

(UN-AUDITED)

**ACCOUNTS
FOR THE 1ST QUARTER ENDED
SEPTEMBER 30, 2014**



Directors' Report to the Members

The Directors of the Company are pleased to present the un-audited interim financial statements for the quarter ended September 30, 2014. These interim financial statements are presented in accordance with the requirements of the Companies Ordinance, 1984.

Operating financial results

During the quarter ended September 30, 2014, your company earned a gross profit of Rs.88.162 million on sales of Rs.989.041 million compared to gross profit of Rs.106.091 million on sales of Rs.939.723 million for the corresponding period of previous financial year. Gross margin reduced to 8.91% in current period from 11.29% in corresponding period last year. The profit after taxation also squeezed to Rs.2.613 million as compared to Rs.25.181 million in corresponding period last year. The Company achieved higher sales revenue by 5.25% as compared to the corresponding period due to improved marketing strategy.

Increased sales revenue could not convert into better margins due to consistently rising trend in fuel and labor costs. Electricity tariff reduced by NEPRA for industry has not been implemented so far. Similarly, the federal government once again imposed Gas Infrastructure Development Cess (GIDC) through the Presidential Ordinance after suspension by the Supreme Court of Pakistan. The company obtained stay order against above but prudently charged the amount. Fuel and power cost increased by Rs.9.76 million (9.75%), i.e. from Rs.100.119 million during July to September 2013 to Rs.109.877 million during the period under review. Labor cost increased by 11.229 million (22.66%), i.e. from Rs.49.542 million during corresponding period to Rs.60.770 during current period. This massive increase in labor cost is mainly due to implementation of minimum wage enforced by Govt. of the Punjab.

Description	September 30, 2014	September 30, 2013	Increased/ (Decreased) By
	Rupees	Rupees	
Sales - net	989,041,279	939,722,529	5.25
Gross Profit	88,878,819	106,091,448	(16.22)
Operating Profit for the period	55,321,056	78,058,200	(29.13)
Financial charges	46,615,372	51,735,267	(9.90)
Profit for the period before taxation	8,705,684	26,322,934	(66.93)
Taxation current	(6,092,516)	(1,142,268)	433.37
Profit for the period after taxation	2,613,168	25,180,666	(89.62)
Earning per Share	0.04	0.42	(90.48)

During the period under review, the current ratio further improved from 0.77 to 0.79 due to operational and financial efficiency. Despite the shortage of working capital, the company managed to repay the outstanding debt amounting to Rs.19.031 million and outstanding financial charges amounting to Rs.29.449 million to the lenders of the company. The increased overhead costs and shortages of gas and electricity severely affected the productivity and consequently competitiveness in the international as well as local market.

General market review and future prospects

Despite challenging micro as well as macro-economic scenario emanating from uncertain political environment, increasing competition from regional players and sluggish demand, the management of the Company is committed to improved performance through better marketing by winning customers' confidence and higher margins through effective supply chain management to keep costs low.

Textile exports are finding it hard to compete with the regional players due increasing cost of doing business in Pakistan. As the winter approaches the impeding shortages of gas and electricity will further impair our competitiveness in the coming quarter. To achieve growth and improve our profitability we are focusing on developing sales of value added goods for export and local markets.

The directors would like to record their appreciation for the continued commitment and hard work being carried out by the employees of the Company.

For and on behalf of the Board of Directors



MUSSAID HANIF
Chief Executive

Lahore
October 27, 2014

Balance Sheet

as at September 30, 2014 (Un-Audited)

Note	Un-audited	Audited
	September 30, 2014 Rupees	June 30, 2014 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL		
Authorized Share capital		
62,500,000 (2014: 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 (2014: 59,428,729) ordinary share of Rs. 10 each	594,287,290	594,287,290
UNAPPROPRIATED PROFIT/ACCUMULATED (LOSS)	75,324,642	65,509,200
	669,611,932	659,796,490
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT	412,369,304	419,571,578
LONG TERM LOANS	190,777,873	198,760,316
DEFERRED LIABILITIES	235,382,990	236,178,839
CURRENT LIABILITIES		
Short term finances - secured	959,906,394	954,372,343
Current portion of long term liabilities	351,907,657	357,016,428
Creditors, accrued and other liabilities	315,298,663	302,325,867
Accrued mark up	268,058,273	243,929,877
	1,895,170,987	1,857,644,515
CONTIGENCIES AND COMMITMENTS	4	-
	3,403,313,086	3,371,951,738
ASSETS		
NON CURRENT ASSETS		
Property plant & equipment	5	1,890,905,940
		1,927,075,074
Long term advances and deposits		7,872,686
		7,872,686
CURRENT ASSETS		
Stores, spares and loose tools		92,082,682
Stock in trade		752,849,837
Trade debts		418,358,089
Loans and advances		44,324,220
Trade deposits, prepayments and other receivables		128,765,568
Short term investment		950,158
Cash and bank balances		67,203,906
	1,504,534,460	1,437,003,978
	3,403,313,086	3,371,951,738

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

Mansal
Chief Executive

Boban
Director

Profit and Loss Account

for the 1st Quarter ended September 30, 2014(Un-Audited)

	Un-audited	Un-audited
	Jul-Sep 2014 Rupees	Jul-Sep 2013 Rupees
SALES	989,041,279	939,722,529
COST OF SALES	900,878,819	833,631,080
GROSS PROFIT	88,162,460	106,091,449
OPERATING EXPENSES		
Distribution costs	21,525,341	16,496,711
Administrative	11,575,527	10,873,680
	33,100,868	27,370,390
	55,061,592	78,718,057
Other operating expenses	1,630,077	572,485
	53,431,515	78,145,572
OTHER OPERATING INCOME/(LOSS)	1,889,541	(87,372)
OPERATING PROFIT	55,321,056	78,058,200
FINANCE COSTS	46,615,372	51,735,267
PROFIT BEFORE TAXATION	8,705,684	26,322,933
TAXATION	6,092,516	1,142,268
PROFIT AFTER TAXATION	2,613,168	25,180,666
EARNING PER SHARE-BASIC & DILUTED	0.04	0.42

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

Mansal
Chief Executive

Baker
Director

Statement of Comprehensive Income

for the 1st Quarter ended September 30, 2014 (Un-Audited)

	Un-audited Jul-Sep 2014 Rupees	Un-audited Jul-Sep 2013 Rupees
Profit for the period after taxation	2,613,168	25,180,666
OTHER COMPREHENSIVE INCOME:		
Other Comprehensive income / (loss) for the period	-	-
Total comprehensive income / (loss) for the period	2,613,168	25,180,666

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

Mansal
Chief Executive

Babu
Director

Cash Flow Statement

for the 1st Quarter ended
September 30, 2014 (Un-Audited)

CASH FLOW FROM OPERATING ACTIVITIES

	Un-audited	Un-audited
	Jul-Sep 2014 Rupees	Jul-Sep 2013 Rupees
Profit for the period before taxation	8,705,684	26,322,934
Adjustments for:		
Depreciation	38,472,551	40,835,936
Gain on sale of fixed assets	-	(106,596)
Gain on re-measurement of short term investments	(26,223)	(1,027)
Dividends, capital gains & other (income)/loss	(400,000)	512,875
Provision for staff gratuity	4,729,299	2,647,410
Financial charges	46,615,372	51,735,267
	89,390,999	95,623,864
	98,096,683	121,946,798
(Increase)/Decrease in current assets		
Stores, spares and loose tools	15,646,186	9,887,017
Stock in trade	(20,797,952)	(107,194,149)
Trade debts	(80,069,196)	(2,937,068)
Loans and advances	(16,223,434)	(1,929,273)
Trade deposits, prepayments & other receivables	4,532,781	(17,244,742)
	(96,911,615)	(119,418,216)
Increase in current liabilities		
Creditors, accrued and other liabilities	25,874,833	101,502,423
Cash flow from operations	27,059,901	104,031,006
Financial charges paid	(29,449,365)	(24,902,248)
Taxes paid	(3,808,458)	(7,323,458)
Gratuity paid	(1,647,000)	(1,391,000)
	(34,904,823)	(33,616,706)
Net cash flow from operating activities	(A) (7,844,922)	70,414,300
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	-	(122,500)
Sale proceeds of fixed assets	-	150,000
Dividends received	-	83,547
Sale proceeds of short term investment	10,120,000	39,777,721
Fixed capital expenditure	(2,303,420)	(12,264,554)
Net cash flow from investing activities	(B) 7,816,580	27,624,214
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	5,534,051	(977,387)
Long term finances - secured	(19,030,859)	(66,450,626)
Net cash flow from financing activities	(C) (13,496,808)	(67,428,013)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C) (13,525,150)	30,610,501
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	80,729,056	42,967,581
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	67,203,906	73,578,082

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

Mansal
Chief Executive

B. B.
Director

Statement of Changes in Equity

for the 1st Quarter ended September 30, 2014 (Un-Audited)

Description	Paid Up Capital	Unappropriated Profit	Total
	Rupees		
Balance as at June 30, 2013	594,287,290	(31,340,506)	562,946,784
Net Profit for the period	-	25,180,692	25,180,692
Current year incremental depreciation - net of tax	-	15,342,123	15,342,123
Balance as at September 30, 2013	594,287,290	9,182,309	603,469,599
Balance as at June 30, 2014	594,287,290	65,509,200	659,796,490
Net Profit for the period	-	2,613,168	2,613,168
Current year incremental depreciation - net of tax	-	7,202,274	7,202,274
Balance as at September 30, 2014	594,287,290	75,324,642	669,611,932

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

Mansal
Chief Executive

Babu
Director

Notes to the Accounts

for the 1st Quarter ended September 30, 2014 (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, 2014.

4. Contingencies and Commitments

4.1 Commitments

Commitments against irrevocable letter of credit for import of machinery and raw material as at September 30, 2014 amounting to Rs. 10.17 million (June 2014: Rs. 2.95 million).

4.2 Others

There are no other significant activities since June 30, 2014 affecting financial statements.

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

	Un-audited	Audited
	September 30, 2014	June 30, 2014
	Rupees	Rupees
Additions in fixed assets	2,303,420	82,105,813
Deletions in fixed assets	-	1,117,644
Additions in capital work in Progress	-	10,667,901
Transfers from capital work in Progress	-	69,507,742

6. EARNING PER SHARE - BASIC

Profit after tax	2,613,168	63,453,852
Weighted average number of ordinary shares	59,428,729	59,428,729
Earning per share - basic	0.04	1.07

7. DATE OF AUTHORISATION

These accounts have been approved by Board of Directors on October 27, 2014.

8. COMPARATIVE FIGURES

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

Have been rounded off to the nearest rupee.

Mansal
Chief Executive

B. B.
Director

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