

(REVIEWED)

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**ACCOUNTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2013**





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## Company Information

<b>BOARD OF DIRECTORS:</b>	Mr. Mussaid Hanif Mr. Burhan Muhammad Khan Mr. Arbab Muhammad Khan Mr. Gauhar Abdul Hai Mr. Manzar Us Salam Ms. Tehniyat Mussaid Ms. Sabah Burhan	CEO
<b>AUDIT COMMITTEE:</b>	Ms. Tehniyat Mussaid Mr. Arbab Muhammad Khan Ms. Sabah Burhan	Chairperson/Member Member Member
<b>CHIEF FINANCIAL OFFICER:</b>	Mr. Gauhar Abdul Hai	
<b>COMPANY SECRETARY:</b>	Mr. Naveed Aleem	
<b>AUDITORS:</b>	Azhar Zafar & Company	Chartered Accountants
<b>LEGAL ADVISOR:</b>	Cornelius Lane & Mufti Advocate and Solicitors Nawa-e-Waqt House, 4 Shahrah-e-Fatima Jinnah, Lahore - 54000, Pakistan	
<b>BANKERS TO THE COMPANY:</b>	Habib Bank Limited National Bank of Pakistan The Bank Of Punjab United Bank Limited Allied Bank Limited Faysal Bank Limited	NIB Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited Bank Al Habib Limited Meezan Bank Limited Silk Bank Limited
<b>MILLS:</b>	1 km, Balloki Bhai Pheru Road Bhai Pheru.  Phone : 0494 - 512007-9, 513103-5 Fax : 0494 - 512011  63 km, Gulshan Adda, Jumber Khurd, District Kasur.	(Weaving unit & Power plant)      (Towel Unit)
<b>REGISTERED &amp; HEAD OFFICE:</b>	3rd Floor, IEP Building, 97 B/D-I, Gulberg III, Lahore E-mail: info@zephyr.com.pk Website: www.zephyr.com.pk  Phone : 042 35782905 - 15 Fax : 042 35753202	

## Directors' Report to the Members

Directors of Zephyr Textiles Limited are pleased to present the Review Report for the half year ended December 31, 2013.

### Financial and Operating Performance

The Company showed healthy increase in profit after tax by 124.16 percent during the first six months ended December 31, 2013 as compared to corresponding half year. This was mainly on account of increase in sales revenues by 19.13 percent. The productions efficiencies and better cost management curtailed the increase in cost of goods sold and resultantly, gross profit margin increased by 49.32 percent as compared to corresponding period. Other major profitability measures that contributed to the bottom line were good sales mix of products, increase in sales prices of the products manufactured and sold by the Company and devaluation. All business segments of the Company had been able to realize benefit during the period under review.

Financial Highlights	Half year ended December 31,		Increase/ (Decrease) %
	2013	2012	
Sales - net	2,078,062,087	1,744,325,097	19.13
Gross Profit	197,456,245	132,239,103	49.32
Profit before tax	45,489,496	22,797,755	99.53
Profit after tax	41,134,187	18,350,755	124.16
Gross Profit (%)	9.50%	7.58%	25.34
Profit after tax (%)	1.98%	1.05%	67.49
Earnings per share (Rs.)	0.69	0.31	88.16

The significant increase in finance cost is due to charging mark up on loans availed from The Bank Of Punjab for the six months from July to December, 2013 which was not recorded in the corresponding period in lieu of recovery suit filed by the Bank Of Punjab. The Company incorporated the mark up cost on finance availed from the Bank Of Punjab after an amicable out of court settlement with the Bank Of Punjab. Slight increase in KIBOR was also observed during the period under review as compared to the corresponding period.

The Company successfully managed to repay, to different lenders, amounting to Rs.134.976 million against short and long term loans. Further Rs.60.613 million was also paid towards mark up during the period under review.

### General Market Review and Future Prospects

Zephyr will continue to adopt a proactive approach while marketing its products to the customers. As the GSP is implemented on the products being exported from Pakistan, we are certainly experiencing a boost in the sales at good inflows with immediate effect. We believe that the increase in textile exports is mainly aided by stable cotton prices a key raw material and depreciating rupee against the dollar over the last few months.

We will continue to focus on the European market, as this is the area where the GSP advantage is available. Having said this, we would be able to target even price conscious customers which would certainly result in increased sales. With pressure on the production, the customers are willing to give orders at good inflows even in the local market and this trend would be continued in future as

well which will certainly lead to increase in profitability of the company. In the immediate future Zephyr is going to launch a local market brand for cotton and blended fabric for menswear. This product will be available for the summer 2014 season.

To sum it all, keeping in view the current positive trends we anticipate that this year will be marked with strong growth in export sales, and testing the potential of the local market, resulting in more sustainable profit margin.

#### Corporate

Dividend, which was declared in Company's 13th annual general meeting, held on October 31, 2011, had been disbursed during second quarter of the period under review. The Bank Of Punjab earlier obtained a stay order against disbursement of such dividend due to recovery suit filed by it. Now the Bank Of Punjab revoked the said stay order after the amicable out of court settlement with the Company.

#### Matter of Emphasis

The Auditors have drawn attention to note 1.1 to the interim financial information, which states that the company's current liabilities exceeded its current assets by Rs.494.438 million (Dec 2012 : Rs.724.660 million). These conditions indicate the existence of a material uncertainty, which may cast a doubt about the company's ability to continue as a going concern. Their conclusion is not qualified in respect of this matter because of management's successful policies to cope with this situation. The company successfully managed to wipe off its all accumulated losses and working capital deficit by Rs.230.222 million in last twelve months.

Further the company is in negotiation with National Bank of Pakistan for restructuring of its debts based on cash flows of the company. The matter is at advance stages.

#### Acknowledgement

The Board is pleased to acknowledge the positive contribution made by the efforts of the management and workers.

For and on behalf of the Board of Directors



Burhan Muhammad Khan  
Director

Lahore  
February 07, 2014

## Independent Auditors' Report to the Members on Review of Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim balance sheet of ZEPHYR TEXTILES LIMITED ("the Company") as at December 31, 2013 and the related condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (herein after referred to as "interim financial information"), for the six - month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for three-month period ended December 31, 2013 and December 31, 2012 in the condensed interim financial information have not been reviewed as we are required to review only the cumulative figures for the six-month period ended December 31, 2013.

### Scope of review

We conducted our review in accordance with international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Emphasis of matter

We draw attention to note 1.1 to the interim financial information, which states that the company's current liabilities exceeded its current assets by Rs. 494.438 million. This condition indicates the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

CHARTERED ACCOUNTANTS  
Engagement Partner: Zafar Iqbal  
Date: February 07, 2014  
Lahore

## Condensed Interim Balance Sheet (Un-Audited) as at December 31, 2013

	Note	Un-audited December 31, 2013	Audited June 30, 2013
----- Rupees -----			
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	6	594,287,290	594,287,290
Unappropriated loss		40,498,136	(31,340,506)
		634,785,426	562,946,784
Revaluation reserve		420,511,815	451,216,271
		1,055,297,241	1,014,163,055
<b>Liabilities</b>			
Long term financing	7	226,316,254	322,644,260
Employee benefits	8	39,843,363	34,878,145
Deferred tax liabilities		195,483,801	212,016,970
Non current liabilities		461,643,418	569,539,375
Trade and other payables	9	504,455,579	479,031,112
Short-term borrowings - Secured		943,825,912	963,810,392
Current portion of long term borrowings		396,030,448	393,573,971
Current liabilities		1,844,311,939	1,836,415,475
Contingencies and commitments	10	-	-
		3,361,252,598	3,420,117,905
<b>Assets</b>			
Property plant & equipment	11	2,008,029,004	2,013,545,943
Capital work in progress		-	58,839,841
Long term advances and deposits		3,349,170	3,299,170
Non-current assets		2,011,378,174	2,075,684,954
Stores, spares and loose tools		97,411,449	105,104,138
Stock in trade		686,426,731	670,156,815
Trade debts		320,988,007	329,322,119
Loans and advances	12	42,316,357	43,623,353
Trade deposits, prepayments & other receivables	13	128,546,771	112,947,120
Short term investments	14	7,641,342	40,311,825
Cash and bank balances		66,543,769	42,967,581
Current assets		1,349,874,425	1,344,432,951
Total assets		3,361,252,598	3,420,117,905

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

STATEMENT U/S 241(2) OF COMPANIES ORDINANCE 1984

These accounts have been signed by the two directors of the company since the chief executive of the company is out of country on business tour.

  
Director

  
Director



## Condensed Interim Statement of Comprehensive Income (Un-Audited) for the half year ended December 31, 2013

Note	Un-audited For Half Year Ended December 31,		Un-audited For Quarter Ended December 31,	
	2013	2012	2013	2012
	----- Rupees -----			
Sales - net	2,078,062,087	1,744,325,097	1,138,339,558	875,556,500
Cost of sales	15 1,880,605,842	1,612,085,994	1,046,974,762	815,639,814
Gross profit	197,456,245	132,239,103	91,364,796	59,916,686
Other income	4,080,802	4,671,494	4,168,174	2,877,442
Distribution costs	32,717,304	32,923,350	16,220,593	17,407,303
Administrative	23,711,606	21,863,942	12,834,926	10,974,248
Other expenses	771,736	1,916,997	199,251	1,159,670
	57,200,646	56,704,289	29,254,770	29,541,221
Finance costs	98,846,905	57,408,553	47,111,638	20,952,707
Profit for the period before taxation	45,489,496	22,797,755	19,166,562	12,300,200
Income tax expense	4,355,309	4,447,000	3,213,041	2,229,552
Profit for the period after taxation	41,134,187	18,350,755	15,953,521	10,070,648
Other comprehensive income:	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	41,134,187	18,350,755	15,953,521	10,070,648
Earning per share - basic & diluted	0.69	0.31	0.27	0.17

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Director

  
Director

Accounts for the half year ended December 31, 2013

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## Condensed Interim Cash Flow Statement (Un-Audited)

for the half year ended December 31, 2013

	Note	Un-Audited Half Year Ended December 31,	
		2013 ----- Rupees -----	2012
Net cash from operating activities	16	174,028,809	71,049,480
Cash flow from investing activities			
Long term advances and deposits		(50,000)	(102,816)
Proceeds from sale of property, plant and equipment		610,000	1,902,524
Dividends and other income received		83,547	42,768
Capital Gains/(Loss) and Income/(Loss) from Investments		2,785,565	1,540,949
Acquisition of property, plant and equipment		(18,905,983)	(4,576,639)
Net cash flow from investing activities		(15,476,871)	(1,193,214)
Cash flow from financing activities			
Repayment of short term borrowings		(19,984,480)	(2,079,629)
Long term loans		(114,991,270)	(64,946,666)
Net cash flow from financing activities		(134,975,750)	(67,026,295)
Net increase in cash and cash equivalents		23,576,188	2,829,970
Cash and cash equivalents at the beginning of the year		42,967,581	11,842,941
Cash and cash equivalents at the end of the period		66,543,769	14,672,911

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

**STATEMENT U/S 241(2) OF COMPANIES ORDINANCE 1984**

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Director

  
Director

## Condensed Interim Statement of Changes in Equity (Un-Audited)

for the half year ended December 31, 2013

	Share capital	Accumulated profit / (loss)	Total
	----- Rupees -----		
Balance as at June 30, 2012	594,287,290	(165,553,829)	428,733,461
Total comprehensive income for the period	-	18,350,755	18,350,755
Transfer from revaluation reserve on disposal of property, plant & equipment	-	-	-
Current period incremental depreciation - net of tax	-	7,910,603	7,910,603
Balance as at December 31, 2012	594,287,290	(139,292,471)	454,994,819
Balance as at June 30, 2013	594,287,290	(31,340,506)	562,946,784
Total comprehensive income for the period	-	41,134,187	41,134,187
Transfer from revaluation reserve on disposal of property, plant & equipment	-	-	-
Transfer of surplus on revaluation on disposal of property, plant & equipment	-	20,743	20,743
Current period incremental depreciation - net of tax	-	30,683,712	30,683,712
Balance as at December 31, 2013	594,287,290	40,498,136	634,785,426

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

STATEMENT U/S 241(2) OF COMPANIES ORDINANCE 1984

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Director

  
Director

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

for the half year ended December 31, 2013

### 1 STATUS AND ACTIVITIES

Zephyr Textiles Limited ("the Company") was incorporated in Pakistan on February 26, 1999 as a private limited company under the Companies Ordinance, 1984. Subsequently on October 04, 2004 it was converted into a public limited company. The Company is principally engaged in the manufacturing, dying and trading of woven cloth which also includes towels. The registered office of the Company is situated at 3rd Floor, IEP Building, 97 B/D-1, Gulberg III, Lahore, Punjab and the manufacturing facilities are located at Bhai Pheru and Jamber. The shares of the Company are listed on the Karachi and Lahore Stock Exchanges of Pakistan.

1.1 During the period the Company has earned profit of Rs.41.134 million (2012: Rs.18.351 million), however as of that date, the Company's current liabilities exceeded its current assets by Rs.494.438 million (2012: Rs.724.660 million). The Company has also not repaid certain overdues claimed by the banks due to ongoing negotiations with banks. Continuation of the Company as a going concern is dependent on its ability to attain satisfactory levels of profitability in the future and support of financial institutions by restructuring of liabilities and availability of adequate working capital from the principal lenders and sponsors of the Company.

To substantiate its going concern assumption, over the last three years the management has been successful in getting its loans restructured/settled with five banks. These financial statements have been prepared on a going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose, bringing its liabilities to serviceable levels upon restructuring/settlements of loans and availability of adequate working capital from its lenders and sponsors. The financial statements consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

### 2 BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the half year ended December 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended June 30, 2013.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2013.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2013, were either considered not to be relevant to the Company's operations or did not have significant effect on the accounting policies of the Company.

**4 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended June 30, 2013.

**5 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2013.

	Un-audited December 31, 2013	Audited June 30, 2013
	----- Rupees -----	
<b>6 SHARE CAPITAL</b>		
Authorized share capital 62,500,000 ordinary shares of Rs. 10 each	625,000,000	625,000,000
Issued, subscribed and paid up share capital 51,900,883 Ordinary shares of Rs. 10 each fully paid in cash	519,008,830	519,008,830
7,527,846 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	75,278,460	75,278,460
	<b>594,287,290</b>	<b>594,287,290</b>

## 7 LONG TERM FINANCING

Facility	Note	Repayment commencement	Mark up	Sanctioned limit (Rs. in million)	Number of installments	Un-audited Dec 31, 2013	Audited June 30, 2013
Demand Finance - I BOP	7.1 & 7.2	May-13	3 months Kibor+2%	196.780	54 monthly	163,026,000	196,779,999
Demand Finance - II BOP	7.1 & 7.3	Oct-17	Interest free	204.379	31 monthly	70,704,620	67,950,247
Subtotal - BOP						233,730,620	264,730,247
Demand Finance NBP	7.1	Mar-11	6 Month Kibor+1.5%	206.595	16 Quarterly	205,956,761	205,956,761
Term Finance NBP	7.1	Mar-11	Interest free	90	16 Quarterly	70,700,000	70,700,000
Subtotal - NBP						276,656,761	276,656,761
Deferred Markup HBL	7.1	Jan-13	Interest free	111.066	18 Monthly	44,452,020	80,317,600
Subtotal - HBL						44,452,020	80,317,600
Demand Finance ABL	7.1	Oct-12	6.00%	125	36 Monthly	67,507,301	94,513,623
Subtotal - ABL						67,507,301	94,513,623
Total						622,346,702	716,218,231
Current portion						(179,801,877)	(231,717,480)
Overdue portion						(216,228,571)	(161,856,491)
Total current portion						(396,030,448)	(393,573,971)
Total long term portion						226,316,254	322,644,260

- 7.1 It represents long term financing from commercial banks (stated above) and the amounts claimed by such institutions. Markup is leviable along with installment as per schedule stated above. The loans are secured against first ranking pari passu charge over current and fixed assets of the Company executed through the joint pari passu agreement with the lenders of the Company and joint memorandum of deposit of title deeds, equitable mortgage charge on land and personal guarantees of the directors of the Company.
- 7.2 It represents loan from The Bank of Punjab which has been restructured through out of court amicable settlement on terms agreed between the parties.
- 7.3 It represents restructured loan converted from mark up payable on the facilities from the Bank of Punjab till March 31, 2013. This transaction is a part of amicable out of court settlement as stated in note 7.2 above.

	Un-audited December 31, 2013	Audited June 30, 2013
	----- Rupees -----	
8. EMPLOYEE BENEFITS		
Balance sheet liability at the beginning of the year	34,878,145	27,333,893
Amount recognized during the year	8,304,018	12,836,652
Amount paid during the year	(3,338,800)	(5,292,400)
Present value of defined benefit obligation	39,843,363	34,878,145

	Un-audited December 31, 2013	Audited June 30, 2013
	----- Rupees -----	
<b>9. TRADE AND OTHER PAYABLES</b>		
Creditors	179,159,362	163,502,438
Advances from customers	19,384,095	15,703,108
Accrued liabilities	51,395,163	53,200,823
Accrued mark-up/interest on long term financing	90,573,915	84,910,727
Accrued mark-up/interest on short term borrowings	126,154,386	114,785,159
Income tax withheld	9,031,669	10,940,141
Retention money payable	500,000	1,000,000
Dividend Payable	611,542	8,656,298
Workers' Profit Participation Fund	27,645,447	26,332,418
	<b>504,455,579</b>	<b>479,031,112</b>
<b>10. CONTINGENCIES AND COMMITMENTS</b>		
10.1	The Company has filed a recovery suit against the Punjab Cotton Mills Limited for Rs. 5,106,639 along with interest. The suit is pending before the Honorable Civil Judge, Lahore. The Company is hopeful of settlement of the case in its favor.	
10.2	M/s. M. J. Industries has filed a suit against the Company for declaration for Rs. 544,644. The case is dismissed by the Honorable Civil Judge, Lahore. M/s. M. J. Industries has filed an application for the restoration of the suit.  The Company has filed a recovery suit against the M/s M. J. Industries for Rs. 544,644. The summon and notices have been issued to the defendant and the case is pending due to non appearance of the defendant before the Honorable Civil Judge, Lahore. The Company is hopeful of settlement of the case in its favor.	
10.3	The Company has filed a recovery suit against the M/s. Amtex Limited for Rs. 2,916,762. The case is fixed for final order by Honorable Judge, high Court, Lahore. The Company is hopeful of settlement of the case in its favor.	
10.4	M/s. Sitara Textiles has filed a suit against the Company for recovery of damages against non performance of contract no. LO417 for supply of fabric. According to legal confirmation status, suit is pending for framing of issues.  The Company has filed a suit against M/s. Sitara Textiles Limited for financial loss, cost of sales loss, loss of business and loss due to breach of contract for Rs. 37.670 million. Company is hopeful of settlement of the case in its favor.	
10.5	The Company has filed a suit against old tenants for vacation of property purchased by the Company situated at Ek Moria Pull Lahore. The matter is pending for adjudication. Certain suits were filed against the Company regarding the said property which are as under:  -Muhammad Sajid (the plaintiff) has filed a suit for permanent injunctions and declaration against interfering the possession of plaintiff property by pretending that the suit property has been purchased by Zephyr Textiles Limited (the defendant) through registered sales deed bearing distavez no. 2775 dated 01-09-2010, whereas the purchased property of the defendant is separate and different from the suit property of the plaintiff. The case is pending for framing of issues.	

-Sh. Zafar Iqbal V/s. M/s Zephyr Textiles Limited. Sh. Zafar Iqbal has filed a suit for cancelation of registry with respect to the said property purchased by the Company. The case is pending for adjudication.

The Company is hopeful for settlement of the above stated suits in its favor.

10.6 Workers' Welfare Fund Ordinance, 1971 has been amended through Finance Acts 2006 & 2008. These amendments were held unconstitutional and struck down by the Honorable Lahore High Court, Lahore (HLHCL) on August 05, 2011. The decision of the HLHCL has been challenged in the Supreme Court of Pakistan, which is still pending.

Owing to the above, the management of the Company has not made provision for Workers' Welfare Fund in these financial statements.

	Note	Un-audited December 31, 2013 ----- Rupees -----	Audited June 30, 2013
<b>11</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Opening written down value	2,013,545,943	1,747,741,937
	Additions/revaluation adjustment during the period	11.1 77,745,824	414,352,516
	Net book value of assets disposed off during the period	11.2 (395,788)	(1,473,422)
	Depreciation charge for the period	(82,866,975)	(147,075,088)
	Closing written down value	2,008,029,004	2,013,545,943
	<b>11.1 Cost of additions</b>		
	Land - freehold	-	580,000
	Building on freehold land	-	166,892,327
	Plant and machinery	74,156,844	240,977,060
	Furniture and fixtures	87,300	186,662
	Vehicles	2,175,830	5,324,480
	Electric installation	1,300,000	-
	Office equipments	25,850	391,987
		77,745,824	414,352,516
	<b>11.2 Net book value of deletions</b>		
	Plant and machinery	155,845	1,107,437
	Vehicles	239,943	365,985
		395,788	1,473,422
<b>12.</b>	<b>LOANS AND ADVANCES</b>		
	Advances - unsecured but considered good:		
	- To suppliers	23,753,928	24,699,927
	- To employees	16,534,610	16,771,774
	- To others	2,232,129	-
		42,520,667	41,471,701
	Advance against consumable machinery parts	(204,310)	2,151,652
		42,316,357	43,623,353



	Un-audited December 31, 2013	Audited June 30, 2013
	----- Rupees -----	
<b>13. TRADE DEPOSITS, PREPAYMENTS &amp; OTHER RECEIVABLES</b>		
Prepayments	3,901,070	2,850,384
Advance income tax	5,427,113	10,663,921
Margin deposits	10,970,393	8,402,393
Sales tax refundable	77,062,739	65,634,939
SED	654,912	-
Export rebate receivable	16,520,325	12,623,365
Other receivables	14,010,219	12,772,118
	<b>128,546,771</b>	<b>112,947,120</b>
<b>14. SHORT TERM INVESTMENTS</b>		
Investment at fair value through profit and loss account		
- Listed securities	589,329	4,697,732
Investment in funds	7,052,013	35,614,093
	<b>7,641,342</b>	<b>40,311,825</b>
	Un-Audited Half Year Ended December 31,	
	2013	2012
	----- Rupees -----	
<b>15. COST OF SALES</b>		
Raw materials consumed	1,377,763,886	1,167,103,243
Salaries, wages and other benefits	104,135,953	85,831,085
Production overheads	460,487,694	347,761,178
	<b>1,942,387,533</b>	<b>1,600,695,506</b>
(Increase) / decrease in work-in-progress		
Opening stock	131,397,506	130,531,403
Closing stock	(131,898,415)	(127,896,958)
Adjustment of work-in-process	(500,909)	2,634,445
(Increase) / decrease in finished goods		
Opening stock	342,601,416	384,789,703
Closing stock	(403,882,199)	(376,033,660)
Adjustment of finished goods	(61,280,783)	8,756,043
	<b>1,880,605,841</b>	<b>1,612,085,994</b>

	Un-Audited Half Year Ended December 31,	
	2013	2012
	----- Rupees -----	
<b>16. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year before taxation	45,489,496	22,797,755
Adjustments for:		
- Depreciation	82,866,975	70,919,656
- Gain on sale of property, plant and equipment	(214,212)	(570,242)
- Change in fair value of short term investment	(108,263)	(1,168,566)
- Investment income	(2,842,900)	(1,244,945)
- Finance cost	98,846,905	57,408,553
	224,038,001	148,142,211
Changes in:		
- Stores, spares and loose tools	7,692,689	(2,091,414)
- Inventories	(16,269,916)	9,181,253
- Trade receivables	8,334,112	(33,054,341)
- Loans and advances	1,306,996	(6,360,986)
- Short Term Investments	32,670,483	52,395,225
- Trade deposits, prepayments & other receivables	(20,836,459)	(54,817,823)
- Provision for employee benefits	8,304,018	6,418,326
- Creditors, accrued and other liabilities	8,392,053	6,172,106
Cash generated from operations	253,631,978	125,984,558
Interest paid	(60,612,697)	(46,096,362)
Taxes paid	(15,651,671)	(6,663,417)
Gratuity paid	(3,338,800)	(2,175,300)
Net cash flow from operating activities	174,028,809	71,049,480

**17. GENERAL**

Figures have been rounded off to the nearest Rupee.

**18. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 07, February 2014.

**STATEMENT U/S 241(2) OF COMPANIES ORDINANCE 1984**

These accounts have been signed by the two directors of the company since the chief executive of the company is out of country on business tour.

  
Director

  
Director



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