

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 depth.

Zephyr Textiles Limited

**Accounts For The 1st Quarter Ended
September 30, 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 63 km, Gulshan Adda, Jumber Khurd, District Kasur.	(Weaving unit & Power plant) (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

Directors of Zephyr Textiles Limited are pleased to present the un-audited interim financial statements for the first quarter ended September 30, 2016. These interim financial statements are presented in accordance with the requirements of the Companies Ordinance, 1984.

Operating and Financial Results

During the quarter ended September 30, 2016, the company earned a gross profit of Rs.80.050 million on sales of Rs.839.150 million compared to gross profit of Rs.76.625 million on sales of Rs.876.242 million for the corresponding period of previous financial year. Gross margin slightly increased to 9.54% in current period from 8.74% in corresponding period last year. The profit after taxation increased to Rs.7.106 million as compared to Rs.6.735 million in corresponding period last year. The Company earned low sales revenue by 4.23% as compared to the corresponding period due to uncompetitive exchange rate and high labour and energy cost.

Financial Highlights

Description	September 30, 2016 (Rupees) 2016	September 30, 2015 (Rupees) 2015
Sales - net	839,150,491	876,241,845
Gross Profit	80,050,640	76,625,334
Operating Profit for the period	45,012,489	47,249,340
Financial charges	32,560,415	35,182,097
Profit for the period before taxation	12,452,074	12,067,243
Taxation current	(5,345,474)	(5,332,128)
Profit for the period after taxation	7,106,600	6,735,115
Earnings Per Share	0.12	0.11

The Company increased the value added segment of business and earned reasonable profit out of it which improved the overall profitability. The management is working hard to improve financial position of the Company and managed to repay the outstanding long-term debt amounting to Rs.108.56 million and outstanding financial charges amounting to Rs.20.93 million to the lenders of the Company in the period under review. This improved the long term debt to equity ratio from 0.56 to 0.49 in the three months period ended September 30, 2016. Another factor of satisfactory result is lower yarn cost letting the Company to get better margins.

Textile Industry Synopsis


Textile sector has been expecting amplified export performance due to grant of GSP Plus status but the overall performance of the country's export showed a great disappointment. The export of the textile industry dropped by 7.42 percent from USD 13.453 billion to USD 12.455 billion during last financial period ended June 30, 2016 and this trend continued in the quarter under review. The reason behind this scenario is competitiveness which deteriorated due to unfavorable exchange rate, high cost of Gas and Power and gradually increasing trend in minimum wages.

Despite all these hurdles, the Company is committed and striving hard to enhance its revenues by investing in the production of value added products.

The directors would like to record their appreciation for the continued commitment and hard work being carried out by the employees of the Company.

For and on behalf of the Board of Directors

Lahore
October 27, 2016


MUSSAID HANIF
Chief Executive

Balance Sheet

as at September 30, 2016 (Un-Audited)

	Notes	Un-Audited September 30, 2016 (Rupees)	Audited June 30, 2016 (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
UNAPPROPRIATED PROFIT/ ACCUMULATED (LOSS)		382,799,290	369,712,295
		977,086,580	963,999,585
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		358,266,330	364,246,726
LONG TERM LOANS		522,470,115	570,446,790
DEFERRED LIABILITIES		231,477,244	231,621,837
CURRENT LIABILITIES			
Short term finances - Secured		793,354,060	710,417,398
Current portion of long term liabilities		126,769,236	176,352,671
Creditors, accrued and other liabilities		303,608,211	387,537,976
Accrued Mark Up		17,352,063	14,321,758
		1,241,083,570	1,288,629,803
CONTINGENCIES AND COMMITMENTS	4	-	-
		3,330,383,839	3,418,944,741
ASSETS			
NON CURRENT ASSETS			
Property plant & equipment	5	1,771,941,898	1,797,515,623
Long term advances and deposits		8,183,384	7,822,686
CURRENT ASSETS			
Stores, spares and loose tools		105,186,367	112,258,545
Stock in trade		789,518,394	775,086,565
Trade debts		365,345,384	446,750,654
Loans and advances		84,923,079	35,357,473
Trade deposits, prepayments and balances with statutory authorities		152,545,531	150,680,772
Other receivables		27,503,496	27,050,932
Short term investment		1,614,996	1,636,471
Cash and bank balances		23,621,310	64,785,020
		1,550,258,557	1,613,606,432
		3,330,383,839	3,418,944,741

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


CHIEF EXECUTIVE


DIRECTOR

Profit and Loss Account

for the 1st Quarter ended September 30, 2016 (Un-Audited)

	Jul - Sept 2016 (Rupees)	Jul - Sept 2015 (Rupees)
SALES	839,150,491	876,241,845
COST OF SALES	759,099,851	799,616,511
GROSS PROFIT	80,050,640	76,625,334
OPERATING EXPENSES		
Distribution Costs	16,819,046	17,113,601
Administrative Cost	17,627,257	13,141,365
	34,446,303	30,254,966
	45,604,337	46,370,368
Other Operating Expenses	925,651	736,949
	44,678,686	45,633,419
Other Operating Income	333,803	1,615,921
OPERATING PROFIT	45,012,489	47,249,340
Finance Cost	32,560,415	35,182,097
PROFIT BEFORE TAXATION	12,452,074	12,067,243
Taxation	5,345,474	5,332,128
PROFIT AFTER TAXATION	7,106,600	6,735,115
EARNING PER SHARE-BASIC & DILUTED	0.12	0.11

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


CHIEF EXECUTIVE


DIRECTOR

Statement Of Comprehensive Income

for the 1st Quarter ended September 30, 2016 (Un-Audited)

	Jul-Sept 2016 (Rupees)	Jul-Sept 2015 (Rupees)
Profit for the period after taxation	7,106,600	6,735,115
Other Comprehensive Income		
Other comprehensive income for the period	-	-
Total Comprehensive Income for the period	7,106,600	6,735,115

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


CHIEF EXECUTIVE


DIRECTOR

Cash Flow Statement

for the 1st Quarter ended September 30, 2016 (Un-Audited)

	Jul-Sept 2016 (Rupees)	Jul-Sept 2015 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	12,452,074	12,067,243
Adjustments for:		
Depreciation	35,950,689	36,837,023
Gain on sale of fixed assets	-	-
Gain on re-measurement of short term investments	(16,100)	(17,898)
Dividends, capital gains & other (Income)/Loss	-	(4,270)
Provision for staff gratuity	5,913,218	5,241,603
Financial charges	32,560,415	35,182,097
	<u>74,408,222</u>	<u>77,238,555</u>
	86,860,296	89,305,798
(Increase)/Decrease in current assets		
Stores, spares and loose tools	7,072,178	1,508,660
Stock in trade	(14,431,829)	(10,707,416)
Trade debts	81,405,270	(40,711,147)
Loans and advances	(49,565,606)	9,253,155
Trade deposits, prepayments & other receivables	2,156,468	22,526,170
	26,636,481	(18,130,578)
(Increase)/Decrease in current liabilities		
Creditors, accrued and other liabilities	(83,890,717)	13,166,864
Cash flow from operations	<u>29,606,060</u>	<u>84,342,084</u>
Financial charges paid	(20,926,886)	(32,394,820)
Taxes paid	(13,039,477)	(5,576,902)
Gratuity paid	(2,837,600)	(1,606,700)
	<u>(36,803,963)</u>	<u>(39,578,422)</u>
Net cash flow from operating activities (A)	(7,197,903)	44,763,662
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances, deposits and deferred costs	(360,698)	-
Sale proceeds of fixed assets	-	-
Dividends received	-	4,270
Proceeds from Sale of short term investment	37,577	(8,003,736)
Fixed capital expenditure	(8,017,336)	(13,274,100)
Net cash flow from investing activities (B)	(8,340,457)	(21,273,566)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - secured	82,936,662	(11,622,233)
Long term finances - secured	(108,562,010)	(15,044,791)
Net cash flow from financing activities (C)	(25,625,348)	(26,667,024)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(41,163,708)	(3,176,928)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	64,785,020	37,176,556
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>23,621,310</u>	<u>33,999,628</u>

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


CHIEF EXECUTIVE


DIRECTOR

Statement of Changes in Equity

for the 1st Quarter ended September 30, 2016 (Un-Audited)

Description	Paid-up Capital (Rupees)	Unappropriated Profit (Rupees)	Total (Rupees)
Balance as at June 30, 2015	594,287,290	253,296,752	847,584,042
Net Profit for the period	-	6,735,115	6,735,115
Current year incremental depreciation - net of tax	-	6,564,699	6,564,699
Balance as at September 30, 2015	594,287,290	266,596,566	860,883,856
Balance as at June 30, 2016	594,287,290	369,712,295	963,999,585
Net Profit for the period	-	7,106,600	7,106,600
Current year incremental depreciation - net of tax	-	5,980,395	5,980,395
Balance as at September 30, 2016	594,287,290	382,799,290	977,086,580

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


CHIEF EXECUTIVE


DIRECTOR

Notes to the Accounts

for the 1st Quarter ended September 30, 2016 (Un-Audited)

1. These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".
2. These financial statements are un-audited and 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, 2016.

4. CONTINGENCIES AND COMMITMENTS

4.1 Commitments

Commitments against irrevocable letters of credit for import of machinery and raw material as at September 30, 2016 amounting to Rs. 47.551 million (June 2016 : Rs. 3.743 million).

4.2 Others

There are no other significant activities since June 30, 2016 affecting financial Statements.

5. Following is the cost of fixed assets that have been added / disposed off during the quarter ended:

	Un-audited September 30, 2016 (Rupees)	Audited June 30, 2016 (Rupees)
Additions in fixed assets	8,017,336	114,888,236
Deletions in fixed assets	-	4,542,281
Additions in capital work in Progress	2,359,631	14,908,870
Transfers from capital work in Progress	-	25,773,686
6. EARNING PER SHARE - BASIC		
Profit / (loss) after tax	7,106,600	107,034,539
Weighted average number of ordinary shares	59,428,729	59,428,729
Earning / (loss) per share - basic	0.12	1.80

7. DATE OF AUTHORISATION

These accounts have been approved by Board of Directors on October 27, 2016.

8. COMPARATIVE FIGURES

Have been rearranged/reclassified wherever necessary for the purpose of comparison.
Have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR

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