

(UN-AUDITED)

**ACCOUNTS
FOR THE NINE MONTHS ENDED
MARCH 31, 2011**



Directors' Report to the Members

On behalf of the Board of directors, I present before you the financial statements of the company for the 3rd quarter ended March 31, 2011.

	March 31, 2011 Rupees	June 30, 2010 Rupees	Increased by %
Operating financial results			
Sales - net	2,871,556,479	1,900,675,463	51.08
Gross Profit	317,338,457	219,568,093	44.53
Operating Profit for the period	252,791,841	160,815,729	57.19
Financial charges	197,748,053	200,832,688	1.5
Profit/(Loss) for the period before taxation	55,043,788	(40,016,959)	
Taxation current	(20,651,355)	1,968,288	
Profit/(Loss) for the period after taxation	34,392,433	(38,048,671)	
Earning/(Loss) Per Share	0.58	(0.64)	

The company has earned an after tax profit of Rs. 34.392 million as compared to loss of Rs. 38.049 million in the corresponding period ended March 31, 2010. The significant increase in gross profit and net profit is mainly attributable to better sales mix of products, increase in sale prices and improved capacity utilization in terry towels. 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.

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, textile sector in particular facing extremely tough challenges like raw material shortages causing prices of supplies to increase exceptionally, rising energy costs, increasing prices of imported inputs, prolonged power cuts and higher inflation. These factors are posing serious threats to textile sector in coming periods. On these fronts the situation is expected to remain uncertain in the future.

Although the company has become profitable in the last 3 quarters, the impact of rising input costs, especially the raw material prices has left the company gasping for cash/liquidity. The profitably picture does not truly reflect the underlying cash flow crisis. The uncertain gas/energy situation has led to heavy load shedding of gas which has impacted the bottom line negatively through out the reported period. The silver lining is that in spite of being cash strapped the production facilities have worked at full capacity all the time. Your company was able to reduce its debt by 97.950 million rupees during the period under review. This in the face of tight cash flow, and rising costs, is a considerable achievement.

The directors feel that current raw material spike has run its course for now, but there is a high level of uncertainty about the actual availability of yarn after May, 2011. This continues to cast a dark shadow on the outlook for the last quarter. However if conditions stay the same there is a good possibility that the current profitability will continue into the last quarter of this financial year.

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

Lahore
April 26, 2011


MUSSAID HANIF
Chief Executive

Condensed Interim Balance Sheet (Un-Audited)

as at March 31, 2011

	Un-Audited	Audited
Note	March 31, 2011 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	
	<u>625,000,000</u>	<u>625,000,000</u>
	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
	<u>(251,297,860)</u>	<u>(302,633,449)</u>
	UNAPPROPRIATED LOSS	
	342,989,430	291,653,841
	SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT	
	265,082,681	292,733,048
	LONG TERM LOANS	
	368,536,565	459,893,005
DEFERRED LIABILITIES		
	Staff Retirement Benefits	
	21,243,747	19,961,708
	Deferred Taxation	
	112,103,492	119,194,666
	133,347,239	139,156,374
CURRENT LIABILITIES		
	Short term finances - Secured	
	1,149,789,597	1,283,690,778
	Current portion of long term liabilities	
	464,807,528	337,500,376
	Creditors, accrued and other liabilities	
	505,675,813	515,301,040
	2,120,272,938	2,136,492,194
CONTINGENCIES AND COMMITMENTS	5	-
	<u>3,230,228,853</u>	<u>3,319,928,462</u>
ASSETS		
NON CURRENT ASSETS		
	Property plant & equipment	
	1,852,960,175	1,971,655,066
	Capital work in progress	
	47,057,575	1,150,000
	1,900,017,750	1,972,805,066
	Long term advances and deposits	
	3,066,322	3,066,322
CURRENT ASSETS		
	Stores, spares and loose tools	
	63,519,575	71,931,455
	Stock in trade	
	646,245,826	627,299,143
	Trade debts	
	401,123,742	317,272,649
	Loans and advances	
	83,700,133	170,911,372
	Trade deposits, prepayments and Other receivables	
	83,569,186	145,724,159
	Short term investment	
	21,890,033	2,949,119
	Cash and bank balances	
	27,096,286	7,969,177
	1,327,144,781	1,344,057,074
	<u>3,230,228,853</u>	<u>3,319,928,462</u>

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


Chief Executive


Director

Condensed Interim Profit and Loss Account (Un-Audited)

for the nine months ended March 31, 2011

	Nine Months Ended		Quarter Ended	
	Un-Audited	Un-Audited	Un-Audited	Un-Audited
	Jul-Mar 2011 Rupees	Jul-Mar 2010 Rupees	Jan-Mar 2011 Rupees	Jan-Mar 2010 Rupees
SALES	2,871,556,479	1,900,675,463	1,022,414,880	676,904,737
COST OF SALES	2,554,218,022	1,681,107,370	914,004,599	606,015,435
GROSS PROFIT	317,338,457	219,568,093	108,410,281	70,889,302
OPERATING EXPENSES				
DISTRIBUTION COSTS	48,171,804	42,160,393	13,054,718	16,476,531
ADMINISTRATIVE	21,356,970	18,669,959	7,519,753	3,245,909
	69,528,774	60,830,352	20,574,471	19,722,440
	247,809,683	158,737,741	87,835,810	51,166,862
OTHER OPERATING EXPENSES	1,042,103	1,300,220	334,832	590,790
	246,767,580	157,437,521	87,500,978	50,576,072
OTHER OPERATING INCOME/(LOSS)	6,024,261	3,378,208	2,554,485	1,454,273
OPERATING PROFIT	252,791,841	160,815,729	90,055,463	52,030,345
FINANCIAL AND OTHER CHARGES	197,748,053	200,832,688	65,911,562	64,955,689
PROFIT/(LOSS) FOR THE PERIOD BEFORE TAXATION	55,043,788	(40,016,959)	24,143,901	(12,925,344)
TAXATION-CURRENT	(20,651,355)	1,968,288	(7,540,206)	1,968,288
PROFIT/(LOSS) FOR THE PERIOD AFTER TAXATION	34,392,433	(38,048,671)	16,603,695	(10,957,056)
Earning per share-Basic & Diluted	0.58	(0.64)	0.28	(0.18)

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

Condensed Interim Statement of Comprehensive Income (Un-Audited)

for the nine months ended March 31, 2011

	For the nine months ended		For the quarter ended	
	Mar. 31, 2011 Rupees	Mar. 31, 2010 Rupees	Mar. 31, 2011 Rupees	Mar. 31, 2010 Rupees
Profit/(loss) after taxation	34,392,433	(38,048,671)	16,603,695	(10,957,056)
Other comprehensive income	-	-	-	-
Total comprehensive Income / (loss) for the period	34,392,433	(38,048,671)	16,603,695	(10,957,056)

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


Chief Executive


Director

Condensed Interim Cash Flow Statement (Un-Audited)

for the nine months ended March 31, 2011

	Mar 2011 Rupees	Mar 2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year before taxation	55,043,788	(40,016,959)
Adjustments for:		
Depreciation	123,524,154	135,582,471
Depreciation of leased assets	-	189,990
Gain on sale of fixed assets	(2,281,151)	(793,994)
(Gain) / Loss on remeasurement of short term investment	(689,779)	1,193,282
Dividends, Capital Gains and other Income	(856,225)	-
Provision for staff gratuity	6,187,560	7,241,850
Financial charges	197,748,053	200,832,688
	323,632,612	344,246,287
	378,676,400	304,229,328
(Increase)/Decrease in current assets		
Stores, spares and loose tools	8,411,880	(18,275,025)
Stock in trade	(18,946,683)	(14,485,680)
Trade debts	(83,851,093)	(31,801,507)
Loans and advances	87,211,239	(19,372,070)
Short Term Investments	(18,940,914)	86,966
Trade deposits and prepayments	2,012,447	4,530,386
Other receivables	49,789,998	(1,798,607)
	25,686,874	(81,115,537)
Increase/(Decrease) in current liabilities		
Creditors, accrued and other liabilities	(103,337,871)	53,128,391
Cash flow from operations	301,025,403	276,242,182
Financial charges paid	(104,035,409)	(122,112,104)
Taxes paid	(18,406,031)	(8,939,559)
Gratuity paid	(4,905,525)	(4,335,500)
	(127,346,965)	(135,387,163)
Net cash flow from operating activities (A)	173,678,438	140,855,019
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	-	(4,000)
Sale proceeds of fixed assets	25,800,000	6,146,400
Dividends Received	74,500	-
Capital Gains/(Loss) and Income/(Loss) from Investments	1,471,504	(1,193,282)
Fixed capital expenditure	(83,946,864)	(19,515,446)
Net cash flow from investing activities (B)	(56,600,860)	(14,566,328)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	(133,901,181)	(65,283,410)
Long term loans	35,950,712	(45,796,086)
Net cash flow from financing activities (C)	(97,950,469)	(111,079,496)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	19,127,109	15,209,195
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	27,096,286	44,133,171

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


Chief Executive


Director

Statement of Changes in Equity (Un-Audited)

for the nine months ended March 31, 2011

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 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 March 31, 2010	594,287,290	(284,816,859)	309,470,431
Balance as at June 30, 2010	594,287,290	(302,633,449)	291,653,841
Net Profit for the nine months ended March 31, 2011	-	34,392,433	34,392,433
Transfer of surplus on revaluation on disposal of property, plant and equipment	-	1,886,918	1,886,918
Current period incremental depreciation-net of tax	-	15,056,238	15,056,238
Balance as at March 31, 2011	594,287,290	(251,297,860)	342,989,430

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


Chief Executive


Director

Notes to the Condensed Interim Financial Statements (Un-Audited)

for the nine months ended March 31, 2011

- These accounts have been prepared in accordance with the requirements of International Accounting standard No. 34 "Interim Financial Reporting"
- The accounts are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.
- 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.
- 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, 2010.

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, 2011 amounting to Rs.14.85 million (June 2010: Rs.7.37 million).

	Un-audited March 31, 2011 Rupees	Audited June 30, 2010 Rupees
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	1,971,655,066	2,127,462,426
Additions during the period/year	38,039,311	34,565,353
Book value of deletions during the period	(33,210,097)	(8,078,016)
Depreciation charged during the period	(123,524,105)	(182,294,697)
Closing Book Value	<u>1,852,960,175</u>	<u>1,971,655,066</u>
6.1 Cost of Additions in Property, Plant and Equipment:		
Land - freehold	30,275,000	-
Building on freehold land	28,489	819,108
Non factory building	-	1,174,278
Plant and machinery	3,504,375	28,772,324
Furniture and fixtures	164,003	361,865
Vehicles	3,049,483	1,368,151
Electric installations	-	522,511
Office equipments	1,017,961	1,547,116
	<u>38,039,311</u>	<u>34,565,353</u>
6.2 Cost of Deletions in Property, Plant and Equipment:		
Plant & Machinery	41,292,819	8,734,559
Vehicles	2,450,767	1,231,290
	<u>43,743,586</u>	<u>9,965,849</u>
7. CAPITAL WORK IN PROGRESS		
Building	6,257,575	1,150,000
Plant & Machinery	40,800,000	-
	<u>47,057,575</u>	<u>1,150,000</u>
8. DATE OF AUTHORIZATION		
These accounts have been approved by the Board of Directors on April 26, 2011.		
9. GENERAL		
<ul style="list-style-type: none"> - Figures have been rounded off to the nearest rupee. - Comparative figures have been rearranged/reclassified wherever necessary for the purpose of comparison. 		


Chief Executive


Director

BOOK POST
PRINTEMPIER

if undelivered please return to



3rd Floor IEP Building, 97 B/D-I, Gulberg III, Lahore.
Tel: 042 - 35782905 Fax: 042 - 35753202