

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



MUSSAID HANIF
Chief Executive

Lahore
October 27, 2010

Balance sheet

as at September 30, 2010 (Un-Audited)

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

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


Chief Executive


Director

Profit and Loss Account

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

	Note	Un-audited	Un-audited
		Jul-Sept 2010 Rupees	Jul-Sept 2009 Rupees
SALES		954,117,562	623,239,547
COST OF SALES		859,326,103	551,871,680
GROSS PROFIT		94,791,459	71,367,867
OPERATING EXPENSES			
Distribution costs		19,103,931	13,024,837
Administrative		6,310,918	7,775,025
		25,414,849	20,799,862
		69,376,610	50,568,005
OTHER OPERATING EXPENSES		441,536	359,100
		68,935,074	50,208,905
OTHER OPERATING INCOME		1,505,924	1,954,347
OPERATING PROFIT		70,440,998	52,163,252
FINANCE COSTS		57,125,969	72,432,156
PROFIT / (LOSS) BEFORE TAXATION		13,315,029	(20,268,904)
TAXATION		2,180,444	(581,606)
PROFIT / (LOSS) AFTER TAXATION		11,134,585	(19,687,298)
EARNING PER SHARE-BASIC & DILUTED	6	0.19	(0.33)

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


Chief Executive


Director

Cash Flow Statement

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

	Un-audited Jul-Sept 2010 Rupees	Un-audited Jul-Sept 2009 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year before taxation	13,315,029	(20,268,904)
Adjustments for:		
Depreciation	41,384,103	45,112,178
(Gain) / Loss on sale of fixed assets	(473,344)	-
(Gain) / Loss on re-measurement of short term investments	(399,857)	(1,106,316)
Provision for staff gratuity	1,964,524	2,413,950
Financial charges	57,125,969	72,432,156
	<u>99,601,395</u>	<u>118,851,968</u>
	112,916,424	98,583,064
(Increase)/Decrease in current assets		
Stores, spares and loose tools	5,165,385	(6,511,111)
Stock in trade	(6,923,162)	55,702,204
Trade debts	(90,825,047)	(35,726,867)
Loans and advances	1,453,632	(24,126,482)
Trade deposits, prepayments & other receivables	(2,056,679)	1,476,295
	<u>(93,185,871)</u>	<u>(9,185,961)</u>
Increase in current liabilities		
Creditors, accrued and other liabilities	80,738,985	16,849,025
	<u>100,469,538</u>	<u>106,246,128</u>
Cash flow from operations		
Financial charges paid	(45,338,482)	(76,125,814)
Taxes paid	(3,552,836)	(974,386)
Gratuity paid	(1,804,525)	(781,700)
	<u>(50,695,843)</u>	<u>(77,881,900)</u>
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	350,000	-
Sale proceeds of fixed assets	799,991	-
Short term investments	-	(500,000)
Fixed capital expenditure	(146,558)	(2,807,302)
	<u>1,003,433</u>	<u>(3,307,302)</u>
Net cash flow from investing activities (B)	1,003,433	(3,307,302)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	(18,610,743)	(87,921,233)
Deferred Liabilities	-	51,480,000
Long term loans	(13,125,001)	-
	<u>(31,735,744)</u>	<u>(36,441,233)</u>
Net cash flow from financing activities (C)	(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	<u>27,010,561</u>	<u>17,539,670</u>

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


Chief Executive


Director

Statement of Changes in Equity

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

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

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


Chief Executive


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 Sept 30, 2010 Rupees	Audited June 30, 2010 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.


Chief Executive


Director

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