

(UN-AUDITED)

**ACCOUNTS
FOR THE NINE MONTHS ENDED
MARCH 31, 2015**



Directors' Report to the Members

Operating financial results

The Directors of Zephyr Textiles Limited take pleasure in presenting un-audited interim financial statements for the nine months ended March 31, 2015.

The overall business performance of the Company, during period under review, has been satisfactory. Your Company achieved turnover of Rs. 2.83 billion in nine months under review as compared to Rs. 3.07 billion in corresponding period showing a decrease of 7.84%. The gross profit for the period reduced to Rs.244.760 million as compared to Rs.287.835 million in corresponding period. The company has earned an after tax profit of Rs. 8.224 million as compared to Rs. 47.832 million in the corresponding period ended March 31, 2014.

Description	March 31, 2015 Rupees	March 31, 2014 Rupees	Increased / (Decreased) by %
Sales - net	2,832,801,148	3,073,879,764	(7.83)
Gross Profit	244,760,744	287,835,860	(14.97)
Operating Profit for the period	153,127,317	200,676,064	(23.69)
Financial charges	128,028,034	146,584,593	(12.66)
Profit/(Loss) for the period before taxation	25,099,283	54,091,470	(53.60)
Profit/(Loss) for the period after taxation	8,223,913	47,831,819	(82.81)
Earning/(Loss) Per Share	0.14	0.80	(82.50)

The Company witnessed improvement in gross and net profits in the third quarter from January to March, 2015 as compared to the first two quarters ended December 31, 2014. The main reason behind this better profitability is due to increased sales of value added products and reduced WAPDA tariff for the month of February and March. Improvement in the availability power and gas in third quarter contributed towards better production efficiency.

The current and future scenario is almost the same as discussed in previous Directors' Report for the period ended December 31, 2014. The industry is still facing enormous challenges of diminished demand and low margins due to intense competition in the international market. This situation is likely to continue in the last quarter of financial period ended June 30, 2015 as well. Although there are a lot of threats like unavailability of required gas and electricity, rising trends in labour and production costs and appreciation of Pak Rupee, the Company has inherent strengths to overcome the prolonged crisis in the textile industry.

At the end, the directors extend their gratitude to the employees of the company for their teamwork, commitment, integrity and professionalism.

For and on behalf of the Board of Directors



MUSSAID HANIF
Chief Executive

Lahore
April 29, 2015

Condensed Interim Balance Sheet (Un-Audited)

as at March 31, 2015

	Note	Un-Audited	Audited
		March 31, 2015 Rupees	June 30, 2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital 62,500,000 (2014: 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 (2014: 59,428,729) ordinary shares of Rs. 10 each		594,287,290	594,287,290
UNAPPROPRIATED PROFIT		95,339,935	65,509,200
		689,627,225	659,796,490
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		397,964,756	419,571,578
LONG TERM LOANS		270,645,362	198,760,316
DEFERRED LIABILITIES		233,189,042	236,178,839
CURRENT LIABILITIES			
Short term finances - Secured		804,187,404	954,372,343
Current portion of long term liabilities		389,151,653	357,016,428
Creditors, accrued and other liabilities		286,223,154	302,325,867
Accrued Mark Up		285,075,518	243,929,877
		1,764,637,729	1,857,644,515
CONTINGENCIES AND COMMITMENTS	4	-	-
		3,356,064,114	3,371,951,738
ASSETS			
NON CURRENT ASSETS			
Property plant & equipment		1,830,898,393	1,927,075,074
Capital work in progress		4,616,586	-
		1,835,514,979	1,927,075,074
Long term advances and deposits		7,872,686	7,872,686
CURRENT ASSETS			
Stores, spares and loose tools		106,535,071	107,728,868
Stock in trade		732,963,975	732,051,885
Trade debts		408,380,842	338,288,893
Loans and advances		43,769,700	28,100,786
Trade deposits, prepayments		113,298,868	124,617,184
Other receivables		15,661,906	14,843,371
Short term investment		1,411,154	10,643,935
Cash and bank balances		90,654,933	80,729,056
		1,512,676,449	1,437,003,978
		3,356,064,114	3,371,951,738

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, 2015

	Nine Months Ended		Quarter Ended	
	Un-Audited	Un-Audited	Un-Audited	Un-Audited
	Jul-Mar 2015 Rupees	Jul-Mar 2014 Rupees	Jan-Mar 2015 Rupees	Jan-Mar 2014 Rupees
SALES	2,832,801,148	3,073,879,764	910,380,657	995,817,677
COST OF SALES	2,588,040,404	2,786,043,904	809,942,106	905,438,062
GROSS PROFIT	244,760,744	287,835,860	100,438,551	90,379,615
OPERATING EXPENSES				
Distribution costs	60,164,632	52,670,018	20,097,860	19,952,714
Administrative	37,855,703	37,683,895	12,371,310	13,972,289
	98,020,335	90,353,913	32,469,170	33,925,003
	146,740,409	197,481,947	67,969,381	56,454,612
Other operating expenses	4,603,148	2,128,001	1,486,832	1,356,265
	142,137,261	195,353,946	66,482,549	55,098,347
OTHER OPERATING INCOME	10,990,056	5,322,118	2,162,161	1,241,316
OPERATING PROFIT	153,127,317	200,676,064	68,644,710	56,339,663
FINANCE COSTS	128,028,034	146,584,593	37,878,593	47,737,688
PROFIT BEFORE TAXATION	25,099,283	54,091,471	30,766,117	8,601,975
TAXATION	16,875,370	6,259,652	5,174,363	1,904,343
PROFIT AFTER TAXATION	8,223,913	47,831,819	25,591,754	6,697,632
EARNING PER SHARE - BASIC & DILUTED	0.14	0.80	0.43	0.11

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, 2015

	For the nine months ended		For the quarter ended	
	Mar. 31, 2015 Rupees	Mar. 31, 2014 Rupees	Mar. 31, 2015 Rupees	Mar. 31, 2014 Rupees
Profit for the period after taxation	8,223,913	47,831,819	25,591,754	6,697,632
Other Comprehensive Income				
Other comprehensive income for the period	-	-	-	-
Total Comprehensive Income for the period	<u>8,223,913</u>	<u>47,831,819</u>	<u>25,591,754</u>	<u>6,697,632</u>

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, 2015

	Mar. 31, 2015 Rupees	Mar. 31, 2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	25,099,283	54,091,470
Adjustments for:		
Depreciation	116,046,430	125,130,928
Gain on sale of fixed assets	(1,486,438)	(214,212)
Gain on re-measurement of short term investments	(462,185)	(135,870)
Dividends, capital gains & other (Income)/Loss	(605,034)	(669,455)
Provision for staff gratuity	14,223,897	12,321,027
Financial charges	128,028,034	146,584,593
	255,744,704	283,017,011
	<u>280,843,987</u>	<u>337,108,481</u>
 (Increase)/Decrease in current assets		
Stores, spares and loose tools	1,193,797	151,008
Stock in trade	(912,090)	(33,885,718)
Trade debts	(70,091,949)	57,074,597
Loans and advances	(15,668,914)	(6,608,810)
Short Term Investments	9,232,781	15,642,876
Trade deposits and prepayments	6,649,534	(47,792,637)
Other receivables	(818,535)	(15,773,430)
	(70,415,376)	(31,192,114)
Increase in current liabilities		
Creditors, accrued and other liabilities	(906,316)	21,715,197
Cash flow from operations	209,522,295	327,631,564
Financial charges paid	(84,324,408)	(88,718,347)
Taxes paid	(23,841,032)	(25,905,616)
Gratuity paid	(5,579,250)	(4,997,050)
	(113,744,690)	(119,621,013)
Net cash flow from operating activities (A)	95,777,605	208,010,551
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	-	(4,487,516)
Sale proceeds of fixed assets	1,960,000	610,000
Dividends received	-	83,547
Capital Gains and Income from Investments	1,067,219	612,120
Fixed capital expenditure	(24,959,905)	(21,741,305)
Net cash flow from investing activities (B)	(21,932,686)	(24,923,154)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of short term finances - secured	(5,184,939)	(14,931,136)
Repayment of long term finances - secured	(58,734,103)	(148,543,937)
Net cash flow from financing activities (C)	(63,919,042)	(163,475,073)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	9,925,877	19,612,324
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	80,729,056	42,967,581
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>90,654,933</u>	<u>62,579,905</u>

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, 2015

Description	Paid-Up Capital	Unappropriated Profit / (Loss)	Total
Balance as at June 30, 2013	594,287,290	(31,340,506)	562,946,784
Net Profit for the period	-	47,831,819	47,831,819
Surplus on Revaluation on disposal of property, plant & equipments	-	20,743	20,743
Current year incremental depreciation - net of tax	-	46,025,301	46,025,301
Balance as at March 31, 2014	594,287,290	62,537,357	656,824,647
Balance as at June 30, 2014	594,287,290	65,509,200	659,796,490
Net Profit for the period	-	8,223,913	8,223,913
Surplus on Revaluation on disposal of property, plant & equipments	-	-	-
Current year incremental depreciation - net of tax	-	21,606,822	21,606,822
Balance as at March 31, 2015	594,287,290	95,339,935	689,627,225

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, 2015

- 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, 2014.
- 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, 2014.
- CONTINGENCIES AND COMMITMENTS
 - Contingencies
There has been no significant change in contingencies since the last reviewed financial statements.
 - Commitments
Commitments against irrevocable letters of credit for import of raw material as at March 31, 2015 amounting to Rs.10.62 million (June 2014: Rs.2.96 million)

	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	1,927,075,074	2,013,545,943
Additions/revaluation adjustment during the period	20,343,319	82,105,813
Book value of deletions during the period	(473,563)	(1,117,644)
Depreciation charged during the period	(116,046,437)	(167,459,038)
Closing Book Value	<u>1,830,898,393</u>	<u>1,927,075,074</u>
6.1 Cost of Additions in Property, Plant and Equipment:		
Non factory building	-	194,324
Plant and machinery	9,987,158	75,834,087
Furniture and fixtures	83,000	337,500
Vehicles	6,658,411	3,269,465
Electric Installations	3,175,000	1,353,000
Office equipments	439,750	1,117,437
	<u>20,343,319</u>	<u>82,105,813</u>
6.2 Cost of Deletions in Property, Plant and Equipment:		
Plant & Machinery	-	1,175,000
Vehicles	2,790,210	1,896,660
	<u>2,790,210</u>	<u>3,071,660</u>
7. CAPITAL WORK IN PROGRESS		
Plant & Machinery	4,616,586	-
	<u>4,616,586</u>	<u>-</u>
8. DATE OF AUTHORIZATION		
These accounts have been approved by the Board of Directors on April 29, 2015.		
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



BOOK POST
PRINTED MATTER

if undelivered please return to



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

AL NOOR PRINTERS
0300-4738604