

CHAIRMAN / DIRECTOR'S REPORT

Dear Members,

The Directors are pleased to present the accounts of the Company for the 1st quarter ended 30th September, 2015.

The overall Performance of the company is summarized below:

	<u>July – Sep 15</u>	<u>July – Sep 14</u>
Operating Profit	46,969,646	74,604,200
Financial & Others	<u>(26,239,656)</u>	<u>(52,269,088)</u>
Profit before Taxation	20,729,990	22,335,112
Taxation	(13,642,616)	(17,508,806)
Profit after Taxation	7,087,374	4,826,306
Earning per share	1.15	0.78
Gross Margin %	6.49 %	6.41 %
Operating Profit %	3.50 %	2.09 %

OPERATING PROFIT

During the period under review, the company has made a profit Rs.7.09 million as compared to Rs.4.8 million during the same period of last year. Yarn price decreased by 13 % where as raw material price decreased by 19 % where as financial cost decreased due to decrease in raw material cost and also due to lower financial cost as a result of borrowing against F.E. Loan Facility.

FUTURE OUT LOOK

The management feels that the 2nd and 3rd quarter of current year will be better than 1st quarter as local yarn prices have started to slowly to pick up especially the value added yarns whereas 100% cotton yarn prices are still depressed and exports are starting to improve gradually. It is also expected that the Pakistan Government will announce some relief/incentives for the textiles sector soon.

ACKNOWLEDGEMENT

The Board is pleased to record its appreciation to its bankers for their continued support, its staff Member and workers for their hard work. The Board appreciates the valued shareholders for their Confidence & Moral support. The Board also thanks its valued customers for their business and support to your Company.

On behalf of Board of Directors

Muhammad Yasin Siddik
Chief Executive

Karachi:28th Oct. 2015

**BALANCE SHEET (un-audited)
AS AT SEPTEMBER 30, 2015**

	30-Sep.2015 Rupees	30-Jun.2015 Rupees
Property Plants' and Equipment	1,801,659,083	1,810,719,508
Long Term Deposits	1,504,100	1,504,100
CURRENT ASSETS:		
Stores and spares	46,127,527	42,403,916
Stock-in-trade	599,243,456	946,659,818
Trade debts (unsecured considered good)	1,034,528,077	596,301,304
Taxation - net	26,372,841	92,285,304
Advances, Trade deposit, prepayment & other receivables	35,341,105	36,344,976
Cash & bank balances	9,380,682	9,465,038
	1,750,993,688	1,723,460,356
	3,554,156,871	3,535,683,964
SHARE CAPITAL		
<u>Authorised Capital:</u>	70,000,000	70,000,000
7,000,000 ordinary shares of Rs. 10/-		
Issued Subscribed and Paid-up Capital		
6,163,000 ordinary shares of Rs. 10/-	61,630,000	61,630,000
Un-appropriated profit brought forward	1,304,337,957	1,296,974,954
	1,365,967,957	1,358,604,954
Surplus on revaluation of fixed assets	10,749,533	11,025,162
Long Term Loan	700,000,000	700,000,000
Deferred Liabilities		
Staff Gratuity	3,229,082	3,838,024
Taxation	29,875,973	29,875,973
	33,105,055	33,713,997
CURRENT LIABILITIES:		
Loan from Directors	40,000,000	40,000,000
Trade and other payables	325,361,500	233,810,900
Short term finance	1,052,389,767	1,127,496,017
Markup accrued on loans	26,583,059	31,032,934
	1,444,334,326	1,432,339,851
Contingencies & commitments	-	-
	3,554,156,871	3,535,683,964

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

Karachi: 28th Oct. 2015

Director

Director

C.F.O.

**PROFIT AND LOSS ACCOUNT(un-audited)
FOR THE FIRST QUARTER ENDED SEP 30, 2015**

	JUL-SEP 2015 Rupees	JUL-SEP 2014 Rupees
Sales	1,342,602,706	1,723,554,498
Cost of Sales	<u>(1,255,418,225)</u>	<u>(1,612,959,985)</u>
Gross Profit	87,184,481	110,594,513
Operating Expenses		
Administration & General	<u>(19,827,861)</u>	<u>(14,575,931)</u>
Distribution Costs	<u>(20,386,974)</u>	<u>(21,414,382)</u>
	<u>(40,214,835)</u>	<u>(35,990,313)</u>
Operating Profit	46,969,646	74,604,200
Financial Charges & Others	<u>(28,951,582)</u>	<u>(54,219,075)</u>
Other Income / (Loss)	<u>2,711,926</u>	<u>1,949,987</u>
	<u>(26,239,656)</u>	<u>(52,269,088)</u>
Profit/(Loss) before taxation	20,729,990	22,335,112
Taxation		
Current	<u>(13,642,616)</u>	<u>(17,508,806)</u>
	<u>(13,642,616)</u>	<u>(17,508,806)</u>
Profit/(Loss) after taxation	7,087,374	4,826,306
Earning per share of Rs.10 each	1.15	0.78

Appropriation have been reflected in the statement of changes in equity.

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

Karachi:28th Oct. 2015

Director

Director

C.F.O.

**CASH FLOW STATEMENT (un-audited)
FOR THE FIRST QUARTER ENDED SEP 30, 2015**

	1ST QTR. ENDED SEPTEMBER 2015 Rupees	1ST QTR. ENDED SEPTEMBER 2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	20,729,990	22,335,112
Adjustments for non cash items:		
Depreciation	46,831,352	46,409,327
Financial charges	28,951,582	54,219,075
Gratuity provision	10,553,309	5,409,759
(Gain) / Loss on Disposal of Fixed Assets	(711,062)	(225,350)
Exchange Loss / (Gain) on export debtors	(2,000,864)	3,576,470
	<u>83,624,317</u>	<u>109,389,281</u>
Operating profit before working capital changes	104,354,307	131,724,393
Changes in Working Capital:		
(Increase) / Decrease in current assets		
Stores and spares	(3,723,611)	(176,589)
Stock in trade	347,416,362	265,689,392
Trade debts	(436,225,909)	(38,142,664)
Advances, Trade deposit, prepayment & other receivables	1,003,871	19,154,903
Increase / (Decrease) in current liabilities:		
Trade and other payables	141,092,414	146,750,022
Changes in Working Capital:	<u>49,563,127</u>	<u>393,275,064</u>
Cash generated from operations	153,917,434	524,999,457
Taxes (paid)/refund	3,862,576	63,940,637
Staff gratuity(paid)	(11,162,253)	(12,894,103)
Financial charges (paid)	(33,401,457)	(87,345,943)
	<u>(40,701,134)</u>	<u>(36,299,409)</u>
Net cash from operating activities	113,216,300	488,700,048
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from sale of fixed assets	4,312,000	1,429,759
Fixed capital expenditure	(42,506,406)	(42,195,961)
Net cash (outflow) from investing activities	(38,194,406)	(40,766,202)
Increase/(Decrease) in cash	75,021,894	447,933,846
Cash and cash equivalent as at July 1,	(1,118,030,979)	(2,293,971,366)
Cash and cash equivalent as at Sep 30,	<u>(1,043,009,085)</u>	<u>(1,846,037,520)</u>
CASH & CASH EQUIVALENT		
Cash & bank balance	9,380,682	10,644,984
Short term running finance	(1,052,389,767)	(1,856,682,504)
	<u>(1,043,009,085)</u>	<u>(1,846,037,520)</u>

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

Karachi: 28th Oct. 2015

Director

Director

C.F.O.

**STATEMENT OF CHANGES IN EQUITY (un-audited)
FOR THE FIRST QUARTER ENDED SEP 30, 2015**

Particulars	Paid-up Capital	Unappropriated Profit	Total
Balance as at July 2014	61,630,000	1,147,311,981	1,208,941,981
Profit / (Loss) for the period (Jul'14 to Sep'14)	-	4,826,306	4,826,306
Surplus on revaluation of assets realised during the period on account of incremental depreciation	-	1,225,018	1,225,018
Balance as at 30th Sep 2014	61,630,000	1,153,363,305	1,214,993,305
Profit / (Loss) for the period (Oct'14 to Jun'15)	-	157,880,812	157,880,812
Add: Actuarial gain on defined benefits	-	7,301,337	7,301,337
Final Dividend @ 35% for Jun 30, 2014	-	(21,570,500)	(21,570,500)
Balance as at 30th Jun 2015- audited	61,630,000	1,296,974,954	1,358,604,954
Profit / (Loss) for the period (Jul'15 to Sep'15)	-	7,087,374	7,087,374
Surplus on revaluation of assets realised during the period on account of incremental depreciation	-	275,629	275,629
Balance as at 30th Sep 2015	61,630,000	1,304,337,957	1,365,967,957

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

Karachi: 28th Oct. 2015

Director

Director

C.F.O.

**EARNING PER SHARE (Un-audited)
FOR THE FIRST QUARTER ENDED SEP 30, 2015**

	1ST QUARTER ENDED	
	SEP 2015 <u>Rupees</u>	SEP 2014 <u>Rupees</u>
Net profit after tax for the period	7,087,374	4,826,306
Number of Ordinary shares	6,163,000	6,163,000
Earning per share	<u>Rs. 1.15</u>	<u>Rs. 0.78</u>

**SELECTED EXPLANATORY NOTES TO THE ACCOUNTS FOR THE
FIRST QUARTER ENDED SEPTEMBER 30, 2015**

1) THE COMPANY & ITS OPERATION

The company is limited by shares incorporated in Pakistan on March 03, 1987 and quoted on Karachi Stock Exchange. The principal activity of the Company is the manufacture and sale of Cotton and Polyester Yarn.

2) BASIS OF PREPARATION

These accounts have been prepared in accordance with requirements of International Accounting Standard 34-Interim Financial Reporting.

3) These accounts are unaudited and are being submitted to shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

4) ACCOUNTING POLICIES

The accounting policies adopted and method of computation followed for the preparation of these financial statements are the same as those applied in preparing the preceding published annual financial statements of the Company.

5) COST OF SALES

		1ST QUARTER ENDED	
		JUL-SEP 2015	JUL-SEP 2014
		Rupees	Rupees
	Opening finished stock	331,112,293	271,529,125
5.1	Cost of goods manufactured	1,183,484,792	1,423,693,116
	Trading Cost	-	133,486,023
		<u>1,514,597,085</u>	<u>1,828,708,264</u>
	Closing finished stock	<u>(259,178,860)</u>	<u>(215,748,279)</u>
		<u>1,255,418,225</u>	<u>1,612,959,985</u>
5.1 Cost of goods manufactured			
5.2	Raw material consumed	852,367,832	1,135,758,588
	Stores, spares and packing materials	46,269,268	39,124,449
	Salaries, wages and other benefits	104,409,265	91,101,913
	Fuel and power	121,004,556	105,531,372
	Water charges	2,127,077	2,081,380
	Vehicles running and maintenance	1,067,673	1,362,406
	Repairs and maintenance	2,103,885	127,397
	Insurance	4,368,883	4,430,232
	Depreciation	45,566,642	45,440,454
	Other manufacturing expenses	4,304,596	3,915,995
		<u>1,183,589,677</u>	<u>1,428,874,186</u>
Work in process			
	Opening	30,613,053	36,522,987
	Closing	<u>(30,717,938)</u>	<u>(41,704,057)</u>
		<u>(104,885)</u>	<u>(5,181,070)</u>
		<u>1,183,484,792</u>	<u>1,423,693,116</u>
5.2 Raw material consumed			
	Opening stock	441,389,837	1,126,853,690
	Purchases	714,756,183	1,039,920,271
		<u>1,156,146,020</u>	<u>2,166,773,961</u>
	Sale of Cotton	-	(133,486,023)
	Closing Stock	<u>(303,778,188)</u>	<u>(897,529,350)</u>
		<u>852,367,832</u>	<u>1,135,758,588</u>

6) AUTHORISATION FOR ISSUE

These accounts have been authorised for issue on **28th October, 2015** by the Board of Directors of the Company.

7) AGGREGATED TRANSACTIONS WITH ASSOCIATES UNDERTAKING

The related parties comprise of parties related to group companies, staff retirement fund, directors and their close family members, executives and major shareholder of the company. Remuneration and benefits to executives of the company are in accordance with the terms of their employment while contribution to the retirement benefits is in accordance with the staff service rule. Transactions with related parties during the period other than those disclosed else where in the financial statements are as follows:

Sales of goods during the period	<u>16,004,857</u>	<u>2,020,425</u>
Outstanding balance due as at	<u>1,362,932</u>	<u>4,095,941</u>

8) Figures have been rounded off to the nearest rupee.

Karachi:28th Oct. 2015

Director

Director

C.F.O.