

(UN-AUDITED)

**ACCOUNTS  
FOR THE 1ST QUARTER ENDING  
SEPTEMBER 30, 2010**





## Directors' Report to the Members

On behalf of the Board of directors, I am pleased to present un-audited financial information for the quarter ended September 30, 2010.

### OPERATING FINANCIAL RESULTS

The operating financial results of the company for the quarter ended September 30, 2010 are as under:

|  | September<br>30, 2010<br>Rupees | September<br>30, 2009<br>Rupees | Increase in<br>%age |
|--|---------------------------------|---------------------------------|---------------------|
| Sales  | <b>954,117,562</b>              | 623,239,547                     | 53.09               |
| Gross Profit                                 | <b>94,791,459</b>               | 71,367,867                      | 32.82               |
| Operating Profit for the period              | <b>70,440,998</b>               | 52,163,252                      | 35.04               |
| Profit/(Loss) for the period before taxation | <b>13,315,029</b>               | (20,268,904)                    |                     |
| Taxation current                             | <b>2,180,444</b>                | (581,606)                       |                     |
| Profit/(Loss) for the period after taxation  | <b>11,134,585</b>               | (19,687,298)                    |                     |
| Earning/(Loss) Per Share                     | <b>0.19</b>                     | (0.35)                          |                     |

The company has earned an after tax profit of Rs. 11.134 million as compared to loss of Rs. 19.687 million in the corresponding period ended September 30, 2009 resulting in the increase of 165%. The significant increase in gross profit and net profit is mainly attributable to increase in sale quantities which increased by 53.1%, good sales mix of products and increase in sale prices of the products of the company. The significant increase in sales is in line with the company's commitment to year on year growth trend in sales together with the increase in sales prices. The finance cost of the company has decreased by 21.13% in the period under review compared to corresponding period owing to effective fund management.

### GENERAL MARKET REVIEW AND FUTURE PROSPECTS

Worldwide businesses were adversely affected by global economic recession in financial year 2008-2009 and there has been some recovery of economies from the recession in financial year 2009-2010, however, its effect is still far from over. Besides global recession serious internal issues such as high cost of production resulting from higher cotton prices, rising energy costs, increasing prices of imported inputs due to depreciation of Pakistan rupee and prolonged power cuts are posing serious threats to textile sector. On these fronts the situation is expected to remain uncertain in the future. Due to recent unprecedented rains and floods in the country, textile sector in particular will face extremely tough challenges like raw material shortages causing prices of supplies to increase, higher cost of imported raw material, expected devaluation of Rupee and higher inflation.

The directors extend their gratitude to the employees of the company for their team work, commitments, integrity and professionalism.

For and on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read "mussaid".

**MUSSAID HANIF**  
Chief Executive

Lahore  
October 27, 2010



**Balance sheet**  
as at September 30, 2010 (Un-Audited)

|   | Note | Un-audited<br>September 30, 2010<br>Rupees                       | Audited<br>June 30, 2010<br>Rupees                               |
|---|------|--|--|
| <b>EQUITY AND LIABILITIES</b>   |      |  |  |
| <b>SHARE CAPITAL</b>  |      |  |  |
| <b>Authorized share capital</b><br>62,500,000 (2010: 62,500,000)<br>ordinary shares of Rs. 10 each  |      | <b>625,000,000</b>   | <b>625,000,000</b>   |
| <b>Issued, subscribed and paid-up share capital</b><br>59,428,729 (2010: 59,428,729)<br>ordinary shares of Rs. 10 each                              |      | <b>594,287,290</b>   | <b>594,287,290</b>   |
| <b>UNAPPROPRIATED LOSS</b>  |      | <b>(286,424,861)</b>   | <b>(302,633,449)</b>   |
|   |      | <b>307,862,429</b>   | <b>291,653,841</b>   |
| <b>SURPLUS ON REVALUATION OF PROPERTY, PLANT &amp; EQUIPMENT</b>  |      | <b>287,659,043</b>   | <b>292,733,048</b>   |
| <b>LONG TERM LOANS</b>  |      | <b>453,654,630</b>   | <b>459,893,005</b>   |
| <b>DEFERRED LIABILITIES</b>   |      | <b>136,584,217</b>   | <b>139,156,374</b>   |
| <b>CURRENT LIABILITIES</b><br>Short term finances - Secured<br>Current portion of long term liabilities<br>Creditors, accrued and other liabilities |      | <b>1,173,580,035</b><br><b>422,113,750</b><br><b>607,827,512</b> | <b>1,283,690,778</b><br><b>337,500,376</b><br><b>515,301,040</b> |
|   |      | <b>2,203,521,297</b>   | <b>2,136,492,194</b>   |
| <b>CONTIGENCIES AND COMMITMENTS</b>   | 4    | <b>-</b>   | <b>-</b>   |
|   |      | <b>3,389,281,616</b>   | <b>3,319,928,462</b>   |
| <b>ASSETS</b>   |      |  |  |
| <b>NON CURRENT ASSETS</b>   |      |  |  |
| Property plant & equipment  | 5    | <b>1,930,089,412</b>   | <b>1,971,655,066</b>   |
| Capital work in progress  |      | <b>1,151,458</b>   | <b>1,150,000</b>   |
|   |      | <b>1,931,240,870</b>   | <b>1,972,805,066</b>   |
| <b>Long term advances and deposits</b>  |      | <b>2,716,322</b>   | <b>3,066,322</b>   |
| <b>CURRENT ASSETS</b>   |      |  |  |
| Stores, spares and loose tools  |      | <b>66,766,070</b>  | <b>71,931,455</b>  |
| Stock in trade  |      | <b>634,222,305</b>   | <b>627,299,143</b>   |
| Trade debts   |      | <b>408,097,696</b>   | <b>317,272,649</b>   |
| Loans and advances  |      | <b>169,457,740</b>   | <b>170,911,372</b>   |
| Trade deposits, prepayments and   |      | <b>146,421,075</b>   | <b>145,724,159</b>   |
| Other receivables   |      | <b>3,348,977</b>   | <b>2,949,119</b>   |
| Short term investment   |      | <b>27,010,561</b>  | <b>7,969,177</b>   |
| Cash and bank balances  |      | <b>1,455,324,424</b>   | <b>1,344,057,074</b>   |
|   |      | <b>3,389,281,616</b>   | <b>3,319,928,462</b>   |

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

*Amarnath*  
Chief Executive

*Bhanu*  
Director



## Profit and Loss Account

for the 1st Quarter ended September 30, 2010 (Un-Audited)

| Note   | Un-audited              |                         |
|--|-------------------------|-------------------------|
|  | Jul-Sept 2010<br>Rupees | Jul-Sept 2009<br>Rupees |
| <b>SALES</b>                                 | <b>954,117,562</b>      | 623,239,547             |
| <b>COST OF SALES</b>                         | <b>859,326,103</b>      | 551,871,680             |
| <b>GROSS PROFIT</b>                          | <b>94,791,459</b>       | 71,367,867              |
| <b>OPERATING EXPENSES</b>                    |                         |                         |
| Distribution costs                           | <b>19,103,931</b>       | 13,024,837              |
| Administrative                               | <b>6,310,918</b>        | 7,775,025               |
|  | <b>25,414,849</b>       | 20,799,862              |
|  | <b>69,376,610</b>       | 50,568,005              |
| OTHER OPERATING EXPENSES                     | <b>441,536</b>          | 359,100                 |
|  | <b>68,935,074</b>       | 50,208,905              |
| OTHER OPERATING INCOME                       | <b>1,505,924</b>        | 1,954,347               |
| <b>OPERATING PROFIT</b>                      | <b>70,440,998</b>       | 52,163,252              |
| <b>FINANCE COSTS</b>                         | <b>57,125,969</b>       | 72,432,156              |
| <b>PROFIT / (LOSS) BEFORE TAXATION</b>       | <b>13,315,029</b>       | (20,268,904)            |
| <b>TAXATION</b>                              | <b>2,180,444</b>        | (581,606)               |
| <b>PROFIT / (LOSS) AFTER TAXATION</b>        | <b>11,134,585</b>       | (19,687,298)            |
| <b>EARNING PER SHARE-BASIC &amp; DILUTED</b> | <b>6</b>                | <b>0.19</b>             |
|  |                         |                         |

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

*Amarnath*  
Chief Executive

*Bhanu*  
Director



## Cash Flow Statement

for the 1st Quarter ended  
September 30, 2010 (Un-Audited)

### CASH FLOW FROM OPERATING ACTIVITIES

#### Profit/(Loss) for the year before taxation

##### Adjustments for:

Depreciation  
(Gain) / Loss on sale of fixed assets  
(Gain) / Loss on re-measurement of  
short term investments  
Provision for staff gratuity  
Financial charges

| Un-audited<br>Jul-Sept 2010<br>Rupees | Un-audited<br>Jul-Sept 2009<br>Rupees |
|---------------------------------------|---------------------------------------|
|---------------------------------------|---------------------------------------|

13,315,029 (20,268,904)

|                         |                    |
|-------------------------|--------------------|
| 41,384,103<br>(473,344) | 45,112,178<br>-    |
| (399,857)               | (1,106,316)        |
| 1,964,524               | 2,413,950          |
| 57,125,969              | 72,432,156         |
| <b>99,601,395</b>       | <b>118,851,968</b> |
| <b>112,916,424</b>      | <b>98,583,064</b>  |

112,916,424 98,583,064

#### (Increase)/Decrease in current assets

Stores, spares and loose tools  
Stock in trade  
Trade debts  
Loans and advances  
Trade deposits, prepayments & other receivables

|                          |                           |
|--------------------------|---------------------------|
| 5,165,385<br>(6,923,162) | (6,511,111)<br>55,702,204 |
| (90,825,047)             | (35,726,867)              |
| 1,453,632                | (24,126,482)              |
| (2,056,679)              | 1,476,295                 |

(93,185,871) (9,185,961)

#### Increase in current liabilities

Creditors, accrued and other liabilities

80,738,985 16,849,025

|  |  |
|--|--|
| <b>100,469,538</b>                         | <b>106,246,128</b>                     |
| (45,338,482)<br>(3,552,836)<br>(1,804,525) | (76,125,814)<br>(974,386)<br>(781,700) |
| <b>(50,695,843)</b>                        | <b>(77,881,900)</b>                    |

(50,695,843) (77,881,900)

**Net cash flow from operating activities ( A )**

**49,773,695** 28,364,228

### CASH FLOW FROM INVESTING ACTIVITIES

Long term advances, deposits and deferred costs  
Sale proceeds of fixed assets  
Short term investments  
Fixed capital expenditure

|                         |                          |
|-------------------------|--------------------------|
| 350,000<br>799,991<br>- | -                        |
| (146,558)               | (500,000)<br>(2,807,302) |

**Net cash flow from investing activities ( B )**

**1,003,433** (3,307,302)

### CASH FLOW FROM FINANCING ACTIVITIES

Short term finances - secured  
Deferred Liabilities  
Long term loans

|                   |                            |
|-------------------|----------------------------|
| (18,610,743)<br>- | (87,921,233)<br>51,480,000 |
| (13,125,001)      | -                          |

(31,735,744) (36,441,233)

**NET INCREASE / (DECREASE)  
IN CASH AND CASH EQUIVALENTS ( A+B+C )**

**19,041,384** (11,384,307)

**CASH AND CASH EQUIVALENTS AT  
THE BEGINNING OF THE YEAR**

**7,969,177** 28,923,976

**CASH AND CASH EQUIVALENTS AT  
THE END OF THE PERIOD**

**27,010,561** 17,539,670

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

*Amarnath*  
Chief Executive

*Bhanu*  
Director



## Statement of Changes in Equity

for the 1st Quarter ended September 30, 2010 (Un-Audited)

| Description  | Paid Up Capital    | Unappropriated Profit | Total              |
|--|--------------------|-----------------------|--------------------|
|  | Rupees             |                       |                    |
| <b>Balance as at June 30, 2009</b>                 | <b>594,287,290</b> | <b>(263,638,177)</b>  | <b>330,649,113</b> |
| Net loss for the period                            | -                  | (19,687,298)          | (19,687,298)       |
| Current year incremental depreciation - net of tax | -                  | 5,648,193             | 5,648,193          |
| <b>Balance as at September 30, 2009</b>            | <b>594,287,290</b> | <b>(277,677,282)</b>  | <b>316,610,008</b> |
| <b>Balance as at June 30, 2010</b>                 | <b>594,287,290</b> | <b>(302,633,449)</b>  | <b>291,653,841</b> |
| Net profit for the period                          | -                  | 11,134,585            | 11,134,585         |
| Current year incremental depreciation - net of tax | -                  | 5,074,003             | 5,074,003          |
| <b>Balance as at September 30, 2010</b>            | <b>594,287,290</b> | <b>(286,424,861)</b>  | <b>307,862,429</b> |

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

*Amarnath*  
Chief Executive

*Bhanu*  
Director

## Notes to the Accounts

for the 1st Quarter ended September 30, 2010 (Un-Audited)

1. These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".
2. These financial statements are un-audited and are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.
3. The accounting policies adopted for the preparation of the accounts are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2010

### 4. Contingencies and Commitments

#### 4.1 Commitments

Commitments against irrevocable letters of credit for import of machinery and raw material as at September 30, 2010 amounting to Rs. 16.20 (June 2010: Rs. 7.37 million)

#### 4.2 Others

There are no other significant activities since June 30, 2010 affecting financial statements.

5. Following is the cost of fixed assets that have been added / disposed off during the quarter ended:

|                                       | Un-audited    | Audited       |
|---------------------------------------|---------------|---------------|
|                                       | Sept 30, 2010 | June 30, 2010 |
|                                       | Rupees        | Rupees        |
| Additions in fixed assets             | 146,558       | 34,565,353    |
| Deletions in fixed assets             | 952,660       | 9,965,849     |
| Additions in capital work in Progress | -             | 4,007,665     |

### 6. EARNING PER SHARE - BASIC

|  |            |              |
|--|------------|--------------|
| Profit/(Loss) after tax                    | 11,134,585 | (63,153,584) |
| Weighted average number of ordinary shares | 59,428,729 | 59,428,729   |
| Loss per share - basic                     | 0.19       | (1.06)       |

### 7. DATE OF AUTHORISATION

These accounts have been approved by Board of Directors on October 27, 2010.

### 8. COMPARATIVE FIGURES

Have been rearranged/reclassified wherever necessary for the purpose of comparison.

Have been rounded off to the nearest rupee.

*Amansai*  
 Chief Executive

*Brown*  
 Director

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