



DIRECTORS' REPORT TO THE MEMBERS

Your directors are pleased to present 3rd quarter and nine months accounts for the period ended March 31, 2011.

The Company has incurred net profit of Rs. 47.148 million as compared to net profit of Rs. 36.552 million of corresponding period of last year. The increase in prices of yarn has resulted in profit during the current period.

Earning per share (EPS) for the 3rd quarter is Rs. (0.97) and Rs. 3.11 for nine months period as compared to (EPS) of Rs. 1.15 for 3rd quarter and Rs. 2.41 for nine months period in the corresponding period of last year.

Transactions with related parties are carried out at arms length. The prices are determined in accordance with comparable uncontrolled price method. The power, if purchased from related parties is at WAPDA power tariff.

The management would like to place on record its appreciation for the continuous support of its shareholders, customers and employees and expect to receive same cooperation in future.

for and on behalf of the Board

**FAISALABAD,
27.04.2011**

**ZAHID ANWAR
CHIEF EXECUTIVE**



CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2011

		Un-Audited March 31, 2011	Audited June 30, 2010
	Note	(Rupees '000')	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	383,601	378,870
Long term deposits		7,461	7,461
		<u>391,062</u>	<u>386,331</u>
CURRENT ASSETS			
Stores and spares		5,437	3,777
Stock in trade		43,077	37,412
Trade debts		96,225	2,636
Advances and prepayments		13,454	18,220
Balance with statutory authorities		4,531	5,839
Cash and bank balances		17,217	54,557
		<u>179,941</u>	<u>122,441</u>
		<u>571,003</u>	<u>508,772</u>
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 (June 30, 2010: 17,500,000) ordinary shares of Rs. 10/- each		<u>175,000</u>	<u>175,000</u>
Issued, subscribed and paid up capital			
15,177,000 (June 30, 2010: 15,177,000) ordinary shares of Rs. 10/- each fully paid in cash		151,770	151,770
Accumulated loss		(460,117)	(512,371)
		<u>(308,347)</u>	<u>(360,601)</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		136,805	141,911
NON CURRENT LIABILITIES			
Long term financing		415,047	415,047
Deferred liabilities		73,343	76,396
		<u>488,390</u>	<u>491,443</u>
CURRENT LIABILITIES			
Trade and other payables		56,795	39,314
Interest accrued on long term financing		194,161	194,161
Short term borrowings		2,544	2,544
Provision for taxation		655	-
		<u>254,155</u>	<u>236,019</u>
CONTINGENCIES AND COMMITMENTS	4	-	-
		<u>571,003</u>	<u>508,772</u>

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

CHIEF EXECUTIVE

DIRECTOR



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011 (UN-AUDITED)

		Nine Months Ended		Quarter Ended	
		March 31,	March 31,	March 31,	March 31,
NOTE		2011	2010	2011	2010
		(Rupees '000')			
Sales		980,066	589,700	430,875	201,962
Cost of sales	5	(912,997)	(544,784)	(439,925)	(181,039)
Gross profit /(loss)		67,069	44,916	(9,050)	20,923
OPERATING EXPENSES:					
Selling and distribution		(233)	(297)	-	(9)
Administrative and general		(9,323)	(6,539)	(3,151)	(2,348)
Other expenses		(4,017)	(1,926)	-	(924)
		(13,573)	(8,762)	(3,151)	(3,281)
		53,496	36,154	(12,201)	17,642
Other income/(loss)		773	512	893	(62)
		54,269	36,666	(11,308)	17,580
Finance cost		(70)	(80)	(10)	(40)
Profit/(loss) before taxation		54,199	36,586	(11,318)	17,540
Taxation:					
Current		(9,817)	(2,928)	(4,318)	(1,012)
Prior year		16	-	-	-
Deferred		2,750	2,894	917	964
		(7,051)	(34)	(3,401)	(48)
Profit/(loss) after taxation		47,148	36,552	(14,719)	17,492
Earning Per Share-Basic		3.11	2.41	(0.97)	1.15

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

CHIEF EXECUTIVE

DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011 (UN-AUDITED)**

NOTE	Nine Months Ended		Quarter Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(Rupees '000')			
Profit/(loss) after taxation	47,148	36,552	(14,719)	17,492
Other comprehensive income for the period				
Incremental depreciation on surplus on revaluation of property, plant and equipment for the period	7,855	8,269	2,618	2,756
Tax effect on incremental depreciation	(2,749)	(2,894)	(916)	(965)
Other comprehensive income for the period - net of tax	5,106	5,375	1,702	1,792
Total comprehensive income/(loss) for the period - net of tax	52,254	41,927	(13,017)	19,284

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

CHIEF EXECUTIVE

DIRECTOR



CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2011 (Un-Audited)

	March 31, 2011	March 31, 2010
	<u>(Rupees '000')</u>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	54,199	36,586
Adjustment for non cash charges and other items:		
Depreciation	14,815	14,782
Finance cost	70	80
Profit on bank accounts	773	512
	<u>15,658</u>	<u>15,374</u>
Operating profit before working capital changes	69,857	51,960
Working capital changes:		
<i>(Increase)/decrease in current assets</i>		
Stores and spares	(1,660)	(215)
Stock in trade	(5,665)	(34,854)
Trade debts	(93,589)	(356)
Advances and prepayments	4,766	(3,113)
Balance with statutory authorities	999	(1,152)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	17,481	17,694
	<u>(77,668)</u>	<u>(21,996)</u>
Cash (used in)/generated from operations	(7,811)	29,964
Less:		
Finance cost paid	(70)	(80)
Taxes paid	(8,837)	(2,093)
Gratuity paid	(304)	(366)
	<u>(9,211)</u>	<u>(2,539)</u>
Net cash (used in)/generated from operating activities	(17,022)	27,425
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(19,545)	(8,289)
Profit on bank accounts	(773)	(512)
Net cash used in investing activities	(20,318)	(8,801)
Net (decrease)/increase in cash and cash equivalents	(37,340)	18,624
Cash and cash equivalents at beginning of the period	54,557	46,711
Cash and cash equivalents at end of the period	17,217	65,335

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

CHIEF EXECUTIVE

DIRECTOR



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2011 (UN-AUDITED)

	Issued, subscribed and paid-up capital	Accumulated Loss	Total
	(Rupees '000')		
Balance as at July 01, 2009	151,770	(546,367)	(394,597)
Total comprehensive income for the period			
Profit for the nine months period ended March 31, 2010	-	36,552	36,552
Other comprehensive income			
Incremental depreciation on revalued property, plant and equipment for the period	-	8,269	8,269
Tax effect on incremental depreciation	-	(2,894)	(2,894)
	-	5,375	5,375
	-	41,927	41,927
Balance as at March 31, 2010	151,770	(504,440)	(352,670)
Balance as at July 01, 2010	151,770	(512,371)	(360,601)
Total comprehensive income for the period			
Profit for the nine months period ended March 31, 2011	-	47,148	47,148
Other comprehensive income			
Incremental depreciation on revalued property, plant and equipment for the period	-	7,855	7,855
Tax effect on incremental depreciation	-	(2,749)	(2,749)
	-	5,106	5,106
	-	52,254	52,254
Balance as at March 31, 2011	151,770	(460,117)	(308,347)

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

CHIEF EXECUTIVE

DIRECTOR



**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011 (Un-Audited)**

1. COMPANY AND ITS OPERATIONS

The Company is limited by shares and incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are listed at Karachi, Islamabad and Lahore stock exchanges. The principal business of the Company is manufacturing and sale of yarn. The Mill is located at Tehsil Jaranwala, District Faisalabad in the Province of Punjab and registered office of the Company is located at JK House, 32-W, Susan Road, Madina Town, Faisalabad.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (the Ordinance). Approved accounting standards comprise of such International Accounting Standards (IASs) as notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence. The disclosures made in these financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, "Interim Financial Reporting".

2.2 These financial statements have been prepared using the same accounting policies as are applied in the preparation of the annual financial statements of the company for the year ended June 30, 2010.

3. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - tangible

Opening balance - (NBV)

Addition at cost during the period / year

Depreciation charged for the period / year

Closing balance

Note	March 31, 2011 (Un-audited)	June 30, 2010 (Audited)
	———— (Rupees '000') ————	
	378,870	382,839
	19,545	15,702
	398,415	398,541
	(14,814)	(19,671)
	383,601	378,870

4. CONTINGENCIES AND COMMITMENTS

The Company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account acquisition of unremunerative agricultural land on advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is Rs. 141.831 million (including claims of Central Excise Duty) and for the last count has been left for the Court to determine. As per Company's legal advisor opinion the case is based on strong legal grounds and is likely to be decided in Company's favor. If so decided the amount of morahaba finances would decrease by the amount decided by the Court.

The Faysal Bank Limited has filed a counter suit for the recovery of Rs. 454.502 million in the Honorable Lahore High Court along with the late payment charges which is pending adjudication.



		Nine Months Ended		Quarter Ended	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
5. COST OF SALES		(Rupees '000')			
Raw material consumed- Cotton	5.1	432,356	196,894	182,542	70,260
Raw material consumed- Polyester	5.2	310,800	218,165	122,300	73,652
Salaries, wages and benefits		45,190	41,770	15,821	13,786
Stores and spares consumed		11,536	10,357	4,850	3,835
Packing material consumed		11,831	8,376	3,888	2,924
Fuel and power		67,809	70,648	20,904	26,511
Repairs and maintenance		1,992	547	294	341
Insurance		1,839	1,592	831	690
Depreciation		14,185	14,494	4,839	5,057
General expenses		951	491	148	150
		<u>896,489</u>	<u>563,334</u>	<u>356,417</u>	<u>197,206</u>
Inventory effect of work in process					
Opening		4,923	4,660	6,748	4,773
Closing		(7,862)	(4,479)	(7,862)	(4,479)
		<u>(2,939)</u>	<u>181</u>	<u>(1,114)</u>	<u>294</u>
Cost of goods manufactured		<u>895,550</u>	<u>563,515</u>	<u>355,303</u>	<u>197,500</u>
Inventory effect of finished goods					
Opening		21,317	12,535	88,492	14,805
Closing		(3,870)	(31,266)	(3,870)	(31,266)
		<u>17,447</u>	<u>(18,731)</u>	<u>84,622</u>	<u>(16,461)</u>
Cost of goods sold		<u>912,997</u>	<u>544,784</u>	<u>439,925</u>	<u>181,039</u>
5.1 RAW MATERIAL CONSUMED- COTTON					
Opening stock		7,299	1,523	36,492	51,418
Purchases including direct expenses		<u>451,976</u>	<u>211,833</u>	<u>172,969</u>	<u>35,304</u>
		<u>459,275</u>	<u>213,356</u>	<u>209,461</u>	<u>86,722</u>
Closing stock		<u>(26,919)</u>	<u>(16,462)</u>	<u>(26,919)</u>	<u>(16,462)</u>
		<u>432,356</u>	<u>196,894</u>	<u>182,542</u>	<u>70,260</u>



	Nine Months Ended		Quarter Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(Rupees '000')			
5.2 RAW MATERIAL CONSUMED- POLYESTER				
Opening stock	3,873	848	6,855	3,802
Purchases including direct expenses	311,353	219,530	119,871	72,063
	315,226	220,378	126,726	75,865
Closing stock	(4,426)	(2,213)	(4,426)	(2,213)
	310,800	218,165	122,300	73,652

6. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and other related parties through directorship of close family members of the directors of the Company.

Transactions with related parties undertaken during the period were as follows:-

	Nine Months Ended	
	March 31, 2011	March 31, 2010
	(Rupees '000')	
Post employment benefit	1,618	1,439
Repayment to directors - net	(197)	(61)
Contribution to worker's profit participation fund	2,911	1,926

7. DATE OF AUTHORIZATION

These financial statements were authorized for issue on April 27, 2011 by the Board of Directors of the Company.

8. GENERAL

- Previous period's figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.
- Figures have been rounded off to the nearest of thousand rupees unless otherwise stated.

CHIEF EXECUTIVE

DIRECTOR