

ELITE TEXTILE MILLS LTD

ANNUAL REPORT 1997

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BOARD OF DIRECTORS

Ahsan M. Saleem
Amjad Mahmood
Khalid Bashir
Shams Raft
Shaukat Shafi
Tariq Shafi (Chief Executive)
Zahid Bashir

Auditors

M. Yousuf Adil & Co.,
Chartered Accountants

Bankers

Citibank N. A.
Muslim Commercial Bank Ltd.
National Bank of Pakistan

Legal Advisers

A. K. Brohi & Co.
Ghani Law Associates

Registered Office

A-40, S.I.T.E., Manghopir Road, Karachi.

Mills

A-40, S.I.T.E., Manghopir Road, Karachi.

Head Office

3rd Floor, Finlay House,
I. I. Chundrigar Road, Karachi.

NOTICE OF MEETING

Notice is hereby given that the 46th Annual General Meeting of "ELITE TEXTILE MILLS LTD." will be held on Tuesday the March 31, 1998, at 5.00 p.m. at the Registered Office A/40, S.I.T.E., Karachi, to transact the following Ordinary Business.

Agenda:

Ordinary Business:

1. To confirm the Minutes of the Extra Ordinary General Meeting held on July 10, 1997.
 2. To receive and adopt the Directors' and Auditors' Reports & Accounts for the year ended September 30, 1997.
 3. To appoint Auditors for the year 1997-98 and fix their remuneration.
- The present Auditors M/s. M. Yousuf Adil & Co., Chartered Accountants, being eligible, offer themselves

for re-appointment.

4. To consider any other business which may be placed before the Meeting with the permission of the Chair.

Book Closure

The Share Transfer Books of the Company will remain closed from March 28, 1998 to April 04, 1998 (both days inclusive)

A/40, S.I.T.E., Manghopir Road, Karachi.
March 09, 1998

On behalf of the Board
Shaukat Shafi
Director

Note: Participation in the Annual General Meeting:

1. A member eligible to attend and vote at this Meeting may appoint another as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the Meeting.

2. Share holders are requested to immediately notify the change in address if any.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the 46th Annual Report alongwith detailed notes for the year ended September 30, 1997.

Your Company's trading for the year resulted in a Pre-Tax loss of Rs. 47,562,426 after meeting all operational, administrative, depreciation and other expenses.

Break up of the same can be read under Profit & Loss Account 1997.

	1997
	Rupees
Loss before taxation	47,562,426
Add: Provision for Taxation	
Minimum Tax/Presumptive Tax/Prior Year's	3,278,270

	50,840,696
Accumulated loss brought forward	120,721,348

Accumulated loss carried forward	171,562,044
	=====

The present Auditors Messrs M. Yousuf Adil & Co. retire and being eligible offer themselves for reappointment.

Information required under section 236(2) of the Companies Ordinance 1984 follows as "Review" on the next pages.

The management express their appreciation to all categories of employees for their continued efforts to improve the efficiency all round.

Date: March 06 , 1998
Karachi

Shaukat Shafi
Director

DIRECTORS REVIEW

The directors of your Company are pleased to present their report and audited financial statement of the Company for the year ended September 30, 1997.

Considering the business conditions, and financial position together with the accumulated loss position of the Company, the Directors of the Company consider that it is not possible to profitably continue the operations of the Company and therefore they get approval from the share holders of the Company for disposal of the assets of the Company to liquidate liabilities of the Company.

Subsequent to this the Company has ceased all its production activities from September 01, 1997 and has disposed of major portion of plant & machinery and negotiating for sale of Leasehold land with building thereon and other assets.

Considering the above fact the Auditors observe that the Company is no more a going concern and the same they mentioned in their report.

The year under review was also an another difficult year for the textile industry. Your Company is also a part of this set up. The cotton prices which constitute more than 75% of our cost of production increased considerably which increased the cost of our product unfavorably for domestic market and as well as for international market resulting in decrease in gross profit in the current year under review.

Financial expenses decreased by 5% Due to increased export sales selling expenses were increased from Rs. 9.4 million to Rs. 11.5 million this year. Earning per share registered a negative earning of Rs. 26.31.

The Directors of your Company tries their best efforts to dispose of the assets of the Company at their best prices to meet the obligations of the Company.

KARACHI
March 06, 1998

Shaukat Shafi
Director

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Elite Textile Mills Limited as at September 30, 1997 and the related profit and loss account and statement of changes in financial position (Cash Flow Statement), together with the notes forming part thereof, for the year ended on that date 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 and, after due verification thereof, we report that:

(a) The Company has ceased all its production activities from September 01, 1997 and has disposed of major portion of plant & machinery and negotiating for sale of leasehold land with buildings thereon and other assets and has relieved the workers of the Company. Therefore, the company is no more a going concern. Consequently adjustment required to record assets at realizable value and classification of liabilities has not been made.

(b) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(c) 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's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(d) in our opinion and to the best of our information and according to the explanations given to us, except for the effect of any adjustment had the assets been taken at realizable value and classification of liabilities in view of the matter referred to in para (a) above, the balance sheet and profit and loss account and the statement of changes in financial position, (cash flow statement) together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively, give a true and fair view of the state of the Company's affairs as at September 30, 1997 and of the loss and the changes in financial position for the year then ended; and

(e) in our opinion, no zakat was deductible at source under the zakat and Ushr Ordinance, 1980.

Date: March 06-1998

M. Yousuf Adil & Co.

Karachi

Chartered Accountants

BALANCE SHEET AS AT SEPTEMBER 30, 1997

	Note	1997 Rupees	1996 Rupees
SHARE CAPITAL			
Authorised 2,000,000 Ordinary shares of Rs. 10/- each		20,000,000 =====	20,000,000 =====
Issued, subscribed and paid up	3	19,320,000	19,320,000
Accumulated loss		(171,562,044)	(120,721,348)
		(152,242,044)	(101,401,348)
SURPLUS ON REVALUATION OF FIXED ASSETS			
	4	138,500,000	138,500,000
LONG TERM LOAN	5	--	1,796,894
DEFERRED LIABILITIES'			
Staff gratuity		777,737	4,444,745
CURRENT LIABILITIES			
Short term bank borrowings	6	57,942,159	75,442,890
Short term loans	7	80,417,368	158,767,767
Current portion of long term loan		1,796,894	3,249,000
Creditors, accrued and other liabilities	8	92,792,776	35,400,843
Taxation		4,342,070	2,324,731
		237,291,267	275,185,231
CONTINGENCIES			
	9	----- 224,326,960 =====	----- 318,525,522 =====

The annexed notes from 1 to 30 form an integral part of these accounts.

The Chief Executive of the Company is out of Pakistan, therefore Balance Sheet and Profit and Loss Account is signed by two Directors

OPERATING ASSETS	10	160,435,233	243,887,059
LONG TERM INVESTMENTS	11	6,200,000	13,200,000
LONG TERM DEPOSITS		968,900	978,900
CURRENT ASSETS			
Stores, spares and loose tools	12	6,949,714	10,361,676
Stock in trade	13	985,800	17,762,266
Trade debts	14	7,110,236	10,826,988
Loans and advances	15	4,931,827	5,392,611
Deposits and prepayments	16	11,459,913	12,863,002
Other receivables	17	24,025,996	2,614,596
Cash and bank balances	18	1,259,341	638,424
		----- 56,722,827 -----	----- 60,459,563 -----
		224,326,960 =====	318,525,522 =====

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER \$0, 1997**

1997 1996

	Note	Rupees	Rupees
Sales		382,328,443	353,120,776
Cost of goods sold		381,378,496	348,291,170
		-----	-----
Gross profit		949,947	4,829,606
Trading profit	21	129,706	--
		-----	-----
		1,079,653	4,829,606
Operating expenses			
Administration	22	13,352,067	2,582,983
Selling	23	11,507,535	9,442,427
		-----	-----
		(14,859,602)	(12,025,410)
		-----	-----
Operating (loss)		(13,779,949)	(7,195,804)
Other income	24	10,681,895	4,355,349
		-----	-----
		(3,098,054)	(2,840,455)
		-----	-----
Financial charges	25	(44,464,372)	(46,878,701)
Loss before taxation		(47,562,426)	(49,719,156)
Provision for taxation			
Minimum/presumptive tax			
Current		2,125,000	(1,820,000)
Prior year's		1,153,270	524,406
		-----	-----
		(3,278,270)	(1,295,594)
		-----	-----
Loss after taxation		(50,840,696)	(51,014,750)
Accumulated Loss brought forward		(120,721,348)	(69,706,598)
		-----	-----
Accumulated loss carried forward		(171,562,044)	(120,721,348)
		=====	=====

The annexed notes from 1 to 30 form an integral part of these accounts.

The Chief Executive of the Company is out of Pakistan, therefore Balance Sheet and Profit and Loss Account is signed by two Directors

STATEMENT OF CHANGES IN FINANCIAL POSITION

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 1997

	1997 Rupees	1996 Rupees
A. CASH FROM OPERATING ACTIVITIES		
Loss before taxation	(47,562,426)	(49,719,156)
Adjustment for		
Depreciation	2,549,008	11,823,819
Gain on disposal of fixed assets	(9,082,901)	(51,913)
Provision for gratuity	2,007,082	1,608,875
Payment of gratuity	(5,674,090)	(905,288)
Financial charges	44,464,372	46,878,701
	-----	-----
Operating (loss) / profit before working capital changes	(13,298,955)	9,635,038
	-----	-----
Changes in working capital		
(Increase)/decrease in current assets		
Stores, spares and loose tools	711,962	4,440,354
Stock in trade	16,776,466	23,699,360
Trade debts	3,716,752	5,095,464
Loans and advances	1,176,521	540,799

Deposits and prepayments	1,403,089	(8,457,531)
Other receivables	(20,097,145)	(1,428,632)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	63,967,510	12,990,287
	-----	-----
	67,655,155	36,880,101
	-----	-----
Cash generated from operations	54,356,200	46,515,139
Financial charges paid	(52,339,950)	(39,545,353)
Tax paid	(3,290,923)	(1,400,720)
	-----	-----
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	(1,274,673)	5,569,066
	-----	-----

B. CASH FROM INVESTING ACTIVITIES

Proceeds from disposal of fixed assets	96,790,000	1,460,000
Fixed capital expenditures	(2,804,280)	(25,107,737)
Long term investments	7,000,000	--
Long term deposits	10,000	--
	-----	-----
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	100,995,720	(23,647,737)
	=====	=====

1997	1996
Rupees	Rupees

C. CASH FROM FINANCING ACTIVITIES

Redemption of redeemable capital	--	(2,237,500)
Repayment of long term loans	(3,249,000)	(2,838,000)
Decrease in short term borrowings	(17,500,731)	(64,737,545)
(Decrease) / Increase in short term loans	(78,350,399)	88,087,626
	-----	-----
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(99,100,130)	18,274,581
	-----	-----
Net Increase in cash and cash equivalents (A+B+C)	610,917	195,910
Cash and cash equivalents at the beginnin9 of the year	638,424	442,514
	-----	-----
Cash and cash equivalents at end of the year	1,249,341	638,424
	=====	=====

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED SEPTEMBER 30, 1997

1. STATUS AND ACTIVITIES

1.1 The company is limited by shares incorporated in Pakistan on August 21, 1951 and quoted on the Karachi and Islamabad stock exchanges. The principal business of the Company was manufacture and sale of yarn. The Mills is located at Sindh Industrial Trading Estate, Karachi.

1.2 A special resolution has been passed in the general meeting of members on July 10, 1997 authorizing the Board of Directors to dispose off the whole of the undertaking of current assets of the Company.

1.3 The Company has ceased its major production activities from May 14, 1997 and all activities from September 01, 1997 and has disposed off major portion of plant & machinery and relieved the workers of the Company. The Company is negotiating for sale of land with buildings thereon and other remaining assets.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting convention**

These accounts have been prepared under 'historical cost convention, except lease hold land that has been included at revaluation.

2.2 Staff retirement benefits

The company operates an unfunded gratuity scheme covering all its employees. Provision is made annually to cover the liability under the scheme.

2.3 Taxation

Current

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

Deferred

The Company accounts for deferred taxation on material timing differences using the liability method. However, deferred tax is not provided, if it can be established that these differences will not reverse in the foreseeable future.

2.4 Operating fixed assets

Operating assets except leasehold and are stated at cost less accumulated depreciation. Lease hold Land is stated at valuation.

Depreciation is charged to income applying the reducing balance method at the rates specified in fixed assets note.

Depreciation on additions for the year is charged on the basis of whole year while no depreciation is charged on deletion during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of fixed assets are included in current income.

2.5 Investments

Long term investment in shares of joint stock companies are stated at cost. Permanent diminution in value is charged to current income.

2.6 Stores, spares and loose tools

These are valued at moving average cost.

2.7 Stock in trade

These are valued at lower of average cost and net realisable value applying the following basis:

Raw material	Weighted average cost
Finished good	Average manufacturing cost
Work in process	Average manufacturing cost
Waste	Net realisable value

Average cost signifies in relation to work in progress and finished goods average manufacturing cost including a portion of related direct overheads. Net realizable value signifies the selling prices prevailing in the market less selling expenses incidental to sales.

2.8 Trade debtors

Known bad debts are written off and provision is made for debts considered doubtful.

2.9 Rates of exchange

Assets and liabilities in foreign currencies are converted into Rupees at the rates of exchange ruling on the balance sheet date. Exchange differences are included in current income.

2.10 Revenue recognition

Sales are recorded on despatch of goods.

**3. ISSUED, SUBSCRIBED
AND PAID UP CAPITAL**

1997	1996	1997	1996
No. of Share		Rupees	Rupees
920,000	920,000	9,200,000	9,200,000
	Ordinary shares of Rs.10/=		
	each fully paid in cash		
1,012,000	1,012,000	-----	-----
-----	Ordinary shares of Rs.10/=		
	each issued as fully paid		
1,932,000	1,932,000	10,120,000	10,120,000
=====	bonus shares	=====	=====
		19,320,000	19,320,000

	1997	1996
	Rupees	Rupees
4. SURPLUS ON REVALUATION OF FIXED ASSETS	138,500,000	138,500,000

Revaluation of land has been carried out as on September 30 1995 by M/s. Iqbal A. Nanjee & Co. Surveyors and valuation consultants on the basis of replacement value. Revaluation surplus has been credited to surplus on revaluation of fixed assets account.

	1997	1996
	Rupees	Rupees
5. LONG TERM LOAN		
Secured		
Finance Institution Opening balance	5,045,894	7,883,894
Repaid during the year	(3,249,000)	(2,838,000)
	-----	-----
	1,796,894	5,045,894
Payable within one year shown		
under current liabilities	(1,796,894)	(3,249,000)
	-----	-----
	--	1,796,894
	=====	=====

The loan has been obtained from PICIC under an agreement dated July 21, 1987. Foreign exchange value of the loan has been converted into Pak Rupees at the exchange rate prevailing on the date of disbursement.

It is subject to interest @ 14% per annum, including exchange risk fee, payable half yearly.

The loan is secured against Memorandum of Deposit of Title Deed, Letter of Hypothecation, Deed of floating charge all dated July 22, 1987 whereby creating first equitable mortgage on the fixed assets of the Company ranking pari passu with the charge created in respect of short term borrowings (Refer Note 6) and floating charge over the Company's assets. The loan is subsequently paid off.

	Limit (Million)	1997 Rupees	1996 Rupees
6. SHORT TERM BANK BORROWINGS			
Secured Under markup arrangements			
Cash finances	65.00	20,465,345	23,492,268
Export finances	50.00	31,820,315	48,342,150
Foreign bills purchased	2.36	2,363,000	2,363,000
Book overdraft (6.1)		3,293,499	1,245,472
		-----	-----
		57,942,159	75,442,890
		=====	=====

The markup ranges between 43 to 54 paisas per Rs. 1,000/= per day.

The borrowings are secured against equitable mortgage of fixed assets of the Company ranking pari passu with the charge created in respect of long term loan (Refer Note 5). These are further secured

against pledge/hypothecation of Shares of quoted companies, stores, stocks and charge on book debts and current assets of the company and lien on confirmed letters of credit.

6.1 These represents cheques issued in excess of balance at banks.

	1997 Rupees	1996 Rupees
7. SHORT TERM LOANS		
Unsecured		
Associated undertakings	80,417,368	158,767,767
	=====	=====

These are subject to interest @ 19.5% per annum on product basis

8. CREDITORS, ACCRUED AND

OTHER LIABILITIES

Creditors	9,378,655	5,998,540
Advance against sale of fixed assets	42,300,275	--
Accrued charges (8.1)	40,754,926	20,239,215
Markup/interest accrued on secured		
Redeemable capital	--	4,220
Long term loan	62,891	176,606
Short term borrowings	151,074	7,924,697
Excise duty	15,980	--
Workers' profit participation fund (8.2)	--	648,550
Withholding taxes	99,910	84,662
Unclaimed dividend	29,065	29,177
Other	--	295,176
	-----	-----
	92,792,776	35,400,843
	=====	=====

8.1.a It includes Rs. 18,965,945/- due to associated undertaking for purchase of power.

8.1.b It includes Rs. 14,253,437/- payable to K.E.S.C. in respect of additional surcharge.

The case is in court and company has given bank guarantee.

	1997 Rupees	1996 Rupees
8.2 Workers' profit participation fund		
At the beginning of the year	648,550	568,903
Interest charged by the company on fund utilised in company's business	81,069	79,647
	729,619	648,550
Payment to workers on behalf of the fund	----- (729,619)	----- --
	-----	-----
	--	648,550
	=====	=====

9. CONTINGENCIES

Guarantees issued by Bank and outstanding	630,000	630,000
--	---------	---------

Claim from a supplier not acknowledge as the company to the has already paid the same debt to the broker. Case is pending in the court of law	1,400,000	--
--	-----------	----

Assessed minimum tax and penalty for assessment year 19.91-92 not acknowledge. Writ has been filed in the Sindh High Court	--	663,125
---	----	---------

Central excise duty on borrowings for which stay has been obtained form the Court of Law	--	1,500,000
--	----	-----------

10. OPERATING ASSETS

Particulars	Cost/Valuation October 01, 1996	Additions/ Disposals)	Cost/Valuation at Sep. 30 1997	Accumulated Depreciation	Written Down value at Sep. 30 1997	Depreciation for the year	Rate %
Leasehold land	138,500,000	--	138,500,000	--	138,500,000	--	
Building on leasehold land	19,984,034	720,462	20,704,496	11,945,513	8,758,983	973,220	10
Plant and machinery	169,094,138	1,261,627	18,380,366	9,219,810	9,160,556	1,017,840	10
		(151,975,399)					
Electrical Installation	5,018,430	167,690	5,186,120	2,609,228	2,576,892	286,321	10
Mills equipment	290,174	69,500	359,674	197,220	162,454	18,050	10
Office equipment	365,175	76,501	441,676	173,248	268,428	29,825	10
Furniture and fixture	370,055	--	370,055	166,803	203,252	22,584	10
Vehicles	2,155,303	508,500	1,192,700	388,032	804,668	201,168	20
		(1,471,103)					
Rupees	335,777,309	2,804,280	185,135,087	24,699,854	160,435,233	2,549,008	
		(153,446,502)					
1996 Rupees	294,772,503	43,298,786	335,777,309	91,890,268	243,687,059	11,823,819	
		(2,293,980)					

10.1 Land has been acquired on annual lease (rental) basis from Sindh Industrial Estate Limited.

10.2 Depreciation for the year has

been allocated as under:

	1997 Rupees	1996 Rupees
Cost of goods manufactured	2,295,431	11,568,624
Administration	253,577	255,195
	-----	-----
	2,549,008	11,823,819
	=====	=====

10.3 Had there been no revaluation the related figures of lease hold land at September 30, 1997 would have been Rs. Nil-

10.4 Detail of disposal of fixed assets (by negotiation)

Particulars	Original Cost	Accumulated depreciatio	Written down value	Sales proceeds	Buyer
Plant & Machinery	3,039,181	1,452,195	1,586,986	1,020,000	Shahkot Textile Mills Limited. PIDC House, Dr. Ziauddin Ahmed Road, Karachi.
Plant & Machinery	5,065,301	2,420,326	2,644,975	1,350,000	Umer Akber Samandari Road, Faisalabad.
Plant & Machinery	3,039,181	1,452,195	1,586,986	840,000	Noor Textile Mills Ltd. Samandari Road, Faisalabad.
Plant & Machinery	9,938,364	3,990,472	5,947,892	3,240,000	M. Anwar & Bros. Al-Aziz Cotton Factory, Factory Area, Faisalabad.
Plant & Machinery	2,026,121	968,130	1,057,991	540,000	M.I. Textile Mills Ltd. F-4, Gulberg Centre in Main Boulevard, Gulberg, Lahore.
Plant &					

Machinery	23,039,527	11,736,458	11,303,069	18,250,000	Crescent Textile Mills Ltd. (Associated Undertaking) Sargodha Road, Faisalabad.
Plant & Machinery	337,896	63,269	274,627	1,975,000	Sitara Chemicals Ind. 1107/3, New Civil Lines, Bilal Chock, Faisalabad.
Plant & Machinery	23,756,050	11,674,855	12,081,195	21,900,000	Gadoon Textile Mills Ltd G-A, M. Ali Society, Abdul Aziz Hasham Tabba Estate, Karachi.
Pant & Machinery	787,383	147,682	639,701	2,400,000	Olympia Blended Fibre Limited. Monnoo House, 3, Montgomery Road, Lahore.
Plant & Machinery	10,061,822	4,708,227	5,353,595	7,400,000	Jubilee Spinning Mills Ltd. (Associated undertaking) B-28, Site, Karachi.
Plant & Machinery	3,013,935	1,369,172	1,644,763	2,450,000	Appollo Texfile Mills Ltd 2nd Floor State Life Building No. 2-A, Wallace Road, Karachi.
Plant & Machinery	3,013,935	1,369,172	1,644,763	2,450,000	Sapphire Textile Mills Limited. 149, Cotton Exchange Building, I.I. Chundrigar Road, Karachi.
Pant & Machinery	13,010,472	4,989,982	8,020,490	2,100,000	Shabuddin Samandari Road, Faisalabad.
Plant & Machinery	619,546	237,618	381,928	175,000	Sultan Textile Mills Ltd. 2nd Floor State Life Building, I-C, I.I. Chundrigar Road, Karachi
Plant & Machinery	13,630,019	5,227,600	8,402,419	3,300,000	Khursheed Sons Sutter Mandi, Montgomery Bazar, Faisalabad.
Plant & Machinery	12,390,926	4,752,363	7,638,563	3,275,000	Choti Textile Mills Ltd. 24, Main Gulberg, Lahore.
Plant & Machinery	7,047,887	3,339,055	3,708,832	4,725,000	Orix Leasing Overseas Investors, Chamber of Comm. Building, Talpur Road, Karachi.
Plant & Machinery	5,162,126	2,751,798	2,410,328	4,750,000	Shams Textile Mills Ltd. 5th Floor, Habib Bank Building, Circular Road, Faisalabad.
Plant &					

Machinery	2,671,474	438,650	2,232,824	4,700,000	Sally Textile Mills Ltd. 97, Shadman, Lahore.
Plant & Machinery	10,324,253	5,503,597	4,820,656	9,500,000	N.D.L.C. NIC Building, Abbasi Shaheed Road, Karachi
Vehicle	1,471,103	1,146,587	324,516	450,000	Jubilee Spinning & Weaving Mills Limited (Associated undertaking B-28, Site, Karachi.
	-----	-----	-----	-----	
Rupees	153,446,502	69,739,403	83,707,099	96,790,000	
	=====	=====	=====	=====	
1996 Rupees	2,293,980	885,893	1,408,087	1,460,000	
	=====	=====	=====	=====	

1997
Rupees

1996
Rupees

11. LONG TERM INVESTMENTS

Unquoted associated companies

Jubilee Energy (Pvt) Limited

570,000 (1996-1,060,000 shares) fully paid

ordinary shares of Rs. 10/= each

(Chief Executive Mr. Salman Rafi)

Percentage of holding 19% (1996 35%)

5,700,000 10,600,000

Crescent Group Services

(Private) Limited

Nil (1996-110,000 shares) fully paid

Ordinary shares of Rs. 10/= each

(Chief Executive Mr. Altar M. Saleem)

-- 1,100,000

Texmac Services (Pvt) Ltd.

50,000 (1996-50,000 Share) fully paid ordinary

shares of Rs. 10/- each

(Chief Executive: M. Fukunishi)

Percentage of holding 25%

500,000 500,000

6,200,000 12,200,000

Unquoted Others

Crescent Modaraba Management

Company Limited

Nil (1996-100,000 Share) fully paid Ordinary

shares of Rs. 10/= each

(Chief Executive Mr. Azmat All Khan)

-- 1,000,000

6,200,000 13,200,000

12. STORES, SPARES AND LOOSE TOOLS

Stores 575,131 4,897,608

Spares 6,357,857 5,384,671

Loose tools 16,726 79,397

6,949,714 10,361,676

13. STOCK IN TRADE

Raw materials -- 4,633,184

Work in process -- 7,092,717

Finished goods 985,800 6,022,315

Waste -- 14,050

985,800 17,762,266

14. TRADE DEBTS

Export - secured (14.1) 6,022,453 4,004,359

Local - unsecured - considered good 1,087,783 6,822,629

-----	-----
7,110,236	10,826,988
=====	=====

14.1 it includes Rs, 2,426,062/- outstanding since 1991 against which foreign bills purchased are also outstanding (Refer Note No. 6)

	1997	1996
	Rupees	Rupees
15. LOANS AND ADVANCES		
Considered good		
Income tax	4,691,643	3,975,906
Due from employees	160,200	331,984
Advance to suppliers	38,095	408,944
Excise duty	41,889	41,889
Other	--	633,888
	-----	-----
	4,931,827	5,392,611
	=====	=====

16. DEPOSITS AND PREPAYMENTS

Deposit - Excise duty on borrowings	--	1,150,087
Short terms deposits	11,393,393	11,393,393
Prepayment	66,520	319,522
	-----	-----
	11,459,913	12,863,002
	=====	=====

17. OTHER RECEIVABLES

Considered good		
Receivable against sale of fixed assets	14,830,973	--
Insurance claim	1,811,056	--
Income tax refundable	1,314,255	--
Sale tax refundable	441,598	1,140,650
Export rebate	441,126	237,351
Export duty	91,446	91,446
Claims	15,000	15,000
Other (17.1)	5,080,542	1,130,149
	-----	-----
	24,025,996	2,614,596
	=====	=====

17.1 It includes Rs. 2,497,742/- due from associated undertakings. Maximum balance due from associated undertakings at the end of any month during the year was Rs. 2,497,742/- (1996 - Rs. 1,130,149/-).

18. CASH AND BANK BALANCES

Cash in hand	246,896	277,025
Cash with banks		
In current accounts	1,007,445	356,399
In time deposit account	5,000	5,000
	-----	-----
	1,259,341	638,424
	=====	=====
	1997	1996
	Rupees	Rupees

19. SALES

Yarn		
Export	198,507,145	138,566,316
Local	187,071,846	220,736,122
	-----	-----
Waste - Local	2,437,552	2,463,550
	-----	-----
	388,016,543	361,765,988
Commission	5,688,100	3,421,261
Excise duty	--	4,946,848
Export duty	--	277,103
	-----	-----

	(5,688,100)	(8,645,212)
	-----	-----
	382,328,443	353,120,776
	=====	=====
20. COST OF GOODS SOLD		
Opening stock-finished goods	6,036,365	1,701,862
Cost of goods manufactured (20.1)	344,745,663	317,985,686
Purchase of yarn	31,582,268	34,639,987
	-----	-----
	382,364,296	354,327,535
Closing stock-finished goods	(985,800)	(6,036,365)
	-----	-----
	381,378,496	348,291,170
	=====	=====
20.1 Cost of goods manufactured		
Raw material (20.1.1)	256,156,764	230,206,582
Packing material	6,072,268	6,201,113
Stores and spares	6,734,798	4,772,401
Salaries, wages and benefits	29,437,817	26,998,327
Utilities	31,488,668	35,104,668
Rent, rates and taxes	327,983	584,384
Insurance	1,974,684	882,453
Repairs and maintenance	1,614,074	543,983
Other manufacturing overheads	1,550,459	1,106,197
Depreciation	2,295,431	11,568,624
	-----	-----
	337,652,946	317,968,732
Work in process		
Opening	7,092,717	7,109,671
Closing	--	(7,092,717)
	-----	-----
	7,092,717	16,954
	-----	-----
	344,745,663	317,985,686
	=====	=====
20.1.1 Raw material consumed		
Opening stock	4,633,184	32,650,093
Purchases	251,523,580	202,189,673
	-----	-----
	256,156,764	234,839,766
Closing stock	--	(4,633,184)
	-----	-----
	256,156,764	230,206,582
	=====	=====
21. TRADING PROFIT		
	1997	1996
	Rupees	Rupees
Export sales - cloth	14,217,657	--
Purchases	13,818,400	--
Selling expenses	269,551	--
	-----	-----
	(14,087,951)	--
	-----	-----
	129,706	--
	=====	=====
22. ADMINISTRATION EXPENSES		
Directors meeting fee	6,500	3,000
Staff salaries and benefits	1,371,100	987,104
Travelling and conveyance	348,286	176,562
Vehicles running and maintenance	266,225	498,001
Printing and stationery	58,164	64,712
Fees, subscription and periodicals	110,369	33,446
Legal and professional	265,339	380,004
Advertisement	119,650	24,200
Audit Fee	50,000	50,000

Depreciation	253,577	255,195
Other	502,857	110,759
	-----	-----
	3,352,067	2,582,983
	=====	=====

23. SELLING EXPENSES

Freight and octroi	9,291,087	7,749,608
Clearing and forwarding	259,865	200,740
Export expenses	710,853	450,746
Bank charges	898,987	828,614
Other	346,743	212,719
	-----	-----
	11,507,535	9,442,427
	=====	=====

24. OTHER INCOME

Gain on disposal of fixed and other assets	9,082,901	51,913
Storage, handling and other - net	1,598,994	4,303,436
	-----	-----
	10,681,895	4,355,349
	=====	=====

25. FINANCIAL CHARGES

Markup/interest on Redeemable capital	--	27,837
Long term loan	482,810	908,446
Short term borrowings-net	20,138,043	16,047,288
Associated undertakings	14,625,099	29,271,035
Other	6,118,811	--
Workers' profit participation fund	81,069	79,647
Bank charges, excise duty, commission and other (25.1)	3,018,540	544,448
	-----	-----
	44,464,372	46,878,701
	=====	=====

25.1 In pursuance to the decision of the court of law in the matter of central excise duty Rs. 1,500,000/- pertaining to prior period has been included in this amount (Refer No. 9).

26. REMUNERATION TO DIRECTORS AND EXECUTIVES

	Chief Executive		Directors	
	1997	1996	1997	1996
	Rupees	Rupees	Rupees	Rupees
Fee	--	--	6,500	3,000
Remuneration	--	--	--	--
House rent	--	--	--	--
Gratuity	--	--	--	--
	-----	-----	-----	-----
	--	--	6,500	3,000
	=====	=====	=====	=====
Number of persons	1	1	5	5

6

1997	1996
Rupees	Rupees

27. AGGREGATE TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Purchase of electricity power	32,180,206	17,617,959
Purchase of yarn	39,111,612	36,377,528
Sale Of assets and yarn	48,604,914	8,225,283
Interest charged	14,625,099	29,271,035
Power/utilities paid	20,320,610	6,885,276
Storage, handling charges and others	1,598,994	4,303,436

28. PLANT CAPACITY AND ACTUAL PRODUCTION

Number of spindles installed		31,416	31,416
Number of spindles worked		25,545	29,864
Number of shifts per day		3	3
Installed capacity after conversion into 20/s count (based on 100% capacity)	Kgs	4,793,538	4,793,538
Actual production of yarn after conversion in 20/s count	Kgs	4,160,314	4,796,882

Reason for short fall :-

The company has ceased its manufacturing major activities from May 14, 1997 and all production activities from September 01, 1997.

29. TAXATION

Current

Loss is Rs. 4:3,765,719/- as per assessment order for the income year ended on September 30, 1995. Provision for taxation represent tax u/s. 80CC (presumptive tax on export proceeds) and u/s. \$0D (Minimum tax). Assessment of the Company has been finalised upto assessment year 1996-97, accounting year ended on September 30, 1995.

Deferred

In view of current and accumulated tax losses, no provision is made in the accounts for deferred tax.

30. FIGURES

Corresponding figures have been rearranged and regrouped wherever necessary for the purpose of comparison.

Have been rounded off nearest to Rupee.

FORM 34

SHARE HOLDING STATISTICS

AS AT SEPTEMBER 30, 1997

No. of Share Holders	Shares Holdings		Total Shares Held	
10	1	to	100	605
88	101	to	500	19,620
17	501	to	1,000	12,375
27	1,001	to	5,000	58,861
12	5,001	to	10,000	84,790
24	10,001	to	15,000	298,050
7	15,001	to	20,000	119,709
6	20,001	to	25,000	132,418
2	25,001	to	30,000	51,351
3	30,001	to	35,000	96,875
8	40,001	to	45,000	346,834
3	45,001	to	50,000	142,432
1	65,001	to	70,000	65,338
1	90,001	to	95,000	94,080
1	140,001	to	145,000	142,222
1	255,001	to	270,000	266,440
-----	-----	-----	-----	-----
211				1,932,000
=====	=====	=====	=====	=====

Categories of Shareholders	Number	shares Held	Percentage
INVESTMENT CORPORATION	1	2640	0.14
JOINT STOCK COMPANIES	4	102990	5.33
ABANDONED PROPERTIES	1	840	0.04
INDIVIDUAL	205	1,825,530	94.49
-----	-----	-----	-----
	211	1,932,000	100.00
=====	=====	=====	=====