

(UN-AUDITED)

**ACCOUNTS
FOR THE 3RD QUARTER ENDING
MARCH 31, 2009**



Directors' Report to the Members

On behalf of the Board of directors, I am pleased to present before you the financial statements of the company for the 9 months ended March 31, 2009.

OPERATIONAL REVIEW

During the period under review manufacturing facilities of the company were operational at their full capacity. In the corresponding period expansion project of towel manufacturing units was partially in commercial operations.

OPERATING FINANCIAL RESULTS

The company has registered net sales of Rs. 2,006.520 million (2008: Rs. 1,928.818 million) showing increase of 4%. The gross profit of Rs. 254.966 million (2008: Rs. 176.769 million) has increased by 44%. The operating profit of Rs. 179.258 million (2008: Rs. 108.653 million) shows an increase of about 65%. The company has incurred loss before taxation of Rs. 112.463 million (2008: Rs. 67.312 million) due to heavy financial costs and exchange losses aggregating Rs. 291.721 million (2008: Rs. 175.965 million). The net loss for the period after providing taxation is Rs. 110.022 million (2008: Rs. 77.002 million).

The loss for the period is mainly due to following factors:

- Heavy financial cost during the period owing to sharp increase in interest rates depicts an increase of 66% despite of reduction in borrowing of the company;
- Exchange losses on Cross Currency Swap and Foreign Currency loans aggregating Rs. 39.654 million due to substantial devaluation of Pak Rupee. About 36% of the loss for the period under review is on account of exchange losses;
- Increase in raw material and other input costs could not be passed on to our customers due to global recessionary trend;
- The outsourcing /toll manufacturing operation were drastically reduced as against corresponding period due to reduced market demand during the period and the management prefer to run own manufacturing facilities to meet the orders in hand first. Outsourcing /toll manufacturing operation had yielded high gross margins in corresponding period;
- Heavy depreciation of Rs. 146.159 million (2008: Rs. 115.144 million);

The operating performance of the company during the period under review exhibits considerable improvements in gross and operating profit by 44% and 65% respectively as against the corresponding period however, increased financial cost and exchange losses have eroded the net margin. Cross Currency Swap has now been completely unwounded by the company and at present company has no exposure in foreign currency other than exports.

FUTURE PROSPECTS

In addition to the fact of increased interest costs, at present the severe energy crisis is a considerable factor which is resulting in higher energy cost as well as production losses to the industry. In these extremely adverse circumstances the industry is striving hard to survive. In a broad preview it looks like that due to recessionary trend in the global markets textile will remain depressed for medium term and situation might improve by the end of 2nd quarter of financial year 2010-11. Consequent to recovery of global market from current recession the textile sector will benefit as well. The current operations of the company are under stress and will remain under pressure in coming period till such time the situation improves. It is further anticipated that EU will lift antidumping duty from bed linen exports by March 2009 which will help Pakistan's textile industry to sell their product at competitive rates to EU.

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



MUSSAID HANIF
Chief Executive

Lahore
April 28, 2009

Condensed Interim Balance Sheet

As At March 31, 2009 (Un-Audited)

	Un-Audited	Audited
	March 31, 2009 Rupees	June 30, 2008 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL		
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 59,428,729 ordinary shares of Rs. 10 each	594,287,290	594,287,290
ACCUMULATED LOSSES	(230,340,764)	(139,168,390)
	363,946,526	455,118,900
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT	324,569,164	343,418,641
LONG TERM LOANS	713,914,525	681,950,746
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	-	1,117,734
DEFERRED LIABILITIES	149,111,591	159,645,543
CURRENT LIABILITIES		
Short term finances - Secured	1,398,039,645	1,442,967,468
Current portion of long term liabilities	77,090,078	144,000,326
Creditors, accrued and other liabilities	480,858,051	318,350,916
	1,955,987,774	1,905,318,710
CONTINGENCIES AND COMMITMENTS	-	-
	3,507,529,580	3,546,570,274
ASSETS		
NON CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Operating assets	2,165,097,027	2,264,208,465
Assets subject to finance lease	2,590,619	3,047,783
Capital work in progress	9,223,113	7,948,174
	2,176,910,759	2,275,204,422
LONG TERM DEPOSITS	2,712,322	5,009,422
CURRENT ASSETS		
Stores, spares and loose tools	44,958,349	45,347,358
Stock in trade	619,164,329	672,845,057
Trade debts	403,908,894	313,227,842
Loans and advances	114,854,240	126,740,293
Trade deposits, prepayments and other receivables	97,621,755	91,556,208
Investments	17,365,198	14,175,212
Cash and bank balances	30,033,734	2,464,460
	1,327,906,499	1,266,356,430
	3,507,529,580	3,546,570,274

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.


Chief Executive


Director

Condensed Interim Profit and Loss Account

For the nine months ended March 31, 2009 (Un-Audited)

	Nine Months Ended		Quarter Ended	
	Un-Audited	Un-Audited	Un-Audited	Un-Audited
	Jul-Mar 2009 Rupees	Jul-Mar 2008 Rupees	Jan-Mar 2009 Rupees	Jan-Mar 2008 Rupees
SALES	2,006,520,091	1,928,817,680	667,988,114	616,654,658
COST OF SALES	1,751,554,047	1,752,049,035	612,922,538	553,863,011
GROSS PROFIT	254,966,044	176,768,645	55,065,576	62,791,647
OPERATING EXPENSES				
Distribution costs	58,165,028	50,570,190	17,721,768	13,890,026
Administrative	18,977,108	14,692,652	3,932,555	4,393,694
	77,142,136	65,262,842	21,654,323	18,283,720
	177,823,908	111,505,803	33,411,253	44,507,927
Other operating expenses	1,436,982	1,294,904	346,651	261,185
	176,386,926	110,210,899	33,064,602	44,246,742
OTHER OPERATING INCOME/(LOSS)	2,871,334	(1,557,976)	973,114	(6,408,348)
OPERATING PROFIT	179,258,260	108,652,923	34,037,716	37,838,394
FINANCIAL AND OTHER CHARGES	291,721,060	175,964,700	78,831,415	49,659,085
LOSS BEFORE TAXATION	(112,462,800)	(67,311,777)	(44,793,699)	(11,820,691)
TAXATION	(2,440,951)	9,690,574	(1,378,739)	3,089,105
LOSS AFTER TAXATION	(110,021,849)	(77,002,351)	(43,414,960)	(14,909,796)
EARNING PER SHARE -BASIC & DILUTED	(1.85)	(1.30)	(0.73)	(0.25)

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.


Chief Executive


Director

Condensed Interim Cash Flow Statement

For the nine months ended
March 31, 2009 (Un-Audited)

	Un-Audited Jul - Mar 2009 Rupees	Un-Audited Jul - Mar 2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(112,462,800)	(67,311,777)
Adjustments for:		
Depreciation	146,159,823	115,144,124
Depreciation of leased assets	457,164	298,759
Gain on sale of fixed assets	(8,481)	(551,869)
Loss on re-measurement of short term investments	4,804,863	-
Dividends, capital gains & other Income	907,763	-
Provision for staff gratuity	3,804,066	4,572,003
Financial charges	291,721,060	175,964,700
	<u>447,846,258</u>	<u>295,427,717</u>
	335,383,458	228,115,940
(Increase)/Decrease in current assets		
Stores, spares and loose tools	389,009	(9,600,068)
Stock in trade	53,680,728	(55,657,612)
Trade debts	(90,681,052)	(128,711,946)
Loans and advances	11,886,053	(23,963,425)
Short Term Investments	-	(5,303,138)
Trade deposits, prepayments & other receivables	(4,492,714)	18,972,282
	<u>(29,217,976)</u>	<u>(204,263,907)</u>
Increase/(Decrease) in current liabilities		
Creditors, accrued and other liabilities	107,447,394	(4,348,391)
Cash flow from operations	413,612,876	19,503,642
Financial charges paid	(236,735,871)	(174,151,382)
Taxes paid	(9,281,599)	(10,577,066)
Gratuity paid	(4,188,300)	(2,227,150)
	<u>(250,205,770)</u>	<u>(186,955,598)</u>
Net cash flow from operating activities (A)	163,407,106	(167,451,956)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	1,334,000	(2,700,000)
Sale proceeds of fixed assets	630,000	2,120,000
Dividends received	24,244	-
Short term Investments	(13,000,000)	-
Sale proceeds of short term investment	4,073,758	-
Fixed capital expenditure	(48,944,570)	(71,765,408)
Net cash flow from investing activities (B)	(55,882,568)	(72,345,408)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	(44,927,823)	278,639,381
Liabilities against assets subject to finance lease	-	560,710
Repayment of lease liabilities	(784,680)	-
Long term loans	(34,242,761)	(77,624,103)
Net cash flow from financing activities (C)	(79,955,264)	201,575,988
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	27,569,274	(38,221,376)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,464,460	59,827,144
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>30,033,734</u>	<u>21,605,768</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.


Chief Executive


Director

Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2009 (Un-Audited)

Description	Paid-Up Capital	Unappropriated Profit	Total
	Rupees		
Balance as at June 30, 2007	594,287,290	58,990,561	653,277,851
Net loss for the period	-	(77,002,351)	(77,002,351)
Balance as at March 31, 2008	594,287,290	(18,011,790)	576,275,500
Balance as at June 30, 2008	594,287,290	(139,168,390)	455,118,900
Loss for the nine months ended March 31, 2009	-	(110,021,849)	(110,021,849)
Current year incremental depreciation - net of tax	-	18,849,475	-
Balance as at March 31, 2009	594,287,290	(230,340,764)	363,946,526

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.


Chief Executive


Director

Notes to the Condensed Interim Financial Information

For the nine months ended March 31, 2009 (Un-Audited)

- 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, 2008.
- 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, 2008.
- CONTIGENCIES AND COMITMENTS
 - Contingencies

Bills discounted with resource as on March 31, 2009 amounting to Rs. 102.2 million (June 2008: Rs. 122.8 million).

Bank guarantees issued in the ordinary course of business as on March 31, 2009 amounting to Rs. 32.6 million. (June 2008: Rs. 32.6 million).

5.2 Commitments

Commitments against irrevocable letters of credit for import of raw material, parts as at March 31, 2009 amounting to Rs. 14.146 million (June 2008: Rs. 32.515 million).

	Un-Audited	Audited
	March 31, 2009 Rupees	June 30, 2008 Rupees
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	2,264,208,465	1,712,094,363
Additions during the period/year	47,669,905	217,014,785
Revaluation during the period	-	489,905,558
Book value of deletions during the period	(633,515)	(1,568,401)
Depreciation charged during the period	(146,159,824)	(153,237,840)
Closing Book Value	2,165,097,027	2,264,208,465
6.1 Cost of Additions in Property, Plant and Equipment:		
Land - Freehold	-	37,987,500
Building on freehold land	3,381,507	25,658,737
Link Road	-	3,087,255
Non factory building	252,949	15,945,228
Plant and machinery	39,361,667	127,211,995
Furniture and fixtures	-	66,384
Vehicles	4,029,495	211,060
Electric installations	190,894	4,040,693
Office equipments	453,394	2,805,933
	47,669,905	217,014,785
6.2 Cost of Deletions in Property, Plant and Equipment:		
Vehicles	1,127,103	3,707,985
Office Equipments	78,500	-
	1,205,603	3,707,985
7. CAPITAL WORK IN PROGRESS		
Building	7,977,042	3,361,186
Plant and Machinery	1,246,071	4,586,988
	9,223,113	7,948,174
8. DATE OF AUTHORIZATION		
These accounts have been approved by the Board of Directors on April 28, 2009.		
9. GENERAL		
- 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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