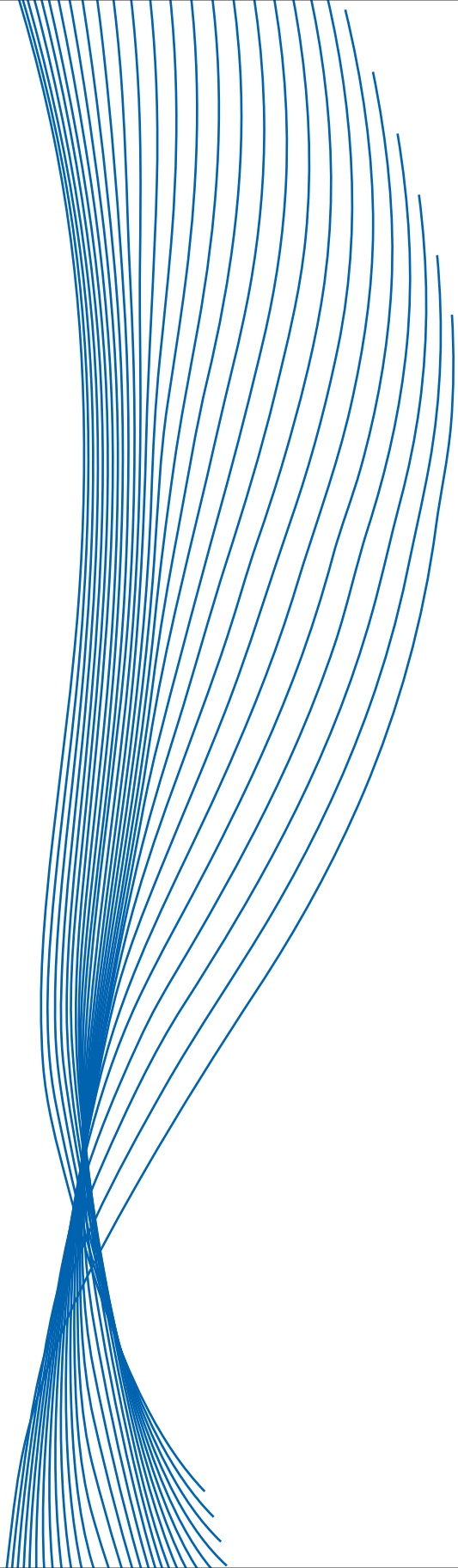


ZEPHYR
TEXTILES LIMITED

Zephyr Textiles Limited

Accounts For The 1st Quarter Ended September 30, 2017

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Company Information

BOARD OF DIRECTORS:	Mr. Mussaid Hanif	CEO
	Mr. Burhan Muhammad Khan	
	Mr. Arbab Muhammad Khan	
	Ms. Tehniyat Mussaid	
	Ms. Sabah Burhan	
	Ms. Sarah Mussaid	
	Ms. Nuzhat Kamran	
AUDIT COMMITTEE:	Ms. Nuzhat Kamran	Chairperson/Member
	Mr. Arbab Muhammad Khan	Member
	Ms. Tehniyat Mussaid	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	National Bank of Pakistan
	Allied Bank Limited	NIB Bank Limited
	Askari Bank Limited	The Bank Of Punjab
	United Bank Limited	Faysal Bank Limited
	Habib Metropolitan Bank Limited	Meezan Bank Limited
	Bank Al Habib 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

Directors of Zephyr Textiles Limited are pleased to present the un-audited interim financial statements for the first quarter ended September 30, 2017. These interim financial statements are presented in accordance with the requirements of the Companies Ordinance, 1984.

Operating Financial Results

During the quarter ended September 30, 2017, the company earned a gross profit of PKR 81.697 million on sales of PKR 828.567 million compared to gross profit of PKR 80.051 million on sales of PKR 839.150 million for the corresponding period of previous financial year. Gross margin slightly improved to 9.86% in current period from 9.54% in corresponding period last year although the sales revenue dropped by 1.26%. The loss after tax is PKR 30.952 million as compared to the profit of PKR 7.107 million in corresponding period last year.

Financial Highlights	Quarter ended September 30, 2017	Quarter ended September 30, 2016
Description	(Rupees)	(Rupees)
Sales - net	828,567,077	839,150,491
Gross Profit	81,697,450	80,050,640
Operating Profit for the period	43,322,973	45,012,489
Financial charges	67,208,049	32,560,415
Profit/(Loss)for the period before taxation	(23,885,076)	12,452,074
Taxation current	(7,067,210)	(5,345,474)
Profit/(Loss) for the period after taxation	(30,952,286)	7,106,600
Earnings/(Loss) Per Share	(0.52)	0.12

The first quarters of financial years have always shown slow turnover trend in the textile industry in Pakistan. The gross margin of the Company improved although the sales volume is less than the corresponding period. These results only materialized with improved production planning, product mix and overhead control. Financial charges include a notional expense of PKR 37.404 million which eventually transformed the net profit into net loss of PKR 30.952 million. This notional expense is charged due to un-winding of unserviceable long term loan converted as a result of restructuring with The Bank Of Punjab.

Future Prospects

Due to challenging macro-economic scenario emanating from uncertain security and political, increasing competition from regional players, sluggish overseas demand, unfavorable and artificially high exchange rate and continuously rising costs the Pakistan textile industry has become uncompetitive.

The Company continues to follow the stated policy of moving to high gross margin products to improve the overall profitability. The full impact of the changes implemented so far will be evident after June 30, 2018.

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

CHIEF EXECUTIVE

DIRECTOR

Lahore
October 30, 2017

ZEPHYR TEXTILES LIMITED

Balance Sheet

as at September 30, 2017 (Un-Audited)

	Notes	Un-Audited Sep 30,2017 (Rupees)	Audited June 30,2017 (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)		**443,098,488**	468,969,188
		1,037,385,778	1,063,256,478
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		**328,491,288**	333,572,878
LONG TERM LOANS		**506,148,190**	544,321,882
DEFERRED LIABILITIES		**226,060,384**	225,127,401
CURRENT LIABILITIES			
Short term finances - Secured		**1,030,264,016**	981,619,285
Current portion of long term liabilities		**184,729.953**	199,697.028
Creditors, accrued and other liabilities		**400,251,664**	366,562,914
Accrued Mark Up		**19,604,308**	15,838,713
		1,634,849,941	1,563,717,940
CONTIGENCIES AND COMMITMENTS	4	-	-
		3,732,935,581	3,729,996,579
ASSETS			
NON CURRENT ASSETS			
Property plant & equipment	5	**1,962,891,746**	1,995,529,987
Capital work in progress		**23,591,052**	9,701,776
		1,986,482,798	2,005,231,763
Long term advances and deposits		**19,287,201**	19,287,201
CURRENT ASSETS			
Stores, spares and loose tools		**128,138,079**	134,868,942
Stock in trade		**946,873,394**	904,898,922
Trade debts		**352,213,563**	350,241,847
Loans and advances		**44,310,859**	33,280,476
Trade deposits, prepayments and balances with statutory authorities		**209,492,831**	196,855,013
Other receivables		**26,001,043**	33,763,606
Short term investment		**3,077,824**	1,680,189
Cash and bank balances		**17,057,989**	49,888,620
		1,727,165,582	1,705,477,615
		3,732,935,581	3,729,996,579

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, 2017 (Un- Audited)

	Jul - Sept 2017 (Rupees)	Jul - Sept 2016 (Rupees)
SALES	**828,567,077**	839,150,491
COST OF SALES	**746,869,627**	759,099,851
GROSS PROFIT	**81,697,450**	80,050,640
OPERATING EXPENSES		
Distribution Costs	**21,123,239**	16,819,046
Administrative Cost	**17,038,730**	17,627,257
	38,161,969	34,446,303
	43,535,481	45,604,337
Other operating expenses	**347,279**	925,651
	43,188,202	44,678,686
Other Operating Income	**134,771**	333,803
OPERATING PROFIT	**43,322,973**	45,012,489
Finance Cost	**67,208,049**	32,560,415
PROFIT / (LOSS) BEFORE TAXATION	**(23,885,076)**	12,452,074
Taxation	**7,067,210**	5,345,474
PROFIT / (LOSS) AFTER TAXATION	**(30,952,286)**	7,106,600
EARNING PER SHARE-BASIC & DILUTED	**(0.52)**	0.12

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

CHIEF EXECUTIVE **DIRECTOR**

ZEPHYR TEXTILES LIMITED

Statement Of Comprehensive Income

for the 1st Quarter ended September 30, 2017 (Un-Audited)

	Jul - Sept 2017 (Rupees)	Jul - Sept 2016 (Rupees)
Profit /(Loss) for the period after taxation	(30,952,286)	7,106,600
Other Comprehensive Income		
Other comprehensive income / (Loss) for the period	-	-
Total Comprehensive Income / (Loss) for the period	(30,952,286)	7,106,600

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 30,2017 (Un-Audited)

		Jul - Sept 2017 (Rupees)	Jul - Sept 2016 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / Loss for the period before taxation		**(23,885,076)**	12,452,074
Adjustments for:			
Depreciation		**41,032,820**	35,950,689
Gain on sale of fixed assets		**-**	-
Gain on re-measurement of short term investments		**345,293**	(16,100)
Dividends, capital gains & other (Income)/Loss		**(30,496)**	-
Provision for staff gratuity		**5,806,818**	5,913,218
Financial charges		**67,208,049**	32,560,415
		114,362,484	74,408,222
		90,477,408	86,860,296
(Increase)/Decrease in current assets			
Stores, spares and loose tools		**6,730,863**	7,072,178
Stock in trade		**(41,974,472)**	(14,431,829)
Trade debts		**(1,971,716)**	81,405,270
Loans and advances		**(11,030,383)**	(49,565,606)
Trade deposits and prepayments & other receivables		**(6,563,315)**	2,156,468
		(54,809,023)	26,636,481
Increase / Decrease in current liabilities			
Creditors, accrued and other liabilities		**40,828,200**	(83,890,717)
Cash flow from operations		**76,496,585**	29,606,060
Financial charges paid		**(30,958,147)**	(20,926,886)
Taxes paid		**(8,115,390)**	(13,039,477)
Gratuity paid		**(2,137,600)**	(2,837,600)
		(41,211,137)	(36,803,963)
Net cash flow from operating activities	**(A)**	**35,285,448**	(7,197,903)
CASH FLOW FROM INVESTING ACTIVITIES			
Long term advances, deposits and deferred costs		**-**	(360,698)
Sale proceeds of fixed assets		**-**	-
Dividends recieved		**30,496**	-
Proceeds from Sale of short term investment		**(1,742,928)**	37,577
Fixed capital expenditure		**(22,283,879)**	(8,017,336)
Net cash flow from investing activities	**(B)**	**(23,996,311)**	(8,340,457)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term finances - secured		**48,644,731**	82,936,662
Long term finances - secrued		**(92,764,499)**	(108,562,010)
Net cash flow from financing activities	**(C)**	**(44,119,768)**	(25,625,348)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**(32,830,631)**	(41,163,708)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**49,888,620**	64,785,020
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**17,057,989**	23,621,310

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

CHIEF EXECUTIVE **DIRECTOR**

ZEPHYR TEXTILES LIMITED

Statement of Changes in Equity

for the 1st Quarter ended September 30, 2017 (Un-Audited)

Description	Paid up Capital (Rupees)	Unappropriated Profit (Rupees)	Total (Rupees)
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, 2016	**594,287,290**	**382,799,290**	**977,086,580**
Balance as at June 30, 2017	**594,287,290**	**468,969,188**	**1,063,256,478**
Net Loss for the period	-	(30,952,286)	(30,952,286)
Current year incremental depreciation - net of tax	-	5,081,586	5,081,586
Balance as at September 30, 2017	**594,287,290**	**443,098,488**	**1,037,385,778**

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, 2017 (Un-Audited)

1. These financial statements have been prepared in accordance wih the requirements of International Accounting Standard(IAS) 34 "Interim Financial Reporting".

2. These financial statements are un-audited and are being submitted to sha reholders as required by Sec -tion 245 of the Companies Ordinance, 1984.

3. The accounting policies adopted for the prepartion of the accounts are the same as those applied in the prepartion of the preceding annual published financial statements of the company for the year ended June 30, 2017.

4. **CONTINGENCIES AND COMMITMENTS**

4.1 Commitments

Commitments against irrevocable letters of credit for import of machinery and raw material as at September 30, 2017 amounting to Rs. 12.561 million (June 2017 : Rs. 24.482 million)

4.2 Others

There are no other significant activities since June 30, 2017 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, 2017 (Rupees)**	Audited June 30, 2017 (Rupees)
Additons in fixed assets	**8,394,603**	427,407,745
Deletions in fixed assets	**-**	111,526,243
Additions in capital work in progress	**13,889,276**	320,869,091
Transfers from capital work in progress	**-**	311,167,315

6. **EARNING PER SHARE - BASIC**

Profit / (Loss) after tax	**(30,952,286)**	107,034,539
Weighted average number of ordinary shares	**59,428,729**	59,428,729
Earning / (loss) per share - basic	**(0.52)**	1.80

7. **DATE OF AUTHORIZATION**

These accounts have been approved by the Borad of Directors on October 30, 2017

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**

ارکان کے لئے ڈائریکٹروں کی رپورٹ

زیفر ٹیکسٹائل لمیٹڈ کے ڈائریکٹرز بمسرت ستمبر 30، 2017 کو ختم ہونے والی پہلی سہ ماہی کے لئے غیر آڈٹ شدہ انٹیرم مالی کوشوارے کی رپورٹ پیش کرتے ہیں۔ یہ عبوری مالی کوشوارے کمپنی آرڈیننس، 1984 کی ضروریات کے مطابق پیش کئے جاتے ہیں.

مالی اور عملی کارکردگی کے نتائج

30 ستمبر، 2017 کو ختم ہونے والے سہ ماہی کے دوران، کمپنی نے 828.567 ملین روپے کی خالص فروخت پر80.051 ملین کا کل منافع حاصل کیا، جو کے گزشتہ مالی سال کے اسی عرصے کے دوران 839.150 ملین روپے کی فروخت پر 81.697 ملین روپے کا کل منافع حاصل کیا تھا. مجموعی مارجن گزشتہ مدت میں 9.54 فیصد سے موجودہ مدت میں 9.86 فیصد تھوڑا سا بہتر ہوا تاہم فروخت کی آمدنی میں 1.26 فیصد کمی آئی. ٹیکس کے بعد کا نقصان 30.952 ملین روپے ہے، جو کے گزشتہ سال اسی مدت میں 7.107 ملین روپے کا منافع تھا.

مالی اہمیت کی تفصیل	ستمبر 30، سہ ماہی ختم	
	2017	2016
خالص فروخت	828,567,077	839,150,491
کل منافع	81,697,450	80,050,640
آپریٹنگ منافع	43,322,973	45,012,489
فرسودگی	67,208,049	32,560,415
مالیاتی لاگت	(23,885,076)	12,452,074
ٹیکس سے پہلے منافع / (نقصان)	(7,067,210)	(5,345,474)
ٹیکس کے بعد منافع / (نقصان)	(30,952,286)	7,106,600
فی حصص آمدنی / (نقصان)	(0.52)	0.12

مالی سالوں کے پہلے سہ ماہیوں میں ہمیشہ پاکستان میں ٹیکسٹائل انڈسٹری میں سست تبدیلی کا رجحان دیکھا گیا ہے. کمپنی کا مجموعی مارجن بہتر ہوا ہے اگرچہ فروخت کا حجم متعلقہ دور سے کم ہے. یہ نتیجہ صرف بہتر پیداوار کی منصوبہ بندی، مصنوعات مرکب اور اوور ہیڈ ز کے کنٹرول کے ساتھ ممکن ہوا. مالیاتی لاگت میں 37.404 ملین روپے کا ایک روایتی خرچ بھی شامل ہے . جس نے خالص منافع کو 30.952 ملین کے خالص نقصان میں تبدیل کر دیا. یہ روایتی ناگزیر خرچ بینک آف پنجاب کے طویل مدتی قرض کو کم مدتی قرض میں تبدیل کرنے کا نتیجہ ہے.

مستقبل کے امکانات

غیر یقینی سیکورٹی، مشکل اقتصادی اور سیاسی صورتحال، علاقائی حریفوں سے مقابلہ میں اضافہ، بیرون ملک مقیم مطالبہ، غیر منقولہ اور مصنوعی طور پر اعلی تبادلے کی شرح اور بتدریج بڑھتی ہوئی قیمت پاکستان کی ٹیکسٹائل انڈسٹری کو غیر معمولی بنا چکی ہے.
کمپنی مجموعی منافع کو بہتر بنانے کے لئے اعلی مجموعی منافع کی مصنوعات پر منتقل کرنے کی پالیسی کی پیروی کرتی ہے. نافذ شدہ تبدیلیوں کا مکمل اثر 30 جون، 2018 کے بعد ظاہر ہوگا.

ڈائریکٹرز کمپنی کے ملازمین کی طرف سے کئے جانے والے مسلسل عزم اور سخت جدوجہد کی تعریف کرنا چاہیں گے.

محترم مسا عد حنیف
چیف ایگزیکیٹو

محترم ربان محمد خان
ڈائریکٹر

لاہور
30 اکتوبر، 2017

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