

A large, decorative graphic on the left side of the page consists of numerous thin, blue, curved lines that originate from a single point at the bottom and fan out towards the top, creating a sense of movement and flow.

Zephyr Textiles Limited

**Accounts For The Nine Months
Ended March 31, 2016**

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Company information

BOARD OF DIRECTORS:	Mr. Mussaid Hanif Mr. Burhan Muhammad Khan Mr. Arbab Muhammad Khan Ms. Tehniyat Mussaid Ms. Sabah Burhan Ms. Sarah Mussaid Ms. Nuzhat Kamran	CEO
AUDIT COMMITTEE:	Ms. Tehniyat Mussaid Mr. Arbab Muhammad Khan Ms. Sabah Burhan	Chairperson/Member Member Member
CHIEF FINANCIAL OFFICER:	Mr. Naveed Aleem	
COMPANY SECRETARY:	Mr. Abdul Jabbar	
AUDITORS:	Azhar Zafar & Company	Chartered Accountants
LEGAL ADVISOR:	Cornelius Lane & Mufti Advocate and Solicitors Nawa-e-Waqt House, 4 Shahrah-e-Fatima Jinnah, Lahore - 54000, Pakistan	
BANKERS TO THE COMPANY:	Habib Bank Limited Allied Bank Limited Askari Bank Limited United Bank Limited Habib Metropolitan Bank Limited Bank Al Habib Limited	National Bank of Pakistan NIB Bank Limited The Bank Of Punjab Faysal Bank Limited Meezan Bank Limited Silk Bank Limited
MILLS:	1 km, Balloki Bhai Pheru Road Bhai Pheru. Phone : 0494 - 512007-9, 513103-5 Fax : 0494 - 512011	(Weaving unit & Power plant)
	63 km, Gulshan Adda, Jumber Khurd, District Kasur.	(Towel Unit)
REGISTERED & HEAD OFFICE:	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

Operating Financial Results

The Directors of Zephyr Textiles Limited are pleased to present un-audited interim financial statements for the nine months ended March 31, 2016.

Profit after tax of the Company increased significantly by 380.94% in nine months ended March 31, 2016 as compared to the corresponding nine months of last year. Although the turnover reduced by 1.33%, the Company managed to get 8.70% gross profit as compared to 8.64% in corresponding period. Similarly, the earning per share increased from Rs.0.14 to Rs.0.67. The reason behind improved profit after tax was significant saving in finance cost which decreased by 23.52% due to timely repayment of long term loans as a result of prudent financial management of the Company.

Description	Nine Months Ended		Increase/ (Decrease) BY %
	2016	March 31, 2015	
	(Rupees)		
Sales - net	2,795,080,515	2,832,801,148	(1.33)
Gross Profit	243,037,046	244,760,744	(0.70)
Operating Profit for the period	151,155,478	153,127,317	(1.29)
Financial Charges	97,911,349	128,028,034	(23.52)
Profit/(Loss) for the period before taxation	53,244,129	25,099,283	112.13
Taxation current	(13,692,415)	(16,875,370)	(18.86)
Profit/(Loss) for the period after taxation	39,551,714	8,223,913	380.94
Earnings/(loss) per share	0.67	0.14	

The company also managed to repay Rs.162.269 million to the lenders of the company on account of long term loan and mark up. The Company has accumulated profits of Rs.302,188 million and the management is committed to gradually increase the shareholders' wealth going forward.

General market review and future prospects

The first two quarters were not good for the industry but the third quarter have gained some ground in value added textile business. This value added segment of textile industry exhibited positive performance despite various challenges which is mainly attributable to temporary increase in global demand and benefit of devaluation of Pak Rupee against US Dollar.


However, basic textile sector has not recovered even in current scenario. China was the main customer of both yarn and greige fabric in recent years. The slowdown in China prompted the downfall in weaving sector in Pakistan. Energy crisis and high rates of taxes that significantly added to the cost of doing business in Pakistan have rendered textile weaving sector uncompetitive in local as well as international market.

The Company benefited by the continuous supply of Gas/LNG in the third quarter ended March 31, 2016 as compared to the first two quarters ended December 31, 2015. The cost of electricity significantly reduced due to the above reason and the adjustment benefit of fuel price. We anticipate this trend will continue in the next quarter ended June 30, 2016 and the Company would be able to show healthy results.

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

Lahore
April 26, 2016


MUSAID HANIF
Chief Executive

Condensed Interim Balance Sheet

as at March 31, 2016 (Un-Audited)

	Notes	Un-Audited March 31, 2016 (Rupees)	Audited June 30, 2015 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital 62,500,000 (2015: 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 (2015: 59,428,729) ordinary shares of Rs. 10 each		594,287,290	594,287,290
UNAPPROPRIATED PROFIT/ ACCUMULATED (LOSS)		302,188,173	253,296,747
		896,475,463	847,584,037
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		371,068,385	390,762,487
LONG TERM LOANS		599,848,887	676,848,872
DEFERRED LIABILITIES		230,864,976	232,579,733
CURRENT LIABILITIES			
Short term finances - Secured		658,777,586	604,897,441
Current portion of long term liabilities		176,895,734	151,587,487
Creditors, accrued and other liabilities		380,203,830	356,313,163
Accrued Mark Up		3,448,652	4,563,593
		1,219,325,802	1,117,361,684
CONTINGENCIES AND COMMITMENTS	4	-	-
		3,317,583,513	3,265,136,813
ASSETS			
NON CURRENT ASSETS			
Property plant & equipment	5	1,782,685,177	1,836,218,130
Capital work in progress		-	10,864,816
		1,782,685,177	1,847,082,946
Long term advances and deposits		7,872,686	7,872,686
CURRENT ASSETS			
Stores, spares and loose tools		126,913,692	108,392,442
Stock in trade		790,629,736	714,910,914
Trade debts		340,609,353	372,657,546
Loans and advances		43,879,511	41,117,557
Trade deposits, prepayments		127,921,691	113,523,230
Other receivables		21,236,717	20,876,283
Short term investment		1,615,108	1,526,654
Cash and bank balances		74,219,842	37,176,555
		1,527,025,650	1,410,181,181
		3,317,583,513	3,265,136,813

The annexed notes 1 to 8 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, 2016 (Un-Audited)

	Un-Audited For Nine months ended March 31,		Un-Audited For quarter ended March 31,	
	2016 (Rupees)	2015	2016 (Rupees)	2015
SALES	2,795,080,515	2,832,801,148	1,010,002,018	910,380,657
COST OF SALES	2,552,043,469	2,588,040,404	916,348,518	809,942,106
GROSS PROFIT	243,037,046	244,760,744	93,653,500	100,438,551
OPERATING EXPENSES				
Distribution costs	51,267,262	60,164,632	18,290,354	20,097,860
Administrative	46,850,867	37,855,703	17,813,228	12,371,310
	98,118,129	98,020,335	36,103,582	32,469,170
	144,918,917	146,740,409	57,549,918	67,969,381
Other operating expenses	3,737,985	4,603,148	1,880,918	1,486,832
	141,180,932	142,137,261	55,669,000	66,482,549
OTHER OPERATING INCOME/(LOSS)	9,974,546	10,990,056	3,097,577	2,162,161
OPERATING PROFIT	151,155,478	153,127,317	58,766,577	68,644,710
FINANCE COSTS	97,911,349	128,028,034	30,529,448	37,878,593
PROFIT BEFORE TAXATION	53,244,129	25,099,283	28,237,129	30,766,117
TAXATION	13,692,415	16,875,370	2,626,016	5,174,363
PROFIT AFTER TAXATION	39,551,714	8,223,913	25,611,113	25,591,754
EARNING PER SHARE-BASIC & DILUTED	0.67	0.14	0.43	0.43

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Statement Of Comprehensive Income

for the nine months ended march 31, 2016 (Un-Audited)

	For Nine months ended March 31,		For quarter ended March 31,	
	2016 (Rupees)	2015	2016 (Rupees)	2015
Profit for the period after taxation	39,551,714	8,223,913	25,611,113	25,591,754
Other Comprehensive Income				
Other comprehensive income / (Loss) for the period	-	-	-	-
Total Comprehensive Income / (Loss) for the period	39,551,714	8,223,913	25,611,113	25,591,754

The annexed notes 1 to 8 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, 2016 (Un-Audited)

	For Nine months ended March 31,	
	2016	2015
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	53,244,129	25,099,283
Adjustments for:		
Depreciation	112,073,680	116,046,430
Gain on sale of fixed assets	(361,043)	(1,486,438)
Gain on re-measurement of short term investments	(54,154)	(462,185)
Dividends, capital gains & other (Income)/Loss	(36,188)	(605,034)
Provision for staff gratuity	15,724,809	14,223,897
Financial charges	97,911,349	128,028,034
	225,258,453	255,744,704
	278,502,582	280,843,987
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(18,521,250)	1,193,797
Stock in trade	(75,718,822)	(912,090)
Trade debts	32,048,193	(70,091,949)
Loans and advances	(2,761,954)	(15,668,914)
Short Term Investments	(88,454)	9,232,781
Trade deposits and prepayments	(11,235,546)	6,649,534
Other receivables	(360,434)	(818,535)
	(76,638,267)	(70,415,376)
Increase in current liabilities		
Creditors, accrued and other liabilities	25,005,608	(906,316)
Cash flow from operations	226,869,923	209,522,295
Financial charges paid	(84,221,968)	(84,324,408)
Taxes paid	(27,378,043)	(23,841,032)
Gratuity paid	(6,835,050)	(5,579,250)
	(118,435,061)	(113,744,690)
Net cash flow from operating activities (A)	108,434,862	95,777,605
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	-	-
Sale proceeds of fixed assets	600,000	1,960,000
Dividends received	5,623	-
Capital Gains/(Loss) and Income/(Loss) from Investments	84,719	1,067,219
Fixed capital expenditure	(47,914,875)	(24,959,905)
Net cash flow from investing activities (B)	(47,224,533)	(21,932,686)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	53,880,145	(5,184,939)
Long term finances - secured	(78,047,187)	(58,734,103)
Net cash flow from financing activities (C)	(24,167,042)	(63,919,042)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	37,043,287	9,925,877
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	37,176,555	80,729,056
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	74,219,842	90,654,933

The annexed notes 1 to 8 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, 2016 (Un-Audited)

	Share Capital (Rupees)	Accumulated Profit / (loss) (Rupees)	Total (Rupees)
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
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
Balance as at June 30, 2015	594,287,290	253,296,747	847,584,037
Net Profit for the period	-	39,551,714	39,551,714
Prior year adjustments	-	(10,354,385)	(10,354,385)
Current year incremental depreciation - net of tax	-	19,694,097	19,694,097
Balance as at March 31, 2016	594,287,290	302,188,173	896,475,463

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR

Notes to the Condensed Interim Financial Statements

for the nine months ended March 31, 2016 (Un-Audited)

1. These accounts have been prepared in accordance with the requirements of International Accounting standard No. 34 "Interim Financial Reporting".
2. The accounts are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.
3. 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, 2015.
4. 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, 2015.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There has been no significant change in contingencies since the last reviewed financial statements.

5.2 Commitments

Commitments against irrevocable letters of credit for import of raw material as at March 31, 2016 amounting to Rs. 7.068 million (June 2015: Rs. 13.414 million)

	Un audited March 31, 2016 (Rupees)	Audited June 30, 2015 (Rupees)
6. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	1,836,218,130	1,927,075,074
Additions during the period	58,779,691	66,074,398
Book value of deletions during the period	(238,964)	(1,473,063)
Depreciation charged during the period	(112,073,680)	(155,458,279)
Closing Book Value	1,782,685,177	1,836,218,130
6.1 Cost of Additions in Property, Plant and Equipment:		
Building on freehold land	-	3,111,982
Plant and machinery	48,987,445	50,419,109
Furniture and fixtures	-	83,000
Vehicles	8,327,267	8,350,471
Electric Installations	732,315	3,449,905
Office equipments	732,664	659,931
	58,779,691	66,074,398
6.2 Cost of Deletions in Property, Plant and Equipment:		
Vehicles	1,168,655	5,071,741
Electric installation	-	750,000
	1,168,655	5,821,741
7. CAPITAL WORK IN PROGRESS		
Plant & Machinery	-	10,864,816
	-	10,864,816
8. DATE OF AUTHORIZATION		
These accounts have been approved by the Board of Directors on April 26, 2016.		
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. 		


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