

(UN-AUDITED)

**ACCOUNTS
FOR THE NINE MONTHS ENDED
MARCH 31, 2010**



Directors' Report to the Members

On behalf of the Board of directors, I present before you the financial statements of the company for the 9 months ended March 31, 2010.

Operational review

Presently the manufacturing facilities of the company are comprised of 247 weaving machines along with towel processing unit. These facilities are running at about 95% efficiency and are capable of producing wide range of apparel, home furnishing fabrics and towels. The management is making efforts to capture new export market of apparel, home furnishing fabrics and towels.

The towel manufacturing unit alongwith complete finishing process is operational at 95% efficiency and we are targeting our sales to prominent European and American retailers. Currently our production line is for mid to higher end products.

Operating financial results

The company has registered net sales of Rs. 1,900.675 million (2009: Rs. 2,006.520 million) showing decrease of 5%. The gross profit of Rs. 219.568 million (2009: Rs. 254.966 million) has decreased by 14%. The operating profit of Rs. 160.815 million (2009: Rs. 179.258 million) shows decrease of about 10%. The company has incurred loss before taxation of Rs. 40.016 million (2009: Rs. 112,463 million). The net loss for the period after providing taxation is Rs. 38,049 million (2009: Rs. 110,022 million).

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

- Record increase in raw material and other input costs could not be passed on to our customers due to global recessionary trend;
- Increase in gas tariff alongwith the supply of gas to textile industry was reduced we switched to WAPDA from our Captive gas power generation. Consequently besides higher cost we also faced a load shedding of about 5 to 6 hours daily due to WAPDA's shortfall of electric generation which resulted in severe production losses and higher energy cost during that period;
- Heavy depreciation and financial charges aggregating Rs.336.605 million (2009: Rs. 438.338 million)

General market scenario and future prospects

Severe recession in USA and Europe markets led to lower sales and tough competition for suppliers. Textile industry in Pakistan went through difficult situation during the period under review and was very volatile due to various reasons such as record increase in yarn prices, decelerated business volumes and energy crises which 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



MUSSAID HANIF
Chief Executive

Lahore
April 28, 2010

Condensed Interim Balance Sheet

As At March 31, 2010 (Un-Audited)

EQUITY AND LIABILITIES	Note	Un-Audited		Audited
		March 31, 2010 Rupees	June 30, 2009 Rupees	
SHARE CAPITAL				
Authorized share capital				
62,500,000 (2007: 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 (2007: 59,428,729) ordinary shares of Rs. 10 each		594,287,290	594,287,290	
UNAPPROPRIATED LOSS				
		(284,816,859)	(263,638,177)	
		309,470,431	330,649,113	
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		297,440,012	316,891,360	
LONG TERM LOANS		585,436,494	694,154,846	
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		-	-	
DEFERRED LIABILITIES				
Staff Retirement Benefits		142,940,363	149,117,855	
CURRENT LIABILITIES				
Short term finances - Secured		1,316,493,315	1,320,877,321	
Current portion of long term liabilities		232,025,000	98,915,875	
Creditors, accrued and other liabilities		418,342,633	417,579,910	
		1,966,860,948	1,837,373,106	
CONTIGENCIES AND COMMITMENTS	5	-	-	
		3,302,148,248	3,328,186,280	
ASSETS				
NON CURRENT ASSETS				
Property plant & equipment		2,004,176,364	2,127,462,426	
Capital work in progress		1,272,004	2,176,712	
		2,005,448,368	2,129,639,138	
Long term advances and deposits		2,716,322	2,712,322	
CURRENT ASSETS				
Stores, spares and loose tools		68,940,792	50,665,767	
Stock in trade		622,887,299	608,401,619	
Trade debts		315,384,597	283,583,090	
Loans and advances		125,713,583	106,341,513	
Trade deposits, prepayments and Other receivables		111,622,990	112,530,763	
Short term investment		5,301,126	5,388,092	
Cash and bank balances		44,133,171	28,923,976	
		1,293,983,558	1,195,834,820	
		3,302,148,248	3,328,186,280	

The annexed notes form an integral part of these financial statements.

Ammanid
Chief Executive

Bhanu
Director

Condensed Interim Profit and Loss Account

For the nine months ended March 31, 2010 (Un-Audited)

	Nine Months Ended		Quarter Ended	
	Un-Audited		Un-Audited	
	Jul-Mar 2010 Rupees	Jul-Mar 2009 Rupees	Jan-Mar 2010 Rupees	Jan-Mar 2009 Rupees
SALES	1,900,675,463	2,006,520,091	676,904,737	667,988,114
COST OF SALES	1,681,107,370	1,751,554,047	606,015,435	612,922,538
GROSS PROFIT	219,568,093	254,966,044	70,889,302	55,065,576
OPERATING EXPENSES:				
DISTRIBUTION COSTS	42,160,393	58,165,028	16,476,531	17,721,768
ADMINISTRATIVE	18,669,959	18,977,108	3,245,909	3,932,555
	60,830,352	77,142,136	19,722,440	21,654,323
	158,737,741	177,823,908	51,166,862	33,411,253
OTHER OPERATING EXPENSES	1,300,220	1,436,982	590,790	346,651
	157,437,521	176,386,926	50,576,072	33,064,602
OTHER OPERATING INCOME	3,378,208	2,871,334	1,454,273	973,114
OPERATING PROFIT	160,815,729	179,258,260	52,030,345	34,037,716
FINANCIAL AND OTHER CHARGES	200,832,688	291,721,060	64,955,689	78,831,415
LOSS FOR THE PERIOD BEFORE TAXATION	(40,016,959)	(112,462,800)	(12,925,344)	(44,793,699)
TAXATION	(1,968,288)	(2,440,951)	(1,968,288)	(1,378,739)
LOSS FOR THE PERIOD AFTER TAXATION	(38,048,671)	(110,021,849)	(10,957,056)	(43,414,960)
Earning per share -Basic & Diluted	(0.64)	(1.85)	(0.18)	(0.73)

The annexed notes form an integral part of these financial statements.

Ammanid
Chief Executive

Bhanu
Director

Condensed Interim Cash Flow Statement

For the nine months ended
March 31, 2010 (Un-Audited)

Un-Audited	Un-Audited
Jul - Mar 2010	Jul - Mar 2009
Rupees	Rupees

CASH FLOW FROM OPERATING ACTIVITIES

Profit/(Loss) for the year before taxation

(40,016,959) (112,462,800)

Adjustments for:

Depreciation
Depreciation of leased assets
(Gain) / Loss on sale of fixed assets
Loss on remeasurement of short term investment
Dividends, Capital Gains and other Income
Provision for staff gratuity
Financial charges

135,582,471	146,159,823
189,990	457,164
(793,994)	(8,481)
1,193,282	4,804,863
7,241,850	907,763
200,832,688	3,804,066
344,246,287	291,721,060
304,229,328	447,846,258
	335,383,458

(Increase)/Decrease in current assets

Stores, spares and loose tools
Stock in trade
Trade debts
Loans and advances
Short Term Investments
Trade deposits and prepayments
Other receivables

(18,275,025)	389,009
(14,485,680)	53,680,728
(31,801,507)	(90,681,052)
(19,372,070)	11,886,053
86,966	-
4,530,386	(4,492,714)
(1,798,607)	-
(81,115,537)	(29,217,976)

Increase in current liabilities

Creditors, accrued and other liabilities

53,128,391 107,447,394

Cash flow from operations

Financial charges paid
Taxes paid
Gratuity paid

(122,112,104)	(236,735,871)
(8,939,559)	(9,281,599)
(4,335,500)	(4,188,300)

(135,387,163) (250,205,770)

Net cash flow from operating activities

(A)

140,855,019 163,407,106

CASH FLOW FROM INVESTING ACTIVITIES

Long term advances, deposits and deferred costs
Sale proceeds of fixed assets
Dividends Received
Capital Gain/(Loss) from short term investment
Fixed capital expenditure

(4,000)	1,334,000
6,146,400	630,000
-	24,244
(1,193,282)	(8,926,242)
(19,515,446)	(48,944,570)

Net cash flow from investing activities

(B)

(14,566,328) (55,882,568)

CASH FLOW FROM FINANCING ACTIVITIES

Short term finances - secured
Liabilities against assets subject to finance lease
Repayment of lease liabilities
Long term loans

(65,283,410)	(44,927,823)
-	-
(45,796,086)	(784,680)
	(34,242,761)

Net cash flow from financing activities

(C)

(111,079,496) (79,955,264)

NET INCREASE IN CASH AND CASH EQUIVALENTS

(A+B+C)

15,209,195 27,569,274

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

44,133,171 30,033,734

The annexed notes form an integral part of these financial statements.

anuradha
Chief Executive

B. Bhaw
Director

Statement of Changes in Equity

For the nine months ended March 31, 2010 (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 nine months ended March 31, 2009	-	(110,021,849)	(110,021,849)
Current period incremental depreciation-net of tax	-	18,849,475	18,849,475
Balance as at March 31, 2009	594,287,290	(230,340,764)	363,946,526
Balance as at June 30, 2009	594,287,290	(263,638,177)	330,649,113
Net loss for the nine months ended March 31, 2010	-	(38,048,671)	(38,048,671)
Current period incremental depreciation-net of tax	-	16,869,989	16,869,989
Balance as at December 31, 2009	594,287,290	(284,816,859)	309,470,431

The annexed notes form an integral part of these financial statements.

anu said
Chief Executive

Brian
Director

Notes to the Condensed Interim Financial Information

For the nine months ended March 31, 2010 (Un-Audited)

1. These accounts have been prepared in accordance with the requirements of International Accounting standard No. 34 "Interim Financial Reporting".
2. The accounts 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. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the annual financial statements for the year ended June 30, 2009.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There has been no change in contingencies since the last reviewed financial statements.

5.2 Commitments

Commitments against irrevocable letters of credit for import of raw material as at March 31, 2010 amounting to Rs.11.70 million (June 2009: Rs.18.43 million).

	Un-audited	Audited
	March 31, 2010 Rupees	June 30, 2009 Rupees
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	2,126,195,835	2,264,208,465
Additions during the period/year	20,420,154	67,382,110
Revaluation during the period	-	-
Book value of deletions during the period	(8,312,665)	(9,740,689)
Depreciation charged during the period	(135,203,560)	(195,654,051)
Closing Book Value	2,003,099,764	2,126,195,835
6.1 Cost of Additions in Property, Plant and Equipment:		
Building on freehold land	819,108	11,781,614
Non factory building	1,174,278	252,949
Plant and machinery	15,247,573	46,789,595
Furniture and fixtures	231,858	166,941
Vehicles	1,368,151	7,125,292
Electric installations	522,511	283,154
Office equipments	1,056,676	982,566
	20,420,154	67,382,111
6.2 Cost of Deletions in Property, Plant and Equipment:		
Plant & Machinery	8,734,559	9,072,900
Vehicles	706,290	2,230,054
Office Equipment	-	78,500
	9,440,849	11,381,454
7. CAPITAL WORK IN PROGRESS		
Building	1,272,004	2,176,712
	1,272,004	2,176,712
8. DATE OF AUTHORIZATION		
These accounts have been approved by the Board of Directors on April 28, 2010.		
9. GENERAL		
- Figures have been rounded off to the nearest rupee.		
- Comparative figures have been rearranged/reclassified wherever necessary for the purpose of comparison.		

Amir Ali
Chief Executive

Brown
Director

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