest bearing			Rs. 000's
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
Financial Assets								
Loan term Investments	-	-	-	-	-	-	-	-
Loan & Advances to employee	-	675	281	956	-	26,863	26,863	27,819
Deposits	1.5 - 7	114,700	-	114,700	799	-	799	115,499
Trade debtors	-	-	-	-	23,877	2,612	26,489	26,489
Other receivables	-	-	-	-	107,427	-	107,427	107,427
Cash & bank balances	-	-	-	-	2,404	-	2,404	2,404
								-
June 30, 2003		115,375	281	115,656	-	-	-	115,656
June 30, 2002		93,218	563	93,781	150,697	29,475	180,172	273,953
Financial Liabilities								
Short-term borrowings	6.5 - 16	40,321	-	40,321	-	-	-	40,321
Liability against asset subject to finance lease	10 - 20	6,725	7,242	13,967	-	-	-	13,967
Creditors, accrued & other Liabilities	-	21,370	-	21,370	128,167	-	128,167	149,537
Unclaimed dividend	-	-	-	-	3,377	-	3,377	3,377
Letter of credits	-	-	-	-	79,735	-	79,735	79,735
								-
June 30, 2003		68,416	7,242	75,658	211,279	-	211,279	286,937
June 30, 2002		68,117	18,392	86,509	313,493	-	313,493	400,002

(i) Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if parties failed completely to perform as contracted. The Company controls its credit risk by ascertainment of credit worthiness of its customers, monitoring of debts on a continuous basis and applying credit limits to its customers. The Company does not believe that it is exposed to major concentration of credit risk.

(ii) Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. To guard against the risk, the Company has diversified funding sources and the assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

(iii) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will effect the value of financial instruments. The company is not exposed to interest rate risk.

(iii) Foreign Exchange Risk Management

Foreign currency risk arises mainly where payables exist due to the transactions with foreign undertakings, especially associated companies. Payables exposed to foreign currency risks are covered through forward foreign exchange contracts.

(iv) Fair value of the financial instruments

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

40. DATE OF AUTHORIZATION FOR ISSUE:

These accounts were authorized for issue by the Board of Directors on September 8, 2003.

41. GENERAL:

41.1 Figures have been rounded of to the nearest of thousands of Rupees.

41.2 Previous year's figures have been rearranged and reclassified wherever necessary for the purpose of comparison.

Sohail P. Ahmed

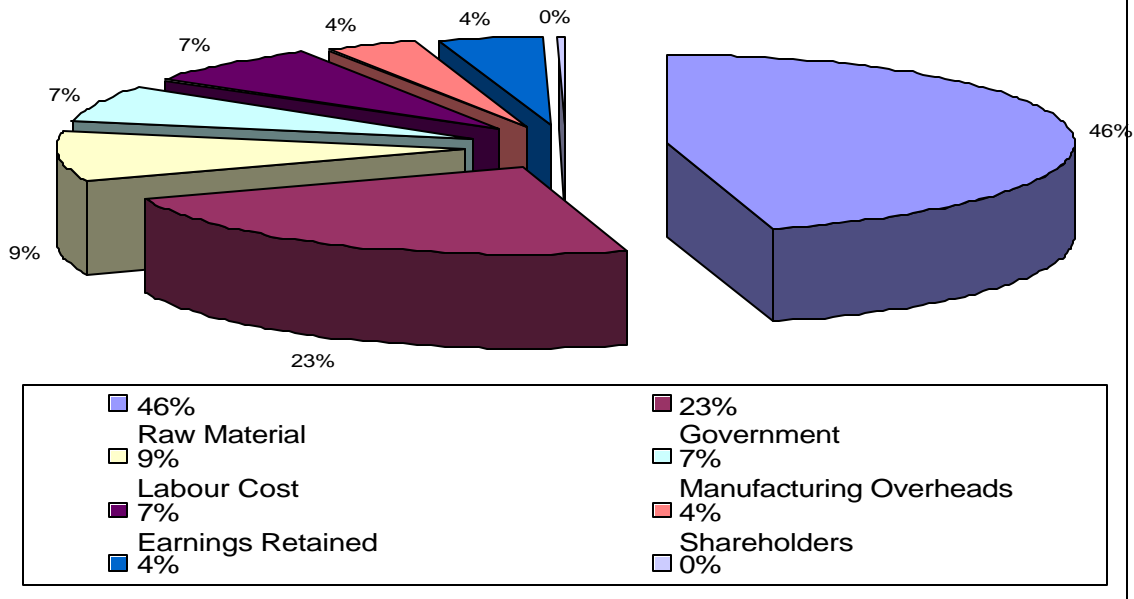
Chief Executive

Muhammad Jamil Hussain

Executive Director

Karachi : September 08, 2003.

Distribution of Revenue 2003



Distribution of Revenue 2002

