

(UN-AUDITED)

**ACCOUNTS
FOR THE NINE MONTHS ENDED
MARCH 31, 2013**



Directors' Report to the Members

Operating financial results

The Directors of Zephyr Textiles Limited are pleased to present financial information for the nine months ended March 31, 2013.

During this period the Company's revenue increased by 20.27%, and total turnover of the Company reached at Rs.2.824 billion as compared to Rs.2.348 billion in corresponding period. Similarly, the gross profit for the period is Rs.230.589 million as compared to Rs.229.051 million in corresponding period. The company has earned an after tax profit of Rs. 44.979 million as compared to Rs. 37.216 million in the corresponding period ended March 31, 2012.

The Company achieved better profitability by focusing on boosting revenue and managing minimum finance cost on its borrowings. The increase in gross profit is much lesser than increase in sales revenue due to increased input costs and energy crisis resulting in higher energy cost and production losses during the period under review. Lower rate of income tax has also resulted in better profitability.

Description	March 31, 2013 Rupees	March 31, 2012 Rupees	Increased / (Decreased) by %
Sales - net	2,823,659,876	2,347,842,726	20.27
Gross Profit	230,589,318	229,051,302	0.67
Operating Profit for the period	138,540,607	182,351,853	(24.03)
Financial charges	85,770,630	128,790,068	(33.40)
Profit/(Loss) for the period before taxation	52,769,977	53,561,785	(1.48)
Taxation current	(7,791,116)	(16,345,980)	(52.34)
Profit/(Loss) for the period after taxation	44,978,861	37,215,805	20.86
Earning/(Loss) Per Share	0.76	0.63	20.63

Despite of shortage of working capital, the company managed to repay Rs.162.867 million to the lenders of the company on account of principle and mark up. The statement of financial position clearly depicts the improvement in working capital management. Similarly, the profitability of the Company over last three years has reduced the accumulated losses of the Company which improved the debt equity ratio as well.

General market review and future prospects

China had been the main supplier of textile products in past years. Now the demand of textile products have been shifted to other parts of the world as well as to Pakistan from China due to production capacity shrinkage and increasing input costs. Further the duty waiver on certain textile products by European Union has also increased the textile trade with Europe especially from Pakistan. The Company has benefitted the situation as well. This healthy situation can persist in coming year if Pakistan copes with its energy crisis.

At the end, 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", is positioned above the printed name.

MUSSAID HANIF
Chief Executive

Lahore
April 25, 2013

Condensed Interim Balance Sheet (Un-Audited)

as at March 31, 2013

	Note	Un-Audited	Audited
		March 31, 2013 Rupees	June 30, 2012 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital 62,500,000 (2012: 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 (2012: 59,428,729) ordinary shares of Rs. 10 each		<u>594,287,290</u> <u>(108,709,062)</u>	<u>594,287,290</u> <u>(165,553,829)</u>
UNAPPROPRIATED LOSS		<u>485,578,228</u>	<u>428,733,461</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		<u>459,302,787</u>	<u>239,866,820</u>
LONG TERM LOANS		<u>131,164,182</u>	<u>74,155,644</u>
DEFERRED LIABILITIES			
Staff Retirement Benefits		<u>32,667,784</u>	<u>27,333,893</u>
Deferred Taxation		<u>216,371,251</u>	<u>98,525,722</u>
		<u>249,039,035</u>	<u>125,859,615</u>
CURRENT LIABILITIES			
Short term finances - secured		<u>910,286,587</u>	<u>1,036,478,913</u>
Current portion of long term liabilities		<u>647,912,618</u>	<u>674,059,921</u>
Creditors, accrued and other liabilities		<u>265,345,309</u>	<u>217,294,853</u>
Accrued mark up		<u>223,484,313</u>	<u>209,269,687</u>
		<u>2,047,028,827</u>	<u>2,137,103,374</u>
CONTINGENCIES AND COMMITMENTS	4	<u>-</u>	<u>-</u>
		<u>3,372,113,059</u>	<u>3,005,718,914</u>
ASSETS			
NON CURRENT ASSETS			
Property plant & equipment		<u>2,001,741,881</u>	<u>1,747,741,937</u>
Capital work in progress		<u>35,462,441</u>	<u>-</u>
		<u>2,037,204,322</u>	<u>1,747,741,937</u>
Long term advances and deposits		<u>3,107,263</u>	<u>3,004,447</u>
CURRENT ASSETS			
Stores, spares and loose tools		<u>106,209,012</u>	<u>95,080,930</u>
Stock in trade		<u>694,433,191</u>	<u>721,379,609</u>
Trade debts		<u>276,015,344</u>	<u>247,810,852</u>
Loans and advances		<u>58,088,647</u>	<u>35,575,359</u>
Trade deposits, prepayments and other receivables		<u>152,760,798</u>	<u>85,998,623</u>
Short term investment		<u>4,820,834</u>	<u>57,284,216</u>
Cash and bank balances		<u>39,473,648</u>	<u>11,842,941</u>
		<u>1,331,801,474</u>	<u>1,254,972,530</u>
		<u>3,372,113,059</u>	<u>3,005,718,914</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, 2013

	Nine Months Ended		Quarter Ended	
	Un-Audited Jul-Mar 2013 Rupees	Un-Audited Jul-Mar 2012 Rupees	Un-Audited Jan-Mar 2013 Rupees	Un-Audited Jan-Mar 2012 Rupees
SALES	2,823,659,876	2,347,842,726	1,079,334,778	900,513,153
COST OF SALES	2,593,070,559	2,118,791,424	980,984,565	821,615,706
GROSS PROFIT	230,589,318	229,051,302	98,350,214	78,897,447
OPERATING EXPENSES				
Distribution costs	56,542,531	51,089,261	23,619,181	23,627,725
Administrative	35,851,510	29,220,052	13,987,568	9,193,437
	92,394,041	80,309,313	37,606,749	32,821,162
	138,195,277	148,741,989	60,743,465	46,076,284
Other operating expenses	2,782,825	2,079,188	865,831	(1,051,885)
	135,412,452	146,662,801	59,877,634	47,128,169
OTHER OPERATING INCOME/(LOSS)	3,128,155	35,689,052	(1,543,339)	788,339
OPERATING PROFIT	138,540,607	182,351,853	58,334,295	47,916,509
FINANCE COSTS	85,770,630	128,790,068	28,362,077	41,456,258
PROFIT BEFORE TAXATION	52,769,977	53,561,785	29,972,218	6,460,251
TAXATION	7,791,116	16,345,980	3,344,116	6,676,450
PROFIT / (LOSS) AFTER TAXATION	44,978,861	37,215,805	26,628,102	(216,199)
EARNING PER SHARE BASIC & DILUTED	0.76	0.63	0.45	(0.00)

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


Chief Executive


Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)

for the nine months ended March 31, 2013

	For the nine months ended		For the quarter ended	
	Mar. 31, 2013 Rupees	Mar. 31, 2012 Rupees	Mar. 31, 2013 Rupees	Mar. 31, 2012 Rupees
Profit /(loss) after taxation	44,978,861	37,215,805	26,628,102	(216,199)
Other comprehensive income	-	-	-	-
Total comprehensive Income/ (loss) for the period	44,978,861	37,215,805	26,628,102	(216,199)

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, 2013

	Mar 2013 Rupees	Mar 2012 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year before taxation	52,769,977	53,561,785
Adjustments for:		
Depreciation	106,495,723	114,884,386
Gain on sale of fixed assets	(913,955)	(1,800,836)
Loss / (Gain) on re-measurement of short term investments	(1,100,409)	400,812
Dividends, capital gains & other Income	619,876	(32,852,699)
Provision for staff gratuity	9,627,491	8,603,577
Financial charges	85,770,630	128,790,068
	200,499,356	218,025,308
	253,269,333	271,587,094
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(11,128,082)	(21,895,345)
Stock in trade	26,946,418	(79,838,205)
Trade debts	(28,204,492)	28,240,771
Loans and advances	(22,513,288)	23,010,536
Trade deposits, prepayments & other receivables	(66,461,356)	23,308,544
	(101,360,801)	(27,173,699)
Increase/(Decrease) in current liabilities		
Creditors, accrued and other liabilities	48,050,456	(2,790,613)
	199,958,988	241,622,782
Cash flow from operations		
Financial charges paid	(56,080,914)	(91,693,487)
Taxes paid	(13,651,464)	(15,215,722)
Gratuity paid	(4,293,600)	(4,607,300)
	(74,025,978)	(111,516,509)
Net cash flow from operating activities (A)	125,933,010	130,106,273
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	(102,816)	61,875
Sale proceeds of fixed assets	2,362,524	17,000,000
Sale proceeds of Short Term Investments	52,463,382	49,400,813
Dividends and Other Income Received	(3,177,214)	23,733,795
Fixed capital expenditure	(41,869,942)	(12,775,446)
	9,675,934	77,421,037
Net cash flow from investing activities (B)	9,675,934	77,421,037
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	(1,192,326)	(103,189,499)
Long term finances - secured	(106,785,912)	(102,377,526)
	(107,978,238)	(205,567,025)
Net cash flow from financing activities (C)	(107,978,238)	(205,567,025)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	27,630,707	1,960,285
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	11,842,941	21,744,034
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	39,473,648	23,704,319

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, 2013

Description	Paid-Up Capital	Unappropriated Profit	Total
Rupees			
Balance as at June 30, 2011	594,287,290	(192,134,103)	402,153,187
Net Profit for the period	-	37,215,805	37,215,805
Surplus on Revaluation on disposal of Fixed Asset	-	1,145,234	1,145,234
Current year incremental depreciation - net of tax	-	13,204,554	13,204,554
Final Dividend for the period ended June 30, 2011	-	(8,656,298)	(8,656,298)
Balance as at March 31, 2012	594,287,290	(149,224,808)	445,062,482
Balance as at June 30, 2012	594,287,290	(165,553,829)	428,733,461
Net Profit for the period	-	44,978,861	44,978,861
Current year incremental depreciation - net of tax	-	11,865,906	11,865,906
Balance as at March 31, 2013	594,287,290	(108,709,062)	485,578,228

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

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Chief Executive

B Khan
Director

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

for the nine months ended March 31, 2013

- 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, 2012
- 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, 2012.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

The Bank of Punjab (BOP) has filed an application seeking permission to withdraw the suit and refile the same. The Company has filed reply of the application claiming that the same is not maintainable. The honorable Lahore High Court has decided in Company's favour and the application to withdraw and refile the case from the Bank Of Punjab has been declined.

There has been no other change except above in the contingencies since the last audited financial statements at June 30, 2012.

5.2 Commitments

Commitments against irrevocable letters of credit for import of raw material as at March 31, 2013 amounting to Rs.6.65 million (June 2012: Rs.7.29 million)

5.3 Other Contingencies and Commitments are the same as disclosed in the reviewed financial statements of the company for the period ended December 31, 2012.

	Un-audited	Audited
	March 31, 2013 Rupees	June 30, 2012 Rupees
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	1,747,741,937	1,817,842,520
Additions during the period/year	6,407,501	103,204,853
Revaluation adjustment	355,536,735	-
Book value of deletions during the period	(1,448,569)	(19,543,416)
Depreciation charged during the period	(106,495,723)	(153,762,020)
Closing Book Value	<u>2,001,741,881</u>	<u>1,747,741,937</u>
6.1 Cost of Additions in Property, Plant and Equipment:		
Land - freehold	-	1,150,000
Building on freehold land	-	12,114,869
Plant and machinery	2,439,092	74,085,329
Furniture and fixtures	186,662	1,055,086
Vehicles	3,414,760	7,070,880
Electric installations	-	5,931,703
Office equipments	366,987	1,796,986
	<u>6,407,501</u>	<u>103,204,853</u>
6.2 Cost of Deletions in Property, Plant and Equipment:		
Plant & Machinery	1,175,000	27,534,754
Vehicles	1,896,660	590,000
	<u>3,071,660</u>	<u>28,124,754</u>
6.3 Revaluation of Property Plant and Equipment		
The revaluation of free - hold land, buildings on free - hold land and plant and machinery was carried out by Unicorn International Surveyors (Consulting Architects, Engineers, Surveyors and Advisors) as on March 31, 2013 and incorporated in the financial statements. Previously, revaluation was carried out as on June 30, 2008.		
7. CAPITAL WORK IN PROGRESS		
Plant & Machinery	35,462,441	-
	<u>35,462,441</u>	<u>-</u>
8. DATE OF AUTHORIZATION		
These accounts have been approved by the Board of Directors on April 25, 2013.		
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

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