

(UN-AUDITED)

ACCOUNTS  
FOR THE 1st quarter ENDING  
SEPTEMBER 30, 2009





## *Directors' Report to the Members*

On behalf of the Board of directors, I am pleased to present before you the financial statements of the company for the 1st quarter ended September 30 2009.

### Operational review

During the period under review manufacturing facilities of the company were operational at their full capacity.

### Operating financial results

The company has registered net sales of Rs. 623.240 million (2008: Rs. 734.466 million) showing decrease of 15.14%. The gross profit of Rs. 71.368 million (2008: Rs. 115.194 million) has also decreased by 61.4%. In the corresponding period the sales and gross profit were better due to steep devaluation of Pak rupees during that particular quarter. The operating profit of Rs. 52.163 million (2008: Rs. 86.874 million) shows a decrease of about 40%. The company has incurred loss before taxation of Rs. 20.269 million (2008: Rs. 42.387 million) due to heavy financial costs and depreciation aggregating Rs. 117.544 million (2008: Rs. 130.109 million). The net loss for the period after taxation is Rs. 19.687 million (2008: Rs. 45.352 million).

The loss for the period is mainly due to following factors:

- Pressure on sales volumes and margins owing to global recession and increased yarn prices;
- Heavy financial cost during the period owing to sharp increase in interest rates despite of reduction in borrowing of the company;
- The outsourcing /toll manufacturing operation were drastically reduced as against corresponding period due to reduced market demand during the year and the management prefer to run own manufacturing facilities to meet the orders in hand first. Outsourcing /toll manufacturing operation had yielded high gross margins in corresponding year;
- Heavy depreciation of Rs.45.112 million (2008: Rs. 48.502 million);

The operating performance of the company during the 1st quarter exhibits improved gross and operating profit as against the last quarters of preceding financial year. Further, the company has managed its borrowing rates with its lenders and effect of this reduction will come in coming quarters.

### Future prospects

The past 2 – 3 years worldwide are years of recession for most business including textile sector. Severe recession in USA and Europe markets led to lower sales and tough competition for suppliers. Textile industry in Pakistan went through extremely difficult situation during the past years and is very volatile due to various reasons such as decelerated business volumes and energy crises. Further a record increase in yarn prices in first quarter of period under review alongwith steep interest rates hike had their impact on textile sector on varying degrees. The period under review was the test for the textile sector to survive as per their strength and relative positioning in the market. In a broad preview it looks like that due to recessionary trend in the global markets textile will remain depressed for medium term and situation might improve by the end of 2nd quarter of financial year 2010-11. Consequent to recovery of global market from current recession the textile sector will be benefited as well.

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 29, 2009



**Balance sheet**  
as at September 30, 2009 (Un-Audited)

EQUITY AND LIABILITIES	Notes	Un-audited	Audited
		September 30, 2009 Rupees	June 30, 2009 Rupees
SHARE CAPITAL			
Authorized share capital			
62,500,000 (2008: 62,500,000)			
ordinary shares of Rs. 10 each		<u>625,000,000</u>	<u>625,000,000</u>
Issued, subscribed and paid-up share capital			
59,428,729 (2008: 59,428,729)		594,287,290	594,287,290
ordinary shares of Rs. 10 each		<u>(277,677,282)</u>	<u>(263,638,177)</u>
UNAPPROPRIATED LOSS		316,610,008	330,649,113
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		311,243,167	316,891,360
LONG TERM LOANS		656,694,846	694,154,846
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		-	-
DEFERRED LIABILITIES		199,188,769	149,117,855
CURRENT LIABILITIES			
Short term finances - Secured		1,232,956,088	1,320,877,321
Current portion of long term liabilities		136,375,875	98,915,875
Creditors, accrued and other liabilities		430,734,276	417,579,910
		<u>1,800,066,239</u>	<u>1,837,373,106</u>
CONTIGENCIES AND COMMITMENTS	4	-	-
ASSETS		<u>3,283,803,029</u>	<u>3,328,186,280</u>
NON CURRENT ASSETS			
Property plant & equipment	5	2,082,560,747	2,127,462,426
Capital work in progress		<u>4,773,514</u>	<u>2,176,712</u>
		<u>2,087,334,261</u>	<u>2,129,639,138</u>
Long term advances and deposits		2,712,322	2,712,322
CURRENT ASSETS			
Stores, spares and loose tools		57,176,878	50,665,767
Stock in trade		552,699,415	608,401,619
Trade debts		319,309,957	283,583,090
Loans and advances		130,467,995	106,341,513
Trade deposits, prepayments and other receivables		109,569,125	112,530,763
Short term investment		6,993,407	5,388,092
Cash and bank balances		17,539,669	28,923,976
		<u>1,193,756,446</u>	<u>1,195,834,820</u>
		<u>3,283,803,029</u>	<u>3,328,186,280</u>

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

*Amarsi*  
Chief Executive

*Brown*  
Director



## Profit and Loss Account

for the 1st Quarter ended September 30, 2009 (Un-Audited)

Notes	Un-audited	Un-audited
	Jul-Sept 2009 Rupees	Jul-Sept 2008 Rupees
SALES	623,239,547	734,465,528
COST OF SALES	551,871,680	619,271,875
 GROSS PROFIT	 71,367,867	 115,193,653
 OPERATING EXPENSES	 	 
Distribution costs	13,024,837	20,277,335
Administrative	7,775,025	6,643,841
	 20,799,862	 26,921,176
	 50,568,005	 88,272,477
OTHER OPERATING EXPENSES	359,100	554,717
	 50,208,905	 87,717,760
OTHER OPERATING INCOME/(LOSS)	1,954,347	(844,040)
OPERATING PROFIT	52,163,252	86,873,720
FINANCE COSTS	72,432,156	129,260,565
(LOSS) / PROFIT BEFORE TAXATION	(20,268,904)	(42,386,845)
TAXATION	(581,606)	2,965,683
(LOSS) / PROFIT AFTER TAXATION	(19,687,298)	(45,352,528)
 EARNING PER SHARE-BASIC & DILUTED 6	 (0.33)	 (0.76)

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, 2009 (Un-Audited)

**CASH FLOW FROM OPERATING ACTIVITIES**

Loss for the quarter before taxation

Un-audited	Un-audited
Jul-Sept 2009	Jul-Sept 2008
Rupees	Rupees

(20,268,904) (42,386,845)

Adjustments for:

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

45,048,848	48,378,301
63,330	124,191
(1,106,316)	-
2,413,950	-
72,432,156	118,304,044
<b>118,851,968</b>	<b>166,806,536</b>
<b>98,583,064</b>	<b>124,419,691</b>

(Increase)/Decrease in current assets

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

(6,511,111)	(1,145,181)
55,702,204	(67,668,566)
(35,726,867)	(12,832,563)
(24,126,482)	(15,489,450)
1,476,295	2,177,609
<b>(9,185,961)</b>	<b>(94,958,151)</b>

Increase in current liabilities

Creditors, accrued and other liabilities

16,849,025	7,047,488
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Cash flow from operations

Financial charges paid  
Taxes paid  
Gratuity paid

106,246,128	36,509,028
(76,125,814)	(82,643,489)
(974,386)	(3,754,073)
(781,700)	(793,100)
<b>(77,881,900)</b>	<b>(87,190,662)</b>

Net cash flow from operating activities

( A )

28,364,228

(50,681,634)

**CASH FLOW FROM INVESTING ACTIVITIES**

Long term advances, deposits and deferred costs  
Short term investment  
Fixed capital expenditure

-	1,674,300
(500,000)	4,776,085
(2,807,302)	(2,855,319)

Net cash flow from investing activities

( B )

(3,307,302)

3,595,066

**CASH FLOW FROM FINANCING ACTIVITIES**

Short term finances - secured  
Repayment of lease liabilities  
Deferred Liabilities  
Long term loans

(87,921,233)	84,089,446
-	(68,865)
51,480,000	-
-	(27,870,669)

Net cash flow from financing activities

( C )

(36,441,233)

56,149,912

NET INCREASE IN CASH AND  
CASH EQUIVALENTS

( A + B + C )

(11,384,307)

9,063,344

CASH AND CASH EQUIVALENTS AT  
THE BEGINNING OF THE YEAR

28,923,976

2,464,460

CASH AND CASH EQUIVALENTS AT  
THE END OF THE PERIOD

17,539,669

11,527,804

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

*anuradha*

Chief Executive

*B. Bhaw*

Director



## Statement of Changes in Equity

for the 1st Quarter ended September 30, 2009 (Un-Audited)

Description	Paid-Up Capital	Unappropriated Profit	Total	
				Rupees
Balance as at June 30, 2008	594,287,290	(139,168,390)	455,118,900	
Net loss for the period	-	(45,352,528)	(45,352,528)	
Balance as at September 30, 2008	594,287,290	(184,520,918)	409,766,372	
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	594,287,290	(277,677,282)	316,610,008	

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

*Ammanid*  
Chief Executive

*Brown*  
Director



## Notes to the Accounts

for the 1st Quarter ended September 30, 2009 (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, 2009.
4. Contingencies and Commitments
  - 4.1 Commitments  
Commitments against irrevocable letters of credit for import of machinery and raw material as at September 30, 2009 amounting to Rs. 21.26 (June 2009: Rs. 18.43 million)
  - 4.2 Others  
There are no other significant activities since June 30, 2009 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, 2009 Rupees	June 30, 2009 Rupees
Additions in fixed assets	210,500	65,784,420
Deletions in fixed assets	-	11,381,454
Additions in Capital Work in Progress	2,596,802	26,281,834

### 6. EARNING PER SHARE - BASIC

Loss after tax	(19,687,298)	(150,997,067)
Weighted average number of ordinary shares	59,428,729	59,428,729
Loss per share - basic	(0.33)	(2.54)

### 7. DATE OF AUTHORISATION

These accounts have been approved by Board of Directors on October 29, 2009.

### 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

*Bhanu*  
Director

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